



Prince William County, Virginia  
Department of Finance

# Comprehensive Annual Financial Report

For the Year Ended June 30, 2017

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**FY2017**



Davis Ford Rd. Fire Station



# **County of Prince William, Virginia**

## **Comprehensive Annual Financial Report**

**for the Fiscal Year Ended June 30, 2017**

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

### **COUNTY EXECUTIVE**

**Christopher E. Martino**

### **DIRECTOR OF FINANCE**

**Michelle L. Attreed**

*Prepared by the Department of Finance*

*\*As of June 30, 2017*



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## Introductory Section

Letter of Transmittal

Certificate of Achievement

Organization of the County Government





# COUNTY OF PRINCE WILLIAM

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## BOARD OF COUNTY SUPERVISORS

Christopher E. Martino  
County Executive

Michelle L. Attreed  
Director of Finance

Corey A. Stewart, Chairman  
Martin E. Nohe, Vice Chairman  
Ruth M. Anderson  
Maureen S. Caddigan  
Pete Candland  
John D. Jenkins  
Jeanine M. Lawson  
Frank J. Principi

**February 15, 2018**

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

**W**e are pleased to present the *Comprehensive Annual Financial Report* of the County of Prince William (the "County") for the fiscal year ended June 30, 2017. The report presents fairly the financial position of the County, including its discretely presented component units in all material respects and demonstrates compliance with applicable legal and contractual provisions. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. A comprehensive internal control framework 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) is in place to provide a reasonable basis for making these representations. Because the cost of internal controls should not outweigh the benefits, the County's comprehensive framework of internal controls, by design, provides reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

**T**he County's financial statements are audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded there is a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP for the fiscal year ended June 30, 2017. The independent auditor's report is the first component of the financial section of this report.

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

**G**AAP 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 complements 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 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 % is federally owned land. As of June 30, 2017, Prince William's Geographic Information Systems (GIS) Division placed the County's population at an estimated 455,267 persons. Prince William County is 7.5% of the Washington-Metropolitan region's population, which stands at 6.1 million persons according to 2011-2015 U.S. Census American Community Survey (ACS) data. 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 cities and towns elect their own mayors and councils, but rely on the County government for some 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, elected at-large by County residents, serves a four-year term as Chairman. The current board members took office in January 2016, following an election held on November 3, 2015, and serve until December 31, 2019.

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. Effective October 1, 2017, the Board dissolved the Convention and Visitors Bureau and established a new Office of Tourism in the Department of Parks & Recreation. A legally separate water and sewer service authority, known as the Prince William County Service Authority, provides sanitation services. User charges and bond financings are the primary funding sources for the Service Authority's operations and capital needs. The Authority is solely responsible for all of its outstanding debt. The Authority is not a component unit of the County. Note (1A) in the notes to the financial statements discloses additional information on discretely presented component units and all other entities.

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

After an extensive review and deliberation process and two public hearings to receive citizen input, the Board makes its decisions on the proposed Fiscal Plan and adopts the Fiscal Plan by April 30. The education component of the plan must be adopted on or before May 15, 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. 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.

## Local Economy

The Prince William County economy is an important segment of the Washington, D.C. metropolitan area economy, which is arguably one of the most dynamic in the world. The Budget Control Act and sequestration legislation, all efforts to address the unsustainable growth in federal spending and debt, challenged the Commonwealth of Virginia's economy due to its dependence on defense procurement. Most of the County's general fund revenues derive from local property taxes. Strong financial policies, practices and ample general fund balance have allowed the County to comfortably manage through economic downturns. The Prince William County economy continues to exhibit healthy signs. The residential real estate market continues to perform well in terms of average sold prices and units sold. The average days on the market and available inventory have significantly decreased. Unemployment in the County continues to hold well below the national rate. Latest at-place employment data from the Virginia Employment Commission's (VEC's) Labor Market Information (LMI) indicates continued growth in establishments, employment, and wages in the County. Prince William County's vacancy rates for commercial inventory are lower than historic vacancy rates and demonstrate improvement.

After a major downturn in 2007 and 2008, the local housing market stabilized in 2010 and regained momentum through June 2017. According to data from Metropolitan Regional Information Systems (MRIS), during June 2017, the average home in Prince William County sold for \$393,831. This represents an increase of 5.0% year-over-year and an 87.3% increase since February 2009, when the market was beginning its recovery. The number of homes sold in Prince William County in June 2017 was 940, an increase of 17.8% from the 798 homes sold one year earlier. The ratio of homes on the market to homes sold was 1.39, compared to 1.87 one year earlier, marking a significant decrease. Average "days on the market" stood at 28 in June 2017 compared to 41 in June 2016. The County's average sold price reached its peak of \$468,900 in December 2005. Although prices have not yet reached that level, June's average days on the market of 28 and average sold price to original list price of 98.8%, closely resemble December 2005. A major difference trending nationwide are low inventory levels. Active listings in June 2017 stood at 1,302 compared to 2,575 in December 2005. A low level of inventory is generally linked with rising price trends and low or falling average days on the market.

Residential building permit activity, a leading indicator for housing construction, experienced a six-year boom from 2000 to 2005, with more than 4,300 total residential unit permits issued per year. Home values increased at double-digit rates. According to the County's Department of Development Services, since 2005, the number of permits issued sharply declined. In the table below, a portion of the spike in 2015 resulted from three multi-family rental occupancy permits that contributed 606 units.

<u>Calendar Year</u>	<u>Single Family</u>	<u>Townhouse</u>	<u>Condo/Apartment</u>	<u>Total</u>
2007	1,305	580	366	2,451
2008	984	260	665	1,909
2009	1,152	381	402	1,935
2010	1,056	479	777	2,312
2011	842	349	316	1,507
2012	845	229	374	1,448
2013	756	349	538	1,643
2014	532	334	1,238	2,104
2015	622	480	1,849	2,951
2016	720	498	559	1,777
2017 (Jan-Jun)	280	207	58	545

In 2016, the County issued 1,451 residential occupancy permits for 1,777 new homes: 720 single-family homes, 498 townhouses, and 559 multi-family units (including apartments). The mix of housing types shifted in the past ten years, reflecting a changed market. In 2007, 53% of all permits issued were for single family detached, while 24% were for townhouses and 15% for condominiums/apartments. In 2016, by comparison, 41% of all permits issued were for single family detached, while 28% were for townhouses and 31% were for multi-family units. As the number of foreclosures continues to drop, expectations are that the average home prices will

continue to rise – though a return to double-digit annual appreciation is not anticipated in the near future. The residential real estate outlook calls for modestly improved conditions over the next several years.

**T**he Prince William County commercial inventory improved through June 2017. When compared to ten years ago, vacancy rates are lower. According to Costar Realty Group (Costar), the vacancy rate at the quarter ending June 2007 was 6.7%, reaching 11.3% in the third quarter of 2010, and falling back to 5.5% as of June 30, 2017. Not only has the vacancy rate fallen, but also the total commercial property inventory has increased 17.1% from 38.6 million sq. ft. in the second quarter 2007, to 45.2 million sq. ft. at June 30, 2017. Between fourth quarter 2006 and third quarter 2010, total office and industrial square footage in Prince William County increased 16.6% from 15,145 thousand sq. ft. to 17,653 thousand sq. ft. This growth, in combination with the economic downturn, resulted in a vacancy rate increase from 5.5% to 16.2%. The vast majority of vacancies resulted from new inventory rather than tenant departures. As of second quarter 2017, the vacancy rate dropped back down to 5.5%, and the average price per sq. ft. almost reverted to the \$15 level, which is currently at \$13.97. Furthermore, the movement of one or two tenants can significantly affect vacancy rates in certain types of product -- notably flex, often characterized by single large and specific uses. However, as with office and industrial, the vacancy rate has declined to a 6.7% level after reaching a high of 21.3% in fourth quarter 2012. Additionally, the rent per sq. ft. has increased over the past ten years from the \$11 to \$12 range to over \$13. Expectations are that the commercial real estate market will continue to improve over the course of the next few years, as the local economy grows.

**A**bout 83% of the County's real estate tax base (including apartments) consists of residential housing. Approximately 16% is comprised of commercial, industrial, agricultural, and public service properties and less than 1% is undeveloped land. As values of homes and investment in the community increased, the Board of County Supervisors has been able to stabilize the real estate tax rate while maintaining the level and quality of services expected by residents. Below is a five-year history of the real estate tax rate per \$100 of assessed value:

- FY 2014 - \$1.181
- FY 2015 - \$1.148
- FY 2016 - \$1.122
- FY 2017 - \$1.122
- FY 2018 - \$1.125

**R**etail sales showed improvement in fiscal year 2017, with fiscal year-over-year sales tax revenue increasing 3.4% between 2016 and 2017. Over the near term, expectations are for a modest improvement over the prior year's results.

**P**rince William County's population was estimated at 455,267 on June 30, 2017. Population growth will continue with a strong real estate market, proximity to major employment centers, plans for public transportation expansion, and existing capacity for additional residential development. The Metropolitan Washington Council of Governments (COG) predicts the County's population to grow by just over 25% between the current estimate and beyond 2040. According to the U.S. Census American Community Survey 2015 5-Year Estimates and in sync with the County's family-oriented tradition, nearly 42% of the County's households contain married-couple families with children of the household under 18 years old, almost 24% of which are under six years old. Just over 64% of the County's residents work in another county or state, and the mean travel time to work is 39.6 minutes, the 20<sup>th</sup> highest of all 3,142 U.S. counties (and equivalents). Additionally, according to the U.S. Census American Community Survey 2016 1-Year Estimate, the Washington D.C. Metropolitan Statistical Area (MSA) has the third-highest median household income in the U.S, at \$95,843, with eight of the MSA's counties in the top 20 nationwide. Prince William County's median household income of \$97,986 is 70% above the national median of \$57,617 and 44% above the statewide median of \$68,114. Prince William County had the 19th highest median household income in the United States; more than 2% higher than the Washington, D.C. MSA. This ranking continues to highlight Prince William County's status as a "Community of Choice."



According to data from VEC's LMI, Prince William County outpaced the Commonwealth in business growth, job growth, and average weekly wage growth over the last five years. According to the Virginia LMI, in the fourth quarter of 2016, there were 9,187 employment establishments located in Prince William County. This represents a growth of 18.89% from the 7,727 reported in the fourth quarter of 2011. By comparison, Northern Virginia establishments grew by 13.92% since the fourth quarter of 2011, and statewide establishments grew by 13.87%. The largest employers in the County are the Prince William County School Board, Prince William County Government, U.S. Department of Defense, Walmart, and Morale Welfare and Recreation.

At-place employment in Prince William County (124,014 in the 1<sup>st</sup> quarter of 2017) increased by 1.25% year-over-year and by 12.86% since the 1<sup>st</sup> quarter 2012. Establishments of employment in Prince William County increased by 17.55% from 7,705 in the 1<sup>st</sup> quarter of 2012 to 9,057 in the 1<sup>st</sup> quarter of 2017. By comparison, Northern Virginia establishments grew by 11.90% from the 1<sup>st</sup> quarter of 2012, and statewide establishments grew by 12.61%. Employment in the Commonwealth grew by 0.8% in the last year, and increased by 5.9% since the fourth quarter of 2011.

According to the Virginia LMI, the average weekly wages in Prince William County grew 0.8% between the fourth quarter 2015 and the fourth quarter 2016, from \$924 to \$931. By comparison, during the same period, average weekly wages in Northern Virginia decreased 0.4% from \$1,406 to \$1,401, and Virginia weekly wages decreased 0.3% from \$1,094 to \$1,091.

The impact of the housing market downturn continues to resonate in those industries related to housing; however, at-place employment has gained momentum. According to the Virginia LMI, in the first quarter of 2010, there were 9,220 construction jobs in the County. As of the first quarter 2017, at-place construction employment increased to 12,966 jobs. The County has also experienced a rise in the number of startup firms in 2014 and 2015. In 2015 and 2014, there were 523 and 536 startup firms in the County, respectively, compared to 343 in 2013. These two years had the highest number of startups in the last nine years. Startups of 412 in 2016 fell back to similar startup totals of 412 to 442 as reported during the years 2010 to 2012. Prince William County's unemployment rate was 3.5% in June 2017, below the corresponding statewide rate of 3.7% and national rate of 4.4%.

Prince William County's close proximity to federal government agencies 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, the depth and duration tends to be ameliorated by the fairly consistent uptrend in federal spending and procurement. However, the regional economy, given ongoing fiscal austerity at the federal level, may be more challenged than in previous times to outperform the national economy. The County depends heavily on its housing stock and consumer spending to maintain its prosperity and levels of local government services. Although these two sectors were impacted by the recent economic downturn, the latest trends point to modestly improving conditions in local consumer and real estate activity.

As Prince William County enters fiscal year 2018, the local economy continues to outperform the national economy in a number of areas. However, 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 modest market expansion is occurring again, though at a far more subdued pace than during the previous housing market boom.

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 continued federal budget sequestration and economic uncertainties throughout the world may threaten global and national economies, which in turn may well local participants in major regional economies, such as Prince William County. Although short-term expectations suggest limited growth, long-term prospects are more promising.

## Long-term Financial Planning

The County adopted *Principles of Sound Financial Management* in 1988. The most recent update to these long-standing *Principles* occurred in March 2016. The *Principles* provide overarching guidance for prudent fiscal management. In 1989, the Board 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. Adhering to these *Principles* and the *Ordinance* has enhanced the County's image and credibility with the public, investors and credit rating agencies.

Credit ratings link strongly to the financial management of a local government and the economic climate. To this end, rating agencies continue to view the County as a key economic engine in the Washington metropolitan area. Thus, the County received a "AAA" status from all three major credit rating agencies, a distinction only 45 counties hold nationwide and a measure that less than 1% of the roughly 18,000 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 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*, five-year revenue and expenditure projections are presented to the Board 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 combined with the five-year budget plan prepared by the County give a total picture of the General Fund requirements. The Board approved the most recent five-year budget plan in April 2017 for fiscal year 2018 to fiscal year 2022. Integral to establishment of five-year plans is the *County-School Revenue Sharing Agreement*, originally adopted by the Board of County Supervisors and the County School Board in 1998. The current Agreement splits the County's General Revenues, 57.23% to the School System and 42.77% to the County.

The Fiscal Plan implements the Board's policy guidance and works to achieve the community's Vision and Strategic Goals. The Board's adopted vision acknowledges that individuals, families and businesses make a calculated decision to locate in the County. However, the reasons they come and the expectations they bring with them for how the County should evolve are wide-ranging. 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 individuals and families choose to live and businesses choose to locate."*

The Board has acknowledged that "quality of life" is an essential and consistent factor that families, individuals and businesses rely upon when choosing to locate in the County and is therefore a guiding principle used in the development of their *Strategic Plan*. The Board adopted strategic goal areas included in the 2017 to 2020 *Strategic Plan* (adopted in January 2017) are Robust Economy; Mobility; Wellbeing; Safe & Secure Community; Quality Education & Workforce Development. The goal statements associated with each of these areas are as follows:

- **Robust Economy** – *"The community fosters a diverse local economy that creates a culture of innovation and achieves more quality jobs, economic opportunities and an expanded commercial tax base."*
- **Mobility** – *"The community will have an accessible, comprehensive, multi-modal network of transportation infrastructure that supports local and regional mobility."*
- **Wellbeing** – *"The community will support vulnerable individuals and families to ensure the wellbeing of the entire community."*

- **Safe & Secure Community** – “Prince William County is a community where people are safe and secure.”
- **Quality Education & Workforce Development** – “The community fosters a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands.”

Connectivity touches all areas of the *Strategic Plan* and is integral to accomplishing the Board’s strategic outcomes. Better connectivity facilitates a robust economy by allowing businesses to take advantage of modern technologies and cloud-based services to maintain their competitive advantage. It directly benefits the mobility within the community by providing viable telework options, which reduces the need for individuals to commute out of the County for work. It helps students achieve greater success by providing online education opportunities and workforce development training. It allows more effective and efficient case management and service for those most in need. Finally, it ensures the County’s public safety agencies take advantage of technologies that maintain open lines of communication and store and access essential data and information. For these reasons, the Board has embraced “Connectivity” as a strategic priority.

The Fiscal Plan and Five-Year Budget Plan rely on input from the community to build a “community of choice” as expressed in the Board’s Vision and to address each of the important goal areas in the *Strategic Plan*. The Board’s decisions and priorities along with the work of staff support the strategic goals and allow for reinvestment in the County to ensure that Prince William remains a “community of choice”. Approximately 91% of County residents surveyed agree that the overall quality of life meets or exceeds their expectations, 81% say Prince William County government can be trusted to do the right thing; and 88% feel they are getting value for their tax dollars.

Each year, the County prepares a six-year *Capital Improvements Program (CIP)*, adopted by the Board and published concurrently with the Adopted Fiscal Plan. The CIP specifies the capital improvements and construction projects 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 approximately \$1.145 billion. The major projects address education, transportation, community development/human services, public safety and technology improvement needs; all key focus areas of the County’s *Strategic Plan*. The fiscal year 2018-2023 CIP provides almost \$212 million for transportation roadway and sidewalk improvement projects; \$50.6 million for four new fire and rescue stations and several station renovation/reconstruction projects; \$42.2 million for the expansion of the Adult Detention Center; \$16.7 million for police projects, including funding for the body-worn camera program, security initiatives and an update to the Public Safety Training Center master plan; \$11.1 million for technology improvement initiatives; \$27.1 million for landfill related capping and lining projects; \$26 million for watershed management projects; and \$10.8 million for parks and recreation projects, including the Potomac Heritage National Scenic Trail and replacement of the children’s pool at WaterWorks, the community’s recreational water park. The School System’s Capital Program totaling \$1.04 billion for fiscal years 2018 to 2023 is integrated into the County’s CIP.

## Relevant Financial Policies

As outlined in the *Principles of Sound Financial Management*, current expenditures are funded with current revenues and other resources. The County does 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. Furthermore, the County shall maintain healthy reserves, with a 2% of general fund revenue “Revenue Stabilization Reserve” requirement and a 7.5% of general fund revenue unassigned fund balance requirement, both designed to position the County with sufficient working capital

and a margin of safety to withstand local and regional emergencies and economic shocks and unexpected declines in revenues without borrowing.

## Major Initiatives

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

**R**obust Economy – The “Robust Economy” 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 enabled the County to become a strategic and vital component of the Northern Virginia economy, and the Commonwealth of Virginia. In this regard, the County's Department of Economic Development works diligently to attract new businesses and foster expansion of existing businesses. Since the inclusion of economic development in the strategic goals of the County, in the mid-1990s, 477 new and expanding companies have announced their intention to invest more than \$8.2 billion and add approximately 18,500 jobs to the Prince William County economy. Of these announcements, 370 or 78% were targeted industry businesses accounting for \$7.4 billion (90%) of the total investment and 14,280 (77%) of the total jobs.

**R**ecognizing the particular strengths of Prince William County and seizing upon market demands, Prince William County targets the biotechnology, life sciences and medical network markets; federal government agencies and contractors; specialized supply and logistics; advanced manufacturing; data centers and technology markets and corporate headquarter facilities. These areas have provided significant capital investment and job opportunities in Prince William County. In 2016, the County logged \$1.3 billion of intended capital investment and 596 new jobs from 23 economic development projects. The 23 projects consisted of 18 new business attractions, three expansions of existing facilities and two business retentions. The projects spanned a range of industries (information technology, life sciences, data centers, distribution, recreation, federal contracting and manufacturing), representative of the diversity of the underlying Prince William County economy. Of the 596 new jobs created, approximately 70% will be in the industry sectors targeted by the County. In the first nine months of calendar year 2017, thirteen projects, anticipated to generate \$791 million in capital investment and 846 jobs, have been announced. In the last five calendar years, 2012 through 2016, nearly \$4 billion of intended capital investment and 2,600 jobs have been logged by the County's Department of Economic Development.

**T**echnology is one of the County's strongholds and area of core competitiveness. The worldwide demand to be increasingly more inter-connected, along with the County's prominent East Coast location has given rise to Prince William County's emergence as an important data center market in the Greater Washington, DC Metropolitan area. The County's competitive tax structure, affordable power 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 center market demands. In 2016, the County achieved an important milestone, crossing three million square feet of data center space, further solidifying the County's position as a data center location of choice. Iron Mountain Incorporated, a global leader in storage and information management services, opened the first of four planned data centers in the County in September 2017. This first phase, \$80 million, 10.5-megawatt multi-tenant and cloud facility operates as an Uptime Institute Tier III certified facility for design and construction. Iron Mountain's overall planned \$350 million data center project was identified as the largest publicly announced non-utility capital investment project in the Commonwealth of Virginia in 2016. Today, nearly 10,000 acres of land are designated as a Data Center Opportunity Zone Overlay District, increasing the County's competitiveness in the market. Since welcoming its first data center in 1999, Prince William County has added 31 data center projects that collectively injected over \$6.2 billion in capital investment and created 912 high paying jobs.

**A** recently announced technology win for the County is the relocation of Isomet Corporation from Springfield, VA. Isomet, a world-renowned supplier of laser beam control devices, will bring \$2.3 million in capital

investment and 21 full-time jobs to Prince William County. Isomet's announcement comes on the heels of the Iron Mountain opening and a major expansion announcement by food distributing giant, US Foods. US Foods, plans to nearly double its footprint in Prince William County and create approximately 100 new jobs over the next five years. The project includes a 220,000 square foot expansion and renovation at its current facility in the Brentsville Magisterial District.

Prince William County's other major project wins for 2016 include the welcoming of Serpin Pharma, LLC/Caerus Discovery, Systaaq and Celetrix to Innovation Park, the County's premier business and technology hub. Innovation Park is home to a growing life sciences cluster and a number of information technology companies. Since its inception in 1998, the Park has attracted over 30 research institutions and companies employing over 2,700 people and bringing over \$858 million in private capital investment in the County. George Mason University's Science and Technology campus, situated at the epicenter of Innovation Park, houses the Institute for Advanced Biomedical Research, which includes leading-edge research laboratories. Other prominent businesses and institutes located at Innovation Park include American Type Culture Collection, Corning Life Sciences - Mediatech, Inc., the Department of Forensic Sciences, the George Mason University/National Institutes of Health (NIH) Level-3 Biosafety Research Laboratory (BRL), Mason's Center for Applied Proteomics & Molecular Medicine and Microbiome Group. Also present is an emerging forensic science/criminal justice cluster that includes the Federal Bureau of Investigation Northern Virginia Resident Agency and the Virginia Department of Forensic Science's Northern Laboratory. BerkleyNet, a member company of W.R. Berkley Corporation, one of the nation's premier insurance providers relocated its Woodbridge headquarters office to a new 70,000 square foot facility known as BerkleyNet Center @ Innovation Park in April 2017.

The Prince William Science Accelerator is home to the only commercially available public-private wet lab space in Northern Virginia and supports the growth of early-stage and small life science companies. First established in 2014, the Accelerator was designed to provide an innovative environment for entrepreneurial research and product development. Ideally situated in Innovation Park near George Mason University, the 9,000 sq. ft. facility houses nine fully built-out wet laboratory spaces suited for each tenant's specific needs. The Science Accelerator is amongst the largest and fastest-growing cluster of life and forensic sciences facilities in the region and is currently home to eight entrepreneurial start-up companies – Ceres Nanosciences, Inc.; ISOThrive, LLC; Virongy, LLC; Systaaq Diagnostic Products, Inc.; Celetrix, LLC; Serpin Pharma, LLC; Centaurus Bio, LLC; and Orpheus Biosciences, LLC. These life and forensic science companies are engaged in the research and development of pretreatment solutions to enhance the early detection of infectious diseases; therapeutic drugs designed to target autoreactive cells that drive autoimmune disease pathology; high efficiency electroporators; anti-inflammatory and immune-modulating drugs; prebiotics; and virological reagents and tools to support research and clinical investigations.

The Virginia Simulation and Game Institute (VSGI), also located at Innovation Park, is the only one of its kind on the east coast. The Institute is designed to support translational applied research in the areas of simulation, modeling and game design, rapid prototype development, high-value job creation and economic development. Since opening in March 2014, the VSGI has doubled in size and is currently home to eight start-up companies. The VSGI has collectively created over 140 jobs, multiple patents, copyrights, and worked on innovation simulation and game solutions for corporate, government, education, and entrepreneurial projects alike. Notable collaborations include projects with the Department of State, Army, and Customs and Border Patrol as well as training for K12 students, undergraduate and graduate level degrees, and executive training in game design skills and theory through a partnership with the Computer Game Design program at George Mason University and their outreach arm, the Mason Game and Technology Academy.

The County's access to both Interstates 66 and 95 make it a desirable location for shipping and transportation companies in the specialized supplies and logistics cluster. Prince William County's proximity to Marine Corps Base Quantico, Fort Belvoir, the National Reconnaissance Office, and Washington, DC, along with the presence of the Federal Bureau of Investigation Northern Virginia Resident Agency in the County, make the federal government and contractors who support the missions of federal agencies a key industry for economic development.

Corporate headquarters are another area of focus for the County's Economic Development efforts. Southland Concrete, a recognized leader in the construction industry, invested \$6 million in Prince William County for a new corporate headquarters and yard. This new facility, located in Manassas, brings 30 corporate jobs and 225 field employees to Prince William County. Dulles Glass and Mirror, Inc. expanded its corporate headquarters, research and development, manufacturing and warehousing operations by relocating to Prince William County with a \$7.5 million investment, bringing 136 new jobs to the County.

The Potomac Communities includes a number of office developments that cater to the growing demand to provide companies greater access to the Northern Virginia labor market while maintaining close proximity to Washington, DC and nearby federal facilities – such as Marine Corps Base Quantico, Fort Belvoir and the Pentagon. With infrastructure improvements to local roadways and new commercial office space coming to market, the Potomac Communities provides several opportunities for those looking to locate or expand in the County. Belmont Bay, a 300-acre mixed-use project adjacent to the Potomac River saw the opening of George Mason University's new Potomac Science Center. This waterfront Center is home to the University's Potomac Environmental Research & Education Center and contains wet lab space for teaching and research, lecture rooms, a library/resource center, offices and a spatial analysis laboratory further enhancing the pool of future workforce talent here in the County. Northern Virginia Community College's Regional Workforce Development Center, also located in the Potomac Communities, delivers high-quality workforce training with a focus on information technology, cybersecurity, and advance manufacturing – all targeted industries for Prince William County. Another gem of Potomac Communities is Potomac Shores, a 1,920-acre, master planned riverfront community, zoned for a dense mixed-use development including a town center, a proposed Virginia Railway Express (VRE) station, and parks and trails, including the Potomac Heritage National Scenic Trail. Potomac Shores is also home to a Jack Nicklaus Signature Golf Course and was named "Community of the Year" in October 2016 by the Northern Virginia Building Industry Association.

Destination outdoor retail giant, Cabela's, opened its long awaited store in Gainesville in March of 2017. The 80,000 square foot store is the first in Washington D.C. metropolitan area and one of only three stores in Virginia.

Overall, businesses looking to expand find that Prince William County's pipeline of skilled and diverse labor, access to five of the Top Ten U.S. markets, coupled with the County's proactive business approach and an array of affordable housing, retail and recreational options give Prince William County a competitive edge.

Quality Education & Workforce Development – "Quality Education & Workforce Development" is one of the Board's Strategic Goals. The goal states that the County will foster a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County. The School System's Five-Year Budget Plan continues to focus resources on the most critical school needs, including accommodating a student enrollment increase of 9,200 over the next five-year period; salary scale adjustments for employees as funding permits; \$260.3 million in funding for repairs and renewals of older facilities; funding for the debt service on \$555.2 million of construction bonds, start-up costs and operating costs for three new elementary schools, one middle school, and one high school, as well as additions and/or expansions at eight existing schools.

Prince William County Schools is the second largest of 132 school divisions in Virginia, the fourth largest in the Washington-Metropolitan area, and one of the 35 largest school divisions in the country, operating 95 schools and specialty centers for students in grades pre-kindergarten through twelve. In August 2016, the Prince William County Schools opened its 12<sup>th</sup> high school, named after the late Senator Charles J. Colgan and its 59<sup>th</sup> elementary school, named after Kyle R. Wilson, a Prince William County firefighter who tragically lost his life in the line of duty. The Colgan High School campus is home to the Prince William County Schools Aquatics Center, a competition pool and leisure pool facility that is open seven days a week to the public. The School System opened the new Randy G. Dasher Facilities Services Building in October 2016, bringing together maintenance and support staff from ten separate facilities. Construction of the R. Dean Kilby replacement school was completed during fiscal year 2017 and students/staff took occupancy of the new state-of-the-art elementary

facility in February of 2017. The newest elementary school, Covington-Harper Elementary, the County's 60<sup>th</sup> elementary school located on River Heritage Boulevard in Dumfries, opened in August of 2017 for the 2017-2018 school year. The School System also broke ground on its first nontraditional school for students from kindergarten through grade twelve. The school, located on the corner of Joplin and Aden Roads, will merge and expand successful offerings of the New Directions and New Dominion Alternative Education Centers and PACE East and it is on track to open in August 2018. The school will provide a full curriculum and range of services and programs, including internships within the career and technical education trades programs. The official September 2017 student enrollment count for all Prince William County Schools is 89,861 students, up 1,294 students, or 1.1% from fiscal year 2017 to 2018.

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 94% of eligible schools receiving full accreditation for the 2017-2018 school year, based on performance during the 2016-2017 school year, or a three-year average, far surpassing the statewide average of 86% and a marked improvement over the School System's 2016-2017 school year accreditation rate of nearly 90%. All eleven eligible high schools are fully accredited and rank among the top 9% in the nation according to the *Washington Post's* 2016 list of "America's Most Challenging High Schools" with two high schools in the top 3% nationwide. Four Prince William County high schools were ranked among the top in the nation by U.S. News & World Report based on state assessments and student success in Advanced Placement (AP) and International Baccalaureate (IB) programs with one high school earning the gold medal (top 2%) and three high schools earning the silver medal (top 10%). In 2016-2017, 35% of all Prince William County Schools' high school students were enrolled in at least one advanced course (AP, IB and Cambridge) and the percentage of students earning qualifying scores in these courses far exceed the national average. Twenty-one Prince William County Schools' schools were honored as part of a Virginia incentive program that recognizes schools and school divisions for advanced learning and achievement. Honored schools exceeded minimum state and federal accountability standards and achieved excellence goals established by the Governor and Board of Education, based on performance during the 2015-2016 school year. Prince William County Schools student 2016-2017 pass rates soared in history while otherwise meeting or exceeding the average pass rates of counterparts across the Commonwealth in all five areas covered by Virginia Standards of Learning (SOL) exams – English, reading and writing, history, mathematics and science. Prince William County student results on the ACT continue to trend upward. The 2016-2017 scores are the highest in five years for all of the tested areas as well as the composite score. English, mathematics, reading, and science scores all exceed national averages. The newly released 2017 average SAT scores for Prince William County students remain above the national average in reading/writing and above both the state and national averages for mathematics. The School System's on-time graduation rate of 91.8% significantly outperforms results from across the Commonwealth and English learners exceed the state by nearly 10% and surpassed all other Northern Virginia school divisions. In 2017, the School Systems' students earned nearly \$57 million in scholarships, up \$18 million over 2016. Over five years, students earned more than \$208.3 million in scholarships.

**Wellbeing** – The "Wellbeing" 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, addressing homelessness and improving services to those suffering from mental health and substance abuse issues. 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 2018-2022 Five-Year Plan includes initiatives such as implementing the "No Wrong Door" approach for Homeless Services with a coordinated intake function and additional wraparound services to keep more people in existing housing and allows rapid rehousing for those who become homeless; additional support for the mandated Emergency Services function in Community Services; and newly mandated individual assessments for intellectually disabled persons along with additional case management services.

**Safe & Secure Community** – Public safety has been one of the County's Strategic Goals since the *Strategic Plan* was first adopted. The "Safe & Secure Community" Strategic Goal calls for the County to maintain safe and secure neighborhoods and business areas and provide prompt responses to emergencies. In September 2017,

the County opened a brand new fire and rescue station, Station 26, the first new station constructed since 2010. Station 26 is located on Davis Ford Road near the intersection of Prince William Parkway. The 18,000 square feet, \$11.2 million station has three apparatus bays to house an engine and an Advanced Life Support (ALS) medic unit. In addition, the station includes sleeping quarters, a kitchen, dayroom, physical fitness room, and offices for 27 fire and rescue personnel. The CIP for fiscal years 2018-2023 includes funding for two additional fire stations, one of which will be located in the western end of the County. Also included is funding to continue construction on the new Central District Police Station, scheduled to open later this year, as well as funding for the construction of a 204-bed expansion of the Adult Detention Center. The FY 2018-2022 Five-Year Plan includes 225 new fire and rescue personnel and 77 new police personnel as well as staffing for the expanded Adult Detention Center.

**Mobility** – The “Mobility” Strategic Goal calls for the County to provide an accessible, multi-modal transportation network that supports local 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 continues to find ways to fund and/or build the needed transportation projects within the community.

**T**ransportation initiatives completed during fiscal year 2017 include improvements to the intersections of Purcell Road and Route 234 (completed November 2016) and Minnieville Road and Prince William Parkway (completed December 2016), designed to enhance traffic flow. Improvements were also made to Route 28 (Phase I), widening the two-lane roadway to a four and six-lane divided roadway, including the realignment of Vint Hill Road (completed January 2017). Route 1 was also widened to a six-lane roadway from Neabsco Mills Road to Featherstone Road, including intersection improvements, bike lanes and a pedestrian sidewalk (completed May 2017).

**P**rince William County is 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 House Bill 2313, legislation passed by the General Assembly in April 2013, the NVTA receives earmarked revenue for projects dedicated to relieving congestion in Northern Virginia and Prince William County is privy to a portion of the revenues and benefits. NVTA transportation funding to Prince William County is split into two categories -- projects with regional congestion relief benefits constitute 70% of the NVTA funds and the remaining 30% of NVTA funds are transferred directly to the County for urban or secondary road construction, capital improvements that reduce congestion, projects included in TransAction 2040 or its future updates and/or for public transportation purposes. In the FY 2018-2023 CIP, the 30% funding, totaling \$36.8 million, has been programmed to support Board approved NVTA eligible local road priorities and VRE commuter rail operations.

**T**he \$212 million CIP for fiscal years 2018-2023 aims to further advance the mobility strategic goals by including \$76.5 million for improvements to Route 1 from Featherstone Road to Mary’s Way; \$60.1 million for improvements to Route 28; \$26.3 million for the widening of Neabsco Mills Road; \$23.5 million for improvements to Minnieville Road between Spriggs Road and Route 234; and \$14.7 million for the widening of Vint Hill Road between Schaeffer Lane and Sudley Manor Drive.

## **Awards and Acknowledgments**

**T**he 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, 2016. This was the 36<sup>th</sup> consecutive year that the County has received this prestigious award. To earn a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report consistent with GFOA’s reporting



guidelines. This report satisfies 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.

**P**rince William County received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning July 1, 2016. This was the 31<sup>st</sup> consecutive year that the County has received this prestigious award. In order to receive this award, the governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device.

**T**he County also received for the 11<sup>th</sup> time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2016. 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.

**M**any 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.

**T**his *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,



Christopher E. Martino  
County Executive



Michelle L. Attreed  
Director of Finance



Government Finance Officers Association

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

Presented to

**County of Prince William  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morill*

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, elected at-large by County residents, serves a four-year term as Chairman. The current board members took office in January 2016 and will serve until December 31, 2019.

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.

An eight-member School Board is responsible for the operation of public schools in the County. The members are elected and serve a term of four years. The Board appropriates funds from the County's General Fund for the local share of the cost of operating the public schools. Operations of the School Board, however, are independent of the Board and the County administration as prescribed by Virginia law. A Superintendent, appointed by the School Board, administers 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 Virginia General Assembly appoints the Judges of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations District Court. Unlike most other Virginia counties, County residents do not elect a Treasurer and a Commissioner of the Revenue. The Director of Finance, appointed by the Board based on a recommendation of the County Executive, carries out the responsibilities of these officers.

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

# Organization Chart

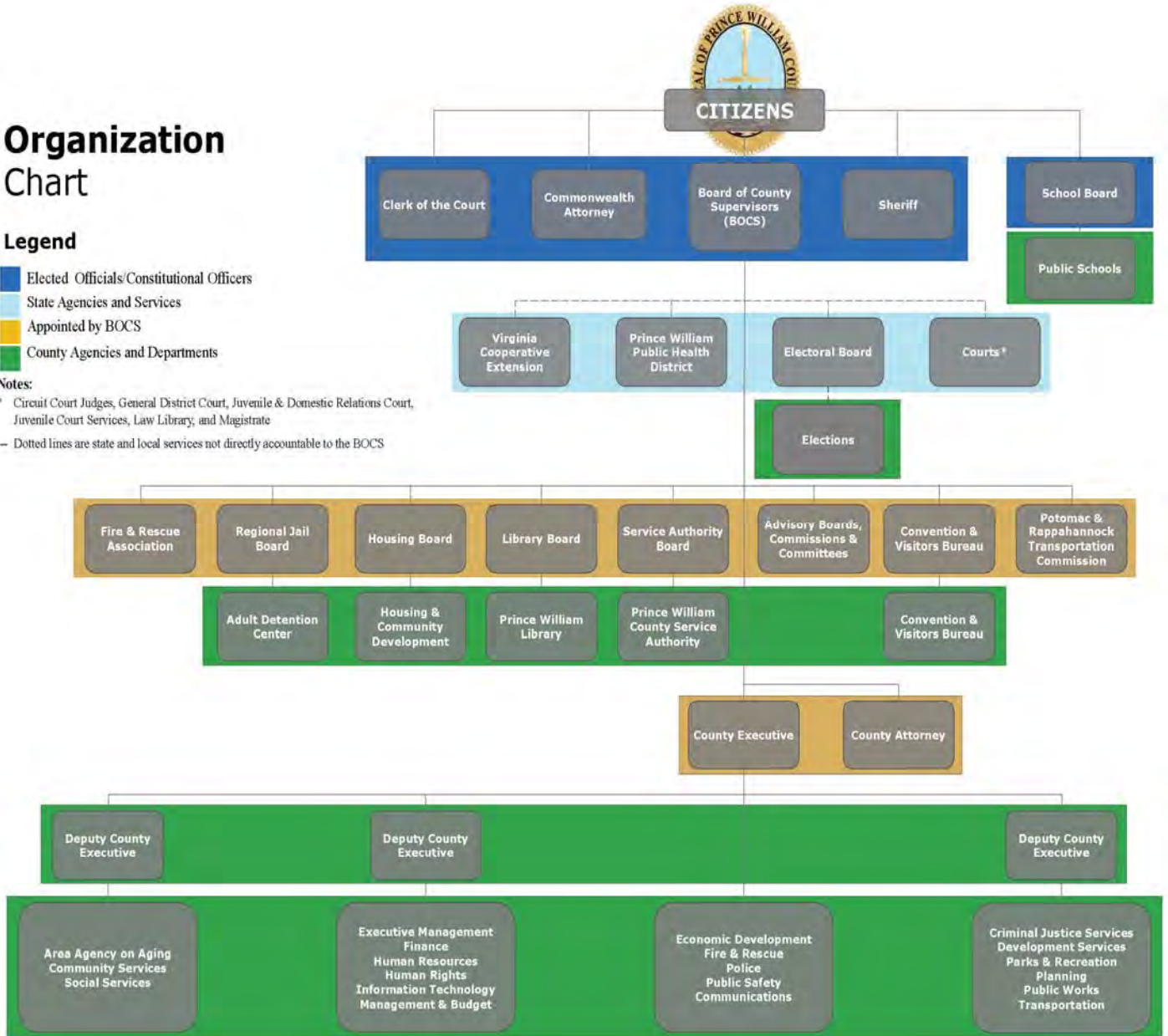
## Legend

- Elected Officials/Constitutional Officers
- State Agencies and Services
- Appointed by BOCS
- County Agencies and Departments

### Notes:

\* Circuit Court Judges, General District Court, Juvenile & Domestic Relations Court, Juvenile Court Services, Law Library, and Magistrate

--- Dotted lines are state and local services not directly accountable to the BOCS





## Financial Section

Report of Independent Auditors  
Management's Discussion & Analysis  
Basic Financial Statements  
Required Supplementary Information  
Supplementary Information

## 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, 2017, 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 controls 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 .02%, .03% and .10%, respectively of the assets and deferred outflows, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they related to the amounts included for the CVB, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of the CVB were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States or the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. 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, 2017, 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 Matters**

### *Change in Reporting Entity*

As discussed in Note (1) R to the financial statements, the County has merged existing and created new funds as a result of management's overall reassessment of all existing funds to improve the usefulness, including the understandability, of fund classification information for clarity and better presentation purposes. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information section (which includes combining and individual nonmajor and component unit fund financial statements, nonmajor fund and component unit budgetary comparison schedules, and debt obligation section) and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, on our consideration of the County's internal controls 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 Bekant LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia  
February 15, 2018



**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**  
*(amounts expressed in millions)*

Prince William County’s (the County) 2017 fiscal performance continues to demonstrate the successful implementation of its *System for Results Oriented Government*. This report provides accountability to the County’s goals and objectives defined with its citizenry and adopted by the Board of County Supervisors. This section of the annual financial report presents our discussion and analysis of the County’s financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the County’s financial statements, which follow this section. All amounts in the discussion and analysis, unless otherwise indicated, are expressed in millions of dollars. Throughout this section of the report, the primary government is referred to as the “County” and the “Total Reporting Entity” is the total of the County and component units. Due to the material relationship between the School Board component unit and the County, the total financial reporting entity information more accurately reflects the financial operations of Prince William County.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

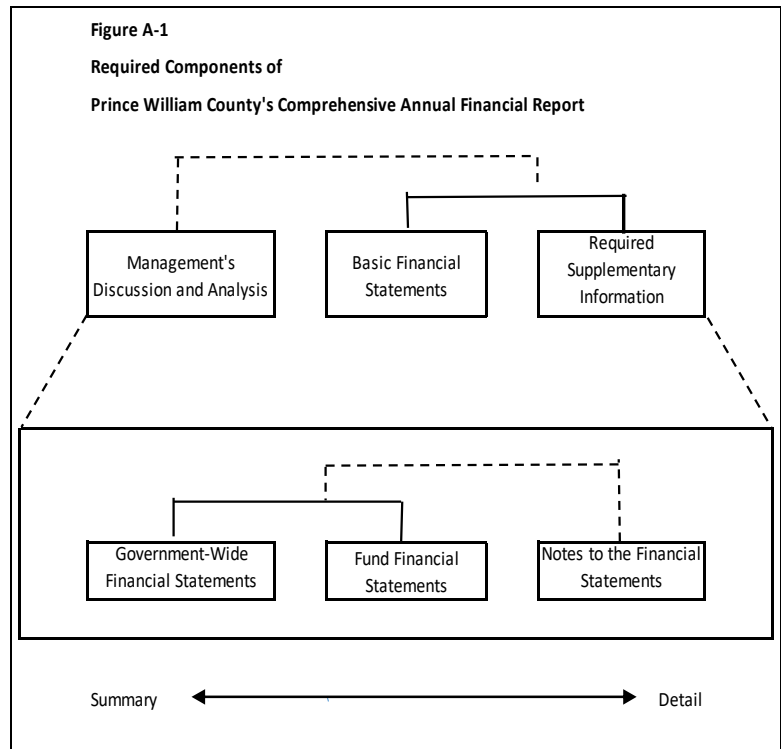
The financial section of this annual report consists of four parts – *Management’s Discussion & Analysis (MD&A)*, the *Basic Financial Statements*, other *Required Supplementary Information*, and an optional section that presents combining statements for non-major governmental funds, internal service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

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

**FINANCIAL HIGHLIGHTS**

- The County implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 77, *Tax Abatement Disclosures*; GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; GASB Statement No. 80, *Blending Requirements for Certain Component Units*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 82, *Pension Issues— an Amendment of GASB Statements No. 67, No. 68 and No. 73*. As a result of the above GASB implementations, the County achieved improvement in financial reporting related to the comparability of pension-related information and uniformity among government’s financial statements. Refer to Note 1-S.
- The total reporting entity, which includes component units, has positive net position of \$757 at June 30, 2017, which represents 11 percent increase of \$77 from the prior year.
- The total cost of the County’s programs decreased 6 percent to \$1,291 during fiscal year 2017, while the County’s total revenues increased by 3 percent, to \$1,277.
- Net position of governmental activities decreased 10 percent from the prior year as a result of program costs exceeding revenues for the current year. The County’s total costs in governmental activities decreased 6 percent from prior year by \$84. Program revenues decreased by 3 percent, while general revenues grew by 3 percent; these two factors contributed to overall average revenue growth of 2 percent.
- At June 30, 2017, the County has \$1,024 of debt outstanding related to assets recorded by its component units and other entities. Accordingly, liabilities and deferred inflows of the County’s governmental activities at June 30, 2017 exceeded its assets and deferred outflows by \$301 (net position).
- Total net position of the County’s business-type activities increased 31 percent to \$51 due primarily to the increase in revenues over the increase in expenditures and a reimbursement from the General Fund for assets transferred.
- At the end of the current year, the unassigned fund balance of \$80 in the general fund was maintained at 7.5 percent of total general fund revenues. The unassigned fund balance increased 5 percent from the prior year. The increase is primarily attributed to expenditure savings at the end of the fiscal year.
- General fund revenues exceeded the budget by \$20; alternatively, expenditure savings of \$19 under the budget helped to provide additional available resources for future years’ appropriations.
- As of January 1, 2016, (the assessment date pertinent to real estate taxes supporting fiscal year 2017) the total assessed values of taxable property increased by 4 percent compared to the prior year, with increases in residential values accounting for 78 percent of the total rise in values . Real estate taxes contributed 50 percent of the total revenues for the primary government of the County during fiscal year 2017

- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements reflect how *general government* services, like public safety, were financed in the *short-term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates like *businesses*, such as the Landfill.
  - *Fiduciary fund* statements provide information about the financial relationships – like the special welfare, community services board, and federal self-sufficiency payee programs for certain County welfare, mental health services, and federal self-sufficiency program recipients – in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources belong.



