



County of Prince William, Virginia

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013

BOARD OF COUNTY SUPERVISORS

Corey A. Stewart, *Chairman (at large)*
W.S. Wally Covington, III, *Vice-Chairman, Brentsville District*
Maureen S. Caddigan, *Potomac District*
Pete Candland, *Gainesville District*
John D. Jenkins, *Neabsco District*
Michael C. May, *Occoquan District*
Martin E. Nohe, *Coles District*
Frank J. Principi, *Woodbridge District*

COUNTY EXECUTIVE

Melissa S. Peacor

DIRECTOR OF FINANCE

Steven A. Solomon

Prepared by the Department of Finance

This Report Prepared By:

Department of Finance
One County Complex Court
Prince William, Virginia 22192-9201
(703) 792-6700

DIRECTOR OF FINANCE

Steven A. Solomon

DEPUTY FINANCE DIRECTOR

Michelle L. Attreed

FINANCE DEPARTMENT STAFF

Rene L. Gapasin, *Financial Reporting & Control Division Chief*

Steve Ferlotti, *Tax Administration Division Chief*

Adam Manne, *Purchasing Division Chief*

Allison C. Lindner, *Real Estate Assessments Division Chief*

Allen B. Scarbrough, *Treasury Manager*

Lori Gray, *Risk Management Division Chief*

Bhavana Nichani, *Chief Accountant*

Sharon R. Gill ♦ Paul R. Fitzgerald
Helen A. Hutchings-Bogart ♦ Irasela Flores
Natalie Berger ♦ Lisa R. Murray
Sharon A. Bagford ♦ Mandy M. McGee

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	15
Organization of Prince William County Government.....	16

Financial Section

Report of Independent Auditor	19
--	----

Management's Discussion and Analysis	23
---	----

Basic Financial Statements

Government-Wide Financial Statements:

Exhibit 1	Statement of Net Position	38
-----------	---------------------------------	----

Exhibit 2	Statement of Activities	40
-----------	-------------------------------	----

Fund Financial Statements:

Governmental Fund Financial Statements

Exhibit 3	Balance Sheet	42
-----------	---------------------	----

Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Position	43
-----------	--	----

Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances	44
-----------	--	----

Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	45
-----------	--	----

Proprietary Fund Financial Statements

Exhibit 7	Statement of Fund Net Position	46
-----------	--------------------------------------	----

Exhibit 8	Statement of Revenues, Expenses, and Changes in Fund Net Position	47
-----------	---	----

Exhibit 9	Statement of Cash Flows	48
-----------	-------------------------------	----

Fiduciary Fund Financial Statements

Exhibit 10	Statement of Fiduciary Net Position.....	50
------------	--	----

Exhibit 11	Statement of Changes in Fiduciary Net Position	51
------------	--	----

Component Unit Financial Statements

Exhibit 12	Combining Statement of Net Position	52
------------	---	----

Exhibit 13	Combining Statement of Activities	54
------------	---	----

TABLE OF CONTENTS (cont'd)

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies	57
Note 2 – Cash and Investments	71
Note 3 – Property Taxes Receivable	79
Note 4 – Unearned Revenue	80
Note 5 – Investment in Direct Financing Leases/Accounts Receivable	81
Note 6 – Due From and To Other Governmental Units.....	82
Note 7 – Interfund Receivables, Payables and Transfers	83
Note 8 – Receivables/Payables with Component Units	85
Note 9 – Capital Assets	86
Note 10 – Joint Ventures	91
Note 11 – Long-Term Debt	92
Note 12 – Fund Balances/Net Position.....	98
Note 13 – Landfill/Closure and Postclosure Care Cost.....	99
Note 14 – Defined Benefit Pension Plans.....	99
Note 15 – Other Post-Employment Benefit (OPEB) Plans.....	105
Note 16 – OPEB Master Trust Fund.....	113
Note 17 – Interjurisdictional Agreement.....	116
Note 18 – Related Organizations.....	116
Note 19 – Commitments and Contingencies.....	118
Note 20 – Self Insurance.....	118
Note 21 – Subsequent Events	119

Required Supplementary Information (Unaudited)

Schedule 1	Schedule of Budgetary Revenues, Budgetary Expenditures, and and Changes in Budgetary Fund Balance – Budget and Actual – General Fund	123
Schedule 2	Schedule of Funding Progress – Post-Employment Benefit Plans	128

Supplementary Information

Nonmajor Governmental Funds

Schedule 3	Combining Balance Sheet – Special Revenue Funds	132
Schedule 4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	134
Schedule 5	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes In Budgetary Fund Balance – Budget and Actual – Transportation Districts	136

TABLE OF CONTENTS (cont'd)

Schedule 6	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Stormwater Management District/Gypsy Moth Levy.....	137
Schedule 7	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes In Budgetary Fund Balance – Budget and Actual – Development Fee Services.....	138
Schedule 8	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes In Budgetary Fund Balance – Budget and Actual – Housing	139

Internal Service Funds

Schedule 9	Combining Statement of Net Position.....	141
Schedule 10	Combining Statement of Revenues, Expenses and Changes in Net Position.....	142
Schedule 11	Combining Statement of Cash Flows.....	143

Fiduciary & Agency Funds

Schedule 12	Statement of Fiduciary Net Position – OPEB Master Trust	147
Schedule 13	Statement of Changes in Fiduciary Net Position – OPEB Master Trust	148
Schedule 14	Statement of Fiduciary Net Position – Private Purpose Trust.....	149
Schedule 15	Statement of Changes in Fiduciary Net Position – Private Purpose Trust	150
Schedule 16	Combining Statement of Fiduciary Net Position	151
Schedule 17	Combining Statement of Changes in Assets and Liabilities.....	152

Discretely Presented Component Unit – Adult Detention Center (ADC)

Schedule 18	Combining Balance Sheet	154
Schedule 19	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	155
Schedule 20	Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual – General Operating Fund.....	156

Debt Obligations

Schedule 21	Schedule of Bonds, Capital Leases, and Other Long-Term Debt – Governmental Funds.....	158
Schedule 22	Schedule of Bonds, Capital Leases, and Other Long-Term Debt – Enterprise Funds.....	164

TABLE OF CONTENTS (cont'd)

Statistical Section

Table 1	Net Position by Component.....	166
Table 2	Changes in Net Position	168
Table 3	Fund Balances, Governmental Funds	170
Table 4	Changes in Fund Balances, Governmental Funds	172
Table 5	Changes in Net Position, Supplemental Retirement Plan.....	174
Table 6	General Governmental Revenues by Source	176
Table 6A	General Governmental Tax Revenues by Source	176
Table 7	Assessed Value and Actual Value of Taxable Real Property	178
Table 7A	Commercial to Total Assessment Ratio, Construction and Bank Deposits	178
Table 8	Direct and Overlapping Real Estate Tax Rates.....	180
Table 9	Principal Real Property Tax Payers	182
Table 10	Real Property Tax Levies and Collections	183
Table 11	Ratios of Outstanding Debt by Type, Primary Government and Component Units	184
Table 12	Ratios of General Bonded Debt Outstanding	186
Table 13	Direct and Overlapping Governmental Activities Debt	187
Table 14	Debt Ratio Information	188
Table 15	Revenue Bond Coverage for Solid Waste System Revenue Bonds.....	190
Table 16	Demographic and Economic Statistics.....	191
Table 16A	Comparative Demographic Statistics.....	191
Table 17	Principal Employers	192
Table 18	Full-Time Equivalent County Government Employees by Function ...	193
Table 19	Operating Indicators by Function	194
Table 20	Capital Asset Statistics by Function	195
Table 21	Personal Property Tax Rates and Assessments	196
Table 22	General Governmental Expenditures by Function	198
Table 22A	Capital Projects Expenditures by Function	198
Table 23	Miscellaneous Statistical Data	200
Table 24	Schedule of Surety Bonds	201

TABLE OF CONTENTS (cont'd)

Compliance Section

Schedule of Expenditures of Federal Awards.....	203
Notes to Schedule of Expenditures of Federal Awards.....	211
Report of Independent Auditor's on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	213
Report of Independent Auditor's on Compliance for Each Major Program and On Internal Control Over Compliance Required By OMB Circular A-133	215
Schedule of Findings and Questioned Costs	217
Corrective Action Plan	220





COUNTY OF PRINCE WILLIAM

1 County Complex Court, Prince William, Virginia 22192-9201
(703) 792-6000 Metro 631-1703 FAX (703) 792-7484

BOARD OF COUNTY SUPERVISORS

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

Melissa S. Peacor
County Executive

Steven A. Solomon
Director of Finance

December 23, 2013

**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, 2013. 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 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, 2013, 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 auditor concluded, based upon its audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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

Profile of the Government

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

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

The County exercises local governing powers granted to it by the Virginia General Assembly. Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board of County Supervisors (Board). Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. An election was held on November 8, 2011 and the current board members took office in January 2012 and will serve until December 31, 2015.

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

The annual budget serves as the foundation for the County's financial planning and control. Policies governing this process are outlined in the *Principles of Sound Financial Management* and in the *Financial and Program Planning Ordinance*. During July through November, all agencies are required to report on prior fiscal year performance in achieving adopted agency outcomes and service levels for review, analysis and recommendations to the Office of Management and Budget (OMB). Department directors meet with budget staff to review prior year performance and upcoming fiscal year goals, objectives, activities, outcomes and service levels. If needed, agencies are required to submit budget increase requests and responses to performance budget targets to OMB in early December. The County Executive presents to the Board a proposed fiscal plan on or before March 1 of each year for the fiscal year beginning July 1.

After an extensive review and deliberation process and two public hearings to receive citizen input, the Board makes its decisions on the proposed Fiscal Plan and adopts the Fiscal Plan 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. The Prince William County economy during the first half of fiscal 2013 continued a strengthening trend, showing little impact of the federal government’s sequestration to date. The residential real estate market continued to improve in terms of average sold price, number of sales and average days on the market. Unemployment in the County continued to be well below the national rate, but is still high by recent standards. Foreclosure activity, as measured by monthly Courthouse recordings, continued to improve as the year progressed, with fewer than 400 for 2013 through June—an average of less than 70 per month. This is a great improvement over the worst period of the recent downturn, when a record 18,000 foreclosures were recorded in years 2006 to 2010. This trend continues downward from 2012, when fewer than 1,000 foreclosures were recorded. Latest at-place employment data from the Virginia Employment Commission (1st Quarter 2013) indicate continued growth in establishments, employment and wages in the County. Job growth in Prince William, year-over-year, led all Northern Virginia

communities. Prince William County's commercial inventory continues to be elevated in terms of historic vacancy rates; this may be due more to long-term business planning in anticipation of Defense Department draw-downs, rather than an immediate reaction to sequestration. That notwithstanding, the Prince William economy appears to be continuing its strengthening trend, even as the impact of sequestration on the local economy has yet to be fully ascertained.

Retail sales continued at a robust pace, with 41 consecutive months of year-over-year increases as of June 2013. Never before has the County experienced this many continuous months of increases in sales volume. This upward trend reflects the increased consumer confidence here locally in Prince William County, which mirrors trends seen nationally during 2013.

The local housing market, after a major downturn in 2007 and 2008, stabilized in 2010 and since then has gained steady momentum through July 2013. The average sold price for a home in Prince William County was \$349,256 in July 2013, a year-over-year increase of 12.7 percent and an increase of \$144,878 (70.9%) since February 2009. As the number of foreclosures continues to drop, expectations are that the average home prices will continue to rise – though a return to the prosperous days of double digit annual appreciation are not anticipated in the near future. The residential real estate outlook is for continued modestly improving conditions over the next several years.

The 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, apartment values should continue to trend higher over the short term. As the market adjusts to the increase supply of apartment housing, growth rates in rental rates should flatten out along with valuations.

The commercial real estate market in Prince William County remained slightly worse overall in 2013 from one year earlier. According to Costar Realty Group, a multiple listing service for commercial property, Prince William County commercial inventory included 43.6 million square feet of space in 1,913 buildings. Since 2009, some 1.56 million square feet of commercial space has been added to the inventory, a growth rate of 3.7 percent. Vacancy rates moved slightly higher, year-over-year, led by increases in Flex, Industrial and Retail vacancy. In June 2013, a total of 3.72 million square feet of vacant space (including Retail) was reported by Costar, a vacancy rate of 8.5 percent. This represents a modest increase of 118,158 square feet since June 2012, when the total vacancy rate was 8.3 percent; vacant commercial space has declined by 428,170 square feet (-2.6%) since 2009. Expectations are that the commercial real estate market will improve over the course of the next few years, as the local economy grows.

Prince William County's population is currently estimated at 418,385 (as of June 30, 2013). Population growth has been at a slower pace than in past years, particularly before the economic downturn, when annual increases approached 5 percent. Nevertheless, the County will continue to expand its population base as the real estate market continues to strengthen. The Metropolitan Washington Council of Governments predicts the County's population will grow by over 217,000 people or an increase of 61 percent between the years 2005 and 2040, while the region in total is expected to grow by only 36 percent. The County continues to be a young, family-oriented community, with approximately one-third of its households married with children. Despite progress in attracting jobs to the County, Prince William continues to export nearly two-thirds (62.5%) of its labor force to jobs outside the County, accounting for the twelfth longest commute in the United States. According to 2011 Census data, Metropolitan Washington ranked first in the United States for median household income, with 10 of the region's counties in the top 20 nationwide. Prince William County's median household income of \$95,156 is 88 percent above the national median of \$50,502 and 54 percent above the state-wide median of \$61,882. Prince William County had the 7th highest median household income in the United States; 10 percent higher than the metropolitan Washington D.C. median household income of \$86,680. This ranking further underscores Prince William County's continued status as a community of choice.

Employment in the County continues to improve in terms of establishments, jobs and wages. According to the Virginia Employment Commission, at-place establishments in Prince William County (8,052 in the 1st Quarter 2013) grew by 4.5% year-over-year and by 14.7% since 2008. In Northern Virginia, at-place establishments (72,361 in the 1st Quarter 2013) grew by 3.1% year-over-year and by 7.2% since 2008. In Virginia, at-place establishments (238,971 in the 1st Quarter 2013) grew by 2.9% year-over-year and by 4.1% since 2008. Establishments in Prince William County account for 11.1% of all establishments in Northern Virginia and 3.4% of all establishments in the Commonwealth.

At-place employment in Prince William County (114,273 in the 1st Quarter 2013) increased by 4.0% year-over-year and by 11.8% since 2008. By comparison, Northern Virginia employment grew by 1.0% in the last year and 2.7% since 2008. Employment in the Commonwealth grew by 1.0% in the last year, but declined by 1.1% since 2008. At-place employment in Prince William County accounted for 9.9% of all jobs in Northern Virginia and 3.2% of all jobs in the Commonwealth.

The average weekly wage in Prince William County (\$831 in the 1st Quarter 2013) is unchanged year-over-year but has grown by 9.1% since 2008. At-place average weekly wages in Northern Virginia (\$1,411 in the 1st Quarter 2013) increased by 0.4% in the last year and grew by 11.4% since 2008. In Virginia, weekly wages (\$1,028 in the 1st Quarter 2013) increased by 0.9% year-over-year and grew by 12.0% since 2008.

The impact of the housing downturn continues to be felt in those industries related to housing; however, some ground has been regained in terms of at-place employment. Construction employment, for example, declined in Prince William County by over 7,000 jobs (-44.2%) between September 2005 and February 2010. Since that low point, Construction employment has increased by 3,040 jobs (34.0%). Likewise, jobs in finance and insurance and real estate experienced a net loss of over 800 jobs (22.2%) since their respective peak months of the real estate boom, but have increased by 409 jobs (13.9%) since that low point. Continued improvement in the local real estate market give hope that employment in these sectors will continue to improve as well. Prince William County's unemployment rate was 5.1 percent in June 2013, well below the statewide rate of 6 percent and the national rate of 7.6 percent in June 2013. By comparison, Prince William County's unemployment rate was the same 5.1 percent in June 2012.

Since the real estate boom years of 2001-2006, when home values were increasing at double digit rates in some years, the residential new homes market in the County experienced a major downturn, though indications are that the new homes sector is stabilizing and even growing – albeit modestly. New home construction, however, has yet to recover. 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:

<u>Calendar Year</u>	<u>Single Family</u>	<u>Townhouse</u>	<u>Condo/Apartment</u>	<u>Total</u>
2006	1,818	712	345	2,875
2007	1,305	580	366	2,451
2008	984	260	665	1,909
2009	1,152	381	402	1,935
2010	1,056	479	777	2,312
2011	842	349	316	1,507
2012	845	229	374	1,448
2013 (June)	368	368	328	930

Recent apartment construction in the last several years points to an increasing importance of rental units in the overall mix. Since 2011, a total of 434 apartment rental units have been permitted (through June 2013).

Recent increases in home sales activity are indicative of a strengthening housing market, though to date new home construction continues to lag the resale market. 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 June 2013, however, the average price of a sold home in Prince William County had climbed to \$352,542, a 72.5% increase since February 2009. The total units sold in June was 696, compared to 617 homes sold one year earlier; the average days on the market in June 2013 was 30 days for all homes sold in Prince William County, compared to 43 days one year earlier.

About 77 percent of the County's real estate tax base consists of residential housing, approximately 22 percent is comprised of commercial, industrial, agricultural and public service properties and less than 1 percent is undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors was responsive by dramatically adjusting the real estate tax rate lower from \$1.34 in fiscal year 2001 to \$0.758 per \$100 of assessed value in fiscal year 2007. In fiscal year 2008, in response to revenue shortfalls and expectations of continuation of vital County services, Prince William County adopted a real estate tax rate of \$0.97 effective for fiscal year 2009. Since 2010, the Prince William County real estate tax rate has been as follows:

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

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 the inclusion of economic development in the strategic goals of County (in the mid-1990's), 412 new and expanding companies have announced their intention to invest more than \$4.9 billion and add approximately 16,000 jobs to the Prince William County economy. Of these announcements, 309 (75%) were targeted industry businesses accounting for \$4.2 billion (84%) of the total investment and 12,000 (75%) of the total jobs.

Recognizing the particular strengths of Prince William County and seizing upon market demands, Prince William County has targeted the life sciences, federal government agencies and contractors, and data center markets. These efforts have proven successful in generating significant capital 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 (GMU) Life Sciences Campus, Prince William County has a growing cluster of life science companies sited near the GMU campus.

The ground-breaking research coming from GMU creates community awareness and significant economic development opportunities. To date, 19 life sciences industry announcements have yielded a cumulative total intent to invest \$232 million and add 701 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 the mid-1990's, 104 economic development projects involving government contractors or federal agencies have delivered a cumulative announced intent to invest of over \$327 million and to create 3,702 new jobs in the County.

Prince William County's competitive tax structure, affordable power and water availability, and fiber optic availability, make it an ideal location for data center clients seeking a location in the Mid-Atlantic region. Further strengthening Prince William County's position is the availability of large land parcels and minimal natural disaster threats, which allows clients to meet the high security standards that today's data market demands. Currently, there are eight data center facilities operating in Prince William County. To date, there have been 17 projects involving the construction or expansion of data center facilities in the County. These projects have yielded announcements totaling nearly \$3.3 billion in capital investment and 578 new jobs.

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

Innovation Technology Park is anchored by George Mason University's Life Sciences Campus. It is home to a growing life sciences cluster that, in addition to George Mason University, includes American Type Culture Collection (ATCC), Mediatech, Inc., and the Mason/National Institute of Health (NIH) Biomedical Research Laboratory. Also present is an emerging forensic science/criminal justice cluster that includes: the FBI Northern Virginia Resident Agency, the Virginia Department of Forensic Science's Northern Laboratory, and the Prince William County Police Western District Station. Since the mid-1990's, 56 economic development projects have been announced within Innovation Technology Park. Cumulatively, these projects delivered \$719.9 million of announced investment and 2,560 new jobs.

The Potomac Communities includes a number of new office developments that cater to the growing demand to provide companies greater access to the Northern Virginia labor market while maintaining close proximity to Washington, DC and nearby federal facilities – such as Quantico Marine Corps Base, Fort Belvoir and the Pentagon. With infrastructure improvements to local roadways and new commercial office space coming to market, the Potomac Communities provides several opportunities for those looking to locate or expand in the County. A key growth driver in Prince William County, the Potomac Communities area has seen 56 economic development projects announced since the mid-1990's, carrying a cumulative intent to create 2,146 jobs and invest \$501.7 million.

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

Prince William County's close proximity to the federal government and affiliated contractor industries has largely insulated it from the severity of normal business cycle troughs. While the County is by no means immune from economic downturns, their depth and duration tend to be ameliorated by the fairly constant uptrend in federal spending and procurement. The County depends heavily on residential housing and consumer spending to maintain its prosperity and levels of local government services. These two sectors were severely impacted by the recent economic downturn; recent trends point to improving conditions in local consumer and real estate activity, even in the presence of continued consumer worries. As previously noted, the County has seen 41 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 2014, the local economy continues to outperform the national economy but, in light of the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and Prince William County, both of which were major recipients of this good fortune. After a rather severe correction in the housing market, current conditions suggest that a market expansion is occurring again, though at a more moderate pace than during the previous housing

market boom. However, any sharp rise in mortgage interest rates could impact the direction of the market. In addition, the impact of defense-related drawdowns in the federal budget, as well as the prospect of long-term sequestration of federal resources in general, has yet to be fully ascertained. The impact of the federal government on the regional and local economy cannot be overlooked.

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

Long-term Financial Planning

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

Credit ratings are tied strongly not only to the financial management of a local government, but also to the economic climate and to this end, the County continues to be viewed by rating agencies as a key economic engine in the Metropolitan area, and holds a AAA status from all three major credit rating agencies, a measure that only 71 of the roughly 18,000 (or 0.4 percent) local governments throughout the country have achieved. The County's superior bond ratings and outstanding credit affirms its status as a fiscally responsible and sound local government.

A significant factor in the County's AAA bond rating from Fitch Ratings, Aaa bond rating from Moody's Investors Service and AAA bond rating by Standard and Poor's is management's consistency in implementing and adhering to multi-year financial plans. As outlined in the *Financial Planning and Program Ordinance* and the *Principles of Sound Financial Management*, the County is to present to the Board a five-year revenue and expenditure projection during the annual budget process. This projection process helps the Board gauge the multi-year impacts of fiscal decisions and weigh the corresponding implications of tax rates and other revenue sources. A five-year budget plan prepared by the Prince William County Schools is combined with the five-year budget plan prepared by the County to give a total picture of the General Fund requirements. The most recent five-year budget plan was approved by the Board in April 2013 for fiscal year 2014 to fiscal year 2018. Integral to establishment of five-year plans is the *County-School Revenue Sharing Agreement*, which was adopted by the Board of County Supervisors and the County School Board in 1998. The Agreement splits the County's General Revenues, with the exception of recordation taxes that are earmarked for roads, with the School System. The historical split has been 56.75 percent to the School System and 43.25 percent to the County through fiscal 2013. This percentage changes to 57.23 percent to the School System and 42.77 percent to the County for fiscal 2014 to help address the growing needs of the Schools.

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

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

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

During the past several years, as Prince William County has addressed the impacts of the Great Recession, focus has been given to a comprehensive analysis of all County government programs and services, and funding the needs of the community through the County's capital and operating budgets. As such, the Board of County Supervisors has had to make tough decisions that were necessary to best position the County for the changing economic future. Throughout the country, local governments are dealing with the reality of a "New Normal" and here in Prince William County our governing body has balanced the needs and desires of the community with their willingness and ability to pay for those services. Decisions made by the Board and work done by staff to support those decisions have allowed for reinvestment in the County to ensure Prince William remains a community of choice. For the third year in a row, Prince William was named as one of the best places in the nation for young people and 90% of the County's residents give the County high marks, 90% say their quality of life meets their expectations, 85% say Prince William County government can be trusted to do the right thing and 90 percent believe the County organization is efficient and effective.

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

Capital improvement projects over the next six years total just over \$1.2 billion. The major projects address education, transportation, community development and public safety needs, all of which are key areas in the County's *Strategic Plan*, and which combined, total 98 percent of the CIP. The 2014-2019 Capital Improvement Program provides \$28 million for two new libraries; \$20 million for various parks and recreation projects, including sport field improvements, trail development, new parks and the landfill park redevelopment; \$35 million for a new fire station to be built near the corner of Prince William Parkway and Davis Ford Road and the reconstruction and renovation of three existing fire and rescue stations; \$27 million for a new police station; and \$137 million for numerous road projects. In addition, the CIP includes \$27 million for various technology improvements to County systems and \$29 million for solid waste projects at the County's landfill as well as watershed management and dam safety projects. The School System's Capital Program totaling almost \$920 million for 2014 to 2019 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 maintaining itself as a community of choice. Some of the initiatives of the five Strategic Goals are highlighted as follows:

Economic Development – The Economic Development Strategic Goal calls for the County to provide a robust, diverse economy with more quality jobs and an expanded commercial tax base. The leadership and foresight of Prince William County to support business development to bring quality jobs to the citizens and provide

strategies for sustained economic growth has enabled the County to become a strategic and vital component of the Northern Virginia economy, as well as that of the Commonwealth of Virginia. Towards that end, the County saw the addition of over 5,079 new jobs and 253 new business establishments during 2012. Twenty-one deals worked by the Department of Economic Development brought 655 new jobs and \$414 million in announced capital investment. According to the Bureau of Labor Statistics, Prince William County had the largest job gains of any large locality in Virginia in 2013 and was the only locality in Virginia to appear on CNN *Money's* Top 25 list for "Where the Jobs Are" in both 2012 and 2013, maintaining its #8 ranking among counties nationwide for job growth.

The Prince William Board of County Supervisors announced the launch of the new Prince William Science Accelerator in December 2012. This innovative facility, made possible through a public-private partnership, will bring new wet lab space to market for growing companies in the life sciences industry. The 9,000 square foot facility, located in Innovation Technology Park offers spaces that are built-out to meet the specific needs of the companies who will occupy it. These firms, generally small, fast-growing life sciences companies, will enter into a license agreement with the County, who holds the master lease for the space.

During fiscal 2013 construction continued at Northern Virginia Community College's Woodbridge Campus on a new Arts & Sciences Building, an 84,000 square foot teaching and learning space featuring computer labs, science labs, art studios, lecture space, faculty offices and more with construction completed in August 2013. The college also broke ground on a new Workforce Development Center in September 2013. The planned 50,000 square foot building will be the first comprehensive facility dedicated to supporting the business community by meeting the training needs of its area workers and will include three computer training rooms, three general-purpose training rooms, a cyber-security lab, a wet lab and a telework center as well as an 8,000 square foot multi-purpose space for formal events, exhibits and training activities. This facility will be a major asset in supporting the economic development goals of the Prince William region and Northern Virginia.

In July 2013, the Prince William Board of County Supervisors unanimously approved a re-work of a new residential and commercial development project, Potomac Shores, planned for Woodbridge's Cherry Hill Peninsula. The 2,000 acre development is planned to include an 18-hole signature Jack Nicklaus golf course, a five-star luxury resort hotel with a 9,000 square foot conference center; a waterfront retail town center and a new Virginia Rail Express (VRE) train station, servicing the new development via 11 miles of new track connecting the Arkendale Station and the Powell's Creek Station. The project includes not only 4,000 residential units, a mix of single family, townhomes, apartments and condominiums, but also 3.6 million square feet of commercial and office space.

Education – Education is one of the Board's Strategic Goals. The goal states that the County will provide an educational environment rich in opportunities to increase educational attainment for workforce readiness, post-secondary education and lifelong learning. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County, further evidenced by the School System's 88 percent satisfaction rating achieved in the County's most recent Community Survey, conducted in 2012. The School System's Five-Year Budget Plan continues to focus resources on the most critical school needs, including accommodating a student membership increase of 11,242 over the next five-year period; salary scale adjustments for employees as funding permits; repairs and renewals of older facilities; and funding for the debt service on \$500.9 million of construction bonds, start-up costs and operating costs for six new elementary schools, one K-8 school and one high school as well as additions and/or expansions at eight current schools and the replacement of two elementary schools.

Prince William County Schools is the second largest of 132 school divisions in Virginia and one of the 39 largest school divisions in the country, and provides services to over six percent of the state student enrollment. The official September 2013 student membership count for Prince William County Schools is 85,055 students, up 1,504 students, or 1.8 percent from fiscal year 2013 to 2014.

To accommodate the growing student population and provide a replacement state-of-the-art facility for special education students, two schools opened in the western part of the County in fiscal year 2013 in time for the 2012-2013 school year -- Ronald Wilson Reagan Middle School and the PACE West School. The opening of Ronald Wilson Reagan Middle School, located in Haymarket, marked the 16th middle school for the County's School System. PACE West, located in Gainesville, serves approximately 98 students at the elementary middle and high school levels and offers a program designed for students who need smaller classes but are now surrounded by new technology, a gymnasium, science lab and a family and consumer science lab. PACE is a component of the Northern Virginia Regional Special Education Program and students from the Counties of Prince William and Fauquier, as well as the Cities of Manassas and Manassas Park. In addition, a new elementary school, slated to open in September 2014, is being designed and constructed under U.S. Green Council Guidelines using some recycled and recyclable construction materials. The new elementary school is projected to accommodate up to 850 students in the rapidly growing western portion of the County and will be located at the intersection of Haymarket Drive and Mercury Avenue. Also scheduled to open in September 2014 is a new K-8 school. This new school will replace the 80-year old Nokesville Elementary and will include grades six through eight, the first such K-8 school in the Brensville District.

The School System remains committed to providing a world-class education to its students and is a state leader in producing better student achievement results at a lower taxpayer cost. As testament to the quality of education received by students in Prince William County, all of the County's schools are accredited under the Commonwealth's accreditation guidelines, with 95 percent of the schools receiving full accreditation for the 2013-2014 school year, based on performance during the 2012-2013 school year, or a three-year average. In addition, 40 of the County's schools were named a "School of Excellence" by the Prince William County School Board by being fully accredited by the state, meeting Virginia's academic Annual Measurable Objectives and achieving an overall score of 90 out of 100 points on the Prince William County Schools Strategic-Plan based measures. The Scholastic Aptitude Test (SAT) scores for Prince William County students rose eight points from the prior year, in results reported by The College Board. Prince William County students' combined scores for the critical reading, mathematics and writing portions of the SAT increased to 1498 in 2013 compared to 1490 in 2012 and outperformed the national average in critical reading. Six high schools increased their reading scores, four high schools increased their math scores and three high schools increased their writing scores in 2013. Results released from the college-readiness benchmark ACT test show the average composite scores of Prince William County students rose as well, beating the national average composite score for the fifth time in five consecutive years. Results for 2012-2013 show Prince William County students exceeded the national average in all four content areas of English, mathematics, reading and science. Unlike an aptitude or reasoning test, the ACT is designed to be an achievement test, measuring what a student has learned in school and assess their general educational development and ability to complete college-level work. Finally the Commonwealth's State Board of Education's Standards of Learning (SOL) and associated tests in mathematics, science and reading are more demanding than ever, but new results from the Virginia Department of Education show the collective Prince William County student body is meeting or exceeding state pass rates on almost all tests.

Not only is Prince William County seeing success in the classroom, but the School System's Virtual High School (VHS) is among the honorees in the Center for Digital Education's first "Digital Content and Curriculum Achievement Awards", an award that recognizes schools for their innovation and hard work in implementation of digital content and curriculum. The VHS has enjoyed steady growth since its inception in 2000, with more than 9,000 students having taken at least one of the 22 courses offered in a blended computer-based and in-person format. Prince William County Schools also received a top ten ranking in the 2012-2013 Digital School Districts Survey for the fourth year in a row. The National School Boards Association (NSBA) announced that the School System tied for fifth place in the nation in the Large Student Population Category (more than 15,000 students). This award recognizes schools districts that are using digital technology in an exceptional way.

Human Services – The Human Services Strategic Goal calls for services to individuals and families most at risk, through innovative and effective leveraging of state and federal funds and community partnerships. The County continues to see demand for services to help the elderly, the intellectually disabled and mentally ill, those in need of medical services who have no insurance, and those facing difficulty sustaining their families

due to economic difficulties. The 2014 Fiscal Plan includes a 3.6 percent increase over the 2013 Fiscal Plan for human services including the addition of five case management staff to address the Virginia settlement with the U.S. Department of Justice requiring community-based services to intellectually disabled residents. Increased funding is also provided to Birmingham Green, a facility that provides housing to the County and region's most vulnerable adults in need of specialized skilled nursing, dementia and/or other behavioral care.

Public Safety – Public Safety has also been one of the County's Strategic Goals since the *Strategic Plan* was first adopted. This goal calls for the County to maintain safe neighborhoods and business areas and provide prompt responses to emergencies. The CIP for fiscal years 2014-2019 includes funds to design and/or construct the Bacon Race Fire & Rescue Station, reconstruct Coles and Nokesville Fire & Rescue Stations and renovate the Gainesville Fire & Rescue Station. In addition, funding is provided for the construction of a new Central District Police Station – a 50,000 square foot facility slated to open in fiscal 2017 that will provide more efficient service delivery to the mid-County area and alleviate overcrowding at the other two district stations. Funding is also provided for the public safety records management/EMS system, the E-911 call trunking system, the public safety voice logging system as well as the installation of a new integrated security system at the Juvenile Detention Center. The FY 2014 operating budget includes a 4.8 percent increase over the FY 2013 budget to include 14 police officers for the staffing plan; 15 police officers to fully staff the middle school resource officer program (an officer at every middle school); a 24-hour advance life support unit stationed in the western part of the county; a 24-hour ladder truck stationed in the eastern part of the County; a community corrections study to conduct a needs assessment for the expansion of the Adult Detention Center and replacement of the County's 800 MHz radio system and the computer-aided dispatch (CAD) system.

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

Prince William County is also a member of the Northern Virginia Transportation Authority (NVTA), an authority created by the General Assembly in 2002. This nine member authority; made up of the counties of Prince William, Arlington, Fairfax, and Loudoun as well as the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park; offers a common voice for Northern Virginia on transportation and other issues that confront the region. The NVTA is tasked with preparing an unconstrained long-range regional transportation plan (the most recent is the TransAction 2040 Plan) for Planning District 8, including transportation improvements of regional significance. As a result of new fees and taxes imposed by HB 2313, legislation passed by the General Assembly in April 2013, the NVTA will receive earmarked revenue for projects dedicated to relieving congestion in Northern Virginia, beginning in fiscal 2014 and Prince William County will be privy to a portion of the revenues and benefits.

During fiscal year 2013, 500 new parking spaces were constructed on the old Potomac Rappahannock Transportation Commission (PRTC) bus garage property on Telegraph Road, providing parking relief for Prince William County commuters. In addition, a new two-lane roadway was constructed on University Boulevard between Wellington Road and Rollins Ford Road and a pedestrian sidewalk was installed along the northern side of Old Bridge Road between Dillingham Square and Mohican Road.

After years of declining satisfaction that bottomed out in 2005 with only 38 percent of citizens satisfied with the ease of getting around in the County, citizen satisfaction has improved significantly. In the 2012 Community Survey, 84 percent of citizens were satisfied, marking the sixth survey with improved results. The \$137 million CIP for fiscal years 2014-2019 aims to further advance the transportation strategic goals by including \$41.2 million in funding for the widening of Route 1 north to a six-lane roadway from Neabsco Mills Road to Featherstone Road. Improvements will also be made at the intersections of Neabsco Mills Road and

Dale Boulevard with Route 1. The new roadway will feature a 16 foot wide raised median with curb and gutter, on-road bike lanes, a pedestrian sidewalk and asphalt trail, with majority funding provided by debt authorized by voters in the 2002 and 2006 Road Bond Referenda. Funding is also provided for the widening of Minnieville Road from Spriggs Road to Route 234 (Dumfries Road). This project will complete the four-lane widening of Minnieville Road from its northern terminus with Old Bridge Road to its southern terminus at Route 234. Also planned is \$15 million for a 1,250 space commuter parking garage to be located on the parcel to the north of the existing Potomac Town Center at Stonebridge; \$14.1 million for widening the current two-lane undivided roadway of Route 28 from Linton Hall Road to Fitzwater Drive to a four-lane divided roadway; \$12.4 million for improvements to Rollins Ford Road, including the construction of two 365-foot bridges spanning Broad Run; and \$10.9 million for the widening of Prince William Parkway from Old Bridge Road to Minnieville Road, also approved by voters as part of the 2006 Road Bond Referendum. Other projects in the six-year CIP include improvements to Fuller Road/Fuller Heights Road, Glenkirk Road, Hornbaker Road, Logmill Road, University Boulevard and the Telegraph Road commuter parking lot.

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, 2012. This was the 32nd 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, 2012. This was the 27th 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 seventh time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2012. This award program is designed to encourage local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

Related to adherence to financial policies, the *Principles of Sound Financial Management*, and strong financial management practices of the County, the County was recognized in 2013 by the Association of Public Treasurers of the United States and Canada (APT US&C) for its model Investment Policy. This prestigious certification recognizes investment policies that include elements deemed essential to a written investment policy. The benefit of this certification is the trust and confidence that the Board of County Supervisors and the public that it serves receives from knowing that the County has not only taken the time to draft an investment policy, but also the extra professional step of having the APT US&C review and certify the policy.

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Prince William
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Organization of Prince William County Government

Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board. Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. The current board members took office in January 2012 and will serve until December 31, 2015.

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

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

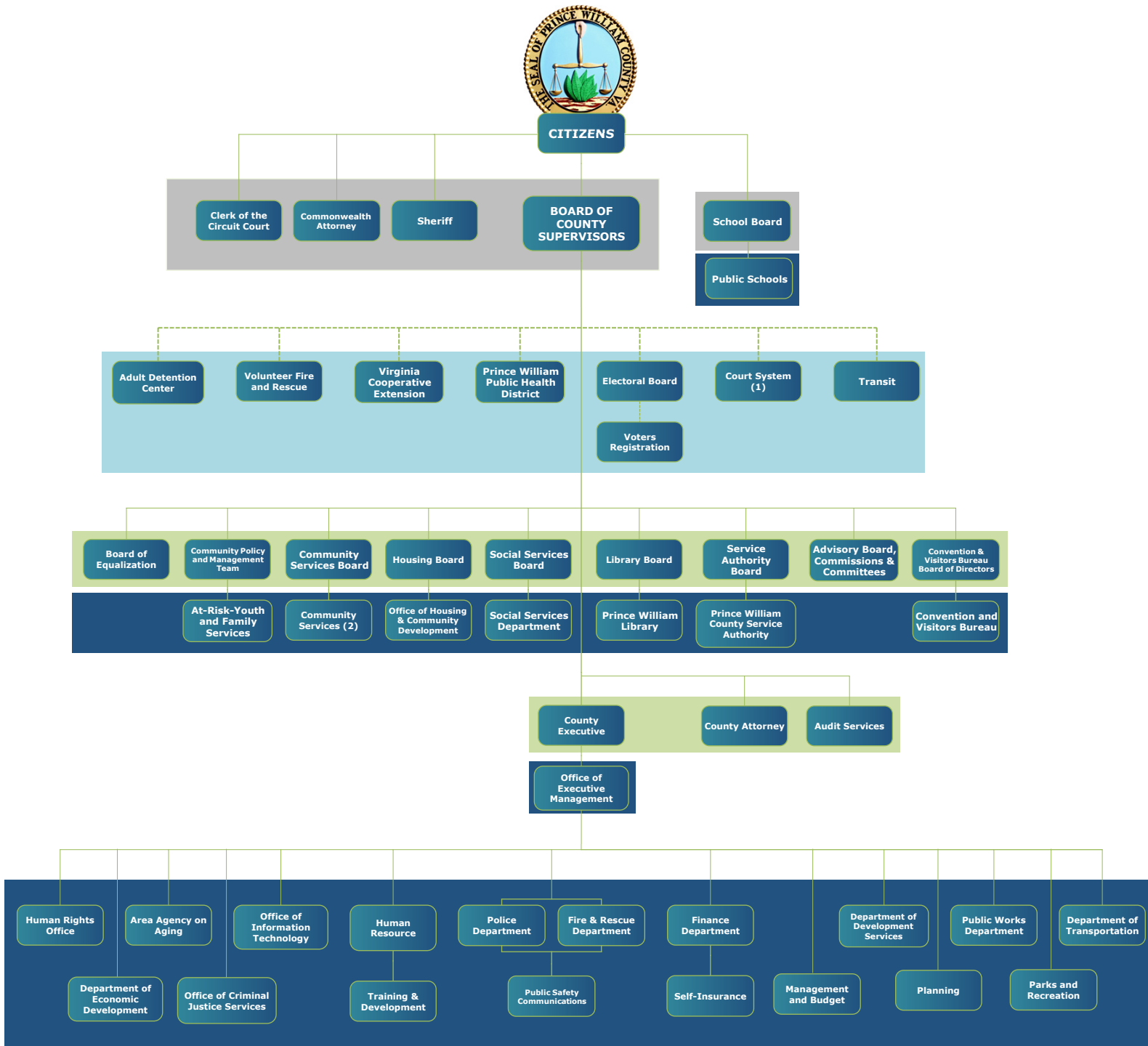
The Board also appoints the members of several separate boards and authorities to administer the operations of certain services.

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

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

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

Prince William County Organization Chart



Note:

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

Legend

Elected Officials/Constitutional Officers
State and Local Services
Appointed By BOCS, Boards and Commissions
Agencies and Departments



Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As described in Note 1Q to the financial statements, effective July 1, 2012, the County adopted the provisions of, Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus- an Amendment of GASB Statements No. 14 and No. 34*, and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinions are not modified with respect to this matter.

Component Unit Reclassification

As described in Note 1P to the financial statements, effective July 1, 2012, the Prince William County Park Authority was merged into the County and is no longer a discretely presented component unit of the County. Our opinions are not modified with respect to this matter.

Other Matters

Prior-Year Comparative Information

We have previously audited the County's 2012 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated November 29, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 23 through 36 and 123 through 128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cherry Bekacut LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
December 23, 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(amounts expressed in millions)

Prince William County's (the County) 2013 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, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. All amounts in the discussion and analysis, unless otherwise indicated, are expressed in millions of dollars. Throughout this section of the report, the primary government is referred to as the "County" and the "Total Reporting Entity" is the total of the County and component units. Due to the material relationship between the School Board component unit and the County, the total financial reporting entity information more accurately reflects the financial operations of Prince William County.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts – *Management's Discussion & Analysis (MD&A)*, the *Basic Financial Statements*, other *Required Supplementary Information*, and an optional section that presents combining statements for 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.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-

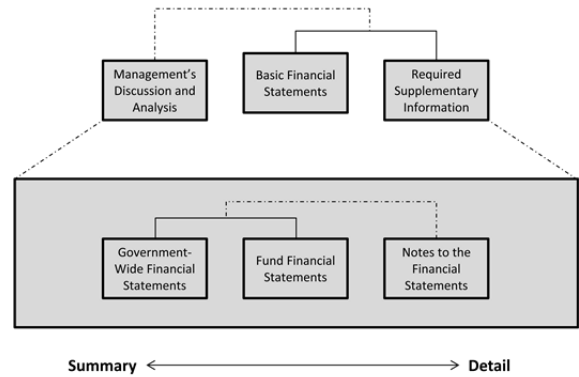
FINANCIAL HIGHLIGHTS

- The total reporting entity, which includes component units, has positive net position of \$1,344 at June 30, 2013, which represents a 3 percent increase of \$41 from the prior year.
- The total cost of the County's programs increased 11 percent to \$1,070 during fiscal year 2013, while the County's total revenues increased by 5 percent, to \$1,054.
- Net position of governmental activities decreased 29 percent from the prior year due to costs exceeding revenues by \$10. Program revenues stayed substantially the same from the prior year, while general revenues grew by 3 percent; these two factors contributed to overall average revenue growth of 2 percent, while total costs increased 8 percent from the prior year.
- At June 30, 2013, the County has \$803 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, 2013 exceeded its assets by \$46 (net position).
- Total net position of the County's business-type activities decreased 14 percent to \$37 due primarily to the inclusion of Parks & Recreation.
- At the end of the current year, the unassigned fund balance of \$67 in the general fund was maintained at 7.5 percent of total general fund revenues. The unassigned fund balance increased 4 percent from the prior year. The increase is primarily attributed to an increase in general fund revenues and expenditure savings at the end of the fiscal year.
- General fund revenues exceeded the budget by \$10; alternatively, expenditure savings of \$16 under the budget helped to provide additional available resources for future years' appropriations.
- As of January 1, 2012 (the assessment date pertinent to real estate taxes supporting fiscal year 2013) the total assessed values of taxable property increased by 4 percent compared to the prior year, with increases in residential values accounting for 69 percent of the total rise in values. This increase was partially offset by an increase in real estate taxes from 1.204 to 1.209. Real estate taxes contributed 62 percent of the total revenues for the primary government of the County during fiscal year 2013.