The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this financial section are arranged and relate to one another. In addition to these required elements, the financial statements include a section with combining statements that provide details about the County's non-major governmental funds, internal service funds, agency funds and discretely presented component units, each of which are combined and presented in single columns in the basic financial statements. Comparative data from the prior fiscal year is also included on select financial statements.

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

**Figure A-2**  
**Major Features of the County’s Government-wide and Fund Financial Statements**

	Government-Wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	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
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Deferred outflow and inflow asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

### Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets, deferred outflows of resources and liabilities, deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

## Fund Financial Statements

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

The County has three kinds of funds:

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

- (1) How cash and other financial assets can readily be converted to cash flow in and out; and
- (2) The balances left at year-end that are available for spending.

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

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

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Net Position

The total reporting entity net position increased by 11 percent to \$757 (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 by 10 percent to (\$301). The County's restated net position in fiscal year 2016 was (\$273). The County also issues debt to finance capital projects which are donated to other entities. Therefore, while the debt is reflected as an obligation of the primary government of the County, the related assets are recorded by the entities to which the capital projects are donated. These donations are planned as part of the County's capital improvement program to further its education, transportation, public safety, and economic development strategic goals, and thereby increase services and improve the quality of life in Prince William County.

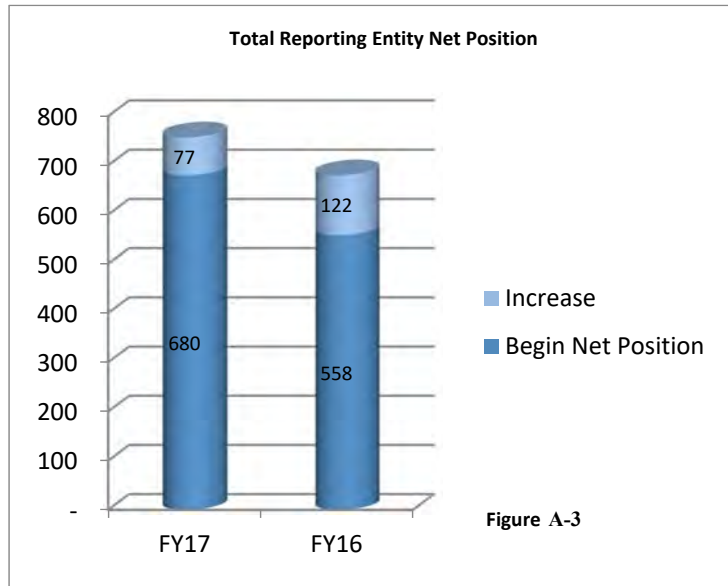


Figure A-3

As of June 30, 2017, the County has \$1,024 of outstanding debt (compared with \$1,022 as of June 30, 2016) related to assets donated to other entities as follows:

- \$815 Prince William County School Board;
- \$180 Commonwealth of Virginia;
- \$16 Prince William County Adult Detention Center;
- \$12 Volunteer Fire & Rescue companies (various);
- \$1 Industrial Development Authority;

This represents 92 percent of the County's Total General Obligation, Capital Leases and Other Long-Term debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net position and represents a less favorable picture as compared to governments that do not extensively fund the capital assets of other entities.

The most significant activities of this nature for the current fiscal year were the issuance of \$78 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, revenues of the County's governmental activities increased by 2 percent compared to those of the prior year, expenses decreased by 6 percent during fiscal year 2017. The issuance of debt to the Prince William County School Board is recorded as an Education expense and represents a major expense for the County's governmental activities.

### Business-Type Activities

The net position of the County's business-type activities increased \$12 during the current year, due principally to increased revenues. The County's Landfill posted positive results of operations of \$4 during the current fiscal year, Innovation and Technology also posted positive results of \$4 plus net transfers of \$4.

The \$51 net position of the County’s business-type activities will not be used to offset the net position deficit in governmental activities. The County generally uses the positive net position to finance the continuing operations of the Landfill, Innovation Technology Park, and Parks & Recreation.

Table A-1										
County Net Position										
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)			
	2017	2016 Restated	2017	2016 Restated	2017	2016 Restated	2017	2016 Restated	2017	2016 Restated
Current assets and other	\$ 903	931	34	27	937	958	1,424	1,445		
Capital assets	595	549	49	42	644	591	2,167	2,008		
<b>Total assets</b>	<b>1,498</b>	<b>1,480</b>	<b>83</b>	<b>69</b>	<b>1,581</b>	<b>1,549</b>	<b>3,591</b>	<b>3,453</b>		
Deferred Outflows of Resources	97	65	1	1	98	66	257	159		
Other liabilities	279	260	11	7	290	267	442	414		
Long-term liabilities	1,357	1,312	22	24	1379	1,336	2,356	2,203		
<b>Total liabilities</b>	<b>1,636</b>	<b>1,572</b>	<b>33</b>	<b>31</b>	<b>1,669</b>	<b>1,603</b>	<b>2,798</b>	<b>2,617</b>		
Deferred Inflows of Resources	260	246	--	--	260	246	293	315		
Net position:										
Net Investment										
In capital assets	500	442	40	33	540	475	1,383	1,258		
Restricted	114	171	--	--	114	171	137	190		
Unrestricted	(915)	(886)	11	6	(904)	(880)	(763)	(768)		
<b>Total net position</b>	<b>\$ (301)</b>	<b>(273)</b>	<b>51</b>	<b>39</b>	<b>(250)</b>	<b>(234)</b>	<b>757</b>	<b>680</b>		

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 2017 and 2016. The assets and deferred outflow of resources of the primary government are less than the liabilities and deferred inflows of resources by \$250.

The component units (the Prince William County School Board, the Adult Detention Center and the Prince William County/Manassas Convention Visitors Bureau) are a significant portion of the total reporting entity, the assets of which represent over 70 percent of the total reporting entity. Component unit net position increased 10 percent to \$1,007 during 2017, principally resulting from the issuance of debt which was used to increase investments in capital assets. The net position of the primary government of negative (\$250) combined with the net position of the component units of \$1,007 resulted in total net position for the total reporting entity of \$757.

## 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.

Table A-2									
Prince William County's Changes in Net Position									
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)		
	2017	2016	2017	2016	2017	2016	2017	2016	
		Restated		Restated		Restated		Restated	
<b>Revenues:</b>									
<b>Program revenues:</b>									
Charges for services	\$	59	55	30	26	89	81	110	106
Operating grants and contributions		90	86	--	--	90	86	270	254
Capital grants and contributions		57	74	--	--	57	74	57	75
<b>General revenues:</b>									
Taxes:									
Real property		651	629	--	--	651	629	651	629
Personal property		128	115	--	--	128	115	128	115
Other taxes		130	126	--	--	130	126	130	126
Payment from primary Government		--	--	--	--	--	--	672	783
Grants and contributions not restricted to specific programs		82	85	--	--	82	85	484	467
Unrestricted investment earnings		11	27	--	--	11	27	14	30
Gain (Loss) on disposal of capital assets		1	2	--	--	1	2	1	2
Miscellaneous		37	15	1	--	38	15	46	20
<b>Total revenues</b>		<b>1,246</b>	<b>1,214</b>	<b>31</b>	<b>26</b>	<b>1,277</b>	<b>1,240</b>	<b>2,563</b>	<b>2,607</b>
<b>Expenses:</b>									
General government administration		50	40	--	--	50	40	50	40
Judicial administration		22	22	--	--	22	22	22	22
Public safety		296	271	--	--	296	271	296	271
Public works		81	97	--	--	81	97	81	97
Health and welfare		93	89	--	--	93	89	93	89

Table A-2 (cont'd)

## Prince William County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2017	2016 Restated	2017	2016 Restated	2017	2016 Restated	2017	2016 Restated
Education	555	672	--	--	555	672	555	672
Parks, recreational and cultural	50	77	--	--	50	77	50	68
Community development	67	37	--	--	67	37	67	37
Interest on long-term debt	54	47	--	--	54	47	54	47
Enterprise	--	--	23	25	23	25	23	33
Component Units	--	--	--	--	--	--	1,195	1,109
<b>Total expenses</b>	<b>1,268</b>	<b>1,352</b>	<b>23</b>	<b>25</b>	<b>1,291</b>	<b>1,377</b>	<b>2,486</b>	<b>2,485</b>
Increase (Decrease) in net position before transfers	(24)	(138)	8	1	(16)	(137)	77	122
Transfers	(4)	--	4	--	--	--	--	--
<b>Increase (Decrease) in Net position</b>	<b>(28)</b>	<b>(138)</b>	<b>12</b>	<b>1</b>	<b>(16)</b>	<b>(137)</b>	<b>77</b>	<b>122</b>
<b>Net position – beginning-restated</b>	<b>(273)</b>	<b>(135)</b>	<b>39</b>	<b>38</b>	<b>(234)</b>	<b>(97)</b>	<b>680</b>	<b>558</b>
<b>Net position – ending</b>	<b>\$ (301)</b>	<b>(273)</b>	<b>51</b>	<b>39</b>	<b>(250)</b>	<b>(234)</b>	<b>757</b>	<b>680</b>

The total reporting entity net position increased by \$77 in fiscal year 2017 as total revenues of \$2,563, 2 percent lower than fiscal year 2016, exceeded total expenses of \$2,486, which were 0.04 percent higher than expenses of the prior year.

The County's (Primary Government) total revenues increased 3 percent to \$1,277 (see Table A-2). Over 60 percent of the County's revenue comes from ad valorem taxes. The County's total revenue is divided in three major sources; 71 percent of every dollar raised comes from some type of tax; nearly 18 percent of revenues come from local, state and federal aid; charges for services are 7 percent and the remaining 4 percent is from other sources.

The total cost of all County programs and services, decreased by \$86 or 6 percent to \$1,291. The County's expenses cover a range of services, with 66 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

### Governmental Activities

Revenues for the County's governmental activities increased 3 percent to \$1,245, while total expenses also decreased 6 percent to \$1,268, which, after considering the effect of transfers, resulted in a \$28 decrease in net position during the current year, compared to a \$138 decrease in the prior year. 74 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues increased by \$35 or 5 percent, due mainly to an increase in real estate tax revenues from \$629 in fiscal year 2016 to \$651 in fiscal year 2017. A 4 percent increase in the total taxable assessed value of real estate in the County, coupled with a .4 percent increase in the total direct tax rate helped to push real estate tax revenues slightly higher, and offset a flat level of support received from both the state and federal government; these revenue outcomes mitigated the impact of the rising cost of vital services provided by the County.



## Revenue by Source - Governmental Activities

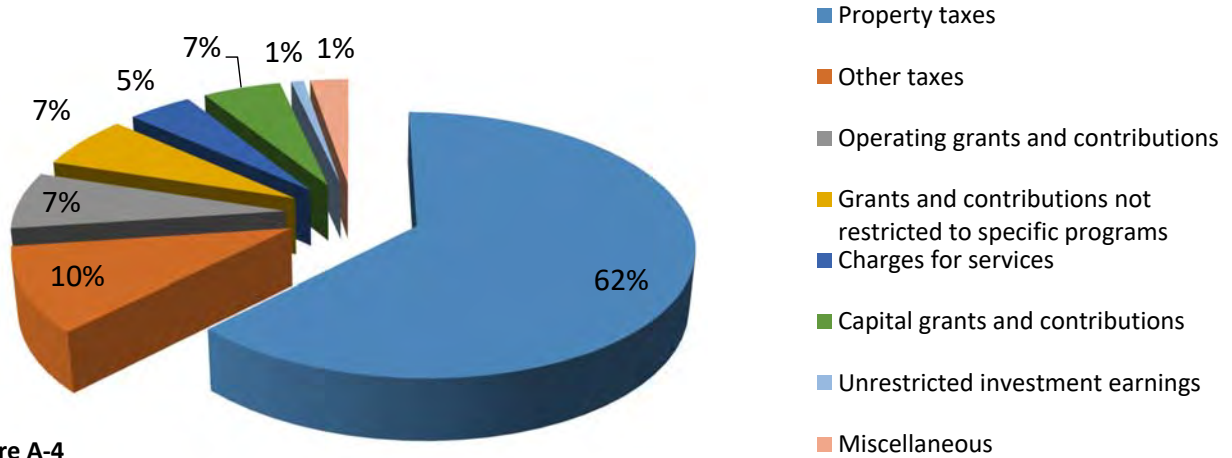


Figure A-4

Property tax revenues, which are largely tied to the performance of the real estate market, experienced encouraging levels of growth during the year (up 4 percent from the prior year) and, local sales tax revenues produced a 3 percent increase from \$61 in fiscal year 2016 to \$63 in fiscal year 2017. These outcomes are attributable to a more positive real estate market than the County has experienced over the past few fiscal years, with residential real estate values showing an increase of 3 percent and commercial and industrial values showing an increase of 3 percent. Similarly, apartment real estate values show an increase of 6 percent. Operating grants and contributions increased by 5 percent, while capital grants and contributions decreased by 23 percent. While investment earnings in FY 2017 were down \$16 from \$27 in fiscal year 2016, the county realized actual investment gains of \$11 in fiscal year 2017.

## Net Expenses - Governmental Activities

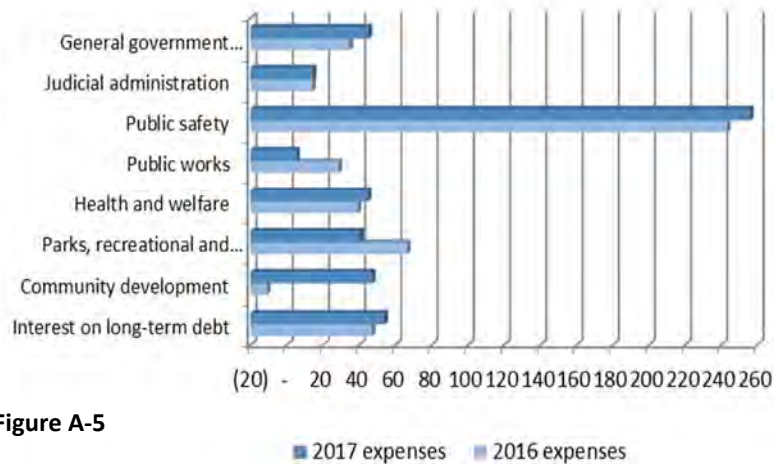


Figure A-5

Education remains the biggest expense for governmental activities. The School Board receives 57.23 percent of general revenues per the revenue sharing agreement with the county. The Board of County Supervisors created grant funding opportunity intended to help the School Board address the issue that Prince William County School class sizes are at the maximum permitted under Virginia law. This class Size Reduction Grant of up to \$1 million is in addition to the revenue sharing agreement with the county, Student enrollment is currently growing at a rate of 1.5% per year while the total county population is growing at 1.2% per year. Enrollment is estimated to grow by more than 6,100 students between fiscal year 2017-2021.

Public Safety expense increased by \$25 or 9 percent compared to fiscal year 2016. The Police Department and Department of Fire & Rescue represent over 78 percent of the Public Safety budget. In fiscal year 2017 the Police Department increased

personnel by 7 FTE positions. Fire and Rescue increased by 48 FTE positions. This staffing increase accounts for a significant portion of the increase in public safety expenses. In addition, budget initiatives to better assist and support the general public and first responders have been implemented. As of fiscal year 2017, the County has \$12 of outstanding bonded debt for the construction of ten Department of Fire & Rescue Stations. Per the Comprehensive Plan Level of Service Standards and to meet the demands of the growing community, new Fire & Rescue stations should be planned and budgeted every three years.

Additionally, other functions and programs experienced significant changes from prior year levels. Community Development increased \$30 from fiscal year 2016. Community development includes funding for Public Works, Transportation, Economic Development, Planning, Libraries, and the Department of Parks & Recreation. Parks & Recreation expenses decreased 35 percent from the prior year, decreasing \$27.

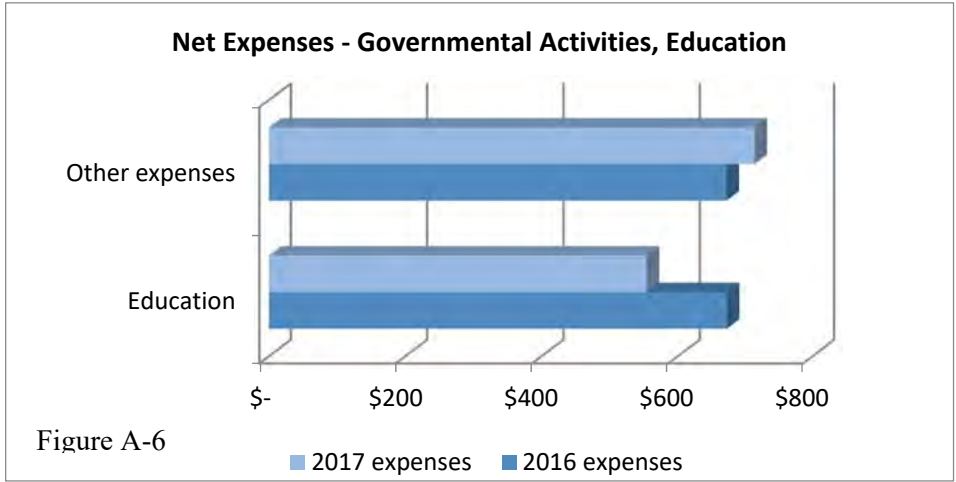


Figure A-6

Figures A-5 and A-6 present the net cost (total cost less fees generated by the activities and intergovernmental aid) of each of the County’s nine functions/programs. The net cost reflects the financial burden that was placed on the County’s taxpayers by each of these functions.

The cost of all *governmental* activities this year was \$1,268; however, the amount that County taxpayers paid for these activities through County general revenues was only \$909. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$59;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$147; and
- The \$153 balance of the expenses was partially paid for with other revenues, such as developer proffers and unrestricted federal, state, and other local government aid, and investment earnings.

**Business-type Activities**

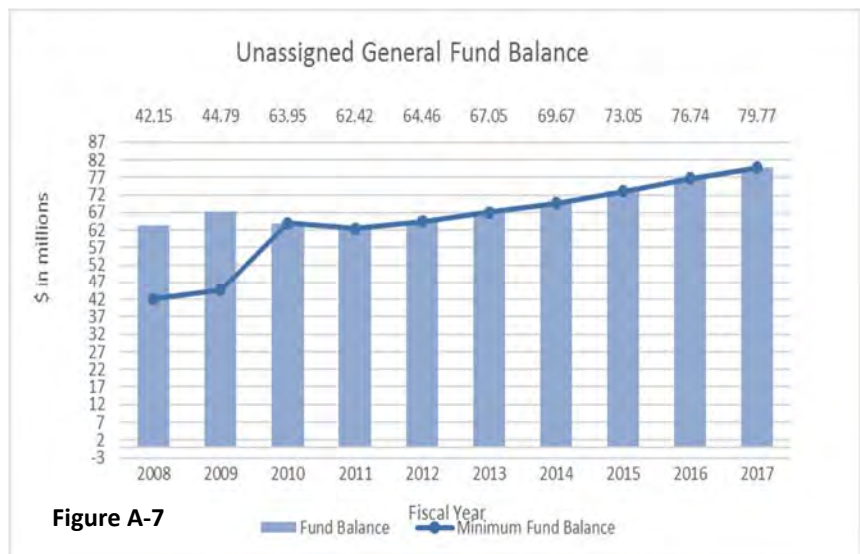
Revenues of the County’s business-type activities increased from the prior year by 19 percent and expenses of \$23, decreased by \$2 as compared to the prior year (refer to Table A-2). Factors contributing to these results include:

- Charges for services of the County Landfill at \$20, remained approximately the same as the prior year. Innovation Technology Park produced \$4 more in charges for services, an increase of 300 percent, compared to prior year. Parks & Recreation charges for services had a decrease of \$7 or 59 percent as compared to the prior year.
- Expenses of the landfill were \$16 primarily due to closure costs as the cells at maximum capacity are capped.
- Expenses for Parks & Recreation decreased from \$15 to \$6 primarily due to shifting the operations of the community parks program to the governmental activities.
- Net position increased from \$39 to \$51 as a result of total revenues and transfers in exceeding total expenses and transfers out by \$12.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a *combined* fund balance of \$406, a decrease of \$44 or 10 percent from the prior year fund balance restated from \$439 to \$450. General Fund revenues grew at a rate of 4 percent to \$1,064, while General Fund expenditures increased by \$85 or 9 percent to \$1,070. After considering the net effect of transfers in and out of other funds and other transactions, the General Fund balance decreased \$27. The Capital Projects funds balances decreased by \$12 during the current year, due to a variety of factors. During the fiscal year, the County expended \$48 on Streets & Roads projects, a decrease of \$16 from FY 2016, but also received \$42 of support from the State and Federal government. Additionally, the capital projects funds received funds from the general fund, special levy district, and various other capital projects. General fund transfers for streets and roads projects increased in comparison to fiscal year 2016 by \$2. The Fire & Rescue Levy Special Revenue Fund continues to be a major fund since fiscal year 2013. Fund balance for the Fire & Rescue Levy Fund decreased 14 percent or \$8 net of transfers. Fund balances for Other Governmental Funds increased 15 percent from the prior year. The change in the Fire & Rescue Levy Special Revenue Fund is mainly due to the increase in property tax revenues, which increased by 5 percent from \$37 in the prior year, to \$39 in fiscal 2017 coupled with a \$1 decrease in expenditures. As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County adopted *Principles of Sound Financial Management* in 1988 and amended its *Principles* through the Board of County Supervisors. Following these *Principles* has enhanced the County's image and credibility with the public, credit rating agencies, and investors. Prior to fiscal year 2010, the fund balance policy was to maintain an unassigned fund balance not less than five percent of the average of the annual general revenues for the five preceding fiscal years with compliance updates with the Board. Beginning in fiscal year 2010, and updated during fiscal year 2016, Policy 1.02 was modified to require an unassigned fund balance of 7.5 percent of the current year's General Fund revenues. In fiscal year 2006, management began maintaining an unassigned fund balance of 7.5 percent of the current year's General Fund revenues, although, until fiscal year 2010, no formal modifications to the *Principles* has 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



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

### Governmental Funds

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

- The County's General Fund balance decreased \$27 or 12 percent due to expenditure increases of 9 percent. Actual revenues exceeded the final budget primarily due to higher than anticipated property tax revenues, which experienced growth as a result of a 4 percent increase in the taxable assessed value of real estate during fiscal year 2017.

Departmental expenditures decreased \$84 or 7 percent from the prior year primarily in the areas of education and public works and parks and recreation.

- The financial results as detailed in the governmental funds demonstrate the County's accountability to its five strategic goal areas of economic development, public safety, human services, education, and transportation aligned to address the impact of population growth and increased needs of the community.
  - The County has continued to increase its investment in public safety during the current year, increasing expenditures by \$25 or 9 percent from the prior year; public safety expenditures continue to represent approximately 23 percent of total expenditures of governmental funds.
  - Part of the County's transportation goal of alleviating congestion is further defined as one of the initiatives in the Letter of Transmittal. The \$48 spent on the construction of various streets and roads, upon completion, will be transferred to and become assets of the Commonwealth of Virginia.
  - The County's operating support to the School Board increased by \$44 during fiscal year 2017. This slight uptick was mostly from the result of growth in general County revenues, per the Revenue-Sharing Agreement. The support for school construction projects decreased from the prior year to \$78 in funding related to capital projects.
- Bond proceeds of \$78 for fiscal year 2017 were conveyed to the Prince William County School Board through the sale of general obligation bonds to the VPSA and, are budgeted to be spent on part of the costs of constructing additions on various capital school improvement projects including renovations, additions and replacement to 6 elementary schools, three middle schools, two high schools, and one alternative education facility.

### **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 negative (\$0.197) while unrestricted net position amounted to \$10 for Innovation Technology Park. Unrestricted net position of the Landfill decreased by \$4 from fiscal year 2016; while Innovation Technology Park's unrestricted net position increased by \$2. The Parks and Recreation enterprise fund ended the fiscal year with an unrestricted net position of (\$0.189), which is an increase of \$15 from 2016.

### **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 reappropriations from the prior year.
- Increases in appropriations based on supplemental funding sources.

After these adjustments, budgetary expenditures were \$19 lower than the final budget amounts and budgetary revenues were more than the final budget by \$20. These two factors, combined with the effect of transfers to other funds, resulted in a decrease in the fund balance of the General Fund, of \$15 during the fiscal year. The most significant revenue variances were related to general property taxes (\$13 higher than final budget) and other local taxes (\$3 higher than the final budget). Revenue from the use of money and property increased by \$5 from the final budget based on the expected returns on investments, while support from the Commonwealth of Virginia increased by \$3.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2017, the total reporting entity had invested \$2,167 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 \$159 or 8 percent, over fiscal year 2016. The County had invested \$644 in capital assets, net of accumulated depreciation, which represented a net increase of \$53 or 9 percent, over fiscal year 2016. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

<b>Table A-3</b>				
<b>County's Capital Assets</b>				
	<b>Total Primary Government</b>		<b>Total Reporting Entity</b>	
	<b>2017</b>	<b>2016 Restated</b>	<b>2017</b>	<b>2016</b>
Land & Construction in Progress	\$218	181	363	306
Buildings and other capital assets, net of depreciation	426	410	1,804	1,702
<b>Total</b>	<b>\$644</b>	<b>591</b>	<b>2,167</b>	<b>2,008</b>

### Major Capital Asset Additions

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

- Expenditures related to construction of buildings for Central District Police Station was \$14, Gainesville and Bacon-Race Fire Station were \$2.6 and \$6.8 respectively. Increase in business activities was associated to Landfill starting construction of phase 2 Cell D totaling \$4.9. In addition, Landfill expenditures related to Wetland Mitigation project was \$4.8.
- The decrease in Construction in Progress on governmental activities was related to completion on ERP-Financial Management System, Tax Administration System which resulted in an increase of \$10 in Intangibles. Fire trucks and ambulances completed resulted in an increase to Vehicles of \$5.9. Dumfries Triangle Rescue Squad Volunteer Company – Station #23 merged with the County and increased Buildings by \$11. Additionally, the construction in progress balance as of the end of the current fiscal year was \$66 in governmental activities and \$14 in business-type activities.
- The total reporting entity capital assets increased by \$159; \$106 of this increase relates to component units. The growth of the School Board component unit's assets decreased \$8 for construction in progress. This change is due primarily to the following: land acquisition for three schools and buildings and construction of four schools and buildings were completed, construction began on one new schools, and there was continued construction on three schools. In addition, there are other ongoing major additions and renovations performed at various school sites. The School Board also made major capital asset purchases, including, new trucks, school buses and cars. The Adult Detention Center (ADC) component unit's assets increased \$1.2 for construction in progress on ADC expansion Phase II project.

## Long-term Debt and Other Obligations

At year-end, the County's governmental activities had total debt and other obligations of \$1,470, of which bonded debt outstanding represented \$1,012. All \$1,012 debt is backed by the full faith and credit of the government. The remainder of the County's bonded debt of \$63 represents bonds secured solely by specified revenue sources (i.e., revenue bonds and taxable bonds).

The County's total debt and obligations increased to \$1,497 during the current fiscal year. The key components of the current year activities were the issuance of \$77 of debt on behalf of the School Board and principal payments on existing debt totaling \$56 during the fiscal year. More detailed information about the County's long-term debt is presented in Note 10 to the financial statements.

## Bond Ratings

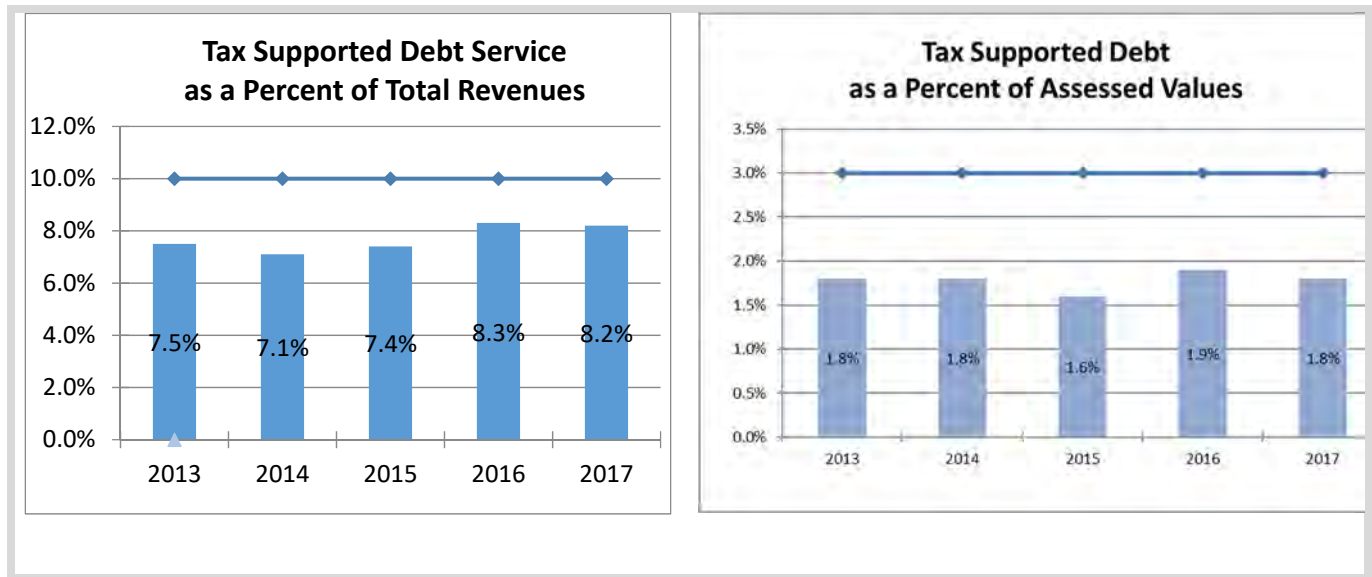
The County maintains ratings of AAA from Fitch Ratings, Aaa from Moody's Investors Service, and AAA from Standard and Poor's. These ratings are the highest ratings awarded to a local government. All three ratings were reconfirmed during fiscal year 2017.

<b>Table A-4</b>							
<b>Prince William County's Long-term Debt and Other Obligations</b>							
		<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
		<b>2017</b>	<b>2016 Restated</b>	<b>2017</b>	<b>2016 Restated</b>	<b>2017</b>	<b>2016</b>
General obligation bonds	\$	949	938	--	--	949	938
Revenue bonds		1	2	9	10	10	12
Deferred loss on Refunding		--	--	--	--	--	--
Taxable Bonds		9	68	--	--	9	68
Tax Exempt Bonds		53	--	--	--	53	--
<b>Total bonded debt</b>		<b>1,012</b>	<b>1,008</b>	<b>9</b>	<b>10</b>	<b>1,021</b>	<b>1,018</b>
Capital lease obligations		102	115	--	--	102	115
Unpaid losses and related liabilities		22	19	--	--	22	19
Net Pension Obligation		182	122	2	2	184	124
Surplus distribution payable		4	5	--	--	4	5
Compensated absences		33	33	1	--	34	33
Unamortized premiums		115	118	--	--	115	118
Accrued closure liability		--	--	15	13	15	13
<b>Total long-term debt and other obligations</b>	<b>\$</b>	<b>1,470</b>	<b>1,420</b>	<b>27</b>	<b>25</b>	<b>1,497</b>	<b>1,445</b>

## 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, 2017, the amount of tax-supported debt outstanding represented 1.9 percent of the total assessed valuation of taxable real and personal property of \$61 billion at January 1, 2016, which is the valuation date to determine fiscal year 2017 revenues. Debt service payments represented 8.2 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 kept the real estate tax rate of \$1.122 for dollars per \$100 dollars of assessed value in fiscal year 2017, the same as the prior year.
- The real estate tax base has increased from \$55.6 billion supporting fiscal year 2016 to \$57.6 billion for fiscal year 2017, which is a 3.53 percent increase.
- The fiscal year 2018 General Fund budget is \$1,118, which is a 5 percent increase from fiscal year 2017.
- The ratio of employees per 1,000 residents for the Primary Government of the County has increased from 8.44 percent in fiscal year 2008 to 9.12 percent per 1,000 residents in fiscal year 2017.
- The population in the County has grown at an average annual rate of 2.6 percent over the past decade and the vast majority of those County residents are gainfully employed.
- The Virginia Employment Commission estimated the County’s at-place employment (jobs located in the County) to be 124 thousand during the first quarter of 2017.

- Throughout the past decade, the County's unemployment rates have mirrored State and U.S. trends. However, the County's rates have been at consistently lower levels. The County had an unemployment rate of 3.6 percent and an average civilian labor force of 234,139 as of June 2017, according to Bureau of Labor Statistics, representing slight improvements in the unemployment rate. As of June 2016, the County's unemployment rate was 3.7 percent and its civilian labor force stood at 231,490.
- The Census Bureau's 2012-2016 American Community Survey indicates that the County's Median Household Income rose from \$66,000 in 2001 to \$98,546 in 2016.

The aforementioned factors were considered in preparing the County's budget for the 2017 fiscal year. Real estate tax rates remained static 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 2017 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**

**T**he 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, 2017  
(amounts expressed in thousands)

Exhibit 1

	Primary Government			Component Units	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total		
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 779,262	13,332	792,594	291,353	1,083,947
Investments	26,177	-	26,177	-	26,177
Property taxes receivable, net	6,059	-	6,059	-	6,059
Investment in direct financing leases	11,967	-	11,967	-	11,967
Accounts receivable, net	13,580	526	14,106	2,797	16,903
Notes receivable, current	-	162	162	-	162
Due from other governmental units	32,881	298	33,179	35,285	68,464
Due from primary government	-	-	-	-	-
Internal balances	(34)	34	-	-	-
Net OPEB asset	-	-	-	1,797	1,797
Inventory	585	3,652	4,237	4,059	8,296
Prepaid items	1,097	35	1,132	90	1,222
Deposits	-	-	-	4	4
Note Receivable, non-current	-	945	945	-	945
Restricted assets:					
Temporarily restricted:					
Restricted cash and temporary investments	18,962	15,146	34,108	150,518	184,626
Restricted investments	1,250	-	1,250	-	1,250
Deposits	-	-	-	-	-
Water and sewer availability credit	11,709	-	11,709	-	11,709
Capital assets:					
Land and construction in progress	183,327	35,067	218,394	144,830	363,224
Buildings and other capital assets, net of depreciation	412,110	14,205	426,315	1,377,622	1,803,937
Total assets	<u>1,498,932</u>	<u>83,402</u>	<u>1,582,334</u>	<u>2,008,355</u>	<u>3,590,689</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	29,094	479	29,573	-	29,573
Deferred outflows related to pensions	67,514	909	68,423	158,759	227,182
Total deferred outflows of resources	<u>96,608</u>	<u>1,388</u>	<u>97,996</u>	<u>158,759</u>	<u>256,755</u>
<b>LIABILITIES</b>					
Accounts payable	39,939	1,119	41,058	13,465	54,523
Wages and benefits payable	10,266	271	10,537	98,532	109,069
Deposits and escrows	29,435	39	29,474	-	29,474
Retainages	3,236	234	3,470	5,064	8,534
Accrued interest	20,424	114	20,538	-	20,538
Due to other governmental units	837	-	837	530	1,367
Due to component units	7,303	-	7,303	-	7,303
Unearned revenue	54,627	5,027	59,654	11,019	70,673
Noncurrent liabilities:					
Due within one year	113,432	4,068	117,500	22,885	140,385
Due in more than one year	1,356,855	22,989	1,379,844	976,287	2,356,131
Total liabilities	<u>1,636,354</u>	<u>33,861</u>	<u>1,670,215</u>	<u>1,127,782</u>	<u>2,797,997</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes	243,574	-	243,574	-	243,574
Deferred lease revenue	2,075	-	2,075	-	2,075
Deferred inflows related to pensions	14,605	183	14,788	32,058	46,846
Total deferred inflows of resources	<u>260,254</u>	<u>183</u>	<u>260,437</u>	<u>32,058</u>	<u>292,495</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	500,332	40,381	540,713	1,522,452	1,382,892 <sup>A</sup>
Restricted for:					
Capital projects	11,187	-	11,187	143,326	3,995 <sup>A</sup>
Special levy districts	60,826	-	60,826	-	60,826
Other purposes					
Development fee services	7,703	-	7,703	-	7,703
Housing	3,252	-	3,252	-	3,252
Internal service fund	4,287	-	4,287	-	4,287
Public safety	13,620	-	13,620	-	13,620
Debt service	1,181	-	1,181	-	1,181
Developer default recoveries	208	-	208	-	208
Water and sewer availability credit- UOSA	11,709	-	11,709	-	11,709
Education	-	-	-	30,484	30,484
Unrestricted	(915,373)	10,365	(905,008)	(688,988)	(763,205) <sup>A</sup>
Total net position	<u>\$ (301,068)</u>	<u>50,746</u>	<u>(250,322)</u>	<u>1,007,274</u>	<u>756,952</u>

The sum of the columns does not equal the Total Reporting Entity column by a difference of \$830,791 because the debt related to the School Board (\$815,195) and the debt related to the Adult Detention Center (\$15,596) is reflected in the primary government's general governmental activities row reducing the unrestricted row as Net Investment in Capital Assets. The Total Reporting Entity column matches the asset with the debt and reports the net amount in the component unit on the Net Investment in Capital Assets. The Net Investment in Capital Assets increased by School's unspent bond proceeds of \$150,518 with a corresponding decrease in the Restricted Capital Projects row.