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 such as, the Landfill, Innovation Technology Park, and Parks & Recreation	Instances in which the County is the trustee or agent for someone else's resources, such as the retirement plan for County employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets 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 position* and how they have changed. Net position – the difference between the County's assets, deferred outflows, liabilities and deferred inflows – is one way to measure the County's financial health.

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on:
 - (1) how cash and other financial assets that can readily be converted to cash flow in and out; and
 - (2) the balances left at year-end that are available for spending.

Consequently, the governmental funds statements provide a detailed *short-term* view that indicates whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional *long-term* focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the statements.

- The County's governmental fund balances are categorized into five classifications based upon constraints imposed upon the use of the resources -- non-spendable, restricted, committed, assigned and unassigned.

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The total reporting entity net position increased 3 percent to \$1,344 (see Figure A-3). This increase in net position demonstrates the continuing collaborative sound fiscal policies of the County as a whole.

Governmental Activities

Net position of the County’s governmental activities decreased 29 percent to (\$46). The County’s net position in fiscal year 2012 was (\$36). The County also issues debt to finance capital projects which are donated to other entities. Therefore, while the debt is reflected as an obligation of the primary government of the County, the related assets are recorded by the entities to

which the capital projects are donated. These donations are planned as part of the County’s capital improvement program to further its education, transportation, public safety, and economic development strategic goals, and thereby increase services and improve the quality of life in Prince William County.

As of June 30, 2013, the County has \$803 of outstanding debt (compared with \$816 as of June 30, 2012) related to assets donated to other entities as follows:

- \$582, Prince William County School Board;
- \$175, Commonwealth of Virginia;
- \$23, Prince William County Adult Detention Center;

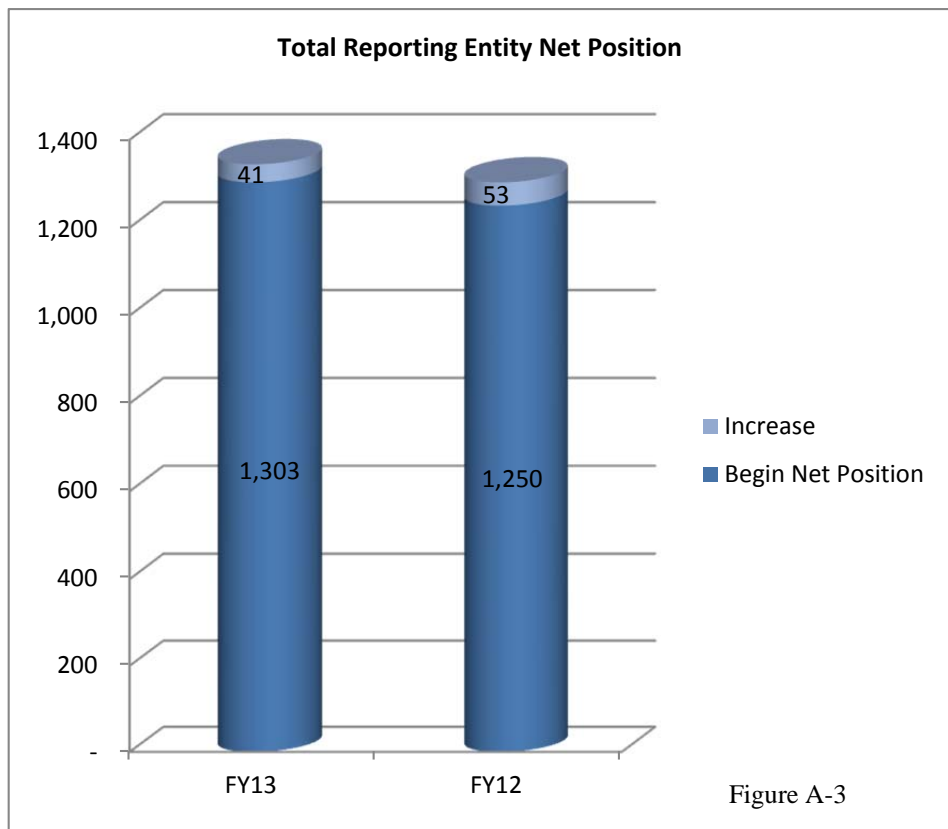


Figure A-3

- \$18, Volunteer Fire & Rescue companies (various);
- \$5, Industrial Development Authority;

The most significant activities of this nature for the current fiscal year were the issuance of \$66 of debt for school construction projects and \$56 of principal retirement. All of the debt listed above is used to finance the purchase or construction of assets recorded by other entities and result in a deficit in net position of governmental activities of the County. This deficit is the result of having *long-term* commitments that are greater than currently available resources, and does not mean that the County is lacking the resources available to pay its bills next year or in future years.

Additionally, while revenues of the County's governmental activities increased by 2 percent compared to those of the prior year, expenses increased by 8 percent; during fiscal year 2012, the County issued \$46 of debt to support school construction projects. However, during fiscal year 2013, \$66 of such debt was issued. The conveyance of these funds to the Prince William County School Board is recorded as an Education expense, and thus, the increase in debt issuances in the current year, combined with the overall revenue increases of the general fund were the major factors that resulted in a \$35 increase in Education expense for the current year.

Business-Type Activities

The net position of the County's business-type activities decreased \$6 during the current year, due principally to a decrease in revenues and increase in expenses. The County's Landfill posted positive results of operations of \$2 during the current fiscal year, while Parks & Recreation experienced negative results of operations of \$8 collectively, primarily attributed to golf course services provided.

The \$37 net position of the County's business-type activities will not be used to offset the net position deficit in governmental activities. The County generally uses the positive net position to finance the continuing operations of the Landfill, Innovation Technology Park, and Parks & Recreation.

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Current assets and other	\$ 814	\$ 822	22	29	836	851	1,150	1,137
Capital assets	468	443	49	53	517	496	1,712	1,646
Total assets	1,282	1,265	71	82	1,353	1,347	2,862	2,783
Other liabilities	322	312	7	10	329	322	441	421
Long-term liabilities	1,006	989	27	29	1,033	1,018	1,077	1,059
Total liabilities	1,328	1,301	34	39	1,362	1,340	1,518	1,480
Net position:								
Net Investment								
In capital assets	410	372	37	37	447	409	1,056	975
Restricted	116	103	--	--	116	103	140	116
Unrestricted	(572)	(511)	--	6	(572)	(505)	148	212
Total net position	\$ (46)	\$ (36)	37	43	(9)	7	1,344	1,303

The aforementioned factors contributing to changes in the governmental net position and the business-type net position of the County combined to create an overall decrease in net position of the primary government of \$16 between fiscal years 2013 and 2012. The assets of the primary government are less than the liabilities by \$9.

The component units (the Prince William County School Board, the Adult Detention Center and the Prince William County/Manassas Convention Visitors Bureau (which identified as a component unit this year) are a significant portion of the total reporting entity, the assets of which represent over 50 percent of the total reporting entity. Component unit net position increased 4 percent to \$1,353 during 2013, principally resulting from the issuance of debt which was used to

increase investments in capital assets. The net position of the primary government of (\$9) combined with the net position of the component units of \$1,353 resulted in total net position for the total reporting entity of \$1,344.

Changes in Net Position

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
	Revenues:							
Program revenues:								
Charges for services	\$ 47	39	28	31	75	70	100	94
Operating grants and contributions	77	78	--	--	77	78	224	222
Capital grants and contributions	30	37	--	--	30	37	30	38
General revenues:								
Taxes:								
Real property	552	527	--	--	552	527	552	527
Personal property	85	78	--	--	85	78	85	78
Other taxes	116	110	--	--	116	110	116	110
Payment from primary Government	--	22	--	--	--	22	557	519
Grants and contributions not restricted to specific programs	82	82	--	--	82	82	436	406
Unrestricted investment earnings	(1)	20	--	1	(1)	21	--	24
Miscellaneous	37	10	1	1	38	11	42	14
Total revenues	1,025	1,003	29	33	1,054	1,036	2,142	2,032
Expenses:								
General government administration	38	40	--	--	38	40	38	40
Judicial administration	20	18	--	--	20	18	20	18
Public safety	234	216	--	--	234	216	234	216
Public works	73	56	--	--	73	56	73	56
Health and welfare	76	75	--	--	76	75	76	75
Education	463	406	--	--	463	406	463	406
Parks, recreational and cultural	34	55	--	--	34	55	34	40
Community development	54	52	--	--	54	52	54	52
Interest on long-term debt	43	43	--	--	43	43	43	43
Enterprise	--	--	35	33	35	33	35	17
Component Units	--	--	--	--	--	--	1,031	1016
Total expenses	1,035	961	35	33	1,070	994	2,101	1,979
Increase (Decrease) in net position before transfers	(10)	42	(6)	(0)	(16)	42	41	53
Transfers	--	2	--	(2)	--	--	--	--
Increase (Decrease) in Net position	(10)	44	(6)	(2)	(16)	42	41	53
Net position— beginning	(36)	(80)	43	45	7	(35)	1,303	1,250
Net position – ending	\$ (46)	\$ (36)	37	43	(9)	7	1,344	1,303

The total reporting entity net position increased by \$41 in fiscal year 2013 as total revenues of \$2,142, 5 percent higher than fiscal year 2012, exceeded total expenses of \$2,101, which were 6 percent higher than expenses of the prior year.

The County's (Primary Government) total revenues increased 2 percent to \$1,054 (see Table A-2). Over 61 percent of the County's revenue comes from ad valorem taxes, and just over 72 percent of every dollar raised comes from some type of tax. Nearly 8 percent of revenues come from local, state and federal aid. Charges for services are 7 percent and the remaining 3 percent is from other sources.

The total cost of all County programs and services increased by \$77 or 8 percent to \$1,070. The County's expenses cover a range of services, with 65 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

Governmental Activities

Revenues for the County's governmental activities increased 2 percent to \$1,025, while total expenses increased 8 percent to \$1,035, which, after considering the effect of transfers, resulted in a \$10 decrease in net position during the current year, compared to a \$44 increase in the prior year. 73 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues increased by \$32 or 5 percent, due mainly to an increase in real estate tax revenues from \$527 in fiscal year 2012 to \$552 in fiscal year 2013. A 5 percent increase in the total taxable assessed value of real estate in the County, coupled with a 2 percent decrease in the total direct tax rate helped to push real estate tax revenues slightly higher, and offset a declining level of support received from both the state and federal government; these revenue outcomes mitigated the impact of the rising cost of vital services provided by the County.

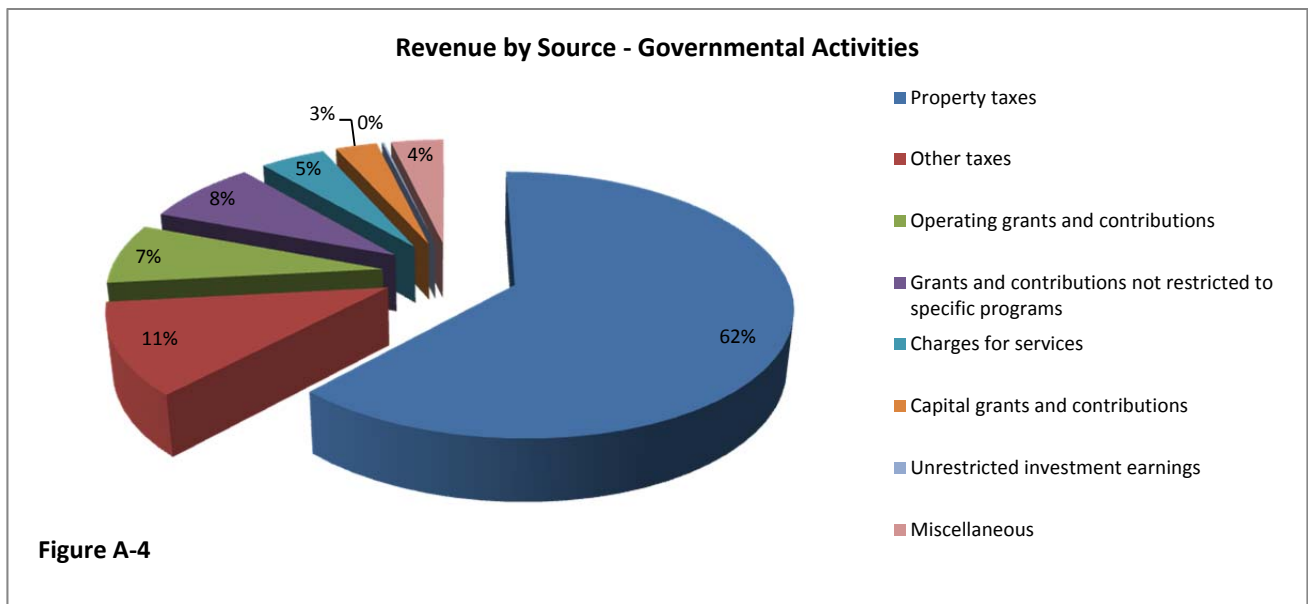


Figure A-4

While property tax revenues, which are largely tied to the performance of the real estate market, experienced encouraging levels of growth during the year (up 5 percent from the prior year), local sales tax revenues produced a similar 6 percent increase from \$52 in fiscal year 2012 to \$55 in fiscal year 2013. These outcomes are attributable to a more positive real estate market than the County has seen over the past few fiscal years, with residential real estate values showing an increase of 4 percent and commercial and industrial values showing an

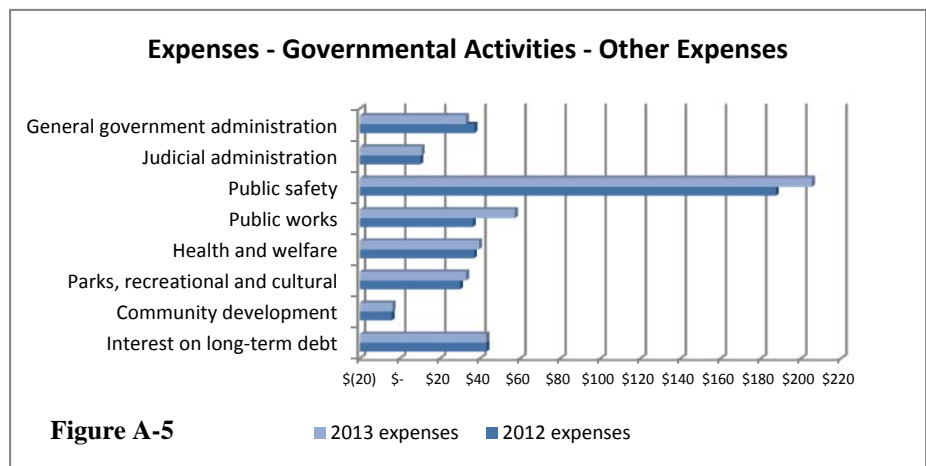
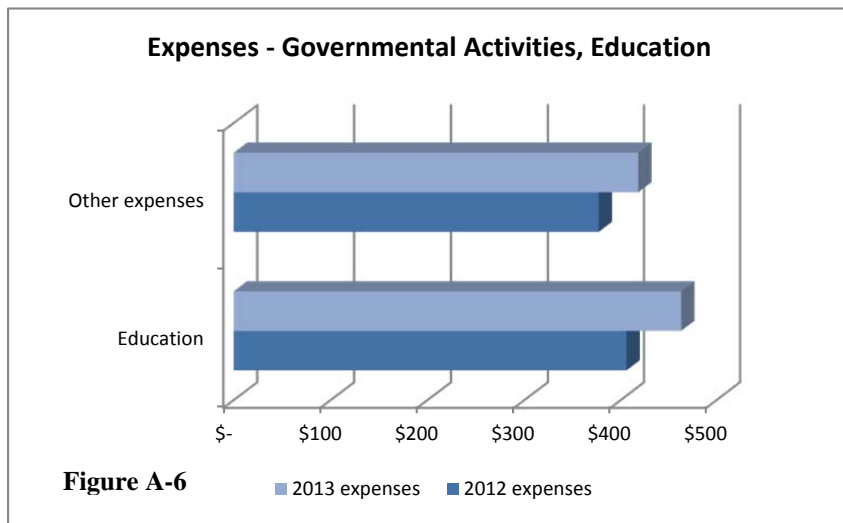


Figure A-5

increase of 5 percent. Charges for services increased from \$39 in fiscal year 2012 to \$47 in fiscal year 2013. However, certain other revenue categories experienced declines during the current fiscal year as compared to the prior year. For example, capital grants and contributions decreased from \$37 in fiscal year 2012 to \$30 in fiscal year 2013, while operating grants and contributions fell from \$78 in fiscal year 2012 to \$77 in fiscal year 2013, largely the result of expiration of revenue received in connection with the American Recovery and Reinvestment Act (ARRA). Additionally, investment loss of \$1 was incurred in fiscal year 2013 versus earnings of \$21 in fiscal year 2012.

The most substantial increase in expenses was in the area of education, primarily due to the \$20 amelioration in debt proceeds conveyed to Prince William County School Board, from \$46 in fiscal year 2012 to \$66 in fiscal year 2013 attributed to the construction of new facilities. Additionally, the net operating transfer to the School Board increased \$18, or 5 percent, which is a function of the overall growth in general county revenues and the County-School Revenue Sharing agreement funding formula. Public works expenses and public safety expenses collectively increased by \$35, 13 percent higher than fiscal year 2012.



Additionally, aside from these large variances, other functions and programs experienced moderate changes from prior year levels. The expenses of general government decreased by 5% due to concerted efforts to trim and refocus the County’s budget in response to recent economic difficulties. Community development expenses grew 4 percent from the prior year, increasing \$2 as the County continues to attract new business and developments. The interest that the County paid on its long-term debt obligations relatively remained the same from the prior year.

Figures A-5 and A-6 present the net cost (total cost less fees generated by the activities and intergovernmental aid) of each of the County’s nine functions/programs. The net cost reflects the financial burden that was placed on the County’s taxpayers by each of these functions. The net costs reflected in community development are minimal primarily as a result of developer donated infrastructure assets. Developer donated infrastructure assets, such as storm water drains and ponds, amounted to \$11 in fiscal year 2013.

The cost of all *governmental* activities this year was \$1,035; however, the amount that our taxpayers paid for these activities through County general revenues was only \$753. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$47;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$107; and
- The \$119 balance of the expenses was partially paid for with other revenues such as developer proffers and unrestricted federal, state, and other local government aid.

Business-type Activities

Revenues of the County’s business-type activities decreased from the prior year by 12 percent, while expenses increased 6 percent to \$35 (refer to Table A-2). Factors contributing to these results include:

- Charges for services of the County Landfill stayed the same from the prior year. Parks & Recreation produced \$11 in charges for services.
- Expenses of the landfill decreased \$1, or 5 percent from fiscal year 2012 due primarily to a decrease in depreciation.

- Expenses for the Parks & Recreation were \$19, primarily attributable to the maintenance of the facilities for services provided to County citizens.
- Net position decreased from \$43 to \$37 as a result of expenses exceeding revenues by \$6.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a *combined* fund balance of \$345, a decrease of \$24 or 7 percent from the prior year. General Fund revenues grew at a rate of 4 percent to \$894, while General Fund expenditures increased to \$886, by \$23 or 3 percent more than the prior year, outpaced the growth in revenue. After considering the net effect of transfers in and out of other funds and other transactions, the General Fund balance decreased \$11. The Capital Projects fund balance decreased \$18 during the current year, due a variety of factors. During the fiscal year, the County expended \$42 on Streets & Roads projects, but also received \$7 of support from the state and Federal government. Additionally, the capital projects funds received funds from the general fund, special levy district, and various other capital projects. General fund transfers for streets and roads projects decreased in comparison to fiscal year 2012. The Fire and Rescue Levy Special Revenue Fund was identified as a major fund in fiscal year 2013. Fund balance for the Fire and Rescue Levy Fund increased 8 percent. Fund balances for Other Governmental Funds increased 10 percent from the prior year. The increase in Fire Rescue Levy Fund is mainly due to the increase in property tax revenues, which increased again by 5 percent from \$31 in the prior year, to \$32 in fiscal 2013. 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

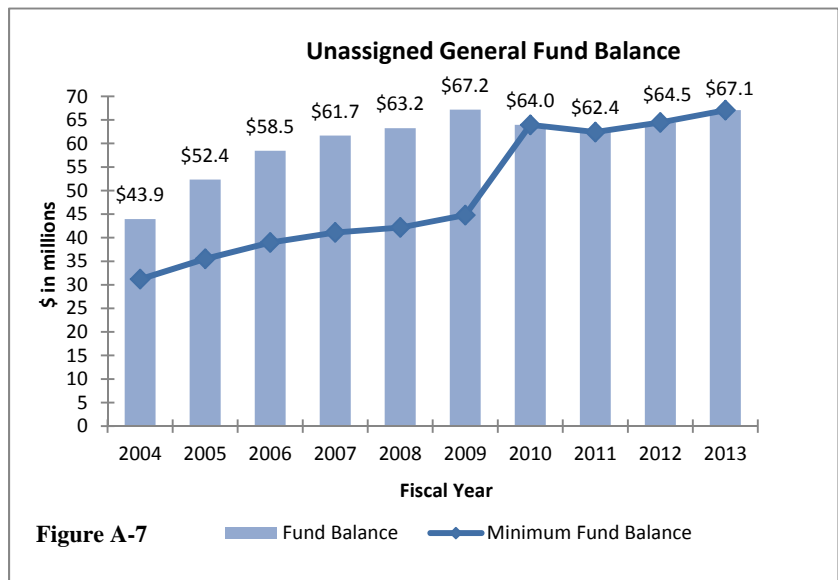


Figure A-7

Fund Balance Minimum Fund Balance

of the current year's General Fund revenues, although, until fiscal year 2010, no formal modifications to the *Principles* had been made. In December, 2012 the Board of County Supervisors resolved to maintain the fiscal year 2012 unassigned General Fund balance at 7.5 percent of General Fund revenues. The purpose of the unassigned fund balance is to provide the County with sufficient working capital and maintain a margin of safety to address emergency needs or unexpected declines in revenue. The County has done an excellent job in achieving and maintaining its minimum balance policy requirement since its establishment, and has consistently achieved at least 7.5 percent balance. Figure A-7 shows the County's unassigned General Fund balance as compared to the policy requirement in effect at the time. Additions to the unassigned fund balance come from a combination of revenues over projections and current year expenditure savings.

Governmental Funds

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

- The County's General Fund balance decreased \$11 or 7 percent despite favorable actual revenues of 6% coupled with actual expenditure increase of 4%. Actual revenues exceeded the final budget primarily due to higher than anticipated property tax revenues, which experienced growth as a result of a 5 percent increase in the taxable assessed value of real estate during fiscal year 2013. However, departmental expenditures increased \$34 or 4 percent from prior year primarily in the areas of education and public safety.
- The financial results detailed in governmental funds demonstrate the County's accountability to its five strategic goal areas of economic development, public safety, human services, education, and transportation aligned to address the impact of population growth and increased needs of the community.
 - The County increased its investment in public safety in the current year, increasing expenditures by \$13 or 7 percent from the prior year; public safety expenditures continue to represent approximately 22 percent of total expenditures of governmental funds.
 - Part of the County's Transportation Goal is to alleviate congestion and is further defined in the second initiative in the Letter of Transmittal. The \$42 spent on the construction of various streets and roads are transferred to and become assets of the Commonwealth of Virginia upon completion.
 - The County's operating support to the School Board increased by \$48 during 2013. This upturn was the result of the growth in general County revenues, which increased the amount of support due to the County School Board per the Revenue-Sharing Agreement, and accounted for nearly \$18 of the 2013 increase. Additionally, support for school construction projects increased from the prior year, as the County issued \$20 more debt during the fiscal year 2013, and therefore, conveyed far more funding related to capital projects.
- Bond proceeds of \$66 for fiscal year 2013 were conveyed to the Prince William County School Board through the sale of general obligation bonds to the VPSA and are budgeted to be spent on part of the costs of constructing additions to a high school and four elementary schools, a new middle school, three new elementary schools, an elementary to middle school and infrastructure upgrades needed for technology improvements.

Proprietary Funds

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

Unrestricted net position of the Landfill at the end of the year was \$2, while unrestricted net position amounted to \$7 for Innovation Technology Park. The merger of Parks & Recreation resulted in the addition of a new fund. Unrestricted net position of the Landfill decreased marginally from fiscal year 2012 as the County's closure liability increased for the Landfill; while Innovation Technology Park's unrestricted net position stayed the same. The new Parks and Recreation enterprise fund ended the fiscal year with an unrestricted net position of (\$10).

General Fund Budgetary Highlights

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

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

After these adjustments, budgetary expenditures were \$16 lower than the final budget amounts while budgetary revenues exceeded the final budget by \$10. These two factors, combined with the effect of transfers to other funds, resulted in an increase in the fund balance of the General Fund, on a budgetary basis, of \$1 during the fiscal year. The most significant revenue variances were related to other local taxes (\$6 higher than the final budget), charges for services

(\$2 higher than the final budget) and fees, licenses, fines and forfeitures (\$1 higher than the final budget). Revenue from the use of money and property was substantially the same from the final budget based on the expected returns on investments, while support from the Commonwealth fell short of expectations by \$1.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the total reporting entity had invested \$1,712 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 \$66 or 4 percent, over fiscal year 2012. The County had invested \$517 in capital assets, net of accumulated depreciation, which represented a net increase of \$21 or 4 percent, over fiscal year 2012. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

	Total Primary Government		Total Reporting Entity	
	2013	2012	2013	2012
Land & Construction in Progress	\$170	151	\$340	\$260
Buildings and other capital assets, net of depreciation	347	345	1,372	1,386
Total	\$517	\$496	\$1,712	\$1,646

Major Capital Asset Additions

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

- Over \$4 was spent on the County's capital project related to the Phase II liner at the County Landfill during 2013. Additionally, the County's Technology Improvement Plan added approximately \$16 during the year. The construction in progress balance as of the end of the current fiscal year was \$28 in governmental activities and \$6 in business-type activities.
- The total reporting entity capital assets increased by \$66; \$45 of this increase relates to component units. The growth of the School Board component unit's assets increased \$48 for construction in progress of three new schools and other ongoing major additions and renovations were performed at various schools. On the other hand, \$2 of the component unit asset decrease related to the Adult Detention Center due to the depreciation.

Long-term Debt and Other Obligations

At year-end the County's governmental activities had total debt and other obligations of \$1,010 of which bonded debt outstanding represented \$721. Of this amount, \$713 comprises debt backed by the full faith and credit of the government. The remainder of the County's bonded debt of \$8 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations increased to \$1,036 during the current fiscal year. The key components of the current year activities were the issuance of \$66 of debt on behalf of the School Board and principal payments on existing debt totaling \$70 during the fiscal year. More detailed information about the County's long-term debt is presented in Note 11 to the financial statements.

Bond Ratings

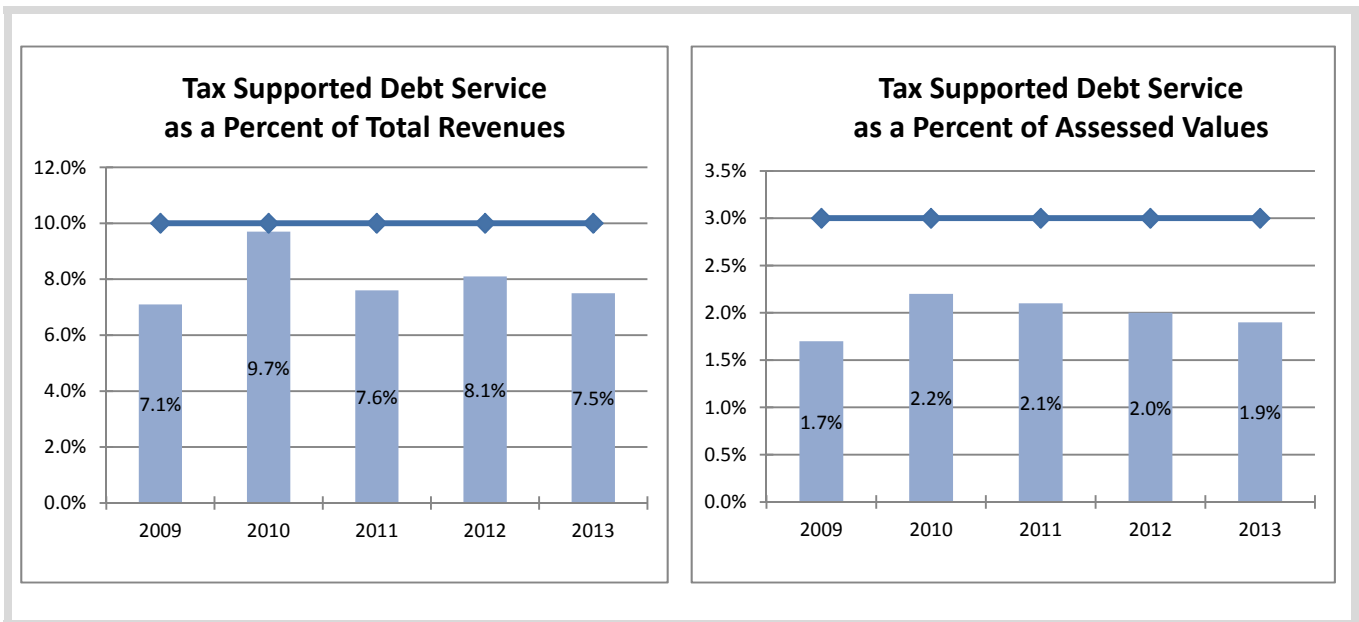
The County maintains an AAA rating from Fitch Ratings, an Aaa from Moody's Investors Service, and an AAA rating from Standard and Poor. These ratings are the highest ratings awarded to a local government.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
General obligation bonds	\$ 713	704	--	--	713	704
Revenue bonds	5	6	13	15	18	21
Deferred loss on Refunding	--	--	(1)	(1)	(1)	(1)
State literary fund loans	3	3	--	--	3	3
Total bonded debt	721	713	12	14	733	727
Capital lease obligations	159	174	1	1	160	175
Unpaid losses and related liabilities	19	17	--	--	19	17
Net Pension Obligation	5	--	--	--	5	--
Compensated absences	29	28	1	1	30	29
Surplus distribution payable	5	1	--	--	5	1
Unamortized premiums	72	56	--	--	72	56
Accrued closure liability	--	--	12	12	12	12
Total long-term debt and other obligations	\$1,010	\$989	26	28	1,036	1,017

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, 2013, the amount of tax-supported debt outstanding represented 1.9 percent of the total assessed valuation of taxable real and personal property of \$48 billion at January 1, 2012, which is the valuation date to determine fiscal year 2013 revenues. Debt service payments represented 7.5 percent of revenues in compliance with the County's Principles of Sound Financial Management. See Table 14 in the Statistical Section for further explanation of the calculations.

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



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County included the following:

- The Board of County Supervisors has decreased the real estate tax rate 0.28 cents, or 2.37 percent for fiscal year 2014 to \$1.181 dollars per \$100 dollars assessed value.
- The real estate tax base has increased from \$43.584 billion supporting fiscal year 2013 to \$46.294 billion for fiscal year 2014, which is a 6.2 percent increase.
- The fiscal year 2014 General Fund budget is \$962.6, which is a 5.3 percent increase from fiscal year 2013.
- The ratio of employees per 1,000 residents for the Primary Government of the County has decreased over the last 10 years, from 8.97 in fiscal year 2004 to 8.73 per 1,000 residents in fiscal year 2013.
- The population in the County has grown at an average annual rate of 3.01 percent over the past decade and the vast majority of those County residents are gainfully employed.
- The Virginia Employment Commission estimated the County's at-place employment (jobs located in the County) was 114 thousand during the first quarter of 2013.
- 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 5.1 percent and a civilian labor force of 234 thousand as of June 2013, according to the Virginia Employment Commission. This rate is unchanged from the unemployment rate of 5.1 in June 2012 and an increase in civilian labor force from 233 thousand in June 2012.
- The Census Bureau's 2012 American Community Survey indicates that the County's Median Household Income rose from \$66 thousand in 2001 to \$94 thousand in 2012.

The aforementioned factors were considered in preparing the County's budget for the 2014 fiscal year. Amounts available for appropriation in the General Fund budget are \$962.6, a 5.3 percent increase from the adopted 2013 budget. Real estate tax rates are slightly lower as the Board attempts to balance the impact of changes affecting real estate assessments on its citizens, while still providing the funding required to ensure that the County has the resources necessary to continue to provide vital services to the community. Further details of the County's budget can be found in its Adopted 2014 Fiscal Plan.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

STATEMENT OF NET POSITION

As of June 30, 2013

With Comparative Totals for June 30, 2012 (restated)

(amounts expressed in thousands)

Exhibit 1

Page 1 of 2

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2013	2012 (restated)
ASSETS				
Equity in pooled cash and investments	\$ 662,292	10,738	673,030	705,635
Investments	22,137	-	22,137	18,833
Property taxes receivable, net	3,977	-	3,977	3,303
Investment in direct financing leases	21,754	-	21,754	24,330
Accounts receivable, net	9,927	316	10,243	9,721
Due from other governmental units	23,873	-	23,873	20,917
Internal balances	8,336	(8,336)	-	-
Due from primary government	-	-	-	-
Due from component units	171	-	171	-
Inventory	525	4,041	4,566	4,501
Deferred charges	29,402	-	29,402	24,069
Prepaid items	593	225	818	684
Deposits	-	-	-	-
Net Pension Asset	8	-	8	15
Note Receivable	-	1,600	1,600	-
Restricted assets:				
Temporarily restricted:				
Restricted cash and temporary investments	16,029	13,113	29,142	36,273
Restricted investments	1,250	-	1,250	1,250
Water and sewer availability credit	13,782	-	13,782	-
Capital assets:				
Land and construction in progress	139,977	29,754	169,731	151,178
Buildings and other capital assets, net of depreciation	327,621	19,677	347,298	345,098
Total assets	\$ 1,281,654	71,128	1,352,782	1,345,807
LIABILITIES				
Accounts payable	\$ 24,349	1,282	25,631	22,977
Wages and benefits payable	7,894	406	8,300	7,343
Deposits and escrows	30,552	19	30,571	37,684
Retainages	403	170	573	953
Accrued interest	15,321	130	15,451	15,256
Due to other governmental units	222	41	263	275
Due to component units	-	-	-	352
Due to primary government	-	-	-	-
Unearned revenue	238,809	5,788	244,597	236,295
Net pension/OPEB obligations	4,613	-	4,613	-
Noncurrent liabilities:				
Due within one year	86,019	9,722	95,741	88,895
Due in more than one year	919,522	16,906	936,428	928,640
Total liabilities	1,327,704	34,464	1,362,168	1,338,670
NET POSITION				
Net Investment in Capital Assets	410,205	36,810	447,015	408,903
Restricted for:				
Capital projects	14,536	-	14,536	21,633
Special levy districts	73,312	-	73,312	68,224
Other purposes				
Development Fee Services	6,637	-	6,637	4,749
Housing	3,839	-	3,839	4,595
Internal Service Fund	2,783	-	2,783	2,848
Debt Service	1,092	-	1,092	1,077
Developer Default Recoveries	196	-	196	197
Water and Sewer Availability Credit- UOSA	13,782	-	13,782	-
Education	-	-	-	-
Unrestricted	(572,432)	(146)	(572,578)	(505,089)
Total net position	\$ (46,050)	36,664	(9,386)	7,137

Component Units		Total Reporting Entity		
2013	2012 (restated)	2013	2012 (restated)	
250,704	244,560	923,734	950,195	ASSETS
-	-	22,137	18,833	Equity in pooled cash and investments
-	-	3,977	3,303	Investments
-	-	21,754	24,330	Property taxes receivable, net
2,096	2,016	12,339	11,737	Investment in direct financing leases
32,317	24,058	56,190	44,975	Accounts receivable, net
-	-	-	-	Due from other governmental units
-	352	-	352	Internal balances
-	-	171	-	Due from primary government
-	-	171	-	Due from component units
3,667	3,229	8,233	7,730	Inventory
-	-	29,402	24,069	Deferred charges
2,027	1,570	2,845	2,254	Prepaid items
500	500	500	500	Deposits
-	-	8	15	Net Pension Asset
-	-	1,600	-	Note Receivable
				Restricted assets:
				Temporarily restricted:
22,707	11,917	51,849	48,190	Restricted cash and temporary investments
-	-	1,250	1,250	Restricted investments
-	-	13,782	-	Water and sewer availability credit
				Capital assets:
170,260	108,695	339,991	259,873	Land and construction in progress
1,024,815	1,040,826	1,372,113	1,385,924	Buildings and other capital assets, net of depreciation
1,509,093	1,437,723	2,861,875	2,783,530	Total assets
				LIABILITIES
12,044	11,214	37,675	34,191	Accounts payable
85,011	79,152	93,311	86,495	Wages and benefits payable
-	-	30,571	37,684	Deposits and escrows
3,635	2,289	4,208	3,242	Retainages
-	-	15,451	15,256	Accrued interest
540	188	803	463	Due to other governmental units
-	-	-	352	Due to component units
171	-	171	-	Due to primary government
9,428	7,385	254,025	243,680	Unearned revenue
-	-	4,613	-	Net pension/OPEB obligations
				Noncurrent liabilities:
18,759	18,173	114,500	107,068	Due within one year
26,530	23,549	962,958	952,189	Due in more than one year
156,118	141,950	1,518,286	1,480,620	Total liabilities
				NET POSITION
1,195,075	1,149,459	1,055,634 ^A	975,195	Net Investment in Capital Assets
				Restricted for:
19,418	11,917	14,536 ^A	10,843	Capital projects
-	-	73,312	68,224	Special levy districts
-	-	6,637	4,749	Other purposes
-	-	3,839	4,595	Development Fee Services
-	-	2,783	2,848	Housing
-	-	1,092	1,077	Internal Service Fund
-	-	196	197	Debt Service
-	-	13,782	-	Developer Default Recoveries
23,673	22,874	23,673	22,874	Water and Sewer Availability Credit- UOSA
114,809	111,523	148,105 ^A	212,308	Education
1,352,975	1,295,773	1,343,589	1,302,910	Unrestricted
				Total net position

^A The sum of the columns does not equal the Total Reporting Entity column by a difference of \$605,874 because the debt related to the School Board component unit (\$582,469), and the ADC component unit (\$23,405) is reflected in the primary government's general governmental activities column reducing unrestricted column as Net Investment in Capital Assets. The Total Reporting Entity column matches the asset with the debt and reports the net amount in the component unit on the net investment in capital assets. The net investment in capital assets is increased by Schools, and ADC unspent bond proceeds of \$19,418 with a corresponding decrease to the restricted capital projects.

COUNTY OF PRINCE WILLIAM, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012 (restated)
(amounts expressed in thousands)

Exhibit 2
Page 1 of 2

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Primary	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Primary Government:						
Governmental activities:						
General government administration	\$ 37,932	590	2,232	2,160	(32,950)	-
Judicial administration	19,524	4,929	3,737	-	(10,858)	-
Public safety	234,880	12,220	8,267	8,974	(205,419)	-
Public works	72,924	8,248	(42)	7,386	(57,332)	-
Health and welfare	75,909	1,345	35,159	-	(39,405)	-
Education	463,154	-	-	-	(463,154)	-
Parks, recreational and cultural	34,077	548	522	31	(32,976)	-
Community development	53,726	18,973	27,229	11,207	3,683	-
Interest on long-term debt	43,086	-	-	-	(43,086)	-
Total governmental activities	1,035,212	46,853	77,104	29,758	(881,497)	-
Business-type activities:						
Landfill	15,832	17,556	-	27	-	1,751
Parks and Recreation	19,729	10,904	-	-	-	(8,825)
Innovation Technology Park	60	-	-	-	-	(60)
Total business-type activities	35,621	28,460	-	27	-	(7,134)
Total primary government	\$ 1,070,833	75,313	77,104	29,785	(881,497)	(7,134)
Component Units:						
School Board	\$ 982,546	23,725	136,285	113	-	-
Adult Detention Center	46,030	505	10,332	-	-	-
Convention & Visitors' Bureau	1,253	-	-	-	-	-
Total component units	\$ 1,029,829	24,230	146,617	113	-	-
General revenues:						
Taxes:						
Real property				\$ 551,951	-	-
Personal Property				85,515	-	-
Local sales				55,169	-	-
Consumers Utility				13,490	-	-
Business, professional and occupational license (BPOL)				22,913	-	-
Recordation				10,277	-	-
Motor vehicle licenses				7,877	-	-
Transient occupancy				3,369	-	-
Short term rental, bank stock, public utility gross receipts				2,973	-	-
Payment from primary government				-	-	-
Grants and contributions not restricted to specific programs:						
Federal revenue				66	-	-
State revenue				75,265	-	-
Local revenue				6,454	-	-
Investment earnings				(1,558)	(99)	
Insurance claims and recoveries				100	-	-
Miscellaneous				37,530	816	
Transfers				(376)	376	
Total general revenues and transfers				871,015	1,093	
Change in net position				(10,482)	(6,041)	
Net position- beginning of year (as restated)				(35,568)	42,705	
Net position- end of year				\$ (46,050)	36,664	

Changes in Net Position

Government		Component Units		Total Reporting Entity		
2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)	
(32,950)	(37,184)	-	-	(32,950)	(37,184)	Functions / Programs
(10,858)	(10,171)	-	-	(10,858)	(10,171)	Primary Government:
(205,419)	(187,432)	-	-	(205,419)	(187,432)	Governmental activities:
(57,332)	(36,381)	-	-	(57,332)	(36,381)	General government administration
(39,405)	(36,911)	-	-	(39,405)	(36,911)	Judicial administration
(463,154)	(406,022)	-	-	(463,154)	(406,022)	Public safety
(32,976)	(29,965)	-	-	(32,976)	(29,965)	Public works
3,683	4,141	-	-	3,683	4,141	Health and welfare
(43,086)	(43,178)	-	-	(43,086)	(43,178)	Education
(881,497)	(783,103)	-	-	(881,497)	(783,103)	Parks, recreational and cultural
						Community development
						Interest on long-term debt
						Total governmental activities
1,751	536	-	-	1,751	536	Business-type activities:
(8,825)	(2,699)	-	-	(8,825)	(2,699)	Landfill
(60)	942	-	-	(60)	942	Parks and Recreation
(7,134)	(1,221)	-	-	(7,134)	(1,221)	Innovation Technology Park
						Total business-type activities
(888,631)	(784,324)	-	-	(888,631)	(784,324)	Total primary government
-	-	(822,423)	(787,646)	(822,423)	(787,646)	Component Units:
-	-	(35,193)	(29,056)	(35,193)	(29,056)	School Board
-	-	(1,253)	(1,183)	(1,253)	(1,183)	Adult Detention Center
-	-	(858,869)	(817,885)	(858,869)	(817,885)	Convention & Visitors' Bureau
						Total component units
551,951	526,885	-	-	551,951	526,885	General revenues:
85,515	78,338	-	-	85,515	78,338	Taxes:
55,169	52,003	-	-	55,169	52,003	Real property
13,490	13,075	-	-	13,490	13,075	Personal Property
22,913	21,725	-	-	22,913	21,725	Local sales
10,277	8,014	-	-	10,277	8,014	Consumers Utility
7,877	7,591	-	-	7,877	7,591	Business, professional and occupational license (BPOL)
3,369	3,274	-	-	3,369	3,274	Recordation
2,973	3,080	-	-	2,973	3,080	Motor vehicle licenses
-	-	556,524	497,540	556,524	497,540	Transient occupancy
66	66	2,803	1,379	2,869	1,445	Short term rental, bank stock, public utility gross receipts
75,265	75,231	347,674	319,514	422,939	394,745	Payment from primary government
6,454	6,206	3,574	3,385	10,028	9,591	Grants and contributions not restricted to specific programs:
(1,657)	20,735	1,892	3,287	235	24,022	Federal revenue
100	66	-	-	100	66	State revenue
38,346	11,142	3,604	2,758	41,950	13,900	Local revenue
-	-	-	-	-	-	Investment earnings
872,108	827,431	916,071	827,863	1,788,179	1,655,294	Insurance claims and recoveries
(16,523)	43,107	57,202	9,978	40,679	53,085	Miscellaneous
						Transfers
7,137	(35,970)	1,295,773	1,285,795	1,302,910	1,249,825	Total general revenues and transfers
(9,386)	7,137	1,352,975	1,295,773	1,343,589	1,302,910	Change in net position
						Net position- beginning of year (as restated)
						Net position- end of year

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 3

GOVERNMENTAL FUNDS

Balance Sheet

As of June 30, 2013

With Comparative Totals for June 30, 2012 (restated)

(amounts expressed in thousands)

	Capital Projects					Fire & Rescue Levy	Other Governmental Funds	2013	2012 (restated)
	General	Streets and Roads	Other Capital Projects	Education					
ASSETS									
Equity in pooled cash and investments	\$ 402,012	22,512	68,007	-	-	68,612	19,278	580,421	599,961
Restricted cash and temporary investments	1,092	14,860	77	-	-	-	-	16,029	23,014
Property taxes receivable, net	3,977	-	-	-	-	-	-	3,977	3,303
Accounts receivable, net	5,538	729	265	-	-	334	203	7,069	6,594
Due from other funds	8,336	-	-	-	-	-	-	8,336	2,539
Due from other governmental units	19,814	3,770	-	-	-	-	285	23,869	20,915
Investment in direct financing leases	21,754	-	-	-	-	-	-	21,754	24,330
Inventory	244	-	-	-	-	-	-	244	402
Prepaid items	55	23	11	-	-	-	30	119	248
Total assets	\$ 462,822	41,894	68,360	-	-	68,946	19,796	661,818	681,306
LIABILITIES AND FUND BALANCE									
LIABILITIES:									
Accounts payable	\$ 12,369	4,689	2,379	-	-	2,053	364	21,854	18,666
Wages and benefits payable	7,440	-	-	-	-	-	297	7,737	6,653
Deposits and escrows	30,533	-	19	-	-	-	-	30,552	37,684
Due to other funds	-	-	-	-	-	-	-	-	186
Due to other governmental units	184	-	38	-	-	-	-	222	199
Retainages	-	364	39	-	-	-	-	403	282
Unavailable revenue	19,757	-	-	-	-	-	-	19,757	20,815
Unearned revenue	233,813	-	-	-	-	-	2,210	236,023	228,169
Total liabilities	304,096	5,053	2,475	-	-	2,053	2,871	316,548	312,654
FUND BALANCES:									
Non-spendable	299	23	11	-	-	-	30	363	428
Restricted	2,101	-	-	-	-	66,893	16,895	85,889	100,475
Committed	81,114	36,818	65,874	-	-	-	-	183,806	177,510
Assigned	8,137	-	-	-	-	-	-	8,137	7,073
Unassigned	67,075	-	-	-	-	-	-	67,075	83,166
Total fund balances	158,726	36,841	65,885	-	-	66,893	16,925	345,270	368,652
Total liabilities, deferred inflows and fund balances	\$ 462,822	41,894	68,360	-	-	68,946	19,796	661,818	681,306

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 4

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

As of June 30, 2013

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3)	\$ 345,270
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$28,234 related to Internal Service Fund assets, which is included in Internal Service Fund net position below.)</p>	439,364
<p>Other long-term assets are not available to pay for current-period expenditures:</p>	
Unearned revenues	19,757
Pension benefit asset	8
<p>Internal Service Funds are used by management to charge costs of certain activities such as insurance, fleet operations, and data processing to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.</p>	102,346
<p>Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due.</p>	(15,321)
<p>Sewer and water availability credit is not recognized in the governmental funds, but rather, is recognized as an expenditure when used.</p>	13,782
<p>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):</p>	
Bonds payable	139,376
School bonds payable	579,969
Literary loans payable	2,500
Capital lease obligations	158,661
Compensated absences (excludes \$1,284 for Internal Service Fund)	28,192
Operating settlement - Schools	(171)
Deferred charge - underwriters' discount on bonds	(4,653)
Deferred charge on refunding	(24,749)
Premium on bonds issued	72,131
Total long-term liabilities	(951,256)
Net position of governmental activities	\$ (46,050)

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 5

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2013

With Comparative Totals for the Year Ended June 30, 2012 (restated)

(amounts expressed in thousands)

	General	Capital Projects		Education	Fire & Rescue Levy	Other Governmental Funds	Total Governmental Funds	
		Streets and Roads	Other Capital Projects				2013	2012 (restated)
REVENUES:								
General property taxes	\$ 600,658	-	-	-	32,314	3,817	636,789	605,896
Other local taxes	116,068	-	-	-	-	-	116,068	108,762
Permits, privilege fees and regulatory licenses	2,180	-	-	-	-	14,174	16,354	13,836
Fines and forfeitures	3,259	-	-	-	-	1	3,260	3,435
From use of money and property	(5,200)	51	(680)	-	(526)	(67)	(6,422)	13,993
Charges for services	15,407	-	-	-	-	11,833	27,240	22,688
Intergovernmental revenues:								
Federal	18,297	4,366	59	-	-	26,922	49,644	50,986
State	115,964	2,435	96	-	-	12	118,507	122,949
Local	6,454	430	-	-	-	-	6,884	6,661
Donations and contributions	-	-	20	-	-	-	20	142
Miscellaneous	21,251	1,616	3,982	-	95	340	27,284	10,206
Total revenues	894,338	8,898	3,477	-	31,883	57,032	995,628	959,554
EXPENDITURES:								
Current:								
General government administration	36,788	-	-	-	-	-	36,788	38,897
Judicial administration	18,388	-	-	-	-	-	18,388	17,593
Public safety	195,937	-	-	-	22,812	10,020	228,769	210,461
Public works	30,278	-	-	-	-	244	30,522	30,408
Health and welfare	75,066	-	-	-	-	-	75,066	75,014
Education	385,176	-	500	77,976	-	-	463,652	416,071
Parks, recreational and cultural	26,550	-	-	-	-	-	26,550	24,096
Community development	6,330	-	-	-	-	42,225	48,555	47,280
Debt service:								
Principal retirement	69,766	-	-	-	92	-	69,858	74,760
Interest and other debt costs	41,970	-	-	-	21	-	41,991	42,803
Capital outlays	-	42,080	11,346	-	-	-	53,426	38,110
Total expenditures	886,249	42,080	11,846	77,976	22,925	52,489	1,093,565	1,015,493
Excess (deficiency) of revenues over (under) expenditures	8,089	(33,182)	(8,369)	(77,976)	8,958	4,543	(97,937)	(55,939)
OTHER FINANCING SOURCES (USES):								
Transfers in	21,607	13,683	16,709	-	1,859	4,655	58,513	67,310
Transfers out	(42,028)	(79)	(6,923)	-	(6,155)	(7,640)	(62,825)	(99,988)
Bonds, notes and capital leases	-	-	-	65,675	-	-	65,675	46,445
Proceeds from refundings	46,180	-	-	-	-	-	46,180	51,585
Premium on sale of bonds	-	-	-	12,301	-	-	12,301	2,236
Premium on refundings	9,048	-	-	-	-	-	9,048	9,690
Payments to escrow agent	(54,689)	-	-	-	-	-	(54,689)	(60,921)
Insurance claims and recoveries	100	-	-	-	-	-	100	66
Sale of surplus property	222	-	-	-	19	11	252	298
Total other financing sources (uses)	(19,560)	13,604	9,786	77,976	(4,277)	(2,974)	74,555	16,721
Net change in fund balances	(11,471)	(19,578)	1,417	-	4,681	1,569	(23,382)	(39,218)
FUND BALANCE, beginning of year (as restated)	170,197	56,419	64,468	-	62,212	15,356	368,652	407,870
FUND BALANCE, end of year	\$ 158,726	36,841	65,885	-	66,893	16,925	345,270	368,652

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 6

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

For the Year Ended June 30, 2013

(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5)	\$	(23,382)
<p>Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Add capital acquisitions	15,070	
Add receipt of donated land and infrastructure assets	11,207	
Add donated equipment for Public Safety	213	
Add donated equipment for Parks, Recreational & Cultural	31	
Subtract depreciation (excludes \$3,649 related to Internal Service Fund assets included in Internal Service Fund net position below)	<u>(16,068)</u>	10,453
<p>In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.</p>		
		(2,619)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Add revenue recognized for the water and sewer availability credit received, but not used		13,782
Add amortized premium		5,318
Add current year's unearned revenue related to financing activities and uncollectible tax billings (Note 4)	19,757	
Subtract prior year's unearned revenue related to financing activities and uncollectible tax billings	<u>(20,816)</u>	(1,059)
Add current year's pension benefit asset	8	
Subtract prior year's pension benefit asset	<u>(15)</u>	(7)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (Note 11). Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Add debt principal repayment	69,858	
Add payment to escrow agent for refunding	54,689	
Subtract debt proceeds	(111,855)	
Subtract premium on debt	(21,349)	
Add underwriter's discount-deferred charge	<u>1,233</u>	(7,424)
<p>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:</p>		
Amortized deferred charge		(2,258)
Add prior year operating settlement - School Board	327	
Add current year operating settlement - School Board	<u>171</u>	498
Add prior year's compensated absences liability (excludes \$1,007 for Internal Service Fund)	26,919	
Subtract current year's compensated absences liability (excludes \$1,284 for Internal Service Fund)	<u>(28,192)</u>	(1,273)
Add prior year's accrued interest liability	15,250	
Subtract current year's accrued interest liability	<u>(15,321)</u>	(71)
<p>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:</p>		
Add internal service funds' change in net position		<u>(2,440)</u>
Change in net position of governmental activities	\$	<u>(10,482)</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 7

PROPRIETARY FUNDS
Statement of Fund Net Position
As of June 30, 2013
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 7,272	3,466	-	10,738	81,871
Restricted cash and temporary investments	12,653	-	460	13,113	-
Investments	-	-	-	-	22,137
Accounts receivable, net	188	10	118	316	2,858
Due from other governmental units	-	-	-	-	4
Inventory	12	3,922	107	4,041	281
Prepays	-	-	225	225	474
Total current assets	20,125	7,398	910	28,433	107,625
Non-current assets:					
Restricted investments	-	-	-	-	1,250
Note receivable	1,600	-	-	1,600	-
Capital assets:					
Land and construction in progress	22,919	1,084	5,751	29,754	21,955
Buildings and other capital assets, net of depreciation	9,478	-	10,199	19,677	6,279
Total non-current assets	33,997	1,084	15,950	51,031	29,484
Total assets	54,122	8,482	16,860	79,464	137,109
LIABILITIES					
Current liabilities:					
Accounts payable	870	2	410	1,282	2,495
Wages and benefits payable	60	-	346	406	157
Deposits and escrows	-	-	19	19	-
Retainages	170	-	-	170	-
Accrued interest	31	-	99	130	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	5,535
Due to other governmental units	41	-	-	41	-
Due to other funds	1,180	-	7,156	8,336	-
Unearned revenue	4,521	-	1,267	5,788	2,786
Current portion of surplus distribution payable	-	-	-	-	681
Current portion of bonds payable	1,590	-	514	2,104	-
Current accrued closure liability	7,283	-	-	7,283	-
Current other long term liabilities	-	-	293	293	-
Compensated absences	22	-	20	42	66
Total current liabilities	15,768	2	10,124	25,894	11,720
Non-current liabilities:					
Accrued closure liability	5,008	-	-	5,008	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	13,318
OPEB Obligation	-	-	-	-	4,613
Surplus distribution payable	-	-	-	-	3,894
Bonds payable, net of current portion	-	-	10,517	10,517	-
Other long term liabilities	-	-	596	596	-
Compensated absences	407	-	378	785	1,218
Total non-current liabilities	5,415	-	11,491	16,906	23,043
Total liabilities	21,183	2	21,615	42,800	34,763
NET POSITION					
Net investment in capital assets	30,807	1,084	4,919	36,810	28,234
Restricted for self-insurance funds	-	-	-	-	2,783
Unrestricted	2,132	7,396	(9,674)	(146)	71,329
Total net position	\$ 32,939	8,480	(4,755)	36,664	102,346

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 8

PROPRIETARY FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Landfill	Innovation Technology Park	Parks & Recreation	Totals	Governmental Activities - Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 17,556	-	10,904	28,460	72,864
Intergovernmental revenues:					
State	27	-	-	27	-
Miscellaneous	756	-	60	816	2,468
Total operating revenues	<u>18,339</u>	<u>-</u>	<u>10,964</u>	<u>29,303</u>	<u>75,332</u>
OPERATING EXPENSES:					
Personal services	4,302	-	7,764	12,066	9,801
Contractual services	3,278	16	5,895	9,189	11,786
Materials/supplies	3,142	10	1,741	4,893	7,941
Depreciation	3,062	-	3,795	6,857	3,649
Closure expense	1,749	-	-	1,749	-
Other	28	34	-	62	1,185
Claims and premiums	-	-	-	-	32,883
OPEB cost	-	-	-	-	7,922
Losses and loss adjustment expenses	-	-	-	-	4,722
Total operating expenses	<u>15,561</u>	<u>60</u>	<u>19,195</u>	<u>34,816</u>	<u>79,889</u>
Operating income/(loss)	<u>2,778</u>	<u>(60)</u>	<u>(8,231)</u>	<u>(5,513)</u>	<u>(4,557)</u>
NON-OPERATING REVENUES/(EXPENSES):					
Interest income	(79)	(26)	6	(99)	(454)
Interest and other debt costs	(297)	-	(534)	(831)	-
Gain on sale of capital assets	26	-	-	26	31
Declaration of surplus distribution	-	-	-	-	(3,556)
Total non-operating revenues/(expenses)	<u>(350)</u>	<u>(26)</u>	<u>(528)</u>	<u>(904)</u>	<u>(3,979)</u>
Income/(loss) before transfers and capital contributions	<u>2,428</u>	<u>(86)</u>	<u>(8,759)</u>	<u>(6,417)</u>	<u>(8,536)</u>
TRANSFERS:					
Transfers in:					
General fund	1,640	35	396	2,071	8,304
Special revenue funds	-	-	-	-	53
Transfers out:					
General fund	(1,625)	-	-	(1,625)	(4,419)
Special revenue funds	-	-	-	-	(2)
Capital projects funds	-	(70)	-	(70)	-
Total transfers	<u>15</u>	<u>(35)</u>	<u>396</u>	<u>376</u>	<u>3,936</u>
Capital contributions	-	-	-	-	2,160
Change in net position	2,443	(121)	(8,363)	(6,041)	(2,440)
NET POSITION, beginning (as restated)	<u>30,496</u>	<u>8,601</u>	<u>3,608</u>	<u>42,705</u>	<u>104,786</u>
NET POSITION, end of the year	<u>\$ 32,939</u>	<u>8,480</u>	<u>(4,755)</u>	<u>36,664</u>	<u>102,346</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended June 30, 2013

(amounts expressed in thousands)

Exhibit 9

Page 1 of 2

		Innovation Technology	Parks & Recreation	Totals	Governmental Activities - Internal Service Funds
	Landfill	Park	Recreation	Totals	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 18,329	-	11,082	29,411	-
Cash received from County agencies	36	-	7,156	7,192	59,100
Cash received from employees	-	-	-	-	11,965
Cash received from other entities	27	-	(45)	(18)	2,255
Payments for claims and premiums	-	-	-	-	(36,738)
Payments to suppliers for goods and services	(7,436)	(59)	(9,369)	(16,864)	(20,850)
Payments to employees for services	(4,265)	-	(7,765)	(12,030)	(9,507)
Payments of closure expenses	(1,318)	-	-	(1,318)	-
Net cash provided (used) by operating activities	5,373	(59)	1,059	6,373	6,225
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Surplus distributions paid	-	-	-	-	(124)
Capital grants to other entities	(1,600)	-	-	(1,600)	-
Transfers in	1,640	35	396	2,071	8,357
Transfers out	(1,625)	(70)	-	(1,695)	(4,421)
Net cash provided (used) by non-capital financing activities	(1,585)	(35)	396	(1,224)	3,812
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(5,409)	-	2,150	(3,259)	(20,283)
Proceeds from the sale of capital assets	197	(2)	-	195	2,252
Principal paid on bonds, leases, and other debt	(1,535)	-	(545)	(2,080)	-
Interest paid on bonds, leases, and other debt	(156)	-	(607)	(763)	-
Net cash provided (used) by capital and related financing activities	(6,903)	(2)	998	(5,907)	(18,031)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from maturities of investments	-	-	-	-	17,150
Purchases of investments	-	-	-	-	(20,814)
Interest and dividends received on investments	(93)	(26)	(519)	(638)	(156)
Net cash provided (used) by investing activities	(93)	(26)	(519)	(638)	(3,820)
Net increase (decrease) in cash and cash equivalents	(3,208)	(122)	1,934	(1,396)	(11,814)
CASH AND CASH EQUIVALENTS, beginning of year (as restated)	23,133	3,588	(1,474)	25,247	93,685
CASH AND CASH EQUIVALENTS, end of year	\$ 19,925	3,466	460	23,851	81,871

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Innovation Technology Landfill	Park	Parks & Recreation	Totals	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income/(loss)	\$ 2,778	(60)	(8,231)	(5,513)	(4,557)
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:					
Depreciation	3,062	-	3,795	6,857	3,649
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net of accrued interest	(47)	-	(32)	(79)	127
Due from other governmental units	-	-	-	-	(2)
Due from other funds	-	-	-	-	161
Inventory	(1)	-	(40)	(41)	(10)
Prepaid items	-	-	9	9	(61)
Increase (decrease) in:					
Accounts payable and accrued liabilities, net of accrued interest	1,208	1	(1,745)	(536)	795
Retainages	(374)	-	-	(374)	-
Unpaid losses and related expenses	-	-	-	-	5,965
Accrued closure liability	(1,318)	-	-	(1,318)	-
Due to other governmental units	(35)	-	-	(35)	-
Unearned revenue	100	-	147	247	200
Due to related parties	-	-	-	-	(42)
Total adjustments	2,595	1	9,290	11,886	10,782
Net cash provided (used) by operating activities	\$ 5,373	(59)	1,059	6,373	6,225
NON-CASH CAPITAL AND FINANCING ACTIVITIES:					
Capital contributions	\$ -	-	-	-	2,160
Total non-cash capital and financing activities	\$ -	-	-	-	2,160

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 10

FIDUCIARY FUNDS

Statement of Fiduciary Net Position

As of June 30, 2013

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Equity in pooled cash and investments	\$ -	-	736	615
Restricted cash	286	3	-	-
Restricted Investments	28,420	39,053	-	-
Accounts receivable, net	-	-	73	-
Prepaid items	-	-	47	-
Total assets	<u>28,706</u>	<u>39,056</u>	<u>856</u>	<u>615</u>
LIABILITIES				
Accounts payable	-	2,362	11	-
Deposits and escrows	-	-	-	615
Total liabilities	<u>-</u>	<u>2,362</u>	<u>11</u>	<u>615</u>
NET POSITION				
Held in trust for pension benefits	28,706	-	-	-
Held in trust for OPEB benefits	-	36,694	-	-
Held in trust for other purposes	-	-	845	-
Total net position	<u>\$ 28,706</u>	<u>36,694</u>	<u>845</u>	<u>-</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA
FIDUCIARY FUNDS

Exhibit 11

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	\$ 946	-	84
Employer	946	7,970	-
Total contributions	1,892	7,970	84
Donations	-	-	135
Charges for services	-	-	3
Investment income:			
Interest and dividends	805	1,557	(5)
Net appreciation in fair value of investments	1,692	839	-
Total investment income	2,497	2,396	(5)
Less investment expense	48	95	-
Net investment income	2,449	2,301	(5)
Total additions	4,341	10,271	217
DEDUCTIONS			
Pension/post-employment benefit payments	1,981	2,351	-
Refund of members' contributions	84	-	-
Administrative expenses	57	26	403
Total deductions	2,122	2,377	403
Change in net position	2,219	7,894	(186)
NET POSITION, beginning of year	26,487	28,800	1,031
NET POSITION, end of year	\$ 28,706	36,694	845

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 12

COMPONENT UNITS

Combining Statement of Net Position

As of June 30, 2013

With Comparative Totals for June 30, 2012 (restated)

(amounts expressed in thousands)

	School Board	Adult Detention Center	Convention & Visitors Bureau	2013	2012 (restated)
ASSETS					
Equity in pooled cash and investments	\$ 237,906	12,678	120	250,704	244,560
Accounts receivable, net	2,066	27	3	2,096	2,016
Due from other governmental units	30,880	1,437	-	32,317	24,058
Due from primary government	-	-	-	-	352
Inventory	3,667	-	-	3,667	3,229
Prepays	1,987	-	40	2,027	1,570
Deposits	500	-	-	500	500
Restricted assets:					
Restricted cash and temporary investments	22,707	-	-	22,707	11,917
Capital assets:					
Land and construction in progress	170,229	31	-	170,260	108,695
Buildings and other capital assets, net of depreciation	954,786	69,979	50	1,024,815	1,040,826
Total assets	<u>1,424,728</u>	<u>84,152</u>	<u>213</u>	<u>1,509,093</u>	<u>1,437,723</u>
LIABILITIES					
Accounts payable	11,432	560	52	12,044	11,214
Wages and benefits payable	84,587	424	-	85,011	79,152
Retainages	3,635	-	-	3,635	2,289
Due to other governmental units	540	-	-	540	188
Due to primary government	171	-	-	171	-
Unearned revenue	9,428	-	-	9,428	7,385
Noncurrent liabilities:					
Due within one year	18,637	122	-	18,759	18,173
Due in more than one year	23,490	3,040	-	26,530	23,549
Total liabilities	<u>151,920</u>	<u>4,146</u>	<u>52</u>	<u>156,118</u>	<u>141,950</u>
NET POSITION					
Net investment in capital assets	1,125,015	70,010	50	1,195,075	1,149,459
Restricted for:					
Capital projects	19,418	-	-	19,418	11,917
Other purposes	23,673	-	-	23,673	22,874
Unrestricted	104,702	9,996	111	114,809	111,523
Total net position	<u>\$ 1,272,808</u>	<u>80,006</u>	<u>161</u>	<u>1,352,975</u>	<u>1,295,773</u>



COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 13

COMPONENT UNITS

Page 1 of 2

Combining Statement of Activities

For the Year Ended June 30, 2013

With Comparative Totals for the Year Ended June 30, 2012 (restated)

(amounts expressed in thousands)

Functions / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board
School Board					
Instruction	\$ 653,641	3,498	113,946	113	(536,084)
Support Services	328,311	19,802	22,339	-	(286,170)
School Age Child Care	594	425	-	-	(169)
Adult Detention Center	46,030	505	10,332	-	-
Convention & Visitors Bureau	1,253	-	-	-	-
Total component units	\$ 1,029,829	24,230	146,617	113	(822,423)

General revenues:

Payment from primary government	\$ 532,717
Federal revenue	2,803
State revenue	347,674
Local revenue	-
Investment earnings	1,719
Miscellaneous	3,480
Total general revenues	<u>888,393</u>

Change in net position 65,970

Net position - beginning of year (as restated) 1,206,838

Net position - end of year \$ 1,272,808

Revenue and Changes in Net Position

Adult Detention Center	Convention & Visitors Bureau	Totals		Functions / Programs
		2013	2012 (restated)	
-	-	(536,084)	(516,136)	School Board
-	-	(286,170)	(271,392)	Instruction
-	-	(169)	(118)	Support Services
(35,193)	-	(35,193)	(29,056)	School Age Child Care
-	(1,253)	(1,253)	(1,183)	Adult Detention Center
				Convention & Visitors Bureau
(35,193)	(1,253)	(858,869)	(817,885)	Total component units
22,778	1,029	556,524	497,540	General revenues:
-	-	2,803	1,379	Payment from primary government
-	-	347,674	319,514	Federal revenue
3,487	87	3,574	3,385	State revenue
171	2	1,892	3,287	Local revenue
103	21	3,604	2,758	Investment earnings
26,539	1,139	916,071	827,863	Miscellaneous
				Total general revenues
(8,654)	(114)	57,202	9,978	Change in net position
88,660	275	1,295,773	1,285,795	Net position - beginning of year (as restated)
80,006	161	1,352,975	1,295,773	Net position - end of year



NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(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, 2013.

A. Principles Used to Determine the Reporting Entity

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

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

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

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

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Adult Detention Center (ADC)	Authorized by the <i>Code of Virginia</i> . Establish policy for operation of regional adult detention center, providing care and confinement for all 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
Prince William County/Manassas Convention & Visitors Bureau, Inc. (CVB)	Established by Board resolution. Promote and market the County and Manassas area as a tourism destination for the benefit of the tourism industry and the citizens of the County and the City of Manassas.	Majority of the Board is appointed by the County; financial benefit/burden relationship exists.	Discretely Presented Component Unit
School Board	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Make policies governing school division.	Board is separately elected; Fiscal dependency exists – School Board cannot issue bonded debt; Two Boards are not the same; School Board 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
Upper Occoquan Sewage Authority (UOSA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by interjurisdictional agreement. Acquire, finance, construct and maintain facilities for abatement of pollution resulting from sewage in Occoquan watershed above its confluence with Bull Run.	None	Jointly Governed Organization; Note Disclosure
Governor's School @Innovation Park	Agreement between the public schools of Prince William County, Manassas City and Manassas Park to deliver an advanced and intensive program in science, technology, engineering, and mathematics (STEM) for selected high school juniors and seniors.	None	Jointly Governed Organization

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Peumansend Creek Regional Jail Authority (Note 10)	Governmental entity formed to construct and operate a regional correctional facility on property conveyed by U.S. Department of the Army pursuant to Public Law 102-25 and 102-484.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Potomac & Rappahannock Transportation Commission (PRTC) (Note 10)	Consider and make recommendation and oversight regarding activities pertaining to jurisdictional transportation issues.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Industrial Development Authority (IDA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Promote industry and develop trade by inducing business to locate or remain in State and County.	None	Related Organization; Note Disclosure
Service Authority (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Provide water and sewer utilities to County residents.	None	Related Organization; Note Disclosure
Northern Virginia Criminal Justice Training Academy (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 Prince William Self-Insurance Group Workers' Compensation Association (the Association) and the Prince William Self-Insurance Group Casualty Pool (the Pool), blended component units of the County, issue separately audited financial statements. Copies of these financial statements may be obtained by writing to the Prince William County Finance Department, Office of Risk Management, 4379 Ridgewood Center Drive, Prince William, Virginia 22192.

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

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

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

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

All accounts of the County and its component units are reported as of and for the year ended June 30, 2013.

B. Basis of Presentation

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

Government-wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The focus of the government-wide financial

statements is more on sustainability of the County as an entity and the change in aggregate financial position resulting from activities of the fiscal period. As a general rule, the effect of inter-fund activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and other charges for support. Likewise, the primary government is reported separately from the County's discretely presented component units.

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

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

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

Fund Financial Statements

The financial transactions of the County are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, 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. Since some of the County's enterprise funds use the services of the internal service funds, reconciliations are presented which briefly explain the adjustments necessary to reconcile the proprietary fund financial statements to the government-wide financial statements.

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

The County's fiduciary funds are presented in the fund financial statements by type (pension trust funds, other post-employment benefits master trust fund, private purpose trust funds, and agency funds). Since by definition, the assets of these

funds are held for the benefit of a third party (pension participants, other post-employment benefit participants, private parties, etc.) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements.

The following major funds are used by the County:

Governmental Funds:

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

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

Proprietary Funds:

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

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

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

- Internal service funds – The County operates a construction crew, a data processing center, and a vehicle maintenance facility. In addition, the County operates four self-insurance funds – three for risk management services that provide insurance for workers' compensation, general liability, and other insurance needs of the County, and the Adult Detention Center, and one that provides health insurance for eligible participating County employees. The effect of inter-fund activity has been eliminated from the government-wide financial statements. The excess revenues or expenses for the fund are allocated to the appropriate functional activity. The internal service funds are included in governmental activities column for government-wide reporting purposes. Inter-fund services that are provided and used are not eliminated in the process of consolidation.
- 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 unearned 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, and 8).

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

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

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

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

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

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

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

G. Inventories

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

I. Compensated Absences

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund type vested accrued vacation and sick pay benefits is recorded as

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

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

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

K. Capital Assets

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

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

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

In accordance with GASB Statement No. 34 and GASB Statement No. 51, the County's infrastructure and commercial "off-the-shelf" software have been capitalized retroactively to 1980. Of the \$187 million in infrastructure capitalized at June 30, 2013, approximately \$138 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. \$34 million of intangible software capitalized at June 30, 2013 was valued using project costing models. The County does not capitalize streets and roads as these are transferred to and become property of the Commonwealth of Virginia upon completion.

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

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

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

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

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

L. 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. Comparative Information

The financial statements for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Certain amounts in the prior year data have been restated in order to be consistent with the current year's presentation. The financial statements include certain prior-year summarized comparative information in total but not by type of activity or fund-type. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. As of July 1, 2012, the Park Authority component unit was dissolved and merged with the County as a new Department of Parks & Recreation. Accordingly, prior year comparative information should be read in conjunction with the County's and Park Authority's statements for the year ended June 30, 2012, from which the summarized information was derived.

P. Change in Reporting Entity

On March 13, 2012, the Board of County Supervisors authorized Res. No. 12-236 to dissolve the Park Authority component unit and merge its functions into the County Government by creating a new Department of Parks & Recreation (DPR). This action ended the separate corporate existence of the Park Authority on July 1, 2012 to provide parks and recreation services to the public by the most effective and efficient means. Due to the merger of Park Authority (now known as DPR), the fiscal year 2012 beginning balances and activities have been restated to include DPR as a part of the primary government, as shown in Illustration 1-2. In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the prior year amounts presented were restated to show financial information on a comparative basis for the new reporting entity.

Additionally, as a result of the changes to the original GASB Statement No. 14 brought on by GASB Statement No. 61 related to financial dependency, the Convention Visitors Bureau (CVB) qualified to be included as a component unit in FY 2013. The relationship between the County's Transient Occupancy Tax (TOT) in relation to CVB's other revenue sources increased in FY 2013 making them more financially dependent on the County's revenues. Therefore, the reporting entity constitutes inclusion of comparative financial information for CVB.

Illustration 1-2
Summary of Restated Balances – Governmental Funds

Governmental Funds	Balances, as previously reported, June 30, 2012	Park Authority Component Unit merger adjustment	Balances, as restated, June 30, 2012
Assets:			
Equity in pooled cash and investments	\$ 582,273	17,688	599,961
Accounts receivable, net	6,414	180	6,594
Due from other funds	1,188	1,351	2,539
Inventory and other assets	229	173	402
Prepaid items	199	49	248
Liabilities:			
Accounts payable	\$ 18,121	545	18,666
Wages and benefit payable	6,466	187	6,653
Fund Balance:			
Unassigned fund balance	\$ 64,457	18,709	83,166

Illustration 1-3
Summary of Restated Balances – Proprietary Funds

Proprietary Funds	Balances, as previously reported, June 30, 2012	Park Authority Component Unit merger adjustment	Balances, as restated, June 30, 2012
Assets:			
Equity in pooled cash and investments	\$ 13,462	(1,473)	11,989
Inventory	3,933	67	4,000
Accounts receivable, net	144	86	230
Prepaid items	20	234	254
Capital assets:			
Land and construction in progress	20,117	5,751	25,868
Buildings and other capital assets, net of depreciation	11,188	15,853	27,041
Current Liabilities:			
Accounts payable	\$ 1,448	726	2,174
Wages and benefits payable	57	495	552
Accrued interest	31	101	132
Unearned revenue	4,421	1,119	5,540
Non-current Liabilities:			
Capital Leases	\$ --	1,246	1,246
Bonds payable, net of current portion	1,590	11,528	13,118
Compensated absences, non-current portion	378	344	722
Due to other funds	1,118	1,351	2,539
Net Position:			
Net investment in capital assets	\$ 28,301	8,729	37,030
Unrestricted	10,796	(5,121)	5,675

Illustration 1-4
Summary of Restated Balances – Total Primary Government

Statement of Net Position	Balances, as previously reported, June 30, 2012	Park Authority Component Unit merger adjustment	Balances, as restated, June 30, 2012
Assets:			
Equity in pooled cash and investments	\$ 689,420	16,215	705,635
Accounts receivable, net	9,455	266	9,721
Inventory	4,434	67	4,501
Unearned charges	23,838	231	24,069
Prepaid items	632	52	684
Capital assets:			
Land and construction in progress	126,850	24,328	151,178
Buildings and other capital assets, net of depreciation	306,734	38,364	345,098
Liabilities:			
Accounts payable	\$ 21,703	1,274	22,977
Wages and benefits payable	6,663	680	7,343
Retainages	826	127	953
Unearned revenue	235,176	1,119	236,295
Non-current Liabilities:			
Due within one year	\$ 87,536	1,359	88,895
Due in more than one year	914,706	13,934	928,640
Net Position:			
Net Investment in capital assets	\$ 360,532	48,371	408,903
Unrestricted	(517,748)	12,659	(505,089)
Statement of Activities			
Revenue and Changes in Net Position			
Governmental Activities – Parks Recreational and Cultural	(38,704)	8,739	(29,965)
Business Type Activities – Parks and Recreation	--	(2,699)	(2,699)

Illustration 1-5
Summary of Restated Balances – Component Units

Statement of Net Position	Balances, as previously reported, June 30, 2012	Park Authority Component Unit merger adjustment	Convention Visitors Bureau Component Unit adjustment	Balances, as restated, June 30, 2012
Assets:				
Equity in pooled cash and investments	\$ 260,536	(16,215)	239	244,560
Accounts receivable, net	2,282	(266)	--	2,016
Due from other governmental units	24,058	--	--	24,058
Due from primary government	352	--	--	352
Inventory	3,275	(67)	21	3,229
Unearned charges	231	(231)	--	--
Prepaid items	1,563	(52)	59	1,570
Deposits	500	--	--	500
Restricted assets	11,917	--	--	11,917
Capital assets:				
Land and construction in progress	133,023	(24,328)	--	108,695
Buildings and other capital assets, net of depreciation	1,079,128	(38,364)	62	1,040,826
Total Assets	1,516,865	(79,523)	381	1,437,723
Liabilities:				
Accounts payable	\$ 12,413	(1,274)	75	11,214
Wages and benefits payable	79,801	(680)	31	79,152
Retainages	2,289	--	--	2,289
Accrued interest	127	(127)	--	--
Due to other governmental units	188	--	--	188
Unearned revenue	8,504	(1,119)	--	7,385
Non-current Liabilities:				
Due within one year	\$ 19,532	(1,359)	--	18,173
Due in more than one year	37,483	(13,934)	--	23,549
Total Liabilities	160,337	(18,493)	106	141,950
Net Position:				
Net Investment in capital assets	\$ 1,197,830	(48,371)	--	1,149,459
Restricted	34,791	--	--	34,791
Unrestricted	123,907	(12,659)	275	111,523
Total Net Position	1,356,528	(61,030)	275	1,295,773

Illustration 1-5 (cont'd)
Summary of Restated Balances – Component Units

Statement of Activities	Balances, as previously reported, June 30, 2012	Park Authority Component Unit merger adjustment	Convention Visitors Bureau Component Unit adjustment	Balances, as restated, June 30, 2012
Functions/Programs:				
School Board	(787,646)	--	--	(787,646)
Adult Detention Center	(29,056)	--	--	(29,056)
Park Authority	(16,553)	16,553	--	--
Convention Visitors Bureau	--	--	(1,183)	(1,183)
Total Component Units	(833,255)	16,553	(1,183)	817,885
General Revenues:				
Payment from primary government	519,002	(22,468)	1,006	497,540
Federal revenue	1,379	--	--	1,379
State revenue	319,514	--	--	319,514
Local Revenue	3,310	--	75	3,385
Investment Earnings	3,408	(124)	3	3,287
Miscellaneous	2,747	--	11	2,758
Total General Revenues and Transfers	849,360	(22,592)	1,095	827,863
Change in Net Position	16,105	(6,039)	(88)	9,978
Net Position (Beginning)	1,340,423	(54,990)	363	1,285,795
Net Position (Ending)	1,356,528	(61,030)	275	1,295,773

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

The County implemented the following GASB pronouncements with effective implementation dates for fiscal year ended June 30, 2013:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* - This Statement amends 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*, to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. It modifies certain requirements for inclusion of component units in the reporting entity, amends and adds to the criteria for reporting blended components units, and clarifies reporting of equity interests in legally separate organizations.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* - The objective of this Statement is to incorporate 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

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.”

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989

FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement

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 also issued the following statements with effective implementation dates during the current fiscal year ended June 30, 2013. These statements, which 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. The County currently does not have and Service Concession Arrangements.

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. The County does not invest in derivative instruments.

The GASB has issued the following statements with effective implementation dates later than the fiscal year ending June 30, 2013. The statements deemed to have a future impact on the County are as follows:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* - This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or inflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows and deferred inflows of resources. This statement will improve financial reporting by clarifying the appropriate use of the financial statement elements and to ensure consistency in financial reporting.

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* - This Statement improves financial reporting by state and local governmental pension plans by revising existing standards of financial reporting for most pension plans and establishing a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* - This Statement improves accounting and financial reporting by state and local governments for pensions, and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities by establishing accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial standards related to government combinations referred to as mergers, acquisitions, and transfers of operations and also disposals of government operations. Prior to this statement, governments accounted for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment, generally APB Opinion No. 16, *Business*

Combinations. This statement improves the decision usefulness of financial reporting by requiring disclosures to be made by governments about combination arrangements in which they engage and for disposals of government operations.

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

R. Subsequent Events

The County has evaluated subsequent events (events occurring after June 30, 2013 through December 23, 2013) 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, 2013, the Self-Insurance Workers' Compensation Association had \$983, 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, 2013, the Casualty Pool had \$885, 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, 2013.

Illustration 2-1			
Fair Value and Weighted Average Maturity of Investments at June 30, 2013			
		Fair Value	Weighted Average Maturity (Years)
PRIMARY GOVERNMENT, SCHOOL BOARD, AND ADC			
Money Markets and Money Market Mutual Funds:			
Local Government Investment Pool (LGIP)	\$	68,404	0.003
State Non-Arbitrage Program (SNAP)		37,242	0.003
PFM Asset Management		86,428	0.003
Other Money Markets and Money Market Mutual Funds		4,133	0.003
NOW Accounts		100,666	0.003
Certificate of Deposits		40,082	0.354
U.S. Government Agency Securities		479,265	6.494
Corporate Bonds		122,120	3.133
Municipal Bonds		<u>64,391</u>	5.373
Total Primary Government, School Board, and ADC		1,002,731	3.845
CONVENTION & VISITORS BUREAU COMPONENT UNIT:			
Cash and Cash Equivalents		<u>120</u>	0.003
Total Convention & Visitors Bureau Investments		<u>120</u>	0.003
Total Reporting Entity Investments		\$ <u>1,002,851</u>	3.845

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

Credit Risk – State statutes authorize the County to invest in various instruments as described above. The County's investment policy, however, does not provide for investments in obligations of other states and political subdivisions outside of the Commonwealth of Virginia. It is also County policy to invest in Certificates of Deposits from banks with a rating of at least A-1 by Standards & Poor's and P-1 by Moody's Investor's Services for maturities of one year or less. Furthermore, the County will only invest in money market or mutual funds with a rating of AAA by at least one nationally recognized statistical rating organization; "prime quality" commercial paper rated by at least two of the following: Moody's Investor's Services within its NCO/Moody's rating of prime 1; Standard & Poor's within its rating of A-1; Fitch Investor's Services within its rating of F1 or by

their corporate successors, provided that at the time of any such investment the issuing corporation has a net worth of at least \$50,000 and the net income of the issuing corporation has averaged \$3,000 per year for the previous five years and all existing senior bonded indebtedness of the issuer is rated AAA or its equivalent by at least two of the following: Moody's Investor's Services, Standard & Poor's or Fitch Investor's Services; and domestic and foreign banker's acceptances provided that the bank's assets exceed \$500,000 or \$1,000,000, respectively.

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

It is PWSIG policy to invest in obligations issued or guaranteed by the U.S. government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs); repurchase agreements collateralized by obligations issued or guaranteed by the U.S. Government, an agency thereof, or GSEs; non-negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act; negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of not lower than P-1 by Moody's Investor's Services and A-1 by Standard and Poor's; bankers acceptances with major U.S. banks and domestic offices of international banks with a rating of not lower than Aaa by Moody's Investor's Service and AAA by Standard & Poor's; commercial paper issued by domestic corporations rated not lower than P-1 by Moody's Investor's Services and A-1 by Standard & Poors; short-term corporate notes of domestic corporations with a minimum rating of Aaa by Moody's Investor's Services and AAA by Standard & Poor's or short-term ratings of P-1 and A-1 respectively; all money market, mutual funds or the LGIP with a minimum credit rating of AAA by at least one nationally recognized statistical rating organization and all GSEs with a minimum rating of AAA by at least one nationally recognized statistical rating organization. During the year, the County made investments in money market mutual funds, LGIP, SNAP, PFM Asset Management, U.S. Government Agency Securities, NOW Accounts, Certificates of Deposit, Corporate Bonds, and Municipal Bonds. The County's investment ratings as of June 30, 2013 are presented in Illustration 2-2.

Illustration 2-2
County, School Board, and ADC, Investment Credit Risk at June 30, 2013

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	6.82%
State Non-Arbitrage Program(SNAP)	AAA	3.71%
PFM Asset management	AAA	8.62%
Other Money Markets and Money Market Mutual Funds	AAA	0.41%
NOW Accounts	Not applicable	10.04%
Certificate of Deposits	Not applicable	4.00%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AA+	47.80%
Corporate Bonds:	AA- or Higher	12.18%
Municipal Bonds:	AA- or Higher	6.42%
		100.00%

Custodial Credit Risk – Custodial risk is the risk that in the event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. However, the County's investment policy requires that all securities purchased by the County be properly and clearly labeled as an asset of Prince William County and held in safekeeping by a third party custodial bank or institution in compliance with 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) 9.27%, Federal Home Loan Bank (FHLB) 18.23%, Federal Home Loan Mortgage Corporation (FHLMC) 6.71%, and Federal National Mortgage Association (FNMA) 15.40%.

Corporate bond purchases made were within policy guidelines at the time of purchase. The rating of BBVA U.S. Senior fell below guidelines during fiscal year 2013.

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, 2013. 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, 2013		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Supplemental Retirement Plan Pension Trust Fund:		
Money Market Mutual Funds	\$ 73	0.121 (a)
Tactical Asset Allocation Funds	2,814	Not applicable
Equity Mutual Funds	14,832	Not applicable
Real Assets	1,791	Not applicable
Bond Mutual Funds		
PIMCO Total Return Fund	4,450	5.82 (b)
Brandywine Global Bond Fund	4,460	4.26 (b)
Total Bond Mutual Funds	<u>8,910</u>	
Total Supplemental Retirement Plan Pension Trust Fund Investments	<u>\$ 28,420</u>	

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

The Supplemental Retirement Plan's investments' rating as of June 30, 2013 is presented in Illustration 2-4.

Illustration 2-4
Supplemental Retirement Plan Credit Risk at June 30, 2013

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Retirement Plan Pension Trust Fund Investments:		
Money Market Mutual Funds	AAA	0.26%
Tactical Asset Allocation Funds	Not rated	9.90%
Equity Mutual Funds	Not rated	52.19%
Real Assets	Not rated	6.30%
Fixed Income		
PIMCO Total Return Fund	AA	15.66%
Brandywine Global Bond Fund	AA-	15.69%
		<u>100.00%</u>

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

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

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

Illustration 2-5
Supplemental Retirement Plan Concentrations at June 30, 2013

Asset Class	Policy Percent	Target Range Percent
Supplemental Retirement Plan Pension Trust Fund Investments:		
Tactical Asset Allocation Funds		
PIMCO All-Asset Fund	10%	5% - 15%
Equity Mutual Funds		
Vanguard Total Stock Market Fund	25%	20% - 30%
Vanguard Developed Markets Fund	17%	15% - 25%
State Street Emerging Markets Fund	7%	5% - 10%
Portfolio Advisors Private Equity Fund	1%	0% - 5%
Real Assets		
Pimco Commodity Real Return Strategy	8%	5% - 10%
RREEF III	2%	0% - 5%
Fixed Income		
PIMCO Total Return Fund	15%	10% - 20%
Brandywine Global Bond Fund	15%	10% - 20%
Cash	0%	0% - 5%
	<u>100.00%</u>	

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

At June 30, 2013, the Supplemental Retirement Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

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 2-6 reflects the fair value of the County's Other Post-Employment Benefits Master Trust fixed income investments as of June 30, 2013. 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 2-6		
Other Post-Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2013		
	Fair Value	Weighted-Average Maturity
Other Post-Employment Benefits Master Trust Fund:		
Local Government Investment Pool (LGIP)	\$ 5,456	0.003(a)
Money Market Mutual Funds	637	0.003(a)
Domestic Equity Funds	10,458	Not applicable
International Equity Funds	5,639	Not applicable
Other Equity Funds	2,074	Not applicable
Bond Funds		
PIMCO Total Return	\$ 4,009	5.82(b)
Metropolitan West Total Return	4,039	4.64(b)
Vanguard Intermediate-Term	813	5.40(b)
AllianceBernstein High Income	838	4.61(b)
TCW Emerging Markets Income	784	5.97(b)
Total Bond Funds	10,483	
Municipal Bonds	1,773	1.030(a)
Corporate Bonds	2,533	2.538(a)
Total Other Post-Employment Benefits Trust Fund Investments	<u>\$ 39,053</u>	

The Other Post-Employment Benefits Master Trust's rating and credit exposure as of June 30, 2013 is shown in Illustration 2-7.