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

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary Business-Type
					Activities	Activities
<b>Primary Government:</b>						
<b>Governmental activities:</b>						
General government administration	\$ 50,059	1,969	2,594	86	(45,410)	-
Judicial administration	22,458	1,982	5,839	-	(14,637)	-
Public safety	295,805	24,005	6,306	9,484	(256,010)	-
Public works	81,479	8,523	27,677	39,895	(5,384)	-
Health and welfare	92,898	977	46,950	-	(44,971)	-
Education	554,522	-	-	-	(554,522)	-
Parks, recreational and cultural	50,250	8,992	546	46	(40,666)	-
Community development	66,559	12,164	50	7,063	(47,282)	-
Interest on long-term debt	54,176	-	-	-	(54,176)	-
Total governmental activities	1,268,206	58,612	89,962	56,574	(1,063,058)	-
<b>Business-type activities:</b>						
Landfill	16,195	19,568	-	-	-	3,373
Parks & Recreation	6,445	5,222	-	-	-	(1,223)
Innovation Technology Park	458	4,312	-	-	-	3,854
Total business-type activities	23,098	29,102	-	-	-	6,004
<b>Total primary government</b>	<b>\$ 1,291,304</b>	<b>87,714</b>	<b>89,962</b>	<b>56,574</b>	<b>(1,063,058)</b>	<b>6,004</b>
<b>Component Units:</b>						
School Board	\$ 1,149,263	25,235	168,414	119	-	-
Adult Detention Center	44,712	500	11,521	-	-	-
Convention & Visitors' Bureau	1,178	-	-	-	-	-
<b>Total component units</b>	<b>\$ 1,195,153</b>	<b>25,735</b>	<b>179,935</b>	<b>119</b>	<b>-</b>	<b>-</b>
General revenues:						
Taxes:						
Real property				\$ 650,851		-
Personal Property				128,280		-
Local sales				63,022		-
Consumers Utility				14,196		-
Business, professional and occupational license (BPOL)				25,341		-
Recordation				11,149		-
Motor vehicle licenses				8,409		-
Transient occupancy				4,030		-
Short term rental, bank stock, public utility gross receipts				3,733		-
Payment from primary government				-		-
Grants and contributions not restricted to specific programs:						
Federal revenue				75		-
State revenue				73,963		-
Local revenue				7,690		-
Investment earnings				11,123		-
Gain on disposal of capital assets				649		-
Insurance claims and recoveries				61		-
Miscellaneous				24,111		1,215
Special item - transfer of volunteer fire and rescue operations				13,026		-
Transfers				(4,377)		4,377
Total general revenues and transfers				1,035,332		5,592
Change in net position				(27,726)		11,596
Net position- beginning of year (as restated)				(273,342)		39,150
Net position- end of year				\$ (301,068)		50,746

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

**and Changes in Net Position**

<b>Government</b>		<b>Total Reporting</b>		<b>Functions / Programs</b>
<b>Total</b>	<b>Component Unit</b>	<b>Entity</b>		
				<b>Primary Government:</b>
				<b>Governmental activities:</b>
(45,410)	-	(45,410)		General government administration
(14,637)	-	(14,637)		Judicial administration
(256,010)	(32,691)	(288,701)		Public safety
(5,384)	-	(5,384)		Public works
(44,971)	-	(44,971)		Health and welfare
(554,522)	(955,495)	(1,510,017)		Education
(40,666)	-	(40,666)		Parks, recreational and cultural
(47,282)	(1,178)	(48,460)		Community development
(54,176)	-	(54,176)		Interest on long-term debt
<u>(1,063,058)</u>	<u>(989,364)</u>	<u>(2,052,422)</u>		Total governmental activities
				<b>Business-type activities:</b>
3,373	-	3,373		Landfill
(1,223)	-	(1,223)		Parks and Recreation
3,854	-	3,854		Innovation Technology Park
<u>6,004</u>	<u>-</u>	<u>6,004</u>		Total business-type activities
<u>(1,057,054)</u>	<u>(989,364)</u>	<u>(2,046,418)</u>		<b>Total primary government</b>
				<b>Component Units:</b>
-	(955,495)	(955,495)		School Board
-	(32,691)	(32,691)		Adult Detention Center
-	(1,178)	(1,178)		Convention & Visitors' Bureau
<u>-</u>	<u>(989,364)</u>	<u>(989,364)</u>		<b>Total component units</b>
				<b>General revenues:</b>
				<b>Taxes:</b>
650,851	-	650,851		Real property
128,280	-	128,280		Personal Property
63,022	-	63,022		Local sales
14,196	-	14,196		Consumers Utility
25,341	-	25,341		Business, professional and occupational license (BPOL)
11,149	-	11,149		Recordation
8,409	-	8,409		Motor vehicle licenses
4,030	-	4,030		Transient occupancy
3,733	-	3,733		Short term rental, bank stock, public utility gross receipts
-	672,345	672,345		Payment from primary government
				<b>Grants and contributions not restricted to specific programs:</b>
75	891	966		Federal revenue
73,963	394,379	468,342		State revenue
7,690	6,697	14,387		Local revenue
11,123	2,603	13,726		Investment earnings
649	-	649		Gain (Loss) on disposal of capital assets
61	-	61		Insurance claims and recoveries
25,326	5,523	30,849		Miscellaneous
13,026	-	13,026		Special item - transfer of volunteer fire and rescue operations
-	-	-		Transfers
<u>1,040,924</u>	<u>1,082,438</u>	<u>2,123,362</u>		Total general revenues and transfers
(16,130)	93,074	76,944		Change in net position
<u>(234,192)</u>	<u>914,200</u>	<u>680,008</u>		Net position- beginning of year (as restated)
<u>(250,322)</u>	<u>1,007,274</u>	<u>756,952</u>		Net position- end of year

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

COUNTY OF PRINCE WILLIAM, VIRGINIA  
GOVERNMENTAL FUNDS

Exhibit 3

Balance Sheet

As of June 30, 2017

(amounts expressed in thousands)

	Capital Projects					Fire & Rescue Levy	Other Governmental Funds	Total Governmental Funds
	General	Streets and Roads	Other Capital Projects	Education				
<b>ASSETS</b>								
Equity in pooled cash and investments	\$ 494,142	63,510	72,742	-	68,452	28,469	727,315	
Restricted cash and temporary investments	1,185	2,163	11,068	-	8	-	14,424	
Property taxes receivable, net	5,936	-	-	-	119	4	6,059	
Accounts receivable, net	6,743	1,290	-	-	224	1,104	9,361	
Due from other funds	-	-	-	-	-	-	-	
Due from other governmental units	20,979	11,387	266	-	-	249	32,881	
Investment in direct financing leases	11,967	-	-	-	-	-	11,967	
Inventory	158	-	-	-	-	-	158	
Prepaid items	20	297	34	-	-	-	351	
Total assets	\$ 541,130	78,647	84,110	-	68,803	29,826	802,516	
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 18,373	9,306	4,990	-	1,820	394	34,883	
Wages and benefits payable	9,090	-	-	-	-	728	9,818	
Deposits and escrows	29,434	-	-	-	1	-	29,435	
Due to other funds	34	-	-	-	-	-	34	
Due to other governmental units	216	544	24	-	-	53	837	
Retainages	4	1,601	1,623	-	8	-	3,236	
Unearned revenue	48,412	-	-	-	-	2,492	50,904	
Total liabilities	105,563	11,451	6,637	-	1,829	3,667	129,147	
<b>DEFERRED INFLOW OF RESOURCES</b>								
Prepaid taxes	226,939	-	-	-	15,944	691	243,574	
Unavailable transportation revenue	-	7,621	-	-	-	-	7,621	
Unavailable taxes	4,389	-	-	-	56	2	4,447	
Unavailable lease revenues	11,967	-	-	-	-	-	11,967	
Total deferred inflows of resources	243,295	7,621	-	-	16,000	693	267,609	
<b>FUND BALANCES</b>								
Non-spendable	178	297	34	-	-	-	509	
Restricted	10,350	-	-	-	50,974	25,466	86,790	
Committed	92,852	59,278	77,439	-	-	-	229,569	
Assigned	9,123	-	-	-	-	-	9,123	
Unassigned	79,769	-	-	-	-	-	79,769	
Total fund balances	192,272	59,575	77,473	-	50,974	25,466	405,760	
Total liabilities, deferred inflows of resources and fund balances	\$ 541,130	78,647	84,110	-	68,803	29,826	802,516	

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

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

June 30, 2017

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3)	\$ 405,760
<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 \$5,838, related to Internal Service Fund assets, which is included in Internal Service Fund net position below.)</p>	589,600
<p>Deferred outflow of resources that are not financial resources and, therefore are not reported in the funds</p>	
Deferred loss on bond refunding	29,094
Deferred outflows related to pensions (excludes \$2,926 related to Internal Service Fund)	64,588
<p>Deferred inflow of resources are not available to pay for current-period expenditures:</p>	
Deferred inflows of resources - Transportation revenue	7,621
Deferred inflows of resources - Unavailable taxes	4,447
Deferred inflows of resources - Unavailable lease revenue	9,892
Deferred inflows of pension contributions (excludes \$592 related to Internal Services Fund)	(14,013)
<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>	52,429
<p>Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due.</p>	(20,424)
<p>Sewer and water availability credit is not recognized in the governmental funds, but rather, is recognized as an expenditure when used.</p>	11,709
<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 10):</p>	
Other long term obligations (excludes \$8,371 related to Internal Service Fund)	(173,960)
Bonds payable	(196,715)
School bonds payable	(815,195)
Capital lease obligations	(101,890)
Compensated absences (excludes \$1,739 related to Internal Service Fund)	(31,603)
Operating settlement - Schools	(7,303)
Premium on bonds issued	(115,105)
Total long-term liabilities	(1,441,771)
Net position of governmental activities (Exhibit 1)	\$ (301,068)

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**GOVERNMENTAL FUNDS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Year Ended June 30, 2017  
(amounts expressed in thousands)

Exhibit 5

	Capital Projects				Fire & Rescue Levy	Other Governmental Funds	Total Governmental Funds
	General	Streets and Roads	Other Capital Projects	Education			
<b>REVENUES:</b>							
General property taxes	\$ 736,776	-	-	-	39,229	4,637	780,642
Other local taxes	129,880	-	-	-	-	-	129,880
Permits, privilege fees and regulatory licenses	2,119	-	-	-	-	17,748	19,867
Fines and forfeitures	2,732	-	-	-	-	-	2,732
From use of money and property	1,495	32	-	-	(25)	(25)	1,477
Charges for services	13,645	-	192	-	-	19,583	33,420
Intergovernmental revenues:							
Federal	19,818	18,422	-	-	-	26,907	65,147
State	126,473	11,551	959	-	-	50	139,033
Local	7,269	13,397	421	-	-	-	21,087
Donations and contributions	-	731	-	-	-	-	731
Miscellaneous	23,385	189	-	-	9	236	23,819
<b>Total revenues</b>	<b>1,063,592</b>	<b>44,322</b>	<b>1,572</b>	<b>-</b>	<b>39,213</b>	<b>69,136</b>	<b>1,217,835</b>
<b>EXPENDITURES:</b>							
Current:							
General government administration	44,340	-	-	-	-	-	44,340
Judicial administration	21,292	-	-	-	-	-	21,292
Public safety	226,047	-	-	-	28,346	17,625	272,018
Public works	30,809	-	-	-	-	460	31,269
Health and welfare	89,166	-	-	-	-	-	89,166
Education	467,666	-	-	84,214	-	-	551,880
Parks, recreational and cultural	44,186	-	-	-	-	-	44,186
Community development	11,632	-	-	-	-	46,533	58,165
Debt service:							
Principal retirement	86,849	-	-	-	-	-	86,849
Interest and other debt costs	47,888	-	-	-	-	-	47,888
Capital outlays	-	47,833	46,607	-	-	-	94,440
<b>Total expenditures</b>	<b>1,069,875</b>	<b>47,833</b>	<b>46,607</b>	<b>84,214</b>	<b>28,346</b>	<b>64,618</b>	<b>1,341,493</b>
Excess (deficiency) of revenues over (under) expenditures	(6,283)	(3,511)	(45,035)	(84,214)	10,867	4,518	(123,658)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	34,377	21,380	25,409	-	-	4,583	85,749
Transfers out	(55,155)	(9,390)	(1,131)	-	(19,355)	(5,864)	(90,895)
Bonds, notes and capital leases	-	-	-	77,660	-	-	77,660
Issuance of refunding bonds	-	-	-	-	-	-	-
Premium on sale of bonds	-	-	-	6,554	-	-	6,554
Premium on refundings	-	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-	-
Insurance claims and recoveries	50	-	-	-	11	-	61
Sale of surplus property	268	-	-	-	324	7	599
<b>Total other financing sources (uses)</b>	<b>(20,460)</b>	<b>11,990</b>	<b>24,278</b>	<b>84,214</b>	<b>(19,020)</b>	<b>(1,274)</b>	<b>79,728</b>
Net change in fund balances	(26,743)	8,479	(20,757)	-	(8,153)	3,244	(43,930)
<b>FUND BALANCE, beginning of year, as restated</b>	<b>219,015</b>	<b>51,096</b>	<b>98,230</b>	<b>-</b>	<b>59,127</b>	<b>22,222</b>	<b>449,690</b>
<b>FUND BALANCE/(DEFICIT), end of year</b>	<b>\$ 192,272</b>	<b>59,575</b>	<b>77,473</b>	<b>-</b>	<b>50,974</b>	<b>25,466</b>	<b>405,760</b>

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

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

For the Year Ended June 30, 2017

(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5)		\$ (43,930)
<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 and transfers in	58,782	
Add receipt of donated land and infrastructure assets	7,063	
Add donated equipment for Public Safety	13,026	
Add donated equipment for parks, recreational & cultural	46	
Subtract depreciation (excludes \$1,532 related to Internal Service Fund assets included in Internal Service Fund net position below)	<u>(33,546)</u>	45,371
<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>		
		(159)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Subtract revenue recognized for the water and sewer availability credit used		(202)
Add amortized premium		9,601
Add current year's deferred inflows of resources related to transportation revenue	7,621	
Subtract prior year's deferred inflows of resources related to transportation revenue	<u>(12,055)</u>	(4,434)
Add current year's deferred inflows of resources related to deferred lease revenue (Note 5)	9,892	
Subtract prior year's deferred inflows of resources related to deferred lease revenue	<u>(11,628)</u>	(1,736)
Add current year's deferred inflows of resources related to financing activities and uncollectible tax billings (Note 4)	4,447	
Subtract prior year's deferred inflows of resources related to financing activities and uncollectible tax billings	<u>(3,365)</u>	1,082
<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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (Note 10):</p>		
Add debt principal repayment	86,849	
Subtract debt proceeds	(77,660)	
Subtract premium on debt	<u>(6,554)</u>	2,635
<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 bond refunding loss		(3,225)
Subtract prior year operating settlement - School Board	4,685	
Subtract current year operating settlement - School Board	<u>(7,303)</u>	(2,618)
Add prior year's compensated absences liability (excludes \$1,685 for Internal Service Fund)	30,819	
Subtract current year's compensated absences liability (excludes \$1,739 for Internal Service Fund)	<u>(31,603)</u>	(784)
Add prior year's net pension accrual (excludes \$4,897 for Internal Service Fund)"	99,336	
Subtract current year's net pension accrual (excludes \$6,037 for Internal Service Fund)"	<u>(123,385)</u>	(24,049)
Add prior year's accrued interest liability	17,361	
Subtract current year's accrued interest liability	<u>(20,424)</u>	(3,063)
<p>Internal service funds are used by management to charge the costs 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>(2,215)</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ (27,726)</u>

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



COUNTY OF PRINCE WILLIAM, VIRGINIA  
**PROPRIETARY FUNDS**  
**Statement of Fund Net Position**  
June 30, 2017  
(amounts expressed in thousands)

Exhibit 7

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and investments	\$ 5,762	6,901	669	13,332	51,947
Restricted cash and temporary investments	14,976	-	170	15,146	4,538
Investments	-	-	-	-	26,177
Accounts receivable, net	402	28	96	526	4,219
Note receivable	162	-	-	162	-
Due from other funds	34	-	-	34	-
Due from other governmental units	298	-	-	298	-
Inventory	5	3,545	102	3,652	427
Prepays	-	-	35	35	746
Total current assets	21,639	10,474	1,072	33,185	88,054
Non-current assets:					
Restricted investments	-	-	-	-	1,250
Note receivable	945	-	-	945	-
Capital assets:					
Land and construction in progress	31,409	1,084	2,574	35,067	653
Buildings and other capital assets, net of depreciation	12,207	-	1,998	14,205	5,184
Total non-current assets	44,561	1,084	4,572	50,217	7,087
Total assets	66,200	11,558	5,644	83,402	95,141
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	-	-	479	479	-
Deferred outflows related to pensions	847	-	62	909	2,926
Total deferred outflows of resources	847	-	541	1,388	2,926
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	678	71	370	1,119	5,056
Wages and benefits payable	139	-	132	271	448
Deposits and escrows	-	30	9	39	-
Retainages	234	-	-	234	-
Accrued interest	31	-	83	114	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	7,348
Unearned revenue	4,754	-	273	5,027	3,723
Current portion of surplus distribution payable	-	-	-	-	1,305
Current portion of bonds payable	-	-	631	631	-
Current accrued closure liability	3,405	-	-	3,405	-
Compensated absences	29	-	3	32	108
Total current liabilities	9,270	101	1,501	10,872	17,988
Non-current liabilities:					
Accrued closure liability	11,288	-	-	11,288	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	14,861
Surplus distribution payable	-	-	-	-	2,195
Bonds payable, net of current portion	-	-	8,739	8,739	-
Net pension liability	2,462	-	25	2,487	8,371
Compensated absences	437	-	38	475	1,631
Total non-current liabilities	14,187	-	8,802	22,989	27,058
Total liabilities	23,457	101	10,303	33,861	45,046
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions	171	-	12	183	592
Total deferred inflows of resources	171	-	12	183	592
<b>NET POSITION</b>					
Net investment in capital assets	43,616	1,084	(4,319)	40,381	5,837
Restricted for self-insurance funds	-	-	-	-	4,287
Unrestricted	(197)	10,373	189	10,365	42,305
Total net position (deficit)	\$ 43,419	11,457	(4,130)	50,746	52,429

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

## PROPRIETARY FUNDS

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

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation	Parks & Recreation	Totals	
		Technology Park			
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 19,568	4,312	5,222	29,102	97,725
Miscellaneous	828	117	270	1,215	4,216
Total operating revenues	20,396	4,429	5,492	30,317	101,941
<b>OPERATING EXPENSES:</b>					
Personal services	4,870	-	1,299	6,169	16,038
Contractual services	3,307	135	3,398	6,840	21,090
Materials/supplies	2,570	2	856	3,428	7,073
Depreciation	3,492	-	387	3,879	1,532
Closure expense	1,951	-	-	1,951	-
Cost of sale of land	-	289	-	289	-
Other	54	32	58	144	337
Claims and premiums	-	-	-	-	45,982
OPEB cost	-	-	-	-	5,069
Losses and loss adjustment expenses	-	-	-	-	7,932
Total operating expenses	16,244	458	5,998	22,700	105,053
Operating income/(loss)	4,152	3,971	(506)	7,617	(3,112)
<b>NON-OPERATING REVENUES/(EXPENSES):</b>					
Interest income	20	(29)	9	-	45
Interest and other debt costs	-	-	(444)	(444)	-
Gain on sale of capital assets	49	-	(3)	46	(3)
Total non-operating revenues/(expenses)	69	(29)	(438)	(398)	42
Income/(loss) before transfers	4,221	3,942	(944)	7,219	(3,070)
<b>TRANSFERS:</b>					
Transfers in:					
General fund	10	35	8,137	8,182	140
Capital projects funds	-	-	-	-	130
Special revenue funds	-	-	-	-	401
Fire & Rescue Levy funds	-	-	-	-	98
Transfers out:					
General fund	(1,919)	-	(116)	(2,035)	-
Capital projects funds	-	(1,770)	-	(1,770)	-
Total transfers	(1,909)	(1,735)	8,021	4,377	769
Capital contributions					86
Change in net position	2,312	2,207	7,077	11,596	(2,215)
<b>NET POSITION, beginning of the year, as restated</b>	41,107	9,250	(11,207)	39,150	54,644
<b>NET POSITION, end of the year</b>	\$ 43,419	11,457	(4,130)	50,746	52,429

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

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
For the Year Ended June 30, 2017  
(amounts expressed in thousands)

Exhibit 9

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Landfill</b>	<b>Innovation Technology Park</b>	<b>Parks &amp; Recreation</b>	<b>Totals</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 19,477	4,406	5,486	29,369	100,789
Cash received from other entities	1,155	-	-	1,155	743
Payments for claims and premiums	-	-	-	-	(49,981)
Payments to suppliers for goods and services	(5,791)	(229)	(4,108)	(10,128)	(32,121)
Payments to employees for services	(4,595)	-	(1,337)	(5,932)	(14,783)
Payments of closure expenses	(8)	-	-	(8)	-
Net cash provided (used) by operating activities	<u>10,238</u>	<u>4,177</u>	<u>41</u>	<u>14,456</u>	<u>4,647</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Surplus distributions paid	-	-	-	-	(715)
Proceeds from notes receivable	162	-	-	162	-
Transfers in	10	35	8,137	8,182	769
Transfers out	(1,919)	(1,770)	(116)	(3,805)	-
Net cash provided (used) by non-capital financing activities	<u>(1,747)</u>	<u>(1,735)</u>	<u>8,021</u>	<u>4,539</u>	<u>54</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	(10,128)	-	(102)	(10,230)	(2,358)
Proceeds from the sale of capital assets	49	-	-	49	9
Principal paid on bonds, leases, and other debt	-	-	(157)	(157)	-
Interest paid on bonds, leases, and other debt	-	-	(923)	(923)	-
Net cash provided (used) by capital and related financing activities	<u>(10,079)</u>	<u>-</u>	<u>(1,182)</u>	<u>(11,261)</u>	<u>(2,349)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from maturities of investments	-	-	-	-	12,412
Purchases of investments	-	-	-	-	(20,281)
Interest and dividends received on investments	(14)	(29)	4	(39)	213
Net cash provided (used) by investing activities	<u>(14)</u>	<u>(29)</u>	<u>4</u>	<u>(39)</u>	<u>(7,656)</u>
Net increase (decrease) in cash and cash equivalents	(1,602)	2,413	6,884	7,695	(5,304)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>22,340</u>	<u>4,488</u>	<u>(6,045)</u>	<u>20,783</u>	<u>61,789</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 20,738</u>	<u>6,901</u>	<u>839</u>	<u>28,478</u>	<u>56,485</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income/(loss)	\$ 4,152	3,971	(506)	7,617	(3,112)
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:					
Depreciation	3,492	-	387	3,879	1,532
Dividends applied to premiums	-	-	-	-	(1,097)
Change in assets, deferred outflow of resources and liabilities:					
(Increase) decrease in:					
Accounts receivable, net of accrued interest	(152)	(23)	(74)	(249)	290
Due from other governmental units	293	-	-	293	-
Inventory	(1)	288	(28)	259	(95)
Prepaid items	-	-	55	55	(367)
Deferred refunding	-	-	-	-	(1,572)
Deferred outflows of pensions	(447)	-	(62)	(509)	-
Increase (decrease) in:					
Accounts payable and accrued liabilities, net of accrued interest	182	61	164	407	3,365
Retainages	202	-	-	202	-
Unpaid losses and related expenses	-	-	-	-	2,727
Accrued closure liability	1,943	-	-	1,943	-
Due to other governmental units	(235)	-	-	(235)	-
Unearned revenue	95	-	68	163	264
Deposits and escrow	-	(120)	-	(120)	-
Other long term liabilities	728	-	25	753	2,747
Deferred inflows from pensions	(14)	-	12	(2)	(35)
Total adjustments	<u>6,086</u>	<u>206</u>	<u>547</u>	<u>6,839</u>	<u>7,759</u>
Net cash provided (used) by operating activities	<u>\$ 10,238</u>	<u>4,177</u>	<u>41</u>	<u>14,456</u>	<u>4,647</u>

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

FIDUCIARY FUNDS

Statement of Fiduciary Net Position

June 30, 2017

(amounts expressed in thousands)

		Other Post-Employment Benefits (OPEB) and Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Equity in pooled cash and investments	\$	-	855	639
Client cash in outside banks				63
Restricted cash		479	-	-
Accounts receivable, net				
Interest and dividends		-	51	-
Total accounts receivables		-	51	-
Restricted Investments				
Money market mutual funds		521	-	-
US Government Agency Securities		2,532	-	-
US Treasury Notes		1,804	-	-
Corporate bonds		805	-	-
Tactical asset allocation funds		3,487	-	-
Equity mutual funds		65,294	-	-
Real assets		2,363	-	-
Bond mutual funds		32,350	-	-
Life insurance annuity		15,412	-	-
Common stock		444	-	-
Total investments		125,012	-	-
Total assets		125,491	906	702
<b>LIABILITIES</b>				
Accounts payable		3,742	11	-
Deposits and escrows		-	-	702
Total liabilities		3,742	11	702
<b>NET POSITION</b>				
Net position restricted for pensions		52,068	-	
Net position restricted for OPEB		69,681	-	
Net position restricted for other purposes		-	895	
Total net position	\$	121,749	895	

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

## FIDUCIARY FUNDS

## Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) and Pension Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Member	\$ 1,199	1
Employer	8,585	-
Total contributions	9,784	1
Donations	-	191
Investment income:		
Interest and dividends	2,627	(3)
Net appreciation in fair value of investments	8,473	-
Total investment income	11,100	(3)
Less investment expense	210	-
Net investment income	10,890	(3)
Total additions	20,674	189
<b>DEDUCTIONS</b>		
Pension/post-employment benefit payments	2,837	-
Refund of members' contributions	151	-
Administrative expenses	163	-
Other post-employment benefit payments	3,723	303
Total deductions	6,874	303
Change in net position	13,800	(114)
<b>NET POSITION, beginning of year, as restated</b>	107,949	1,009
<b>NET POSITION, end of year</b>	\$ 121,749	895

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

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 COMPONENT UNITS

Exhibit 12

Combining Statement of Net Position

June 30, 2017

(amounts expressed in thousands)

	School Board	Adult Detention Center	Convention & Visitors Bureau	Totals
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 275,934	15,224	195	291,353
Accounts receivable, net	2,790	6	1	2,797
Due from other governmental units	26,078	1,904	-	27,982
Due from primary government	7,303	-	-	7,303
Net OPEB asset	1,797	-	-	1,797
Inventory	4,059	-	-	4,059
Prepays	10	-	80	90
Deposits	-	-	4	4
Restricted assets:				
Restricted cash and temporary investments	150,518	-	-	150,518
Capital assets:				
Land and construction in progress	141,673	3,157	-	144,830
Buildings and other capital assets, net of depreciation	1,316,733	60,830	59	1,377,622
Total assets	1,926,895	81,121	339	2,008,355
<b>Deferred outflow of resources</b>				
Deferred outflows from pension contributions	152,948	5,811	-	158,759
Total deferred outflow of resources	152,948	5,811	-	158,759
<b>LIABILITIES</b>				
Accounts payable	12,922	490	53	13,465
Wages and benefits payable	97,609	923	-	98,532
Retainages	5,064	-	-	5,064
Due to other governmental units	-	530	-	530
Unearned revenue	11,019	-	-	11,019
Noncurrent liabilities:				
Due within one year	22,653	232	-	22,885
Due in more than one year	956,124	20,163	-	976,287
Total liabilities	1,105,391	22,338	53	1,127,782
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources-pension	30,881	1,177	-	32,058
Total deferred inflows of resources	30,881	1,177	-	32,058
<b>NET POSITION</b>				
Net investment in capital assets	1,458,406	63,987	59	1,522,452
Restricted for:				
Capital projects	143,326	-	-	143,326
Food & nutrition services	27,609	-	-	27,609
Other purposes	2,875	-	-	2,875
Unrestricted (deficit)	(688,645)	(570)	227	(688,988)
Total net position	\$ 943,571	63,417	286	1,007,274

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

Functions / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
School Board					
Instruction	\$ 757,132	3,117	134,609	119	(619,287)
Support Services	385,787	21,296	29,528	-	(334,963)
School Age Child Care	1,535	822	-	-	(713)
Education foundation	4,809	-	4,277	-	(532)
Adult Detention Center	44,712	500	11,521	-	-
Convention & Visitors Bureau	1,178	-	-	-	-
<b>Total component units</b>	<b>\$ 1,195,153</b>	<b>25,735</b>	<b>179,935</b>	<b>119</b>	<b>(955,495)</b>

General revenues:	
Payment from primary government	\$ 642,700
Federal revenue	891
State revenue	394,379
Local revenue	509
Investment earnings	2,634
Miscellaneous	5,401
Total general revenues	<u>1,046,514</u>
Change in net position	91,019
Net position - beginning of year , as restated	<u>852,552</u>
Net position - end of year	<u>\$ 943,571</u>

**Revenue and Changes in Net Position**

<b>Adult Detention Center</b>	<b>Convention &amp; Visitors Bureau</b>	<b>Totals</b>	<b>Functions / Programs</b>
-	-	(619,287)	School Board
-	-	(334,963)	Instruction
-	-	(713)	Support Services
		(532)	School Age Child Care
(32,691)	-	(32,691)	Education foundation
-	(1,178)	(1,178)	Adult Detention Center
(32,691)	(1,178)	(989,364)	Convention & Visitors Bureau
			<b>Total component units</b>
28,464	1,181	672,345	General revenues:
-	-	891	Payment from primary government
-	-	394,379	Federal revenue
6,123	65	6,697	State revenue
(34)	3	2,603	Local revenue
103	19	5,523	Investment earnings
34,656	1,268	1,082,438	Miscellaneous
1,965	90	93,074	Total general revenues
61,452	196	914,200	Change in net position
63,417	286	1,007,274	Net position - beginning of year , as restated
			Net position - end of year

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



**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

**NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Prince William, Virginia (the County) prepares its final 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, 2017.

**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).

<b>Illustration 1-1 Potential Component Units</b>			
<b>Potential Component Unit</b>	<b>Description of Activities and Relationship to the County</b>	<b>Inclusion Criteria</b>	<b>Reporting Method</b>
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

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

<b>Potential Component Unit</b>	<b>Description of Activities and Relationship to the County</b>	<b>Inclusion Criteria</b>	<b>Reporting Method</b>
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
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
Adult Detention Center (ADC)	Authorized by the <i>Code of Virginia</i> . Establish policy for operation of regional adult detention center, providing care and confinement for all Counties and adjoining city prisoners.	Majority of Board is appointed by County; County is able to impose its will; financial benefit/burden relationship exists.	Discretely Presented Component Unit
Prince William County/Manassas Convention & Visitors Bureau, Inc. (CVB)	Established by Board resolution. Promote and market the County and Manassas area as a tourism destination for the benefit of the tourism industry and the citizens of the County and the City of Manassas.	Majority of the Board is appointed by the County; financial benefit/burden relationship exists.	Discretely Presented Component Unit
School Board	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Make policies governing school division.	Board is separately elected; Fiscal dependency exists – School Board cannot issue bonded debt; Two Boards are not the same; School Board provides educational services to the County.	Discretely Presented Component Unit
District Home Board	Agreement between the five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria) pursuant to the <i>Code of Virginia</i> . Establishes policy for operations of two district homes.	None	Jointly Governed Organization

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
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 and the cities of Manassas 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 and the cities of Manassas 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
Peumansend Creek Regional Jail Authority (Note 19)	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

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Manassas Regional Airport	Agreement between Prince William County and the city of Manassas establishes the operation of a regional airport	None	Jointly Governed Organization
Potomac & Rappahannock Transportation Commission (PRTC) (Note 19)	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
Northern Virginia Transportation Authority (NVTA)	Authorized by the Code of Virginia. Focused on delivering real transportation solutions and value for Northern Virginia's transportation	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., C/O Prince William County Department of Parks and Recreation Office of Tourism, 14420 Bristow Road, Manassas, VA 20112.

All accounts of the County and its component units are reported as of and for the year ended June 30, 2017.

## **B. Basis of Presentation**

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

### *Government-wide Financial Statements*

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

In the government-wide statement of net position, the governmental and business-type activities columns are presented on a consolidated basis by column and are presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets as well as long-term debt and obligations. Inter-fund balances between governmental funds and inter-fund balances between enterprise funds are included in the government-wide statement of net position.

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

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

### *Fund Financial Statements*

The financial transactions of the County are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. Emphasis is on major funds in the governmental or business-type categories. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The County has elected to present additional funds as major due to the specific community focus. The non-major funds in each category are combined in a column in the fund financial statements and detailed in the combining and individual fund statements and schedules section.

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. This is the manner which GAAP has prescribed as the most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid financial resources, and (c) demonstrate how the County's actual experience conforms to the budget fiscal plan. As the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column,

reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

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

The County's enterprise funds, presented in the proprietary fund financial statements, are presented using the economic resources measurement focus and the accrual basis of accounting. The County's enterprise funds use the services of the internal service funds and these transactions are not eliminated when producing the government-wide statements.

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

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

The following major funds are used by the County:

*Governmental Funds:*

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

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

*Proprietary Funds:*

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

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

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

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

*Fiduciary Funds:*

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

- Supplemental Pension Plan Trust Fund – The County accounts for a defined benefit trust to provide Supplemental Pension Plan benefits to uniformed police officers and fire fighters.
- LOSAP Trust Fund – The County accounts for a length of service award program that provides benefits for certified volunteer fire department and rescue squad members.
- Other Post-Employment Benefits (OPEB) Master Trust Fund – The County uses this fund to account for post-employment benefits other than pensions for eligible employees of the County and to account for post-employment benefits that provide death, disability, and healthcare benefits for public safety employees and volunteer fire department and rescue squad members.
- Private Purpose Trust Funds – The County accounts for the operations of a business and Industrial Park Innovation Owners’ Association, Historic Preservation Foundation, and library, animal, police and liberty 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 and the 2% Transit Occupancy Tax collected on behalf of the Northern Virginia Transportation Authority (NVTA).

**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.

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

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

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

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

*Modified Accrual Basis of Accounting.* Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers the availability period for all significant revenue sources to be 60 days after the end of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes due, but not collected within 60 days after year-end, are reflected as deferred inflows of resources. Derived tax revenues such as sales and utility taxes that are collected by the Commonwealth or utility companies, and subsequently remitted to the County, are recognized as revenues and receivables when the underlying exchange transaction occurs, which is generally two months preceding receipt by the County. Licenses, permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure, except for Streets and Roads Capital Projects Fund that considers the availability period for all significant revenue sources to be 60 days after the end of the current fiscal period. Revenues from general-purpose grants are recognized in the period to which the grant applies. Interest earnings are recorded as earned.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

#### **D. Budgets and Budgetary Accounting**

Formal budgetary integration is employed as a management control device during the year. Budgets for all governmental funds of the Primary Government and Discretely Presented Component Units of the County are adopted by the Board annually on a non-GAAP basis which excludes the effects of fair value adjustments to the carrying amounts of investments required by GASB Statement No. 31. Reconciliations between the non-GAAP basis amounts presented for budgetary comparisons and the GAAP basis amounts presented elsewhere in the CAFR are shown on the face of the budgetary comparison schedules (Schedules 1, 2, 9, 10, 11, 12, 13 and 14).

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 (1950), as amended (Code of Virginia)*.

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



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

The budget is controlled at certain legal as well as administrative levels. The *Code of Virginia* 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 with the exception of the following:

- .On Schedule 1, interest and other debt service costs spending exceeded the amount budgeted. The School Board incurred additional interest costs on the Virginia Public School Authority (VPSA) bond issuance that was originally planned for the fall but instead occurred in the spring, resulting in higher than anticipated interest costs.

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

#### **E. Encumbrances**

Encumbrance accounting, the recording of purchase orders, contracts, and other mandatory commitments for the expenditure of monies to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds. Encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance, depending on the source of funding and/or the specific constraints on the funds encumbered, since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by Board resolution. For more detailed information, see Note 11.

#### **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 Pension Plan Trust Fund, certain enterprise and internal service funds, the School Board Student Activity Fund, the School Education Foundation, 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. Fair Value Measurements**

Fair value was estimated for each class of financial instrument for which it was practical to estimate fair value. Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. Market participants are assumed to be independent, knowledgeable, able and willing to

transact an exchange and not acting under duress. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. The three levels of the fair value hierarchy are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, significant other observable inputs, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – inputs to the valuation methodology are significant unobservable for the asset or liability and are significant to the fair value measurement.

#### **H. Inventories and Prepaid items**

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

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

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

Noncurrent portions of long-term inter-fund loans receivable (reported in due from accounts in the asset section) 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.

#### **J. 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.

#### **K. 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.

#### **L. 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 acquisition value as of the date of donation per GASB Statement No.72.

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 has been capitalized retroactively to 1980. Of the \$222 million in infrastructure capitalized at June 30, 2017, approximately \$173 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. \$47 million of intangible software capitalized at June 30, 2017 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.

#### **M. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. Prince William County has the following deferred outflow of resources: Deferred loss on refunding and Deferred outflows related to pensions. In addition to liabilities, the Statement of Net Position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position by the County that is applicable to a future reporting period. Prince William County has the following deferred inflow of resources: prepaid and unavailable taxes, transportation revenue, deferred lease revenue and deferred inflows related to pensions.

#### **N. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Prince William County's Defined Benefit Pension Plans and the additions to/deductions from the Prince William County's Defined Benefit Pension Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS), Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel Plan and Prince William County Volunteer

Fire and Rescue Personnel Length of Service Award Program (LoSAP). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**O. Fund Equity**

Nonspendable fund balances represent amounts that cannot be spent because they are not in spendable form. Restricted fund balances represent those portions of fund equity appropriable for expenditure or legally segregated for a specific future use. Committed and Assigned fund balances represent the County's managerial plans for future use of financial resources. Unassigned fund balance is the residual classification for the General Fund. For more detail information, see Note 11.

Policy 1.02 of the County's *Principles of Sound Financial Management* requires an unassigned fund balance of 7.5% of the current year's General Fund revenues.

**P. Leases**

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

**Q. Deferred Gain (Loss) on Debt Refundings**

Losses resulting from advance or current refundings of debt in government-wide and proprietary statements are deferred and amortized over the shorter of the life of the new debt or the remaining life of the old debt. The amount is deferred and reported as an unamortized gain (loss) on refunding and is amortized and reported as a component of interest expense.<sup>7</sup>

**R. Change in Reporting Entity**

The County has merged existing and created new funds as a result of management's overall reassessment of all existing funds to improve the usefulness, including the understandability, of fund classification information for clarity and better presentation purposes. Parks & Recreation activities that are supported with general tax revenues were merged into the General Fund. Activities supported by restricted donations were relocated from the General Fund into new Private Purpose Trust Funds. All information technology activities with the exception of technology capital projects were consolidated into Intra-County Services Internal Service Fund. Two new special revenue funds were established, Emergency Medical Services, and Other Special Revenue Fund, and the activities were removed from the General Fund since the associated funding streams are to be used for a specific purpose. Capital reserve funds were transferred from the Other Capital Project Fund and reclassified into the General Fund as the capital reserve is an accumulator of funds set aside for the Board of County Supervisors to budget and appropriate for one-time capital expenditures. Information technology capital projects and fire & rescue capital projects were reclassified respectively from Intra-county Internal Service Fund and Fire & Rescue Special Revenue Fund and merged into Other Capital Projects Funds.

The following illustrations document the change in balances as a result of the change in the reporting entity.

Illustration 1-2  
Summary of Restated Balances - General Fund

General Fund	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 499,407	17,846	517,253
Accounts receivable, net	5,009	(288)	4,721
Prepays	20	9	29
<b>Liabilities:</b>			
Accounts payable	14,718	151	14,869
Wages and benefits payable	11,903	455	12,358
Unearned revenue	53,827	1,108	54,935
<b>Fund Balance:</b>			
Nonspendable fund balance	142	9	151
Restricted fund balance	12,833	(4,467)	8,366
Committed fund balance	105,707	21,342	127,049
Assigned fund balance	7,733	42	7,775
Unassigned fund balance	76,747	(1,073)	75,674

Illustration 1-3  
Summary of Restated Balances - Capital Projects - Streets and Roads Fund

Capital Projects - Streets and Roads	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 41,968	2,087	44,055
Restricted cash and temporary investments	11,779	(1,856)	9,923
Accounts receivable, net	127	(2)	125
Prepays	331	-	331
<b>Liabilities:</b>			
Accounts payable	5,475	10	5,485
<b>Fund Balance:</b>			
Nonspendable fund balance	331	-	331
Committed fund balance	50,546	219	50,765

Illustration 1-4  
Summary of Restated Balances - Capital Projects - Others

<b>Capital Projects - Other</b>	<b>Balances, as previously reported June 30, 2016</b>	<b>Fund restructure adjustment</b>	<b>Balances, as restated, June 30, 2016</b>
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 56,022	19,146	75,168
Restricted cash and temporary investments	26,825	(327)	26,498
Accounts receivable, net	45	(8)	37
<b>Liabilities:</b>			
Accounts payable	1,784	937	2,721
Retainages	326	364	690
<b>Fund Balance:</b>			
Committed fund balance	80,720	17,510	98,230

Illustration 1-5  
Summary of Restated Balances - Fire & Rescue Levy Fund

<b>Fire &amp; Rescue Levy</b>	<b>Balances, as previously reported June 30, 2016</b>	<b>Fund restructure adjustment</b>	<b>Balances, as restated, June 30, 2016</b>
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 86,150	(27,092)	59,058
<b>Liabilities:</b>			
Accounts payable	345	(110)	235
Retainages	11	(11)	-
<b>Fund Balance:</b>			
Restricted fund balance	86,098	(26,971)	59,127

Illustration 1-6  
Summary of Restated Balances - Transportation Special Revenue Fund

Transportation Special Revenue		Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>				
Equity in pooled cash and investments	\$	1,570	(432)	1,138
Accounts receivable, net		3	(1)	2
<b>Fund Balance:</b>				
Restricted fund balance		1,572	(433)	1,139

Illustration 1-7  
Summary of Restated Balances - Emergency Medical Transportation Special Revenue Fund

Emergency Medical Services Special Revenue		Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>				
Equity in pooled cash and investments	\$	-	4,189	4,189
Accounts receivable, net		-	448	448
<b>Liabilities:</b>				
Wages and benefits payable		-	19	19
<b>Fund Balance:</b>				
Restricted fund balance		-	4,618	4,618

Illustration 1-8  
Summary of Restated Balances - Other Special Revenue Fund

Other Special Revenue		Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>				
Equity in pooled cash and investments	\$	-	117	117
<b>Fund Balance:</b>				
Restricted fund balance		-	117	117

Illustration 1-9  
Summary of Restated Balances - Parks and Recreation Enterprise Fund

Parks and Recreation Enterprise Fund	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ -	5,516	5,516
Accounts receivable, net	128	(112)	16
Prepays	90	(9)	81
Land and construction in progress	5,751	(3,176)	2,575
Buildings and other capital assets, net of depreciation	8,023	(5,736)	2,287
<b>Deferred Outflow of Resources:</b>			
Deferred outflows related to pensions	360	(360)	-
<b>Liabilities:</b>			
Accounts payable	343	(151)	192
Wages and benefits payable	660	(474)	186
Unearned revenue	1,313	(1,108)	205
Compensated absences	485	(485)	-
Other long term liabilities	1,583	(1,508)	75
<b>Deferred Inflow of Resources:</b>			
Deferred inflows related to pensions	166	(166)	-
<b>Net Position:</b>			
Net investment in capital assets	3,694	(8,888)	(5,194)
Unrestricted	(14,916)	8,903	(6,013)



Illustration 1-10  
Summary of Restated Balances - Intra-County Services Funds

Internal Service Funds - Intra-County Services	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 39,994	(18,996)	20,998
Restricted cash and temporary investments	353	(353)	-
Accounts receivable, net	78	(37)	41
Land and construction in progress	20,502	(20,319)	183
Buildings and other capital assets, net of depreciation	26,971	(22,217)	4,754
<b>Liabilities:</b>			
Accounts payable	2,451	(826)	1,625
Retainage	353	(353)	-
<b>Net Position:</b>			
Net investment in capital assets	47,473	(42,536)	4,937
Unrestricted	31,282	(18,207)	13,075

Illustration 1-11  
Summary of Restated Balances - Private purpose Trust Fund - Police Donations

Private Purpose Trust - Police Donations	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ -	61	61
<b>Net Position:</b>			
Net position restricted for other purposes	-	61	61

Illustration 1-12  
Summary of Restated Balances - Private Purpose Trust Fund - Animal Donations

Private Purpose Trust - Animal Donations	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ -	15	15
<b>Net Position:</b>			
Net position restricted for other purposes	-	15	15

Illustration 1-13  
Summary of Restated Balances - Private Purpose Trust Fund - Liberty Donations

Private Purpose Trust - Liberty Donations	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ -	89	89
<b>Net Position:</b>			
Net position restricted for other purposes	-	89	89

Illustration 1-14  
Summary of Restated Balances - Component Unit - Adult Detention Center

Component Unit - Adult Detention Center	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Land and construction in progress	\$ 31	1,891	1,922
<b>Net Position:</b>			
Net investment in capital assets	63,241	1,891	65,132
<b>Statement of Activities</b>			
<b>Net Position:</b>			
Component Unit	59,561	1,891	61,452

Illustration 1-15  
Summary of Restated Balances - Governmental Activities

Governmental Activities	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 769,058	(5,681)	763,377
Accounts receivable, net	14,222	112	14,334
Prepays	2,797	9	2,806
Land and construction in progress	155,444	1,285	156,729
Buildings and other capital assets, net of depreciation	386,861	5,736	392,597
<b>Deferred Outflow of Resources:</b>			
Deferred outflows related to pensions	32,589	360	32,949
<b>Liabilities:</b>			
Accounts payable	25,368	151	25,519
Wages and benefits payable	12,934	474	13,408
Unearned revenue	59,742	1,108	60,850
Noncurrent liabilities:			-
Due within one year	106,213	52	106,265
Due in more than one year	1,311,430	2,153	1,313,583
<b>Deferred Inflow of Resources:</b>			
Deferred inflows related to pensions	15,392	166	15,558
<b>Net Position:</b>			
Net investment in capital assets	435,101	6,997	442,098
Unrestricted	(876,624)	(9,280)	(885,904)
<b>Statement of Activities</b>			
<b>Net Position:</b>			
Governmental Activities	(271,059)	(2,283)	(273,342)

Illustration 1-16  
Summary of Restated Balances - Business-Type Activities

Business Type Activities	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 13,997	5,516	19,513
Accounts receivable, net	349	(112)	237
Prepays	90	(9)	81
Land and construction in progress	28,724	(3,176)	25,548
Buildings and other capital assets, net of depreciation	23,114	(5,736)	17,378
<b>Deferred Outflow of Resources:</b>			
Deferred outflows related to pensions	760	(360)	400
<b>Liabilities:</b>			
Accounts payable	857	(151)	706
Wages and benefits payable	777	(474)	303
Unearned revenue	5,972	(1,108)	4,864
Noncurrent liabilities:			
Due within one year	766	(52)	714
Due in more than one year	26,247	(1,941)	24,306
<b>Deferred Inflow of Resources:</b>			
Deferred inflows related to pensions	351	(166)	185
<b>Net Position:</b>			
Net investment in capital assets	41,758	(8,888)	32,870
Unrestricted	(2,623)	8,903	6,280
<b>Statement of Activities</b>			
<b>Net Position:</b>			
Business Type Activities	39,135	15	39,150

Illustration 1-17  
Summary of Restated Balances - Component Unit

Component Unit	Balances, as previously reported June 30, 2016	Fund restructure adjustment	Balances, as restated, June 30, 2016
<b>Assets:</b>			
Land and construction in progress	\$ 121,815	1,891	123,706
<b>Net Position:</b>			
Net investment in capital assets	1,414,367	1,891	1,416,258
<b>Statement of Activities</b>			
<b>Net Position:</b>			
Component Unit	912,309	1,891	914,200

Capital Assets fund restructure adjustments are reflected in Note 9.