Illustration 2-7
Other Post-Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2013

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Other Post-Employment Benefits Master Trust Fund Investments:		
Local Government Investment Pool (LGIP)	AAA	13.96%
Money Market Mutual Funds	AAA	1.63%
Domestic Equity Funds	Not rated	26.78%
International Equity Funds	Not rated	14.44%
Other Equity Funds	Not rated	5.31%
Fixed Income		
PIMCO Total Return	AA	10.27%
Metropolitan West Total Return	AA	10.34%
Vanguard Intermediate-Term	A	2.08%
AllianceBernstein High Income	BB	2.15%
TCW Emerging Markets Income	BB	2.01%
Municipal Bonds	AA or Higher	4.54%
Corporate Bonds	AA- or Higher	6.49%
		100.00%

Concentration of credit risk:

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

Illustration 2-8
OPEB Master Trust Fund Concentrations at June 30, 2013

Asset Class	Policy Percent	Target Range Percent
OPEB Master Trust Fund Investments:		
Domestic Equity	32.0%	22% - 42%
International Equity	20.0%	10% - 30%
REIT	5.0%	0% - 10%
Inflation Hedged	5.0%	0% - 10%
Cash Equivalent	0.0%	0% - 20 %
Fixed Income	38.0%	28% - 58%
	100.0%	

For equities not more than 4% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 5% of those outstanding. Not more than 20% of stock, valued at market, may be held in any one industry category. The emerging markets allocation, if any, should be limited to 10% of the total portfolio. Fixed income securities of any one issuer shall not exceed 10% of the total bond portfolio. This does not apply to issues of the U.S. Treasury, Federal Agencies or to debt issued by any issuer containing a full U.S. government guarantee. Not counting specific direct hedging transactions, gross investments in commodities, options, futures and foreign exchange cannot exceed 8% of the total portfolio. There are no investments in any of these categories as of June 30, 2013. Additionally, the OPEB Finance Board has directed the County's Treasury Management division to move funds to the investment manager (PFM) over time to essentially dollar-cost-average into the equity market. Until those funds are deployed, they are invested in relatively short-term investments consistent with the type of investments the County includes in its own

portfolio. At June 30, 2013, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Reconciliation of Cash and Investments

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2013 is shown in Illustration 2-9.

Illustration 2-9 Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2013						
Total Primary Government and Component Units					\$ 1,002,851	
Supplemental Retirement System Pension Trust Fund					28,420	
Other Post-Employment Benefits (OPEB) Master Trust					<u>39,053</u>	
Total Investments					1,070,324	
Add: Cash on Hand					62	
Deposits					<u>7,645</u>	
Total Cash and Investments					1,078,031	
Less: Supplemental Retirement System Pension Trust Fund's cash and investments					(28,706)	
OPEB cash and investments					(39,056)	
Private Purpose Trust Funds					(736)	
Agency Funds' equity in pooled cash and investments					(615)	
School Board Agency Funds' cash and investments					<u>(9,948)</u>	
Total Reporting Entity Cash and Investments					<u>\$ 998,970</u>	
		Governmental Activities	Business- Type Activities	Total	Component Units	Total Reporting Entity
Primary Government:						
Equity in Pooled Cash and Investments	\$	662,292	10,738	673,030	250,704	923,734
Investments		22,137	--	22,137	--	22,137
Restricted Cash and Temporary						
Investments		16,029	13,113	29,142	22,707	51,849
Restricted Investments		<u>1,250</u>	--	<u>1,250</u>	--	<u>1,250</u>
Total Cash and Investments	\$	<u>701,708</u>	<u>23,851</u>	<u>725,559</u>	<u>273,411</u>	<u>998,970</u>

Restricted cash and investments consist of amounts required by bond financing terms to be segregated in a debt service reserve account, a closure fund required by the Virginia Resource Authority (VRA) for the Landfill, capitalized interest accounts required to be used for debt service, unspent debt proceeds required to be used for capital projects, and retainages as depicted in Illustration 2-10.

Illustration 2-10
Restricted Cash and Investments at June 30, 2013

	Restricted Cash & Temporary Investments	Restricted Investments
PRIMARY GOVERNMENT		
General Fund:		
IDA Lease Revenue Bonds	\$ 1,092	\$ --
Total General Fund	1,092	--
Capital Projects Funds:		
General Obligation Bonds	11,853	--
VRA Lease Revenue Bonds	2,681	--
Retainages	403	--
Total Capital Projects Funds	14,937	--
Enterprise Funds:		
VRA Closure Fund	12,483	--
Parks & Recreation	460	--
Retainages	170	--
Total Enterprise Funds	13,113	--
Internal Service Funds:		
Insurance Pool Collateral	--	1,250
Total Internal Service Funds	--	1,250
Total Primary Government	29,142	1,250
COMPONENT UNIT		
School Board:		
School Bonds	22,707	--
Total School Board	22,707	--
Total Reporting Entity	\$ 51,849	\$ 1,250

NOTE (3) - PROPERTY TAXES RECEIVABLE

The County's real estate and personal property taxes are levied each July 1, on the assessed value as of the prior January 1, for all property located in the County. Real estate taxes are due in two installments on July 15 and December 5 and personal property taxes are due on October 5. After October 5, personal property taxes are due 30 days following the levy date until the end of the fiscal year. Penalties and interest are assessed on taxes not paid by the due dates. Property tax levies are recorded as receivables and revenue, net of allowance for estimated uncollectibles on the payment due dates. Property taxes due, but not collected within 60 days after fiscal year-end, are reflected as unearned 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, 2012, upon which the July 1, 2012, levy was based, was approximately \$46 billion.

Current real estate and personal property tax collections for the year ended June 30, 2013, were 99.6% and 97.5%, respectively of the July 1, 2012, 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, 2013, related to property taxes due on July 15 of the following fiscal year are recorded as unearned revenues at June 30, 2013.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2013, is detailed in Illustration 3-1.

Illustration 3-1			
Property Taxes Receivable at June 30, 2013			
	Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	\$ 5,002	2,640	2,362
Personal property taxes	5,960	4,345	1,615
Total	\$ 10,962	6,985	3,977

NOTE (4) – UNEARNED REVENUE

Unearned 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, 2013	
PRIMARY GOVERNMENT	
Unearned Lease Revenues – amounts due in connection with direct financing leases	\$ 4,826
Prepaid Taxes – Taxes due subsequent to June 30, 2013, but paid in advance by taxpayers	203,715
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other unearned revenue	36,056
Total Primary Government	244,597
COMPONENT UNIT	
School Board	9,428
Total Reporting Entity	\$ 254,025

Unavailable 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	
Unavailable Revenue at June 30, 2013	
PRIMARY GOVERNMENT	
Unearned Taxes – Uncollected tax billings not available to fund current expenditures	\$ 2,829
Unearned Lease Revenues – Uncollected revenues associated with direct financing leases	16,928
Total Reporting Entity	\$ 19,757

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 & 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, 2013				
		Volunteer Fire & Rescue Companies	Other	Total
Total minimum lease payments to be received	\$	18,784	2,970	21,754
Less: Unearned revenue		4,518	308	4,826
Net investment in direct financing leases	\$	14,266	2,662	16,928

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2013.

Illustration 5-2				
Scheduled Minimum Lease Payments at June 30, 2013				
		Volunteer Fire & Rescue Companies	Other	Total
FY 2014	\$	1,756	636	2,392
FY 2015		1,720	636	2,356
FY 2016		1,682	636	2,318
FY 2017		1,640	636	2,276
FY 2018		1,587	426	2,013
Thereafter		10,399	--	10,399
Total minimum lease payments	\$	18,784	2,970	21,754

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, 2013					
		Component Units			Total
		Primary Government	School Board	ADC	
Accrued interest	\$	1,619	--	--	1,619
Enterprise operations (net)		316	--	--	316
Utility/Consumption taxes		1,870	--	--	1,870
Transient occupancy taxes		886	--	--	886
Stormwater management fee		87	--	--	87
Cable franchise tax		311	--	--	311
Premiums due from participants		2,615	--	--	2,615
Other		2,539	2,066	27	4,635
Total	\$	10,243	2,066	27	12,339

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, 2013			
PRIMARY GOVERNMENT			
General Fund:			
From other localities	\$	88	
From the Commonwealth			
Local sales taxes		9,821	
Other		7,598	
From the Federal Government		2,307	
Total General Fund			\$ 19,814
Capital Projects Fund:			
From the Commonwealth		1,921	
From the Federal Government		1,849	3,770
Nonmajor Governmental Funds:			
From the Federal Government			285
Internal Service Funds:			
From other localities			4
Total Primary Government			23,873
COMPONENT UNITS			
School Board:			
From the Commonwealth		15,938	
From the Federal Government		14,942	
Total School Board			30,880
Adult Detention Center:			
From other localities			1,437
Total Reporting Entity			\$ 56,190

Illustration 6-2 details the amounts due to other governmental units at June 30, 2013.

Illustration 6-2		
Due to Other Governmental Units at June 30, 2013		
PRIMARY GOVERNMENT		
General Fund:		
To other localities	\$	161
To the Commonwealth		23
Total General Fund		184
Other - Capital Projects Fund:		
To the Federal Government		38
Landfill Enterprise Fund:		
To other localities		41
Total Primary Government		263
COMPONENT UNIT		
School Board:		
To the Federal Government		540
Total Reporting Entity		\$ 803

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

Inter-fund balances and transfers are generally made for the purpose of providing operational support for the receiving fund. During the year ended June 30, 2013, the County did not make any significant inter-fund transfers that were not routine and not consistent with the activities of the fund making the transfer.

Illustration 7-1 details the amounts due from and due to other funds at June 30, 2013.

Illustration 7-1		
Due From and Due To Other Funds at June 30, 2013		
	Due from Other Funds	Due to Other Funds
General Fund	\$ 8,336	--
Major Enterprise Fund – Landfill	--	1,180
Major Enterprise Fund – Parks & Recreation	--	7,156
Total	\$ 8,336	8,336

Illustration 7-2 details the transfers between funds for the year ended June 30, 2013.

Illustration 7-2
Inter-fund Transfers for the Year Ended June 30, 2013

Transfer to General Fund from:		Transfer from General Fund to:	
Streets and Roads – Capital Projects Fund	\$ 3	11,403	Streets and Roads – Capital Projects Fund
Other Capital Projects Fund	3,225	15,229	Other Capital Projects Fund
Nonmajor Governmental Funds	6,233	4,580	Nonmajor Governmental Funds
Landfill Enterprise Fund	1,625	1,640	Landfill – Enterprise Fund
Internal Service Funds	4,419	8,304	Internal Service Funds
Fire & Rescue Levy Fund	6,102	441	Fire & Rescue Levy Fund
	--	35	Innovation – Enterprise Fund
	--	396	Parks & Recreation – Enterprise Fund
Total General Fund Transfers In	21,607	42,028	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	11,403	3	General Fund
Other Capital Projects Fund	2,280	3	Other Capital Projects Fund
	--	73	Nonmajor Governmental Funds
Total Streets and Roads – Capital Projects Fund Transfers In	13,683	79	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	15,229	3,225	General Fund
Streets and Roads Capital Projects Fund	3	2,280	Streets and Roads Capital Projects Fund
Nonmajor Governmental Funds	1,407	1,418	Fire & Rescue Levy Fund
Innovation – Enterprise Fund	70	--	
Total Other Capital Projects Fund Transfers In	16,709	6,923	Total Other Capital Projects Fund Transfers Out
Transfers to Fire & Rescue Levy Fund from:		Transfers from Fire & Rescue Levy Fund to:	
General Fund	441	6,102	General Fund
Other Capital Projects Fund	1,418	53	Internal Service Fund
Total Fire & Rescue Levy Special Revenue Fund Transfers In	1,859	6,155	Total Fire & Rescue Levy Special Revenue Fund Transfers Out
Transfer to Nonmajor Governmental Funds from:		Transfer from Nonmajor Governmental Funds to:	
General Fund	4,580	6,233	General Fund
Other Capital Projects Fund	73	1,407	Other Capital Projects Fund
Internal Service Fund	2	--	
Total Nonmajor Governmental Funds Transfers In	4,655	7,640	Total Nonmajor Governmental Fund Transfers Out
Transfers to Landfill Enterprise Fund from:		Transfers from Landfill Enterprise Fund to:	
General Fund	1,640	1,625	General Fund
Total Landfill Enterprise Fund Transfers In	1,640	1,625	Total Landfill Enterprise Fund Transfers Out
Transfers to Innovation Enterprise Fund from:		Transfers from Innovation Enterprise Fund to:	
General Fund	35	70	Streets and Roads Capital Projects Fund
Total Innovation Enterprise Fund Transfers In	35	70	Total Innovation Enterprise Fund Transfers Out
Transfers to Parks & Recreation Enterprise Fund from:		Transfers from Parks & Recreation Enterprise Fund to:	
General Fund	396	--	
Total Parks & Recreation Enterprise Fund Transfers In	396	--	Total Parks & Recreation Enterprise Fund Transfers Out
Transfers to Internal Service Funds from:		Transfers from Internal Service Funds to:	
General Fund	8,304	4,419	General Fund
Fire & Rescue Levy Fund	53	2	Nonmajor Governmental Funds
Total Internal Service Funds Transfers In	8,357	4,421	Total Internal Service Funds Transfers Out
Total Primary Government Transfers In	\$ 68,941	68,941	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, 2013.

Illustration 8-1 Due To Primary Government/Due From Component Units at June 30, 2013		
	Due To Primary Government	Due From Component Unit
PRIMARY GOVERNMENT		
General Fund	\$ --	171
COMPONENT UNITS		
School Board	171	--
Total Reporting Entity	\$ 171	171

NOTE (9) - CAPITAL ASSETS

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2013.

Illustration 9-1 Governmental Activities – Changes in Capital Assets								
	Beginning Balance (As Previously Reported) June 30, 2012	Park Authority Merger Adjustment	Beginning Balance June 30, 2012, Restated (Refer to Note 1P)	Additions	Deletions	Transfers	June 30, 2013	
Governmental Activities:								
Capital assets not being depreciated:								
Land	\$ 93,990	16,480	110,470	1,563	(34)	--	111,999	
Construction in progress	12,743	2,097	14,840	23,162	(10,024)	--	27,978	
Total capital assets not being depreciated	106,733	18,577	125,310	24,725	(10,058)	--	139,977	
Buildings and other capital assets, being depreciated:								
Buildings and improvements to sites	191,025	41,738	232,763	5,403	(433)	--	237,733	
Equipment	39,452	3,113	42,565	4,366	(756)	--	46,175	
Vehicles	34,379	2,442	36,821	6,570	(2,080)	(48)	41,263	
Infrastructure	175,751	--	175,751	11,276	--	--	187,027	
Intangibles	32,816	--	32,816	820	--	--	33,636	
Library collections	18,666	--	18,666	1,273	--	--	19,939	
Total buildings and other capital assets being depreciated	492,089	47,293	539,382	29,708	(3,269)	(48)	565,773	
Less accumulated depreciation for:								
Buildings and improvements to sites	(66,042)	(20,772)	(86,814)	(6,814)	163	--	(93,465)	
Equipment	(31,085)	(2,242)	(33,327)	(3,734)	637	--	(36,424)	
Vehicles	(26,292)	(1,767)	(28,059)	(2,352)	2,046	48	(28,317)	
Infrastructure	(28,621)	--	(28,621)	(3,820)	--	--	(32,441)	
Intangibles	(30,456)	--	(30,456)	(1,216)	--	--	(31,672)	
Library collections	(14,047)	--	(14,047)	(1,786)	--	--	(15,833)	
Total accumulated depreciation	(196,543)	(24,781)	(221,324)	(19,722)	2,846	48	(238,152)	
Buildings and other capital assets, net	295,546	22,512	318,058	9,986	(423)	--	327,621	
Governmental activities capital assets, net	\$ 402,279	41,089	443,368	34,711	(10,481)	--	467,598	

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

General government	\$ 992
Judicial administration	794
Public safety	5,287
Public works	596
Health and welfare	221
Parks, recreational and cultural	3,013
Community development	5,170
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets	3,649
Total	\$ 19,722

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2013.

Illustration 9-2							
Business-Type Activities – Changes in Capital Assets							
	Beginning Balance (As Previously Reported) June 30, 2012	Park Authority Merger Adjustment	Beginning Balance June 30, 2012, Restated (Refer to Note 1P)	Additions	Deletions	Transfers	June 30, 2013
Business-Type Activities:							
Capital assets not being depreciated:							
Land	\$ 18,444	5,751	24,195	--	--	--	24,195
Construction in progress	1,673	--	1,673	4,311	(425)	--	5,559
Total capital assets not being depreciated	20,117	5,751	25,868	4,311	(425)	--	29,754
Buildings and other capital assets, being depreciated:							
Buildings and improvements to sites	28,336	57,872	86,208	543	(4,343)	--	82,408
Equipment	832	4,266	5,098	91	(47)	--	5,142
Vehicles	5,866	117	5,983	729	(32)	48	6,728
Total buildings and other capital assets being depreciated	35,034	62,256	97,289	1,363	(4,422)	48	94,278
Less accumulated depreciation for:							
Buildings and improvements to sites	(20,025)	(43,226)	(63,251)	(5,990)	2,473	--	(66,768)
Equipment	(289)	(3,087)	(3,376)	(363)	47	--	(3,692)
Vehicles	(3,532)	(89)	(3,621)	(504)	32	(48)	(4,141)
Total accumulated depreciation	(23,846)	(46,402)	(70,248)	(6,857)	2,552	(48)	(74,601)
Buildings and other capital assets, net	11,188	15,853	27,041	(5,494)	(1,870)	--	19,677
Business-type activities capital assets, net	\$ 31,305	21,604	52,909	(1,183)	(2,295)	--	49,431

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

Landfill	\$ 3,062
Parks, recreational & cultural	<u>3,795</u>
Total	\$ <u>6,857</u>

Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2013.

Illustration 9-3					
Adult Detention Center Component Unit – Changes in Capital Assets					
	June 30, 2012	Additions	Deletions	Transfers	June 30, 2013
Adult Detention Center:					
Capital assets not being depreciated:					
Land	\$ 31	--	--	--	31
Total capital assets not being depreciated	31	--	--	--	31
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	85,533	11	--	--	85,533
Equipment	777	--	--	--	777
Vehicles	738	--	(68)	--	670
Total buildings and other capital assets being depreciated	87,048	11	(68)	--	86,991
Less accumulated depreciation for:					
Buildings and improvements to sites	(13,872)	(2,219)	--	--	(16,091)
Equipment	(317)	(30)	--	--	(347)
Vehicles	(598)	(44)	68	--	(574)
Total accumulated depreciation	(14,787)	(2,293)	68	--	(17,012)
Buildings and other capital assets, net	72,261	(2,282)	--	--	69,979
Adult Detention Center capital assets, net	\$ 72,292	(2,282)	--	--	70,010

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

Public safety \$ 2,293

Illustration 9-4 summarizes the construction in progress at June 30, 2013.

Illustration 9-4			
Construction in Progress at June 30, 2013			
	Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT			
800 MHz Radio Communications System	\$ 22,245	12,735	9,510
ERP-Financial Information Mgmt. System	10,300	134	10,166
Record Mgmt. System Replacement (RMS)	10,389	1,695	8,694
Computer-Aided Dispatch (CAD) System	6,250	2,135	4,115
Land Use Information System	4,000	1,335	2,665
PWC Business Continuity and Disaster Recovery	3,415	998	2,417
Tax Administration System	2,000	241	1,759
INET Upgrade	2,148	1,254	894
Real Estate Assessment System Upgrade	700	106	594
Human Resource Information System Upgrade	544	442	102
Virtual Desktop Pilot Program	854	124	730
Email Systems Upgrade	400	353	47
Q-matic-Queuing Systems for Land Development	350	103	247
PWC Website Upgrades	200	147	53
Radio Tower Site Acquisition	30	4	26
Central District Police Station	28,135	50	28,085
Montclair Community Library	15,130	561	14,569
Gainesville Community Library	13,787	491	13,296
Dumfries Triangle Pumpers	1,190	50	1,140
Fire & Rescue Pierce Arrow Pumper	584	297	287
Police Inventory Control System	466	136	330
Garfield Police Station Improvements	466	333	133
Westnet Expansions @ Fire Stations	202	196	6
Dumfries/Triangle Generator Expansion	109	69	40
Potomac Library Phase II	97	0	97
Animal Shelter Improvements	92	46	46
Brentsville Courthouse/Jail Restoration	998	375	623
Rippon Lodge Restoration	315	7	308
WTC Steel Memorial	385	12	373
Bristoe Station Battlefield - Art	10	10	0
Fuller Heights Park-Phase I	4,500	491	4,009
Catharpin Park – Phase I	3,500	288	3,212
Potomac Heritage Trail	3,303	353	2,950
Rollins Ford Parks – Phase I	3,101	328	2,773
Sports Field Improvements	2,659	1,148	1,511
Silver Lake Improvements	2,500	26	2,474
Lake Ridge Trail	814	33	781
Veteran Parks – Field Lighting & Irrigation	514	34	480
Broad Run Trail	345	335	10
Long Park	304	242	62
Neabsco Trail	270	269	1
Silver Lake Rainbow	178	133	45
Hellwig Field – Restroom Restoration	70	31	39
Catharpin Trail	7	1	6
Total	\$ 147,856	28,151	119,705

The \$5,558 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. Department of Parks & Recreation did not have any construction in progress project of business-type activities in fiscal year 2013.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2013.

Illustration 9-5				
School Board Component Unit – Changes in Capital Assets				
	June 30, 2012	Additions/Transfers	Deletions/Transfers	June 30, 2013
School Board:				
Capital assets not being depreciated:				
Land	\$ 67,248	125	--	67,373
Construction in progress	41,416	69,992	(8,552)	102,856
Total capital assets not being depreciated	108,664	70,117	(8,552)	170,229
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,197,568	8,034	--	1,205,602
Library books	3,722	588	(680)	3,630
Equipment	34,846	2,136	(535)	36,447
Intangibles	2,189	1,221	--	3,410
Vehicles	78,411	8,268	(1,662)	85,017
Total buildings and other capital assets being depreciated	1,316,736	20,247	(2,876)	1,334,107
Less accumulated depreciation for:				
Buildings and improvements to sites	(285,581)	(23,946)	--	(309,527)
Library books	(2,110)	(726)	680	(2,156)
Equipment	(16,484)	(2,763)	348	(18,899)
Intangibles	(287)	(373)	--	(660)
Vehicles	(43,771)	(5,848)	1,540	(48,079)
Total accumulated depreciation	(348,233)	(33,657)	2,569	(379,321)
Buildings and other capital assets, net	968,503	(13,410)	(307)	954,786
School Board capital assets, net	\$ 1,077,167	56,707	(8,859)	1,125,015

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

Instruction	\$ 24,013
Regular	360
Special	45
Other	
Support Services	1,015
General administration	9
Student services	11
Curricular/staff development	5,866
Pupil transportation	42
Operations	127
Maintenance	2,137
Central business services	34
Food service	24,013
Total	\$ 33,657

Illustration 9-6 summarizes the changes in capital assets of the CVB component unit for the year ended June 30, 2013.

Illustration 9-6				
Convention & Visitors Bureau Component Unit– Changes in Capital Assets				
	June 30, 2012	Additions/Transfers	Deletions/Transfers	June 30, 2013
Convention & Visitors Bureau:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 137	5	--	142
Leasehold Improvements	13	--	--	13
Telephone System	14	--	--	14
Total capital assets being depreciated:	164	5	--	169
Less accumulated depreciation for:				
Furniture and equipment	(92)	(15)	--	(107)
Leasehold improvements	(1)	--	--	(1)
Telephone system	(10)	(1)	--	(11)
Total accumulated depreciation	(103)	(16)	--	(119)
CVB capital assets, net	\$ 61	(11)	--	50

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

Community development	\$ <u>16</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 PRTC's governing structure consists of a seventeen member board of commissioners that includes thirteen locally elected officials from the six member jurisdictions, three appointed commissioners from the General Assembly and one ex-officio representative representing the from the Virginia Department of Rail and Public Transportation (VDRPT).

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

In addition to lease payments to be made to PRTC, the County is also required to fund its share of PRTC's administrative expenses, certain costs of the commuter rail operations, and operating deficits of the County's commuter bus service. Funding sources include the motor fuel tax proceeds and other appropriated County resources. The County did not appropriate resources to be paid to PRTC in fiscal year 2013. 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 2013 of \$902 to pay its share of the Authority's operating costs.

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

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

NOTE (11) - LONG-TERM DEBT

The following bonds and capital lease obligations were issued in fiscal year 2013:

- On March 13, 2012, the Board of County Supervisors approved Resolution No. 12-325 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$79,600 for the purpose of financing various school projects. On August 1, 2012, the County sold the Virginia Public School Authority Prince William County Special Obligation Bonds Series 2012 in the par amount of \$65,675.
- On June 5, 2012, the Board of County Supervisors approved Resolution No. 12-565 authorizing the sale of Virginia Resource Authority Refunding Bonds in an amount not to exceed \$11,000 for the purpose of refunding certain outstanding maturities of the County's Virginia Resource Authority Bonds.
- On June 27, 2012, the Virginia Resource Authority sold Refunding Bonds, Series 2012, which closed on July 12, 2012, in the amount of \$10,095 PAR. A portion of the proceeds of the Series 2012 Bonds will be applied to redeem certain prior outstanding maturities in the series 2005 Virginia Resource Authority Bonds. The refunded maturities totaled \$10,600 and resulted in a debt service savings of \$847 and a net present value savings of \$735.

In conjunction with the above, the Virginia Resource Authority sold Refunding Bonds, Series 2012, in the amount of \$880 PAR. A portion of the proceeds of the Series 2012 Bonds will be applied to redeem certain prior outstanding maturities in the series 2003 Virginia Resource Authority Bonds. The refunded maturities totaled \$950 and resulted in a debt service savings of \$117 and a net present value savings of \$109.

- On February 19, 2013 the Board of County Supervisors approved Resolution No. 13-107 to authorize the sale of a Refunding Certificate of Participation Refunding Bond in an amount not to exceed \$50,000 for the purpose of refunding certain prior outstanding maturities of County's Certificate of Participation Bonds. On March 26, 2013 the County sold Certificate of Participation Refunding Bonds Series 2013 in the amount of \$35,205 PAR. A portion of the proceeds of the Series 2013 Certificate of Participation Refunding Bonds will be applied to redeem certain prior outstanding maturities of the series 2005 and series 2006A Certificate of Participation Bonds. The refunded maturities totaled \$36,550 and resulted in a debt service savings of \$3,064 and a net present value savings of \$2,503.

A. Bonds Payable

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

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

- The outstanding IDA Lease Revenue Refunding Bond, Series 2005, of \$5,325, is a limited obligation of the IDA, payable solely from a pledge of rent and receipts to be derived from a financing lease between the IDA and the County and certain funds held under an indenture of trust, including a debt service reserve account. The balance in this reserve account at June 30, 2013, was \$1,092 and is included in the restricted cash balance shown in Illustration 2-8.
- The outstanding Landfill enterprise fund Refunding Bonds of \$1,590 are secured by revenues from the Landfill.
- The outstanding Parks & Recreation enterprise fund Refunding Bonds of \$11,690 are paid from revenues of Forest Greens Golf Course, Generals Ridge Golf Course, and Splashdown Water Park.

The Commonwealth imposes no legal debt limitation on counties. Except for Virginia Public School Authority general obligation issuances, a referendum must be approved by the voters prior to the issuance of general obligation bonds. The County established a self-imposed limit on its total bonded debt of 3% of the net assessed valuation of taxable property. The County includes general obligation bonds, appropriation debt supported by tax revenue, and School Board bonds and literary fund loans in its determination of total bonded debt. As of June 30, 2013, the County's total bonded debt, as defined above, was \$547,096 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, 2013, including interest payments, are shown in Illustration 11-1. Refer to Schedule 22 for information related to maturity dates and interest rates for these obligations.

Illustration 11-1			
Governmental Activities – Debt Service Requirements – General Obligation and Revenue Bonds			
	Principal	Interest	Total
Designated for Roads, Parks & Other General County Projects			
Year Ending June 30:			
2014	\$ 13,877	5,724	19,601
2015	13,844	5,165	19,009
2016	11,237	4,653	15,890
2017	11,305	4,164	15,469
2018	11,265	3,706	14,971
2019 thru 2023	44,535	12,686	57,221
2024 thru 2028	28,375	4,123	32,498
2029 thru 2031	4,938	282	5,220
Subtotal	139,376	40,503	179,879
Designated for School Board Projects			
Year Ending June 30:			
2014	46,022	26,842	72,864
2015	45,346	24,601	69,947
2016	45,298	22,369	67,667
2017	43,895	20,257	64,152
2018	43,850	18,304	62,154
2019 thru 2023	191,430	63,176	254,606
2024 thru 2028	121,470	25,357	146,827
2029 thru 2030	45,158	3,929	49,087
Subtotal	582,469	204,835	787,304
Total	\$ 721,845	245,338	967,183

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2013, 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:			
2014	\$ 2,145	539	2,684
2015	580	426	1,006
2016	590	411	1,001
2017	610	393	1,003
2018	630	369	999
2019 thru 2023	3,535	1,456	4,991
2024 thru 2028	4,245	717	4,962
2029	945	38	983
Subtotal	13,280	4,349	17,629
Add: unamortized premium on refunding of revenue bonds	19		
Less: unamortized deferred cost on refunding	678		
Total	\$ 12,621		

B. Operating and Capital Leases

The County leases real estate and equipment under operating and capital leases expiring at various dates through 2023. All leases are non-cancelable except they are contingent upon the Board appropriating funds for each year's payments. The County also has various short-term leases for real estate and equipment with initial or remaining non-cancelable lease terms of less than one year as of June 30, 2013. Total rental expense under operating leases of the primary government for the year ended June 30, 2013, was \$6,358. 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:		
2014	\$	6,011
2015		6,034
2016		6,097
2017		4,755
2018		4,010
Thereafter		6,572
Total minimum payments	\$	33,479

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

Illustration 11-4		
Assets Acquired Through Capital Lease Obligations		
	Governmental Activities	ADC Component Unit
Other capital assets:		
Buildings	\$ 91,537	6,459
Improvements	13,576	105
Machinery and Equipment	2,305	--
Vehicles	1,458	--
Less: Accumulated Depreciation	(31,955)	(3,664)
Total assets acquired through capital lease obligations	\$ 76,921	2,900

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:		
2014	\$	20,007
2015		19,534
2016		18,822
2017		19,394
2018		15,467
2019 thru 2023		74,907
2024 thru 2028		34,717
2029 thru 2031		4,514
Total minimum payments		207,362
Less: Interest		(48,701)
Present value of future minimum payments	\$	158,661

C. Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended June 30, 2013 are shown in Illustration 11-6.

Illustration 11-6							
Governmental Activities – Changes in Long-Term Liabilities							
	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due in more than one year	Due Within One Year	
General obligation bonds:							
Designated for Roads, Parks and Other General County projects	\$ 153,168	-	(13,792)	139,376	125,499	13,877	
Designated for School Board projects	559,497	65,675	(42,703)	582,469	536,447	46,022	
Subtotal	712,665	65,675	(56,495)	721,845	661,946	59,899	
Capital lease obligations	173,944	46,180	(61,463)	158,661	145,591	13,070	
Unpaid losses and related liabilities (Note 20)	17,377	33,114	(31,638)	18,853	13,318	5,535	
OPEB obligation	-	4,613	-	4,613	4,613	-	
Surplus distribution payable	1,144	3,556	(125)	4,575	3,894	681	
Compensated absences	27,926	27,724	(26,174)	29,476	27,960	1,516	
Unamortized Premium	56,100	21,349	(5,318)	72,131	66,813	5,318	
Total	\$ 989,156	202,211	(181,213)	1,010,154	924,135	86,019	

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 4.2% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2013 are shown in Illustration 11-7.

Illustration 11-7							
Business-Type Activities – Changes in Long-Term Liabilities							
	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year	
Revenue bonds	\$ 15,360	--	(2,080)	13,280	11,135	2,145	
Unamortized premium on issuance of revenue bonds	87	--	(68)	19	18	1	
Unamortized deferred loss on refunding	(915)	--	237	(678)	(636)	(42)	
Revenue bonds, net	14,532	--	(1,911)	12,621	10,517	2,104	
Capital Lease obligations	1,246	--	(357)	889	596	293	
Compensated absences	739	1,323	(1,235)	827	785	42	
Accrued closure liability (Note 13)	11,861	1,748	(1,318)	12,291	5,008	7,283	
Total	\$ 28,378	3,071	(4,821)	26,628	16,906	9,722	

Changes in long-term liabilities of the component units for the year ended June 30, 2013 is shown in Illustration 11-8.

Illustration 11-8						
Component Units – Changes in Long-Term Liabilities						
	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
School Board:						
Compensated absences	\$ 27,985	9,667	(9,030)	28,622	19,063	9,559
Pollution remediation	632	536	(488)	680	--	680
Claims liabilities	10,076	66,045	(63,296)	12,825	4,427	8,398
Total School Board component unit	<u>38,693</u>	<u>76,248</u>	<u>(72,814)</u>	<u>42,127</u>	<u>23,490</u>	<u>18,637</u>
Adult Detention Center:						
Compensated absences	3,029	691	(558)	3,162	3,040	122
Total Adult Detention Center component unit	<u>3,029</u>	<u>691</u>	<u>(558)</u>	<u>3,162</u>	<u>3,040</u>	<u>122</u>
	<u>\$ 41,722</u>	<u>76,939</u>	<u>(73,372)</u>	<u>45,289</u>	<u>26,530</u>	<u>18,759</u>

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, 2013, \$144,500 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, Virginia Public School Authority or Literary Fund. Historically, the County has reported all School Board assets along with the related debt in the School Board component unit column of its CAFR. GASB 34 provided specific guidance that requires localities to separate internal activities (within the primary government) from intra-entity activities (between the primary government and its component units). This guidance prevents local governments from allocating debt incurred "on-behalf" of school boards to the School Board component unit column.

Therefore, the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2013, the County has outstanding debt of \$582,469 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County. Similarly, assets of the Adult Detention Center are included in the component unit column, while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2013, the County has outstanding debt of \$23,405 and \$1,535 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County, respectively.

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

NOTE (12) – FUND BALANCES / NET POSITION

Illustration 12-1 details the fund balances of the County and Adult Detention Center (ADC) component unit at June 30, 2013.

Illustration 12-1 Fund Balances / Net Position at June 30, 2013							
	Primary Government					Total Primary Government	ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Governmental Funds			
Nonspendable in the form of:							
Inventory	\$ 244	--	--	--	244	--	--
Prepaid expenditures	55	34	--	30	119	--	--
Restricted for:							
General government administration							
Debt service	1,092	--	--	--	1,092	--	--
Defaulted subdivision	196	--	--	--	196	--	--
Public safety							
Fire and rescue	813	--	66,893	--	67,706	--	--
Site development	--	--	--	1,965	1,965	--	--
Public works							
Stormwater management	--	--	--	5,396	5,396	--	--
Transportation	--	--	--	1,023	1,023	--	--
Community development							
Development services	--	--	--	4,672	4,672	--	--
Housing	--	--	--	3,839	3,869	--	--
Committed for:							
General government administration							
General government operations	29,973	--	--	--	29,973	--	--
Technology upgrades	9,057	--	--	--	9,057	--	--
General government capital projects	--	22,530	--	--	22,530	--	--
Judicial administration							
Courthouse complex master plan	194	347	--	--	541	--	--
Public safety							
Police operations	1,078	--	--	--	1,078	--	--
AED replacement	1,200	--	--	--	1,200	--	--
E911 operations	10,926	--	--	--	10,926	--	--
EMS operations	1,342	--	--	--	1,342	--	--
Fire marshal inspections	885	--	--	--	885	--	--
Public safety capital projects	--	11,142	--	--	11,142	--	--
Adult detention center	--	--	--	--	--	--	6,172
Public works							
Unspent bond proceeds	--	14,535	--	--	14,535	--	--
Street and roads projects	7,294	22,283	--	--	29,577	--	--
Public transit	1,270	--	--	--	1,270	--	--
Sanitation	5,612	--	--	--	5,612	--	--
Public works capital projects	--	14,667	--	--	14,667	--	--
Parks, recreational and cultural							
Current parks projects	1,266	10,784	--	--	12,050	--	--
Future parks projects	9,991	--	--	--	9,991	--	--
Libraries	31	1,998	--	--	2,029	--	--
Community development							
Economic development projects	--	4,406	--	--	4,406	--	--
Tourism	995	--	--	--	995	--	--
Assigned for:							
General government administration	1,322	--	--	--	1,322	--	--
Judicial administration	538	--	--	--	538	--	--
Public safety	2,829	--	--	--	2,829	--	4,776
Public works	2,328	--	--	--	2,328	--	--
Health and welfare	92	--	--	--	92	--	--
Parks, recreational and cultural	691	--	--	--	691	--	--
Community development	337	--	--	--	337	--	--
Unassigned	67,075	--	--	--	67,075	--	2,210
Total	\$ 158,726	102,726	66,893	16,925	345,270	--	13,158

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

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. The County's restricted fund balance includes amounts restricted for debt service, unspent bond proceeds, cash equivalents, and related to revenues restricted in the Special Revenue funds.

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

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

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

Net Position. The reporting entity reported \$139,880 of restricted net position at June 30, 2013. Of this amount, \$83,818 is restricted by enabling legislation.

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

At the end of fiscal year 2013, 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 \$5,612, 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 \$12,291 reported as landfill closure and post closure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill, 13% of the Phase 2 landfill, and 39% 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 2012, is \$38,387. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$27,085 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 2013. The County expects to close the southern portion of the landfill site in the year 2033 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 and the Adult Detention Center component unit contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS.

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

All full-time, salaried permanent (professional) employees of the School Board and employees of the County and the Adult Detention Center are automatically covered by VRS upon employment. Benefits vest after five years of service credit for each month they are employed and their employer is paying into the VRS. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service 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 were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested as of January 1, 2013 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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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, 2012, the date of the most recent actuarial valuation, there were 3,511 active participants and 1,522 retirees and beneficiaries receiving benefits on that date. In addition, there were 473 vested and 884 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/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2013 was 13.52% of the annual covered payroll.

Annual Pension Cost:

For the fiscal year ended June 30, 2013, the annual pension cost of \$39,872 for VRS was equal to the required and actual contributions.

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

Illustration 14-1 Virginia Retirement System Three Year Trend Information for Prince William County					
Fiscal Year Ending:	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)	
	Employer Portion	Employee Portion partly paid by Employer			
June 30, 2011	\$ 20,449	9,869	100%	\$ --	--
June 30, 2012	\$ 21,064	10,166	100%	\$ --	--
June 30, 2013	\$ 29,107	10,765	100%	\$ --	--

The fiscal year 2013 required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2012 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% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for prior plan members and 2.25% for new plan members. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2012 for the Unfunded Actuarial Accrued Liability (UAAL) was 29 years.

Funded Status and Funding Progress:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 72.4% funded. The actuarial accrued liability for benefits was \$965,457 and the actuarial value of assets was \$699,180 resulting in an unfunded actuarial accrued liability (UAAL) of \$266,277. The covered payroll (annual payroll of active employees covered by the plan) was \$211,209 and the ratio of the UAAL to the covered payroll was 108.2%.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, Schedule 2, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

B. Prince William County Supplemental Pension Plan

Plan Description:

The Prince William County Supplemental Pension Plan for Police Officers and Uniformed Fire & Rescue Department Personnel 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 July 23, 2013.

Each police officer and salaried Fire & Rescue Department employee employed by Prince William County prior to July 1, 1985, is eligible to participate in the Plan as of July 1, 1985, if they were covered by and participating in the VRS and elected to participate in the Plan. Each police officer and salaried Fire & Rescue Department employee, hired after June 30, 1985, becomes a participant on his or her date of employment. The Plan provides retirement and death benefits to plan members and beneficiaries. As of July 1, 2011, the date of the most recent actuarial valuation, there were 1,007 active participants and 186 retirees and beneficiaries receiving benefits on that date. The latter number does not include retirees for whom all future payments will be offset by VRS benefits. In addition, as of July 1, 2011, there were 142 vested and 83 non-vested inactive participants entitled to receive future benefits from the Plan.

The Plan is designed to provide a benefit upon the retirement of participants, the amount of which takes into account the length of service and the compensation paid by the County to such employees with recognition given to the benefits that will

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

Participants shall vest 100% in the benefit provided under the Plan upon attainment of the participant's normal retirement date. Participants are considered vested and eligible for early retirement after 20 years of credited service, but the benefits are reduced 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 ceased when an active employee attains the latter of age 50 and 25 years of service. Effective July 1, 2013, these contributions were reinstated. These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the Plan's Board of Trustees.

The plan does not issue a publicly available financial report.

Funding Policy and Annual Pension Cost:

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

For the year ended June 30, 2013, the County's annual pension cost based on the actuarially determined contribution was \$1,878 (\$939 employer and \$939 employee) which was less than the actual contribution of \$1,892 (\$946 employer and \$946 employee) resulting in a negative net pension obligation (net pension asset). Employer contributions in fiscal year 2013 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.36%. Employee contributions in fiscal year 2013 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.36%

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

Trend information:

Illustrations 14-2 and 14-3 summarize 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, 2011	1.19%	\$ 729	\$ 839	115%	\$ 14	\$ (124)
June 30, 2012	1.36%	\$ 903	\$ 909	101%	\$ 9	\$ (15)
June 30, 2013	1.36%	\$ 939	\$ 946	101%	\$ 1	\$ (8)

Illustration 14-3
County Supplemental Retirement Plan
Three Year Trend Information for Prince William County
Employer Portion

Fiscal Year Ending:	Annual Pension Cost (APC)	Interest on NPO/(NPA)	Less: Adjustments	Annual Cost	Beginning Net Pension Obligation (Asset)	Less: Contributions	Ending Net Pension Obligation (Asset)
June 30, 2011	\$ 729	\$ (14)	--	\$ 715	\$ --*	\$ 839	\$ (124)
June 30, 2012	\$ 903	\$ (9)	--	\$ 894	\$ --*	\$ 909	\$ (15)
June 30, 2013	\$ 939	\$ (1)	--	\$ 938	\$ --*	\$ 946	\$ (8)

* Because the County Supplemental Pension Plan is administered through an irrevocable Pension Trust Fund, there is \$0 beginning NPA.

Illustrations 14-4 and 14-5 summarize the three-year trend information for the County's employee portion.

Illustration 14-4
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, 2011	1.19%	\$ 729	\$ 839	115%	\$ 14	\$ (124)
June 30, 2012	1.36%	\$ 903	\$ 909	101%	\$ 9	\$ (15)
June 30, 2013	1.36%	\$ 939	\$ 946	101%	\$ 1	\$ (8)

Illustration 14-5
County Supplemental Retirement Plan
Three Year Trend Information for Prince William County
Employee Portion

Fiscal Year Ending:	Annual Pension Cost (APC)	Interest on NPO/(NPA)	Less: Adjustments	Annual Cost	Beginning Net Pension Obligation (Asset)	Less: Contributions	Ending Net Pension Obligation (Asset)
June 30, 2011	\$ 729	\$ (14)	--	\$ 715	\$ --*	\$ 839	\$ (124)
June 30, 2012	\$ 903	\$ (9)	--	\$ 894	\$ --*	\$ 909	\$ (15)
June 30, 2013	\$ 939	\$ (1)	--	\$ 938	\$ --*	\$ 946	\$ (8)

* Because the County Supplemental Pension Plan is administered through an irrevocable Pension Trust Fund, there is \$0 beginning NPA.

Funded Status and Funding Progress:

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

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

The schedule of funding progress, presented as Required Supplementary Information, Schedule 2, following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Concentrations:

Illustration 14-6 shows permissible asset classes, with target investment percentages:

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

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

At June 30, 2013, the Supplemental Retirement Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

NOTE (15) – OTHER POSTEMPLOYMENT BENEFIT PLANS

County Sponsored Plans

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

Plan Description. The Prince William County Premium Plan is a single-employer defined benefit postemployment healthcare plan that covers eligible retired employees and COBRA eligible employees of the County including all departments and agencies. The County Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. In order to receive the subsidy, the participant must be eligible to retire or eligible for COBRA coverage and have coverage under the medical plan prior to termination. All employees who are retiree eligible or COBRA eligible have access to medical coverage. Dependents, including surviving spouses, are permitted access to medical coverage. No access to medical coverage is permitted after age 65. Eligible employees must elect coverage immediately upon retirement. Employees who terminate prior to retirement eligibility are not eligible for the Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the County Premium Plan. As of the end of the current fiscal year, there were 206 retirees and 24 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 \$1,716. 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 2013, the County Premium Plan ARC amounts were contributed by the County to the OPEB Master Trust of \$2,072. When \$2,899 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 \$1,183.

Annual OPEB Cost. For fiscal year 2013, 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 2013 and the two preceding years were as follows:

Illustration 15-1 Other Post-Employment Benefits – Net OPEB Obligation Premium Plan Prince William County, including ADC Component Unit									
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, 2011	\$ 3,417*	--	--	3,417*	(3,417)*	--	--	--	\$ --
June 30, 2012	\$ 3,543*	--	--	3,543*	(3,543)*	--	--	--	\$ --
June 30, 2013	\$ 2,072*	--	--	2,072*	(2,072)*	--	--	--	\$ --

* This includes \$349, \$362 and \$198 respectively, allocated to ADC component unit based on proportion of ADC premiums paid budget.

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

Illustration 15-2
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, 2011	\$ 3,417*	100%	\$ --
June 30, 2012	\$ 3,543*	100%	\$ --
June 30, 2013	\$ 2,072*	100%	\$ --

* This includes \$349, \$362 and \$198 respectively, allocated to ADC component Unit based on proportion of ADC premiums paid budget.

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

Illustration 15-3
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, 2010	\$ 5,898	\$ 32,317	\$ 26,419	18.3%	\$ 220,389	12.0%
July 1, 2011	\$ 8,298	\$ 34,887	\$ 26,589	23.8%	\$ 237,034	11.2%
July 1, 2012	\$ 10,930	\$ 21,881	\$ 10,951	50.0%	\$ 247,366	4.4%

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, 2012.

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

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

Plan Description. The 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 County pays the entire cost of insurance, do not receive the subsidy. The medical insurance plan can be the County Premium Plan or any health plan of the retiree's choosing. In order to receive the subsidy, the retiree must have 15 years of service with the County and must be receiving a pension payment from the VRS or the County Supplemental Retirement Plan. Terminated vested employees are allowed. The health insurance credit cannot be used for spousal coverage. The retirees are granted the option to participate by paying 100 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, 2013, the County paid \$1,169 to 768 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 2013, the County RHICP ARC amounts were contributed by the County to the OPEB Master Trust of \$2,082. When \$1,169 of the benefits paid to the County's retirees were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$1,169.

Annual OPEB Cost. For fiscal year 2013, 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 2013 and the two preceding years were as follows:

Illustration 15-4
Other Post-Employment Benefits – Net OPEB Obligation RHICP
Prince William County, including ADC Component Unit

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, 2011	\$ 1,811*	--	--	1,811*	(1,811)*	--	--	--	\$ --
June 30, 2012	\$ 1,844*	--	--	1,844*	(1,844)*	--	--	--	\$ --
June 30, 2013	\$ 2,082*	--	--	2,082*	(2,082)*	--	--	--	\$ --

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

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

Illustration 15-5
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, 2011	\$ 1,811*	100%	\$ --
June 30, 2012	\$ 1,844*	100%	\$ --
June 30, 2013	\$ 2,082*	100%	\$ --

* This includes \$160, \$160 and \$167, 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 15-6
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, 2010	\$ 4,415	\$ 22,267	\$ 17,852	19.8%	\$ 220,389	8.1%
July 1, 2011	\$ 5,350	\$ 23,334	\$ 17,984	22.9%	\$ 237,034	7.6%
July 1, 2012	\$ 6,787	\$ 26,077	\$ 19,290	26.0%	\$ 247,366	7.8%

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, 2012.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) 100% of employees and 100% of non-line-of-duty disability assumed to elect health insurance credit at retirement, (b) general active participants with 15 or more years of service begin Credit Plan benefits at age 65; Public Safety participants with 15 or more years of service begin at age 60, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) mortality based on RP 2000 Combined Healthy Table, Combined Healthy Table with Blue Collar adjustment and Combined Disabled Tables, (f) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables.

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

On March 13, 2012, the Board of County Supervisors authorized Res. No. 12-236 to dissolve the Park Authority component unit and merge its functions into County Government by creating the Prince William County Department of Parks & Recreation, ending the separate corporate existence of the Park Authority on July 1, 2012. All participants in the Parks Premium Plan are now participants in the County Premium Plan, and the County has assumed all assets and liabilities connected with the plan.

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

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

Plan Description. The Prince William County Line of Duty Act Plan (LODA Plan) is a single-employer defined benefit postemployment plan that provides death, disability and healthcare benefits for public safety employees and volunteer firefighters who hold specified hazardous duty positions and who die or who become permanently disabled in the line of duty. The LODA Plan includes a \$100 life insurance benefit for death occurring as a direct or proximate result of duties, a \$25 death benefit for death by presumptive clause within five years of retirement, and lifetime medical benefits for the disabled

employee and their surviving spouse with certified children covered to age 21 or age 25 if continuously enrolled in college, comparable to the medical coverage held by the deceased or disabled employee or volunteer at the time of the qualifying incident.

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

As of June 30, 2013, 34 retirees or survivors who participated in the County's group insurance plans and 4 retirees or survivors who received premium reimbursements.

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

Funding Policy. The required employer contribution rate was actuarially determined. For fiscal year 2013, the County LODA Plan Annual Required Contribution (ARC) was \$5,312. Payments made by the County on behalf of retirees and beneficiaries for benefits and administration costs were \$699, resulting in a \$4,613 Net OPEB Obligation (NOO) at June 30, 2013. Payments to the County LODA Plan on behalf of uncertified beneficiaries totaled \$10 for fiscal 2013.

Annual OPEB Cost and Net OPEB Obligation. For fiscal year 2013, the County LODA Plan annual OPEB cost (expense) was greater than the ARC. The County LODA Plan's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2013 was as follows:

Illustration 15-7
Other Post-Employment Benefits – Net OPEB Obligation
Prince William County LODA 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, 2013	\$ 5,312	--	--	5,312*	--	(699)	4,613	--	\$ 4,613

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

Illustration 15-8
Other Post-Employment Benefits – Percentage of Annual OPEB Cost
Prince William County LODA Plan

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

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

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

Illustration 15-9 Other Post-Employment Benefits – County Sponsored Plans Schedule of Funding Progress for Prince William County LODA Plan						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ --	\$ 48,743	\$ 48,743	0.0%	\$ 105,805	46.1%

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 annual required contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2012.

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

County Sponsored Plans – Health Insurance Internal Service Fund Recap

Funding Policy:

The OPEB Master Trust Fund was established as of June 30, 2009. During fiscal year 2013, the County contributed the ARC amounts for the County Premium Plan and County RHICP \$4,154. Plan members received \$4,067 benefits and contributed \$1,716 premiums, resulting in \$2,351 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.

The LODA Plan currently does not participate in the OPEB Master Trust Fund and is an unfunded plan. During fiscal year 2013, the County recognized the ARC amounts for the LODA Plan \$5,312. Plan members received \$709 benefits and contributed \$10 premiums, resulting in in \$699 net benefits paid by the County and \$4,613 net liability accrued by the County. The County currently pays these benefits on a pay-as-you-go basis.

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, 2013, the County's annual OPEB cost for County Premium Plan and the County's Retiree Health Insurance Credit Plan (RHICP), based on the actuarial annual required contribution (ARC) for OPEB funding was \$4,154 (\$1,875 amortization, \$2,279 actuarial normal cost, funded) which was equal to the actual OPEB payment of \$4,154. The County LODA Plan was not included. The County's annual OPEB cost for the LODA Plan, based on the actuarial annual required contribution (ARC) for OPEB funding was \$5,312 (\$1,682 amortization, \$3,630 actuarial normal cost, not funded) which \$4,613 was not paid. As a result, the County recognizes a total net negative OPEB obligation (asset) of \$4,613.

OPEB costs for retiree and COBRA claims and claims administration, net of premiums paid, of \$2,351, 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 15-10 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 15-10
Other Post-Employment Benefits – Net OPEB Obligation All Plans
Prince William County, including ADC Component Unit

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, 2011	\$ 5,364	\$ --	\$ --	\$ 5,364*	\$ (5,364)	\$ --	\$ --	\$ --	\$ --
June 30, 2012	\$ 5,529	\$ --	\$ --	\$ 5,529*	\$ (5,529)	\$ --	\$ --	\$ --	\$ --
June 30, 2013	\$ 9,466	\$ --	\$ --	\$ 9,466*	\$ (4,154)	\$ (699)	\$ 4,613	\$ --	\$ 4,613

* This includes \$506, \$522, and \$845 respectively allocated to ADC component unit based on proportion of ADC premiums paid, RHICP budget and LODA allocation.

Illustration 15-11 summarizes the Net OPEB Obligation for the County's other Post-Employment benefits.

Illustration 15-11
Other Post-Employment Benefits – Percentage of Annual OPEB Cost
Prince William County, including ADC Premium Plan

Fiscal Year Ending:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) ending
June 30, 2011	\$ 5,364*	100.0%	\$ --
June 30, 2012	\$ 5,529*	100.0%	\$ --
June 30, 2013	\$ 9,466*	51.3%	\$ 4,613

* This includes \$506, \$522, and \$845 respectively allocated to ADC component unit based on proportion of ADC premiums paid, RHICP budget and LODA allocation.

Funded Status and Funding Progress:

The funded status of County plans as of July 1, 2012, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was \$96,701 and the actuarial value of assets was \$17,717, resulting in an unfunded actuarial accrued liability (UAAL) \$78,984. The covered payroll (annual payroll of active employees covered by the plans) was \$ 247,366, and the ratio of the UAAL to the covered payroll was 31.9 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2013 was 25 years for Premium Plan and RHICP, 30 years for LODA Plan.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend 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.

Component Unit Sponsored Plans

1. Prince William County Park Authority Post-Retirement Medical Benefits Credit Plan (Parks RHICP)

On March 13, 2012, the Board of County Supervisors authorized Res. No. 12-236 to merge the functions of the Prince William County Park Authority component unit into County Government by creating the Prince William County Department of Parks & Recreation, ending the separate corporate existence of the Park Authority on July 1, 2012. All participants in the Parks RHICP are now participants in the County RHICP, and the County has assumed all assets and liabilities connected with the plan.

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

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

VRS Health Insurance Credit Program

Plan Description:

Retirees of the County, as well as the Adult Detention Center, who have rendered at least fifteen years of total creditable service under the VRS, are granted the option to participate in the VRS Health Insurance Credit Program by paying 100 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 776 retirees that received the VRS health insurance credit. The health insurance credit is financed by payments from the County to the VRS. For the year ended June 30, 2013, the County paid \$363. 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, 2012, the date of the most recent actuarial valuation, there were 3,176 active participants and 652 retirees receiving benefits on that date.

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

Funding Policy and Annual Benefit Contribution:

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

The required contributions for the County were determined as part of an actuarial valuation performed as of June 30, 2012 using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.00% investment rate of return, and (b) projected payroll growth rate of 3.00%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County assets is equal to the market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at June 30, 2012, was 29 years for the County.

Trend information:

Illustration 15-12 summarizes the required three-year trend information for the County.

Illustration 15-12 Virginia Retirement System – Health Insurance Credit Program Three Year Trend Information for Prince William County				
Fiscal Year Ending:	Annual Benefit Cost (ABC) Employer Portion	Percentage of ABC Contributed	Net Benefit Obligation (NBO)	
June 30, 2011	\$ 368	100%	\$ --	
June 30, 2012	\$ 378	100%	\$ --	
June 30, 2013	\$ 363	100%	\$ --	

Funded Status and Funding Progress:

As of June 30, 2012, the most recent actuarial valuation date, the VRS health insurance credit program was 37.1% funded. The actuarial accrued liability for benefits was \$6,005 and the actuarial value of assets was \$2,230, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,775. The covered payroll (annual payroll of active employees of covered by the plan) was \$191,157, and the ratio of the UAAL to the covered payroll was 2.0%. Covered payroll was reduced to exclude constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees. Annual salaries of prior valuations include all employees within Prince William County, including constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees, whose actuarial accrued liability is not with Prince William County.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, Schedule 2, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE (16) – OPEB MASTER TRUST FUND

Description:

The Prince William County Other Post-Employment Benefits (OPEB) Master Trust Fund is an agent multiple-employer defined benefit post-employment benefits trust fund. As such, it is reported in accordance to GASB Statement 43, paragraph 13, in the aggregate. Individual plan information of the participating employer agents is reported in Note (15).

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

On March 13, 2012, the Board of County Supervisors authorized Res. No. 12-236 to merge the functions of the Prince William County Park Authority component unit into County Government by creating the Prince William County Department of Parks & Recreation, ending the separate corporate existence of the Park Authority on July 1, 2012 in order to provide parks and recreation services to the public by the most effective and efficient means. All participants in the Park Authority Premium Plan and Retiree Health Insurance Plan (RHICP) are now participants in the County Premium Plan and RHICP, and the County has assumed all assets and liabilities connected with the plan. As a result, the beginning of year net position increased by \$809 for the County Trust Fund, but this amount was already included the total OPEB Master Trust Fund Net Position.

The Line of Duty Act (LODA) is authorized Va. Code Section 9.1-400 et seq. On June 5, 2012, the Board of County Supervisors authorized Res. No. 12-588, pursuant to paragraph B2 of Item 258 of the Commonwealth Appropriations Act, to make an irrevocable election not to participate in the Commonwealth Line of Duty Act Fund on July 1, 2012. The County has assumed all responsibility for existing, pending or prospective claims for benefits approved and associated administrative costs made by the State Comptroller of behalf of Prince William County. During fiscal year 2013, the County did not contribute to the OPEB Master Trust Fund to fund LODA. Therefore, its members, assets and liabilities are excluded from the presentation below.

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

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

Summary of Significant Accounting Policies:

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

Method Used to Value Investments. Investments are reported at fair value, which for OPEB Master Trust is determined by the mean and most recent bid and asked prices as obtained from dealers that make market in such securities. Securities for which market quotations are not readily available are valued at fair value as determined by the custodian under the direction of the OPEB Master Trust Fund Finance Board (Trustees) with assistance of a valuation service.

Contribution Information:

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

Illustration 16-1 OPEB Master Trust Fund Membership Information			
	County Premium Plan	RHICP	School Board Premium Plan
Active plan members	2,832	3,806	10,533
Retirees and beneficiaries receiving benefits	182	762	466
Terminated plan members entitled to but not yet receiving benefits	--	--	--

Funded Status and Funding Progress – All Participating OPEB Plans

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information 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 – OPEB Master Trust Fund Participating Plans
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ 17,819	\$ 116,848	\$ 99,029	15.3%	\$ 712,394	13.9%
July 1, 2011	\$ 25,366	\$ 126,241	\$ 100,875	20.1%	\$ 790,316	12.8%
July 1, 2012	\$ 31,390	\$ 107,597	\$ 76,207	29.2%	\$ 753,326	10.1%

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 – OPEB Master Trust Fund Participating Plans
Schedule of Employer Contributions

Fiscal Year Ending:	Total Annual Required Contributions	Percentage Contributed
June 30, 2011	\$ 9,424	100%
June 30, 2012	\$ 7,566	100%
June 30, 2013	\$ 7,970	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 about the actuarial methods and assumptions, as of the latest actuarial valuations, is shown in Illustration 16-4.

Illustration 16-4
Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans
Actuarial Methods and Assumptions

	County Premium Plan	County RHICP	School Board Premium Plan
Valuation Date	July 1, 2012	July 1, 2012	July 1, 2012
Actuarial Cost Method	Projected Unit Cost	Projected Unit Cost	Entry Age
Amortization Method	Level % of Projected Pay, open	Level % of Projected Pay, open	Level % of Pay, closed
Remaining Amortization Period	25 years	25 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%
Payroll Growth	3.5%	3.5%	2.5%
Healthcare Cost	8.0% base, 9.0% sensitivity, initial	n/a	8.0% initial
Trend Rate	4.2% base, 5.2% sensitivity, ultimate	n/a	5.0% ultimate

Concentrations:

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

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

For equities not more than 4% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 5% of those outstanding. Not more than 20% of stock, valued at market, may be held in any one industry category. The emerging markets allocation, if any, should be limited to 10% of the total portfolio. Fixed income securities of any one issuer shall not exceed 10% of the total bond portfolio. This does not apply to issues of the U.S. Treasury, Federal Agencies or to debt issued by any issuer containing a full U.S. government guarantee. Not counting specific direct hedging transactions, gross investments in commodities, options, futures and foreign exchange cannot exceed 8% of the total portfolio. There are no investments in any of these categories as of June 30, 2013. Additionally, the OPEB Finance Board has directed the County's Treasury Management division to move funds to the investment manager (PFM) over time to essentially dollar-cost-average into the equity market. Until those funds are deployed, they are invested in relatively short-term investments consistent with the type of investments the County includes in its own portfolio. At June 30, 2013, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

NOTE (17) - INTERJURISDICTIONAL AGREEMENT

The County has entered into a contractual agreement with Fairfax County for the purpose of exchanging solid waste. The agreement allows for the sharing of solid waste facilities between counties. Revenues and expenses generated by this agreement are recorded in the Landfill enterprise fund with billing for any balances to occur during the second half of the fiscal year or reconciliation at the end the fiscal year. Neither party is obligated to make payment unless the funds have been appropriated. The agreement is cancelable by giving 120 days written notice. The amounts due from and due to Fairfax County are \$0 and \$41 respectively at June 30, 2013.

NOTE (18) - RELATED ORGANIZATIONS

A. Industrial Development Authority

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

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

B. Service Authority

The Prince William County Service Authority (Service Authority) is authorized under the Virginia Water and Sewer 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 joint venture formed on March 3, 1971, by a concurrent resolution of the governing bodies of the Counties of Fairfax and Prince William and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight person Board of Directors consisting of 2 members appointed to four year terms by the governing body of each jurisdiction. The County has an ongoing financial responsibility for its share of UOSA's operating costs, construction costs, and annual debt service.

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

In light of this agreement, the County's payment for fiscal year 2013 was \$214 and the County has no further ongoing obligation for UOSA's debt service.

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

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

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

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

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

The Industrial Development Authority of Loudoun County VA issued \$18,650 of Lease Revenue Bonds on November 21, 2006, to finance the construction and equipping of the EVOC. Prince William County is responsible for debt service on 30 percent of the total issue, or \$5,505. The County's payment for fiscal year 2013 was \$465. 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, 2013 is shown in Illustration 18-1.

Illustration 18-1
County's Share of NVCJTA Debt Service Requirements

Year Ending June 30:		
2014	\$	453
2015		442
2016		430
2017		418
2018		407
2019 thru 2023		1,855
2024 thru 2026		949
Total	\$	4,954

NOTE (19) - COMMITMENTS AND CONTINGENCIES

Virginia Railway Express

In January 1990, the Northern Virginia Transportation District Commission (NVTC) entered into a bond purchase agreement with certain underwriters for the sale of \$79,350 of its bonds. The bonds were issued in February 1990. The proceeds of the issue were used to finance certain costs associated with the establishment of commuter rail service, the Virginia Railway Express (VRE) in the northern Virginia area surrounding Washington, D.C. In July 1993, \$37,625 of refunding bonds were issued to advance refund a portion of the 1990 bonds. In April 1998, \$31,700 of refunding bonds were issued to advance refund the remaining 1990 bonds. As of June 30, 2013, the amount of outstanding NVTC bonds issued for the Virginia Railway Express was \$12,775.

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, 2013, the outstanding balance on the capitalized lease was approximately \$17,669.

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

In fiscal year 2008 VRE entered into an agreement with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars. In fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance on the individual notes were combined into a consolidated note. The note is secured by the revenues of VRE and the railcars. The amount of notes outstanding at June 30, 2013 was \$61,596.

The County, through its membership in the PRTC, has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the VRE. Each jurisdiction's share is determined by a formula set out in the Master Agreement. It is estimated the County's share of this cost will be approximately \$5,687 annually and will be paid with the 2.1% Motor Fuel Tax collected by the PRTC or the County's General Fund if fuel tax revenues are not sufficient.

NOTE (20) – SELF INSURANCE

The County and Adult Detention Center are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; the health of and injuries to its employees; and natural disasters.

The Prince William County Self-Insurance Group Casualty Pool provides coverage to the County and the Adult Detention Center. The Casualty Pool has a \$750 per occurrence retention of coverage and it purchases commercial excess insurance with a \$10,000 per occurrence and \$20,000 annual aggregate limit, except for automobile liability coverage, which has a \$10,000 annual aggregate limit and public official liability which has a \$10,000 aggregate limit. The Prince William County Self-Insurance Group Workers' Compensation Association provides coverage to the County and the Adult Detention Center. The Association has a \$1,500 per occurrence retention, and it purchases commercial excess coverage which provides statutory limits for workers' compensation claims and a \$1,000 excess of the \$1,000 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 \$34,046 for claims, administration and premiums in fiscal year 2013.

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

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

Illustration 20-1					
Prince William County Self-Insurance					
Other Self Insurance, Casualty Pool and Workers' Compensation Association, Health Insurance					
Changes in the Aggregate Liabilities for Claims					
		Other Self- Insurance	Casualty Pool	Workers' Compensation Association	Health Insurance*
Unpaid claims June 30, 2010	\$	308	677	11,288	2,840
Total claims incurred, fiscal year 2011		(20)	570	2,864	25,286
Total claims paid, fiscal year 2011		(38)	(390)	(1,873)	(25,263)
Unpaid claims June 30, 2011	\$	250	857	12,279	2,863
Total claims incurred, fiscal year 2012		(29)	204	3,024	28,212
Total claims paid, fiscal year 2012		(25)	(448)	(1,893)	(27,917)
Unpaid claims June 30, 2012	\$	196	613	13,410	3,158
Total claims incurred, fiscal year 2013		--	394	4,186	28,591
Total claims paid, fiscal year 2013		(18)	(379)	(2,849)	(28,449)
Unpaid claims June 30, 2013	\$	178	628	14,747	3,300

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

NOTE (21) – SUBSEQUENT EVENTS

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

On June 18, 2013, the Board of County Supervisors approved Resolution No. 13-395 authorizing the sale of General Obligation Bonds to be sold in an amount not to exceed \$32,000 for the purpose of road and parks capital improvement projects. On July 24, 2013, the County sold the Prince William County General Obligation Bonds Series 2013 in the par amount of \$28,635.



REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)



COUNTY OF PRINCE WILLIAM, VIRGINIA

GENERAL FUND

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual

(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

With Comparative Totals for the Year Ended June 30, 2012 (restated)

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With	2012 (restated)
	Original	Final		Final Budget Positive (Negative)	
BUDGETARY REVENUES:					
FROM LOCAL SOURCES:					
GENERAL PROPERTY TAXES:					
Real property taxes	\$ 499,202	499,202	496,742	(2,460)	475,380
Real and personal property taxes of public service corporations	17,982	17,982	18,401	419	17,704
Personal property taxes	131,661	77,361	80,247	2,886	73,192
Penalties and interest	6,061	6,061	5,268	(793)	5,146
Total general property taxes	654,906	600,606	600,658	52	571,422
OTHER LOCAL TAXES:					
Short term rental tax	185	185	137	(48)	152
Local sales taxes	52,673	52,673	55,169	2,496	52,003
Consumer's utility taxes	13,740	13,740	13,490	(250)	13,075
Bank stock taxes	1,500	1,500	1,495	(5)	1,694
Motor vehicle licenses	7,770	7,770	7,877	107	7,591
Taxes on recordation and wills	7,075	7,075	10,277	3,202	8,014
Business, professional and occupational license tax	22,878	22,878	22,913	35	21,725
Public utility gross receipts tax	1,185	1,185	1,341	156	1,234
Transient occupancy tax	3,125	3,310	3,369	59	3,274
Total other local taxes	110,131	110,316	116,068	5,752	108,762
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:					
Animal licenses	196	196	248	52	235
Development permits and licenses	-	-	(3)	(3)	1
Fire protection permits	319	319	457	138	360
Health protection permits	151	151	167	16	158
Cable franchise fees	881	881	1,208	327	1,112
Permits and other licenses	102	102	103	1	207
Total permits, privilege fees and regulatory licenses	1,649	1,649	2,180	531	2,073
FINES AND FORFEITURES:					
	2,586	2,586	3,259	673	3,435
FROM USE OF MONEY AND PROPERTY:					
Use of money	8,667	6,317	6,234	(83)	6,228
Use of property	757	1,038	1,241	203	927
Total revenue from use of money and property	9,424	7,355	7,475	120	7,155
CHARGES FOR SERVICES:					
Court costs	3,970	4,119	4,805	686	4,421
Correction and detention	693	833	954	121	846
Commonwealth's Attorney	73	73	124	51	127
Parks and recreation	765	765	1,188	423	1,462
Mental health and mental retardation	531	671	833	162	822
Welfare and social services	325	392	345	(47)	401
Library	663	663	548	(115)	578
Planning and community development	35	35	29	(6)	25
Public safety	1,031	1,031	1,382	351	1,136
Ambulance and rescue	4,087	4,087	4,609	522	3,774
Other charges	139	905	590	(315)	597
Total charges for services	12,312	13,574	15,407	1,833	14,189
Total revenue from local sources	791,008	736,086	745,047	8,961	707,036

COUNTY OF PRINCE WILLIAM, VIRGINIA

GENERAL FUND

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual

(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

With Comparative Totals for the Year Ended June 30, 2012 (restated)

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With	2012 (restated)
	Original	Final		Final Budget Positive (Negative)	
THE FEDERAL GOVERNMENT:					
Payments in lieu of taxes	95	95	66	(29)	66
Categorical aid grants:					
Aging programs	1,160	1,252	820	(432)	700
USDA	79	83	77	(6)	82
Welfare programs	9,256	10,275	10,336	61	11,133
Mental health/retardation and substance abuse programs	2,304	2,698	2,672	(26)	2,635
Homeland Security Grants	540	1,734	1,433	(301)	1,015
Police federal forfeitures and grant programs	310	246	364	118	473
Expenditure reimbursement for social services	330	330	267	(63)	330
Other	544	640	2,262	1,622	4,120
Total revenue from the federal government	14,618	17,353	18,297	944	20,554
THE COMMONWEALTH:					
NONCATEGORICAL AID:					
PPTRA revenue	-	54,300	54,288	(12)	54,288
Communications sales and use tax	20,300	20,300	19,824	(476)	19,772
Anti-Annexation public safety	8,677	8,677	8,761	84	8,677
Mobile home tax	28	28	36	8	30
Rental car tax	795	795	1,029	234	1,047
Rolling stock tax	95	95	88	(7)	94
Total noncategorical aid	29,895	84,195	84,026	(169)	83,908
SHARED EXPENDITURES:					
Commonwealth's Attorney	1,301	1,301	1,496	195	1,462
Sheriff	1,658	1,658	1,627	(31)	1,601
Director of Finance	534	534	593	59	588
Registrar	80	80	79	(1)	80
Clerk of the Court	505	505	323	(182)	189
Total shared expenditures	4,078	4,078	4,118	40	3,920
CATEGORICAL AID:					
Public safety	2,214	2,214	1,938	(276)	881
Fire programs	949	1,008	1,008	-	1,499
Library	503	503	509	6	496
Public assistance and welfare administration	8,712	8,582	7,493	(1,089)	9,392
Public health	28	28	493	465	459
Total categorical aid	12,406	12,335	11,441	(894)	12,727
OTHER CATEGORICAL AID:					
Aging program	264	336	316	(20)	221
Community services	10,867	12,267	11,822	(445)	11,598
Juvenile detention	1,804	1,786	1,899	113	1,792
Criminal justice services	921	938	963	25	946
Police extraditions	32	32	23	(9)	42
Sheriff extraditions	25	25	36	11	24
Victim/witness program	160	160	44	(116)	44
Other	676	834	1,276	442	688
Total other categorical aid	14,749	16,378	16,379	1	15,355
Total revenue from the Commonwealth	61,128	116,986	115,964	(1,022)	115,910

COUNTY OF PRINCE WILLIAM, VIRGINIA

GENERAL FUND

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual

(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

With Comparative Totals for the Year Ended June 30, 2012 (restated)

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With	2012 (restated)
	Original	Final		Final Budget Positive (Negative)	
LOCAL GOVERNMENTS:					
City of Manassas	4,858	4,858	4,778	(80)	4,376
City of Manassas Park	1,694	1,694	1,666	(28)	1,589
Other localities	403	-	10	10	241
Total revenues from local governments	6,955	6,552	6,454	(98)	6,206
MISCELLANEOUS:					
Expenditure refunds	533	533	700	167	254
Donations - Proffers	5,552	18,412	18,123	(289)	7,858
Donations - Other	124	491	471	(20)	360
Insurance recoveries	3	344	1,342	998	86
Other	153	366	615	249	58
Total miscellaneous revenues	6,365	20,146	21,251	1,105	8,616
Total budgetary revenues	880,074	897,123	907,013	9,890	858,322
BUDGETARY EXPENDITURES:					
GENERAL GOVERNMENTAL ADMINISTRATION:					
Board of Supervisors	3,730	3,203	3,072	131	3,251
County Attorney	3,444	3,538	3,512	26	3,095
Office of Executive Management	8,516	8,165	7,696	469	7,871
Technology and Support Services	3,416	2,911	2,512	399	5,159
Finance	17,131	16,876	16,430	446	15,806
Audit Services	787	781	777	4	651
Board of Equalization	52	52	27	25	27
Human Rights	582	592	533	59	536
Board of Registration/Elections	1,414	1,519	1,425	94	1,471
Mailroom and Print Shop	695	655	655	-	980
Contingency Reserve	1,068	5	-	5	-
Unemployment Insurance Reserves	150	149	149	-	50
Total general governmental administration	40,985	38,446	36,788	1,658	38,897
JUDICIAL ADMINISTRATION:					
Commonwealth Attorney	4,991	5,027	4,863	164	4,620
Sheriff	9,000	9,286	8,521	765	8,217
Juvenile and Domestic Relations Court	118	105	99	6	58
Clerk of Court/Judges Chambers	5,326	4,541	4,333	208	4,169
General District Court	258	264	206	58	182
Magistrates	209	222	222	-	204
Law Library	152	152	144	8	143
Total judicial administration	20,054	19,597	18,388	1,209	17,593
PUBLIC SAFETY:					
Public Works - Development	2,659	2,646	2,260	386	2,232
Police	81,471	85,772	84,502	1,270	80,139
Juvenile Court Services Unit	1,128	1,131	1,096	35	958
Adult Detention Center	22,948	22,777	22,777	-	21,751
Correction and Detention of Youth	5,401	5,452	5,240	212	5,028
Criminal Justice Services	3,372	3,393	3,277	116	2,919
Public Safety Communications	9,522	9,500	8,847	653	8,666
Fire Service	69,439	69,484	67,473	2,011	61,041
Northern Virginia Criminal Justice Training Academy	465	465	465	-	476
Total public safety	196,405	200,620	195,937	4,683	183,210

COUNTY OF PRINCE WILLIAM, VIRGINIA

GENERAL FUND

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual

(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

With Comparative Totals for the Year Ended June 30, 2012 (restated)

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With	2012 (restated)
	Original	Final		Final Budget Positive (Negative)	
PUBLIC WORKS:					
Public Works	31,120	27,842	26,811	1,031	27,033
Transportation	2,839	2,763	2,647	116	2,473
Property and Miscellaneous Insurance	6,036	895	606	289	332
Upper Occoquan Sewage Authority	427	214	214	-	427
Total public works	<u>40,422</u>	<u>31,714</u>	<u>30,278</u>	<u>1,436</u>	<u>30,265</u>
HEALTH AND WELFARE:					
Social Services	24,795	25,897	24,342	1,555	25,782
Public Health	4,163	4,178	4,123	55	4,014
Community Services Board	33,735	35,177	33,283	1,894	32,113
At-Risk Youth and Family Services	8,322	8,335	8,042	293	8,603
Office on Aging	5,733	5,947	5,276	671	4,502
Total health and welfare	<u>76,748</u>	<u>79,534</u>	<u>75,066</u>	<u>4,468</u>	<u>75,014</u>
EDUCATION:					
Schools	446,582	385,208	385,176	32	366,960
PARKS, RECREATIONAL AND CULTURAL:					
Parks and recreation	15,323	14,135	13,070	1,065	3,320
Library	13,706	13,690	13,480	210	13,332
Total parks, recreational and cultural	<u>29,029</u>	<u>27,825</u>	<u>26,550</u>	<u>1,275</u>	<u>16,652</u>
COMMUNITY DEVELOPMENT:					
Office of Planning	2,562	2,425	2,225	200	1,376
Economic and Community Development	2,382	2,565	2,288	277	2,430
Extension and Continuing Education	980	1,003	788	215	709
Tourism	1,029	1,029	1,029	-	1,006
Total community development	<u>6,953</u>	<u>7,022</u>	<u>6,330</u>	<u>692</u>	<u>5,521</u>
DEBT SERVICE:					
Principal retirement	23,748	66,451	69,766	(3,315)	74,673
Interest and other debt costs	17,369	45,338	41,970	3,368	42,777
Total debt service	<u>41,117</u>	<u>111,789</u>	<u>111,736</u>	<u>53</u>	<u>117,450</u>
Total budgetary expenditures	<u>898,295</u>	<u>901,755</u>	<u>886,249</u>	<u>15,506</u>	<u>851,562</u>
Excess (deficiency) of budgetary revenues over (under) budgetary expenditures	<u>(18,221)</u>	<u>(4,632)</u>	<u>20,764</u>	<u>25,396</u>	<u>6,760</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN:					
Special revenue funds	12,315	12,408	12,335	(73)	13,411
Capital projects funds	2,165	3,228	3,228	-	7,085
Internal service funds	103	4,419	4,419	-	164
Enterprise funds	1,625	1,625	1,625	-	1,627
Total transfers in	<u>16,208</u>	<u>21,680</u>	<u>21,607</u>	<u>(73)</u>	<u>22,287</u>
TRANSFERS OUT:					
Special revenue funds	(3,717)	(5,021)	(5,021)	-	(4,843)
Capital projects funds	(16,285)	(26,632)	(26,632)	-	(34,910)
Internal service funds	(7,900)	(8,304)	(8,304)	-	(9,562)
Enterprise funds	(35)	(2,071)	(2,071)	-	(2,910)
Total transfers out	<u>(27,937)</u>	<u>(42,028)</u>	<u>(42,028)</u>	<u>-</u>	<u>(52,225)</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA

GENERAL FUND

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual

(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

With Comparative Totals for the Year Ended June 30, 2012 (restated)

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With	2012 (restated)
	Original	Final		Final Budget Positive (Negative)	
NON-REVENUE RECEIPTS:					
Proceeds from refundings	-	-	46,180	46,180	51,585
Premium on refundings	-	-	9,048	9,048	9,690
Payments to escrow agent	-	-	(54,689)	(54,689)	(60,921)
Claims and judgment recoveries	-	-	100	100	66
Sale of surplus property	174	174	222	48	129
Total non-revenue receipts	174	174	861	687	549
Total other financing sources (uses)	(11,555)	(20,174)	(19,560)	614	(29,389)
Net change in budgetary fund balance	(29,776)	(24,806)	1,204	26,010	(22,629)
BUDGETARY FUND BALANCE, beginning of year	165,103	165,103	172,058	6,955	194,687
BUDGETARY FUND BALANCE, end of year	\$ 135,327	140,297	173,262	32,965	172,058
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 1)	\$ 9,424	7,355	7,475	120	7,155
Current Year Fair Value Adjustment	-	-	(12,675)	(12,675)	2,576
Use of money and property (Exhibit 5)	9,424	7,355	(5,200)	(12,555)	9,731
Cumulative Fair Value Adjustments of Prior Periods	-	-	(1,861)	(1,861)	(4,437)
BUDGETARY FUND BALANCE, end of year	135,327	140,297	173,262	32,965	172,058
Total adjustments	-	-	(14,536)	(14,536)	(1,861)
FUND BALANCE, end of year	\$ 135,327	140,297	158,726	18,429	170,197

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, 2007	\$ 564,007	640,238	76,231	88.1%	184,569	41.3%	
June 30, 2008	\$ 630,911	711,015	80,104	88.7%	201,955	39.7%	
June 30, 2009	\$ 653,184	770,028	116,844	84.8%	205,468	56.9%	
June 30, 2010	\$ 666,023	866,833	200,810	76.8%	204,285	98.3%	
June 30, 2011	\$ 691,071	913,427	222,356	75.7%	205,434	108.2%	
June 30, 2012	\$ 699,180	965,457	266,277	72.4%	211,209	126.1%	

Supplemental Retirement Plan Schedule of Funding Progress

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

Supplemental Retirement Plan Schedule of Funding Progress for Prince William County							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2007	\$ 23,420	21,530	(1,890)	108.8%	51,033	-3.7%	
July 1, 2009	\$ 26,094	29,260	3,166	89.2%	62,456	5.1%	
July 1, 2011	\$ 27,031	32,489	5,458	83.2%	63,806	8.6%	

Other Post-Employment Benefits (OPEB) Schedule of Funding Progress

Other Post-Employment Benefits - County Sponsored Plans Schedule of Funding Progress for Prince William County							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2010	\$ 10,535	55,704	45,169	18.9%	227,406	19.9%	
July 1, 2011	\$ 14,002	59,478	45,476	23.5%	243,690	18.7%	
July 1, 2012	\$ 17,717	96,701	78,984	18.3%	247,366	31.9%	

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, 2010	\$ 1,718	5,606	3,888	30.6%	204,285	1.9%	
June 30, 2011	\$ 2,150	5,847	3,697	36.8%	184,120	2.0%	
June 30, 2012	\$ 2,230	6,005	3,775	37.1%	191,157	2.0%	

SUPPLEMENTARY INFORMATION



Nonmajor Governmental Funds Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The 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, 2013

With Comparative Totals for June 30, 2012 (restated)

(amounts expressed in thousands)

	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
ASSETS			
Equity in pooled cash and investments	\$ 1,023	7,622	6,799
Accounts receivable, net	8	87	56
Due from other governmental units	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 1,031</u>	<u>7,709</u>	<u>6,855</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 8	103	24
Wages and benefits payable	-	68	194
Deposits and escrows	-	-	-
Unearned revenue	-	2,142	-
Total liabilities	<u>8</u>	<u>2,313</u>	<u>218</u>
FUND BALANCES:			
Non-spendable	-	-	-
Restricted	1,023	5,396	6,637
Total fund balances	<u>1,023</u>	<u>5,396</u>	<u>6,637</u>
Total liabilities and fund balances	<u>\$ 1,031</u>	<u>7,709</u>	<u>6,855</u>

Housing	2013	2012 (restated)	
3,834	19,278	17,652	ASSETS
52	203	76	Equity in pooled cash and investments
285	285	341	Accounts receivable, net
30	30	-	Due from other governmental units
<u>4,201</u>	<u>19,796</u>	<u>18,069</u>	Prepaid items
			Total assets
			LIABILITIES AND FUND BALANCE
			LIABILITIES:
229	364	249	Accounts payable
35	297	299	Wages and benefits payable
-	-	2	Deposits and escrows
68	2,210	2,163	Unearned revenue
<u>332</u>	<u>2,871</u>	<u>2,713</u>	Total liabilities
			FUND BALANCES:
30	30	-	Non-spendable
<u>3,839</u>	<u>16,895</u>	<u>15,356</u>	Restricted
<u>3,869</u>	<u>16,925</u>	<u>15,356</u>	Total fund balances
<u>4,201</u>	<u>19,796</u>	<u>18,069</u>	Total liabilities and fund balances

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012 (restated)
(amounts expressed in thousands)

Schedule 4
Page 1 of 2

	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
REVENUES:			
General property taxes	\$ 2,728	1,089	-
Permits, privilege fees and regulatory licenses	-	2	14,172
Fines and forfeitures	-	-	1
From use of money and property	(22)	(58)	(16)
Charges for services	6	7,052	373
Intergovernmental revenues:			
Federal	-	-	-
State	-	12	-
Miscellaneous	-	-	278
Total revenues	<u>2,712</u>	<u>8,097</u>	<u>14,808</u>
EXPENDITURES:			
Public safety - Public Works	-	-	10,020
Public works - Public Works	244	-	-
Community development - Housing	-	-	-
Community development - Public Works	-	5,664	4,418
Total expenditures	<u>244</u>	<u>5,664</u>	<u>14,438</u>
OTHER FINANCING SOURCES (USES):			
Transfers in:			
General fund	-	170	4,343
Special revenue funds	-	-	-
Capital projects funds	73	-	-
Internal service funds	-	-	2
Transfers out:			
General fund	(2,515)	(823)	(2,827)
Special revenue funds	-	-	-
Capital projects funds	-	(1,407)	-
Sale of surplus property	-	8	-
Total other financing sources (uses)	<u>(2,442)</u>	<u>(2,052)</u>	<u>1,518</u>
Net change in fund balances	<u>26</u>	<u>381</u>	<u>1,888</u>
FUND BALANCE, beginning of year (as restated)	<u>997</u>	<u>5,015</u>	<u>4,749</u>
FUND BALANCE, end of year	<u>\$ 1,023</u>	<u>5,396</u>	<u>6,637</u>

Housing	2013	2012 (restated)	
-	3,817	3,697	REVENUES:
-	14,174	11,763	General property taxes
-	1	-	Permits, privilege fees and regulatory licenses
29	(67)	384	Fines and forfeitures
4,402	11,833	8,499	From use of money and property
			Charges for services
			Intergovernmental revenues:
26,922	26,922	25,953	Federal
-	12	30	State
62	340	183	Miscellaneous
<u>31,415</u>	<u>57,032</u>	<u>50,509</u>	Total revenues
			EXPENDITURES:
-	10,020	9,098	Public safety - Public Works
-	244	143	Public works - Public Works
32,143	32,143	31,499	Community development - Housing
-	10,082	10,260	Community development - Public Works
<u>32,143</u>	<u>52,489</u>	<u>51,000</u>	Total expenditures
			OTHER FINANCING SOURCES (USES):
			Transfers in:
67	4,580	4,058	General fund
-	-	27	Special revenue funds
-	73	3,398	Capital projects funds
-	2	5	Internal service funds
			Transfers out:
(68)	(6,233)	(6,785)	General fund
-	-	(27)	Special revenue funds
-	(1,407)	(609)	Capital projects funds
3	11	15	Sale of surplus property
<u>2</u>	<u>(2,974)</u>	<u>82</u>	Total other financing sources (uses)
			Net change in fund balances
<u>(726)</u>	<u>1,569</u>	<u>(409)</u>	
<u>4,595</u>	<u>15,356</u>	<u>15,765</u>	FUND BALANCE, beginning of year (as restated)
<u><u>3,869</u></u>	<u><u>16,925</u></u>	<u><u>15,356</u></u>	FUND BALANCE, end of year