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

The County implemented the following GASB pronouncements with effective implementation dates for fiscal year ended June 30, 2017:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* – This Statement and sets the criteria to determine how other post employee benefits (OPEB) trusts are to be reported in the financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures* – This statement requires governments that enter into tax abatement arrangements to disclose certain information about the abatement agreement.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* – This statement amends the scope and applicability of GASB Statement No. 68.
- GASB Statement No. 80, *Blending Requirements Component Units – an Amendment to GASB Statement No. 14* – This statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – This statement requires a government to recognize assets, liabilities and deferred inflows of resources at the inception of an irrevocable split-interest agreement. Revenue is recognized when the resources become applicable to the reporting period.
- GASB Statement No. 82, *Pension Issues—an Amendment of GASB Statements No. 67, No. 68 and No. 73* – This statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standards of Practice for financial reporting purposes; and the classification of payments made by employers to satisfy employee contribution requirements.

The GASB has issued the following statements with effective implementation dates later than the fiscal year ending June 30, 2017. The statements deemed to have a future impact on the County are as follows:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement sets standards for the recognition and measurements of liabilities, deferred outflows of resources, deferred inflows of resources and costs associated with OPEB.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*— This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).
- GASB Statement No. 84, *Fiduciary Activities*— This Statement establishes criteria for identifying fiduciary activities of all state and local governments.
- GASB Statement No. 85, *Omnibus 2017* — This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*—This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB Statement No. 87, *Leases* —This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

#### **T. Special Items - Transfer of Operations**

The County assumed the operations of the Dumfries - Triangle Volunteer Rescue Station #23 on October 19, 2016 per FRA resolution 16-63. The community has been changing making it extremely difficult to find volunteers to meet the needs of the station and could no longer successfully provide the fire and rescue services demanded by the district. Dumfries Triangle Rescue Station transferred capital assets with a book value of \$13,026 with no adjustments made to the book value.

#### **U. Subsequent Events**

The County has evaluated subsequent events (events occurring after June 30, 2017, through February 15, 2018 in connection with the preparation of these financial statements. Such events have been disclosed in Note 21.

### **NOTE (2) - CASH AND INVESTMENTS**

#### **A. Cash Deposits**

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

#### **B. Investments**

##### County Investments

*Code of Virginia* §2.2-4501 through 2.2-4600 authorizes the County to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth or political subdivisions thereof; obligations of other states not in default; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank, the African Development Bank; “prime quality” commercial paper; negotiable certificates of deposits and negotiable bank notes; corporate notes; banker’s acceptances; overnight, term and open repurchase agreements; money market mutual funds; the State Treasurer’s Local Government Investment Pool (LGIP); non-negotiable certificates of deposit and deposits with federally insured banks and savings institutions that are qualified to accept public deposits. However, in some instances, the County’s own investment policy is more stringent as to authorized investments as discussed below.

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

In accordance with State Corporation Commission of Virginia (SCC) regulations for the licensing of the Prince William County Self-Insurance Group (PWSIG) Workers' Compensation Association and Casualty Pool, the Association and the Pool are required to deposit securities with the State Treasurer. As of June 30, 2017, the Self-Insurance Workers' Compensation Association had \$986 at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$750 requirement, including \$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, 2017, the Casualty Pool had \$803, 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 at the time of purchase, no more than 50% of the total 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 (unless the investment is maturity matched to long term cash flow requirements).

The weighted average maturity for the PWSIG Workers Compensation Association and Casualty Pool portfolios may not exceed three (3) years except where to the extent that assets are purchased specifically for collateral deposits with the Commonwealth of Virginia as required by the SCC. The final maturity of any individual security may not exceed five (5) years from the time of purchase, except where an asset is matched to a specific obligation of the PWSIG.

Illustration 2-1 reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2017.

<b>Illustration 2-1</b>			
<b>Fair Value and Weighted Average Maturity of Investments at June 30, 2017</b>			
		<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
<b>Primary Government, School Board, and ADC</b>			
Money Markets and Money Market Mutual Funds:			
Local Government Investment Pool (LGIP)	\$	158,266	0.003
State Non-Arbitrage Program (SNAP)		159,464	0.003
PFM Money Market		25,611	0.003
Other Money Markets and Money Market Mutual Funds		20,382	0.003
NOW Accounts		64,859	0.003
Certificate of Deposits		46,602	0.545
U.S. Government Agency Securities		594,489	7.418
Corporate Bonds		158,224	3.671
Municipal Bonds		<u>71,501</u>	5.236
Total Primary Government, School Board, and ADC		1,299,398	4.149
<b>Convention &amp; Visitors Bureau Component Unit</b>			
Cash and Cash Equivalents		<u>195</u>	0.003
Total Convention & Visitors Bureau Investments		<u>195</u>	0.003
Total Reporting Entity Investments	\$	<u><u>1,299,593</u></u>	4.149

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

**Credit Risk** – State statutes authorize the County to invest in various instruments as described above. The County's Investment Policy, however, does not provide for investments in obligations of other states and political subdivisions outside of the Commonwealth of Virginia. It is also County policy to invest in Negotiable Certificates of Deposits from banks with a rating of at least A-1 by Standard & Poor's and P-1 by Moody's Investor's Services for maturities of one year or less. The County may also invest in corporate notes that have a rating of at least Aa by Moody's Investor's Services and AA by Standard & Poor's. Furthermore, the County will only invest in money market or mutual funds with a rating of AAA by at least one nationally recognized statistical rating organization; "prime quality" commercial paper rated by at least two of the following: Moody's Investor's Services within its NCO/Moody's rating of Prime 1; Standard & Poor's within its rating of A-1; Fitch Investor's Services within its rating of F-1 or by their corporate successors, provided that at the time of any such investment the issuing corporation has a net worth of at least \$50 million and the net income of the issuing corporation has averaged \$3 million per year for the previous five years and all existing senior bonded indebtedness of the issuer is rated A or its equivalent by at least two of the following: Moody's Investor's Services, Standard & Poor's or Fitch Investor's Services; and banker's acceptances with U.S. banks or domestic offices of international banks provided that the bank's assets exceed \$500 million or \$1 billion respectively.

Bond proceeds must be invested in accordance with the requirements and restrictions outlined in bond documents. As such, bond proceeds, per County policy, are exempt from portfolio composition, individual issuers, and maturity limitations set forth in the Investment Policy.

It is the PWSIG's policy to invest in obligations issued or guaranteed by the U.S. government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs); repurchase agreements collateralized by obligations issued or guaranteed by the U.S. Government, an agency thereof, or GSEs; non-negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act; municipal debt with a rating of at least AA by one nationally recognized rating agency, negotiable certificates of deposit and



negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least P-1 by Moody's Investor's Services and A-1 by Standard and Poor's; bankers' acceptances with major U.S. banks and domestic offices of international banks provided that the bank's assets exceed \$500 million or \$1 billion respectively; "prime quality" commercial paper rated by at least two of the following: P-1 by Moody's Investor's Services, A-1 by Standard & Poor's or F-1 by Fitch Investor's Services; corporate notes with a minimum rating of Aa by Moody's Investor's Services and AA by Standard & Poor's; money market, mutual funds or the LGIP with a minimum credit rating of AAA by at least one nationally recognized statistical rating organization. During the year, the County made investments in money market mutual funds, LGIP, SNAP, PFM Asset Management, U.S. Government Agency Securities, NOW Accounts, Certificates of Deposit, Corporate Bonds, Commercial Paper and Municipal Bonds. The County's investment ratings as of June 30, 2017, are presented in Illustration 2-2.

<b>Illustration 2-2</b>		
<b>County, School Board, and ADC, Investment Credit Risk at June 30, 2017</b>		
<b>Investment Type</b>	<b>Credit Quality (Rating)</b>	<b>Credit Exposure as a % of Total Investments</b>
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	AAA	12.18%
State Non-Arbitrage Program(SNAP)	AAA	12.27%
PFM Asset management	AAA	1.97%
Other Money Markets and Money Market Mutual Funds	AAA	1.57%
NOW Accounts	Not applicable	4.99%
Certificate of Deposits	Not applicable	3.59%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AA- or Higher	45.75%
Corporate Bond:	AA- or Higher	12.18%
Municipal Bond:	AA- or Higher	5.50%
		100.00%

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

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

The PWSIG Investment Policy seeks to diversify its portfolio by security type and by issuer by limiting the percentage of the portfolio that may be invested at the time of purchase in any one type of instrument as follows: 100% for U.S. Treasury and Agency securities; 50% municipal debt (not to exceed 10% per issuer); 50% for repurchase agreements (not to exceed 20% per issuer); 30% for bankers' acceptances, negotiable certificates of deposit and/or negotiable bank deposit notes (not to exceed 5% per issuer); 35% for commercial paper (not to exceed 5% per issuer); 40% for non-negotiable certificates of deposit (not to exceed 10% per issuer); 25% for corporate notes (not to exceed 10% per issuer) and 80% for money market funds/investment pools (not to exceed 40% per issuer).

Supplemental Pension Plan Investments

§51.1-803 of the *Code of Virginia* authorizes the County’s Supplemental Pension 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 Pension 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 Pension Plan, investments of the Supplemental Pension 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 Pension 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 Pension Plan level is not possible.

Illustration 2-3 reflects the fair value and the duration of the County’s Supplemental Pension Plan fixed income investments as of June 30, 2017. 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.

<b>Illustration 2-3</b>		
<b>Supplemental Pension Plan Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2017</b>		
	<b>Fair Value</b>	<b>Weighted-Average Maturity(a)/ Modified Duration (b) (Years)</b>
<b>Supplemental Pension Plan Trust Fund:</b>		
Money Market Mutual Funds	\$ 477	0.101 (a)
US Government Agency Securities	2,532	0.73 (b)
US Treasury Notes	1,804	6.50 (b)
Corporate Bonds	805	2.78 (b)
Tactical Asset Allocation Funds	3,487	Not applicable
Equity Mutual Funds	18,980	Not applicable
Real Assets	2,363	Not applicable
Common Stock	444	Not applicable
Brandywine Global Bond Fund	5,289	5.29 (b)
	<hr/>	
Total Supplemental Pension Plan Pension Trust Fund Investments	\$ <u>36,181</u>	

**Credit Risk** – The Supplemental Pension Plan investment policy is silent as to credit risk. The Board of Trustees is ultimately responsible for making the decisions that affect the Supplemental Pension Plan’s Investments. An independent investment consulting firm assists with the attainment of the Plan’s objectives and monitors the Plan’s compliance with its stated investment policies. During the year, the Plan invested in money market, fixed income bond funds and equity mutual funds. The Supplemental Pension Plan’s investment rating as of June 30, 2017 is presented in Illustration 2-4.

<b>Illustration 2-4</b>		
<b>Supplemental Pension Plan Credit Risk at June 30, 2017</b>		
<b>Investment Type</b>	<b>Credit Quality (Rating)</b>	<b>Credit Exposure as a % of Total Investments</b>
Supplemental Pension Plan Trust Fund Investments:		
Money Market Mutual Funds	AAA	1.32%
US Government Agency Securities	AA +	7.00%
US Treasury Notes	AA +	4.99%
Corporate Bond	BBB + or higher	2.22%
Tactical Asset Allocation Funds	Not rated	9.64%
Equity Mutual Funds	Not rated	52.45%
Real Assets	Not rated	6.53%
Common Stock	Not rated	1.23%
Brandywine Global Bond Fund	A+	14.62%
		100.00%

**Concentration of Credit Risk** – The long-term objective of the Supplemental Pension 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.

<b>Illustration 2-5</b>		
<b>Statement of Investment Policy</b>		
<b>Supplemental Pension Plan Concentrations at June 30, 2017</b>		
<b>Asset Class</b>	<b>Policy Percent</b>	<b>Target Range Percent</b>
Supplemental Pension Plan Trust Fund Investments:		
Tactical	10%	5% - 15%
Equity	54%	50% - 58%
Real Assets	6%	2% - 10%
Fixed Income	30%	25% -35%
	100%	

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. It is desirable to rebalance the portfolio

periodically to minimize deviations from the Asset Allocation mix. The Plan shall be rebalanced in the event any individual asset class allocation differs from the permissible range described in the Asset Allocation.

*Concentrations.*

At June 30, 2017, the Supplemental Pension Plan’s investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

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

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

Illustration 2-6 reflects the fair value of the County’s LoSAP Trust investments as of June 30, 2017.

<b>Illustration 2-6</b>		
<b>LoSAP Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2017</b>		
	<b>Fair Value</b>	<b>Weighted-Average Maturity(a)/ Modified Duration (b) (Years)</b>
<b>LoSAP Pension Trust Fund Investments:</b>		
Mass Mutual Annuity	\$ <u>15,412</u>	Not Applicable

*Concentrations.* At June 30, 2017, the LoSAP Plan’s investments were 100% invested in an insurance annuity fund and are subject to concentration of credit risk.

Other Post-Employment Benefits (OPEB) Master Trust Investments

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

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

Illustration 2-7 reflects the fair value of the County's Other Post-Employment Benefits Master Trust fixed income investments as of June 30, 2017. 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.

<b>Illustration 2-7</b>		
<b>Other Post-Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2017</b>		
	<b>Fair Value</b>	<b>Weighted-Average Maturity(a)/ Modified Duration (b) (Years)</b>
<b>Other Post-Employment Benefits Master Trust Fund:</b>		
Money Market Mutual Funds	\$ 44	0.003(a)
Equity Mutual Funds	46,314	Not applicable
Bond Mutual Funds:		
Metropolitan West Total Return	\$ 6,760	5.62(b)
Baird Core Plus	8,918	5.80(b)
Vanguard Intermediate-Term	8,925	5.50(b)
Vanguard High Yield Corporate	<u>2,458</u>	5.30(b)
Total Bond Funds	<u>27,061</u>	
 Total Other Post-Employment Benefits Trust Fund Investments	 \$ <u><u>73,419</u></u>	

The Other Post-Employment Benefits Master Trust's rating and credit exposure as of June 30, 2017, is shown in Illustration 2-8.

<b>Illustration 2-8</b>		
<b>Other Post-Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2017</b>		
<b>Investment Type</b>	<b>Credit Quality (Rating)</b>	<b>Credit Exposure as a % of Total Investments</b>
<b>Other Post-Employment Benefits Master Trust Fund Investments:</b>		
Money Market	AAA	0.06%
Equity Mutual Funds	Not rated	63.07%
Bond Mutual Funds:		
Metropolitan West Total Return	AA	9.21%
Baird Core Plus	A	12.15%
Vanguard Intermediate-Term	A	12.16%
Vanguard High Yield Corporate	BB	3.35%
		<u>100.00%</u>

**Concentration of credit risk:**

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

<b>Illustration 2-9</b>			
<b>OPEB Master Trust Fund Concentrations at June 30, 2017</b>			
<b>Asset Class</b>	<b>Policy Percent</b>	<b>Target Range Percent</b>	<b>Actual Percent</b>
<b>OPEB Master Trust Fund Investments:</b>			
Domestic Equity	40%	20% - 60%	40.5%
International Equity	20%	0% - 40%	22.6%
Other Growth Assets	0%	0% - 20%	0.0%
Fixed Income	40%	20% - 60%	36.9%
Other Income Assets	0%	0% - 20%	0.0%
Real Return Assets	0%	0% - 20%	0.0%
Cash Equivalents	0%	0% - 20%	0.0%
	<u>100%</u>		<u>100.00%</u>

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio. Private equity and publicly traded REITS will be categorized in the Other Growth Assets category. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. At June 30, 2017, 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.

There are no investments other than those issued or explicitly guaranteed by the U.S. Government that represent five percent or more of the OPEB Trust fiduciary net position.

## Reconciliation of Cash and Investments

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2017, is shown in Illustration 2-10.

<b>Illustration 2-10</b>						
<b>Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2017</b>						
Investments						
Primary Government and Component Units	-				\$ 1,299,593	
Supplemental Pension Plan Trust Fund					36,181	
LoSAP Trust Fund					15,412	
Other Post-Employment Benefits (OPEB) Master Trust Fund					73,419	
Total Investments					1,424,605	
Add: Cash on Hand					60	
Deposits					9,584	
Total Cash and Investments					1,434,249	
Less: Supplemental Pension Plan Trust Fund's cash and investments					(36,660)	
LoSAP Trust Fund cash and investments					(15,412)	
OPEB Master Trust Fund cash and investments					(73,419)	
Private Purpose Trust Funds					(855)	
Agency Funds' equity in pooled cash and investments					(702)	
School Board Agency Funds' cash and investments					(11,201)	
Total Reporting Entity cash and investments					\$ 1,296,000	
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>	<b>Total Reporting Entity</b>
Primary Government:						
Equity in Pooled Cash and Investments	\$	779,262	13,332	792,594	291,353	1,083,947
Investments		26,177	-	26,177	-	26,177
Restricted Cash and Temporary Investments		18,962	15,146	34,108	150,518	184,626
Restricted Investments		1,250	-	1,250	-	1,250
Total Cash and Investments	\$	825,651	28,478	854,129	441,871	1,296,000

## Fair Value Measurements

Fair value was estimated for each class of financial instrument for which it was practical to estimate fair value. Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not acting under duress. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. The three levels of the fair value hierarchy are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Fair values of the County’s investment portfolio are estimated using unadjusted prices obtained by its investment manager from third party pricing services, where available. For securities where the County is unable to obtain fair values from a pricing service or broker, fair values are estimated using information obtained from the County’s investment manager.

Management performs several procedures to ascertain the reasonableness of investment values included in the financial statements including 1) obtaining and reviewing internal control reports from the County’s investment manager that obtain fair values from third party pricing services, 2) discussing with the County’s investment manager its process for reviewing and validating pricing obtained from outside pricing services, 3) reviewing the security pricing received from the County’s investment manager and monitoring changes in unrealized gains and losses. The County has evaluated the various types of securities in its investment portfolio to determine an appropriate fair value hierarchy level based upon trading activity and the observability of market inputs. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in a different fair value measurement at the reporting date.

Due to the relatively short-term nature of cash and cash equivalents their carrying amounts are reasonable estimates of fair value.

The tables below show the levels used by Prince William County to value investments.

<b>Illustration 2-11</b>					
<b>Fair Value Measurement - Primary Government, School Board, and ADC</b>					
		<b>Fair Value Measurement Using:</b>			
		<b>June 30, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Primary Government, School Board, ADC</b>					
Investments by Fair Value Level					
US Government agency securities	\$	594,489	-	594,489	-
Corporate bonds		158,224	-	158,224	-
Municipal bonds		71,501	-	71,501	-
		<u>824,214</u>	<u>-</u>	<u>824,214</u>	<u>-</u>
Investments by Amortized Cost					
LGIP		158,266			
SNAP		159,464			
PFM Money Market		25,611			
Other Money Market Accounts		20,382			
Certificate of Deposits		<u>46,602</u>			
		410,325			
Cash and Cash Equivalents					
Now Accounts		<u>64,859</u>			
<b>Total</b>	<b>\$</b>	<b><u>1,299,398</u></b>			



**Illustration 2-12**  
**Fair Value Measurement - Supplemental Pension, LoSAP Trust and OPEB Master Trust Funds**

	Fair Value Measurement Using:			
	June 30, 2017	Level 1	Level 2	Level 3
<b>Supplemental Pension Plan Fund</b>				
Investments by Fair Value Level				
US Government agency securities	\$ 2,532	-	2,532	-
US Treasury Notes	1,804	1,804	-	-
Corporate Bonds	805	-	805	-
Tactical Asset Allocation Mutual Fund	3,487	3,487	-	-
Equity Mutual Funds	18,980	18,980	-	-
Real Assets	2,363	6	-	2,357
Common Stock	444	-	444	-
Bond Mutual Funds	5,289	-	5,289	-
	<u>35,704</u>	<u>24,277</u>	<u>9,070</u>	<u>2,357</u>
Investments by Amortized Cost				
Money Market	<u>477</u>			
	36,181			
<b>LoSAP Trust Fund</b>				
Investments by Amortized Cost				
Mass Mutual Annuity	<u>15,412</u>			
	15,412			
<b>OPEB Master Trust Fund</b>				
Investments by Fair Value Level				
Equity Mutual Funds	46,314	46,314	-	-
Bond Mutual Funds	27,061	-	27,061	-
	<u>73,375</u>	<u>46,314</u>	<u>27,061</u>	-
Investments by Amortized Cost				
Money Market	<u>44</u>			
	<u>73,419</u>			
<b>Total</b>	<u>\$ 125,012</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 2-13.

<b>Illustration 2-13</b>			
<b>Restricted Cash and Investments at June 30, 2017</b>			
		<b>Restricted Cash &amp; Temporary Investments</b>	<b>Restricted Investments</b>
<b>Primary Government</b>			
<b>General Fund:</b>			
IDA Lease Revenue Bonds	\$	1,181	\$ -
Retainages		4	-
Total General Fund		<u>1,185</u>	<u>-</u>
<b>Capital Projects Funds:</b>			
General Obligation Bonds		1,173	-
VRA Lease Revenue Bonds		109	-
IDA Lease Revenue Bonds		8,725	-
Retainages		3,224	-
Total Capital Projects Funds		<u>13,231</u>	<u>-</u>
<b>Fire &amp; Rescue Levy</b>			
Retainages		8	-
<b>Enterprise Funds:</b>			
VRA Closure Fund		14,742	-
Parks & Recreation		170	-
Retainages		234	-
Total Enterprise Funds		<u>15,146</u>	<u>-</u>
<b>Internal Service Funds:</b>			
PWSIG		4,538	-
Insurance Pool Collateral		-	1,250
Total Internal Service Funds		<u>4,538</u>	<u>1,250</u>
Total Primary Government		<u>34,108</u>	<u>1,250</u>
<b>Component Unit</b>			
<b>School Board:</b>			
School Bonds		149,457	-
Education Foundation		1,061	-
Total School Board		<u>150,518</u>	<u>-</u>
Total Reporting Entity	\$	<u><u>184,626</u></u>	\$ <u><u>1,250</u></u>

### **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 uncollectible on the payment due dates. Property taxes due, but not collected within 60 days after fiscal year-end, are reflected as deferred inflows of resources.

Assessed values are established at 100% of appraised market value. The personal property tax is limited to vehicles and all business property. A valuation of all property is completed annually. The assessed value of real and personal property at January 1, 2016, upon which the July 1, 2017, levy was based, was approximately \$62 billion.

Current real estate and personal property tax collections for the year ended June 30, 2017, were 99.7% and 96.1%, respectively of the July 1, 2016, 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, 2017, related to property taxes due on July 15 of the following fiscal year are recorded as deferred inflow of resources at June 30, 2017.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2017, is detailed in Illustration 3-1.

<b>Illustration 3-1</b>			
<b>Property Taxes Receivable at June 30, 2017</b>			
	<b>Gross Tax Receivable</b>	<b>Allowance for Uncollectible Accounts</b>	<b>Net Tax Receivable</b>
Real estate taxes	\$ 4,076	2,057	2,019
Personal property taxes	6,579	2,539	4,040
<b>Total</b>	<b>\$ 10,655</b>	<b>4,596</b>	<b>6,059</b>

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

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

<b>Illustration 4-1</b>	
<b>Unearned Revenue at June 30, 2017</b>	
<b>Primary Government</b>	
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other	\$ 59,654
<b>Total Primary Government</b>	<b>59,654</b>
<b>Component Unit</b>	
School Board	11,019
<b>Total Component Unit</b>	<b>11,019</b>
<b>Total Reporting Entity</b>	<b>\$ 70,673</b>

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

<b>Illustration 4-2</b>	
<b>Deferred Inflow of Resources at June 30, 2017</b>	
<b>Primary Government</b>	
Prepaid Taxes – Taxes due subsequent to June 30, 2017, but paid in advance by taxpayers	\$ 243,574
Deferred lease revenue – Uncollected revenues associated with direct financing leases	2,075
Deferred inflows related to pensions	14,788
Total Primary Government	260,437
<b>Component Unit</b>	
Deferred inflows related to pensions	32,058
Total Reporting Entity	\$ 292,495

Deferred inflow of resources for General fund represents amounts for which the revenue recognition was not met under the modified accrual basis of accounting for the period ended June 30, 2017.

<b>Illustration 4-3</b>	
<b>Governmental Funds Deferred Inflow of Resources at June 30, 2017</b>	
<b>General Fund</b>	
Prepaid Taxes – Taxes due subsequent to June 30, 2017, but paid in advance by taxpayers	\$ 226,939
Unavailable taxes – Taxes not paid within sixty days of June 30, 2017	4,389
Deferred lease revenue – Uncollected revenues associated with direct financing leases	11,967
Total General Fund	\$ 243,295
<b>Streets and Roads Capital Projects Fund</b>	
Unavailable transportation revenue -- Revenue not received within sixty day of June 30, 2017	\$ 7,621
<b>Fire &amp; Rescue Levy</b>	
Prepaid Taxes – Taxes due subsequent to June 30, 2017, but paid in advance by taxpayers	\$ 15,944
Unavailable taxes – Taxes not paid within sixty days of June 30, 2017	56
Total Fire & Rescue Levy	16,000
<b>Other Governmental Funds</b>	
Prepaid Taxes – Taxes due subsequent to June 30, 2017, but paid in advance by taxpayers	\$ 691
Unavailable taxes – Taxes not paid within sixty days of June 30, 2017	2
Total Other Governmental Fund	693

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

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

properties, as well as any existing and future improvements of the properties back to each respective organization at the time the related debt is fully extinguished.

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

<b>Illustration 5-1</b>				
<b>Investment in Direct Financing Leases at June 30, 2017</b>				
		<b>Volunteer Fire &amp; Rescue Companies</b>	<b>Other</b>	<b>Total</b>
Total minimum lease payments to be received	\$	11,543	424	11,967
Less: Deferred inflow of resources		2,068	7	2,075
Net investment in direct financing leases	\$	<u>9,475</u>	<u>417</u>	<u>9,892</u>

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2017.

<b>Illustration 5-2</b>				
<b>Scheduled Minimum Lease Payments at June 30, 2017</b>				
		<b>Volunteer Fire &amp; Rescue Companies</b>	<b>Other</b>	<b>Total</b>
FY 2018	\$	1,546	424	1,970
FY 2019		1,493	-	1,493
FY 2020		1,444	-	1,444
FY 2021		1,399	-	1,399
FY 2022		1,360	-	1,360
FY 2023-2027		3,861	-	3,861
FY 2028-2029		440	-	440
Total minimum lease payments	\$	<u>11,543</u>	<u>424</u>	<u>11,967</u>

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

<b>Illustration 5-3</b>						
<b>Accounts Receivable at June 30, 2017</b>						
		<b>Component Units</b>			<b>Total</b>	
		<b>Primary Government</b>	<b>School Board</b>	<b>ADC</b>		<b>Convention &amp; Visitors Bureau</b>
Accrued interest	\$	3,137	-	-	-	3,137
Enterprise operations		904	-	-	-	904
Utility/consumption taxes		1,990	-	-	-	1,990
Transient occupancy taxes		1,225	-	-	-	1,225
Stormwater management fee		221	-	-	-	221
Cable franchise tax		358	-	-	-	358
OPEB		3,723	-	-	-	3,723
Other		4,985	2,790	6	1	7,782
		<u>16,543</u>	<u>2,790</u>	<u>6</u>	<u>1</u>	<u>19,340</u>
Allowance for doubtful accounts		(2,437)	-	-	-	(2,437)
Total	\$	<u>14,106</u>	<u>2,790</u>	<u>6</u>	<u>1</u>	<u>16,903</u>

**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, 2017			
<b>PRIMARY GOVERNMENT</b>			
<b>General Fund:</b>			
From other localities	\$	40	
From the Federal Government		1,851	
From the Commonwealth			
Local sales taxes		11,266	
Other		7,822	
		<u>7,822</u>	\$ 20,979
Total General Fund			
<b>Street and Road Capital Projects Fund:</b>			
From the Commonwealth		6,243	
From the Federal Government		2,122	
From other localities		3,022	
		<u>3,022</u>	11,387
<b>Other Capital Projects Fund:</b>			
From the Commonwealth			266
<b>Nonmajor Governmental Funds:</b>			
From the Commonwealth		7	
From the Federal Government		242	
		<u>242</u>	249
<b>Landfill Enterprise Fund:</b>			
From other localities			298
Total Primary Government			<u>33,179</u>
<b>COMPONENT UNITS</b>			
<b>School Board:</b>			
From the Commonwealth	\$	17,127	
From the Federal Government		8,951	
		<u>8,951</u>	26,078
<b>Adult Detention Center:</b>			
From the Federal Government		1	
From other localities		1,903	
		<u>1,903</u>	1,904
Total Component Unit			<u>27,982</u>
Total Reporting Entity			<u>\$ 61,161</u>

Illustration 6-2 details the amounts due to other governmental units at June 30, 2017.

<b>Illustration 6-2</b>			
<b>Due to Other Governmental Units at June 30, 2017</b>			
<b>PRIMARY GOVERNMENT</b>			
<b>General Fund:</b>			
To Other Localities	\$	179	
To the Federal Government		37	
Total General Fund		\$	216
<b>Streets and Roads Capital Projects Fund:</b>			
To Other Localities		544	
Total Street and Roads Capital Projects Fund			544
<b>Other - Capital Projects Fund:</b>			
To the Federal Government			24
<b>Nonmajor Governmental Funds:</b>			
To the Commonwealth			53
Total Primary Government			837
<b>COMPONENT UNIT</b>			
<b>Adult Detention Center:</b>			
To other localities			530
Total Component Unit			530
Total Reporting Entity	\$		1,367

**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, 2017, 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, 2017.

<b>Illustration 7-1</b>			
<b>Internal Balances</b>			
	<b>Due from Other Funds</b>		<b>Due to Other Funds</b>
General Fund	\$	-	\$ 34
Landfill - Enterprise Fund		34	-
Total Reporting Entity	\$	34	\$ 34

Illustration 7-2 details the transfers between funds for the year ended June 30, 2017.

Illustration 7-2 Inter-fund Transfers for the Year Ended June 30, 2017			
<b>Transfer to General Fund from:</b>			<b>Transfer from General Fund to:</b>
Streets and Roads - Capital Projects Fund	\$ 9,390	\$ 19,610	Streets and Roads - Capital Projects Fund
Other - Capital Projects Fund	1,001	22,640	Other - Capital Projects Fund
Fire & Rescue Levy Fund	18,657	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	3,294	4,583	Nonmajor Governmental Funds
Landfill - Enterprise Fund	1,919	10	Landfill - Enterprise Fund
Parks & Recreation - Enterprise Fund	116	8,137	Parks & Recreation - Enterprise Fund
Innovation - Enterprise Fund	-	35	Innovation - Enterprise Fund
Internal Service Funds	-	140	Internal Service Funds
<b>Total General Fund Transfers In</b>	<b>34,377</b>	<b>55,155</b>	<b>Total General Fund Transfers Out</b>
<b>Transfer to Streets and Roads - Capital Projects Fund from:</b>			<b>Transfer from Streets and Roads - Capital Projects Fund to:</b>
General Fund	19,610	9,390	General Fund
Innovation - Enterprise Fund	1,770	-	Landfill - Enterprise Fund
<b>Total Streets and Roads - Capital Projects Fund Transfers In</b>	<b>21,380</b>	<b>9,390</b>	<b>Total Streets and Roads - Capital Projects Fund Transfers Out</b>
<b>Transfer to Other - Capital Projects Fund from:</b>			<b>Transfer from Other - Capital Projects Fund to:</b>
General Fund	22,640	1,001	General Fund
Fire & Rescue Levy Fund	600	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	2,169	-	Nonmajor Governmental Funds
Innovation - Enterprise Fund	-	130	Internal Service Funds
<b>Total Other - Capital Projects Fund Transfers In</b>	<b>25,409</b>	<b>1,131</b>	<b>Total Other - Capital Projects Fund Transfers Out</b>
<b>Transfers to Fire &amp; Rescue Levy Fund from:</b>			<b>Transfers from Fire &amp; Rescue Levy Fund to:</b>
General Fund	-	18,657	General Fund
Other - Capital Projects Fund	-	600	Other - Capital Projects Fund
Internal Service Funds	-	98	Internal Service Funds
<b>Total Fire &amp; Rescue Levy Fund Transfers In</b>	<b>-</b>	<b>19,355</b>	<b>Total Fire &amp; Rescue Levy Funds Transfers Out</b>
<b>Transfer to Nonmajor Governmental Funds from:</b>			<b>Transfer from Nonmajor Governmental Funds to:</b>
General Fund	4,583	3,294	General Fund
Other - Capital Projects Fund	-	2,169	Other - Capital Projects Fund
Internal Service Funds	-	401	Internal Service Funds
<b>Total Nonmajor Governmental Funds Transfers In</b>	<b>4,583</b>	<b>5,864</b>	<b>Total Nonmajor Governmental Fund Transfers Out</b>
<b>Transfers to Landfill Enterprise Fund from:</b>			<b>Transfers from Landfill Enterprise Fund to:</b>
General Fund	10	1,919	General Fund
<b>Total Landfill Enterprise Fund Transfers In</b>	<b>10</b>	<b>1,919</b>	<b>Total Landfill Enterprise Fund Transfers Out</b>
<b>Transfers to Innovation - Enterprise Fund from:</b>			<b>Transfers from Innovation - Enterprise Fund to:</b>
General Fund	35	-	General Fund
Streets and Roads - Capital Projects Fund	-	1,770	Streets and Roads - Capital Projects Fund
<b>Total Innovation - Enterprise Fund Transfers In</b>	<b>35</b>	<b>1,770</b>	<b>Total Innovation - Enterprise Fund Transfers Out</b>
<b>Transfers to Parks &amp; Recreation - Enterprise Fund from:</b>			<b>Transfers from Parks &amp; Recreation - Enterprise Fund to:</b>
General Fund	8,137	116	General Fund
<b>Total to Parks &amp; Recreation - Enterprise Fund Transfers In</b>	<b>8,137</b>	<b>116</b>	<b>Transfers from Parks &amp; Recreation Enterprise Transfers Out</b>
<b>Transfers to Internal Service Funds from:</b>			<b>Transfers from Internal Service Funds to:</b>
General Fund	140	-	General Fund
Other - Capital Projects Fund	130	-	Other - Capital Projects Fund
Fire & Rescue Levy Fund	98	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	401	-	Nonmajor Governmental Funds
<b>Total Internal Service Funds Transfers In</b>	<b>769</b>	<b>-</b>	<b>Total Internal Service Funds Transfers Out</b>
<b>Total Primary Government Transfers In</b>	<b>\$ 94,700</b>	<b>\$ 94,700</b>	<b>Total Primary Government Transfers Out</b>



**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, 2017.

<b>Illustration 8-1</b>		
<b>Due To Primary Government/Due From Component Units at June 30, 2017</b>		
	<b>Due from Primary Government</b>	<b>Due to Component Unit</b>
<b>PRIMARY GOVERNMENT</b>		
Governmental Activities	\$ -	7,303
<b>COMPONENT UNITS</b>		
School Board	7,303	-
Total Reporting Entity	\$ 7,303	7,303

**NOTE (9) - CAPITAL ASSETS**

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2017.

Illustration 9-1 Governmental Activities – Changes in Capital Assets							
	Balances, as previously reported June 30, 2016	Conversion adjustment	Balances, as restated June 30, 2016	Additions	Deletions	Transfers	June 30, 2017
<b>Governmental Activities</b>							
Capital assets not being depreciated:							
Land	\$ 112,531	3,176	115,707	1,671	-	-	117,378
Construction in progress	42,913	(1,891)	41,022	47,939	(23,012)	-	65,949
Total capital assets not being depreciated	155,444	1,285	156,729	49,610	(23,012)	-	183,327
Buildings and other capital assets, being depreciated:							
Buildings and improvements to sites	274,741	28,991	303,732	14,455	(144)	270	318,313
Equipment	74,499	913	75,412	5,665	(959)	2,042	82,160
Vehicles	53,682	115	53,797	14,954	(2,138)	(2,035)	64,578
Infrastructure	214,589	-	214,589	7,063	-	-	221,652
Intangibles	40,637	-	40,637	10,659	(3,915)	-	47,381
Library collections	18,090	-	18,090	1,710	(1,352)	-	18,448
Total buildings and other capital assets being depreciated	676,238	30,019	706,257	54,506	(8,508)	277	752,532
Less accumulated depreciation for:							
Buildings and improvements to sites	(114,714)	(23,558)	(138,272)	(10,689)	33	-	(148,928)
Equipment	(47,260)	(716)	(47,976)	(9,362)	914	(1,925)	(58,349)
Vehicles	(35,571)	(9)	(35,580)	(6,105)	2,113	1,915	(37,657)
Infrastructure	(45,326)	-	(45,326)	(4,809)	-	-	(50,135)
Intangibles	(34,974)	-	(34,974)	(2,219)	3,914	-	(33,279)
Library collections	(11,532)	-	(11,532)	(1,894)	1,352	-	(12,074)
Total accumulated depreciation	(289,377)	(24,283)	(313,660)	(35,078)	8,326	(10)	(340,422)
Buildings and other capital assets, net	386,861	5,736	392,597	19,428	(182)	267	412,110
Capital assets, net	\$ 542,305	7,021	549,326	69,038	(23,194)	267	595,437

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

General government	\$	5,311
Judicial administration		890
Public safety		15,802
Public works		1,293
Health and welfare		228
Parks, recreational and cultural		5,117
Community development		4,905
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets		1,532
Total	\$	<u>35,078</u>

Illustrations 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2017.

<b>Illustration 9-2</b>							
<b>Business-Type Activities – Changes in Capital Assets</b>							
	<b>Balances, as previously reported June 30, 2016</b>	<b>Conversion adjustment</b>	<b>Balances, as restated June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>June 30, 2017</b>
<b>Business-Type Activities:</b>							
Capital assets not being depreciated:							
Land	\$ 24,195	(3,176)	21,019	-	-	-	21,019
Construction in progress	4,529	-	4,529	9,788	(269)	-	14,048
Total capital assets not being depreciated	28,724	(3,176)	25,548	9,788	(269)	-	35,067
Buildings and other capital assets, being depreciated							
Buildings and improvements to sites	97,001	(28,991)	68,010	271	-	(270)	68,011
Equipment	7,658	(913)	6,745	324	(353)	2,646	9,362
Vehicles	5,077	(115)	4,962	387	(116)	(2,656)	2,577
Total buildings and other capital assets being depreciated	109,736	(30,019)	79,717	982	(469)	(280)	79,950
Less accumulated depreciation for:							
Buildings and improvements to sites	(78,855)	23,558	(55,297)	(3,066)	-	-	(58,363)
Equipment	(4,446)	716	(3,730)	(672)	348	(1,454)	(5,508)
Vehicles	(3,321)	9	(3,312)	(141)	115	1,464	(1,874)
Total accumulated depreciation	(86,622)	24,283	(62,339)	(3,879)	463	10	(65,745)
Buildings and other capital assets, net	23,114	(5,736)	17,378	(2,897)	(6)	(270)	14,205
Capital assets, net	\$ 51,838	(8,912)	42,926	6,891	(275)	(270)	49,272

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

Landfill	\$	3,492
Parks, recreational & cultural		387
Total	\$	<u>3,879</u>

Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2017.

Illustration 9-3						
Adult Detention Center Component Unit – Changes in Capital Assets						
	Balances, as previously reported June 30, 2016	Conversion adjustment	Balances, as restated June 30, 2016	Additions	Deletions	June 30, 2017
<b>Adult Detention Center:</b>						
Capital assets not being depreciated:						
Land	\$ 31	-	31	-	-	31
Construction in progress	-	1,891	1,891	1,235	-	3,126
Total capital assets not being depreciated	31	1,891	1,922	1,235	-	3,157
Buildings and other capital assets, being depreciated:						
Buildings and improvements to sites	85,887	-	85,887	-	-	85,887
Equipment	775	-	775	-	(3)	772
Vehicles	710	-	710	-	(62)	648
Total buildings and other capital assets being depreciated	87,372	-	87,372	-	(65)	87,307
Less accumulated depreciation:						
Buildings and improvements to sites	(23,059)	-	(23,059)	(2,243)	-	(25,302)
Equipment	(519)	-	(519)	(87)	2	(604)
Vehicles	(584)	-	(584)	(49)	62	(571)
Total accumulated depreciation	(24,162)	-	(24,162)	(2,379)	64	(26,477)
Buildings and other capital assets, net	63,210	-	63,210	(2,379)	(1)	60,830
Capital assets, net	\$ 63,241	1,891	65,132	(1,144)	(1)	63,987

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

Public safety \$ 2,379

Illustration 9-4 summarizes the construction in progress at June 30, 2017.

<b>Illustration 9-4</b>			
<b>Construction in Progress at June 30, 2017</b>			
	<b>Amount Authorized</b>	<b>Expended to Date</b>	<b>Project Balance</b>
<b>PRIMARY GOVERNMENT</b>			
800 MHz Radio Communications System	\$ 2,636	46	2,590
Computer Aided Dispatch (CAD)	1,461	822	639
Record Management System (RMS) Replacement	10,672	8,750	1,922
Land Use Information System	4,500	2,819	1,681
Business Continuity and Disaster Recovery	2,730	921	1,809
Social Services Information System	83	25	58
WaterWorks Children's Pool Renovation	2,479	185	2,294
Golf Course Improvements	400	235	165
Potomac Shores Sport Complex Improvement	840	530	310
Rollins Ford Park – Phase I	2,969	614	2,355
Potomac Heritage National Scenic Trail - Neabsco Boardwalk Segment	4,834	281	4,553
Potomac Heritage National Scenic Trail - Featherstone Segment	803	69	734
Lake Ridge Trail	1,130	317	813
Broad Run Trail	1,004	537	467
Catharpin Trail	30	1	29
Neabsco Trail	335	275	60
Potomac Heritage Trail	769	758	11
Silver Lake Dam	2,525	2,508	17
Central District Police Station	28,591	20,205	8,386
Nokesville Fire & Rescue Reconstruction	10,123	1,098	9,025
Bacon Race Fire Station	11,160	8,882	2,278
Coles Fire Station Reconstruction	10,606	1,013	9,593
Gainesville Fire & Rescue Station Renovation	5,851	3,333	2,518
Public Safety Training Center Rifle Range	1,727	98	1,629
General District Courtroom 6	700	67	633
McCoart Complex Security System	328	169	159
Library Historic Homes Renovations	110	56	54
Independent Hill Library Pavilion	125	35	90
West End Fire & Rescue Station	16,355	158	16,197
Woodbridge Senior Center Parking	150	33	117
Brentsville Jail Restoration	783	718	65
Neabsco Commuter Garage/Potomac Town Center Commuter Lot	140	56	84
Jail Management - Medical Records	220	77	143
800Mhz Replacement	800	390	410
Locust Shade Park Waterline	1,000	159	841
Lake Ridge Boat House	428	41	387
Locust Shade Maintenance Building	750	54	696
Courthouse Security System	4,789	298	4,491
Animal Shelter Expansion	15,125	306	14,819
Human Resources Management System Replacement	1,000	26	974
Potomac Library Garden Patio	254	3	251
Hellwig Park Entrance Lights	95	52	43

**Illustration 9-4 (cont'd)**  
**Construction in Progress at June 30, 2017**

	Amount Authorized	Expended to Date	Project Balance
<b>PRIMARY GOVERNMENT</b>			
Dumfries First Alert System	159	66	93
Rippon Lodge Restoration	155	55	100
Clerk of Courts - Record Management System	345	276	69
Interactive Virtual Incident Simulator	225	102	123
Mobile Radios/800 Mhz	88	88	-
Juvenile Detention Center Upgrades	418	418	-
Park Recreation Center HVAC Replacement	670	249	421
Site Inspection Web and Mobile Solution	309	208	101
Outfitting vehicles	283	283	-
Fire and Rescue System Vehicle Replacements	6,552	6,552	-
Westnet First in Alerting System	104	87	17
Avaya Aura Conferencing 8 System	88	52	36
Telephone Switches Life Cycle Replacement Project	236	236	-
Fleet Management Information System	400	27	373
Animal Shelter HVAC Replacement	290	230	60
Total	\$ 161,732	65,949	95,783

The \$14,048 construction in progress balance of business-type activities represents capital improvements at the landfill complex, including the construction and installation of landfill liners and wetland mitigation to improve the landfill and protect public health, groundwater and the environment and is recorded in the Landfill enterprise fund. The Parks & Recreation enterprise fund did not have any construction in progress at June 30, 2017.

The \$3,126 construction in progress balance of component unit reporting entity activities related to Adult Detention Center represents expansion projects at the Adult Detention Center.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2017.

<b>Illustration 9-5</b>				
<b>School Board Component Unit – Changes in Capital Assets</b>				
	June 30, 2016	Additions/ Transfers	Deletions/ Transfers	June 30, 2017
<b>School Board:</b>				
Capital assets not being depreciated:				
Land	\$ 67,311	28,258	(5)	95,564
Construction in progress	54,473	108,011	(116,375)	46,109
<b>Total capital assets not being depreciated</b>	<b>121,784</b>	<b>136,269</b>	<b>(116,380)</b>	<b>141,673</b>
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,552,050	113,507	(526)	1,665,031
Library books	3,537	731	(973)	3,295
Equipment	42,508	3,679	(167)	46,020
Intangibles	3,516	-	-	3,516
Vehicles	95,523	12,719	(7,331)	100,911
<b>Total buildings and other capital assets being depreciated</b>	<b>1,697,134</b>	<b>130,636</b>	<b>(8,997)</b>	<b>1,818,773</b>
Less accumulated depreciation for:				
Buildings and improvements to site	(389,145)	(31,259)	355	(420,049)
Library books	(2,207)	(659)	973	(1,893)
Equipment	(26,449)	(3,286)	136	(29,599)
Intangibles	(2,157)	(502)	-	(2,659)
Vehicles	(47,863)	(7,129)	7,152	(47,840)
<b>Total accumulated depreciation</b>	<b>(467,821)</b>	<b>(42,835)</b>	<b>8,616</b>	<b>(502,040)</b>
<b>Buildings and other capital assets, net</b>	<b>1,229,313</b>	<b>87,801</b>	<b>(381)</b>	<b>1,316,733</b>
<b>Capital assets, net</b>	<b>\$ 1,351,097</b>	<b>224,070</b>	<b>(116,761)</b>	<b>1,458,406</b>

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

Instruction:	
Regular	\$ 31,247
Special	362
Other	179
Support Services:	
General administration	1,123
Student services	9
Curricular/staff development	8
Pupil transportation	6,796
Operations	5
Maintenance	327
Central business services	2,741
Food services	38
Total	<u>\$ 42,835</u>

Illustration 9-6 summarizes the changes in capital assets of the Convention & Visitors Bureau component unit for the year ended June 30, 2017.

Illustration 9-6					
Convention & Visitors Bureau Component Unit– Changes in Capital Assets					
		June 30, 2016	Additions/ Transfers	Deletions/ Transfers	June 30, 2017
<b>Convention &amp; Visitors Bureau</b>					
Capital assets, being depreciated:					
Furniture and equipment	\$	104	5	(25)	84
Leasehold Improvements		13	-	-	13
Website		-	39	-	39
Telephone System		6	-	-	6
Total capital assets being depreciated		123	44	(25)	142
Less accumulated depreciation for:					
Furniture and equipment		(85)	(6)	18	(73)
Leasehold improvements		(3)	-	-	(3)
Website		-	(1)	-	(1)
Telephone system		(6)	-	-	(6)
Total accumulated depreciation		(94)	(7)	18	(83)
Capital assets, net	\$	29	37	(7)	59

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

Community development	\$ <u>7</u>
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**NOTE (10) - LONG-TERM DEBT**

The following bond was issued in fiscal year 2017:

- On October 18, 2016, the Board of County Supervisors approved Resolution No. 16-786 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$219,695 for the purpose of financing various school projects. On March 9, 2017, the County sold the VPSA Special Obligation School Financing Bonds, Series 2017 in the par amount of \$77,660.

For information on interest rates pertaining to bonds, capital leases and other long term debt, see Schedules 36 and 37.

**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 \$1,175, 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, 2017, was \$1,181 and is included in the restricted cash balance shown in Illustration 2-13.



- The outstanding Parks & Recreation enterprise fund Refunding Bonds of \$9,355 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, 2017, the County's total bonded debt, as defined above, was \$726,272 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, 2017, including interest payments, are shown in Illustration 10-1. Refer to Schedule 36 for information related to maturity dates and interest rates for these obligations.

<b>Illustration 10-1</b>				
<b>Governmental Activities – Debt Service Requirements – General Obligation and Revenue Bonds</b>				
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Designated for Roads, Parks &amp; Other</b>				
<b>General County Projects</b>				
Year Ending June 30:				
2018	\$	17,530	8,086	25,616
2019		15,570	7,334	22,904
2020		15,515	6,683	22,198
2021		15,320	6,091	21,411
2022		14,225	5,477	19,702
2023 thru 2027		62,320	17,870	80,190
2028 thru 2032		36,355	7,020	43,375
2033 thru 2036		19,880	1,366	21,246
Subtotal		196,715	59,927	256,642
<b>Designated for School Board</b>				
<b>Projects</b>				
Year Ending June 30:				
2018		65,555	35,491	101,046
2019		62,960	32,554	95,514
2020		62,205	29,539	91,744
2021		60,780	26,578	87,358
2022		58,455	23,679	82,134
2023 thru 2027		245,780	80,271	326,051
2028 thru 2032		168,680	30,926	199,606
2033 thru 2037		90,780	6,517	97,297
Subtotal		815,195	265,555	1,080,750
Total	\$	1,011,910	325,482	1,337,392

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2017, including interest payments, are shown in Illustration 10-2.

<b>Illustration 10-2</b>			
<b>Business-type Activities – Debt Service Requirements – Revenue Bonds</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year Ending June 30:			
2018	\$ 630	369	999
2019	650	344	994
2020	680	318	998
2021	715	291	1,006
2022	730	266	996
2023 thru 2027	4,095	879	4,974
2028 thru 2029	1,855	114	1,969
Subtotal	9,355	2,581	11,936
Add: unamortized premium on issuance of revenue bonds	15		
<b>Total</b>	<b>\$ 9,370</b>		

#### **Operating and Capital Leases**

The County leases real estate and equipment under operating and capital leases expiring at various dates through 2027. 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, 2017. Total rental expense under operating leases of the primary government for the year ended June 30, 2017, was \$7,391. Illustration 10-3 summarizes the minimum lease commitments under the County's operating leases.

<b>Illustration 10-3</b>		
<b>Minimum Lease Commitments – Operating Leases</b>		
Year Ending June 30:		
2018	\$	6,972
2019		6,478
2020		5,919
2021		5,523
2022		4,241
2023-2027		13,091
Total minimum payments	\$	42,224

Illustration 10-4 presents the assets that were acquired through capital lease obligations.

<b>Illustration 10-4</b>		
<b>Assets Acquired Through Capital Lease Obligations</b>		
	<b>Governmental Activities</b>	<b>ADC Component Unit</b>
<b>Other capital assets:</b>		
Buildings	\$ 91,537	6,459
Improvements	13,576	105
Machinery and Equipment	2,069	-
Vehicles	5,306	-
Less: accumulated depreciation	(43,467)	(4,316)
<b>Total assets acquired through capital lease obligations</b>	<b>\$ 69,021</b>	<b>2,248</b>

Illustration 10-5 presents a summary of minimum lease commitments on all capital leases.

<b>Illustration 10-5</b>		
<b>Minimum Lease Commitments – Capital Lease Obligations</b>		
<b>Primary Government</b>		
Year Ending June 30:		
2018	\$	14,719
2019		17,434
2020		13,642
2021		16,363
2022		12,592
2023 thru 2027		43,621
2028 thru 2030		7,036
<b>Total minimum payments</b>		<b>125,407</b>
Less: Interest		(23,517)
<b>Present value of future minimum payments</b>	<b>\$</b>	<b>101,890</b>

**Changes in Long-Term Liabilities:**

Changes in long-term liabilities of governmental activities for the year ended June 30, 2017, are shown in Illustration 10-6.

<b>Illustration 10-6</b>							
<b>Governmental Activities – Changes in Long-Term Liabilities</b>							
	<b>Beginning Balance, as Restated</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due in More Than One Year</b>	<b>Due within One Year</b>	
General obligation bonds:							
Designated for Roads, Parks and Other General County projects	\$ 214,275	-	(17,560)	196,715	179,185	17,530	
Designated for School Board projects	793,235	77,660	(55,700)	815,195	749,640	65,555	
Subtotal	1,007,510	77,660	(73,260)	1,011,910	928,825	83,085	
Capital lease obligations	115,479	-	(13,589)	101,890	91,755	10,135	
Unpaid losses and related liabilities (Note 16)	19,265	51,335	(48,391)	22,209	14,861	7,348	
Net pension liability	121,624	88,512	(27,805)	182,331	182,331	-	
Surplus distribution payable	5,312	-	(1,812)	3,500	2,195	1,305	
Compensated absences	32,506	14,746	(13,910)	33,342	31,270	2,072	
Unamortized premium	118,152	6,554	(9,601)	115,105	105,618	9,487	
<b>Total</b>	<b>\$ 1,419,848</b>	<b>238,807</b>	<b>(188,368)</b>	<b>1,470,287</b>	<b>1,356,855</b>	<b>113,432</b>	

Long-term liabilities of governmental activities are generally liquidated by the General Fund. Funds of the Intra-County Services internal service fund are used to liquidate approximately 5.14% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2017, are shown in Illustration 10-7.

<b>Illustration 10-7</b>						
<b>Business-Type Activities – Changes in Long-Term Liabilities</b>						
	<b>Beginning Balance, as Restated</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due in More Than One Year</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 9,965	-	(610)	9,355	8,725	630
Unamortized premium on issuance of revenue bonds	16	-	(1)	15	14	1
Revenue bonds, net	9,981	-	(611)	9,370	8,739	631
Capital lease obligations	74	-	(74)	-	-	-
Compensated absences	965	3,212	(3,670)	507	475	32
Net pension liability	1,734	978	(225)	2,487	2,487	-
Accrued closure liability (Note 12)	12,750	1,959	(16)	14,693	11,288	3,405
<b>Total</b>	<b>\$ 25,504</b>	<b>6,149</b>	<b>(4,596)</b>	<b>27,057</b>	<b>22,989</b>	<b>4,068</b>

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2017, are shown in Illustration 10-8.

<b>Illustration 10-8</b>					
<b>Governmental Activities – Changes in Deferred Outflow of Resources</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	
Unamortized Deferred loss on refunding	\$ 32,319	-	(3,225)	29,094	
Related to pensions	\$ 32,589	67,514	(32,589)	67,514	

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2017, are shown in Illustration 10-9.

<b>Illustration 10-9</b>					
<b>Business-Type Activities – Changes in Deferred Outflow of Resources</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	
Unamortized Deferred loss on refunding	\$ 528	-	(49)	479	
Related to pensions	\$ 760	909	(760)	909	

Changes in long-term liabilities of the component units for the year ended June 30, 2017, is shown in Illustration 10-10.

Illustration 10-10 Component Units – Changes in Long-Term Liabilities						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
School Board:						
Capital Lease obligations	\$ -	470	(157)	313	313	-
Compensated absences	31,394	13,229	(11,242)	33,381	21,520	11,861
Net pension liability	823,961	191,903	(85,719)	930,145	930,145	-
Pollution remediation	378	775	(972)	181	-	181
Claims liabilities	15,858	86,292	(87,393)	14,757	4,146	10,611
Total School Board component unit	871,591	292,669	(185,483)	978,777	956,124	22,653
Adult Detention Center:						
Compensated absences	3,260	1,836	(1,688)	3,408	3,176	232
Net pension liability	11,517	7,799	(2,329)	16,987	16,987	-
Total Adult Detention Center component unit	14,777	9,635	(4,017)	20,395	20,163	232
Total	\$ 886,368	302,304	(189,500)	999,172	976,287	22,885

### 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, 2017, \$109,525 in principal of bonds outstanding is considered defeased by the County.

#### A. Component Unit Debt

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

Therefore, the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2017, the County has outstanding debt of \$815,195 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, 2017, the County has outstanding debt of \$15,596 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County, respectively that relates to the Adult Detention Center.

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 (11) – FUND BALANCES / NET POSITION**

Illustration 11-1 details the fund balances of the County’s Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2017.

Illustration 11-1 Fund Balances at June 30, 2017							
	Governmental Funds					Total Governmental Funds	ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental			
<b>Nonspendable in the form of:</b>							
Inventory	\$ 158	-	-	-	158	-	
Prepaid expenditures	20	331	-	-	351	-	
<b>Restricted for:</b>							
General government administration							
Debt service	1,181	-	-	-	1,181	-	
Defaulted subdivision	208	-	-	-	208	-	
Other grants	651	-	-	-	651	-	
Public safety							
Police	616	-	-	115	731	-	
Fire and rescue	3,248	-	50,974	-	54,222	-	
E911 operations	4,446	-	-	-	4,446	-	
EMS operations	-	-	-	4,544	4,544	-	
Site development	-	-	-	5,771	5,771	-	
Public works							
Stormwater management	-	-	-	8,797	8,797	-	
Transportation	-	-	-	1,055	1,055	-	
Community development							
Development services	-	-	-	1,932	1,932	-	
Housing	-	-	-	3,252	3,252	-	
<b>Committed for:</b>							
General government administration							
General government operations	358	-	-	-	358	-	
Capital reserve	61,098	-	-	-	61,098	-	
Revenue stabilization	21,272	-	-	-	21,272	-	
General government capital projects	-	14,713	-	-	14,713	-	
Judicial administration							
Courthouse complex master plan	228	4,492	-	-	4,720	-	
General district courtroom	-	633	-	-	633	-	
Public safety							
Police operations	1	-	-	-	1	-	
Fire and rescue	-	26,971	-	-	26,971	-	
Public safety capital projects	-	1,640	-	-	1,640	-	
Adult detention center	-	-	-	-	-	2,177	
Public works							
Unspent bond proceeds	-	10,006	-	-	10,006	-	
Street and roads projects	8,393	58,716	-	-	67,109	-	
Public transit	-	-	-	-	-	-	
Health and welfare							
Health and welfare projects	-	494	-	-	494	-	

Illustration 11-1 (cont'd)  
Fund Balances at June 30, 2017

	Governmental Funds					Total Governmental Funds	ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental			
Parks, recreational and cultural							
Current parks projects	34	14,365	-	-	14,399	-	-
Future parks projects	160	-	-	-	160	-	-
Libraries	39	3,589	-	-	3,628	-	-
Community development							
Economic development projects	1,269	1,098	-	-	2,367	-	-
<b>Assigned for:</b>							
General government administration	1,761	-	-	-	1,761	-	-
Judicial administration	180	-	-	-	180	-	-
Public safety	1,318	-	-	-	1,318	727	-
Public works	2,628	-	-	-	2,628	-	-
Health and welfare	1,857	-	-	-	1,857	-	-
Parks, recreational and cultural	1,201	-	-	-	1,201	-	-
Community development	178	-	-	-	178	-	-
<b>Unassigned</b>	79,769	-	-	-	79,769	12,287	-
<b>Total</b>	\$ 192,272	137,048	50,974	25,466	405,760		15,191

For further information about each classification of fund balance, see Note 10.

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

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

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

**Assigned Fund Balance.** Assignment of fund balance occurs only through the encumbrance of funds for particular purposes for which there is no existing fund balance restriction or commitment. Department directors have the authority to approve such encumbrances; the County Executive has the authority to modify or rescind any fund balance assignment per §100.12(D)2. (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 \$137,265 of restricted net position at June 30, 2017. Of this amount, \$80,886 is restricted by enabling legislation.



Illustration 11-2 details the encumbrances of the County’s Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2017.

<b>Illustration 11-2</b>						
<b>Encumbrances at June 30, 2017</b>						
<b>Governmental Funds</b>						
	<b>General Fund</b>	<b>Capital Projects Funds</b>	<b>Fire &amp; Rescue Levy Funds</b>	<b>Other Funds Governmental</b>	<b>Total Governmental Funds</b>	<b>ADC Component Unit</b>
Encumbrances	\$ 9,123	84,446	4,968	955	99,492	2,076

**NOTE (12) – LANDFILL / CLOSURE AND POST CLOSURE CARE COST**

In fiscal year 2017, the Landfill enterprise fund had no outstanding debt and there were no bond coverage requirements.

State and federal laws and regulations require the County to place a final cover on its Independent Hill landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$14,693 reported as landfill closure and post closure care liability at June 30, 2017, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill, and 24% of Phase II and III of the landfill for the closure, and 49% of the total landfill capacity for the southern portion of the landfill, including phases I, II and III for the post closure. The total maximum exposure liability for closure and post closure care for Phases II and III of the landfill is estimated at \$41,882 at June 30, 2017. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$27,189 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 2017. The County expects to complete filling the southern portion of the landfill site in the year 2029 and to close the remaining phases of the southern portion of the landfill by 2033. The northern portion of the landfill is estimated to be closed around 2060. The total current cost of landfill closure and post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

**NOTE (13) - DEFINED BENEFIT PENSION PLANS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Prince William County's Defined Benefit Pension Plans and the additions to/deductions from the Prince William County's Defined Benefit Pension Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS), Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel Plan and Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Illustration 13-1 Prince William County's Defined Benefit Pension Plans Net Pension Liability								
	June 30, 2016 Pension Liabilities	June 30, 2016 Pension Assets	FY 2016 Employer Contributions	Change in Beginning FY 2016 Net position	FY 2017 Pension Expenditures / Expense:	Deferred Outflows due to actuarial changes or experience:	Deferred Inflows due to actuarial changes or experience:	June 30, 2017 Ending NPL:
Virginia Retirement System	\$ 1,153,582	(951,274)	(32,010)	170,298	27,599	502	-	198,399
Supplemental Pension Plan	35,826	(33,037)	(1,137)	1,652	1,035	314	-	3,001
Length of Service Award Program	15,522	(14,632)	(853)	37	381	-	(13)	405
<b>Total</b>	<b>\$ 1,204,930</b>	<b>(998,943)</b>	<b>(34,000)</b>	<b>171,987</b>	<b>29,015</b>	<b>816</b>	<b>(13)</b>	<b>201,805</b>
<b>Governmental Funds</b>	<b>\$ 1,042,970</b>	<b>(865,388)</b>	<b>(29,505)</b>	<b>148,077</b>	<b>25,150</b>	<b>746</b>	<b>(13)</b>	<b>173,960</b>
Parks & Recreation	-	-	-	-	25	-	-	25
Landfill	14,344	(11,828)	(398)	2,118	338	6	-	2,462
Internal Services - Fleet	9,799	(8,080)	(272)	1,447	224	4	-	1,675
Internal Services - Construction Crew	3,634	(2,997)	(101)	536	83	2	-	621
Internal Services - DoIT	34,257	(28,249)	(951)	5,057	822	15	-	5,894
Health Insurance	922	(760)	(26)	136	44	1	-	181
<b>Total proprietary funds</b>	<b>62,956</b>	<b>(51,914)</b>	<b>(1,748)</b>	<b>9,294</b>	<b>1,536</b>	<b>28</b>	<b>-</b>	<b>10,858</b>
Adult Detention Center	99,004	(81,641)	(2,747)	14,616	2,329	42	-	16,987
<b>Total</b>	<b>\$ 1,204,930</b>	<b>(998,943)</b>	<b>(34,000)</b>	<b>171,987</b>	<b>29,015</b>	<b>816</b>	<b>(13)</b>	<b>201,805</b>
Schools Component Unit*								<u>\$ 930,145</u>

Note: Amounts are allocated to the funds based on proportion of pension contributions paid. PY Parks and Rec moved to Governmental.

\*Please see separately issued financial statements for details.

Illustration 13-2 represents contributions into plans after the measurement date of June 30, 2016.

<b>Illustration 13-2</b>			
<b>Prince William County's Defined Benefit Pension Plans</b>			
<b>Deferred Outflows Due to Contributions Made After June 30, 2016 Measurement Date</b>			
<b>FY 2017 Contributions to:</b>	<b>Beginning Deferred Outflows</b>	<b>Change in Deferred Outflows</b>	<b>Ending Deferred Outflows</b>
Virginia Retirement System	\$ 32,132	(1,889)	30,243
Supplemental Pension Plan	1,137	62	1,199
Length of Service Award Program	853	(42)	811
Total	\$ 34,122	(1,869)	32,253
<b>Governmental Funds</b>	<b>\$ 29,250</b>	<b>(1,234)</b>	<b>28,016</b>
Dept of Parks and Rec	360	(333)	27
Landfill	400	(28)	372
Internal Services - Fleet	273	(28)	245
Internal Services - Construction Crew	101	(10)	91
Internal Services - DoIT	954	(53)	901
Health Insurance	26	22	48
Total proprietary funds	2,114	(430)	1,684
Adult Detention Center	2,758	(205)	2,553
Total	\$ 34,122	(1,869)	32,253
Schools	\$ 74,071	5,882	79,953

Note: Amounts are allocated to the funds based on proportion of pension contributions paid.

### Virginia Retirement System

#### Pensions:

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Plan Description:

The County and the Adult Detention Center component unit contribute to the Virginia Retirement System (VRS), a multi-employer, agent 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 multi-employer, agent retirement system. The Prince William County Public Schools retirement plans are 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.

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. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out below:

#### **VRS Plan 1:**

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

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

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

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

*Creditable Service.* Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position and may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit and the VRS Health Insurance Credit detailed in Note 14.

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

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

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

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

*Normal Retirement Age.* Normal Retirement Age for non-hazardous duty members is age 65; hazardous duty members is age 60.

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

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

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

Hazardous duty members are eligible for a reduced retirement benefit at age 50 with at least five years of creditable service.

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

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

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

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

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

VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

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

## **VRS Plan 2:**

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

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

benefits for hazardous duty employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013, are also eligible to participate in Plan 2.

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

*Retirement Contributions.* Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.

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

*Vesting.* Vesting is the same as VRS Plan 1.

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

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

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

*Normal Retirement Age.* The Normal Retirement Age is the Normal Social Security retirement age. Hazardous duty employee normal retirement age is the same as VRS Plan 1.

*Earliest Unreduced Retirement Eligibility.* Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members' eligibility is the same as VRS Plan 1.

*Earliest Reduced Retirement Eligibility.* Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Hazardous duty members' eligibility is the same as VRS Plan 1.

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

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

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

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

VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

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

### **The Hybrid Plan:**

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

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

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

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

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

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

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

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

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

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

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

Distribution is not required by law until age 70½.

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

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

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

*Service Retirement Multiplier Defined Benefit Component.* The retirement multiplier is 1.00%.

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

*Service Multiplier Defined Contributions Component.* Not applicable.

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

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

*Earliest Unreduced Retirement Eligibility Defined Benefit Component.* Eligibility for an unreduced retirement benefit is the same as VRS Plan 2.

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

*Earliest Reduced Retirement Eligibility Defined Benefit Component.* Eligibility for a reduced retirement benefit is the same as VRS Plan 2.

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

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

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

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

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

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

*Purchase of Prior Service Defined Benefit Component.* Purchase of Prior Service is the same as VRS Plan 1 with the following exceptions:

- Hybrid Plan members are ineligible for ported service.
- The cost of purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.

*Purchase of Prior Service Defined Contribution Component.* Not applicable.



**Employees Covered by Benefit Terms:**

As of June 30, 2015 actuarial valuation, the following County employees and members were covered by benefit terms of the VRS:

<b>Illustration 13-3</b>	
<b>Prince William County - Virginia Retirement System (VRS)</b>	
<b>Plan Membership as of June 30, 2015</b>	
Inactive plan members or their beneficiaries currently receiving benefits	1,843
Inactive members:	
Vested inactive members	562
Non-vested inactive members	878
Inactive members active elsewhere in VRS	<u>628</u>
Total inactive members	2,068
Active employees	<u>3,654</u>
Total covered members	<u>7,565</u>

**Contributions:**

The VRS contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution was assumed by the County. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. The County opted to phase in over a period of five years as permitted by the *Code of Virginia* by providing a salary increase equal to the amount of the increase in the employee-paid member contribution. The County's contractually required contribution rate for the fiscal year ended June 30, 2017, was 12.55% of the covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS from the County were \$30,243 and \$32,132 for the years ended June 30, 2017, and June 30, 2016, respectively.

Detailed information about the VRS's fiduciary net position is available in the separately issued VRS comprehensive annual financial report (CAFR). The VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2017-annual-report.pdf> by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Net Pension Liability:**

The County's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

**Actuarial Assumptions:**

The total pension liability for employees in the Prince William County's VRS plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method.

<b>Illustration 13-4</b>	
<b>Prince William County - Virginia Retirement System</b>	
<b>Actuarial Methods and Assumptions</b>	
Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent closed
Remaining amortization period	28, 20 and 19 years
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation*
Inflation	2.5%
<b>Non-LEOS:</b>	
Payroll Growth	3.5% - 5.35%, including inflation
Mortality Rates	14% of deaths service related
<b>Mortality</b>	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement
<b>LEOS:</b>	
Payroll Growth	3.5% - 4.75%, including inflation
Mortality Rates	60% of deaths service related
<b>Mortality</b>	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

**All Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

**Long-Term Expected Rate of Return:**

The long-term expected rate of return on the County’s VRS plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the County’s VRS plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table.

<b>Illustration 13-5</b>				
<b>Prince William County - Virginia Retirement System</b>				
<b>Long-Term Expected Rate of Return</b>				
<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>		<b>Weighted Average</b>
U.S. Equity	19.50%	6.46%		1.26%
Developed Non U.S Equity	16.50%	6.28%		1.04%
Emerging Market Equity	6.00%	10.00%		0.60%
Fixed Income	15.00%	0.09%		0.01%
Emerging Debt	3.00%	3.51%		0.11%
Rate Sensitive Credit	4.50%	3.51%		0.16%
Non Rate Sensitive Credit	4.50%	5.00%		0.23%
Convertibles	3.00%	4.81%		0.14%
Public Real Estate	2.25%	6.12%		0.14%
Private Real Estate	12.75%	7.10%		0.91%
Private Equity	12.00%	10.41%		1.25%
Cash	1.00%	-1.50%		-0.02%
	<u>100.00%</u>			<u>5.83%</u>
		Inflation		2.50%
		*Expected arithmetic nominal return		8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that County's VRS plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County's VRS plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:**

Illustration 13-6 presents the net pension liability of the County using the discount rate of 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

<b>Illustration 13-6</b>			
<b>Prince William County - Virginia Retirement System</b>			
<b>Sensitivity of Liability at June 30, 2016</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
County's net pension liability	\$ <u>354,498</u>	\$ <u>202,308</u>	\$ <u>75,761</u>

**Fiduciary Net Position:**

Specific information about the County VRS plan's audited Fiduciary Net Position Report is located at <http://www.varetire.org/pdf/publications/gasb-68-schedule-political-subdivision-retirement-plans-2016.pdf>, page 7. Significant accounting policies of all plans and the fiduciary net positions are stated above.

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

**Changes in Net Pension Liability:**

<b>Illustration 13-7</b>			
<b>Prince William County - Virginia Retirement System</b>			
<b>Changes in Net Pension Liability</b>			
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position- Increase (Decrease)</b>	<b>Net Pension Liability (NPL)</b>
Balances at June 30, 2015	\$ 1,095,069	937,892	157,177
Changes for the year:			
Service cost	29,376	-	29,376
Interest	75,009	-	75,009
Differences between expected and actual experience	1,129	-	1,129
Contributions - employer	-	32,010	(32,010)
Contributions - employee	-	12,336	(12,336)
Net investment income	-	16,623	(16,623)
Benefit payments, including refunds of employee contributions	(47,001)	(47,001)	-
Administrative expenses	-	(579)	579
Other changes	-	(7)	7
Net changes	58,513	13,382	45,131
Balances at June 30, 2016	\$ 1,153,582	951,274	202,308

The measurement date of the net pension liability was June 30, 2016, the date of the actuarial valuation on which the total pension liability is based was June 30, 2015, and update procedures were used to roll forward the total pension liability to the measurement date. Change since the measurement date is VRS investment performance increased over fiscal year 2017, which will result in a decrease in the pension liability for fiscal year 2017 once it is measured.

The Analysis of Political Subdivision Employer Change in Net Pension Liability report from VRS can be found <http://www.varetire.org/pdf/publications/fy2017-net-pension-liability-political-subdivision.pdf>, page 2.

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

For the year ended June 30, 2017, the County recognized pension expense of \$27,599. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Illustration 13-8</b>		
<b>Prince William County - Virginia Retirement System</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2016</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 894	\$ (443)
Change in actuarial assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	24,711	-
Subtotal	25,605	(443)
Employer contributions subsequent to the measurement date	30,243	-
Total	\$ 55,848	\$ (443)

\$30,243 reported as deferred outflows of resources related to pensions resulting from the County's contributions to the VRS subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Illustration 13-9</b>		
<b>Prince William County - Virginia Retirement System</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2017	\$	502
2018		502
2019		14,187
2020		9,971
Total	\$	25,162

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

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

The Supplemental Pension Plan Trust does not issue a stand-alone financial report.

The following is a summary of the Statement of Fiduciary Net Position of the Supplemental Pension Trust Plan:

<b>Illustration 13-10</b>			
<b>Summary of the Statement of Fiduciary Net Position</b>			
<b>Pension Plan Trust Fund at June 30, 2017</b>			
	<b>Supplemental Pension Plan Trust Fund</b>	<b>Length of Service Award Program (LoSAP) Trust Fund</b>	<b>Total Pension Plan Trust Funds</b>
<b>Assets</b>			
Restricted cash	\$ 479	-	479
Restricted Investments	36,181	15,412	51,593
Total assets	<u>36,660</u>	<u>15,412</u>	<u>51,593</u>
<b>Liabilities</b>			
Accounts Payable	4	-	4
Total liabilities	<u>4</u>	<u>-</u>	<u>4</u>
<b>Fiduciary net position</b>			
Restricted for pension benefits	36,656	15,412	52,068
Total fiduciary net position	<u>\$ 36,656</u>	<u>15,412</u>	<u>52,068</u>

The following is a summary of the Changes in Fiduciary Net Position of the Supplemental Pension Plan Trust Fund:

<b>Illustration 13-11</b>			
<b>Summary of the Changes in Fiduciary Net Position</b>			
<b>Supplemental Pension Plan Trust Fund For the Year Ended June 30, 2017</b>			
	<b>Supplemental Pension Plan Trust Fund</b>	<b>Length of Service Award Program (LoSAP) Trust Fund</b>	<b>Total Pension Plan Trust Funds</b>
<b>Additions</b>			
Employee contributions	\$ 1,199	-	1,199
Employer contributions	1,199	811	2,010
Total contributions	2,398	811	3,209
<b>Investment income:</b>			
Total investment income	3,961	436	4,397
Less investment expense	56	-	56
Net investment income	3,905	436	4,341
Total additions	6,303	1,247	7,550
<b>Deductions</b>			
Pension/post-employment benefit payments	2,440	397	2,837
Refund of members' contributions	151	-	151
Administrative expenses	93	70	163
Total deductions	2,684	467	3,151
Net increase in fiduciary net position	3,619	780	4,399
Fiduciary net position, beginning of year	33,037	14,632	47,669
Fiduciary net position, end of year	\$ 36,656	15,412	52,068

**Plan Description:**

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

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

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



immediately preceding actual retirement or termination, divided by 36 (or total months of service if less). Final average compensation for participants hired after June 30, 2010, is the base salary of an employee for the 60 consecutive calendar months producing the highest total, selected from the 120 calendar months immediately preceding actual retirement or termination, divided by 60 (or total months of service if less).

Participants shall vest 100% in the benefit provided under the Plan upon attainment of the participant's normal retirement date. Participants are considered vested and eligible for early retirement after 20 years of credited service, but the benefits are reduced 0.5% for each month the commencement date precedes the normal retirement date. As an alternative, the member may elect a temporary annuity of \$0.32 thousand per month for 15 years, multiplied by the ratio of the number of completed years of service at early retirement date to 25 or the withdrawal benefit. Any participant or spouse receiving a monthly benefit for at least one year is eligible for the pension increase each July 1<sup>st</sup>. The benefit will be increased by 100% of the first 3% increase in the cost-of-living index plus 50% of the increase in the cost-of-living index in excess of 3%. Increases in the cost-of-living index in excess of 7% are not recognized. Increases do not apply to supplemental benefits or early retirement pensions. Illustration 13-12 reflects Plan membership.

<b>Illustration 13-12</b>	
<b>Prince William County - Supplemental Pension Plan</b>	
<b>Plan Membership as of June 30, 2015</b>	
Inactive plan members or their beneficiaries currently receiving benefits	211
Inactive members not currently receiving benefits:	
Vested inactive members	253
Non-vested inactive members	108
Total inactive members	572
Active employees	1,089
Total covered members	1,661

**Contributions.** These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the Plan's Board of Trustees. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The County is not required to contribute the difference between the actuarially determined rate and the contribution rate of plan members to the Plan Trust Fund. For the year ended June 30, 2017, the average active member contribution rate was 1.44% of annual pay, and the County's average contribution rate was 1.44% of annual payroll.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Plan from the County was \$1,199 and \$1,137 for the years ended June 30, 2017, and June 30, 2016, respectively.

The Schedule of County Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 4B, presents multiyear trend information about yearly contributions into the Plan relative to actuarially determined contributions and total covered-employee payroll.

**Investments:**

**Investment policy.** The Statement of Investment Policy for the Plan is administered by the Plan Board. Any changes to the Statement of Investment Policy must be voted on by the Plan Board in order to be adopted. The last revision to the policy was August 28, 2014.

Fair value of investments is based on quoted market prices.

For Domestic Equity, International Equity and REITs, the maximum weighting, on a market value basis, in any one company for active Investment Managers is 5% of the portfolio value. For domestic fixed income, international fixed income, hedge funds and cash equivalents the maximum weighting, on a market value basis, in any one security for active Investment Managers is 2% of the portfolio value. This does not apply to U.S. government and agency issues. It is desirable to rebalance the portfolio periodically to minimize deviations from the Asset Allocation mix. The Plan shall be rebalanced in the event any individual asset class allocation differs from the permissible range described in the Asset Allocation.

Illustration 13-13 was the Board's adopted asset allocation policy as of June 30, 2017.

Illustration 13-13 Prince William County - Supplemental Pension Plan Statement of Investment Policy Concentrations at June 30, 2017		
Asset Class	Policy Percent	Target Range Percent
Supplemental Pension Plan Trust Fund Investments:		
Tactical	10%	5% - 15%
Equity	54%	50% - 58%
Real Assets	6%	2% - 10%
Fixed Income	30%	25% - 35%
	100%	

*Concentrations.* At June 30, 2017, the Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

*Rate of return.* For the year ended June 30, 2017, and June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.75% and -0.03%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the County:**

The components of the net pension liability of the County at June 30, 2017, were as follows:

Illustration 13-14 Prince William County - Supplemental Pension Plan Net Pension Liability					
Fiscal Year Ending:		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Net Position as % of Total Pension Liability
June 30, 2017	\$	36,528	(36,656)	(128)	100.35%
June 30, 2016	\$	35,826	(33,037)	2,789	92.22%

The County's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016 measurement, using the following actuarial assumptions, applied to all periods included in the measurement. Illustration 13-15 reflects the actuarial methods and assumptions as follows:

<b>Illustration 13-15</b>	
<b>Prince William County - Supplemental Pension Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Valuation Date	July 1, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	7.0% net of investment expense
Payroll Growth	4.50%
Inflation	3.00%
Mortality	RP-2000 Combined Healthy table with Blue Collar adjustment with generational projection by Scale AA

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2015.

Historical long term average returns have been used as a reasonable expectation of returns. The returns presented here are nominal, 20-year arithmetic means of the corresponding benchmark, less 3% to account for expected rate of inflation. Based on the 10.0% Diversified Assets, 53.0% Equity, 7.0% Real Assets, and 30.0% Fixed Income policy target allocation of the Plan, we are comfortable with a long-term net return of 7.0%. For the short term, we assumed that the current volatility in the markets could persist and assigned a 50% discount to long-term expectations.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in Illustration 13-16.

<b>Illustration 13-16</b>			
<b>Prince William County - Supplemental Pension Plan</b>			
<b>Asset Class, Index, Mean Expected Rate of Return at June 30, 2017</b>			
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Benchmark Index</b>	<b>Long Term Real Annualized Return*</b>
Diversified	10.0%	HFRI Fund of Funds	1.5%
Domestic Equity	30.0%	Russell 3000	5.7%
International Equity Developed	16.0%	Blended Developed	3.4%
International Equity Emerging	7.0%	MSCI Emerging Markets	5.5%
Private Equity	1.0%	Cambridge Private Equity	11.1%
Real Estate	6.0%	NCREIF NFI-ODCE	6.8%
Fixed Income International	15.0%	Citi World Government Bond	1.6%
Fixed Income US Investment Grade	15.0%	Barclays Aggregate	2.3%
Cash	0.0%		0.0%
	<u>100.0%</u>		
Real Return			3.9%

\*For illustrative purposes, historical long term average returns have been used as a reasonable expectation of returns. The expected inflation rate is 3%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that

County contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* Illustration 13-17 presents the net pension liability (asset) of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

<b>Illustration 13-17</b>					
<b>Prince William County - Supplemental Pension Plan</b>					
<b>Sensitivity of Net Pension (Asset) / Liability</b>					
<b>Fiscal Year Ending:</b>	<b>1% Decrease (6.0%)</b>		<b>Current Discount Rate (7.0%)</b>		<b>1% Increase (8.0%)</b>
June 30, 2017	\$	2,398	\$	(128)	\$ (2,445)
June 30, 2016	\$	5,221	\$	2,789	\$ 570

*Fiduciary Net Position.*

Fiduciary Net Position is available on Schedule 25. Significant accounting policies of all plans and the fiduciary net positions are stated above.

The Changes in Net Pension Liability and Related Ratios, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 4A, presents multiyear trend information about whether the actuarial value of the plan liabilities and assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Changes in Net Pension Liability.

<b>Illustration 13-18</b>			
<b>Prince William County - Supplemental Pension Plan</b>			
<b>Changes in Net Pension Liability</b>			
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net Pension Liability (NPL)</b>
Balances at June 30, 2015	\$ 33,927	32,908	1,019
Changes for the year:			
Service cost	1,748	-	1,748
Interest	2,300	-	2,300
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,137	(1,137)
Contributions - employee	-	1,137	(1,137)
Net investment income	-	118	(118)
Benefit payments, including refunds of employee contributions	(2,149)	(2,149)	-
Administrative expenses	-	(114)	114
Net changes	1,899	129	1,770
Balances at June 30, 2016	\$ 35,826	33,037	2,789

The measurement date of the net pension liability was June 30, 2016, the date of the actuarial valuation on which the total pension liability is based was July 1, 2015, and update procedures were used to roll forward the total pension liability to the measurement date. Change since the measurement date is that investment performance increased over fiscal year 2017, which will result in a decrease in the pension liability for fiscal year 2017 once it is measured.

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.*

For the year ended June 30, 2017, the County recognized pension expense of \$1,035. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Illustration 13-19</b>		
<b>Prince William County - Supplemental Pension Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2016</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	(1,024)
Change in actuarial assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,347	(971)
Subtotal	3,347	(1,995)
Employer contributions subsequent to the measurement date	1,199	-
Total	\$ 4,546	(1,995)

\$1,199 reported as deferred outflows of resources related to pensions resulting from the County's contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Illustration 13-20</b>			
<b>Prince William County - Supplemental Pension Plan</b>			
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>			
<b>Year ended June 30,</b>			
2017		\$	314
2018			314
2019			799
2020			267
2021			(171)
Thereafter			(171)
Total		\$	<u>1,352</u>

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

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

The LoSAP Pension Trust Plan does not issue a stand-alone financial report.

The following is a summary of the Statement of Fiduciary Net Position of the LoSAP Pension Trust Plan:

<b>Illustration 13-21</b>				
<b>Summary of the Statement of Fiduciary Net Position</b>				
<b>Pension Plan Trust Fund at June 30, 2017</b>				
		<b>Supplemental Pension Plan Trust Fund</b>	<b>Length of Service Award Program (LoSAP) Trust Fund</b>	<b>Total Pension Plan Trust Funds</b>
<b>Assets</b>				
Restricted cash	\$	479	-	479
Restricted Investments		36,181	15,412	51,593
Total assets		<u>36,660</u>	<u>15,412</u>	<u>52,072</u>
<b>Liabilities</b>				
Accounts Payable		4	-	4
Total liabilities		<u>4</u>	<u>-</u>	<u>4</u>
<b>Fiduciary net position</b>				
Restricted for pension benefits		36,656	15,412	52,068
Total fiduciary net position	\$	<u>36,656</u>	<u>15,412</u>	<u>52,068</u>

Following is a summary of the Changes in Fiduciary Net Position of the LoSAP Pension Trust Fund:

<b>Illustration 13-22</b>				
<b>Summary of the Changes in Fiduciary Net Position</b>				
<b>Supplemental Pension Plan Trust Fund For the Year Ended June 30, 2017</b>				
		<b>Supplemental Pension Plan Trust Fund</b>	<b>Length of Service Award Program (LoSAP) Trust Fund</b>	<b>Total Pension Plan Trust Funds</b>
<b>Additions</b>				
Employee contributions	\$	1,199	-	1,199
Employer contributions		1,199	811	2,010
<b>Total contributions</b>		<b>2,398</b>	<b>811</b>	<b>3,209</b>
<b>Investment income:</b>				
Total investment income		3,961	436	4,397
Less investment expense		56	-	56
<b>Net investment income</b>		<b>3,905</b>	<b>436</b>	<b>4,341</b>
<b>Total additions</b>		<b>6,303</b>	<b>1,247</b>	<b>7,550</b>
<b>Deductions</b>				
Pension/post-employment benefit payments		2,440	397	2,837
Refund of members' contributions		151	-	151
Administrative expenses		93	70	163
<b>Total deductions</b>		<b>2,684</b>	<b>467</b>	<b>3,151</b>
Net increase in fiduciary net position		3,619	780	4,399
Fiduciary net position, beginning of year		33,037	14,632	47,669
Fiduciary net position, end of year	\$	<b>36,656</b>	<b>15,412</b>	<b>52,068</b>

**Plan Description:**

*Plan administration.* The LoSAP plan is a single-employer defined benefit pension plan. The LoSAP plan provides benefits for certified volunteer fire department and rescue squad members and is administered by the LoSAP's Board of Trustees. LoSAP was authorized by the Board of County Supervisors on October 22, 1991, and became effective July 1, 1997.

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

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

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

Illustration 13-23 reflects plan membership.

<b>Illustration 13-23</b>	
<b>Prince William County - LoSAP Plan</b>	
<b>Plan Membership at June 30, 2015</b>	
Inactive plan members or their beneficiaries currently receiving benefits	154
Inactive members not currently receiving benefits:	
Vested inactive members	1,096
Non-vested inactive members	-
Total inactive members	1,250
Active participants	565
Total covered members	1,815

*Contributions.* These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the LoSAP's Board of Trustees. The LoSAP Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year. The County contributes the total actuarially determined rate which includes the difference between the discount rate and the investment rate of return to the LoSAP Trust Fund. The County paid contributions on behalf of each of the Volunteer Fire and Rescue Companies according to their respective actuarial valuations.

This rate was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the County was \$811 and \$853 for the years ended June 30, 2017, and June 30, 2016, respectively.

The Schedule of County Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 5B, presents multiyear trend information about yearly contributions into the Plan relative to actuarially determined contributions and total covered-employee payroll.

**Investments:**

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

Fair value of investments is based on quoted market prices.

*Concentrations.* At June 30, 2017, the LoSAP Trust Fund's investments were 100% invested in an insurance annuity fund and are subject to concentration of credit risk.

*Rate of return.* For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



**Net Pension Liability of the County:**

The components of the net pension liability of the County at June 30, 2017, were as follows:

<b>Illustration 13-24</b>					
<b>Prince William County - LoSAP Plan</b>					
<b>Net Pension Liability</b>					
<b>Fiscal Year Ending:</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>	<b>Net Position as % of Total Pension Liability</b>	
June 30, 2017	\$ 16,039	(15,412)	627	96.09%	
June 30, 2016	\$ 15,522	(14,632)	891	94.27%	

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement. Illustration 13-25 reflects the actuarial methods and assumptions as follows:

<b>Illustration 13-25</b>	
<b>Prince William County- LoSAP Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Valuation Date	July 1, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	6.0% per annum
Discount Rate	5.97%*
Payroll Growth	N/A
Inflation	N/A
Mortality	RP2000 Mortality Table projected to 2015 using Scale AA

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2015.