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

Schedule 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, 2013

With Comparative Totals for the Year Ended June 30, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)	2012
	Original	Final			
BUDGETARY REVENUES:					
General property taxes	\$ 2,670	2,670	2,728	58	2,656
From use of money and property	7	7	46	39	52
Charges for services	-	-	6	6	9
Total budgetary revenues	2,677	2,677	2,780	103	2,717
BUDGETARY EXPENDITURES:					
Public works - Public Works	350	423	244	179	143
Total budgetary expenditures	350	423	244	179	143
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Capital projects funds	-	73	73	-	-
Transfers out:					
General fund	(2,515)	(2,515)	(2,515)	-	(2,523)
Total other financing sources (uses)	(2,515)	(2,442)	(2,442)	-	(2,523)
Net change in budgetary fund balance	(188)	(188)	94	282	51
BUDGETARY FUND BALANCE, beginning of year	1,009	1,009	1,009	-	958
BUDGETARY FUND BALANCE, end of year	\$ 821	821	1,103	282	1,009
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 5)	\$ 7	7	46	39	52
Current Year Fair Value Adjustment	-	-	(68)	(68)	(17)
Use of money and property (Schedule 4)	7	7	(22)	(29)	35
Cumulative Fair Value Adjustments of Prior Periods	-	-	(12)	(12)	-
BUDGETARY FUND BALANCE, end of year	821	821	1,103	282	1,009
Total adjustments	-	-	(80)	(80)	(17)
FUND BALANCE, end of year	\$ 821	821	1,023	202	992

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 6

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, 2013

With Comparative Totals for the Year Ended June 30, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)	2012
	Original	Final			
BUDGETARY REVENUES:					
General property taxes	\$ 1,038	1,038	1,089	51	1,041
Permits, privilege fees and regulatory licenses	-	-	2	2	2
From use of money and property	111	111	126	15	131
Charges for services	7,151	7,151	7,052	(99)	5,043
Intergovernmental revenues:					
State	-	-	12	12	2
Total budgetary revenues	8,300	8,300	8,281	(19)	6,219
BUDGETARY EXPENDITURES:					
Public works - Public Works	8,016	7,892	5,664	2,228	5,923
Total budgetary expenditures	8,016	7,892	5,664	2,228	5,923
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	-	170	170	-	-
Capital projects funds	-	-	-	-	132
Transfers out:					
General fund	(823)	(823)	(823)	-	(1,188)
Special revenue funds	-	-	-	-	(27)
Capital projects funds	(1,407)	(1,407)	(1,407)	-	(609)
Sale of surplus property	-	-	8	8	10
Total other financing sources (uses)	(2,230)	(2,060)	(2,052)	8	(1,682)
Net change in budgetary fund balance	(1,946)	(1,652)	565	2,217	(1,386)
BUDGETARY FUND BALANCE, beginning of year	5,059	5,059	5,059	-	6,445
BUDGETARY FUND BALANCE, end of year	\$ 3,113	3,407	5,624	2,217	5,059
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 6)	\$ 111	111	126	15	131
Current Year Fair Value Adjustment	-	-	(184)	(184)	(78)
Use of money and property (Schedule 4)	111	111	(58)	(169)	53
Cumulative Fair Value Adjustments of Prior Periods	-	-	(44)	(44)	-
BUDGETARY FUND BALANCE, end of year	3,113	3,407	5,624	2,217	5,059
Total adjustments	-	-	(228)	(228)	(78)
FUND BALANCE, end of year	\$ 3,113	3,407	5,396	1,989	4,981

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 7

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, 2013

With Comparative Totals for the Year Ended June 30, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)	2012
	Original	Final			
BUDGETARY REVENUES:					
Permits, privilege fees and regulatory licenses	\$ 10,794	10,794	14,172	3,378	11,761
Fines and forfeitures	-	-	1	1	-
From use of money and property	30	30	38	8	75
Charges for services	155	155	373	218	159
Miscellaneous	262	262	278	16	183
Total budgetary revenues	11,241	11,241	14,862	3,621	12,178
BUDGETARY EXPENDITURES:					
Public safety - Public Works	10,388	10,625	10,020	605	9,098
Community development - Public Works	4,652	4,645	4,418	227	4,337
Total budgetary expenditures	15,040	15,270	14,438	832	13,435
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	3,514	4,343	4,343	-	3,874
Special revenue funds	86	-	-	-	27
Capital projects funds	-	-	-	-	3,398
Internal service funds	202	2	2	-	5
Transfers out:					
General fund	(2,819)	(2,827)	(2,827)	-	(2,890)
Special revenue funds	(82)	-	-	-	-
Total other financing sources (uses)	901	1,518	1,518	-	4,414
Net change in budgetary fund balance	(2,898)	(2,511)	1,942	4,453	3,157
BUDGETARY FUND BALANCE, beginning of year	4,764	4,764	4,764	-	1,607
BUDGETARY FUND BALANCE, end of year	\$ 1,866	2,253	6,706	4,453	4,764
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 7)	\$ 30	30	38	8	75
Current Year Fair Value Adjustment	-	-	(54)	(54)	(32)
Use of money and property (Schedule 4)	30	30	(16)	(46)	43
Cumulative Fair Value Adjustments of Prior Periods	-	-	(15)	(15)	-
BUDGETARY FUND BALANCE, end of year	1,866	2,253	6,706	4,453	4,764
Total adjustments	-	-	(69)	(69)	(32)
FUND BALANCE, end of year	\$ 1,866	2,253	6,637	4,384	4,732

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 8

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, 2013

With Comparative Totals for the Year Ended June 30, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)	2012
	Original	Final			
BUDGETARY REVENUES:					
From use of money and property	\$ 25	25	29	4	70
Charges for services	3,735	3,723	4,402	679	3,288
Intergovernmental revenues:					
Federal	31,214	28,923	26,922	(2,001)	25,953
State	-	-	-	-	28
Miscellaneous	25	25	62	37	-
Total budgetary revenues	<u>34,999</u>	<u>32,696</u>	<u>31,415</u>	<u>(1,281)</u>	<u>29,339</u>
BUDGETARY EXPENDITURES:					
Community development - Housing	35,842	33,869	32,143	1,726	31,499
Total budgetary expenditures	<u>35,842</u>	<u>33,869</u>	<u>32,143</u>	<u>1,726</u>	<u>31,499</u>
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	21	67	67	-	52
Transfers out:					
General fund	(78)	(78)	(68)	10	(184)
Sale of surplus property	-	-	3	3	5
Total other financing sources (uses)	<u>(57)</u>	<u>(11)</u>	<u>2</u>	<u>13</u>	<u>(127)</u>
Net change in budgetary fund balance	(900)	(1,184)	(726)	458	(2,287)
BUDGETARY FUND BALANCE, beginning of year	<u>4,595</u>	<u>4,595</u>	<u>4,595</u>	<u>-</u>	<u>6,882</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 3,695</u>	<u>3,411</u>	<u>3,869</u>	<u>458</u>	<u>4,595</u>
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 8)	\$ 25	25	29	4	70
Current Year Fair Value Adjustment	-	-	-	-	-
Use of money and property (Schedule 4)	25	25	29	4	70
Cumulative Fair Value Adjustments of Prior Periods	-	-	-	-	-
BUDGETARY FUND BALANCE, end of year	<u>3,695</u>	<u>3,411</u>	<u>3,869</u>	<u>458</u>	<u>4,595</u>
Total adjustments	-	-	-	-	-
FUND BALANCE, end of year	<u>\$ 3,695</u>	<u>3,411</u>	<u>3,869</u>	<u>458</u>	<u>4,595</u>

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 9

INTERNAL SERVICE FUNDS

Combining Statement of Net Position

As of June 30, 2013

With Comparative Totals for June 30, 2012

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2013	2012
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 44,716	232	2,440	5,075	29,408	81,871	93,685
Investments	-	-	1,960	20,177	-	22,137	18,833
Accounts receivable, net	147	-	1	95	2,615	2,858	2,897
Due from other governmental units	4	-	-	-	-	4	2
Due from other funds	-	-	-	-	-	-	186
Inventory	281	-	-	-	-	281	272
Prepays	358	-	101	7	8	474	413
Total current assets	45,506	232	4,502	25,354	32,031	107,625	116,288
Non-current assets:							
Restricted investments	-	-	500	750	-	1,250	1,250
Capital assets:							
Land and construction in progress	21,955	-	-	-	-	21,955	5,992
Buildings and other capital assets, net of depreciation	6,279	-	-	-	-	6,279	5,669
Total non-current assets	28,234	-	500	750	-	29,484	12,911
Total assets	73,740	232	5,002	26,104	32,031	137,109	129,199
LIABILITIES							
Current liabilities:							
Accounts payable	2,233	-	27	89	146	2,495	2,134
Wages and benefits payable	156	-	-	-	1	157	140
Unpaid losses, related liabilities and IBNR	-	178	386	1,671	3,300	5,535	5,063
Due to component units	-	-	-	-	-	-	25
Unearned revenue	-	-	-	-	2,786	2,786	2,586
Current portion of surplus distribution payable	-	-	446	235	-	681	340
Compensated absences	66	-	-	-	-	66	46
Total current liabilities	2,455	178	859	1,995	6,233	11,720	10,334
Non-current liabilities:							
Unpaid losses, related liabilities and IBNR	-	-	242	13,076	-	13,318	12,314
OPEB Obligation	-	-	-	-	4,613	4,613	-
Surplus distribution payable	-	-	1,492	2,402	-	3,894	804
Compensated absences	1,216	-	-	-	2	1,218	961
Total non-current liabilities	1,216	-	1,734	15,478	4,615	23,043	14,079
Total liabilities	3,671	178	2,593	17,473	10,848	34,763	24,413
NET POSITION							
Net investment in capital assets	28,234	-	-	-	-	28,234	11,661
Restricted for self-insurance funds	-	-	500	2,283	-	2,783	2,848
Unrestricted	41,835	54	1,909	6,348	21,183	71,329	90,277
Total net position	\$ 70,069	54	2,409	8,631	21,183	102,346	104,786

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 10

INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2013

With Comparative Totals for the Year Ended June 30, 2012

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2013	2012
OPERATING REVENUES:							
Charges for services	\$ 28,971	-	1,392	3,959	38,542	72,864	68,039
Intergovernmental revenues:							
Federal	-	-	-	-	-	-	393
Miscellaneous	-	-	-	-	2,468	2,468	2,884
Total operating revenues	28,971	-	1,392	3,959	41,010	75,332	71,316
OPERATING EXPENSES:							
Personal services	9,749	-	-	-	52	9,801	8,476
Contractual services	7,874	-	-	-	3,912	11,786	11,117
Materials/supplies	7,941	-	-	-	-	7,941	5,925
Depreciation	3,649	-	-	-	-	3,649	1,825
Other	332	-	336	517	-	1,185	902
Claims and premiums	-	-	499	266	32,118	32,883	31,973
OPEB cost	-	-	-	-	7,922	7,922	5,060
Losses and loss adjustment expenses	-	-	394	4,186	142	4,722	3,523
Total operating expenses	29,545	-	1,229	4,969	44,146	79,889	68,801
Operating income/(loss)	(574)	-	163	(1,010)	(3,136)	(4,557)	2,515
NON-OPERATING REVENUES/(EXPENSES):							
Interest income	(122)	4	(18)	(104)	(214)	(454)	1,748
Gain/(loss) on sale of capital assets	31	-	-	-	-	31	(48)
Declaration of surplus distribution	-	-	(1,732)	(1,824)	-	(3,556)	-
Total non-operating revenues/(expenses)	(91)	4	(1,750)	(1,928)	(214)	(3,979)	1,700
Income/(loss) before transfers and capital contributions	(665)	4	(1,587)	(2,938)	(3,350)	(8,536)	4,215
TRANSFERS:							
Transfers in:							
General fund	7,405	-	-	-	899	8,304	9,562
Special revenue funds	-	-	-	-	53	53	4,045
Capital projects funds	-	-	-	-	-	-	18,000
Transfers out:							
General fund	(4,415)	(4)	-	-	-	(4,419)	(164)
Special revenue funds	(2)	-	-	-	-	(2)	(5)
Capital projects funds	-	-	-	-	-	-	(43)
Total transfers	2,988	(4)	-	-	952	3,936	31,395
Capital contributions	2,160	-	-	-	-	2,160	83
Change in net position	4,483	-	(1,587)	(2,938)	(2,398)	(2,440)	35,693
NET POSITION, beginning of year	65,586	54	3,996	11,569	23,581	104,786	69,093
NET POSITION, end of year	\$ 70,069	54	2,409	8,631	21,183	102,346	104,786

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2013
(amounts expressed in thousands)

Schedule 11
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	\$ 28,927	-	1,392	4,078	24,703	59,100
Cash received from employees	-	-	-	-	11,965	11,965
Cash received from other entities	57	-	-	66	2,132	2,255
Payments for claims and premiums	-	(18)	(1,021)	(3,194)	(32,505)	(36,738)
Payments to suppliers for goods and services	(15,574)	-	(311)	(446)	(4,519)	(20,850)
Payments to employees for services	(9,456)	-	-	-	(51)	(9,507)
Net cash provided (used) by operating activities	3,954	(18)	60	504	1,725	6,225
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Surplus distributions paid	-	-	(36)	(88)	-	(124)
Transfers in	7,405	-	-	-	952	8,357
Transfers out	(4,417)	(4)	-	-	-	(4,421)
Net cash provided (used) by non-capital financing activities	2,988	(4)	(36)	(88)	952	3,812
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(20,283)	-	-	-	-	(20,283)
Proceeds from the sale of capital assets	2,252	-	-	-	-	2,252
Net cash provided (used) by capital and related financing activities	(18,031)	-	-	-	-	(18,031)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from maturities of investments	-	-	1,600	15,550	-	17,150
Purchases of investments	-	-	(1,600)	(19,214)	-	(20,814)
Interest and dividends received on investments	(123)	4	26	167	(230)	(156)
Net cash provided (used) by investing activities	(123)	4	26	(3,497)	(230)	(3,820)
Net increase (decrease) in cash and cash equivalents	(11,212)	(18)	50	(3,081)	2,447	(11,814)
CASH AND CASH EQUIVALENTS, beginning of year	55,928	250	2,390	8,156	26,961	93,685
CASH AND CASH EQUIVALENTS, end of year	\$ 44,716	232	2,440	5,075	29,408	81,871

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 11

INTERNAL SERVICE FUNDS

Page 2 of 2

Combining Statement of Cash Flows

For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Intra- County Services	Other Self- Insurance	Self- Insurance Casualty Pool	Self- Insurance Workers' Compensation Association	Health Insurance	Totals
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income/(loss)	\$ (574)	-	163	(1,010)	(3,136)	(4,557)
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:						
Depreciation	3,649	-	-	-	-	3,649
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	15	-	-	67	45	127
Due from other governmental units	(2)	-	-	-	-	(2)
Due from other funds	-	-	-	161	-	161
Inventory	(10)	-	-	-	-	(10)
Prepaid items	(358)	-	(96)	-	393	(61)
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	1,234	(18)	(22)	(9)	(390)	795
Unpaid losses and related expenses	-	-	15	1,337	4,613	5,965
Unearned revenue	-	-	-	-	200	200
Due to related parties	-	-	-	(42)	-	(42)
Total adjustments	<u>4,528</u>	<u>(18)</u>	<u>(103)</u>	<u>1,514</u>	<u>4,861</u>	<u>10,782</u>
Net cash provided (used) by operating activities	<u>\$ 3,954</u>	<u>(18)</u>	<u>60</u>	<u>504</u>	<u>1,725</u>	<u>6,225</u>
NON-CASH CAPITAL AND FINANCING ACTIVITIES:						
Capital contributions	\$ 2,160	-	-	-	-	2,160
Total non-cash capital and financing activities	<u>\$ 2,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160</u>



Fiduciary & Agency Funds

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

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 12

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - OPEB Master Trust Fund

As of June 30, 2013

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ASSETS			
Restricted cash	\$ 2	1	3
Restricted investments, at fair value	20,600	18,453	39,053
Total assets	<u>\$ 20,602</u>	<u>18,454</u>	<u>39,056</u>
LIABILITIES AND NET POSITION			
LIABILITIES:			
Accounts payable	\$ 2,357	5	2,362
Total liabilities	<u>2,357</u>	<u>5</u>	<u>2,362</u>
NET POSITION:			
Held in trust for pension benefits and other purposes	<u>18,245</u>	<u>18,449</u>	<u>36,694</u>
Total net position	<u>18,245</u>	<u>18,449</u>	<u>36,694</u>
Total liabilities and net position	<u>\$ 20,602</u>	<u>18,454</u>	<u>39,056</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 13

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position - OPEB Master Trust Fund

For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ADDITIONS			
Contributions - employer	\$ 4,154	3,816	7,970
Investment Income:			
Interest and dividends	900	657	1,557
Net Appreciation/(depreciation) in fair value of investments	463	376	839
	<u>1,363</u>	<u>1,033</u>	<u>2,396</u>
Total investment income			
Less investment expense	53	42	95
Net investment income	<u>1,310</u>	<u>991</u>	<u>2,301</u>
Total additions	<u>5,464</u>	<u>4,807</u>	<u>10,271</u>
DEDUCTIONS			
Other Post-Employment Benefit payments	2,351	-	2,351
Administrative Expenses	1	25	26
Total deductions	<u>2,352</u>	<u>25</u>	<u>2,377</u>
Change in net position	3,112	4,782	7,894
NET POSITION, beginning of year (as restated)	<u>15,133</u>	<u>13,667</u>	<u>28,800</u>
NET POSITION, end of year	<u>\$ 18,245</u>	<u>18,449</u>	<u>36,694</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 14

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Private Purpose Trust Funds

As of June 30, 2013

(amounts expressed in thousands)

	Private Purpose Trust Funds			Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	
ASSETS				
Equity in pooled cash and investments	\$ 363	37	336	736
Accounts receivable, net	72	-	1	73
Prepaid items	47	-	-	47
Total assets	482	37	337	856
LIABILITIES				
Accounts payable	1	-	10	11
Total liabilities	1	-	10	11
NET POSITION				
Held in trust for other purposes	481	37	327	845
Total net position	\$ 481	37	327	845

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 15

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position- Private Purpose Trust Funds

For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Private Purpose Trust Funds			Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	
ADDITIONS				
Contributions:				
Member	\$ 84	-	-	84
Total contributions	84	-	-	84
Donations	-	-	135	135
Charges for services	-	3	-	3
Investment income:				
Interest and dividends	(3)	-	(2)	(5)
Total investment income	(3)	-	(2)	(5)
Net investment income	(3)	-	(2)	(5)
Total additions	81	3	133	217
DEDUCTIONS				
Administrative expenses	243	23	137	403
Total deductions	243	23	137	403
Change in net position	(162)	(20)	(4)	(186)
NET POSITION, beginning of year	643	57	331	1,031
NET POSITION, end of year	\$ 481	37	327	845

COUNTY OF PRINCE WILLIAM, VIRGINIA
AGENCY FUNDS
Combining Statement of Fiduciary Net Position
As of June 30, 2013
(amounts expressed in thousands)

Schedule 16

	Special Welfare	Community Services Board Payees	Housing FSS Recipients	Total
ASSETS				
Equity in pooled cash and investments	\$ 61	76	478	615
Total assets	<u>\$ 61</u>	<u>76</u>	<u>478</u>	<u>615</u>
LIABILITIES				
Deposits and escrows	\$ 61	76	478	615
Total liabilities	<u>\$ 61</u>	<u>76</u>	<u>478</u>	<u>615</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 17

AGENCY FUNDS

Combining Statement of Changes In Assets and Liabilities

For the Year Ended June 30, 2013

(amounts expressed in thousands)

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
SPECIAL WELFARE				
Equity in pooled cash and investments	\$ 34	226	199	61
Total assets	<u>\$ 34</u>	<u>226</u>	<u>199</u>	<u>61</u>
Deposits and escrows	\$ 34	226	199	61
Total liabilities	<u>\$ 34</u>	<u>226</u>	<u>199</u>	<u>61</u>
COMMUNITY SERVICES BOARD PAYEES				
Equity in pooled cash and investments	\$ 67	660	651	76
Total assets	<u>\$ 67</u>	<u>660</u>	<u>651</u>	<u>76</u>
Deposits and escrows	\$ 67	660	651	76
Total liabilities	<u>\$ 67</u>	<u>660</u>	<u>651</u>	<u>76</u>
HOUSING FSS RECIPIENTS				
Equity in pooled cash and investments	\$ 460	128	110	478
Total assets	<u>\$ 460</u>	<u>128</u>	<u>110</u>	<u>478</u>
Deposits and escrows	\$ 460	128	110	478
Total liabilities	<u>\$ 460</u>	<u>128</u>	<u>110</u>	<u>478</u>
TOTAL AGENCY FUNDS				
Equity in pooled cash and investments	\$ 561	1,014	960	615
Total assets	<u>\$ 561</u>	<u>1,014</u>	<u>960</u>	<u>615</u>
Deposits and escrows	\$ 561	1,014	960	615
Total liabilities	<u>\$ 561</u>	<u>1,014</u>	<u>960</u>	<u>615</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
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER
Combining Balance Sheet

Schedule 18

As of June 30, 2013

With Comparative Totals for June 30, 2012

(amounts expressed in thousands)

	<u>Governmental Fund Types</u>		<u>2013</u>	<u>2012</u>
	<u>General Operating</u>	<u>Capital Projects</u>		
ASSETS				
Equity in pooled cash and investments	\$ 9,758	2,920	12,678	19,533
Accounts receivable, net	27	-	27	14
Due from other governmental units	1,437	-	1,437	790
Due from primary government	-	-	-	25
Total assets	<u>\$ 11,222</u>	<u>2,920</u>	<u>14,142</u>	<u>20,362</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ 560	-	560	558
Wages and benefits payable	424	-	424	407
Total liabilities	<u>984</u>	<u>-</u>	<u>984</u>	<u>965</u>
FUND BALANCES:				
Committed	3,252	2,920	6,172	9,805
Assigned	4,776	-	4,776	1,070
Unassigned	2,210	-	2,210	8,522
Total fund balances	<u>10,238</u>	<u>2,920</u>	<u>13,158</u>	<u>19,397</u>
Total liabilities and fund balances	<u>\$ 11,222</u>	<u>2,920</u>		
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			70,010	72,292
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			<u>(3,162)</u>	<u>(3,029)</u>
Net position of governmental activities			<u>\$ 80,006</u>	<u>88,660</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012
(amounts expressed in thousands)

Schedule 19

	Governmental Fund Types		Total	
	General Operating	Capital Projects	2013	2012
REVENUES:				
From use of money and property	\$ 171	-	171	221
Charges for services	505	-	505	473
Intergovernmental revenues:				
Federal	560	-	560	651
State	9,772	-	9,772	9,539
Local	26,265	-	26,265	25,061
Miscellaneous	103	-	103	92
Total revenues	<u>37,376</u>	<u>-</u>	<u>37,376</u>	<u>36,037</u>
EXPENDITURES:				
Public safety	38,585	5,041	43,626	37,427
Capital projects	-	-	-	16
Total expenditures	<u>38,585</u>	<u>5,041</u>	<u>43,626</u>	<u>37,443</u>
Excess (deficiency) of revenues over (under) expenditures	(1,209)	(5,041)	(6,250)	(1,406)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	40	40	40
Transfers out	(40)	-	(40)	(40)
Sale of surplus property	11	-	11	-
Total other financing sources (uses)	<u>(29)</u>	<u>40</u>	<u>11</u>	<u>-</u>
Net change in fund balances	<u>(1,238)</u>	<u>(5,001)</u>	<u>(6,239)</u>	<u>(1,406)</u>
FUND BALANCES, beginning of year	<u>11,476</u>	<u>7,921</u>		
FUND BALANCES, end of year	<u>\$ 10,238</u>	<u>2,920</u>		

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	11	186
Subtract depreciation expense	(2,293)	(2,352)
Subtract net book value of assets removed from service	-	(8)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add prior year's compensated absences liability	3,029	2,927
Subtract current year's compensated absences liability	(3,162)	(3,029)

Change in Adult Detention Center net position	<u>\$ (8,654)</u>	<u>(3,682)</u>
---	-------------------	----------------

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 20

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, 2013

With Comparative Totals for the Year Ended June 30, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2013 Actual	Variance With Final Budget Positive (Negative)	2012
	Original	Final			
REVENUES:					
From use of money and property	\$ -	171	171	-	221
Charges for services	663	663	505	(158)	473
Intergovernmental revenues:					
Federal	483	483	560	77	651
State	9,637	9,637	9,772	135	9,539
From other localities:					
Manassas	2,854	2,854	2,803	(51)	2,822
Manassas Park	376	376	684	308	488
Prince William County	22,949	22,778	22,778	-	21,751
Miscellaneous	57	57	103	46	92
Total revenues	<u>37,019</u>	<u>37,019</u>	<u>37,376</u>	<u>357</u>	<u>36,037</u>
EXPENDITURES:					
Public safety - Adult Detention	39,366	38,620	38,585	35	37,427
Total expenditures	<u>39,366</u>	<u>38,620</u>	<u>38,585</u>	<u>35</u>	<u>37,427</u>
OTHER FINANCING SOURCES (USES):					
Transfers out:					
Capital projects funds	(40)	(40)	(40)	-	(40)
Sale of surplus property	-	-	11	11	-
Total other financing sources (uses)	<u>(40)</u>	<u>(40)</u>	<u>(29)</u>	<u>11</u>	<u>(40)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(2,387)</u>	<u>(1,641)</u>	<u>(1,238)</u>	<u>403</u>	<u>(1,430)</u>
FUND BALANCE, beginning of year	<u>11,476</u>	<u>11,476</u>	<u>11,476</u>	<u>-</u>	<u>12,906</u>
FUND BALANCE, end of year	<u>\$ 9,089</u>	<u>9,835</u>	<u>10,238</u>	<u>403</u>	<u>11,476</u>

DEBT OBLIGATIONS

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

GOVERNMENTAL FUNDS

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

As of June 30, 2013

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2013					Total Outstanding (Not Matured) at June 30, 2013	Interest Rate (%)	Maturing Amount	Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
General Obligation Bonds:												
Parks and Recreation	\$ 5,080	5,080	15-Apr-03	--	--	--	255	--	255	4.00	255	2014
1998 Referendum:	34,305	12,510	15-Apr-03	--	625	--	--	--	625	4.00	625	2014
		10,350	8-Jun-04	--	1,040	--	--	--	1,040	5.00 5.25	520 520	2014 2015
		11,445	9-Nov-04	--	1,144	--	--	--	1,144	5.00 5.00	573 571	2014 2015
1998 Referendum Total	<u>\$ 34,305</u>	<u>34,305</u>		<u>--</u>	<u>2,809</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,809</u>			
2002 Referendum:	\$ 86,700	3,000	15-Apr-03	--	150	--	--	--	150	4.00	150	2014
		10,000	8-Jun-04	--	1,000	--	--	--	1,000	5.00 5.25	500 500	2014 2015
		26,555	9-Nov-04	--	2,661	--	--	--	2,661	5.00 5.00	1,332 1,329	2014 2015
		22,085	12-Jun-07	--	3,318	--	--	--	3,318	5.00	1,106	2014 thru 2016
		15,755	6-Aug-08	--	4,729	--	--	--	4,729	3.38 3.50 3.75 4.00	788 789 788 788	2014 2015 2016 thru 2017 2018 thru 2019
		4,955	29-Jul-10	--	3,853	--	--	--	3,853	1.20 3.00 4.00 3.00 5.00 3.00	551 551 551 550 550 550	2014 2015 2016 2017 thru 2018 2019 2020
2002 Referendum Total	<u>\$ 86,700</u>	<u>82,350</u>		<u>--</u>	<u>15,711</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,711</u>			
2006 Referendum:	\$ 369,550	10,370	12-Jun-07	--	1,557	--	--	--	1,557	5.00	519	2014 thru 2016
		31,175	6-Aug-08	--	8,051	--	1,320	--	9,371	3.38 3.50 3.75 4.00	1,561 1,562 1,562 1,562	2014 2015 2016 thru 2017 2018 thru 2019
		3,775	29-Jul-10	--	2,937	--	--	--	2,937	1.20 3.00 4.00 3.00 5.00 3.00	419 419 419 420 420 420	2014 2015 2016 2017 thru 2018 2019 2020
Taxable - Local Build America Bonds		10,670	29-Jul-10	--	10,670	--	--	--	10,670	3.68 4.28 4.28 5.31	1,000 960 965 970	2021 2022 2023 thru 2026 2027 thru 2031
2006 Referendum Total	<u>\$ 369,550</u>	<u>55,990</u>		<u>--</u>	<u>23,215</u>	<u>--</u>	<u>1,320</u>	<u>--</u>	<u>24,535</u>			
School Bonds	\$ 13,150	13,150	5-May-94	--	--	--	--	675	675	6.30	675	2014
		25,760	1-May-95	--	--	--	--	3,855	3,855	5.90 5.98	1,285 1,285	2014 2015 thru 2016
		19,900	1-Apr-97	--	--	--	--	4,975	4,975	5.60	995	2014 thru 2018

GOVERNMENTAL FUNDS

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

As of June 30, 2013

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2013					Total Outstanding (Not Matured) at June 30, 2013	Interest Rate (%)	Maturing Amount	Annual Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
General Obligation (cont'd):												
School Bonds (cont'd)	9,850	9,850	30-Apr-99	--	--	--	--	2,940	2,940	4.98 5.10	490 490	2014 thru 2015 2016 thru 2019
	11,930	11,930	13-May-99	--	--	--	--	4,165	4,165	4.73 5.10 5.23	595 595 595	2014 thru 2015 2016 thru 2018 2019 thru 2020
	33,650	33,650	18-May-00	--	--	--	--	13,440	13,440	5.60	1,680	2014 thru 2021
	48,175	48,175	17-May-01	--	--	--	--	21,665	21,665	5.10 5.10	2,410 2,405	2014 thru 2017 2018 thru 2022
	52,660	52,660	16-May-02	--	--	--	--	26,310	26,310	5.10 5.10	2,635 2,630	2014 thru 2015 2016 thru 2023
	80,675	80,675	15-May-03	--	--	--	--	44,360	44,360	5.10 4.10 5.10 5.10 4.60	4,035 4,035 4,035 4,030 4,030	2014 thru 2016 2017 2018 thru 2019 2020 thru 2021 2022 thru 2024
	48,795	48,795	13-May-04	--	--	--	--	29,275	29,275	5.10 5.10	2,440 2,435	2014 thru 2024 2025
	62,320	62,320	12-May-05	--	--	--	--	40,495	40,495	5.10 4.10 5.10 4.35	3,115 3,115 3,115 3,115	2014 thru 2019 2020 2021 thru 2025 2026
	61,605	61,605	11-May-06	--	--	--	--	43,120	43,120	5.10 4.48 4.60 5.10	3,080 3,080 3,080 3,080	2014 thru 2021 2022 2023 thru 2026 2027
	64,975	64,975	10-May-07	--	--	--	--	48,725	48,725	5.10 4.10 5.10 4.48 4.50 5.10	3,250 3,250 3,250 3,245 3,245 3,245	2014 thru 2020 2021 2022 thru 2023 2024 2025 thru 2026 2027 thru 2028
	45,890	45,890	15-May-08	--	--	--	--	36,710	36,710	5.10 5.10 4.60	2,295 2,290 2,290	2014 thru 2027 2028 2029
	51,020	51,020	15-May-09	--	--	--	--	43,355	43,355	5.05 5.05 4.05 5.05 4.05 5.05 4.30 5.05 4.25	2,555 2,550 2,550 2,550 2,550 2,550 2,550 2,550 2,550	2014 2015 thru 2019 2020 2021 thru 2025 2026 2027 2028 2029 2030
	23,935	23,935	13-May-10	--	--	--	--	15,960	15,960	5.05 3.05	3,990 3,990	2014 thru 2016 2017
Taxable - Local Build America Bonds	60,765	56,445	13-May-10	--	--	--	--	56,445	56,445	3.85 4.22 4.42 4.52 4.72 4.82 4.97 5.07 5.17 5.56	4,035 4,035 4,035 4,035 4,035 4,030 4,030 4,030 4,030 4,030	2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 thru 2031

GOVERNMENTAL FUNDS

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

As of June 30, 2013

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2013					Total Outstanding (Not Matured) at June 30, 2013	Interest Rate (%)	Maturing Amount	Maturing Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
Direct Payment Qualified School Construction Bonds ^A	9,800	9,685	8-Jul-10	--	--	--	--	7,980	7,980	-	570	2014 thru 2027
	51,200	46,445	4-Aug-11	--	--	--	--	44,120	44,120	3.00	2,325	2014
										4.00	2,325	2015 thru 2016
										5.00	2,325	2017
										2.25	2,325	2018
										5.00	2,325	2019
										3.00	2,325	2020
										5.00	2,325	2021
										2.75	2,320	2022
										3.00	2,320	2023 thru 2024
										3.25	2,320	2025
										3.38	2,320	2026
										3.50	2,320	2027 thru 2028
										4.00	2,320	2029 thru 2032
	79,600	65,675	1-Aug-12	--	--	--	--	65,675	65,675	5.00	3,285	2014 thru 2024
										4.50	3,285	2025 thru 2028
										4.50	3,280	2029 thru 2033
Total School Bonds	\$ 855,655	832,540		--	--	--	--	554,245	554,245			
Refunding Bonds	\$ 67,165	67,165	15-Apr-03	900	5,550	--	--	350	6,800	4.00	3,455	2014
										4.00	3,345	2015
	47,175	47,175	1-Sep-04	2,028	--	--	--	10,022	12,050	5.00	3,685	2014
										5.00	3,690	2015
										5.00	3,685	2016
										4.13	990	2021
	50,000	48,260	29-Jul-10	--	38,620	--	2,910	4,500	46,030	1.20	550	2014
										3.00	1,615	2015
										4.00	4,115	2016
										3.00	770	2017
										5.00	5,000	2017
										3.00	780	2018
										5.00	5,000	2018
										5.00	6,190	2019
										3.00	5,895	2020
										4.00	710	2020
										2.75	4,845	2021
										4.00	1,700	2022
										5.00	3,100	2022
										5.00	3,830	2023
										5.00	1,930	2024
	59,000	35,550	29-Feb-12	--	34,135	--	1,415	--	35,550	4.00	1,650	2020
										4.00	3,295	2021
										4.00	3,275	2022
										4.00	3,695	2023
										5.00	5,590	2024
										5.00	6,610	2025
										5.00	3,695	2026
										5.00	3,690	2027
										5.00	2,025	2028 thru 2029
Refunding Bonds Taxable Bonds	26,000	16,035	29-Feb-12	--	4,432	--	751	10,852	16,035	0.27	385	2014
										0.42	390	2015
										0.53	1,465	2016
										1.12	5,010	2017
										1.42	4,815	2018
										1.73	2,010	2019
										1.93	1,960	2020
State Literary Fund Loans: Benton Middle School	5,000	5,000	1-Jul-02	--	--	--	--	2,500	2,500	4.00	250	2014 thru 2023
IDA Lease Revenue Bond - Refunding American Type Culture Collection (ATCC) Building	10,690	10,690	10-May-05	5,325	--	--	--	--	5,325	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	\$ 1,616,320	1,240,140		8,253	124,472	--	6,651	582,469	721,845			

GOVERNMENTAL FUNDS

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

As of June 30, 2013

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2013					Total Outstanding (Not Matured) at June 30, 2013	Interest Rate (%)	Maturing Annually Amount	Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
Capital Lease Obligations:												
2004 VRA - Nokesville Fire Station	6,345	6,345	4-Dec-03	320	--	--	--	--	320	4.65	320	2014
2005 VRA - Spicer Fire Station	3,300	3,300	8-Jun-05	1,285	--	--	--	--	1,285	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	--	3,180	--	--	--	3,180	4.79	1,060	2014 thru 2016
2005 LPC - Phase III Facility, Land Acquisition & PW Golf Course expansion	38,645	38,645	21-Sep-05	3,804	--	--	66	--	3,870	4.00	1,935	2014
										5.00	1,935	2015
2006 VRA - River Oaks Fire Station	5,000	5,000	29-Nov-06	3,500	--	--	--	--	3,500	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
2006A COP - Adult Detention Center	34,505	34,505	1-Aug-06	--	--	6,900	--	--	6,900	4.25	1,725	2014 thru 2015
										4.00	1,725	2016
										4.50	1,725	2017
2007 VRA - Roads	14,795	14,795	7-Jun-07	--	10,335	--	--	--	10,335	4.72	745	2014
										4.50	745	2015
										4.49	740	2016
										4.72	740	2017
										4.10	740	2018
										4.79	740	2019 thru 2020
										4.83	735	2021 thru 2022
										4.87	735	2023
										4.35	735	2024 thru 2025
										4.39	735	2026 thru 2027
2007 VRA - Antioch Fire Station	5,275	5,275	7-Jun-07	3,665	--	--	--	--	3,665	4.79	270	2014
										4.80	265	2015 thru 2017
										4.10	260	2018
										4.79	260	2019 thru 2020
										4.83	260	2021 thru 2022
										4.87	260	2023
										4.35	260	2024 thru 2025
										4.39	260	2026 thru 2027
2008 VRA - Roads	6,255	6,255	19-Jun-08	--	4,995	--	--	--	4,995	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	3,555	--	--	--	--	3,555	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

GOVERNMENTAL FUNDS

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

As of June 30, 2013

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2013					Total Outstanding (Not Matured) at June 30, 2013	Interest Rate (%)	Maturing Amount	Maturing Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
2009 VRA - Roads	37,945	37,945	19-Jun-08	--	32,245	--	--	--	32,245	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	5,870	--	--	--	--	5,870	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
Fire Engine Lease Gainesville Fire Station	656	656	2-Nov-08	306	--	--	--	--	306	5.26	97	2014
										5.26	102	2015
										5.26	107	2016
Refunding LPC - Judicial Center	18,500	16,025	6-Oct-10	14,445	--	--	--	--	14,445	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	2,575	--	--	--	--	2,575	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
										3.53	300	2022
										5.10	310	2023
Refunding VRA Western District Police	16,000	13,165	2-Nov-10	12,200	--	--	--	--	12,200	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
										3.54	1,410	2022
										5.10	1,475	2023
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
Refunding VRA Spriggs Road	10,100	10,095	27-Jun-12	10,010	--	--	--	--	10,010	4.13	1,010	2017
										4.82	1,005	2018
										5.13	1,005	2019
										5.13	1,000	2020 thru 2024
										4.83	995	2025
										4.82	995	2026
Refunding VRA Nokesville Fire Station	900	880	27-Jun-12	870	--	--	--	--	870	3.13	90	2015 thru 2016
										4.13	90	2017 thru 2018
										5.13	85	2019 thru 2024

GOVERNMENTAL FUNDS

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

As of June 30, 2013

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2013					Total Outstanding (Not Matured) at June 30, 2013	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
Refunding COP	50,000	35,205	26-Mar-13	18,381	--	16,505	319	--	35,205	3.00	1,960	2016
										3.00	1,925	2017
										4.00	3,615	2018
										4.00	3,575	2019
										4.00	3,535	2020
										5.00	3,510	2021
										5.00	3,500	2022
										5.00	3,495	2023
										5.00	3,500	2024
										5.00	3,510	2025
5.00	1,540	2026 thru 2027										
Equipment Lease - Parks and Recreation	1,309	1,309	21-Dec-07	--	--	--	406	--	406	3.34	200	2014
										3.34	206	2015
	1,048	1,048	14-Jul-11	--	--	--	744	--	744	1.87	208	2014
										1.87	212	2015
										1.87	215	2016
										1.87	109	2017
Total Capital Lease Obligations	\$ 297,823	276,653		82,966	50,755	23,405	1,535	--	158,661			
Total General Obligation, Capital Leases and Other Long-Term Debt	\$ 1,914,143	1,516,793		91,219	175,227	23,405	8,186	582,469	880,506			

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.

PROPRIETARY FUNDS

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

As of June 30, 2013

(amounts expressed in thousands)

<u>Total Outstanding at June 30, 2013</u>									
<u>Description</u>	<u>Authorized</u>	<u>Issued</u>	<u>Date Issued</u>	<u>Landfill</u>	<u>Parks & Recreation</u>	<u>Total Outstanding (Not Matured) at June 30, 2013</u>	<u>Interest Rate (%)</u>	<u>Maturing Amount</u>	<u>Annually Fiscal Year</u>
Revenue Bonds:									
Refunding Bonds	\$ 14,500	12,240	16-Feb-05	1,590	--	1,590	3.52	1,590	2014
	19,000	13,285	14-Apr-10	--	11,690	11,690	4.00	555	2014
							2.50	580	2015
							3.00	590	2016
							4.00	610	2017
							4.00	630	2018
							4.00	650	2019
							4.00	680	2020
							3.50	715	2021
							3.75	730	2022
							3.88	760	2023
							4.00	790	2024
							4.00	815	2025
							4.00	850	2026
							4.00	880	2027
							4.00	910	2028
							4.13	945	2029
Total Revenue Bonds	\$ 33,500	25,525		1,590	11,690	13,280			
Capital Lease Obligations:									
Equipment Leases	\$ 691	691	21-Dec-07	--	214	214	3.34	105	2014
							3.34	109	2015
Equipment Leases	952	952	14-Jul-11	--	675	675	1.87	188	2014
							1.87	192	2015
							1.87	196	2016
							1.87	99	2017
Total Capital Lease Obligations	\$ 1,643	1,643		--	889	889			
Total Capital Leases and Other Long-Term Debt	\$ 35,143	27,168		1,590	12,579	14,169			

STATISTICAL SECTION

This part of Prince William County’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Contents	Page
Financial Trends	166
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	176
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	184
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	191
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	193
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	196
These schedules present other information useful to certain readers of the County’s financial statements.	

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 1 - Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2004	2005	2006	2007	2008 ^c
Governmental activities:					
Net Investment in capital assets	\$ 157,675	\$ 157,297	\$ 181,314	\$ 176,505	\$ 228,235
Restricted	63,091	97,948	80,709	127,372	97,828
Unrestricted	<u>(416,662)</u>	<u>(448,851)</u>	<u>(456,650)</u>	<u>(557,515)</u>	<u>(572,351)</u>
Total governmental activities net position	<u>\$ (195,896)</u>	<u>\$ (193,606)</u>	<u>\$ (194,627)</u>	<u>\$ (253,638)</u>	<u>\$ (246,288)</u>
Business-type activities:					
Net Investment in capital assets	\$ 15,597	\$ 16,580	\$ 19,534	\$ 20,316	\$ 21,238
Unrestricted	<u>10,709</u>	<u>10,879</u>	<u>5,246</u>	<u>1,784</u>	<u>6,345</u>
Total business-type activities net position	<u>\$ 26,306</u>	<u>\$ 27,459</u>	<u>\$ 24,780</u>	<u>\$ 22,100</u>	<u>\$ 27,583</u>
Primary government:					
Net Investment in capital assets	\$ 173,272	\$ 173,877	\$ 200,848	\$ 196,821	\$ 249,473
Restricted	63,091	97,948	80,709	127,372	97,828
Unrestricted	<u>(405,953)</u>	<u>(437,972)</u>	<u>(451,404)</u>	<u>(555,731)</u>	<u>(566,006)</u>
Total primary government net position	<u>\$ (169,590)</u>	<u>\$ (166,147)</u>	<u>\$ (169,847)</u>	<u>\$ (231,538)</u>	<u>\$ (218,705)</u>
Component units:^a					
Net Investment in capital assets	\$ 600,839	\$ 673,971	\$ 760,726	\$ 849,253	\$ 959,640
Restricted	99,225	91,563	93,803	150,427	111,676
Unrestricted	<u>34,938</u>	<u>68,448</u>	<u>85,543</u>	<u>105,568</u>	<u>85,760</u>
Total component units net position	<u>\$ 735,002</u>	<u>\$ 833,982</u>	<u>\$ 940,072</u>	<u>\$ 1,105,248</u>	<u>\$ 1,157,076</u>
Total reporting entity:					
Net Investment in capital assets ^b	\$ 460,590	\$ 492,349	\$ 573,997	\$ 611,788	\$ 728,795
Restricted ^b	65,261	100,132	82,914	130,976	98,566
Unrestricted	<u>39,561</u>	<u>75,354</u>	<u>113,314</u>	<u>130,946</u>	<u>111,010</u>
Total reporting entity net position	<u>\$ 565,412</u>	<u>\$ 667,835</u>	<u>\$ 770,225</u>	<u>\$ 873,710</u>	<u>\$ 938,371</u>

^a Component unit net position represents a significant portion of net position for the total reporting entity,

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

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

^d The Park Authority component unit was dissolved and became the County Department of Parks and Recreation effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013.