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

*Sensitivity of the net pension liability to changes in the discount rate.* Illustration 13-26 presents the net pension liability (asset) of the County, calculated using the discount rate of 6.0% applied to all periods included in the measurement, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.97%/4.97%) or 1-percentage point higher (5.97%/6.97%) than the current rate:

<b>Illustration 13-26</b>				
<b>Prince William County - LoSAP Plan</b>				
<b>Sensitivity of Net Pension (Asset) / Liability</b>				
<b>Fiscal Year Ending:</b>		<b>1% Decrease</b>	<b>Current Discount Rate*</b>	<b>1% Increase</b>
June 30, 2017	\$	3,417	627	(1,577)
June 30, 2016	\$	3,639	891	(1,278)

\*The discount rate used for valuing the Total Pension Liability (Asset) as of June 30, 2017, and as of June 30, 2016 was 5.97% and 5.97% respectively which is lower than the 6.00% investment return. This is due to a contribution policy calculated under on the Aggregate Funding Method which is not sufficient to cover all plan benefit payments as projected under GASB 67 & 68 accounting procedures.

*Fiduciary Net Position.*

Fiduciary Net Position is available on schedule 25 of the Basic Financial Statements. Significant accounting policies of all plans and the fiduciary net positions are stated above.

The Changes in Net Pension Liability and Related Ratios, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 5A, presents multiyear trend information about whether the actuarial value of the plan liabilities and assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Net Pension Liability.

<b>Illustration 13-27</b>			
<b>Prince William County - LoSAP Plan</b>			
<b>Changes in Net Pension Liability</b>			
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net Pension Liability (NPL)</b>
Balances at June 30, 2015	\$ 15,089	13,769	1,320
Changes for the year:			
Service cost	286	-	286
Interest	911	-	911
Differences between expected and actual experience	(471)	-	(470)
Changes of assumptions	70	-	70
Contributions - employer	-	853	(853)
Contributions - employee	-	-	-
Net investment income	-	409	(409)
Benefit payments, including refunds of employee contributions	(362)	(362)	-
Administrative expenses	-	(37)	37
Net changes	434	863	(429)
Balances at June 30, 2016	\$ 15,523	14,632	891

The measurement date of the net pension liability was June 30, 2016, the date of the actuarial valuation on which the total pension liability is based was July 1, 2015, and update procedures were used to roll forward the total pension liability to the measurement date.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*

For the year ended June 30, 2017, the County recognized pension expense of \$381. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Illustration 13-28</b>		
<b>Prince William County - LoSAP Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2016</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	(473)
Change in actuarial assumptions	47	-
Net difference between projected and actual earnings on pension plan investments	730	-
Subtotal	777	(473)
Employer contributions subsequent to the measurement date	811	-
Total	\$ 1,588	(473)

\*Deferred inflows reclassification to combine investment experience with other pensions.

\$811 reported as deferred outflows of resources related to pensions resulting from the County's contributions to LoSAP subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Illustration 13-29</b>		
<b>Prince William County - LoSAP Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2017	\$	(13)
2018		62
2019		169
2020		86
Total	\$	304

\*Deferred inflows reclassification to combine investment experience with other pensions.

**NOTE (14) – OTHER POST-EMPLOYMENT BENEFIT PLANS**

**County Sponsored Plans**

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

*Plan Description.* The Prince William County Premium Plan is a single-employer defined benefit post-employment healthcare plan that covers eligible retired employees and Consolidated Omnibus Budget Reconciliation Act (COBRA) eligible employees of the County including all departments and agencies. The County Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. In order to receive the subsidy, the participant must be eligible to retire or eligible for COBRA coverage and have coverage under the medical plan prior to termination. All employees who are retiree eligible or COBRA eligible have access to medical coverage. Dependents, including surviving spouses, are permitted access to medical coverage. No access to medical coverage is permitted after age 65. Eligible employees must elect coverage immediately upon retirement. Employees who terminate prior to retirement eligibility are not eligible for the Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the County Premium Plan. As of the end of the current fiscal year, there were 230 retirees and 30 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 \$2,654. 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 the County has made a formal commitment to provide the contributions.

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

<b>Illustration 14-1</b>					
<b>Summary of the Statement of Fiduciary Net Position</b>					
<b>OPEB Master Trust Fund at June 30, 2017</b>					
	<b>County Premium Plan</b>	<b>County RHICP</b>	<b>LODA Plan</b>	<b>School Board Premium Plan</b>	<b>Total OPEB Master Trust Fund</b>
<b>Assets</b>					
Investments	\$ 14,763	16,942	11,762	29,952	73,419
Total assets	<u>14,763</u>	<u>16,942</u>	<u>11,762</u>	<u>29,952</u>	<u>73,419</u>
<b>Liabilities</b>					
Accounts Payable	1,267	1,647	818	6	3,738
Total liabilities	<u>1,267</u>	<u>1,647</u>	<u>818</u>	<u>6</u>	<u>3,738</u>
<b>Fiduciary net position</b>					
Restricted for OPEB	13,496	15,295	10,944	29,946	69,681
Total fiduciary net position	<u>\$ 13,496</u>	<u>15,295</u>	<u>10,944</u>	<u>29,946</u>	<u>69,681</u>

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

<b>Illustration 14-2</b>						
<b>Summary of the Changes in Fiduciary Net Position</b>						
<b>OPEB Master Trust Fund For the Year Ended June 30, 2017</b>						
		<b>County Premium Plan</b>	<b>County RHICP</b>	<b>LODA Plan</b>	<b>School Board Premium Plan</b>	<b>Total OPEB Master Trust Fund</b>
<b>Additions</b>						
Employer contributions	\$	1,884	2,267	1,424	1,000	6,575
Total contributions		1,884	2,267	1,424	1,000	6,575
<b>Investment income:</b>						
Total investment income		2,826	-	1,196	2,681	6,703
Less investment expense		65	-	27	62	154
Net investment income		2,761	-	1,169	2,619	6,549
Total additions		4,645	2,267	2,593	3,619	13,124
<b>Deductions</b>						
OPEB payments		1,261	1,647	815	-	3,723
Total deductions		1,261	1,647	815	-	3,723
Net increase in fiduciary net position		3,384	620	1,778	3,619	9,401
Fiduciary net position, beginning of year		10,112	14,675	9,166	26,327	60,280
Fiduciary net position, end of year	\$	13,496	15,295	10,944	29,946	69,681

The employer contribution rate was actuarially determined. For fiscal year 2017, the County Premium Plan actuarially determined contribution amounts were contributed by the County to the Other Post-Employment Benefits (OPEB) Master Trust Fund in the amount of \$1,884. When \$3,915 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 \$1,261.

**Annual OPEB Cost.** For fiscal year 2017, the County Premium Plan annual OPEB cost (expense) was equal to the actuarially determined contribution. The County Premium Plan's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

<b>Illustration 14-3</b>									
<b>Other Post-Employment Benefits – Net OPEB Obligation Premium Plan</b>									
<b>Prince William County, Including ADC Component Unit</b>									
<b>Fiscal Year Ending:</b>	<b>Actuarially Determined Contribution*</b>	<b>Less NOO Amortization Plus Adjustments</b>	<b>Plus Interest Net OPEB Obligation</b>	<b>Annual OPEB Cost*</b>	<b>County Contribution to Trust Fund*</b>	<b>Pay-As- You-Go OPEB Costs</b>	<b>Increase (Decrease) in Net OPEB Obligation</b>	<b>Net OPEB Obligation (NOO) Beginning</b>	<b>Net OPEB Obligation (NOO) Ending</b>
June 30, 2015	\$ 1,567	-	-	1,567	(1,567)	-	-	-	-
June 30, 2016	\$ 1,623	-	-	1,623	(1,623)	-	-	-	-
June 30, 2017	\$ 1,884	-	-	1,884	(1,884)	-	-	-	-

\* This includes \$141, \$145 and \$158 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.

<b>Illustration 14-4</b>					
<b>Other Post-Employment Benefits – Percentage of Annual OPEB Cost</b>					
<b>Prince William County Premium Plan, Including ADC Component Unit</b>					
<b>Fiscal Year Ending:</b>	<b>Annual OPEB Cost*</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset) (NOO) Ending</b>		
June 30, 2015	\$ 1,567	100%		-	
June 30, 2016	\$ 1,623	100%		-	
June 30, 2017	\$ 1,884	100%		-	

\* This includes \$141, \$145 and \$158 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:

<b>Illustration 14-5</b>						
<b>Other Post-Employment Benefits – County Sponsored Plans</b>						
<b>Schedule of Funding Progress for Prince William County Premium Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Liability (AAL)</b>	<b>Unfunded Actuarial Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
July 1, 2014	\$ 13,304	20,187	6,883	65.9%	\$ 258,704	2.7%
July 1, 2015	\$ 14,715	21,591	6,876	68.2%	\$ 280,308	2.5%
July 1, 2016	\$ 13,406	22,235	8,829	60.3%	\$ 292,195	3.0%

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

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

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2016.

Significant actuarial valuation methods and assumptions used for the premium plan include (a) current marital status and elected insurance coverage assumed to continue into retirement, (b) 50% of employees elect insurance coverage at retirement, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) inflation rate of 2.4% and rate of increase in medical insurance claims from 4.7% decreasing each year to an ultimate rate of 4.1% per year, (f) healthy mortality based on RP2014 Combined Mortality Table (sex distinct), fully

generational with scale MP2014, disabled mortality table (for all groups) was changed to match the disability mortality table used by VRS: RP2000 Disabled Mortality Table, with 3 year setback for males (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 2017 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, 2015 to June 30, 2016 with a 9% annual increase to fiscal year 2017 and (j) Line of Duty (or service-related) disabilities are assumed to receive LODA benefits and hence will not receive any benefits from this plan.

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

*Plan Description.* The Prince William County Post-Retirement Medical Benefits Credit Plan (RHICP) is a single-employer defined benefit post-employment healthcare plan that covers eligible employees or former employees of the County including all departments and agencies. The RHICP provides \$0.0055 per month, per year of service (maximum 30 years) paid for life towards the purchase of a medical insurance plan, benefit referred to as the RHICP. Disabled employees receive the full 30-year allowance. However, employees disabled in-service, where the County pays the entire cost of insurance, do not receive the subsidy. The medical insurance plan can be the County Premium Plan or any health plan of the retiree's choosing. In order to receive the subsidy, the retiree must have 15 years of service with the County and must be receiving a pension payment from the VRS or the County Plan. Terminated vested employees are allowed. The health insurance credit cannot be used for spousal coverage. The retirees are granted the option to participate by paying 100% of their monthly health insurance premium towards the County Premium Plan less \$0.0055 times years of service for a maximum health insurance credit of \$0.165 from the County. For the year ended June 30, 2017, the County paid \$1,647 to 1,084 eligible retirees for the RHICP.

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

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

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

<b>Illustration 14-6</b>						
<b>Summary of the Statement of Fiduciary Net Position</b>						
<b>OPEB Master Trust Fund at June 30, 2017</b>						
		<b>County Premium Plan</b>	<b>County RHICP</b>	<b>LODA Plan</b>	<b>School Board Premium Plan</b>	<b>Total OPEB Master Trust Fund</b>
<b>Assets</b>						
Investments	\$	14,763	16,942	11,762	29,952	73,419
Total assets		<u>14,763</u>	<u>16,942</u>	<u>11,762</u>	<u>29,952</u>	<u>73,419</u>
<b>Liabilities</b>						
Accounts Payable		1,267	1,647	818	6	3,738
Total liabilities		<u>1,267</u>	<u>1,647</u>	<u>818</u>	<u>6</u>	<u>3,738</u>
<b>Fiduciary net position</b>						
Restricted for OPEB		13,496	15,295	10,944	29,946	69,681
Total fiduciary net position	\$	<u>13,496</u>	<u>15,295</u>	<u>10,944</u>	<u>29,946</u>	<u>69,681</u>



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

<b>Illustration 14-7</b>					
<b>Summary of the Changes in Fiduciary Net Position</b>					
<b>OPEB Master Trust Fund For the Year Ended June 30, 2017</b>					
	County Premium Plan	County RHICP	LODA Plan	School Board Premium Plan	Total OPEB Master Trust Fund
<b>Additions</b>					
Employer contributions	\$ 1,884	2,267	1,424	1,000	6,575
Total contributions	1,884	2,267	1,424	1,000	6,575
<b>Investment income:</b>					
Total investment income	2,826	-	1,196	2,681	6,703
Less investment expense	65	-	27	62	154
Net investment income	2,761	-	1,169	2,619	6,549
Total additions	4,645	2,267	2,593	3,619	13,124
<b>Deductions</b>					
OPEB payments	1,261	1,647	815	-	3,723
Total deductions	1,261	1,647	815	-	3,723
Net increase in fiduciary net position	3,384	620	1,778	3,619	9,401
Fiduciary net position, beginning of year	10,112	14,675	9,166	26,327	60,280
Fiduciary net position, end of year	\$ 13,496	15,295	10,944	29,946	69,681

The employer contribution rate was actuarially determined. For fiscal year 2017, the County RHICP actuarially determined contribution amounts were contributed by the County to the OPEB Master Trust Fund in the amount of \$2,267. When \$1,647 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 \$1,647.

*Annual OPEB Cost.* For fiscal year 2017, the RHICP annual OPEB cost (expense) was equal to the actuarially determined contribution. The County RHICP's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

<b>Illustration 14-8</b>									
<b>Other Post-Employment Benefits – Net OPEB Obligation RHICP</b>									
<b>Prince William County, Including ADC Component Unit</b>									
Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund*	Pay-As- You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2015	\$ 2,023	-	-	2,023	(2,023)	-	-	-	-
June 30, 2016	\$ 2,061	-	-	2,061	(2,061)	-	-	-	-
June 30, 2017	\$ 2,267	-	-	2,267	(2,267)	-	-	-	-

\* This includes \$161, \$162 and \$179 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 14-9				
Other Post-Employment Benefits – Percentage of Annual OPEB Cost				
Prince William County RHICP, Including ADC Component Unit				
Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending	
June 30, 2015	\$ 2,023	100%	-	
June 30, 2016	\$ 2,061	100%	-	
June 30, 2017	\$ 2,267	100%	-	

\* This includes \$161, \$162 and \$179 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 14-10							
Other Post-Employment Benefits – County Sponsored Plans							
Schedule of Funding Progress for Prince William County RHICP							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2014	\$ 9,770	27,858	18,088	35.1%	\$ 258,704	7.0%	
July 1, 2015	\$ 10,958	29,075	18,117	37.7%	\$ 280,308	6.5%	
July 1, 2016	\$ 11,381	31,234	19,853	36.4%	\$ 292,195	6.8%	

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 and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2016.

Significant actuarial valuation methods and assumptions used for the premium credit plan 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) healthy mortality based on RP2014 Combined Mortality Table (sex distinct), fully generational with scale MP2014, disabled mortality table (for all groups) was changed to match the disability mortality table used by VRS: RP2000 Disabled Mortality Table, with 3 year setback for males, (f) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables. There is no applicable inflation or healthcare cost trend rates.

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

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

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

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

As of June 30, 2017, 35 retirees or survivors participated in the County's group insurance plans and six retirees or survivors received premium reimbursements.

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

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

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

<b>Illustration 14-11</b>						
<b>Summary of the Statement of Fiduciary Net Position</b>						
<b>OPEB Master Trust Fund at June 30, 2017</b>						
		<b>County Premium Plan</b>	<b>County RHICP</b>	<b>LODA Plan</b>	<b>School Board Premium Plan</b>	<b>Total OPEB Master Trust Fund</b>
<b>Assets</b>						
Investments	\$	14,763	16,942	11,762	29,952	73,419
Total assets		<u>14,763</u>	<u>16,942</u>	<u>11,762</u>	<u>29,952</u>	<u>73,419</u>
<b>Liabilities</b>						
Accounts Payable		1,267	1,647	818	6	3,738
Total liabilities		<u>1,267</u>	<u>1,647</u>	<u>818</u>	<u>6</u>	<u>3,738</u>
<b>Fiduciary net position</b>						
Restricted for OPEB		13,496	15,295	10,944	29,946	69,681
Total fiduciary net position	\$	<u>13,496</u>	<u>15,295</u>	<u>10,944</u>	<u>29,946</u>	<u>69,681</u>

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

<b>Illustration 14-12</b>						
<b>Summary of the Changes in Fiduciary Net Position</b>						
<b>OPEB Master Trust Fund For the Year Ended June 30, 2017</b>						
		<b>County Premium Plan</b>	<b>County RHICP</b>	<b>LODA Plan</b>	<b>School Board Premium Plan</b>	<b>Total OPEB Master Trust Fund</b>
<b>Additions</b>						
Employer contributions	\$	1,884	2,267	1,424	1,000	6,575
Total contributions		<u>1,884</u>	<u>2,267</u>	<u>1,424</u>	<u>1,000</u>	<u>6,575</u>
<b>Investment income:</b>						
Total investment income		2,826	-	1,196	2,681	6,703
Less investment expense		65	-	27	62	154
Net investment income		<u>2,761</u>	<u>-</u>	<u>1,169</u>	<u>2,619</u>	<u>6,549</u>
Total additions		<u>4,645</u>	<u>2,267</u>	<u>2,593</u>	<u>3,619</u>	<u>13,124</u>
<b>Deductions</b>						
OPEB payments		1,261	1,647	815	-	3,723
Total deductions		<u>1,261</u>	<u>1,647</u>	<u>815</u>	<u>-</u>	<u>3,723</u>
Net increase in fiduciary net position		3,384	620	1,778	3,619	9,401
Fiduciary net position, beginning of year		10,112	14,675	9,166	26,327	60,280
Fiduciary net position, end of year	\$	<u>13,496</u>	<u>15,295</u>	<u>10,944</u>	<u>29,946</u>	<u>69,681</u>

The employer contribution rate was actuarially determined. For fiscal year 2017, the County LODA Plan actuarially determined contribution amounts were contributed by the County to the OPEB Master Trust Fund in the amount of \$1,424. Premium payments to the County LODA Plan on behalf of uncertified beneficiaries totaled \$29 for fiscal year 2017. When \$844 of benefits and administrative costs were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$815.

*Annual OPEB Cost and Net OPEB Obligation.* For fiscal year 2017, the County LODA Plan annual OPEB cost (expense) was equal to the Actuarially Determined Contribution. The County LODA Plan's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

**Illustration 14-13**  
**Other Post-Employment Benefits – Net OPEB Obligation LODA Plan**  
**Prince William County, Including ADC Component Unit**

Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund	Pay-As- You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (Asset) (NOO)	
								Beginning	Ending
June 30, 2015	\$ 1,474	-	-	1,474	(1,474)	-	-	-	-
June 30, 2016	\$ 1,529	-	-	1,529	(1,529)	-	-	-	-
June 30, 2017	\$ 1,424	-	-	1,424	(1,424)	-	-	-	-

\* This includes \$148, \$153 and \$169 respectively, 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 14-14**  
**Other Post-Employment Benefits – Percentage of Annual OPEB Cost**  
**Prince William County LODA Plan, Including ADC Component Unit**

Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2015	\$ 1,474	100.0%	-
June 30, 2016	\$ 1,529	100.0%	-
June 30, 2017	\$ 1,424	100.0%	-

\* This includes \$148, \$153 and \$169 respectively, allocated to the ADC component unit.

**Illustration 14-15**  
**Other Post-Employment Benefits – County Sponsored Plans**  
**Schedule of Funding Progress for Prince William County LODA Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll
June 30, 2015	\$ 7,258	16,386	9,128	44.3%	\$ 95,795	9.5%
June 30, 2016	\$ 8,737	17,959	9,222	48.6%	\$ 86,476	10.7%
June 30, 2017	\$ 9,166	17,551	8,385	52.2%	\$ 81,715	10.3%

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

employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2016.

Significant actuarial valuation methods and assumptions used for the County LODA Plan include (a) current marital status and elected insurance coverage assumed to continue upon LODA certification, (b) 100% of employees elect insurance coverage upon LODA certification, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) inflation rate of 2.4% and rate of increase in medical insurance claims from 4.7% decreasing each year to an ultimate rate of 4.1% per year, (f) healthy mortality based on RP2014 Combined Mortality Table (sex distinct), fully generational with scale MP2014, disabled mortality table (for all groups) was changed to match the disability mortality table used by VRS: RP2000 Disabled Mortality Table, with 3 year setback for males, (g) eligible retirement and disability rates, ages of retirement based on statistical rates, (h) assumed cost contributions computed using fiscal year 2014 claims data by current certified LODA retirees and beneficiaries.

#### **County Sponsored Plans – Medical Internal Service Fund Recap**

##### **Funding Policy:**

The OPEB Master Trust Fund was established as of June 30, 2009. During fiscal year 2017, the County contributed the actuarially determined contribution amounts for the County Premium Plan, County RHICP and County LODA Plan of \$5,575. Plan members received \$6,406 benefits and contributed \$2,683 premiums, resulting in \$3,723 net benefits paid by the County. The County currently pays these benefits on a pay-as-you-go basis and seeks reimbursement from the OPEB Master Trust Fund according to the Trust Agreement at year end.

##### **Annual OPEB Cost and Net OPEB Obligation:**

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

For the year ended June 30, 2017, the County's annual OPEB cost for County Premium Plan, the County's RHICP, and the County LODA Plan, based on the actuarially determined contribution for OPEB funding was \$5,575 (\$2,504 amortization, \$3,071 actuarial normal cost, funded), which was equal to the actual OPEB payment of \$5,575. As a result, the County recognizes a total net negative OPEB obligation (asset) of \$0.

OPEB costs for retiree and COBRA claims and claims administration, net of premiums paid, of \$3,723 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. As a result, the County recognizes pay-as-you-go OPEB Costs of \$0.

Illustration 14-16 shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County's net OPEB obligations for all County sponsored plans:

Illustration 14-16										
Other Post-Employment Benefits – Net OPEB Obligation All Plans										
Prince William County, including ADC Component Unit										
Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Adjustments	Plus Interest Plus 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, 2015	\$ 5,064	-	-	5,064	(5,064)	-	-	-	-	-
June 30, 2016	\$ 5,213	-	-	5,213	(5,213)	-	-	-	-	-
June 30, 2017	\$ 5,575	-	-	5,575	(5,575)	-	-	-	-	-

\* This includes \$450, \$460 and \$506 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, 2016, the date of the most recent actuarial valuations, the actuarial accrued liability for benefits was \$71,020 and the actuarial value of assets was \$33,953, resulting in an unfunded actuarial accrued liability (UAAL) \$37,067. The covered payroll (annual payroll of active employees covered by the plans) was \$292,195, and the ratio of the UAAL to the covered payroll was 12.7%. The UAAL is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at June 30, 2017 was 21 years for County Premium Plan and County RHICP, 26 years for County LODA Plan.

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

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 6, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

#### Component Unit Sponsored Plans

##### 4. Prince William County Public Schools Retiree Medical Program (School Board 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 at <https://www.pwcs.edu/cms/One.aspx?portalId=340225&pageId=669092> writing to the School Board's Finance Division at P.O. Box 389, Manassas, Virginia 20108.

#### VRS Health Insurance Credit Program

##### Plan Description:

Retirees of the County, as well as the Adult Detention Center, who have rendered at least fifteen years of total creditable service under the VRS, are granted the option to participate in the VRS Health Insurance Credit Program by paying 100% of their monthly health insurance premium less a \$0.0015 times years of service for a maximum credit of \$0.045 from the VRS. Title 51.1 of the *Code of Virginia* assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. As of the end of the current fiscal year, there were 1,197 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, 2017, the County paid \$411. 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, 2016, the date of the most recent actuarial valuation, there were 3,399 active participants and 906 retired and deferred vested members 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, 2017, 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, 2016, 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, 2016, was 18 to 27 years for the County.

**Trend information:**

Illustration 14-17 summarizes the required three-year trend information for the County.

<b>Illustration 14-17</b>				
<b>Virginia Retirement System – Health Insurance Credit Program</b>				
<b>Three Year Trend Information for Prince William County</b>				
<b>Fiscal Year Ending:</b>		<b>Annual Benefit Cost (ABC) Employer Portion</b>	<b>Percentage of ABC Contributed</b>	<b>Net Benefit Obligation (NBO)</b>
June 30, 2015	\$	357	100%	-
June 30, 2016	\$	376	100%	-
June 30, 2017	\$	411	100%	-

**Funded Status and Funding Progress:**

As of June 30, 2016, the most recent actuarial valuation date, the VRS Health Insurance Credit Program was 42.8% funded. The actuarial accrued liability for benefits was \$7,134 and the actuarial value of assets was \$3,056, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,078. The covered payroll (annual payroll of active employees of covered by the plan) was \$220,911, and the ratio of the UAAL to the covered payroll was 1.8%. 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 valuations prior to June 30, 2011 included all employees within Prince William County, including constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees, whose actuarial accrued liability is not with Prince William County.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 6, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.



**NOTE (15) – OTHER POST-EMPLOYMENT BENEFITS (OPEB) MASTER TRUST FUND**

**Description:**

The Prince William County Other Post-Employment Benefits (OPEB) Master Trust Fund (OPEB Trust), administered by Prince William County Government and the OPEB Trust Board, is an agent multiple-employer defined benefit other post-employment benefits (agent OPEB plan) trust fund.

Contributions and earnings on the contributions to the OPEB Trust are irrevocable. All OPEB Trust plan assets are dedicated to providing OPEB benefits to plan members in accordance with benefit terms. Plan assets are dedicated to providing OPEB benefits to plan members in accordance to the benefit terms. Although OPEB Trust assets are pooled for investment purposes, plan assets from one employer cannot pay OPEB benefits or plan liabilities for the other employer and separate accounts are maintained for County and Schools so that each employer’s share of the pooled assets is legally available to pay benefits of only its employees. A portion of assets is accumulated solely for the payment of benefits to participants in each of the four plans: County Premium Plan, County Retiree Health Insurance Credit Plan, County Line-of-Duty Plan or Schools Premium Plan. Four separate plan accounts are established so a portion of assets from one plan may not legally be used to pay benefits for participants of the other plans. OPEB plan assets are legally protected from the creditors of the County, Schools and the OPEB Trust Board and are legally protected from creditors of any plan members.

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

There are two participating employers, County and Schools. The OPEB Trust board is comprised of three members, two finance directors representing each employer and one citizen member.

Illustration 15-1 summarizes the membership in the OPEB Master Trust of each plan as of July 1, 2016, the latest actuarial valuations.

<b>Illustration 15-1</b>				
<b>OPEB Master Trust Fund</b>				
<b>Membership Information as of July 1, 2016</b>				
	<b>County Premium Plan</b>	<b>County RHICP</b>	<b>County LODA Plan</b>	<b>School Board Premium Plan</b>
Active plan members	2,864	3,672	2,135	7,011
Inactive plan members receiving benefits	211	1,014	37	388
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-	-

Benefits and benefit terms are established or may be amended by the Prince William County Board of County Supervisors or the Prince William County School Board. Please refer to Note 14 for descriptions of County OPEB plans and Prince William County Schools CAFR at <https://www.pwcs.edu/cms/One.aspx?portalId=340225&pageId=669092> for Schools plan. There are no automatic postemployment benefit changes, no automatic cost-of-living adjustments, and any ad hoc postemployment benefit changes cannot take effect without County or School Board’s approval. Any benefit-related costs to inactive plan members are limited to 100% of published premium rates until ineligible or a premium rate differential for uncertified LODA participants.

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 retirees and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. On June 30, 2009, funds were transferred to establish separate trust fund sub-accounts for County 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.

The Line of Duty Act (LODA) is authorized by the *Code of Virginia* §9.1-400 et seq. On June 5, 2012, the Board of County Supervisors authorized Resolution No. 12-588, pursuant to paragraph B2 of Item 258 of the Commonwealth Appropriations Act,

to make an irrevocable election not to participate in the Commonwealth Line of Duty Act Fund on July 1, 2012. The County has assumed all responsibility for existing, pending or prospective claims for benefits approved and associated administrative costs made by the State Comptroller of behalf of Prince William County. On June 17, 2014, the Board of County Supervisors authorized Resolution No. 14-391 establishing the Line of Duty Act sub-account to fund covered employees and authorized annual contributions to the OPEB Master Trust Fund. The beginning liability for fiscal year 2014 was also transferred to the OPEB Master Trust Fund. Assets accumulated for LODA benefits cannot be used to pay benefits for any other participating plans.

**Contribution Information:**

Contribution requirements are under the authority of the County or School Board. Contribution amounts to the OPEB Trust are calculated for each participating plan on an actuarial basis. The County contributes the entire actuarially determined contribution yearly and invoices OPEB Trust for a refund of fiscal year claims-related costs. Schools contributes amounts up to their actuarially determined contribution calculation and pays inactive participants’ ongoing claims-related costs. Both funding methods are allowable under the OPEB Master Trust document. The County and School Boards maintain the authority to establish or amend contribution requirements.

**Investments:** The OPEB Trust Board establishes and amends investment policy decisions and updates policies pertaining to asset allocation by voting on investment policy decisions during quarterly meetings. There are no investment policy changes for fiscal year 2017.

**Concentrations:**

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

<b>Illustration 15-2</b>			
<b>OPEB Master Trust Fund Concentrations at June 30, 2017</b>			
<b>Asset Class</b>	<b>Policy Percent</b>	<b>Target Range Percent</b>	<b>Actual Percent</b>
OPEB Master Trust Fund Investments:			
Domestic Equity	40%	20% - 60%	40.5%
International Equity	20%	0% - 40%	22.6%
Other Growth Assets	0%	0% - 20%	0.0%
Fixed Income	40%	20% - 60%	36.9%
Other Income Assets	0%	0% - 20%	0.0%
Real Return Assets	0%	0% - 20%	0.0%
Cash Equivalents	0%	0% - 20%	0.0%
	100%		100.0%

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio. Private equity and publicly traded REITS will be categorized in the Other Growth Assets category. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. At June 30, 2017, 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.

There are no investments other than those issued or explicitly guaranteed by the U.S. Government that represent five percent or more of the OPEB Trust fiduciary net position.

The annual money-weighted rate of return on OPEB plan investments calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense, is 10.17%. This was calculated using arithmetic means. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

There were no long-term contracts for contributions receivables, allocated insurance contracts excluded from OPEB Trust assets or reserves for benefit increases or reduced employer contributions.

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

<b>Illustration 15-3</b>					
<b>Summary of the Statement of Fiduciary Net Position</b>					
<b>OPEB Master Trust Fund at June 30, 2017</b>					
		<b>County</b>		<b>School Board</b>	<b>Total OPEB</b>
		<b>Premium Plan</b>	<b>County RHICP</b>	<b>LODA Plan</b>	<b>Master Trust</b>
				<b>Premium Plan</b>	<b>Fund</b>
<b>Assets</b>					
Investments	\$	14,763	16,942	11,762	29,952
Total assets		14,763	16,942	11,762	29,952
<b>Liabilities</b>					
Accounts Payable		1,267	1,647	818	6
Total liabilities		1,267	1,647	818	6
<b>Fiduciary net position</b>					
Restricted for OPEB		13,496	15,295	10,944	29,946
Total fiduciary net position	\$	13,496	15,295	10,944	29,946

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

<b>Illustration 15-4</b>						
<b>Summary of the Changes in Fiduciary Net Position</b>						
<b>OPEB Master Trust Fund For the Year Ended June 30, 2017</b>						
		<b>County Premium Plan</b>	<b>County RHICP</b>	<b>LODA Plan</b>	<b>School Board Premium Plan</b>	<b>Total OPEB Master Trust Fund</b>
<b>Additions</b>						
Employer contributions	\$	1,884	2,267	1,424	1,000	6,575
Total contributions		1,884	2,267	1,424	1,000	6,575
<b>Investment income:</b>						
Total investment income		2,826	-	1,196	2,681	6,703
Less investment expense		65	-	27	62	154
Net investment income		2,761	-	1,169	2,619	6,549
Total additions		4,645	2,267	2,593	3,619	13,124
<b>Deductions</b>						
OPEB payments		1,261	1,647	815	-	3,723
Total deductions		1,261	1,647	815	-	3,723
Net increase in fiduciary net position		3,384	620	1,778	3,619	9,401
Fiduciary net position, beginning of year		10,112	14,675	9,166	26,327	60,280
Fiduciary net position, end of year	\$	13,496	15,295	10,944	29,946	69,681

The net OPEB liability is outlined in Illustration 15-5.

<b>Illustration 15-5</b>				
<b>Prince William County's Defined Benefit OPEB Plans</b>				
<b>Net OPEB Liability - OPEB Master Trust Fund</b>				
	<b>June 30, 2017</b>	<b>June 30, 2017</b>	<b>June 30, 2017</b>	<b>Plan Fiduciary</b>
	<b>Total OPEB</b>	<b>Plan Fiduciary</b>	<b>Net OPEB</b>	<b>Net Position as</b>
	<b>Liabilities</b>	<b>Net Position</b>	<b>Liability</b>	<b>a Percentage of</b>
				<b>OPEB Liability</b>
County Premium Plan	\$ 26,199	(13,496)	12,703	51.51%
County Retiree Health Insurance Credit Plan	34,311	(15,295)	19,016	44.58%
County Line-of-Duty Act Plan	14,730	(10,944)	3,786	74.30%
Total County Plans	\$ <u>75,240</u>	<u>(39,735)</u>	<u>35,505</u>	52.81%
Governmental fund	\$ 977,196	(841,634)	(27,936)	86.13%
Landfill	14,236	(12,193)	(397)	85.65%
Parks and Recreation	12,155	(10,410)	(339)	85.64%
Internal Services - DoIT	32,195	(27,574)	(899)	85.65%
Internal Services - Fleet	9,418	(8,066)	(263)	85.64%
Internal Services - Construction Crew	3,723	(3,189)	(104)	85.66%
Medical Internal Service Fund	767	(657)	(21)	85.66%
Total proprietary funds	<u>72,494</u>	<u>(62,089)</u>	<u>(2,023)</u>	85.65%
Adult Detention Center	94,395	(80,846)	(2,635)	85.65%
Total	\$ <u>1,144,085</u>	<u>(984,569)</u>	<u>(32,594)</u>	86.06%
Note: Amounts are allocated to the funds based on proportion of OPEB contributions paid.				
Schools Premium Plan*	\$ <u>68,361</u>	<u>(29,946)</u>	<u>38,415</u>	43.81%
*Please see separately issued financial statements for details.				

Additional information about the actuarial methods and assumptions, as of the latest actuarial valuations, is shown in Illustration 15-6.

<b>Illustration 15-6</b>				
<b>Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans</b>				
<b>Actuarial Methods and Assumptions</b>				
	<b>County Premium Plan</b>	<b>County RHICP</b>	<b>County LODA Plan</b>	<b>School Board Premium Plan</b>
Valuation Date	July 1, 2016	July 1, 2016	July 1, 2016	July 1, 2016
Actuarial Cost Method	Projected Unit Cost	Projected Unit Cost	Projected Unit Cost	Entry Age Normal
Amortization Method	Level % of Projected Pay, closed	Level % of Projected Pay, closed	Level % of Projected pay, closed	Level % of Pay, closed
Remaining Amortization Period	21 years, closed	21 years, closed	26 years, closed	30 years
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Investment Rate of Return	7.0%	7.0%	7.0%	7.0%
Payroll Growth	3.5%	3.5%	3.5%	2.5%
Inflation	2.4%	n/a	2.4%	2.5%
Healthcare Cost Trend Rates	5.4% base, 6.4% sensitivity, pre-Medicare, see Illustration 15-6a below for all rates.	n/a	5.4% base, 6.4% sensitivity, pre-Medicare, see Illustration 15-6b below for all rates.	8.0% base, 5% sensitivity *no other healthcare trend rates are available at this time.
		n/a	5.4% base, 6.4% sensitivity, post-Medicare, see Illustration 15-6c below for all rates.	

**Illustration 15-6a**

**OPEB Master Trust Fund County Premium Plan**  
**Actuarial Methods and Assumptions - Healthcare Cost Trend Rates**

<b>Pre-Medicare Medical and Drug</b>	<b>Base</b>	<b>Sensitivity</b>
2016	4.70%	5.70%
2017	5.40%	6.40%
2018	5.70%	6.70%
2020	5.30%	6.30%
2030	5.40%	6.40%
2040	5.70%	6.70%
2050	5.40%	6.40%
2060	5.00%	6.00%
2070	4.50%	5.50%
Ultimate	4.10%	5.10%

**Illustration 15-6b**

**OPEB Master Trust Fund County LODA Plan**  
**Actuarial Methods and Assumptions - Healthcare Cost Trend Rates**

<b>Pre-Medicare Medical and Drug</b>	<b>Base</b>	<b>Sensitivity</b>
2016	4.70%	5.70%
2017	5.40%	6.40%
2018	5.70%	6.70%
2020	5.30%	6.30%
2030	5.40%	6.40%
2040	5.70%	6.70%
2050	5.40%	6.40%
2060	5.00%	6.00%
2070	4.50%	5.50%
Ultimate	4.10%	5.10%

<b>Illustration 15-6c</b>		
<b>OPEB Master Trust Fund County LODA Plan</b>		
<b>Actuarial Methods and Assumptions - Healthcare Cost Trend Rates</b>		
<b>Post-Medicare Medical and Drug</b>	<b>Base</b>	<b>Sensitivity</b>
2016	4.70%	5.70%
2017	5.40%	6.40%
2018	5.70%	6.70%
2020	5.30%	6.30%
2030	5.00%	6.00%
2040	5.00%	6.00%
2050	4.80%	5.80%
2060	4.60%	5.60%
2070	4.30%	5.30%
Ultimate	3.90%	4.90%

Sensitivity of Healthcare Cost Trend Rates as of June 30, 2017, is outlined in Illustration 15-7.

<b>Illustration 15-7</b>				
<b>Prince William County - OPEB Master Trust Fund</b>				
<b>Sensitivity of Healthcare Cost Trend Rates at June 30, 2017</b>				
<b>Trend Sensitivity Ultimate Trend</b>	<b>1% Decrease (-1%)</b>	<b>Current Healthcare Cost Rate (below)</b>	<b>1% Increase (+1%)</b>	
County Premium Plan - Net NOP 4.7%	\$ 9,783	\$ 12,703	\$ 16,154	
County RHICP - Net NOP*	\$ 19,016	\$ 19,016	\$ 19,016	
*RHICP pays fixed rate of \$5.50 per year of service.				
County LODA Plan- Net NOP 4.7%	\$ 1,707	\$ 3,785	\$ 6,362	
Schools Premium Plan- Net NOP 8.0%	\$ 30,993	\$ 38,415	\$ 47,274	



Sensitivity of Discount Rate as of June 30, 2017, is outlined in Illustration 15-8.

<b>Illustration 15-8</b>					
<b>Prince William County - OPEB Master Trust Fund</b>					
<b>Sensitivity of Discount Rate at June 30, 2017</b>					
		<b>1% Decrease (6%)</b>	<b>Current Healthcare Discount Rate (7%)</b>		<b>1% Increase (8%)</b>
County Premium Plan - Net NOP	\$	15,145	\$	12,703	\$ 10,527
County RHICP - Net NOP	\$	23,143	\$	19,016	\$ 15,560
County LODA Plan- Net NOP	\$	5,578	\$	3,785	\$ 2,292
Schools Premium Plan- Net NOP	\$	46,221	\$	38,415	\$ 31,696

There was no change to the discount rate. Actuarial calculations assume full payment each year of actuarially determined contributions from employers. Cash out for reimbursement of OPEB benefits, invoiced by the County, is net of 100% actuarially determined contributions. Schools has not requested any cash reimbursement for benefit payments from OPEB Trust. Investment earnings net of fees at June 30, 2017 were 10.4%. Since 2011, OPEB Trust assets have earned 9.8%; long-term 7% discount rate is realized. The discount rate does not include a municipal bond rate. Expected rates of return are calculated using arithmetic means.

Illustration 15-9 details long-term expected rates of return as compared to the actual rates of return at June 30, 2017.

<b>Illustration 15-9</b>			
<b>OPEB Master Trust Fund Long-term Expected and Actual ROR at June 30, 2017</b>			
<b>Asset Class</b>	<b>Long-term Expected ROR</b>		<b>ROR Percent</b>
	<b>Percent</b>		
<b>OPEB Master Trust Fund Investments:</b>			
Domestic Equity	16.57%		17.01%
International Equity	8.51%		18.13%
Other Growth Assets	0.00%		0.00%
Fixed Income	4.24%		1.61%
Other Income Assets	0.00%		0.00%
Real Return Assets	0.00%		0.00%
Cash Equivalents	0.22%		0.86%
Long-Term Expected	9.57%	Real	10.39%

#### **NOTE (16) – SELF INSURANCE**

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

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

provides coverage to the County and the Adult Detention Center. The Association has a \$1,500 per occurrence retention, and it purchases commercial excess coverage which provides statutory limits for workers' compensation claims and a \$1,000 excess of the \$1,500 per occurrence retention limit for employers' liability coverage.

The County's pre-65 retirees with over 15 years of service and permanent employees are eligible to enroll in one of three health insurance plans and a dental plan. All three health insurance plans include comprehensive medical, preventive care, vision, and prescription drug coverage. Three of the health insurance plans are self-insured with a \$225 specific individual stop loss limit. The dental plan is also self-insured. 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. The County expended \$43,694 for claims and administration in fiscal year 2017.

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 16-1 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).

<b>Illustration 16-1</b>					
<b>Prince William County Self-Insurance</b>					
<b>Other Self Insurance, Casualty Pool and Workers' Compensation Association, Health Insurance</b>					
<b>Changes in the Aggregate Liabilities for Claims</b>					
		<b>Other Self- Insurance</b>	<b>Casualty Pool</b>	<b>Workers' Compensation Association</b>	<b>Health Insurance*</b>
Unpaid claims June 30, 2014	\$	244	673	12,789	3,600
Total claims incurred, fiscal year 2015		-	349	3,631	35,414
Total claims paid, fiscal year 2015		(10)	(470)	(2,649)	(34,674)
Unpaid claims June 30, 2015	\$	234	552	13,771	4,340
Total claims incurred, fiscal year 2016		28	267	3,834	38,049
Total claims paid, fiscal year 2016		(11)	(325)	(3,490)	(37,984)
Unpaid claims June 30, 2016	\$	251	494	14,115	4,405
Total claims incurred, fiscal year 2017		-	330	7,311	43,694
Total claims paid, fiscal year 2017		(73)	(357)	(4,557)	(43,404)
Unpaid claims June 30, 2017	\$	178	467	16,869	4,695

\*Health Insurance column excludes certain fully insured HMO, vision premiums, flexible spending benefits and retiree insurance credit expenses.

**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 \$298 and \$0 respectively at June 30, 2017.

### **NOTE (18) - RELATED ORGANIZATIONS**

#### **A. Industrial Development Authority**

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

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

#### **B. Service Authority**

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

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. The balance of the County's unused portion of the credit at June 30, 2017, is \$11,709.

#### **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 operates 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 and construction costs.

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

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

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

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

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

The Industrial Development Authority of Loudoun County VA issued \$18,650 of Lease Revenue Bonds on November 21, 2006, to finance the construction and equipping of the EVOC. Prince William County is responsible for debt service on 30% of the total issue, or \$5,505. On September 24, 2015, the Northern Virginia Criminal Justice Training Academy (NVCJTA) issued the 2015 Bond, a private placement bond, in the amount of \$9,613 to advance refund the Series 2006 Lease Revenue Bonds outstanding balance of 11,990. The lease revenue bonds were originally issued in November 2006 by the NVCJTA through the Loudon County Industrial Development Authority in the total amount of \$18,650 to finance the Emergency Vehicle Operations Center (EVOC) located at the Public Safety Training Center. The County participated in the Series 2006 financing by committing to pay a share of the debt service on the bonds and the County will continue to participate in a proportionate share of the refunding savings. The County's payment for fiscal year 2017 was \$384. The County's General Fund committed share of the NVCJTA's remaining debt service (including interest), which approximates 30% of total NVCJTA principal and interest requirements as of June 30, 2017, is shown in Illustration 18-1.

<b>Illustration 18-1</b>		
<b>County's Share of NVCJTA Debt Service Requirements</b>		
Year Ending June 30:		
2018	\$	372
2019		359
2020		352
2021		345
2022		337
2023 thru 2026		1,260
<b>Total</b>	<b>\$</b>	<b>3,025</b>

**E. Northern Virginia Transportation Authority (NVTA)**

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

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

**NOTE (19) - 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 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 appropriated \$1,130 in fiscal year 2017.

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 2017 of \$919 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.

On May 17, 2016, the Board of County Supervisors approved Resolution No. 16-497 authorizing the withdrawal of membership and participation in Peumansend Creek Regional Jail Authority, in accordance with Section 5.9 of the Service Agreement, effective June 30, 2017.

On April 19, 2017, the Board of County Supervisors approved Resolution No. 17-181 authorizing the assumption of a pro-rata share of the Peumansend Creek Regional Jail Authority's plan assets and liabilities as of June 30, 2017, as one of multiple successor employers contingent upon concurrence of such assumption of the Peumansend Creek Regional Jail Authority's plan assets and liabilities by the City of Richmond, City of Alexandria, Caroline County and Loudoun County.

## **NOTE (20) - COMMITMENTS AND CONTINGENCIES**

### **Virginia Railway Express**

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, 2017, the outstanding balance on the capitalized lease was approximately \$12,810.

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, 2017, was \$53,440.

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 \$5,968 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 (21) – SUBSEQUENT EVENTS**

On August 1, 2017, The Board of County Supervisors approved Resolution No. 17-365 authorizing the dissolution of the Convention and Visitors Bureau (CVB) and merger of its functions into the County's Department of Parks and Recreation as a newly formed Office of Tourism effective October 1, 2017. For fiscal year beginning July 1, 2017, the County will follow GASB No. 69 – *Government Combinations and Disposals of Government Operations*, for the merger and record all activities as part of the County's General fund.

On October 3, 2017, The Board of County Supervisors approved Resolution No. 17-480 authorizing the issuance of general obligation school bonds not to exceed \$254,340 to finance certain school capital projects and refund other outstanding general obligation school bonds. As of the date of this Comprehensive Annual Financial Report (CAFR) publication, the bonds have not been sold.

On October 3, 2017, the Board of County Supervisors approved Resolution No. 17-487 budgeting and appropriating \$41.9 million for the Adult Detention Center expansion project, half of which is expected to be debt financed. As of the date of this CAFR publication, no bonds have been sold.

On October 3, 2017, The Board of County Supervisors approved Resolution No. 17-526 terminating the 2009 agreement between the County and Dumfries-Triangle Volunteer Rescue Squad and directing Dumfries-Triangle Volunteer Rescue Squad to transfer all of its real and personal property, assets, contracts and accounts to the County.

On December 12, 2017, The Board of County Supervisors approved Resolution No. 17-607 authorizing the Sale of County-Owned property at Innovation Park, located at 9455 Hornbaker Road and consisting of approximately 4.8 acres of land and Birkett Barn, between The Prince William Board of County Supervisors, Virginia and Sweeney Barnes, LLC. As of the date of this CAFR, a settlement has not been reached.

On February 6, 2018, The Board of County Supervisors authorized an Agreement of Sale of County-Owned property at Innovation Park, located at 9349 Hornbaker Road and consisting of approximately 3.5 acres of land, between The Prince William Board of County Supervisors and Patriot Property Group, LLC. As of the date of this CAFR, a settlement has not been reached.

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

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

For the Year Ended June 30, 2017  
(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<b>BUDGETARY REVENUES:</b>				
FROM LOCAL SOURCES:				
GENERAL PROPERTY TAXES:				
Real property taxes	\$ 588,206	588,206	588,498	292
Real and personal property taxes of public service corporations	19,019	19,019	19,998	979
Personal property taxes	164,736	110,436	121,423	10,987
Penalties and interest	6,013	6,013	6,857	844
Total general property taxes	777,974	723,674	736,776	13,102
OTHER LOCAL TAXES:				
Short term rental tax	190	190	479	289
Local sales taxes	62,088	62,088	63,022	934
Consumer's utility taxes	14,240	14,240	14,196	(44)
Bank stock taxes	1,500	1,500	1,834	334
Motor vehicle licenses	8,460	8,460	8,409	(51)
Taxes on recordation and wills	9,070	9,070	11,149	2,079
Business, professional and occupational license tax	26,051	26,051	25,341	(710)
Public utility gross receipts tax	1,518	1,518	1,420	(98)
Transient occupancy tax	3,500	3,500	4,030	530
Total other local taxes	126,617	126,617	129,880	3,263
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:				
Animal licenses	196	196	249	53
Fire protection permits	141	141	144	3
Health protection permits	177	177	198	21
Cable franchise fees	1,481	1,481	1,428	(53)
Permits and other licenses	70	70	100	30
Total permits, privilege fees and regulatory licenses	2,065	2,065	2,119	54
FINES AND FORFEITURES:				
	3,096	3,096	2,732	(364)
FROM USE OF MONEY AND PROPERTY:				
Use of money	7,204	8,007	12,524	4,517
Use of property	1,227	1,311	1,343	32
Total revenue from use of money and property	8,431	9,318	13,867	4,549
CHARGES FOR SERVICES:				
Court costs	2,150	2,150	1,963	(187)
Correction and detention	1,101	1,101	754	(347)
Commonwealth's Attorney	-	-	19	19
Parks and recreation	8,185	8,190	8,236	46
Mental health and mental retardation	740	789	603	(186)
Welfare and social services	232	232	176	(56)
Library	663	663	564	(99)
Planning and community development	16	16	-	(16)
Public safety	668	668	889	221
Other charges	247	247	441	194
Total charges for services	14,002	14,056	13,645	(411)
Total revenue from local sources	932,185	878,826	899,019	20,193



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)

For the Year Ended June 30, 2017  
(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<b>THE FEDERAL GOVERNMENT:</b>				
Payments in lieu of taxes	70	70	75	5
Categorical aid grants:				
Aging programs	1,141	1,118	867	(251)
USDA	110	117	120	3
Welfare programs	10,930	11,564	13,376	1,812
Mental health/retardation and substance abuse programs	2,714	2,758	2,853	95
Homeland Security Grants	-	921	211	(710)
Police federal forfeitures and grant programs	-	518	261	(257)
Expenditure reimbursement for social services	330	330	-	(330)
Other	227	1,932	2,055	123
Total revenue from the federal government	15,522	19,328	19,818	490
<b>THE COMMONWEALTH:</b>				
<b>NONCATEGORICAL AID:</b>				
PPTRA revenue	-	54,300	54,288	(12)
Communications sales and use tax	18,680	18,680	18,284	(396)
Anti-Annexation public safety	9,398	9,398	9,484	86
Mobile home tax	35	35	42	7
Rental car tax	990	990	1,220	230
Rolling stock tax	90	90	129	39
Total noncategorical aid	29,193	83,493	83,447	(46)
<b>SHARED EXPENDITURES:</b>				
Commonwealth's Attorney	1,685	1,685	1,869	184
Sheriff	1,731	1,731	1,753	22
Director of Finance	560	560	682	122
Registrar	84	84	87	3
Clerk of the Court	1,488	1,488	1,785	297
Total shared expenditures	5,548	5,548	6,176	628
<b>CATEGORICAL AID:</b>				
Public safety	935	1,346	1,283	(63)
Fire programs	1,256	1,256	1,661	405
Library	524	524	546	22
Public assistance and welfare administration	9,716	12,488	12,771	283
Public health	228	228	149	(79)
Total categorical aid	12,659	15,842	16,410	568
<b>OTHER CATEGORICAL AID:</b>				
Aging program	400	381	389	8
Community services	15,892	16,684	16,275	(409)
Juvenile detention	2,056	2,056	1,755	(301)
Criminal justice services	1,029	1,029	1,044	15
Police extraditions	30	30	37	7
Sheriff extraditions	25	25	18	(7)
Victim/witness program	164	435	65	(370)
Other	2,280	945	857	(88)
Total other categorical aid	21,876	21,585	20,440	(1,145)
Total revenue from the Commonwealth	69,276	126,468	126,473	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, 2017  
(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<b>LOCAL GOVERNMENTS:</b>				
City of Manassas	5,307	5,307	5,364	57
City of Manassas Park	1,956	1,956	1,894	(62)
Other localities	-	-	11	11
Total revenues from local governments	7,263	7,263	7,269	6
<b>MISCELLANEOUS:</b>				
Expenditure refunds	848	1,342	461	(881)
Donations - proffers	-	20,587	20,587	-
Donations - other	8,565	1,764	1,758	(6)
Other	175	213	579	366
Total miscellaneous revenues	9,588	23,906	23,385	(521)
Total budgetary revenues	1,033,834	1,055,791	1,075,964	20,173
<b>BUDGETARY EXPENDITURES:</b>				
<b>GENERAL GOVERNMENTAL ADMINISTRATION:</b>				
Board of County Supervisors	3,622	3,676	3,279	397
County Attorney	3,707	3,635	3,544	91
Office of Executive Management	13,642	11,797	9,954	1,843
Technology and support services	445	445	-	445
Finance	19,672	20,509	19,798	711
Audit services	774	772	451	321
Human Rights	591	645	643	2
Board of Registration/Elections	1,584	2,978	2,902	76
Mailroom and print shop	408	508	507	1
Fleet expenditures	3,938	3,838	3,183	655
Contingency reserve	1,300	72	-	72
Unemployment insurance reserves	125	125	79	46
Total general governmental administration	49,808	49,000	44,340	4,660
<b>JUDICIAL ADMINISTRATION:</b>				
Commonwealth Attorney	5,734	6,017	5,636	381
Sheriff	10,134	10,104	9,982	122
Juvenile and Domestic Relations Court	107	107	95	12
Clerk of Court/Judges chambers	5,340	5,918	5,145	773
General District Court	272	273	203	70
Magistrates	130	130	125	5
Law library	124	124	106	18
Total judicial administration	21,841	22,673	21,292	1,381
<b>PUBLIC SAFETY:</b>				
Public Works - development	2,696	2,699	2,487	212
Police	96,254	98,028	96,474	1,554
Juvenile Court Services Unit	836	854	839	15
Adult Detention Center	25,345	25,293	25,293	-
Adult Detention Center- grant	-	411	10	401
Correction and detention of youth	6,945	7,050	7,046	4
Criminal Justice Services	3,958	3,972	3,854	118
Public Safety Communications	11,085	10,856	10,122	734
Fire service	77,219	80,338	79,538	800
Northern Virginia Criminal Justice Training Academy	384	384	384	-
Total public safety	224,722	229,885	226,047	3,838

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, 2017  
(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>PUBLIC WORKS:</b>				
Public works	28,046	29,449	27,618	1,831
Transportation	2,716	2,835	2,364	471
Property and miscellaneous insurance	1,280	1,280	827	453
Total public works	32,042	33,564	30,809	2,755
<b>HEALTH AND WELFARE:</b>				
Social Services	36,684	40,913	39,427	1,486
Public health	3,324	3,398	3,361	37
Community Services Board	41,134	42,158	40,911	1,247
Office on aging	5,808	5,776	5,467	309
Total health and welfare	86,950	92,245	89,166	3,079
<b>EDUCATION:</b>				
Schools	528,141	467,667	467,666	1
<b>PARKS, RECREATIONAL AND CULTURAL:</b>				
Parks and recreation	29,091	29,339	27,856	1,483
Library	17,017	16,759	16,330	429
Total parks, recreational and cultural	46,108	46,098	44,186	1,912
<b>COMMUNITY DEVELOPMENT:</b>				
Office of Planning	3,723	3,767	3,692	75
Economic and community development	7,264	7,542	5,968	1,574
Extension and continuing education	790	837	791	46
Tourism	1,181	1,181	1,181	-
Total community development	12,958	13,327	11,632	1,695
<b>DEBT SERVICE:</b>				
Principal retirement	26,108	86,849	86,849	-
Interest and other debt costs	19,211	47,628	47,888	(260)
Total debt service	45,319	134,477	134,737	(260)
Total budgetary expenditures	1,047,889	1,088,936	1,069,875	19,061
Excess (deficiency) of budgetary revenues over (under) budgetary expenditures	(14,055)	(33,145)	6,089	39,234
<b>OTHER FINANCING SOURCES (USES):</b>				
<b>TRANSFERS IN:</b>				
Fire & rescue levy fund	18,357	18,657	18,657	-
Special revenue funds	3,281	3,294	3,294	-
Capital projects funds	7	9,397	10,391	994
Enterprise funds	1,919	2,035	2,035	-
Total transfers in	23,564	33,383	34,377	994
<b>TRANSFERS OUT:</b>				
Special revenue funds	(4,157)	(4,461)	(4,583)	122
Capital projects funds	(9,328)	(42,205)	(42,250)	45
Internal service funds	-	(140)	(140)	-
Enterprise funds	(1,060)	(8,182)	(8,182)	-
Total transfers out	(14,545)	(54,988)	(55,155)	167

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, 2017  
(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<b>NON-REVENUE RECEIPTS:</b>				
Claims and judgment recoveries	-	-	50	50
Sale of surplus property	174	228	268	40
Total non-revenue receipts	174	228	318	90
Total other financing sources (uses)	9,193	(21,377)	(20,460)	1,251
Net change in budgetary fund balance	(4,862)	(54,522)	(14,371)	40,151
<b>BUDGETARY FUND BALANCE, beginning of year, as restated</b>	221,995	221,995	221,995	-
<b>BUDGETARY FUND BALANCE, end of year</b>	<b>\$ 217,133</b>	<b>167,473</b>	<b>207,624</b>	<b>40,151</b>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Use of money and property (Schedule 1)	\$ 7,204	7,204	13,867	6,663
Current year fair value adjustment	-	-	(12,372)	(12,372)
Use of money and property (Exhibit 5)	7,204	7,204	1,495	(5,709)
Cumulative fair value adjustments of prior periods	-	-	(2,980)	-
<b>BUDGETARY FUND BALANCE, end of year</b>	217,133	167,473	207,624	40,151
Total adjustments	-	-	(15,352)	(12,372)
<b>FUND BALANCE, end of year</b>	<b>\$ 217,133</b>	<b>167,473</b>	<b>192,272</b>	<b>27,779</b>

## SPECIAL REVENUE FUND - Fire &amp; Rescue Levy

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

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

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 38,170	38,170	39,229	1,059
From use of money and property	-	-	1,081	1,081
Miscellaneous	1,000	1,000	-	(1,000)
Total budgetary revenues	39,170	39,170	40,310	1,140
<b>BUDGETARY EXPENDITURES:</b>				
Public safety - Fire & Rescue	30,518	37,747	28,346	9,401
Total budgetary expenditures	30,518	37,747	28,346	9,401
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out:				
General fund	(18,357)	(18,657)	(18,657)	-
Special revenue funds	-	(600)	(600)	-
Internal service funds	(98)	(98)	(98)	-
Claims and judgment recoveries	-	-	11	11
Sale of surplus property	-	-	333	333
Total other financing sources (uses)	(18,455)	(19,355)	(19,011)	344
Net change in budgetary fund balance	(9,803)	(17,932)	(7,047)	10,885
<b>BUDGETARY FUND BALANCE, beginning of year, as restated</b>	59,167	59,167	59,167	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 49,364	41,235	52,120	10,885
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Use of money and property (Schedule 2)	\$ -	-	1,081	1,081
Current year fair value adjustment	-	-	(1,106)	(1,106)
Use of money and property (Exhibit 5)	-	-	(25)	(25)
Cumulative fair value adjustments of prior periods	-	-	(40)	(40)
<b>BUDGETARY FUND BALANCE, end of year, as restated</b>	49,364	41,235	52,120	10,885
Total adjustments	-	-	(1,146)	(1,146)
<b>FUND BALANCE, end of year</b>	\$ 49,364	41,235	50,974	9,739

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

Virginia Retirement System - All Plans										
Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$	29,376	28,708	28,205						
Interest		75,010	71,222	67,389						
Changes of benefit terms		-	-	-						
Differences between expected and actual experience		1,128	(757)	-						
Changes of assumptions		-	-	-						
Benefit payments including refunds of member contributions		(47,001)	(43,108)	(38,578)						
Net change in total pension liability	\$	58,513	56,065	57,016						
Total pension liability - beginning		1,095,069	1,039,004	981,988						
Total pension liability - ending (a)	\$	1,153,582	1,095,069	1,039,004						
Plan fiduciary net position										
Contributions - employer		32,010	30,571	30,488						
Contributions - member		12,336	11,628	11,385						
Net investment income		16,623	41,324	122,481						
Benefit payments, including refunds of member contributions		(47,001)	(43,108)	(38,578)						
Administrative expense		(579)	(558)	(651)						
Other		(8)	(8)	7						
Net change in plan fiduciary net position	\$	13,381	39,849	125,132						
Plan fiduciary net position - beginning		937,893	898,044	772,912						
Plan fiduciary net position - ending (b)	\$	951,274	937,893	898,044						
County's net pension liability - ending (a)-(b)	\$	202,308	157,176	140,960						
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)		82.46%	85.65%	86.43%						
Covered-employee payroll	\$	249,605	242,757	230,499						
County's net pension liability as a percentage of covered-employee payroll		81.05%	64.75%	61.15%						
Expected average remaining service years of all participants		n/a	n/a	n/a						
See Note 13 Illustration 13-5 for weighted average rate of return		1.77%	4.60%	15.85%						

**Notes to Schedule:**

*Projected benefit payments.* Calculations assume that the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

*Changes of assumptions.* There are no changes in actuarial assumptions reflected in the current schedule.

Based on GASB 73 regarding changes in calculating covered payroll to pensionable earnings, covered payroll for FY 2014 was corrected.

Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

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

		Virginia Retirement System - All Plans									
		Schedule of County Contributions - Last 10 Fiscal Years									
Fiscal Year		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
		<i>Information for FY 2013 and earlier is not available.</i>									
Actuarially determined contribution	\$	32,010	30,571	30,488							
Contributions in relation to the actuarially determined contribution		32,010	30,571	30,488							
Contribution deficiency (excess)	\$	-	-	-							
Covered-employee payroll	\$	249,605	242,757	230,499							
Contributions as a percentage of covered employee payroll <sup>1</sup>		12.82%	12.59%	13.23%							

<sup>1</sup> Contribution rates are set and contributed based on pensionable earnings only.

**Notes to Schedule:**

*Valuation date.* Actuarially determined contribution rates are calculated as of the beginning of the fiscal year (July 1) for the two years immediately following the fiscal year. Actuarial valuations are performed every other year.

*Methods and assumptions used in calculations of actuarially determined contributions:*

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Payroll growth rate	3.0%
Remaining amortization period	28, 20, and 19 years
Asset valuation method	5-year smoothed market value
Investment rate of return	7.0%
Salary increases	3.5% - 5.35%
Inflation	2.5%
Cost-of-living adjustments	2.25% - 2.5%
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement based on RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males 4 years and females set back 2 years
	Post-retirement based on RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with male forward 1 year
	Post-disablement based on RP-2000 Disabled Mortality Table Projected with Scale AA to 2020 with male: 3 years and no provision for future mortality improvement

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

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

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$ 1,946	1,747	1,747	1,602						
Interest	2,417	2,300	2,260	2,118						
Changes of benefit terms	-	-	-	238						
Differences between expected and actual experience	(1,071)	-	(1,365)	-						
Changes of assumptions	-	-	-	-						
Benefit payments, including refunds of member contributions	(2,591)	(2,149)	(1,980)	(1,905)						
Net change in total pension liability	\$ 701	1,898	662	2,053						
Total pension liability - beginning	35,826	33,927	33,265	31,212						
Total pension liability - ending (a)	\$ 36,528	35,826	33,927	33,265						
Plan fiduciary net position										
Contributions - employer	\$ 1,199	1,137	1,083	1,007						
Contributions - member	1,199	1,137	1,083	1,007						
Net investment income	3,906	119	(339)	4,438						
Benefit payments, including refunds of member contributions	(2,591)	(2,148)	(1,980)	(1,905)						
Administrative expense	(90)	(116)	(83)	(109)						
Other	(4)	-	-	-						
Net change in plan fiduciary net position	\$ 3,619	129	(236)	4,438						
Plan fiduciary net position - beginning	33,037	32,908	33,144	28,706						
Plan fiduciary net position - ending (b)	\$ 36,656	33,037	32,908	33,144						
County's net pension (asset) liability - ending (a)-(b)	\$ (128)	2,789	1,019	121						
Plan fiduciary net position as a percentage of the total pension liability (b) / ( a)	100.35%	92.22%	97.00%	99.64%						
Covered-employee payroll	\$ 78,678	78,678	82,543	79,192						
County's net pension liability as a percentage of covered-employee payroll	-0.16%	3.54%	1.23%	0.15%						
Expected average remaining service years of all participants	8	8	8	8						
Annual money-weighted rate of return	11.75%	-0.03%	-1.12%	15.73%						

Notes to Schedule:

*Benefit changes.* There were several changes to benefit terms reflected in FY 2014 including an increase to the rate of employee contributions to 1.44% and the change to COLAs for participants hired after June 30, 2010.

*Projected benefit payments.* Calculations assume that the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

*Changes of assumptions.* There are no changes in actuarial assumptions reflected in the current schedule.



**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 4B

**Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel (Supplemental Pension Plan)**  
**Schedule of County Contributions - Last 10 Fiscal Years**

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	<i>Information for FY 2013 and earlier is not available.</i>									
Actuarially determined contribution	\$ 1,007	1,137	1,083	1,000						
Contributions in relation to the actuarially determined contribution	1,199	1,137	1,083	1,007						
Contribution deficiency (excess)	\$ (192)	-	-	(7)						
Covered-employee payroll	\$ 83,241	78,968	75,229	73,505						
Contributions as a percentage of covered employee payroll <sup>1</sup>	1.44%	1.44%	1.44%	1.37%						

<sup>1</sup>The rates shown are as a percentage of pensionable covered employee payroll. Contribution rates are set and contributed based on pensionable earnings only. These amounts were recalculated for prior fiscal years to pensionable earnings per GASB 73.

**Notes to Schedule:**

*Valuation date.* Actuarially determined contribution rates are calculated as of the beginning of the fiscal year (July 1) for the two years immediately following the fiscal year. Actuarial valuations are performed every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Aggregate
Remaining amortization period	The benefits are funded as a level percent of payroll over the expected future working lifetime of current active participants
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.5%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Rates based on RP2000 tables for males and females with generational mortality improvements by Scale AA

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)  
 Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$ 252	286	290	308						
Interest	930	911	885	821						
Changes of benefit terms	-	-	-	-						
Differences between expected and actual experience	(291)	(471)	(392)	-						
Changes of assumptions	22	70	-	-						
Benefit payments, including refunds of member contributions	(397)	(362)	(345)	(338)						
Net change in total pension liability	516	434	438	791						
Total pension liability - beginning	15,523	15,089	14,651	13,860						
Total pension liability - ending (a)	\$ 16,039	15,523	15,089	14,651						
Plan fiduciary net position										
Contributions - employer	\$ 811	853	940	2,115						
Contributions - member	-	-	-	-						
Net investment income	428	409	372	354						
Benefit payments, including refunds of member contributions	(397)	(362)	(345)	(338)						
Administrative expense	(62)	(37)	(34)	(61)						
Other	-	-	-	-						
Net change in plan fiduciary net position	780	863	933	2,070						
Plan fiduciary net position - beginning	14,632	13,769	12,836	10,766						
Plan fiduciary net position - ending (b)	\$ 15,412	14,632	13,769	12,836						
County's net pension liability - ending (a)-(b)	\$ 627	891	1,320	1,815						
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)	96.09%	94.26%	91.25%	87.61%						
* Covered-employee payroll	\$ -	-	-	-						
County's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A						
Expected average remaining service years of all participants	3	3	3	7						
Annual money-weighted rate of return	2.97%	2.97%	2.95%	2.95%						

Notes to Schedule:

Benefit changes. None.

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

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

\* All volunteer fire and rescue personnel are not compensated.

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)  
 Last Ten Fiscal Years  
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 5B

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)										
Schedule of County Contributions - Last 10 Fiscal Years										
Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 811	853	940	2,115	<i>Information for FY 2013 and earlier is not available.</i>					
Contributions in relation to the actuarially determined contribution	811	853	940	2,115						
Contribution deficiency (excess)	\$ -	-	-	-						
Covered-employee payroll	N/A	N/A	N/A	N/A						
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A						

**Notes to Schedule:**

*Valuation date.* Actuarially determined contribution rates are calculated as of the beginning of each fiscal year (July 1). Actuarial valuations are performed every year.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Aggregate, level dollar
Amortization method	Aggregate, level dollar
Remaining amortization period	The benefits are funded as a level dollar amount over the expected future working lifetime of current active participants
Asset valuation method	Fair market value
Inflation	Not Applicable
Salary increases	Not Applicable
Investment rate of return	6.00%
Retirement age	100% at age 60
Mortality	Rates based on RP2000 Mortality Table projected to 2014 using Scale AA

Post-Employment Benefits - County Sponsored 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, 2014	\$ 30,332	64,431	34,099	47.1%	258,704	13.2%
July 1, 2015	\$ 34,410	68,625	34,215	50.1%	280,308	12.2%
July 1, 2016	\$ 33,953	71,020	37,067	47.8%	292,195	12.7%

Post-Employment Benefits- Virginia Retirement System - Health Insurance Credit Program  
 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
June 30, 2014	\$ 2,927	6,512	3,585	44.9%	204,740	1.8%
June 30, 2015	\$ 3,050	6,847	3,797	44.5%	212,264	1.8%
June 30, 2016	\$ 3,056	7,134	4,078	42.8%	220,911	1.8%

Changes in Net OPEB Liability and Related Ratios - Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

**OPEB Master Trust Fund - County Premium Plan**  
**Changes in the County's Net OPEB Liability and Related Ratios - Last 10 Fiscal Years**

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Information for FY 2016 and earlier is not available.</i>										
Total OPEB liability										
Service cost	\$	1,234								
Interest on total OPEB liability		1,673								
Changes of benefit terms		-								
Differences between expected and actual experience		34								
Changes of assumptions		-								
Benefit payments		(1,261)								
<b>Net change in total OPEB liability</b>		<u>1,680</u>								
Total OPEB liability - beginning		<u>24,519</u>								
Total OPEB liability - ending (a)	\$	<u><u>26,199</u></u>								
Plan fiduciary net position										
Contributions - employer	\$	1,884								
Contributions - member		-								
Net investment income		1,282								
Benefit payments, including refunds of member contributions		(1,261)								
Asset adjustment		(1,609)								
Administrative expense		-								
Other		-								
Net change in plan fiduciary net position		<u>296</u>								
Plan fiduciary net position - beginning		<u>13,200</u>								
Plan fiduciary net position - ending (b)	\$	<u><u>13,496</u></u>								
County's net OPEB liability - ending (a)-(b)	\$	12,703								
Plan fiduciary net position as a percentage of the total OPEB liability (b) / (a)		51.51%								
Covered-employee payroll	\$	292,195								
County's net OPEB liability as a percentage of covered-employee payroll		4.35%								
Expected average remaining service years of all participants		8								
Annual money-weighted rate of return		10.17%								

Notes to Schedule:

*Projected benefit payments.* Calculations assume that the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

*Changes of assumptions.* There are no changes in actuarial assumptions reflected in the current schedule.

Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

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

OPEB Master Trust Fund - County Premium Plan  
Schedule of County Contributions - Last 10 Fiscal Years

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 1,884	1,623	1,567	2,085	2,072	3,543	3,417	2,660	3,039	3,233
Contributions in relation to the actuarially determined contribution	1,884	1,623	1,567	2,085	2,072	3,543	3,417	2,660	5,249	-
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	(2,210)	3,233
Covered-employee payroll	\$ 292,195	280,308	256,956	258,704	247,366	237,034	220,389	221,201	221,537	213,977
Contributions as a percentage of covered employee payroll <sup>1</sup>	0.64%	0.58%	0.61%	0.81%	0.84%	1.49%	1.55%	1.20%	2.37%	0.00%

<sup>1</sup>The rates shown are as a percentage of total covered employee payroll.

Notes to Schedule:

Benefit changes: None.

Changes of assumptions: None.

Valuation Date	7/1/2016
Actuarial cost method	Projected Unit Cost
Amortization method	Level percent of projected pay, closed
Remaining amortization period	21 years, closed
Asset valuation method	Fair market value
Investment rate of return	7.0%, net of OPEB Trust investment expense
Payroll growth rate	3.5%
Inflation	2.4%
Healthcare cost trend rate	4.7% base, 5.1% sensitivity, pre-Medicare

Changes in Net OPEB Liability and Related Ratios - Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

OPEB Master Trust Fund - County Retiree Health Insurance Credit Plan										
Changes in the County's Net OPEB Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Information for FY 2016 and earlier is not available.</i>										
Total OPEB liability										
Service cost	\$	755								
Interest on total OPEB liability		2,254								
Changes of benefit terms		-								
Differences between expected and actual experience		(163)								
Changes of assumptions		-								
Benefit payments		(1,647)								
Net change in total OPEB liability		1,199								
Total OPEB liability - beginning		33,112								
Total OPEB liability - ending (a)	\$	<u>34,311</u>								
Plan fiduciary net position										
Contributions - employer	\$	2,267								
Contributions - member		-								
Net investment income		1,479								
Benefit payments, including refunds of member contributions		(1,647)								
Asset adjustment		1,609								
Administrative expense		-								
Other		-								
Net change in plan fiduciary net position		3,708								
Plan fiduciary net position - beginning		11,587								
Plan fiduciary net position - ending (b)	\$	<u>15,295</u>								
County's net OPEB liability - ending (a)-(b)	\$	19,016								
Plan fiduciary net position as a percentage of the total OPEB liability (b) / (a)		44.58%								
Covered-employee payroll	\$	292,195								
County's net OPEB liability as a percentage of covered-employee payroll		6.51%								
Expected average remaining service years of all participants		8								
Annual money-weighted rate of return		10.17%								

**Notes to Schedule:**

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

Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

*Changes of assumptions.* There are no changes in actuarial assumptions reflected in the current schedule.

\* All volunteer fire and rescue personnel are not compensated.

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 8B

<b>OPEB Master Trust Fund - County Retiree Health Insurance Credit Plan</b>											
<b>Schedule of County Contributions - Last 10 Fiscal Years</b>											
Fiscal Year		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$	2,267	2,061	2,023	2,107	2,082	1,844	1,811	1,746	2,144	2,209
Contributions in relation to the actuarially determined contribution		2,267	2,061	2,023	2,107	2,082	1,844	1,811	1,746	3,642	-
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-	(1,498)	2,209
Covered-employee payroll	\$	292,195	280,308	256,956	258,704	247,366	237,034	220,389	221,201	221,537	213,977
Contributions as a percentage of covered employee payroll <sup>1</sup>		0.78%	0.74%	0.79%	0.81%	0.84%	0.78%	0.82%	0.79%	1.64%	0.00%

<sup>1</sup>The rates shown are as a percentage of total covered employee payroll.

**Notes to Schedule:**

*Benefit changes:* None.

*Changes of assumptions:* None.

Valuation Date	7/1/2016
Actuarial cost method	Projected Unit Cost
Amortization method	Level percent of projected pay, closed
Remaining amortization period	21 years, closed
Asset valuation method	Fair market value
Investment rate of return	7.0%, net of OPEB Trust investment expense
Payroll growth rate	3.5%
Inflation	2.4%
Healthcare cost trend rate	4.7% base, 5.1% sensitivity, pre-Medicare



Changes in Net OPEB Liability and Related Ratios - Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

**OPEB Master Trust Fund - County Line of Duty Act Plan**  
**Changes in the County's Net OPEB Liability and Related Ratios - Last 10 Fiscal Years**

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	<i>Information for FY 2016 and earlier is not available.</i>									
Total OPEB liability										
Service cost	\$	1,044								
Interest on total OPEB liability		920								
Changes of benefit terms		-								
Differences between expected and actual experience		45								
Changes of assumptions		-								
Benefit payments		(815)								
Net change in total OPEB liability		<u>1,194</u>								
Total OPEB liability - beginning		<u>13,535</u>								
Total OPEB liability - ending (a)	\$	<u><u>14,729</u></u>								
Plan fiduciary net position										
Contributions - employer	\$	1,424								
Contributions - member		-								
Net investment income		1,169								
Benefit payments, including refunds of member contributions		(815)								
Asset adjustment		-								
Administrative expense		-								
Other		-								
Net change in plan fiduciary net position		<u>1,778</u>								
Plan fiduciary net position - beginning		<u>9,166</u>								
Plan fiduciary net position - ending (b)	\$	<u><u>10,944</u></u>								
County's net OPEB liability - ending (a)-(b)	\$	3,785								
Plan fiduciary net position as a percentage of the total OPEB liability (b) / ( a)		74.30%								
Covered-employee payroll	\$	81,715								
County's net OPEB liability as a percentage of covered-employee payroll		4.63%								
Expected average remaining service years of all participants		12								
Annual money-weighted rate of return		10.17%								

**Notes to Schedule:**

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

Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

*Changes of assumptions.* There are no changes in actuarial assumptions reflected in the current schedule.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 9B

**OPEB Master Trust Fund - County Line of Duty Act Plan**  
**Schedule of County Contributions - Last 10 Fiscal Years**

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	<i>Information for FY 2012 and earlier is not available.</i>									
Actuarially determined contribution	\$ 2,267	1,529	1,474	3,165	5,312					
Contributions in relation to the actuarially determined contribution	2,267	1,529	1,474	7,778	-					
Contribution deficiency (excess)	\$ -	-	-	(4,613)	5,312					
Covered-employee payroll	\$ 83,241	79,081	95,795	86,476	105,805					
Contributions as a percentage of covered employee payroll <sup>1</sup>	2.72%	1.93%	1.54%	8.99%	0.00%					

<sup>1</sup>The rates shown are as a percentage of total covered employee payroll.

**Notes to Schedule:**

*Benefit changes:* None.

*Changes of assumptions:* None.

Valuation Date	7/1/2016
Actuarial cost method	Projected Unit Cost
Amortization method	Level percent of projected pay, closed
Remaining amortization period	26 years, closed
Asset valuation method	Fair market value
Investment rate of return	7.0%, net of OPEB Trust investment expense
Payroll growth rate	3.5%
Inflation	2.4%
Healthcare cost trend rate	4.7% base, 5.1% sensitivity, pre-Medicare 4.7% base, 4.9% sensitivity, post-Medicare

Changes in Net OPEB Liability and Related Ratios - Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

OPEB Master Trust Fund - School Board Premium Plan										
Changes in the County's Net OPEB Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Information for FY 2016 and earlier is not available.</i>										
Total OPEB liability										
Service cost	\$	2,624								
Interest on total OPEB liability		4,691								
Changes of benefit terms		-								
Differences between expected and actual experience		-								
Changes of assumptions		-								
Benefit payments/refunds		<u>(3,329)</u>								
Net change in total OPEB liability		3,986								
Total OPEB liability - beginning		<u>64,375</u>								
Total OPEB liability - ending (a)	\$	<u><u>68,361</u></u>								
Plan fiduciary net position										
Contributions - employer	\$	1,000								
Contributions - member		-								
Net investment income		2,619								
Benefit payments, including refunds of member contributions		-								
Administrative expense		-								
Other		-								
Net change in plan fiduciary net position		<u>3,619</u>								
Plan fiduciary net position - beginning		<u>26,327</u>								
Plan fiduciary net position - ending (b)	\$	<u><u>29,946</u></u>								
County's net OPEB liability - ending (a)-(b)	\$	38,415								
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)		43.81%								
Covered-employee payroll	\$	576,721								
County's net OPEB liability as a percentage of covered-employee payroll		6.66%								
Expected average remaining service years of all participants		8								
Annual money-weighted rate of return		10.17%								

**Notes to Schedule:**

*Projected benefit payments.* Calculations assume that the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

*Changes of assumptions.* There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 10B

**OPEB Master Trust Fund - School Board Premium Plan**  
**Schedule of County Contributions - Last 10 Fiscal Years**

Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	<i>Information for FY 2016 and earlier is not available.</i>									
Actuarially determined contribution	\$ 5,000									
Contributions in relation to the actuarially determined contribution	1,000									
Other contributions in relation to the actuarially determined contribution	<u>3,329</u>									
Contribution deficiency (excess)	<u>\$ 671</u>									
Covered-employee payroll	\$ 576,721									
Contributions as a percentage of covered employee payroll <sup>1</sup>	0.75%									

<sup>1</sup>The rates shown are as a percentage of total covered employee payroll.

**Notes to Schedule:**

*Benefit changes:* None.

*Changes of assumptions:* None.

Valuation Date	7/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of projected pay, closed
Remaining amortization period	30 years
Asset valuation method	Fair market value
Investment rate of return	7.0%, net of OPEB Trust investment expense
Payroll growth rate	2.5%
Inflation	2.5%
Healthcare cost trend rate	8.0% base, 5.% sensitivity

## Nonmajor Governmental Funds Special Revenue Funds

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

**T**he 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.

**T**he 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.

**D**evelopment 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.

**H**ousing receives its revenue primarily from Federal housing grants that are used to develop affordable housing opportunities for County residents.

**C**ommunity Development Authorities receive its revenue from special assessments collected by the county and distributed to Board established special taxing districts. Expenditures consist of public improvements including roads, utility infrastructure and water and sanitary sewer facilities, etc. within the boundaries of the Community Development Authorities.

**E**mergency Medical Services receives its revenue from ambulatory transport charges associated with fire and rescue emergency services delivery.

**O**ther special revenue funds consists of revenues received for the benefit of the Animal Shelter, such as fees for animal-friendly license plates.