2009	2010	2011	2012 ^d	2013	
\$ 252,588	\$ 308,128	\$ 309,109	\$ 371,873	\$ 410,205	Governmental activities:
126,792	79,067	102,590	103,323	116,177	Net Investment in capital assets
(637,188)	(586,903)	(540,498)	(510,764)	(572,432)	Restricted
					Unrestricted
\$ <u>(257,808)</u>	\$ <u>(199,708)</u>	\$ <u>(128,799)</u>	\$ <u>(35,568)</u>	\$ <u>(46,050)</u>	Total governmental activities net position
					Business-type activities:
\$ 22,020	\$ 23,790	\$ 28,333	\$ 37,030	\$ 36,810	Net Investment in capital assets
7,411	12,253	9,506	5,675	(146)	Unrestricted
\$ <u>29,431</u>	\$ <u>36,043</u>	\$ <u>37,839</u>	\$ <u>42,705</u>	\$ <u>36,664</u>	Total business-type activities net position
					Primary government:
\$ 274,608	\$ 331,918	\$ 337,442	\$ 408,903	\$ 447,015	Net Investment in capital assets
126,792	79,067	102,590	103,323	116,177	Restricted
(629,777)	(574,650)	(530,992)	(505,089)	(572,578)	Unrestricted
\$ <u>(228,377)</u>	\$ <u>(163,665)</u>	\$ <u>(90,960)</u>	\$ <u>7,137</u>	\$ <u>(9,386)</u>	Total primary government net position
					Component units: ^a
\$ 1,021,548	\$ 1,087,841	\$ 1,161,881	\$ 1,149,459	\$ 1,195,075	Net Investment in capital assets
90,441	90,969	39,134	34,791	43,091	Restricted
126,805	146,002	139,408	111,523	114,809	Unrestricted
\$ <u>1,238,794</u>	\$ <u>1,324,812</u>	\$ <u>1,340,423</u>	\$ <u>1,295,773</u>	\$ <u>1,352,975</u>	Total component units net position
					Total reporting entity:
\$ 777,478	\$ 887,366	\$ 928,973	\$ 975,195	\$ 1,055,634	Net Investment in capital assets ^b
126,792	79,067	118,527	115,407	139,850	Restricted ^b
106,147	194,714	201,963	212,308	148,105	Unrestricted
\$ <u>1,010,417</u>	\$ <u>1,161,147</u>	\$ <u>1,249,463</u>	\$ <u>1,302,910</u>	\$ <u>1,343,589</u>	Total reporting entity net position

COUNTY OF PRINCE WILLIAM, VIRGINIA
TABLE 2 - Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting; amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary Government:										
Expenses										
Governmental activities:										
General government administration	\$ 28,115	\$ 33,959	\$ 38,146	\$ 38,452	\$ 40,289	\$ 41,470	\$ 37,377	\$ 45,435	\$ 40,151	\$ 37,932
Judicial administration	15,518	15,661	17,130	18,097	19,260	19,004	17,471	18,157	18,222	19,524
Public safety	137,522	146,097	176,300	247,862	194,468	210,257	197,928	205,341	215,366	234,880
Public works	32,207	58,200	73,149	90,004	94,042	124,491	54,892	48,819	55,538	72,924
Health and welfare	59,249	63,111	65,580	70,062	75,112	75,163	74,268	76,664	75,217	75,909
Education	310,767	360,258	386,995	413,349	403,396	434,797	440,443	368,236	406,022	463,154
Parks, recreational and cultural	30,277	28,904	31,479	36,114	37,291	35,793	38,347	33,728	54,934	34,077
Community development	47,136	48,079	50,363	45,225	45,474	49,100	49,524	50,227	52,318	53,726
Interest on long-term debt	27,432	31,923	33,684	40,074	41,526	41,868	44,253	44,095	43,242	43,086
Total governmental activities expenses	688,223	786,192	872,826	999,239	950,858	1,031,943	954,503	890,702	961,010	1,035,212
Business-type activities:										
Landfill	11,683	13,919	13,885	14,461	14,955	12,181	10,724	15,804	16,734	15,832
Parks and Recreation	--	--	--	--	--	--	--	--	15,927	19,729
Innovation Technology Park	129	877	157	949	209	242	49	48	48	60
Total business-type activities expenses	11,812	14,796	14,042	15,410	15,164	12,423	10,773	15,852	32,709	35,621
Total primary government expenses	\$ 700,035	\$ 800,988	\$ 886,868	\$ 1,014,649	\$ 966,022	\$ 1,044,366	\$ 965,276	\$ 906,554	\$ 993,719	\$ 1,070,833
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 377	\$ 477	\$ 513	\$ 539	\$ 570	\$ 678	\$ 554	\$ 554	\$ 597	\$ 590
Judicial administration	5,628	6,558	7,213	5,577	4,796	4,695	4,234	4,160	4,548	4,929
Public safety	3,481	4,317	4,630	6,002	6,412	5,783	6,027	6,646	11,105	12,220
Public works	7,274	7,447	6,692	6,851	8,796	4,669	4,958	5,038	5,054	8,248
Health and welfare	1,473	1,666	1,619	1,751	2,000	1,850	1,429	1,287	1,381	1,345
Parks, recreational and cultural	441	590	575	553	517	526	520	562	1,807	548
Community development	17,374	17,527	17,216	11,121	11,624	10,457	9,564	10,461	15,234	18,973
Operating grants and contributions	67,689	68,900	69,496	74,152	76,200	86,411	90,529	88,851	101,066	77,104
Capital grants and contributions	23,364	20,346	26,259	37,673	31,514	40,183	28,271	46,890	37,115	29,758
Total governmental activities program revenues	127,101	127,828	134,213	144,219	142,429	155,252	146,086	164,449	177,907	153,715
Business-type activities:										
Charges for services:										
Landfill	12,543	13,305	13,296	14,567	14,948	15,840	16,244	17,696	17,213	17,556
Parks and Recreation	--	--	--	--	--	--	--	--	13,228	10,904
Innovation Technology Park	474	3,098	1,416	7,812	2,168	1,373	7	--	990	--
Capital grants and contributions	--	--	--	--	--	27	177	66	57	27
Total business-type activities program revenues	13,017	16,403	14,712	22,379	17,116	17,240	16,428	17,762	31,488	28,487
Total primary government program revenues	\$ 140,118	\$ 144,231	\$ 148,925	\$ 166,598	\$ 159,545	\$ 172,492	\$ 162,514	\$ 182,211	\$ 209,395	\$ 182,202
Net (Expense)/Revenue										
Governmental activities	\$ (561,122)	\$ (658,364)	\$ (738,613)	\$ (855,020)	\$ (808,429)	\$ (876,691)	\$ (808,417)	\$ (726,253)	\$ (783,103)	\$ (881,497)
Business-type activities	1,205	1,607	670	6,969	1,952	4,817	5,655	1,910	(1,221)	(7,134)
Total primary government net (expense)/revenue	\$ (559,917)	\$ (656,757)	\$ (737,943)	\$ (848,051)	\$ (806,477)	\$ (871,874)	\$ (802,762)	\$ (724,343)	\$ (784,324)	\$ (888,631)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Real property	\$ 340,470	\$ 388,216	\$ 418,990	\$ 461,230	\$ 484,368	\$ 545,021	\$ 509,007	\$ 508,761	\$ 526,885	\$ 551,951
Personal property	51,285	52,625	62,368	75,030	77,509	80,642	67,816	72,641	78,338	85,515
Local sales	40,721	43,857	46,649	47,921	46,155	45,055	46,155	49,554	52,003	55,169
Consumers utility	22,870	25,452	26,295	18,522	12,354	12,596	12,840	13,190	13,075	13,490
Telecommunications sales and use tax	--	--	--	9,533	22,230	20,198	--	--	--	--
Cable franchise tax	3,262	3,252	3,431	2,021	--	--	--	--	--	--
Business, professional and occupational license	17,564	19,534	23,071	22,809	21,173	19,931	20,269	20,965	21,725	22,913
Recordation	10,713	19,491	22,741	15,143	11,528	10,669	7,813	7,562	8,014	10,277
Motor vehicle licenses	5,829	6,275	6,641	6,534	6,651	6,874	7,221	7,504	7,591	7,877
Public safety E-911	3,047	2,957	2,931	1,536	--	--	--	--	--	--
Transient occupancy	2,357	2,793	3,026	3,294	3,389	3,189	3,014	3,169	3,274	3,369
Short term rental, bank stock, public utility gross receipts	1,764	1,803	2,151	2,044	1,990	2,220	2,661	3,208	3,080	2,973
Grants and contributions not restricted to specific programs	57,450	59,608	67,359	62,227	62,580	62,765	82,882	82,422	81,503	81,785
Investment earnings	5,232	13,909	20,823	31,484	35,361	26,777	31,700	11,754	20,222	(1,558)
Insurance claims and recoveries	--	--	--	--	--	--	--	--	66	100
Gain/(loss) on disposition of capital assets	--	--	--	--	(170)	--	--	--	--	--
Miscellaneous	7,989	18,976	26,291	24,720	24,633	24,357	21,954	14,876	10,348	37,530
Transfers	2,831	1,736	4,825	11,961	(789)	4,877	810	1,556	1,527	(376)
Total governmental activities	573,384	660,484	737,592	796,009	808,962	865,171	814,142	797,162	827,651	871,015

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Taxes										
Grants and contributions not restricted to specific programs	144	--	--	--	--	1	--	--	--	--
Investment earnings	213	637	712	1,272	1,228	1,003	928	343	513	(99)
Gain/(loss) on disposition of capital assets	--	--	--	--	--	(141)	--	--	--	--
Miscellaneous	746	816	764	1,040	1,514	1,045	839	1,099	794	816
Transfers	(2,831)	(1,736)	(4,825)	(11,961)	789	(4,877)	(810)	(1,556)	(1,527)	376
Total business-type activities	<u>(1,728)</u>	<u>(283)</u>	<u>(3,349)</u>	<u>(9,649)</u>	<u>3,531</u>	<u>(2,969)</u>	<u>957</u>	<u>(114)</u>	<u>(220)</u>	<u>1,093</u>
Total primary government	\$ <u>571,656</u>	\$ <u>660,201</u>	\$ <u>734,243</u>	\$ <u>786,360</u>	\$ <u>812,493</u>	\$ <u>862,202</u>	\$ <u>815,099</u>	\$ <u>797,048</u>	\$ <u>827,431</u>	\$ <u>871,015</u>
Change in Net Position										
Governmental activities	\$ 12,262	\$ 2,120	\$ (1,021)	\$ (59,011)	\$ 533	\$ (11,520)	\$ 5,725	\$ 70,909	\$ 44,548	\$ (10,482)
Business-type activities	(523)	1,324	(2,679)	(2,680)	5,483	1,848	6,612	1,796	(1,441)	(6,041)
Total primary government	\$ <u>11,739</u>	\$ <u>3,444</u>	\$ <u>(3,700)</u>	\$ <u>(61,691)</u>	\$ <u>6,016</u>	\$ <u>(9,672)</u>	\$ <u>12,337</u>	\$ <u>72,705</u>	\$ <u>43,107</u>	\$ <u>(16,523)</u>
Component Units:^a										
Expenses										
School Board	\$ 568,664	\$ 647,871	\$ 709,940	\$ 797,465	\$ 854,175	\$ 879,594	\$ 879,024	\$ 885,979	\$ 945,026	\$ 982,546
Adult Detention Center	22,150	25,259	26,265	30,075	36,428	37,479	44,635	30,816	39,719	46,030
Park Authority	24,945	26,558	27,806	29,401	31,416	30,749	29,754	29,517	--	--
Convention & Visitors Bureau	--	--	--	--	--	--	--	--	1,183	1,253
Total component unit expenses	\$ <u>615,759</u>	\$ <u>699,688</u>	\$ <u>764,011</u>	\$ <u>856,941</u>	\$ <u>922,019</u>	\$ <u>947,822</u>	\$ <u>953,413</u>	\$ <u>946,312</u>	\$ <u>985,928</u>	\$ <u>1,029,829</u>
Program Revenues										
Charges for services	\$ 27,590	\$ 30,618	\$ 31,784	\$ 33,552	\$ 35,946	\$ 36,270	\$ 34,948	\$ 35,144	\$ 23,551	\$ 24,230
Operating grants and contributions	74,567	86,295	93,688	103,107	109,227	117,803	120,782	144,496	144,394	146,617
Capital grants and contributions	902	904	1,598	990	4,540	4,395	4,863	209	98	113
Total component unit program revenues	\$ <u>103,059</u>	\$ <u>117,817</u>	\$ <u>127,070</u>	\$ <u>137,649</u>	\$ <u>149,713</u>	\$ <u>158,468</u>	\$ <u>160,593</u>	\$ <u>179,849</u>	\$ <u>168,043</u>	\$ <u>170,960</u>
General Revenues and Other										
Changes in Net Position										
Payment from primary government	\$ 375,493	\$ 435,390	\$ 476,726	\$ 575,240	\$ 505,409	\$ 538,853	\$ 544,019	\$ 469,759	\$ 497,540	\$ 556,524
Grants and contributions not restricted to specific programs	203,673	238,381	257,076	293,972	307,491	323,233	324,506	306,261	324,278	354,051
Investment earnings	1,698	2,965	5,994	10,772	9,389	6,856	5,367	4,358	3,287	1,892
Loss on disposal of capital assets	--	3	--	--	(17)	--	--	--	--	--
Miscellaneous	3,067	4,112	3,235	4,484	1,862	2,130	1,812	1,696	2,758	3,604
Total general revenues and other changes in net position	\$ <u>583,931</u>	\$ <u>680,851</u>	\$ <u>743,031</u>	\$ <u>884,468</u>	\$ <u>824,134</u>	\$ <u>871,072</u>	\$ <u>875,704</u>	\$ <u>782,074</u>	\$ <u>827,863</u>	\$ <u>916,071</u>
Total component unit change in net position	\$ <u>71,231</u>	\$ <u>98,980</u>	\$ <u>106,090</u>	\$ <u>165,176</u>	\$ <u>51,828</u>	\$ <u>81,718</u>	\$ <u>82,884</u>	\$ <u>15,611</u>	\$ <u>9,978</u>	\$ <u>57,202</u>

^a The Park Authority component unit was dissolved and became the County Department of Parks and Recreation effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years

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

	2004	2005	2006	2007	2008
General Fund:					
Non-spendable	\$ 345	\$ 725	\$ 689	\$ 381	\$ 324
Restricted	8,499	1,453	1,534	1,597	1,861
Committed	51,755	76,876	67,313	68,070	59,181
Assigned	--	5,358	5,947	8,378	7,331
Unassigned	43,939	52,351	58,462	61,666	63,228
Total general fund	<u>104,538</u>	<u>136,763</u>	<u>133,944</u>	<u>140,092</u>	<u>131,925</u>
Capital Projects:					
Non-spendable	--	--	--	--	23
Restricted	67,266	57,930	39,189	77,160	32,911
Committed	29,786	50,666	95,576	87,835	104,452
Total capital projects	<u>97,052</u>	<u>108,596</u>	<u>134,765</u>	<u>164,995</u>	<u>137,386</u>
Fire & Rescue Levy:					
Restricted					
Total non-major special revenue funds					
Non-major Special Revenue Funds:					
Non-spendable	--	--	--	--	--
Restricted	30,518	38,359	38,935	47,502	61,807
Total non-major special revenue funds	<u>\$ 30,518</u>	<u>\$ 38,359</u>	<u>\$ 38,935</u>	<u>\$ 47,502</u>	<u>\$ 61,807</u>

a. Beginning in FY2013, the Fire & Rescue Levy fund became a major fund.

2009	2010	2011	2012	2013 ^a	
					General Fund:
\$ 293	\$ 201	\$ 224	\$ 229	\$ 299	Non-spendable
1,559	1,321	1,369	1,274	2,101	Restricted
95,532	99,627	113,811	90,209	81,114	Committed
4,311	3,780	7,570	7,073	8,137	Assigned
<u>67,187</u>	<u>63,948</u>	<u>62,422</u>	<u>64,457</u>	<u>67,075</u>	Unassigned
<u>168,882</u>	<u>168,877</u>	<u>185,396</u>	<u>163,242</u>	<u>158,726</u>	Total general fund
					Capital Projects:
34	34	34	199	34	Non-spendable
55,992	8,550	26,798	21,633	--	Restricted
<u>87,102</u>	<u>111,574</u>	<u>109,413</u>	<u>87,301</u>	<u>102,692</u>	Committed
<u>143,128</u>	<u>120,158</u>	<u>136,245</u>	<u>109,133</u>	<u>102,726</u>	Total capital projects
				66,893	Fire & Rescue Levy:
				<u>66,893</u>	Restricted
					Total non-major special revenue funds
					Non-major Special Revenue Funds:
--	--	--	--	30	Non-spendable
<u>67,497</u>	<u>67,339</u>	<u>73,173</u>	<u>77,568</u>	<u>16,895</u>	Restricted
<u>\$ 67,497</u>	<u>\$ 67,339</u>	<u>\$ 73,173</u>	<u>\$ 77,568</u>	<u>\$ 16,925</u>	Total non-major special revenue funds

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 4 - Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

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

	2004	2005	2006	2007	2008
REVENUES:					
General property taxes	\$ 390,802	\$ 440,822	\$ 482,075	\$ 535,367	\$ 560,637
Other local taxes	104,865	126,063	136,936	129,357	125,470
Permits, privilege fees and regulatory licenses	23,480	20,418	18,793	14,596	13,607
Fines and forfeitures	2,329	2,392	2,469	2,767	2,664
From use of money and property	4,258	12,494	18,213	27,476	30,579
Charges for services	13,501	15,133	17,203	15,035	18,446
Intergovernmental revenues:					
Federal	43,909	44,354	43,677	44,802	46,133
State	86,794	88,567	102,420	99,511	96,842
Local	7,333	8,085	8,289	10,095	10,307
Donations and contributions	113	147	129	119	107
Miscellaneous	7,957	18,994	26,285	24,735	25,656
Total revenues	<u>685,341</u>	<u>777,469</u>	<u>856,489</u>	<u>903,860</u>	<u>930,448</u>
EXPENDITURES:					
General government administration	29,981	33,176	35,685	34,649	35,838
Judicial administration	14,679	14,589	16,180	17,599	18,182
Public safety	132,761	144,058	171,717	244,659	191,061
Public works	19,854	22,296	23,567	27,738	30,188
Health and welfare	59,572	61,534	64,880	70,596	75,562
Education	314,193	357,726	388,718	416,114	403,396
Parks, recreational and cultural	28,197	27,600	29,922	32,828	36,097
Community development	43,447	43,805	47,938	44,123	42,353
Debt service:					
Principal retirement	35,615	40,323	47,955	52,455	60,162
Interest and other debt costs	25,493	30,029	33,171	37,675	39,990
Intergovernmental - arbitrage rebate	(126)	71	217	1,060	147
Capital outlays	33,759	61,804	104,042	89,033	74,601
Total expenditures	<u>737,425</u>	<u>837,011</u>	<u>963,992</u>	<u>1,068,529</u>	<u>1,007,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,084)</u>	<u>(59,542)</u>	<u>(107,503)</u>	<u>(164,669)</u>	<u>(77,129)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	38,058	33,756	72,779	73,392	54,079
Transfers out	(35,151)	(31,785)	(67,675)	(60,932)	(58,921)
Sale of lease participation certificates	6,345	3,300	59,885	93,075	10,710
Bonds, notes and capital leases	69,233	100,320	61,605	98,730	45,890
Refunding of lease participation certificates	--	--	15,550	--	--
Refunding bonds	--	57,865	--	--	--
Payments to refunded lease participation certificates escrow agent	--	--	(15,289)	--	--
Payments to refunded bond escrow agent	--	(61,292)	--	--	--
Premium on sale of bonds	4,346	5,003	2,353	3,905	3,343
Premium from refunding bonds	--	3,841	--	--	--
Premium on sale of lease participation certificates	328	54	2,164	1,368	457
Premiums from refunding lease participation certificates	--	--	17	--	--
Insurance recoveries	35	--	--	--	--
State literary fund proceeds	--	--	--	--	--
Sale of surplus property	829	205	145	75	135
Total other financing sources (uses)	<u>84,023</u>	<u>111,267</u>	<u>131,534</u>	<u>209,613</u>	<u>55,693</u>
Net change in fund balances	<u>\$ 31,939</u>	<u>\$ 51,725</u>	<u>\$ 24,031</u>	<u>\$ 44,944</u>	<u>\$ (21,436)</u>
Debt service as a percentage of noncapital expenditures	8.50%	8.58%	8.93%	8.74%	10.03%

a Beginning in FY2013, the Park Authority component unit merged its functions into the County Government by creating a new Prince

	2009	2010	2011	2012	2013 ^a	
\$ 623,758	\$ 577,981	583,220	605,896	636,789		REVENUES:
120,732	99,973	105,152	108,762	116,068		General property taxes
11,374	10,617	11,495	13,836	16,354		Other local taxes
2,759	2,866	3,241	3,435	3,260		Permits, privilege fees and regulatory licenses
22,431	27,489	7,547	13,870	(6,422)		Fines and forfeitures
14,528	13,803	13,972	21,226	27,240		From use of money and property
						Charges for services
						Intergovernmental revenues:
40,735	47,201	62,154	50,986	49,644		Federal
117,091	133,976	126,233	122,949	118,507		State
9,378	8,912	8,473	6,661	6,884		Local
95	61	70	142	20		Donations and contributions
26,255	21,893	15,706	10,206	27,284		Miscellaneous
<u>989,136</u>	<u>944,772</u>	<u>937,263</u>	<u>957,969</u>	<u>995,628</u>		Total revenues
						EXPENDITURES:
35,712	33,982	35,296	38,897	36,788		General government administration
18,271	16,971	17,505	17,593	18,388		Judicial administration
207,920	202,196	198,402	210,461	228,769		Public safety
29,218	25,545	27,736	30,408	30,522		Public works
74,765	74,593	76,896	75,014	75,066		Health and welfare
434,596	437,057	361,447	416,071	463,652		Education
34,549	36,485	29,849	35,801	26,550		Parks, recreational and cultural
43,107	44,389	45,183	47,280	48,555		Community development
						Debt service:
61,753	92,223	66,811	74,760	69,858		Principal retirement
41,029	43,326	43,817	42,803	41,991		Interest and other debt costs
--	--	--	--	--		Intergovernmental - arbitrage rebate
112,121	34,063	26,914	33,283	53,426		Capital outlays
<u>1,093,041</u>	<u>1,040,830</u>	<u>929,856</u>	<u>1,022,371</u>	<u>1,093,565</u>		Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
<u>(103,905)</u>	<u>(96,058)</u>	<u>7,407</u>	<u>(64,402)</u>	<u>(97,937)</u>		
						OTHER FINANCING SOURCES (USES):
47,880	39,033	32,677	59,039	58,513		Transfers in
(40,621)	(48,942)	(32,486)	(88,907)	(62,825)		Transfers out
37,945	--	--	--	--		Sale of lease participation certificates
97,950	80,380	29,085	46,445	65,675		Bonds, notes and capital leases
--	--	--	--	--		Refunding of lease participation certificates
--	--	82,410	51,585	46,180		Refunding bonds
--	--	--	--	--		Payments to refunded lease participation certificates escrow agent
--	--	(91,667)	(60,921)	(54,689)		Payments to refunded bond escrow agent
8,976	2,205	1,069	2,236	12,301		Premium on sale of bonds
--	--	9,757	9,690	9,048		Premium from refunding bonds
--	--	--	--	--		Premium on sale of lease participation certificates
--	--	--	66	--		Premiums from refunding lease participation certificates
--	--	--	--	100		Insurance recoveries
--	--	--	--	--		State literary fund proceeds
154	250	188	298	252		Sale of surplus property
<u>152,284</u>	<u>72,926</u>	<u>31,033</u>	<u>19,531</u>	<u>74,555</u>		Total other financing sources (uses)
\$ <u>48,379</u>	\$ <u>(23,132)</u>	<u>38,440</u>	<u>(44,871)</u>	<u>(23,382)</u>		Net change in fund balances
9.49%	13.20%	12.00%	11.62%	10.37%		Debt service as a percentage of noncapital expenditures

William County Department of Parks & Recreation

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

Last Ten Fiscal Years

(amounts expressed in thousands)

	2004	2005	2006	2007	2008
Additions					
Member contributions	\$ 558	\$ 593	\$ 669	\$ 722	\$ 757
Employer contributions	558	593	669	722	757
Investment income (net of expenses)	<u>2,590</u>	<u>2,278</u>	<u>2,066</u>	<u>3,479</u>	<u>(603)</u>
Total additions to plan net position	<u>3,706</u>	<u>3,464</u>	<u>3,404</u>	<u>4,923</u>	<u>911</u>
Deductions					
Benefit payments	853	834	1,002	1,089	1,121
Refunds	63	19	75	34	149
Administrative expenses	<u>51</u>	<u>79</u>	<u>73</u>	<u>69</u>	<u>73</u>
Change in net position	<u>\$ 2,739</u>	<u>\$ 2,532</u>	<u>\$ 2,254</u>	<u>\$ 3,731</u>	<u>\$ (432)</u>

	2009	2010	2011	2012	2013	
						Additions
\$	802	\$ 826	\$ 839	\$ 909	\$ 946	Member contributions
	802	827	839	909	946	Employer contributions
	<u>(4,577)</u>	<u>2,003</u>	<u>4,983</u>	<u>(559)</u>	<u>2,449</u>	Investment income (net of expenses)
	<u>(2,973)</u>	<u>3,656</u>	<u>6,661</u>	<u>1,259</u>	<u>4,341</u>	Total additions to plan net position
						Deductions
	1,291	1,475	1,763	1,742	1,981	Benefit payments
	37	200	86	78	84	Refunds
	<u>127</u>	<u>137</u>	<u>105</u>	<u>92</u>	<u>57</u>	Administrative expenses
\$	<u>(4,428)</u>	\$ <u>1,844</u>	\$ <u>4,707</u>	\$ <u>(653)</u>	\$ <u>2,219</u>	Change in net position

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 6 - General Governmental Revenues by Source^a

Last Ten Fiscal Years

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

Fiscal Year	Taxes ^b	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property ^d	Charges for Services
2004	\$ 495,667	\$ 23,480	\$ 2,329	\$ 7,470	\$ 34,373
2005	\$ 566,885	\$ 20,418	\$ 2,392	\$ 16,486	\$ 35,983
2006	\$ 619,011	\$ 18,793	\$ 2,469	\$ 26,200	\$ 38,476
2007	\$ 664,724	\$ 14,596	\$ 2,767	\$ 42,906	\$ 37,528
2008	\$ 686,107	\$ 13,607	\$ 2,664	\$ 43,952	\$ 39,947
2009	\$ 744,490	\$ 11,374	\$ 2,759	\$ 31,019	\$ 36,836
2010	\$ 677,954	\$ 10,617	\$ 2,866	\$ 33,903	\$ 34,877
2011	\$ 688,372	\$ 11,495	\$ 3,241	\$ 12,406	\$ 34,953
2012	\$ 714,658	\$ 13,836	\$ 3,435	\$ 17,909	\$ 43,295
2013	\$ 752,857	\$ 16,354	\$ 3,260	\$ (3,386)	\$ 50,179
Change 2004 - 2013	51.89%	-30.35%	39.97%	-145.33%	45.98%

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

^b Tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

^c Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 70.0% for fiscal years 2002 through 2006 and 61.5% for fiscal year 2007 through 2008. The reimbursement for fiscal year 2013 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

^d Use of Money changes can be substantially attributed to favorable or unfavorable mark to market conditions.

TABLE 6A - General Governmental Tax Revenues by Source

Last Ten Fiscal Years

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

Fiscal Year	Real Estate	Personal Property ^a	Public Service	Total General ^b Property Taxes	Sales Tax
2004	\$ 329,073	\$ 48,368	\$ 11,679	\$ 389,120	\$ 40,721
2005	\$ 375,345	\$ 49,645	\$ 14,227	\$ 439,217	\$ 43,857
2006	\$ 410,127	\$ 59,075	\$ 12,131	\$ 481,333	\$ 46,649
2007	\$ 452,553	\$ 71,290	\$ 9,627	\$ 533,470	\$ 47,921
2008	\$ 474,398	\$ 73,311	\$ 10,682	\$ 558,391	\$ 46,155
2009	\$ 531,882	\$ 75,986	\$ 13,394	\$ 621,262	\$ 45,055
2010	\$ 496,297	\$ 63,666	\$ 15,520	\$ 575,483	\$ 46,155
2011	\$ 494,894	\$ 68,792	\$ 17,051	\$ 580,737	\$ 49,554
2012	\$ 512,197	\$ 74,567	\$ 16,632	\$ 603,396	\$ 52,003
2013	\$ 534,183	\$ 81,783	\$ 17,291	\$ 633,257	\$ 55,169
Change 2004 - 2013	62.32%	69.09%	48.05%	62.74%	35.48%

^a Personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

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

Inter-Governmental ^c					
PPTRA	All Others	Miscellaneous	Total	Fiscal Year	
\$ 50,625	\$ 403,194	\$ 8,198	\$ 1,025,336	2004	
\$ 52,350	\$ 461,853	\$ 19,184	\$ 1,175,551	2005	
\$ 59,994	\$ 495,108	\$ 26,463	\$ 1,286,514	2006	
\$ 54,274	\$ 618,695	\$ 26,591	\$ 1,462,081	2007	
\$ 54,288	\$ 574,967	\$ 28,013	\$ 1,443,545	2008	
\$ 54,288	\$ 614,146	\$ 28,953	\$ 1,523,865	2009	
\$ 54,288	\$ 641,187	\$ 24,324	\$ 1,480,016	2010	
\$ 54,288	\$ 656,758	\$ 18,029	\$ 1,479,542	2011	
\$ 54,288	\$ 627,418	\$ 13,724	\$ 1,488,563	2012	
\$ 54,288	\$ 690,633	\$ 30,529	\$ 1,594,714	2013	
7.24%	71.29%	272.40%	55.53%	Change 2004 - 2013	

Utility Taxes	BPOL Tax	All Other ^b	Total	Fiscal Year	
\$ 22,870	\$ 17,564	\$ 25,392	\$ 495,667	2004	
\$ 25,452	\$ 19,534	\$ 38,825	\$ 566,885	2005	
\$ 26,295	\$ 23,071	\$ 42,663	\$ 620,011	2006	
\$ 18,522	\$ 22,810	\$ 42,002	\$ 664,725	2007	
\$ 12,354	\$ 21,173	\$ 48,034	\$ 686,107	2008	
\$ 12,596	\$ 19,931	\$ 45,646	\$ 744,490	2009	
\$ 12,840	\$ 20,269	\$ 23,207	\$ 677,954	2010	
\$ 13,190	\$ 20,965	\$ 23,926	\$ 688,372	2011	
\$ 13,075	\$ 21,725	\$ 24,459	\$ 714,658	2012	
\$ 13,490	\$ 22,913	\$ 28,028	\$ 752,857	2013	
-41.01%	30.45%	10.37%	51.89%	Change 2004 - 2013	

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
2004	\$22,066,665	\$1,036,502	\$3,279,611	\$945,931	\$227,277	\$27,555,986	\$1.23680	\$33,941,300	81.19%
2005	\$27,573,301	\$1,190,201	\$3,868,984	\$1,249,775	\$257,786	\$34,140,047	\$1.14000	\$45,520,808	75.00%
2006	\$36,143,674	\$1,338,215	\$4,721,938	\$1,253,506	\$282,495	\$43,739,828	\$0.96850	\$60,203,453	72.65%
2007	\$48,617,154	\$1,588,255	\$5,667,015	\$1,355,894	\$428,530	\$57,656,848	\$0.80710	\$64,002,474	90.09%
2008	\$48,185,629	\$1,759,043	\$6,592,385	\$1,448,737	\$305,617	\$58,291,411	\$0.83790	\$61,439,875	94.88%
2009	\$41,980,642	\$1,904,868	\$7,595,528	\$1,471,669	\$273,037	\$53,225,744	\$1.03220	\$51,665,113	103.02%
2010	\$29,888,134	\$1,801,532	\$6,726,623	\$1,360,944	\$214,673	\$39,991,906	\$1.28910	\$47,228,010	84.68%
2011	\$30,434,819	\$1,451,944	\$5,722,158	\$1,466,645	\$180,505	\$39,256,071	\$1.31460	\$48,535,035	80.88%
2012	\$32,477,281	\$1,642,125	\$5,899,244	\$1,472,610	\$163,184	\$41,654,444	\$1.28060	\$46,901,818	88.81%
2013	\$33,752,576	\$1,885,172	\$6,210,118	\$1,487,336	\$163,590	\$43,498,792	\$1.28590	\$47,946,579	90.72%

^a Net of tax-exempt property:

2004 - \$1,695,543	2009 - \$3,722,543
2005 - \$2,223,993	2010 - \$3,451,863
2006 - \$2,567,585	2011 - \$3,119,173
2007 - \$3,049,599	2012 \$3,183,169
2008 - \$3,867,736	2013 \$3,316,592

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

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

Last Ten Fiscal Years

(dollars expressed in millions)

Fiscal Year	Commercial as a Percent of Total Taxable		New Construction ^a				Bank Deposits ^b
	Commercial to Total	Commercial & Public Service to Total	Residential		Non-Residential		
			Permits	Value	Permits	Value	
2004	11.9%	15.3%	4,938	\$ 654	217	\$ 320	\$ 2,007
2005	11.3%	15.0%	5,249	\$ 718	219	\$ 477	\$ 2,319
2006	10.8%	13.7%	3,871	\$ 552	299	\$ 576	\$ 2,681
2007	9.8%	12.2%	2,744	\$ 397	301	\$ 379	\$ 2,864
2008	11.3%	13.8%	1,568	\$ 228	259	\$ 183	\$ 2,863
2009	14.3%	17.0%	1,782	\$ 270	203	\$ 195	\$ 3,135
2010	16.8%	20.2%	1,996	\$ 297	152	\$ 92	\$ 3,322
2011	14.6%	18.3%	1,377	\$ 242	99	\$ 53	\$ 3,531
2012	14.2%	17.7%	1,398	\$ 278	161	\$ 94	\$ 3,866
2013	14.3%	17.7%	1,542	\$ 282	233	\$ 233	\$ 4,082

^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. 2004-2013, 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	2004	2005	2006	2007	2008
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$1.16000	\$1.07000	\$0.91000	\$0.75800	\$0.78700
Fire and Rescue Levy (Countywide)	\$0.07280	\$0.06600	\$0.05600	\$0.04660	\$0.04840
Gypsy Moth Levy (Countywide)	\$0.00400	\$0.00400	\$0.00250	\$0.00250	\$0.00250
Total Direct Tax Rate	\$1.23680	\$1.14000	\$0.96850	\$0.80710	\$0.83790
Sanitary District Levy					
Bull Run	\$0.00001	\$0.00001	\$0.00001	--	--
Occoquan Forest	\$0.00001	\$0.00001	\$0.00001	--	--
Service District Levies -					
Bull Run	\$0.10000	\$0.10000	\$0.10000	\$0.12000	\$0.12000
Lake Jackson	\$0.11000	\$0.11000	\$0.11000	\$0.11000	\$0.11000
Circuit Court	\$0.28000	\$0.28000	\$0.23000	\$0.19000	\$0.19000
Transportation District Levies -					
Prince William Parkway	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000
234-Bypass	\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000
Foremost Court Service	\$0.23000	\$0.22000	--	--	--
Woodbine Forest Service	--	--	--	--	--
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.12420	\$0.12420	\$0.13000	\$0.18000	\$0.18000
Town of Haymarket	\$0.14000	\$0.14000	\$0.14000	\$0.12000	\$0.12800
Town of Occoquan	\$0.05000	\$0.05000	\$0.05000	\$0.08500	\$0.08500
Town of Quantico	\$0.20000	\$0.20000	\$0.15000	\$0.20000	\$0.20000

2009	2010	2011	2012	2013	Type of Tax
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
\$0.97000	\$1.21200	\$1.23600	\$1.20400	\$1.20900	Real Estate - General Fund
\$0.05970	\$0.07460	\$0.07610	\$0.07410	\$0.07440	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Gypsy Moth Levy (Countywide)
<u>\$1.03220</u>	<u>\$1.28910</u>	<u>\$1.31460</u>	<u>\$1.28060</u>	<u>\$1.28590</u>	Total Direct Tax Rate
					Sanitary District Levy
--	--	--	--	--	Bull Run
--	--	--	--	--	Occoquan Forest
					Service District Levies -
\$0.13800	\$0.19900	\$0.20100	\$0.20100	\$0.20100	Bull Run
\$0.12300	\$0.17200	\$0.17500	\$0.17500	\$0.17500	Lake Jackson
\$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	\$0.35330	\$0.33350	\$0.33330	\$0.27733	Town of Dumfries
\$0.16400	\$0.16400	\$0.16400	\$0.16400	\$0.16400	Town of Haymarket
\$0.10000	\$0.10000	\$0.10000	\$0.10000	\$0.10000	Town of Occoquan
\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000	Town of Quantico

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 9 - Principal Real Property Tax Payers

Current Year and Nine Years Ago

(amounts expressed in thousands)

Taxpayer	2013				2004			
	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	\$ 755,920	1	1.74%		\$ 369,242	1	1.34%	
Northern Virginia Electric Co-op	271,275	2	0.62%		172,501	3	0.63%	
Verizon South, Inc.	156,121	3	0.36%		134,313	4	0.49%	
Woodbridge Station Apartments LLC	136,075	4	0.31%				-	
Washington Gas Light Company	100,812	5	0.23%		65,524	10	0.24%	
Mall at Potomac Mills, LLC	97,162	6	0.22%		287,656	2	1.04%	
Stellar Chatsworth LLC	96,449	7	0.22%		-		-	
TR Rollings Brook Corp.	94,942	8	0.22%		-		-	
Prince William Square Investors LLC	93,924	9	0.22%		-		-	
Manassas Owner LLC	74,880	10	0.17%		-		-	
Dominion Country Club, LP	-		-		97,900	5	0.36%	
AOL LLC	-		-		94,493	6	0.34%	
Manassas Mall LLC	-		-		81,460	7	0.30%	
US Home Corporation	-		-		75,221	8	0.27%	
WNH Limited Partnership	-		-		66,747	9	0.24%	
	<u>\$ 1,877,560</u>		<u>4.3%</u>		<u>\$ 1,445,057</u>		<u>5.2%</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
2004	\$ 340,760	\$ 338,870	99.4%	\$ 1,746	100.0%	\$ 1,221	\$ 341,837	100.3%
2005	\$ 388,254	\$ 386,367	99.5%	\$ 1,694	100.0%	\$ 1,367	\$ 495,970	100.8%
2006	\$ 420,203	\$ 418,111	99.5%	\$ 1,973	100.0%	\$ 1,507	\$ 421,591	100.3%
2007	\$ 461,108	\$ 458,438	99.4%	\$ 2,505	100.0%	\$ 1,748	\$ 462,691	100.3%
2008	\$ 484,124	\$ 481,069	99.4%	\$ 2,717	99.9%	\$ 1,905	\$ 485,691	100.3%
2009	\$ 544,909	\$ 541,235	99.3%	\$ 3,263	99.9%	\$ 2,065	\$ 546,563	100.3%
2010	\$ 510,988	\$ 508,264	99.5%	\$ 2,397	99.9%	\$ 1,698	\$ 512,359	100.3%
2011	\$ 511,316	\$ 509,154	99.6%	\$ 1,417	99.9%	\$ 1,376	\$ 511,947	100.1%
2012	\$ 527,838	\$ 525,737	99.6%	\$ 1,145	99.8%	\$ 1,256	\$ 528,138	100.1%
2013	\$ 553,424	\$ 551,222	99.6%	\$ --	99.6%	\$ 1,229	\$ 552,451	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)

	2004	2005	2006	2007	2008
Primary Government					
<i>Governmental Activities:</i>					
General Obligation Bonds ^a					
General Government	\$ 108,292	\$ 140,039	\$ 128,525	\$ 149,362	\$ 136,200
School Board-Related	395,333	432,562	467,363	502,453	515,486
Park Related	9,531	7,000	6,267	5,537	4,810
IDA Lease Revenue Bonds	12,315	11,970	11,140	10,430	9,680
Literary Fund Loans	5,713	5,316	4,918	4,520	4,124
Real Property Capital Leases					
General Government	80,645	79,025	132,825	150,189	151,039
Adult Detention Center	--	--	--	68,005	66,275
Park Related	--	--	--	594	561
Commuter Rail Capital Leases**	2,977	2,629	2,258	1,863	1,442
Equipment Capital Leases	527	381	228	68	--
Installment Notes Payable	924	795	657	509	351
Internal Service Funds Leases and Notes	--	--	--	--	--
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	\$ 17,179	\$ 13,920	\$ 12,550	\$ 11,065	\$ 9,535
Parks & Recreation Revenue Bonds	--	--	--	--	--
Parks & Recreation Equipment Capital Leases	--	--	--	--	--
Taxable Revenue Notes	250	250	3,250	3,250	--
Total Primary Government	\$ 633,686	\$ 693,887	\$ 769,981	\$ 907,845	\$ 899,503
Percentage of Personal Income ^b	4.62%	4.62%	4.79%	5.28%	4.96%
Per Capita ^b	1,960	2,056	2,196	2,528	2,444
Component Units					
<i>Park Authority Component Unit^c:</i>					
Series 1999 Revenue Bonds **	19,112	18,795	18,459	18,101	17,725
Equipment Capital Leases**	1,833	1,353	2,249	1,710	3,116
Installment Notes Payable** ^d	1,023	904	780	651	517
Total Component Units	21,968	21,052	21,488	20,462	21,358
Total Reporting Entity Outstanding Debt	655,654	714,939	791,469	928,307	920,861
Less: Self-Supporting Revenue and Other Bonds	42,124	37,601	36,296	33,390	32,335
Net Tax-Supported Debt	\$ 613,530	\$ 677,338	\$ 755,173	\$ 894,917	\$ 888,526

* 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. (Note: The Park Authority component unit was dissolved and became the County Department of Parks & Recreation effective FY 2013.)

^d Restated in fiscal year 2013.

2009	2010	2011	2012	2013	
					Primary Government
					<i>Governmental Activities:</i>
					General Obligation Bonds ^a
\$ 165,649	\$ 151,352	\$ 156,520	\$ 139,782	\$ 127,400	General Government
531,815	576,826	549,775	556,747	579,969	School Board-Related
8,477	7,842	7,210	7,126	6,651	Park Related
8,870	8,030	7,160	6,260	5,325	IDA Lease Revenue Bonds
3,749	3,374	3,000	2,750	2,500	Literary Fund Loans
					Real Property Capital Leases
179,298	169,012	156,854	145,695	133,415	General Government
64,550	34,825	33,100	25,875	23,405	Adult Detention Center
528	495	462	429	385	Park Related
992	511	--	--	--	Commuter Rail Capital Leases**
--	--	485	398	1,456	Equipment Capital Leases
182	--	--	--	--	Installment Notes Payable
--	--	--	--	--	Internal Service Funds Leases and Notes
					<i>Business-Type Activities:</i>
\$ 7,945	\$ 6,295	\$ 4,595	\$ 3,004	\$ 1,590	Solid Waste System Revenue Bonds**
--	--	--	--	11,690	Parks & Recreation Revenue Bonds
--	--	--	--	889	Parks & Recreation Equipment Capital Leases
--	--	--	--	--	Taxable Revenue Notes
<u>\$ 972,055</u>	<u>\$ 958,562</u>	<u>919,161</u>	<u>888,066</u>	<u>894,675</u>	Total Primary Government
5.24%	4.82%	4.31%	3.93%	*	Percentage of Personal Income ^b
2,594	2,464	2,262	2,119	2,079	Per Capita ^b
					Component Units
					Park Authority Component Unit ^c :
17,323	12,481	12,008	11,528	--	Series 1999 Revenue Bonds**
2,800	2,254	1,689	2,793	--	Equipment Capital Leases**
376	230	78	--	--	Installment Notes Payable** ^d
<u>20,499</u>	<u>14,965</u>	<u>13,775</u>	<u>14,321</u>	<u>--</u>	Total Component Units
992,554	973,527	932,936	902,387	894,675	Total Reporting Entity Outstanding Debt
<u>29,436</u>	<u>21,771</u>	<u>18,370</u>	<u>17,325</u>	<u>14,169</u>	Less: Self-Supporting Revenue and Other Bonds
<u>\$ 963,118</u>	<u>\$ 951,756</u>	<u>\$ 914,566</u>	<u>\$ 885,062</u>	<u>\$ 880,506</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
2004	\$ 513,156	12,315	17,179	542,650	1.60%	1,678
2005	\$ 579,601	11,970	13,920	605,491	1.33%	1,794
2006	\$ 602,155	11,140	12,550	625,845	1.04%	1,785
2007	\$ 657,352	10,430	11,065	678,847	1.06%	1,890
2008	\$ 656,496	9,680	9,535	675,711	1.10%	1,836
2009	\$ 705,941	8,870	7,945	722,756	1.40%	1,929
2010	\$ 736,020	8,030	6,295	750,345	1.59%	1,929
2011	\$ 713,505	7,160	4,595	725,260	1.49%	1,785
2012	\$ 703,655	6,260	3,004	712,919	1.52%	1,701
2013	\$ 714,020	5,325	1,590	720,935	1.50%	1,675

^a Includes general obligation bonds associated with School Board-Related and Parks-Related Debt; Excludes Literary Fund loan of \$2,500. See also Table 11.

^b See Table 7 for property value data.

^c See Table 16 for population data.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 13 - Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

(amounts expressed in thousands)

	Outstanding on June 30, 2013	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ^b
Direct:				
Net Tax Supported Debt ^a	\$ 880,506	100.00%	\$ 880,506	2.1138%
Overlapping:				
Town of Dumfries	4,800	100.00%	4,800	0.0115%
Town of Quantico	204	100.00%	204	0.0005%
Town of Haymarket	1,828	100.00%	1,828	0.0044%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	1,502	100.00%	1,502	0.0036%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	11,740	100.00%	11,740	0.0282%
Northern Virginia Transportation Commission - Virginia Railway Express ^c	92,040	40.39%	37,176	0.0892%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ^c	13,795	27.29%	3,765	0.0090%
Total Overlapping Governmental Activities Debt	\$ 125,907	48.46%	\$ 61,015	0.1465%
Total Direct and Overlapping Governmental Activities Debt	\$ 1,006,413	93.55%	\$ 941,521	2.2603%

^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 \$341,025 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2013. These authorized bonds are for the construction of roads, road improvements, parks, libraries, and schools.

The Board of County Supervisors also has established self-imposed limits which provide that tax supported debt should not exceed 3% of the net assessed valuation of taxable property in the County, and that annual debt service should not exceed 10% of annual governmental revenues. The County's standing with respect to its self-imposed limits is below.

	2004	2005	2006	2007	2008
General Government ^a					
Principal	35,165	39,975	47,584	52,060	59,741
Interest ^b	25,247	29,849	32,995	37,524	39,865
Internal Service Fund Debt Service ^c	12	--	--	--	--
Debt Service on Net Tax-Supported Debt	60,424	69,824	80,579	89,584	99,606
Total Government Expenditures ^d	925,866	1,033,382	1,125,453	1,310,566	1,325,488
Ratio of Debt Service to Expenditures	6.5%	6.8%	7.2%	6.8%	7.5%
Total Revenues ^e	956,529	1,089,605	1,188,320	1,360,579	1,364,972
Ratio of Debt Service to Revenues	6.3%	6.4%	6.8%	6.6%	7.3%
Net Tax-Supported Debt ^f	613,530	677,338	755,173	894,917	888,526
Assessed Value of Taxable Property ^g	30,498,825	37,138,437	47,160,546	61,267,297	62,011,351
Ratio of Net Tax-Supported Debt to Assessed Value	2.0%	1.8%	1.6%	1.5%	1.4%

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 Com Tourism (Convention & Visitors Bureau Component Unit) 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 and the School Board and Adult Detention Center Component Units.

^f From Table 11.

^g From Table 7 and Table 21.

2009	2010	2011	2012	2013	
61,303	91,742	66,299	74,760	69,858	General Government ^a
41,032	43,272	43,783	42,803	41,991	Principal
--	--	--	--	--	Interest ^b
102,335	135,014	110,082	117,563	111,849	Internal Service Fund Debt Service ^c
1,331,692	1,386,901	1,337,189	1,427,543	1,399,827	Debt Service on Net Tax-Supported Debt
7.7%	9.7%	8.2%	8.2%	8.0%	Total Government Expenditures ^d
1,441,690	1,392,237	1,439,786	1,460,245	1,493,495	Ratio of Debt Service to Expenditures
7.1%	9.7%	7.6%	8.1%	7.5%	Total Revenues ^e
963,118	951,756	914,566	885,062	880,506	Ratio of Debt Service to Revenues
56,999,051	43,359,775	42,750,432	45,148,805	47,586,736	Net Tax-Supported Debt ^f
1.7%	2.2%	2.1%	2.0%	1.9%	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		
2004	\$ 13,606	\$ 7,013	\$ 1,798	\$ 4,795	\$ 1,148	\$ 1,162	\$ 2,310	2.08
2005	\$ 14,715	\$ 10,090	\$ 1,752	\$ 2,873	\$ 1,323	\$ 1,114	\$ 2,437	1.18
2006	\$ 14,653	\$ 9,615	\$ 2,594	\$ 2,444	\$ 1,370	\$ 501	\$ 1,871	1.31
2007	\$ 16,535	\$ 9,970	\$ 2,199	\$ 4,366	\$ 1,485	\$ 562	\$ 2,047	2.13
2008	\$ 17,342	\$ 10,651	\$ 3,015	\$ 3,676	\$ 1,530	\$ 504	\$ 2,034	1.81
2009	\$ 17,795	\$ 15,027	\$ --	\$ 2,768	\$ 1,590	\$ 435	\$ 2,025	1.37
2010	\$ 17,925	\$ 10,423	\$ --	\$ 7,502	\$ 1,650	\$ 362	\$ 2,012	3.73
2011	\$ 18,861	\$ 11,694	\$ 749	\$ 6,418	\$ 1,700	\$ 295	\$ 1,995	3.22
2012	\$ 18,064	\$ 12,031	\$ 1,503	\$ 4,530	\$ 1,470	\$ 226	\$ 1,696	2.67
2013	\$ 18,339	\$ 10,735	\$ 1,749	\$ 5,855	\$ 1,535	\$ 156	\$ 1,691	3.46

^a Includes "Total Operating Revenues", "Grants from the Commonwealth," and "Interest and Miscellaneous Income" from the Statement of Revenues, Expenses and Changes in Fund Net Position.

^b Includes "Total Operating Expenses" (exclusive of "Depreciation" and "Closure Expense"), and "Transfers", from the Statement of Revenues, Expenses, and Changes in Fund Net Position.

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

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

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

^f Required coverage is 1.15.

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

Year	Population ^a	Personal Income ^b (in thousands)	Per Capita Income ^b	Fall School Enrollment ^c	Average Civilian Labor Force ^d	Average Unemployment Rate ^d
2004	323,377	\$13,723,915	\$35,556	63,404	183,258	3.1%
2005	337,439	\$15,012,664	\$37,577	66,298	192,173	3.0%
2006	350,612	\$16,088,936	\$39,502	68,458	198,763	2.6%
2007	359,174	\$17,200,916	\$41,382	70,948	200,678	2.6%
2008	368,016	\$18,145,470	\$42,960	72,988	206,210	3.4%
2009	374,776	\$18,561,645	\$42,254	73,917	214,777	5.9%
2010	389,001	\$19,899,449	\$43,346	76,861	227,364	5.7%
2011	406,395	\$21,307,192	\$44,986	79,358	231,371	5.3%
2012	419,006	\$22,620,321	\$46,123	81,937	235,988	4.9%
2013	430,289	*	*	83,551	231,155	4.7%

* Not available

^a US Census Bureau, Population Estimates Program (data as of July 1, 2012).

^b Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park Tourism (Convention & Visitors Bureau Component Unit)
 2012 data estimated based upon ten-year growth rates on BEA data from 2002 through 2011.

^c Fall Membership by Division, by Grade for Prince William County Schools, Virginia Department of Education

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

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

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

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 17 - Principal Employers

Current Year and Nine Years Ago

Employer ^a	2013			2004		
	Ownership	Rank	Number of Employees ^b	Ownership	Rank	Number of Employees ^b
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
U.S. Department of Defense	Federal Government	2	1000 and over	Federal Government	3	1000 and over
County of Prince William	Local Government	3	1000 and over	Local Government	2	1000 and over
Wal Mart	Private	4	1000 and over	Private	6	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	9	500 to 999
Sentara Healthcare/Potomac Hospital Corporation	Private	6	1000 and over	Private	4	1000 and over
Wegmans Store #07	Private	7	500 to 999			
Minnieland Private Day School	Private	8	500 to 999			
Northern Virginia Community College	State Government	9	500 to 999	State Government	10	500 to 999
Target Corp	Private	10	500 to 999			
Temporary Solutions				Private	5	1000 and over
S.W. Rogers Corporation				Private	7	500 to 999
Giant Food				Private	8	500 to 999

^a All data provided by the Virginia Employment Commission (1st Quarter, 2013 & 2004).

^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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Board of Supervisors	12.12	12.12	17.00	17.00	17.00	17.00	19.00	18.00	22.00	25.00
County Attorney	26.00	26.00	27.00	29.00	27.00	27.00	25.00	24.00	25.00	27.00
Audit Services	--	--	--	--	--	--	--	7.00	7.00	7.00
Office of Executive Management ^b	57.40	59.40	61.40	62.38	59.98	61.98	54.95	49.95	24.00	24.00
Office of Management & Budget ^b	--	--	--	--	--	--	--	--	11.00	11.00
Human Resources ^b	--	--	--	--	--	--	--	--	18.50	18.50
Technology and Support Services	90.53	92.53	97.53	97.53	85.53	85.53	77.53	77.53	77.00	79.00
Finance	133.80	134.80	139.55	142.80	139.80	144.80	145.00	147.00	149.00	155.00
Human Rights	7.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Board of Registration/Elections	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Judicial Administration										
Commonwealth Attorney	39.00	39.00	41.00	41.00	41.00	41.00	41.00	41.00	42.00	43.00
Sheriff	74.00	79.00	82.00	87.00	87.00	89.00	87.00	89.00	91.50	94.50
Juvenile and Domestic Relations Court	7.00	8.00	8.00	8.00	8.00	9.00	9.00	8.00	8.00	8.00
Clerk of Court/Judges Chambers	60.70	61.00	61.00	62.00	62.00	60.00	57.00	55.00	55.00	55.00
General District Court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Law Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police	628.07	655.40	673.40	701.40	725.40	758.40	750.20	747.20	751.00	763.00
Criminal Justice Services	25.58	25.95	31.00	32.50	35.50	37.90	37.60	37.60	37.60	39.60
Public Safety Communications	89.00	92.00	95.00	95.00	98.00	98.00	98.00	98.00	103.00	103.00
Fire Service	328.00	357.00	374.00	415.50	445.50	493.50	484.50	514.50	529.50	549.70
Public Works										
Public Works	272.34	292.63	340.07	364.54	332.69	320.68	219.29	225.61	227.79	232.31
Transportation	41.24	42.24	44.26	62.00	53.00	56.80	53.80	53.80	52.80	50.80
Solid Waste	49.05	51.05	55.38	57.38	57.38	57.39	57.39	57.71	58.72	59.72
Fleet Management	31.08	31.08	33.12	33.12	33.12	34.12	34.15	34.15	35.15	35.15
Small Project Construction	23.79	22.36	23.36	24.20	23.75	23.75	25.11	19.80	18.86	17.34
Health & Welfare										
Social Services	307.95	314.22	315.69	319.31	309.81	313.31	298.36	307.99	309.39	309.39
Public Health	9.96	9.96	9.96	9.96	9.96	9.96	6.60	3.60	3.60	3.60
Community Services Board	223.36	232.53	240.77	248.11	260.11	265.11	265.38	264.88	266.88	279.88
At-Risk Youth and Family Services	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	4.60	4.60
Office on Aging	42.09	44.26	44.62	44.56	43.53	35.13	28.21	30.07	31.40	32.14
Office on Youth	3.00	3.00	7.00	7.00	7.00	8.00	--	--	--	--
School Age Child Care	5.00	4.00	--	--	--	--	--	--	--	--
Parks, Recreational and Cultural										
Library	189.68	188.68	188.65	187.74	185.94	184.94	168.39	164.33	163.33	163.33
Parks & Recreation	--	--	--	--	--	--	--	--	--	377.00
Planning/Community Development										
Development Services	--	--	--	--	--	--	87.50	86.50	85.50	88.50
Office of Planning	55.00	56.00	61.50	63.50	58.50	58.50	33.05	32.05	32.50	32.50
Economic and Community Development	12.00	12.50	12.50	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Housing & Community Development	33.80	33.80	34.00	35.00	29.00	29.00	29.00	29.00	28.00	27.00
Extension and Continuing Education	9.65	9.65	9.65	9.94	9.92	9.92	7.02	7.69	7.81	7.81
Total Primary Government	2,901.19	3,010.16	3,148.41	3,290.47	3,278.42	3,363.72	3,232.03	3,263.96	3,308.43	3,754.37
Component Units										
School Board	8,490.00	8,632.00	9,511.00	9,443.00	9,720.00	9,801.25	9,656.00	9,641.00	10,070.80	10,267.30
Adult Detention Center	230.00	232.00	244.80	261.80	308.00	337.00	337.00	337.00	337.00	337.00
Park Authority ^a	389.00	380.00	388.00	384.00	389.00	390.00	369.00	372.00	344.00	--
Convention & Visitors Bureau ^a	--	--	--	--	--	--	--	--	--	8.00
Total Reporting Entity	12,010.19	12,254.16	13,292.21	13,379.27	13,695.42	13,891.97	13,594.03	13,613.96	14,060.23	14,366.67

Sources: Primary Government and ADC data taken from the PWC Adopted Fiscal Plan; School Board and Park Authority data is obtained directly from each organization. (Note:

^aThe Park Authority was dissolved and became County Department of Parks & Recreation effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013.)

^bBeginning fiscal year 2012, the Human Resources and the Office of Management & Budget are shown as separate functions.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 19 - Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Judicial Administration										
Land Records Instruments Recorded	199,588	188,985	186,802	131,269	93,435	88,932	79,665	78,794	84,067	102,141
Civil Cases Concluded	3,828	3,666	3,649	3,701	3,721	4,269	3,521	4,335	3,762	3,018
Criminal Cases Concluded	3,338	3,317	3,278	4,112	4,509	4,347	4,606	4,159	4,377	5,163
Public Safety										
<u>Fire & Rescue:</u>										
Fire Incidents	6,405	5,766	6,810	6,180	5,761	5,440	5,293	5,639	5,631	*
EMS Incidents	23,509	23,881	25,173	25,568	24,439	24,707	25,479	26,201	27,079	*
<u>Police:</u>										
Criminal Arrests	12,579	12,761	13,374	13,979	14,405	14,307	13,973	14,289	14,369	*
Calls for Service Handled	200,389	208,668	222,818	228,785	238,651	238,376	236,426	231,557	226,292	*
<u>Jail:</u>										
Inmate Population	684	698	719	734	737	840	905	850	870	977
Public Works										
Facilities Constructed	1	--	1	3	--	2	--	2	2	--
Health & Welfare										
Total CSB Clients Served	7,009	6,781	7,234	7,767	7,438	7,904	6,829	7,661	8,295	8,041
At-Risk Youth & Family Service Residential Placements	151	140	118	147	151	143	131	130	132	110
Parks, Recreational and Cultural										
Participant Visits	*	3,341	3,502	3,702	3,657	3,621	3,693	3,798	3,622	3,390
Library Patrons (Library Card Holders)	205,591	232,448	256,496	263,371	277,077	298,829	264,930	288,752	310,343	332,700
Planning/Community Development										
Non-residential Permits	4,122	4,862	2,871	2,364	1,616	1,340	1,074	1,034	1,200	1,470
Residential Permits	17,807	15,860	10,584	7,375	5,142	4,771	5,325	4,547	4,464	4,542

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 20 - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administrative Buildings	3	3	3	4	4	4	4	4	4	4
Judicial Administration										
Courthouse Complex	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	2	2
Fire Stations	18	19	19	19	19	19	19	20	21	21
Public Works										
Fleet/Fuel Facilities	3	3	3	3	3	3	3	3	3	3
Health & Welfare										
Senior Centers	2	2	2	2	2	2	2	2	2	2
Group Homes/Clinics	3	3	3	4	4	5	5	5	5	5
Housing/Shelters	4	4	4	4	4	4	4	4	6	6
Parks, Recreational and Cultural										
Athletic Fields ^a	304	304	304	274	304	282	291	298	277	277
Aquatics & Fitness Center	2	2	2	2	2	2	2	2	2	2
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Community Centers	3	3	3	3	3	3	3	3	3	3
Hiking and Fitness Trails (in miles)	10	10	10	17	15	16	29	29	33	33
Indoor Gymnasiums ^a	59	59	59	59	59	58	68	69	69	69
Indoor Ice Rinks	2	2	2	2	2	2	2	2	2	2
Marinas	2	2	2	2	2	2	2	2	2	2
Miniature Golf Courses	2	2	2	2	2	2	2	2	2	2
Nature Areas	3	3	3	3	3	4	5	5	8	8
Outdoor Basketball Courts	23	25	25	27	27	27	27	27	27	27
Outdoor Swimming Pools	6	6	6	6	4	4	4	4	4	4
Outdoor Volleyball Courts	11	11	11	9	9	9	9	9	9	9
Picnic Shelters	63	63	63	62	63	63	63	63	63	63
Playgrounds	29	30	30	32	31	33	36	36	36	36
Regulation Golf Courses	4	4	4	4	4	4	4	4	4	4
Skateboard/BMX Courses	2	2	2	2	2	2	2	2	3	3
Tennis & Racquetball Courts	51	53	53	33	47	33	32	30	28	28
Waterparks	*	*	*	2	2	2	2	2	2	2
Regional and Community Libraries	4	4	4	4	4	4	4	4	4	4
Neighborhood Libraries	6	6	6	6	6	6	6	6	6	6

Sources: Various county departments.

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

^a Includes Prince William County Public School facilities programmed by the Parks Department.

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 21 - Personal Property Tax Rates and Assessments^a

Last Ten Fiscal Years

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

	2004	2005	2006	2007	2008
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	\$ 1.16000	\$ 1.07000	\$ 0.91000	\$ 0.76700	\$ 0.78700
Research & Development	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Van Pool Vans	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Emergency Volunteer Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Auxiliary Volunteer Fire Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Vehicles Modified for Disabled	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Recreation Use Only	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Weighing 5 tons or more	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Camping Trailers and Motor Homes Owned by Certain Elderly and Handicapped Persons	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Personal Property Assessments^c					
Locally Assessed Value	\$ 2,939,510	\$ 2,997,032	\$ 3,419,461	\$ 3,608,756	\$ 3,717,730
Public Service Value ^b	\$ 3,329	\$ 1,358	\$ 1,257	\$ 1,693	\$ 2,210
Total Personal Property Assessments	\$ 2,942,839	\$ 2,998,390	\$ 3,420,718	\$ 3,610,449	\$ 3,719,940

^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.

2009	2010	2011	2012	2013	
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
\$ 0.97000	\$ 1.21200	\$ 1.23600	\$ 1.20400	\$ 1.20400	Mobile Homes
\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	Research & Development
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Van Pool Vans
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Emergency Volunteer Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Auxiliary Volunteer Fire Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Vehicles Modified for Disabled
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Recreation Use Only
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Weighing 5 tons or more
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Camping Trailers and Motor Homes
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Owned by Certain Elderly and Handicapped Persons
\$ 3,769,937	\$ 3,365,319	\$ 3,492,204	\$ 3,754,050	\$ 4,083,424	Locally Assessed Value
\$ 3,370	\$ 2,550	\$ 2,157	\$ 5,243	\$ 4,520	Public Service Value ^b
<u>\$ 3,773,307</u>	<u>\$ 3,367,869</u>	<u>\$ 3,494,361</u>	<u>\$ 3,759,293</u>	<u>\$ 4,087,944</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
2004	\$ 29,981	\$ 14,679	\$ 142,827	\$ 19,854	\$ 59,572	\$ 526,327
2005	\$ 33,176	\$ 14,589	\$ 154,481	\$ 22,296	\$ 61,534	\$ 605,478
2006	\$ 35,685	\$ 16,180	\$ 174,926	\$ 23,567	\$ 64,880	\$ 651,012
2007	\$ 34,649	\$ 17,599	\$ 257,753	\$ 27,738	\$ 70,596	\$ 734,090
2008	\$ 35,838	\$ 18,182	\$ 206,623	\$ 30,188	\$ 75,562	\$ 780,346
2009	\$ 35,712	\$ 18,271	\$ 219,728	\$ 29,218	\$ 74,765	\$ 773,560
2010	\$ 34,108	\$ 16,971	\$ 236,685	\$ 25,545	\$ 74,593	\$ 782,563
2011	\$ 35,296	\$ 17,505	\$ 212,478	\$ 27,736	\$ 76,896	\$ 781,618
2012	\$ 38,897	\$ 17,593	\$ 226,137	\$ 30,408	\$ 75,014	\$ 838,850
2013	\$ 36,788	\$ 18,388	\$ 244,577	\$ 30,522	\$ 75,066	\$ 868,818

^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
2004	\$ 524	\$ 4,916	\$ 12,003	\$ 14,321	\$ --	\$ 84,974
2005	\$ 3,254	\$ 1,203	\$ 18,620	\$ 34,391	\$ 1,367	\$ 76,889
2006	\$ 5,642	\$ 2,221	\$ 12,514	\$ 61,826	\$ 445	\$ 90,689
2007	\$ 4,774	\$ 194	\$ 34,488	\$ 69,951	\$ --	\$ 68,049
2008	\$ 2,145	\$ 1,116	\$ 30,801	\$ 64,771	\$ --	\$ 95,188
2009	\$ 2,349	\$ 384	\$ 15,786	\$ 95,094	\$ --	\$ 98,117
2010	\$ 1,365	\$ 35	\$ 7,815	\$ 28,960	\$ --	\$ 88,332
2011	\$ 648	\$ 33	\$ 3,845	\$ 21,413	\$ --	\$ 104,311
2012	\$ 848	\$ --	\$ 2,020	\$ 25,420	\$ --	\$ 75,643
2013	\$ 642	\$ --	\$ 2,955	\$ 42,080	\$ --	\$ 83,232

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

	Parks, Recreation & Culture	Community Development	Capital Projects	Debt Service ^b	Total	Fiscal Year
\$	28,197	\$ 43,447	\$ 121,045	\$ 60,982	\$ 1,046,911	2004
\$	27,600	\$ 43,805	\$ 139,999	\$ 70,423	\$ 1,173,381	2005
\$	29,922	\$ 47,938	\$ 195,638	\$ 81,343	\$ 1,321,091	2006
\$	32,828	\$ 44,123	\$ 187,592	\$ 91,190	\$ 1,498,158	2007
\$	36,097	\$ 42,353	\$ 196,173	\$ 100,299	\$ 1,521,661	2008
\$	34,549	\$ 43,107	\$ 213,996	\$ 102,782	\$ 1,545,688	2009
\$	36,485	\$ 44,389	\$ 129,078	\$ 135,562	\$ 1,515,979	2010
\$	29,849	\$ 45,183	\$ 134,160	\$ 110,628	\$ 1,471,349	2011
\$	35,801	\$ 47,280	\$ 108,942	\$ 117,563	\$ 1,536,485	2012
\$	26,550	\$ 48,555	\$ 136,658	\$ 111,849	\$ 1,597,770	2013

	Parks, Recreation & Culture	Community Development	Total	Fiscal Year
\$	1,489	\$ 2,818	\$ 121,045	2004
\$	1,109	\$ 3,166	\$ 139,999	2005
\$	2,204	\$ 20,097	\$ 195,638	2006
\$	7,855	\$ 2,281	\$ 187,592	2007
\$	1,548	\$ 604	\$ 196,173	2008
\$	716	\$ 1,550	\$ 213,996	2009
\$	1,325	\$ 1,246	\$ 129,078	2010
\$	2,935	\$ 975	\$ 134,160	2011
\$	3,692	\$ 1,319	\$ 108,942	2012
\$	6,263	\$ 1,486	\$ 136,658	2013

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 23 - Miscellaneous Statistical Data

June 30, 2013

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	550
Number of volunteers	1,044
Police protection:	
Number of police officers	581
Public Safety Communications:	
Number of employees	103
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,220
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	80
Number of public high schools	11
Fall Membership, fiscal year 2013	83,551
Number of personnel (full-time equivalent)	10,267
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	634
Capacity of central jail	300
Capacity of work-release center	75
Number of personnel (full-time equivalent)	337
Tourism (Convention & Visitors Bureau Component Unit)	
Tourist information center visitors	23,924
Other statistical data:	
Elections:	
Registered voters at last general election	254,649
Number of votes cast in last general election	180,740
Percent voting in last general election	71%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,185
Miles of sanitary sewer mains	1,097

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, 2013

Travelers Casualty & Surety Company

Crime/Faithful Performance of Duty Blanket Bond \$1,000,000

(Insured: Prince William County, Prince William County - Manassas Regional Adult Detention Center)

Honesty Blanket Bond \$1,000,000

(Insured: Same as Above)

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

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

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

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

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

Surety Bond - Michèle McQuigg, Clerk of the Court \$103,000

Surety Bond - Glendell Hill, Sheriff \$30,000

Surety Bond - Peter Meletis, Jail Superintendent \$30,000



COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
OFFICE OF NATIONAL DRUG CONTROL POLICY:			
* Pass-Through Payments from University of Maryland: High Intensity Drug Trafficking Area (HIDTA) Project	07.000	not available	625
Total Office of National Drug Control Policy			<u>625</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 Aging: Nutrition Services Incentive	10.570	45702-40573	0
* Department of Agriculture: Food Donation - Commodities	10.550	not available	4
Fresh Fruit and Vegetable Program	10.582	17901-40599	444
Team Nutrition Grant	10.574	not applicable	15
Distance Learning - Forest Service - Conservation Ed	10.000	not applicable	300
* Department of Social Services: State Administrative Matching Grant for Food Stamp Program	10.561	45213-90303 45213-90304 46003-90103 46003-90104 46003-90212 46003-91103 46003-91104 46003-91403 46003-91404 46003-90403 46003-90404 46006-90223 46006-90224 46006-90703 46006-90704	2,894
Child Nutrition Cluster ¹			
* Department of Agriculture & Consumer Services: National School Lunch Program - Commodities	10.555 ²	not available	1,714
* Department of Education: School Breakfast Program	10.553 ³	17901-40591	3,843
National School Lunch Program	10.555 ²	17901-40623	15,099
* Department of Juvenile Justice: School Breakfast Program	10.553 ³	36001-00000	24
National School Lunch Program	10.555 ²	36001-00000 36003-00000	50
Total Department of Agriculture			<u>24,410</u>

¹ Child Nutrition Cluster Total \$20,730

² CFDA 10.555 Total \$16,863

³ CFDA 10.553 Total \$3,867

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF DEFENSE:			
* Direct Payments:			
Junior ROTC Program	12.000	not applicable	686
Total Department of Defense			<u>686</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
* Housing Counseling Assistance Program	14.169	not applicable	6
Community Development Block Grants / Entitlement Grants	14.218 ⁴	not applicable	1,678
Supportive Housing Program	14.235	not applicable	552
HOME Investment Partnerships Program	14.239	not applicable	666
Economic Development Initiative-Special Project, Neighborhood Initiati	14.251	not applicable	22
Section 8 Housing Choice Vouchers	14.871	not applicable	25,275
Community Development Block Grant ARRA Entitlement Grants (CDBG-	14.253 ⁴	not applicable	13
Pass-Through Payments from Northern Virginia Planning District Commission:			
* Housing Opportunities for Persons with AIDS	14.241	not available	268
Total Department of Housing and Urban Development			<u>28,480</u>
DEPARTMENT OF THE INTERIOR:			
Direct Payments:			
* Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	66
Pass-Through Payments from Commonwealth of Virginia:			
* * Department of Historic Resources:			
American Battlefield Protection	15.926	50205-66018	36
Total Department of the Interior			<u>102</u>
Pass-Through Payments from Commonwealth of Virginia:			
* * Department of Historic Resources:			
Historic Preservation Fund Grants-In-Aid	15.904	50205-66015	0

⁴ CFDA 14.218 & 14.253 Total \$1,691

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE:			
Direct Payments:			
* Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) P Of Local Government	16.804 ⁵	not applicable	305
Crime Victim Assistance	16.575	39001-76000	154
Missing Children's Assistance	16.543	not applicable	30
Public Safety Partnership and Community Policing Grants	16.710	not applicable	40
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁵	not applicable	41
Equitable Sharing Program	16.922	not applicable	233
Community Prosecution & Project Safe Neighborhoods	16.609	not applicable	0
Pass-Through Payments from Commonwealth of Virginia:			
* Department of Criminal Justice Services: Violence Against Women Formula Grants	16.588	39001-67700	30
Crime Victim Assistance	16.575	39001-66000	
Byrne Formula Grant Program	16.579	39001-65017 39001-85000	
Pass-Through Payments from City of Manassas Park:			
* Congressionally Recommended Awards	16.753	not available	15
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁵	not applicable	15
Total Department of Justice			<u>863</u>
DEPARTMENT OF TRANSPORTATION:			
Pass-Through Payments from Commonwealth of Virginia:			
* Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	60507-50330 60507-52008	265
Highway Planning and Construction	20.205	not available	4,365
State & Community Highway Safety (Section 402)	20.600	not applicable	6
Pass-Through Payments from The Metropolitan Washington Council of Governments New Freedom Program			
*	20.521	not applicable	120
Total Department of Transportation			<u>4,756</u>
DEPARTMENT OF THE TREASURY:			
Direct Payments:			
* Equitable Sharing Agreement	21.000	not applicable	29
Total Department of the Treasury			<u>29</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Direct Payments:			
* Promotion of the Humanities Public Programs	45.164	not applicable	3
			<u>3</u>
DEPARTMENT OF VETERANS AFFAIRS:			
Direct Payments:			
* Veterans Medical Care Benefits	64.009	not applicable	245
Total Department of Veterans Affairs			<u>245</u>

⁵ CFDA 16.738 & 16.804 Total \$361

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF EDUCATION			
Direct Payments:			
* Impact Aid	84.041	not applicable	1,106
Fund for the Improvement of Education	84.215	not applicable	277
Foreign Language Assistance	84.293	not applicable	
Pass-Through Payments from Commonwealth of Virginia:			
* * Department of Education:			
Adult Education - State Grant Program	84.002 ⁶	19202-61111	
Adult Education - State Grant Program	84.002	17901-42801 17901-61380	550
Title I Grants to Local Educational Agencies	84.010 ⁶	17901-42892 17901-42901 17901-42935	7,611
Title I Program for Neglected & Delinquent Children	84.013 ⁶	17901-42948	3
Vocational Education - Basic Grants to States	84.048	17901-61095	790
Safe and Drug-Free Schools and Communities National Programs	84.184	18204-86680	234
Eisenhower Professional Development State Grants	84.281	56045-61471	
Twenty-First Century Community Learning Centers	84.287	17901-60565	855
Education Technology State Grants	84.318 ⁷	17901-61600	13
English Language Acquisition Grants	84.365	17901-60512	1,440
Title II Part A Improving Teacher Quality State Grants	84.367	17901-61480	1,090
School Improvement Grants	84.377	17901-43040	1
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181 ⁸	44507-43075 44507-43076	435
* State Council of Higher Education for Virginia			
Gaining Early Awareness and Readiness for Undergrad Program	84.334	17117	15
Special Education Cluster ⁹			
* Department of Education:			
Special Education - Grants to States	84.027	17901-43071	14,001
Special Education - Preschool Grants	84.173	17901-62521	338
* Pass-Through Payments from Community Training and Assistance Center			
Teacher Incentive Fund	84.374	not available	1,803
* Pass-Through Payments from Ohio State University to Leslie University			
USED Investing in Innovation Grant Project	84.396	not available	41
* Pass-Through Payments from College of William and Mary			
Education for Homeless Children and Youth	84.196	not available	22
Total Department of Education			<u>30,625</u>

⁶ Title I Part A Cluster Total \$7,611

⁷ Education Technology Cluster Total \$13

⁸ Early Intervention Services (IDEA) Cluster Total \$435

⁹ Special Education Cluster Total \$14,339

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payments:			
* Head Start			
Head Start	93.600	not applicable	2,961
Pass-Through Payments from Commonwealth of Virginia:			
* * Department of Aging:			
Special Programs for the Aging - Title VII, Chapter 3-Programs	93.041	45506-44401	52
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	45504-45001 45504-45002	2
Special Programs for the Aging Title IV and Title II Discretionary	93.048	45504-51150	7
National Family Caregiver Support, Title III, Part E	93.052	not available	9
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Proiects for Assistance in Transition from Homelessness (PATH)	93.150	44506-50934 44506-50935	77
Block Grants for Community Mental Health Services	93.958	44506-50122	104
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	44501-50162 44501-50192	1,100
Promoting Safe & Stable Families	93.556	46901-90359 46901-90360 46901-90361	124
* Department of Social Services:			
Temporary Assistance for Needy Families	93.558	45201-90603 45212-90365 45212-90366 45212-90377 46003-90109 46003-90110 46003-90111 46003-90112 46003-90127 46003-90129 46003-90409 46003-90410 46003-90411 46003-90412 46003-91109 46003-91110 46003-91111 46003-91112 46003-91127 46003-91129 46006-90229 46006-90230 46006-90231 46006-90232 46006-90247 46006-90249	1,807
Refugee & Entrant Assistance - State Administered Programs	93.566	46003-90113 46003-90413 46003-91113 46003-91413 46006-90233 46006-90713 49102-90623	102

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
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 46003-91114 46003-91115 46006-90234 46006-90235	73
Chafee Education and Training Vouchers Program (ETV)	93.599	46901-90353	3
Child Welfare Services State Grants	93.645	46003-91131 46006-90251	6
Foster Care - Title IV-E	93.658	46003-90105 46003-90106 46003-90148 46003-90209 46003-90405 46003-90406 46003-90407 46003-90447 46003-90448 46003-91105 46003-91106 46003-91107 46003-91133 46003-91138 46003-91147 46003-91148 46003-91405 46003-91406 46003-91407 46003-91433 46003-91438 46003-91447 46003-91448 46006-90225 46006-90226 46006-90227 46006-90253 46006-90258 46006-90267 46006-90268 46006-90705 46006-90706 46006-90707 46006-90733 46006-90738 46006-90747 46006-90748 46901-90047 46901-90636 46901-90637 46901-90639 46901-90657 46901-90658	1,400
Adoption Assistance	93.659	46003-90108 46003-90214 46003-90408 46003-91108 46003-91408 46006-90228 46006-90708 46903-90606 46903-90607 46903-90627	565

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
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	46003-90123 46003-90124 46003-90125 46003-91120 46003-91122 46003-91123 46003-91124 46003-91125 46003-91126 46003-91142 46006-90240 46006-90242 46006-90243 46006-90244 46006-90245 46006-90246 46006-90262 46802-90340 46802-90358 46802-90379 46901-90351 46901-90358 46902-90351 46903-90648	1,025
Chafee Foster Care Independence Program	93.674	46003-91134 46006-90254 46901-90356 46902-90356	18
Children's Health Insurance Program	93.767	46003-90102 46003-90161 46003-90402 46003-91102 46003-91402 46006-90222 46006-90702	64
Medical Assistance Program	93.778	46003-90101 46003-90146 46003-90160 46003-90213 46003-90401 46003-90446 46003-91101 46003-91146 46003-91401 46003-91446 46006-90221 46006-90266 46006-90701 46006-90743 46006-90746	1,748
Aging Cluster ¹⁰			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	45504-44111 45504-60001 45504-62004	208
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	45701-44121 45703-44131	179

¹⁰ Aging Cluster Total \$387

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2013
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
Child Care Cluster			
* Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	45214-90529 45214-90540 45214-90541 45214-90566 45215-90378 45215-90521 46003-90116 46003-90117 46003-90118 46003-91116 46003-91117 46003-91118 46006-90236 46006-90237 46006-90238	237
Total Department of Health and Human Services			<u>11,871</u>
DEPARTMENT OF HOMELAND SECURITY:			
* Direct Payments:			
Homeland Security Grant Program	97.067 ¹¹	not applicable	390
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially	97.036	77602-147	136
Emergency Management Performance Grants	97.042	77501-52741	10
State Homeland Security Program (SHSP)	97.073	77501-52708	20
Emergency Management Performance Grants	97.042	72209-52103 77501-52700	
* Pass-Through Payments from Arlington County:			
Homeland Security Grant Program	97.067 ¹¹	not applicable	354
* Pass-Through Payments from District of Columbia:			
Homeland Security Grant Program	97.067 ¹¹	not applicable	224
* Pass-Through Payments from Fairfax County:			
Homeland Security Grant Program	97.067 ¹¹	not applicable	210
* Pass-Through Payments from Montgomery County:			
Homeland Security Grant Program	97.067 ¹¹	not applicable	213
Total Department of Homeland Security			<u>1,557</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>104,252</u>

¹¹Homeland Security Grant Program Total \$1,391

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013
(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 50% of total expenditures of federal awards.

Illustration 1-1 Major Federal Programs	
10.561 – Food Stamp Program	\$ 2,894
14.218 & 14.253 – Community Development Block Grants/Entitlement Grants Cluster	1,691
14.871 – Section 8 Housing Choice Vouchers	25,275
84.010 – Title I Part A Cluster	7,611
84.027 & 84.173 – Special Education Cluster	14,339
84.041 – Impact Aid	1,106
Total	<u>\$ 52,916</u>

Illustration 1-2 presents the reconciliation of the County’s Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 20 and the School Board’s separately issued CAFR Exhibit 5 to the Schedule of Expenditures of Federal Awards (SEFA). A copy of the County’s CAFR may be obtained through the County’s website at www.pwccgov.org. School Board’s CAFR may be obtained through the School’s website at www.pwccs.edu.

Illustration 1-2 Reconciliation of Comprehensive Annual Financial Statements to the Schedule of Expenditures of Federal Awards	
County’s Total Federal Revenue per Exhibit 5 and Schedule 20	\$ 50,204
School’s Total Federal Revenue per Exhibit 5	55,346
Items expended from Restricted Fund Balance	
Criminal Forfeitures (Treasury)	30
Criminal Forfeitures (Justice)	159
Section 8 Housing Choice Vouchers	979
Items not subject to Single Audit:	
U. S. Marshals/I.N.S. purchase of service agreement	(581)
Other purchase of services agreements	(1,885)
Total Federal Expenditures per SEFA	<u>\$ 104,252</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 2013. 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 2013 was \$4. The value of equipment received by the County during fiscal year 2013 was \$1,001 and the value of Library books received by the County during fiscal year 2013 was \$3. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County’s basic financial statements.

During fiscal year 2013, the County received and expended \$1,714 in surplus food commodities from the federal government. At year end, \$841 of food commodities received from the federal government have been included in inventories and recorded as unavailable revenue.

NOTE (5) – SUBRECIPIENTS

The amount of federal awards provided to sub-recipients during fiscal year 2013 totaled \$2,344 of which \$1,678 related to Catalog of Federal Domestic Assistance (CFDA) No. 14.218 and \$666 related to CFDA No. 14.239.

NOTE (6) – FY 2012 CFDA NUMBER RECLASSIFICATIONS

Due to Virginia Department of Social Services (VDSS) program and project changes, the FY 2012 Schedule of Expenditures of Federal Awards reflected incorrect amounts for CFDA numbers 93.556 and 93.558. The FY 2012 threshold for a Type A program was \$3,000,000 and the threshold for a Type B program was \$300,000; therefore there is no effect on Major programs selected for testing in FY 2012 due to the reclassification of the amounts shown below:

CFDA 93.556	As originally reported	\$ 946
	Adjustment	<u>(822)</u>
	Revised	<u>\$ 124</u>
CFDA 93.558	As originally reported	\$ 905
	Adjustment	<u>822</u>
	Revised	<u>\$ 1,727</u>

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, in accordance with the 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 of audits of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2013. Our report includes a reference to other auditors who audited the financial statements of the Prince William County/Manassas Convention and Visitors Bureau (the "CVB"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the CVB were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as 2013-01 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency.

Compliance and Other Matters

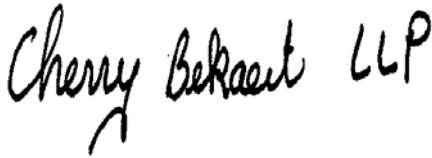
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-2.

County's Response to Finding

The County responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekker LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
December 23, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the County of Prince William, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Prince William, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Tysons Corner, Virginia
December 23, 2013

COUNTY OF PRINCE WILLIAM, VIRGINIA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> X </u> Yes	<u> </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> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> X </u> Yes	<u> </u> No

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

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

<u> </u> Yes	<u> X </u> No
---------------------------------	-------------------------

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
State Administrative Matching Grant for Food Stamp Program	10.561
Community Development Bloch Grant/Entitlement Grants Cluster	14.218, 14.253
Section 8 Housing Choice Vouchers	14.871
Title I Part A Cluster	84.010
Special Education Cluster	84.027, 84.173
Impact Aid	84.041

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

 \$ 3,000

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, 2013

Section II - Financial Statement Findings

Finding 2013-1: INTERNAL CONTROL OVER FINANCIAL REPORTING – PRINCE WILLIAM COUNTY SCHOOLS

Criteria: All depreciable fixed assets should have depreciation calculated and expensed on an annual basis, based on the useful life of the asset.

Condition: During the audit we noted a \$13.4 million decrease in overall depreciation expense from the prior year. The expenses for Buildings and Equipment decreased from the prior year. Buildings had a significant decrease of \$12.8 million, while the other category decreased approximately \$600,000. Per review of the fixed asset supporting schedule, we noted that the depreciation for three building assets that were acquired during the 2013 fiscal year did not have calculated depreciation.

Cause: The fixed asset system had system issues that resulted in the no calculation of depreciation expense for several Building and Equipment. The system did not properly process all fixed assets and did not calculate the depreciation expense for all fixed assets.

Effect: Misstatement of depreciation expense due to the significant deficiency in controls could have resulted in a direct misstatement on the financial statement of depreciation expense. An understatement of depreciation expense and accumulated depreciation could lead to an overstatement of assets on the financial statement.

Recommendation: We recommend that management implement controls that require upgrades to the fixed asset system be tested before the system upgrade is implemented on live data.

View of responsible officials and planned corrective action: Management concurs with the finding 2013-1. Management is in the process of developing procedures to encompass additional testing and ensuring the system issues are resolved. This additional testing will result in increased controls.

Finding 2013-2: APA OF VIRGINIA, SECTION 3-15 SOCIAL SERVICES COMPLIANCE

Criteria: In accordance with the Auditors of Public Accounts (APA) of Virginia, Section 3-15 Social Services, the County Social Service employees are required to read the 2012 VDSS Information Security Program and sign the Information Security Program and Acceptable Use Awareness Acknowledgement Form after October 11, 2012 and no later than close of business November 30, 2012.

COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

Condition: In our sample of 25 employees, we noted ten instances where employees signed the Information Security Program and Acceptable Use Awareness Acknowledgement Form subsequent to November 30, 2012. Additionally, in our sample of 25 employees, we noted two instances where employees signed the Information Security Program and Acceptable Use Awareness Acknowledgement Form before October 11, 2012 and November 20, 2012.

Cause: The Department of Social Services of the County did not require employees to read and sign the Acceptable Use Awareness Acknowledgement Form by the date specified by the state. The County had no formal review process in place to ensure that all employees had signed the correct form by the specified date.

Effect: The Department of Social Services of the County is not in compliance with Section 3-15 of the APA of Virginia. Each employee should have signed the most recent Acceptable Use Awareness Acknowledge Form within the state specified time frame. Signing the most recent form in a timely manner ensures that employees are aware of the changes made to the policy.

Recommendation: Employees should complete the Information Security Program and Acceptable Use Awareness Acknowledgement Form within the required deadline as required by Section 3-15 of the APA of Virginia.

View of responsible officials and planned corrective action: Management concurs with the finding 2013-2. Management is in the process of developing procedures to ensure compliance with APA Section 3-15 by the specified deadline.

Section III – Findings and Questioned Costs for Federal Awards

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

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2013

Financial Statement Findings

Finding 2013-1: INTERNAL CONTROL OVER FINANCIAL REPORTING – PRINCE WILLIAM COUNTY SCHOOLS

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

Corrective Action:

- Management is in the process of developing procedures to encompass additional testing and ensuring the system issues are resolved. This additional testing will result in increased controls.

Proposed Completion Date: Immediately

Finding 2013-2: APA OF VIRGINIA, SECTION 3-15 SOCIAL SERVICES COMPLIANCE

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

Corrective Action:

- Management concurs with the finding 2013-2. Management is in the process of developing procedures to ensure compliance with APA Section 3-15 by the specified deadline.

Proposed Completion Date: Immediately