COUNTY OF PRINCE WILLIAM, VIRGINIA  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
As of June 30, 2017  
(amounts expressed in thousands)

Schedule 11

	Transportation Districts	Stormwater Management District/Gypsy Moth and Forest Pest Management	Development Fee Services	Housing	Emergency Medical Services	Other	Totals
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 1,415	11,989	8,150	2,985	3,815	115	28,469
Property taxes receivable, net	-	4	-	-	-	-	4
Accounts receivable, net	5	79	87	400	533	-	1,104
Due from other governmental units	-	-	-	-	249	-	249
Total assets	<u>1,420</u>	<u>12,072</u>	<u>8,237</u>	<u>3,385</u>	<u>4,597</u>	<u>115</u>	<u>29,826</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES:</b>							
Accounts payable	177	127	40	20	30	-	394
Wages and benefits payable	-	148	481	76	23	-	728
Due to other governmental units	-	53	-	-	-	-	53
Unearned revenue	-	2,442	13	37	-	-	2,492
Total liabilities	<u>177</u>	<u>2,770</u>	<u>534</u>	<u>133</u>	<u>53</u>	<u>-</u>	<u>3,667</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Prepaid taxes	188	503	-	-	-	-	691
Unavailable taxes	-	2	-	-	-	-	2
Total deferred inflows of resources	<u>188</u>	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693</u>
<b>FUND BALANCES:</b>							
Restricted	1,055	8,797	7,703	3,252	4,544	115	25,466
Total fund balances	<u>1,055</u>	<u>8,797</u>	<u>7,703</u>	<u>3,252</u>	<u>4,544</u>	<u>115</u>	<u>25,466</u>
Total liabilities and fund balances	<u>\$ 1,420</u>	<u>12,072</u>	<u>8,237</u>	<u>3,385</u>	<u>4,597</u>	<u>115</u>	<u>29,826</u>

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, 2017  
(amounts expressed in thousands)

Schedule 12

	Transportation Districts	Stormwater Management District/Gypsy Moth and Forest Pest Management	Development Fee Services	Housing	Community Development Authorities	Emergency Medical Services	Other	Totals
<b>REVENUES:</b>								
General property taxes	\$ 648	1,396	-	-	2,593	-	-	4,637
Permits, privilege fees and regulatory licenses	-	221	17,527	-	-	-	-	17,748
From use of money and property	(2)	-	(28)	8	-	(3)	-	(25)
Charges for services	6	8,296	922	5,482	-	4,877	-	19,583
Intergovernmental revenues:								
Federal	-	-	-	26,907	-	-	-	26,907
State	-	15	-	-	-	35	-	50
Miscellaneous	-	-	229	-	-	-	7	236
Total revenues	652	9,928	18,650	32,397	2,593	4,909	7	69,136
<b>EXPENDITURES:</b>								
Public safety - Public Works	-	-	13,112	-	-	4,509	4	17,625
Public works - Public Works	460	-	-	-	-	-	-	460
Community development - Housing	-	-	-	31,686	-	-	-	31,686
Community development - Public Works	-	6,847	5,415	-	-	-	-	12,262
Community development authority	-	-	-	-	2,585	-	-	2,585
Total expenditures	460	6,847	18,527	31,686	2,585	4,509	4	64,618
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in:								
General fund	-	123	4,403	57	-	-	-	4,583
Transfers out:								
General fund	(276)	(887)	(1,493)	(151)	(8)	(474)	(5)	(3,294)
Internal service funds	-	(35)	(366)	-	-	-	-	(401)
Capital projects funds	-	(2,169)	-	-	-	-	-	(2,169)
Sale of surplus property	-	-	7	-	-	-	-	7
Total other financing sources (uses)	(276)	(2,968)	2,551	(94)	(8)	(474)	(5)	(1,274)
Net change in fund balances	(84)	113	2,674	617	-	(74)	(2)	3,244
<b>FUND BALANCE, beginning of year, as restated</b>								
	1,139	8,684	5,029	2,635	-	4,618	117	22,222
<b>FUND BALANCE, end of year</b>	\$ 1,055	8,797	7,703	3,252	-	4,544	115	25,466

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

Schedule 13

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, 2017  
 (amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 634	634	648	14
From use of money and property	7	7	22	15
Charges for services	-	-	6	6
Total budgetary revenues	641	641	676	35
<b>BUDGETARY EXPENDITURES:</b>				
Public works - Public Works	427	509	460	49
Total budgetary expenditures	427	509	460	49
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out:				
General fund	(276)	(276)	(276)	-
Total other financing sources (uses)	(276)	(276)	(276)	-
Net change in budgetary fund balance	(62)	(144)	(60)	84
<b>BUDGETARY FUND BALANCE, beginning of year, as restated</b>	1,171	1,171	1,171	
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 1,109	1,027	1,111	84
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Use of money and property (Schedule 13)	\$ 7	7	22	15
Current year fair value adjustment	-	-	(24)	(24)
Use of money and property (Schedule 12)	7	7	(2)	(9)
Cumulative fair value adjustments of prior periods	-	-	(32)	(32)
<b>BUDGETARY FUND BALANCE, end of year, as restated</b>	1,109	1,027	1,111	84
Total adjustments	-	-	(56)	(56)
<b>FUND BALANCE, end of year</b>	\$ 1,109	1,027	1,055	28



SPECIAL REVENUE FUND - Stormwater Management District/Gypsy Moth and Forest Pest Management

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, 2017  
(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 1,436	1,436	1,396	(40)
Permits, privilege fees and regulatory licenses	200	200	221	21
From use of money and property	130	130	210	80
Charges for services	7,846	7,846	8,296	450
Intergovernmental revenues:				
State	-	10	15	5
Total budgetary revenues	9,612	9,622	10,138	516
<b>BUDGETARY EXPENDITURES:</b>				
Community Development - Public Works	8,363	8,784	6,847	1,937
Total budgetary expenditures	8,363	8,784	6,847	1,937
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in:				
General fund	-	123	123	-
Transfers out:				
General fund	(887)	(887)	(887)	-
Internal service funds	(35)	(35)	(35)	-
Capital projects funds	(2,169)	(2,169)	(2,169)	-
Total other financing sources (uses)	(3,091)	(2,968)	(2,968)	-
Net change in budgetary fund balance	(1,842)	(2,130)	323	2,453
<b>BUDGETARY FUND BALANCE, beginning of year, as restated</b>	8,703	8,703	8,703	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 6,861	6,573	9,026	2,453
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Use of money and property (Schedule 14)	\$ 130	130	210	80
Current year fair value adjustment	-	-	(210)	(210)
Use of money and property (Schedule 12)	130	130	-	(130)
Cumulative fair value adjustments of prior periods	-	-	(19)	(19)
<b>BUDGETARY FUND BALANCE, end of year</b>	6,861	6,573	9,026	2,453
Total adjustments	-	-	(229)	(229)
<b>FUND BALANCE, end of year</b>	\$ 6,861	6,573	8,797	2,224

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 SPECIAL REVENUE FUND - Development Fee Services

Schedule 15

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, 2017

(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
Permits, privilege fees and regulatory licenses	\$ 16,882	16,882	17,527	645
From use of money and property	55	55	81	26
Charges for services	1,072	1,072	922	(150)
Miscellaneous	268	268	229	(39)
Total budgetary revenues	18,277	18,277	18,759	482
<b>BUDGETARY EXPENDITURES:</b>				
Public safety - Public Works	14,153	14,182	13,112	1,070
Community development - Public Works	6,003	5,996	5,415	581
Total budgetary expenditures	20,156	20,178	18,527	1,651
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in:				
General fund	4,135	4,404	4,403	1
Transfers out:				
General fund	(1,493)	(1,493)	(1,493)	-
Internal service funds	(367)	(367)	(366)	(1)
Sale of surplus property	-	-	7	(7)
Total other financing sources (uses)	2,275	2,544	2,551	(7)
Net change in budgetary fund balance	396	643	2,783	2,126
<b>BUDGETARY FUND BALANCE, beginning of year</b>	4,965	4,965	4,965	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 5,361	5,608	7,748	2,140
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Use of money and property (Schedule 15)	\$ 55	55	81	26
Current year fair value adjustment	-	-	(109)	(109)
Use of money and property (Schedule 12)	55	55	(28)	(83)
Cumulative fair value adjustments of prior periods	-	-	64	64
<b>BUDGETARY FUND BALANCE, end of year</b>	5,361	5,608	7,748	2,140
Total adjustments	-	-	(45)	(45)
<b>FUND BALANCE, end of year</b>	\$ 5,361	5,608	7,703	2,095

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, 2017

(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
From use of money and property	\$ -	-	8	8
Charges for services	7,698	7,698	5,482	(2,216)
Intergovernmental revenues:				
Federal	27,193	30,447	26,907	(3,540)
Miscellaneous	145	145	-	(145)
Total budgetary revenues	35,036	38,290	32,397	(5,893)
<b>BUDGETARY EXPENDITURES:</b>				
Community development - Housing	34,911	38,198	31,686	6,512
Total budgetary expenditures	34,911	38,198	31,686	6,512
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in:				
General fund	21	57	57	-
Transfers out:				
General fund	(151)	(151)	(151)	-
Total other financing sources (uses)	(130)	(94)	(94)	-
Net change in budgetary fund balance	(5)	(2)	617	619
<b>BUDGETARY FUND BALANCE, beginning of year</b>	2,635	2,635	2,635	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 2,630	2,633	3,252	619

**Note to Schedule:**

GAAP basis equals Budgetary basis

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 SPECIAL REVENUE FUND - Community Development Authorities

Schedule 17

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, 2017  
 (amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 2,593	2,593	2,593	-
Total budgetary revenues	2,593	2,593	2,593	-
<b>BUDGETARY EXPENDITURES:</b>				
Community development authority	2,593	2,585	2,585	-
Total budgetary expenditures	2,593	2,585	2,585	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out:				
General fund	-	(8)	(8)	-
Total other financing sources (uses)	-	(8)	(8)	-
Net change in budgetary fund balance	-	-	-	-
<b>BUDGETARY FUND BALANCE, beginning of year</b>	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ -	-	-	-

**Note to Schedule:**

GAAP basis equals Budgetary basis

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 SPECIAL REVENUE FUND - Emergency Medical Services

Schedule 18

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, 2017  
 (amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
From use of money and property	\$ -	-	83	83
Charges for services	5,582	5,582	4,877	(705)
Intergovernmental revenues:				
State	-	-	35	35
Total budgetary revenues	5,582	5,582	4,995	(587)
<b>BUDGETARY EXPENDITURES:</b>				
Public safety - Public Works	4,604	4,604	4,509	95
Total budgetary expenditures	4,604	4,604	4,509	95
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out:				
General fund	(474)	(474)	(474)	-
Total other financing sources (uses)	(474)	(474)	(474)	-
Net change in budgetary fund balance	504	504	12	(492)
<b>BUDGETARY FUND BALANCE, beginning of year, as restated</b>	4,618	4,618	4,618	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 5,122	5,122	4,630	(492)
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Use of money and property (Schedule 18)	\$ -	-	83	83
Current year fair value adjustment	-	-	(86)	(86)
Use of money and property (Schedule 12)	-	-	(3)	(3)
Cumulative fair value adjustments of prior periods	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	-	5,122	4,630	(492)
Total adjustments	-	-	(86)	(86)
<b>FUND BALANCE, end of year</b>	\$ -	5,122	4,544	(578)

SPECIAL REVENUE FUND - Other

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, 2017

(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
From use of money and property	\$ -	-	2	(2)
Intergovernmental revenues:				
State	-	10	7	3
Total budgetary revenues	-	10	9	1
<b>BUDGETARY EXPENDITURES:</b>				
Public safety - Public Works	-	10	4	6
Total budgetary expenditures	-	10	4	6
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out:				
General fund	-	(5)	(5)	-
Total other financing sources (uses)	-	(5)	(5)	-
Net change in budgetary fund balance	-	(5)	-	5
<b>BUDGETARY FUND BALANCE, beginning of year, as restated</b>	117	117	117	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 117	112	117	5
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Use of money and property (Schedule 19)	-	-	2	(2)
Current year fair value adjustment	-	-	(2)	(2)
Use of money and property (Schedule 12)	-	-	-	(4)
Cumulative fair value adjustments of prior periods	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	117	112	117	5
Total adjustments	-	-	(2)	(2)
<b>FUND BALANCE, end of year</b>	\$ 117	112	115	3

## 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*

The Construction Crew provides roads and sidewalk construction and maintenance on County property; Data Processing provides computer operations and software applications; and Vehicle Maintenance provides fleet operations services.

### *Self-insurance*

Three self-insurance programs provide the County with liability, property damage, casualty and workers' compensation insurance.

### *Health Insurance*

The Health Insurance Fund provides self-insurance medical and dental coverage for employees, and fully insured vision coverage. Flexible spending benefits and an additional insurance credit for retirees is also a component of this fund.

COUNTY OF PRINCE WILLIAM, VIRGINIA  
INTERNAL SERVICE FUNDS  
Combining Statement of Net Position  
June 30, 2017  
(amounts expressed in thousands)

Schedule 20

	Intra- County Services	Other Self- Insurance	Self- Insurance Casualty Pool	Self- Insurance Workers' Compensation Association	Health Insurance	Totals
<b>ASSETS</b>						
Current assets:						
Equity in pooled cash and investments	\$ 22,400	197	-	-	29,350	51,947
Restricted cash and temporary investments	-	-	1,946	2,592	-	4,538
Investments	-	-	1,092	25,085	-	26,177
Accounts receivable, net	125	-	6	151	3,937	4,219
Inventory	427	-	-	-	-	427
Prepays	225	-	126	29	366	746
Total current assets	23,177	197	3,170	27,857	33,653	88,054
Non-current assets:						
Restricted investments	-	-	500	750	-	1,250
Capital assets:						
Land and construction in progress	653	-	-	-	-	653
Buildings and other capital assets, net of	5,184	-	-	-	-	5,184
Total non-current assets	5,837	-	500	750	-	7,087
Total assets	29,014	197	3,670	28,607	33,653	95,141
<b>Deferred outflow of resources</b>						
Deferred outflows related to pensions	2,816	-	-	-	110	2,926
Total deferred outflow of resources	2,816	-	-	-	110	2,926
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	3,441	-	59	146	1,410	5,056
Wages and benefits payable	448	-	-	-	-	448
Unpaid losses, related liabilities and IBNR	-	178	390	2,085	4,695	7,348
Unearned revenue	-	-	-	-	3,723	3,723
Current portion of surplus distribution payable	-	-	455	850	-	1,305
Compensated absences	108	-	-	-	-	108
Total current liabilities	3,997	178	904	3,081	9,828	17,988
Non-current liabilities:						
Unpaid losses, related liabilities and IBNR	-	-	77	14,784	-	14,861
Surplus distribution payable	-	-	200	1,995	-	2,195
Net pension liability	8,190	-	-	-	181	8,371
Compensated absences	1,631	-	-	-	-	1,631
Total non-current liabilities	9,821	-	277	16,779	181	27,058
Total liabilities	13,818	178	1,181	19,860	10,009	45,046
<b>Deferred inflows of resources:</b>						
Deferred inflows from pension contributions	570	-	-	-	22	592
Total deferred inflows of resources	570	-	-	-	22	592
<b>NET POSITION</b>						
Net investment in capital assets	5,837	-	-	-	-	5,837
Restricted for self-insurance funds	-	-	500	2,118	1,669	4,287
Unrestricted	11,605	19	1,989	6,629	22,063	42,305
Total net position	\$ 17,442	19	2,489	8,747	23,732	52,429



INTERNAL SERVICE FUNDS

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

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 38,397	-	1,617	5,256	52,455	97,725
Miscellaneous	174	61	-	-	3,981	4,216
Total operating revenues	38,571	61	1,617	5,256	56,436	101,941
<b>OPERATING EXPENSES:</b>						
Personal services	15,480	-	-	-	558	16,038
Contractual services	15,680	-	492	686	4,232	21,090
Materials/supplies	7,073	-	-	-	-	7,073
Depreciation	1,532	-	-	-	-	1,532
Other	120	-	-	-	217	337
Claims and premiums	66	-	504	418	44,994	45,982
OPEB cost	-	-	-	-	5,069	5,069
Losses and loss adjustment expenses	-	-	331	7,311	290	7,932
Total operating expenses	39,951	-	1,327	8,415	55,360	105,053
Operating income/(loss)	(1,380)	61	290	(3,159)	1,076	(3,112)
<b>NON-OPERATING REVENUES/(EXPENSES):</b>						
Interest income	57	(2)	23	80	(113)	45
Gain/(loss) on sale of capital assets	(3)	-	-	-	-	(3)
Total non-operating revenues/(expenses)	54	(2)	23	80	(113)	42
Income/(loss) before transfers and capital contributions	(1,326)	59	313	(3,079)	963	(3,070)
<b>TRANSFERS:</b>						
Transfers in:						
General fund	139	1	-	-	-	140
Capital projects funds	130	-	-	-	-	130
Special revenue funds	401	-	-	-	-	401
Fire & rescue levy funds	-	-	-	-	98	98
Total transfers	670	1	-	-	98	769
Capital contributions	86	-	-	-	-	86
Change in net position	(570)	60	313	(3,079)	1,061	(2,215)
<b>NET POSITION, beginning of year, as restated</b>	18,012	(41)	2,176	11,826	22,671	54,644
<b>NET POSITION, end of year</b>	\$ 17,442	19	2,489	8,747	23,732	52,429

COUNTY OF PRINCE WILLIAM, VIRGINIA  
INTERNAL SERVICE FUNDS  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2017  
(amounts expressed in thousands)

Schedule 22

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from County agencies	\$ 38,313	-	1,311	4,465	56,700	100,789
Cash received from other entities	174	61	-	-	508	743
Payments for claims and premiums	-	(73)	(357)	(4,557)	(44,994)	(49,981)
Payments to suppliers for goods and services	(21,217)	-	(1,074)	(1,100)	(8,730)	(32,121)
Payments to employees for services	(14,245)	-	7	-	(545)	(14,783)
Net cash provided (used) by operating activities	3,025	(12)	(113)	(1,192)	2,939	4,647
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Surplus distributions paid	-	-	(701)	(14)	-	(715)
Transfers in	670	1	-	-	98	769
Transfers out	-	-	-	-	-	-
Net cash provided (used) by non-capital financing activities	670	1	(701)	(14)	98	54
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(2,358)	-	-	-	-	(2,358)
Proceeds from the sale of capital assets	9	-	-	-	-	9
Net cash provided (used) by capital and related financing activities	(2,349)	-	-	-	-	(2,349)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Proceeds from maturities of investments	-	-	2,400	10,012	-	12,412
Purchases of investments	-	-	(794)	(19,487)	-	(20,281)
Interest and dividends received on investments	57	(2)	29	369	(240)	213
Net cash provided (used) by investing activities	57	(2)	1,635	(9,106)	(240)	(7,656)
Net increase (decrease) in cash and cash equivalents	1,403	(13)	821	(10,312)	2,797	(5,304)
<b>CASH AND CASH EQUIVALENTS, beginning of year, as restated</b>	20,997	210	1,125	12,904	26,553	61,789
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 22,400	197	1,946	2,592	29,350	56,485
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income/(loss)	\$ (1,380)	61	290	(3,159)	1,076	(3,112)
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:						
Depreciation	1,532	-	-	-	-	1,532
Dividends applied to premiums	-	-	(306)	(791)	-	(1,097)
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	(84)	-	(100)	(34)	508	290
Inventory	(95)	-	-	-	-	(95)
Prepaid items	-	-	-	(1)	(366)	(367)
Deferred outflows of resources	(1,488)	-	-	-	(84)	(1,572)
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	1,925	(73)	30	39	1,444	3,365
Unpaid losses and related expenses	-	-	(27)	2,754	-	2,727
Unearned revenue	-	-	-	-	264	264
Long term obligations	2,660	-	-	-	87	2,747
Deferred inflows from pensions	(45)	-	-	-	10	(35)
Total adjustments	4,405	(73)	(403)	1,967	1,863	7,759
Net cash provided (used) by operating activities	\$ 3,025	(12)	(113)	(1,192)	2,939	4,647

## Fiduciary & Agency Funds

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

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

**A**gency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Special Welfare Fund, the Community Service Board Payees Fund, the Housing FSS Recipients Fund, and the 2% Transient Occupancy Tax fund, are used to account for receipts and disbursements of monies for certain County welfare, mental health services, Federal Self-Sufficiency (FSS) program recipients and 2% Transient Occupancy Tax fund is used to account for receipts of monies disbursed to Northern Virginia Transportation Authority.

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Pension and OPEB Trust Funds

As of June 30, 2017

(amounts expressed in thousands)

	Pension Trust Funds	Other Post-Employment Benefits (OPEB) Master Trust Fund	Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds
<b>ASSETS</b>			
Restricted cash	\$ 479	-	479
Restricted Investments			
Money market mutual funds	477	44	521
Tactical asset allocation funds	2,532	-	2,532
US Government Agency Securities	1,804		1,804
US Treasury Notes	805		805
Corporate bonds	3,487		3,487
Equity mutual funds	18,980	46,314	65,294
Real assets	2,363	-	2,363
Bond mutual funds	5,289	27,061	32,350
Life insurance annuity	15,412	-	15,412
Common stock	444	-	444
Total investments	51,593	73,419	125,012
Prepaid items	-	-	-
Total assets	52,072	73,419	125,491
<b>LIABILITIES</b>			
Accounts payable	4	3,738	3,742
Total liabilities	4	3,738	3,742
<b>NET POSITION</b>			
Net position restricted for pensions	52,068	-	52,068
Net position restricted for OPEB	-	69,681	69,681
Total net position	\$ 52,068	69,681	121,749

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Pension Trust Funds	Other Post-Employment Benefits (OPEB) Master Trust Fund	Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Member	\$ 1,199	-	1,199
Employer	2,010	6,575	8,585
Investment income:			
Interest and dividends	1,099	1,528	2,627
Net appreciation (depreciation) in fair value of investments	3,298	5,175	8,473
Total investment income	4,397	6,703	11,100
Less investment expense	56	154	210
Net investment income	4,341	6,549	10,890
Total additions	7,550	13,124	20,674
<b>DEDUCTIONS</b>			
Pension payments	2,837	-	2,837
Refund of members' contributions	151	-	151
Administrative expenses	163	-	163
Other post-employment benefit payments	-	3,723	3,723
Total deductions	3,151	3,723	6,874
Change in net position	4,399	9,401	13,800
<b>NET POSITION, beginning of year</b>	47,669	60,280	107,949
<b>NET POSITION, end of year</b>	\$ 52,068	69,681	121,749

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Pension Funds

As of June 30, 2017

(amounts expressed in thousands)

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Trust Funds
<b>ASSETS</b>			
Restricted cash	\$ 479	-	479
Restricted Investments			
Money market mutual funds	477	-	477
US Government Agency Securities	2,532	-	2,532
US Treasury Notes	1,804	-	1,804
Corporate bonds	805	-	805
Tactical asset allocation funds	3,487	-	3,487
Equity mutual funds	18,980	-	18,980
Real assets	2,363	-	2,363
Bond mutual funds	5,289	-	5,289
Life insurance annuity	-	15,412	15,412
Common stock	444	-	444
Total investments	36,181	15,412	51,593
Total assets	36,660	15,412	52,072
<b>LIABILITIES</b>			
Accounts payable	4	-	4
Total liabilities	4	-	4
<b>NET POSITION</b>			
Net position restricted for pensions	36,656	15,412	52,068
Restricted for OPEB	-	-	-
Held in trust for other purposes	-	-	-
Total net position	\$ 36,656	15,412	52,068

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position - Pension Funds

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Member	\$ 1,199	-	1,199
Employer	1,199	811	2,010
Total contributions	2,398	811	3,209
Investment income:			
Interest and dividends	663	436	1,099
Net appreciation in fair value of investments	3,298	-	3,298
Total investment income	3,961	436	4,397
Less investment expense	56	-	56
Net investment income	3,905	436	4,341
Total additions	6,303	1,247	7,550
<b>DEDUCTIONS</b>			
Pension payments	2,440	397	2,837
Refund of members' contributions	151	-	151
Administrative expenses	93	70	163
Total deductions	2,684	467	3,151
Change in net position	3,619	780	4,399
<b>NET POSITION, beginning of year</b>	33,037	14,632	47,669
<b>NET POSITION, end of year</b>	\$ 36,656	15,412	52,068

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - OPEB Master Trust Fund

June 30, 2017

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Premium Plan Trust Fund	Other Post-Employment Benefits (OPEB) County Retirees Health Insurance Credit Plan (RHICP) Trust Fund	Other Post-Employment Benefits (OPEB) County LODA Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
<b>ASSETS</b>					
Restricted investments, at fair value	\$ 14,763	16,942	11,762	29,952	73,419
Total assets	14,763	16,942	11,762	29,952	73,419
<b>LIABILITIES</b>					
Accounts payable	1,267	1,647	818	6	3,738
Total liabilities	1,267	1,647	818	6	3,738
<b>NET POSITION</b>					
Restricted for OPEB	13,496	15,295	10,944	29,946	69,681
Total net position	\$ 13,496	15,295	10,944	29,946	69,681



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

For the Year Ended June 30, 2017  
 (amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Premium Plan Trust Fund	Other Post-Employment Benefits (OPEB) County Retirees Health Insurance Credit Plan (RHICP) Trust Fund	Other Post-Employment Benefits (OPEB) County LODA Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 1,884	2,267	1,424	1,000	6,575
Investment income:					
Interest and dividends	644	-	273	611	1,528
Net appreciation in fair value of investments	2,182	-	923	2,070	5,175
Total investment income	2,826	-	1,196	2,681	6,703
Less investment expense	65	-	27	62	154
Net investment income	2,761	-	1,169	2,619	6,549
Total additions	4,645	2,267	2,593	3,619	13,124
<b>DEDUCTIONS</b>					
Other post-employment benefit payments	1,261	1,647	815	-	3,723
Total deductions	1,261	1,647	815	-	3,723
Change in net position	3,384	620	1,778	3,619	9,401
<b>NET POSITION, beginning of year</b>	10,112	14,675	9,166	26,327	60,280
<b>NET POSITION, end of year</b>	<b>\$ 13,496</b>	<b>15,295</b>	<b>10,944</b>	<b>29,946</b>	<b>69,681</b>

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Private Purpose Trust Funds

As of June 30, 2017

(amounts expressed in thousands)

	Private Purpose Trust Funds						Total
	Innovation	Historic			Animal	Liberty	
	Owners' Association	Preservation Foundation	Library Donations	Police Donations	Donations	Donations	
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 431	46	248	26	15	89	855
Accounts receivable, net	50	-	1	-	-	-	51
Total assets	481	46	249	26	15	89	906
<b>LIABILITIES</b>							
Accounts payable	-	-	11	-	-	-	11
Total liabilities	-	-	11	-	-	-	11
<b>NET POSITION</b>							
Net position restricted for other purposes	\$ 481	46	238	26	15	89	895

FIDUCIARY FUNDS

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

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Private Purpose Trust Funds						Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	Police Donations	Animal Donations	Liberty Donations	
<b>ADDITIONS</b>							
Contributions:							
Member	\$ -	1	-	-	-	-	1
Total contributions	-	1	-	-	-	-	1
Donations	81	3	92	-	15	-	191
Investment income:							
Interest and dividends	(2)	-	(1)	-	-	-	(3)
Net investment income	(2)	-	(1)	-	-	-	(3)
Total additions	79	4	91	-	15	-	189
<b>DEDUCTIONS</b>							
Administrative expenses	120	-	133	35	15	-	303
Total deductions	120	-	133	35	15	-	303
Change in net position	(41)	4	(42)	(35)	-	-	(114)
<b>NET POSITION, beginning of year, as restated</b>	522	42	280	61	15	89	1,009
<b>NET POSITION, end of year</b>	\$ 481	46	238	26	15	89	895

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 AGENCY FUNDS  
 Combining Statement of Fiduciary Net Position  
 June 30, 2017  
 (amounts expressed in thousands)

Schedule 31

	Special Welfare	Community Services Board Payees	Housing FSS Recipients	2% Transient Occupancy Tax	Total
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 6	-	633	-	639
Client cash in outside banks	-	63	-	-	63
Total assets	\$ 6	63	633	-	702
<b>LIABILITIES</b>					
Deposits and escrows	\$ 6	63	633	-	702
Total liabilities	\$ 6	63	633	-	702

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 AGENCY FUNDS

Schedule 32

Combining Statement of Changes In Assets and Liabilities

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>SPECIAL WELFARE</b>				
Equity in pooled cash and investments	\$ 24	205	223	6
Total assets	\$ 24	205	223	6
Deposits and escrows	\$ 24	205	223	6
Total liabilities	\$ 24	205	223	6
<b>COMMUNITY SERVICES BOARD PAYEES</b>				
Client cash in outside banks	\$ 54	511	502	63
Total assets	\$ 54	511	502	63
Deposits and escrows	\$ 54	511	502	63
Total liabilities	\$ 54	511	502	63
<b>HOUSING FSS RECIPIENTS</b>				
Equity in pooled cash and investments	\$ 550	172	89	633
Total assets	\$ 550	172	89	633
Deposits and escrows	\$ 550	172	89	633
Total liabilities	\$ 550	172	89	633
<b>2% Transient Occupancy Tax</b>				
Equity in pooled cash and investments	\$ -	1,576	1,576	-
Total assets	\$ -	1,576	1,576	-
Deposits and escrows	\$ -	1,576	1,576	-
Total liabilities	\$ -	1,576	1,576	-
<b>TOTAL AGENCY FUNDS</b>				
Equity in pooled cash and investments	\$ 574	1,953	1,888	639
Client cash in outside banks	54	511	502	63
Total assets	\$ 628	2,464	2,390	702
Deposits and escrows	\$ 628	2,464	2,390	702
Total liabilities	\$ 628	2,464	2,390	702

**DISCRETELY PRESENTED  
COMPONENT UNITS  
Adult Detention Center**

**T**he 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 33

June 30, 2017

(amounts expressed in thousands)

	<u>General Operating</u>	<u>Capital Projects</u>	<u>Totals</u>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 13,015	2,209	15,224
Accounts receivable, net	6	-	6
Due from other governmental units	1,904	-	1,904
Total assets	<u>\$ 14,925</u>	<u>2,209</u>	<u>17,134</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 458	32	490
Wages and benefits payable	923	-	923
Due to other governments	530	-	530
Total liabilities	<u>1,911</u>	<u>32</u>	<u>1,943</u>
<b>FUND BALANCES:</b>			
Committed	-	2,177	2,177
Assigned	727	-	727
Unassigned	12,287	-	12,287
Total fund balances	<u>13,014</u>	<u>2,177</u>	<u>15,191</u>
Total liabilities and fund balances	<u>\$ 14,925</u>	<u>2,209</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.	63,987
GASB 68 requires that deferred inflow and outflows of resources be reported	
Deferred outflow from pension contributions	5,811
Deferred inflows from pension contributions	(1,177)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Other long term liabilities	(16,987)
Compensated absences	(3,408)
Net position of governmental activities	<u>\$ 63,417</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, 2017  
(amounts expressed in thousands)

Schedule 34

	Governmental Fund Types		Totals
	General Operating	Capital Projects	
<b>REVENUES:</b>			
From use of money and property	\$ (34)	-	(34)
Charges for services	500	-	500
Intergovernmental revenues:			
Federal	311	-	311
State	11,210	-	11,210
Local	31,416	-	31,416
Miscellaneous	103	-	103
Total revenues	43,506	-	43,506
<b>EXPENDITURES:</b>			
Public safety	39,867	1,234	41,101
Total expenditures	39,867	1,234	41,101
Excess (deficiency) of revenues over (under) expenditures	3,639	(1,234)	2,405
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	3,211	3,211
Transfers out	(40)	-	(40)
Total other financing sources (uses)	(40)	3,211	3,171
Net change in fund balances	3,599	1,977	5,576
<b>FUND BALANCES, beginning of year</b>	9,415	200	
<b>FUND BALANCES, end of year</b>	\$ 13,014	2,177	

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	1,234
Subtract depreciation expense	(2,379)
GASB 68 requires reporting deferred inflows and outflow of resources	
Add current year's deferred outflow of resources-pension	5,811
Deduct deferred outflow from pension contributions from prior year	(2,758)
Subtract current year's deferred inflow or resources-pension	(1,177)
Add deferred inflows from pension contributions from prior year	1,276
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.	
Subtract current year's other long term liabilities-pension	(16,987)
Add prior year's other long term liabilities-pension	11,517
Add prior year's compensated absences liability	3,260
Subtract current year's compensated absences liability	(3,408)
Change in Adult Detention Center net position	\$ 1,965



DISCRETELY PRESENTED COMPONENT UNIT - Adult Detention Center (General Operating Fund)

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

For the Year Ended June 30, 2017

(amounts expressed in thousands)

	Budgeted Amounts		2017 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
From use of money and property	\$ -	-	(34)	(34)
Charges for services	663	663	500	(163)
Intergovernmental revenues:				
Federal	383	398	311	(87)
State	9,797	9,797	11,210	1,413
From other localities:				
Manassas	3,200	3,200	5,145	1,945
Manassas Park	476	476	978	502
Prince William County	25,345	25,259	25,293	34
Miscellaneous	57	57	103	46
Total revenues	39,921	39,850	43,506	3,656
<b>EXPENDITURES:</b>				
Public safety - Adult Detention	39,919	40,932	39,867	1,065
Total expenditures	39,919	40,932	39,867	1,065
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out:				
Capital projects funds	(40)	(40)	(40)	-
Total other financing sources (uses)	(40)	(40)	(40)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(38)	(1,122)	3,599	4,721
<b>FUND BALANCE, beginning of year</b>	9,415	9,415	9,415	-
<b>FUND BALANCE, end of year</b>	\$ 9,377	8,293	13,014	4,721

## DEBT OBLIGATIONS

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

Schedule of Bonds, Capital Leases and Other Long-Term Debt  
As of June 30, 2017  
(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2017					Total Outstanding (Not Matured) at June 30, 2017	Interest Rate (%)	Amount	Maturing Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
<b>General Obligation Bonds:</b>												
2002 Referendum	\$ 42,795	15,755	6-Aug-08	--	1,576	--	--	--	1,576	4.00	788	2018 thru 2019
		4,955	29-Jul-10	--	1,650	--	--	--	1,650	3.00	550	2018
										5.00	550	2019
										3.00	550	2020
Total 2002 Referendum	<u>\$ 42,795</u>	<u>20,710</u>		<u>--</u>	<u>3,226</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,226</u>			
2006 Referendum:	\$ 369,550	31,175	6-Aug-08	--	2,684	--	440	--	3,124	4.00	1,562	2018 thru 2019
		3,775	29-Jul-10	--	1,260	--	--	--	1,260	3.00	420	2018
										5.00	420	2019
										3.00	420	2020
Taxable - Local Build America Bonds		10,670	29-Jul-10	--	10,670	--	--	--	10,670	3.68	1,000	2021
										4.28	960	2022
										4.28	965	2023 thru 2026
										5.31	970	2027 thru 2031
		28,635	31-Jul-13	--	21,283	--	3,047	--	24,330	5.00	1,435	2018 thru 2021
										5.00	1,430	2022 thru 2024
										3.00	1,430	2025
										4.00	1,430	2026 thru 2027
										3.63	1,430	2028
										4.50	1,430	2029 thru 2031
										4.00	1,430	2032
										4.50	1,430	2033 thru 2034
	67,565	61,805	29-Jul-15	22,119	30,595	--	5,996	--	58,710	4.00	3,090	2018
										5.00	3,090	2019 thru 2026
										3.00	3,090	2027 thru 2028
										4.00	3,090	2029 thru 2030
										3.00	3,090	2031
										3.50	3,090	2032 thru 2034
										3.75	3,090	2035 thru 2036
Total 2006 Referendum	<u>\$ 437,115</u>	<u>136,060</u>		<u>22,119</u>	<u>66,492</u>	<u>--</u>	<u>9,483</u>	<u>--</u>	<u>98,094</u>			
Revenue Bonds	\$ 30,985	61,805	1-Mar-16	22,185	--	--	--	--	22,185	2.00	1,170	2018
										3.00	1,170	2019
										5.00	1,170	2020
										3.00	1,170	2021 thru 2022
										5.00	1,170	2023 thru 2027
										5.00	1,165	2028
										4.00	1,165	2029 thru 2033
										3.50	1,165	2034 thru 2036
Total Revenue Bond	<u>\$ 30,985</u>	<u>61,805</u>		<u>22,185</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>22,185</u>			

Schedule of Bonds, Capital Leases and Other Long-Term Debt  
 As of June 30, 2017  
 (amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2017					Total Outstanding (Not Matured) at June 30, 2017	Interest Rate (%)	Amount	Maturing Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
<b>General Obligation (cont'd):</b>												
<b>School Bonds</b>	\$ 19,900	19,900	1-Apr-97	--	--	--	--	995	995	5.60	995	2018
	9,850	9,850	30-Apr-99	--	--	--	--	980	980	5.10	490	2018 thru 2019
	11,930	11,930	13-May-99	--	--	--	--	1,785	1,785	5.10 5.23	595 595	2018 2019 thru 2020
	33,650	33,650	18-May-00	--	--	--	--	6,720	6,720	5.60	1,680	2018 thru 2021
	48,175	48,175	17-May-01	--	--	--	--	12,025	12,025	5.10	2,405	2018 thru 2022
	52,660	52,660	16-May-02	--	--	--	--	15,780	15,780	5.10	2,630	2018 thru 2023
	80,675	80,675	15-May-03	--	--	--	--	28,220	28,220	5.10 5.10 4.60	4,035 4,030 4,030	2018 thru 2019 2020 thru 2021 2022 thru 2024
	48,795	48,795	13-May-04	--	--	--	--	19,515	19,515	5.10 5.10	2,440 2,435	2018 thru 2024 2025
	62,320	62,320	12-May-05	--	--	--	--	28,035	28,035	5.10 4.10 5.10 4.35	3,115 3,115 3,115 3,115	2018 thru 2019 2020 2021 thru 2025 2026
	61,605	61,605	11-May-06	--	--	--	--	30,800	30,800	5.10 4.48 4.60 5.10	3,080 3,080 3,080 3,080	2018 thru 2021 2022 2023 thru 2026 2027
	64,975	64,975	10-May-07	--	--	--	--	35,725	35,725	5.10 4.10 5.10 4.48 4.50 5.10	3,250 3,250 3,250 3,245 3,245 3,245	2018 thru 2020 2021 2022 thru 2023 2024 2025 thru 2026 2027 thru 2028
	45,890	45,890	15-May-08	--	--	--	--	27,530	27,530	5.10 5.10 4.60	2,295 2,290 2,290	2018 thru 2027 2028 2029
	51,020	51,020	15-May-09	--	--	--	--	33,150	33,150	5.05 4.05 5.05 4.05 5.05 4.30 5.05 4.25	2,550 2,550 2,550 2,550 2,550 2,550 2,550 2,550	2018 thru 2019 2020 2021 thru 2025 2026 2027 2028 2029 2030

Schedule of Bonds, Capital Leases and Other Long-Term Debt  
As of June 30, 2017  
(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2017					Total Outstanding (Not Matured) at June 30, 2017	Interest Rate (%)	Amount	Maturing Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
<b>General Obligation:</b>												
<b>School Bonds (cont'd)</b>												
	51,200	46,445	4-Aug-11	--	--	--	--	23,220	23,220	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
										3.00	2,320	2024
										3.50	2,320	2028
										4.00	2,320	2031 thru 2032
	79,600	65,675	1-Aug-12	--	--	--	--	26,265	26,265	5.00	3,285	2018 thru 2022
										4.50	3,280	2031 thru 2033
	69,280	59,990	31-Jul-13	--	--	--	--	35,990	35,990	5.00	3,000	2018 thru 2024
										4.50	3,000	2030 thru 2032
										4.50	2,995	2033 thru 2034
	91,910	82,545	23-Sep-14	--	--	--	--	74,285	74,285	4.00	4,130	2018
										5.00	4,130	2019 thru 2024
										5.00	4,125	2025
										3.00	4,125	2026
										2.50	4,125	2027
										3.00	4,125	2028
										3.25	4,125	2029 thru 2030
										3.50	4,125	2031
										3.00	4,125	2032
										3.50	4,125	2033
										3.00	4,125	2034 thru 2035
	108,990	98,485	29-Jul-15	--	--	--	--	93,560	93,560	5.00	4,925	2018 thru 2026
										3.00	4,925	2027 thru 2031
										3.13	4,925	2032
										3.50	4,925	2033
										3.50	4,920	2034
										3.75	4,920	2035 thru 2036
	139,480	120,220	29-Mar-16	--	--	--	--	120,220	120,220	5.00	6,015	2018 thru 2021
										5.00	6,010	2022 thru 2030
										3.00	6,010	2031 thru 2037
	219,695	77,660	9-Mar-17	--	--	--	--	77,660	77,660	5.00	3,885	2018 thru 2027
										4.00	3,885	2028 thru 2029
										3.00	3,880	2030 thru 2031
										3.13	3,880	2032 thru 2034
										3.25	3,880	2035 thru 2036
										3.38	3,880	2037
Taxable - Local Build America Bonds	60,765	56,445	13-May-10	--	--	--	--	56,445	56,445	3.85	4,035	2018
										4.22	4,035	2019
										4.42	4,035	2020
										4.52	4,035	2021
										4.72	4,035	2022
										4.82	4,030	2023
										4.97	4,030	2024
										5.07	4,030	2025
										5.17	4,030	2026
										5.56	4,030	2027 thru 2031
Direct Payment Qualified School Construction Bonds <sup>A</sup>	9,800	9,685	8-Jul-10	--	--	--	--	5,700	5,700	-	570	2018 thru 2027
<b>Total School Bonds</b>	<b>\$ 1,422,165</b>	<b>1,208,595</b>		<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>754,605</b>	<b>754,605</b>			

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2017

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2017					Total Outstanding (Not Matured) at June 30, 2017	Interest Rate (%)	Amount	Maturing Annually Fiscal Year								
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt												
Refunding Bonds	\$ 47,175	47,175	1-Sep-04	355	--	--	--	635	990	4.13	990	2021								
	50,000	48,260	29-Jul-10	--	29,160	--	2,320	2,500	33,980	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									
115,000										50,940	29-Mar-16	--	--	--	--	50,940	50,940	5.00	3,210	2023
	5.00	2,940	2024																	
	5.00	8,275	2025																	
	5.00	8,310	2026																	
	5.00	8,350	2027																	
	5.00	6,055	2028																	
	5.00	8,385	2029																	
	5.00	5,415	2030																	
	3,015	2,935	1-Mar-16	2,380	--	--	--	--	2,380									2.00	570	2018
																		3.00	580	2019
5.00										600	2020									
5.00										630	2021									
<b>Total Refunding Bonds</b>	<b>\$ 274,190</b>	<b>184,860</b>		<b>2,735</b>	<b>63,295</b>	<b>--</b>	<b>3,735</b>	<b>54,075</b>	<b>123,840</b>											
Taxable Bonds	26,000	16,035	29-Feb-12	--	1,882	--	388	6,515	8,785	1.42	4,815	2018								
										1.73	2,010	2019								
										1.93	1,960	2020								
IDA Lease Revenue Bond - Refunding American Type Culture Collection (ATCC) Building	10,690	10,690	10-May-05	1,175	--	--	--	--	1,175	5.25	1,175	2018								
<b>Total Taxable Bonds</b>	<b>\$ 36,690</b>	<b>26,725</b>		<b>1,175</b>	<b>1,882</b>	<b>--</b>	<b>388</b>	<b>6,515</b>	<b>9,960</b>											
<b>Total General Obligation and Revenue Bonds</b>	<b>\$ 2,243,940</b>	<b>1,638,755</b>		<b>48,214</b>	<b>134,895</b>	<b>--</b>	<b>13,606</b>	<b>815,195</b>	<b>1,011,910</b>											

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2017

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2017					Total Outstanding (Not Matured) at June 30, 2017	Interest Rate (%)	Amount	Maturing Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
<b>Capital Leases:</b>												
2007 VRA - Roads	14,795	14,795	7-Jun-07	--	740	--	--	--	740	4.10	740	2018
2007 VRA - Antioch Fire Station	5,275	5,275	7-Jun-07	260	--	--	--	--	260	4.10	260	2018
2008 VRA - Roads	6,255	6,255	19-Jun-08	--	630	--	--	--	630	4.69 4.72	315 315	2018 2019
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	450	--	--	--	--	450	4.67 4.71	225 225	2018 2019
2009 VRA - Roads	37,945	37,945	19-Jun-08	--	5,695	--	--	--	5,695	5.13 5.13	1,900 1,895	2018 thru 2019 2020
Refunding LPC - Judicial Center	18,500	16,025	6-Oct-10	6,525	--	--	--	--	6,525	3.50 5.00 5.00	2,770 500 3,255	2019 2019 2021
Refunding VRA - Yorkshire Fire Station	3,000	2,780	2-Nov-10	1,675	--	--	--	--	1,675	5.10 3.11 5.10 5.10 3.53 5.10	250 260 270 285 300 310	2018 2019 2020 2021 2022 2023
Refunding VRA - Western District Police	16,000	13,165	2-Nov-10	7,925	--	--	--	--	7,925	5.10 3.14 5.10 5.10 3.54 5.10	1,180 1,230 1,280 1,350 1,410 1,475	2018 2019 2020 2021 2022 2023
Refunding VRA - Nokesville Fire Station	3,000	2,180	2-Nov-10	1,505	--	--	--	--	1,505	5.10	215	2018 thru 2024
Refunding VRA - Spriggs Road	10,100	10,095	27-Jun-12	--	9,000	--	--	--	9,000	4.82 5.13 5.13 4.83 4.82	1,005 1,005 1,000 995 995	2018 2019 2020 thru 2024 2025 2026
Refunding VRA - Nokesville Fire Station	900	880	27-Jun-12	600	--	--	--	--	600	4.13 5.13	90 85	2018 2019 thru 2024
Refunding COP	50,000	35,205	26-Mar-13	15,456	--	15,596	268	--	31,320	4.00 4.00 4.00 5.00 5.00 5.00 5.00 5.00	3,615 3,575 3,535 3,510 3,500 3,495 3,500 3,510 1,540	2018 2019 2020 2021 2022 2023 2024 2025 2026 thru 2027

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2017  
(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2017					Total Outstanding (Not Matured) at June 30, 2017	Interest Rate (%)	Amount	Maturing Annually Fiscal Year
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt				
<b>Capital Leases (cont'd):</b>												
Refunding VRA - Spricer Fire Station	880	880	5-Nov-14	775	--	--	--	--	775	5.13	100	2018
										5.13	95	2019 thru 2020
										4.44	95	2021
										5.13	95	2022
										5.13	100	2023
										3.81	100	2024
										5.13	95	2025
Refunding VRA - River Oaks Fire Station	2,330	2,330	5-Nov-14	2,330	--	--	--	--	2,330	5.13	235	2018 thru 2020
										4.42	235	2021
										5.13	235	2022 thru 2023
										3.87	230	2024
										5.13	230	2025 thru 2026
										4.82	230	2027
Refunding VRA - Antioch Fire Station	2,215	2,215	5-Nov-14	2,215	--	--	--	--	2,215	5.13	250	2019 thru 2020
										4.43	245	2021
										5.13	245	2022 thru 2023
										3.88	245	2024
										5.13	245	2025 thru 2026
										4.84	245	2027
Refunding VRA - Roads	6,245	6,245	5-Nov-14	--	6,245	--	--	--	6,245	5.13	700	2019 thru 2020
										4.42	695	2021
										5.13	695	2022
										5.13	690	2023
										3.91	690	2024
										5.13	690	2025 thru 2026
										4.82	695	2027
Refunding VRA - Birchdale Fire Station	2,140	2,140	5-Nov-14	2,140	--	--	--	--	2,140	5.13	220	2020
										4.43	215	2021
										5.13	215	2022 thru 2023
										3.90	215	2024
										5.13	215	2025 thru 2026
										4.84	210	2027 thru 2029
Refunding VRA - Roads	3,010	3,010	5-Nov-14	--	3,010	--	--	--	3,010	5.13	310	2020
										4.42	305	2021
										5.13	300	2022 thru 2023
										3.87	300	2024
										5.13	300	2025 thru 2026
										4.81	300	2027
										4.83	300	2028
										4.84	295	2029
Refunding VRA - Roads	29,925	18,855	5-Nov-14	--	18,850	--	--	--	18,850	5.13	5	2018 thru 2020
										4.42	1,890	2021
										5.13	1,885	2022
										5.13	1,895	2023
										3.90	1,885	2024
										5.13	1,880	2025
										5.13	1,885	2026
										4.83	1,885	2027
										4.82	1,885	2028
										4.82	1,880	2029
										3.43	1,865	2030
<b>Total Capital Leases</b>	<b>\$ 216,970</b>	<b>184,730</b>		<b>41,856</b>	<b>44,170</b>	<b>15,596</b>	<b>268</b>	<b>--</b>	<b>101,890</b>			
<b>Total General Obligation, Capital Leases and Other Long-Term Debt</b>	<b>\$ 2,460,910</b>	<b>1,823,485</b>		<b>90,070</b>	<b>179,065</b>	<b>15,596</b>	<b>13,874</b>	<b>815,195</b>	<b>1,113,800</b>			

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



Schedule of Bonds, Capital Leases and Other Long-Term Debt

June 30, 2017

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2017						Total Outstanding (Not Matured) at June 30, 2017	Interest Rate (%)	Maturing Annually Amount	Fiscal Year
	Authorized	Issued	Date Issued	Landfill	Parks & Recreation					
<b>Revenue Bonds:</b>										
Refunding Bonds	\$ 19,000	13,285	14-Apr-10	--	9,355	9,355	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	
<b>Total Revenue Bonds</b>	<u>\$ 19,000</u>	<u>13,285</u>		<u>--</u>	<u>9,355</u>	<u>9,355</u>				
<b>Total Long-Term Debt</b>	<u>\$ 19,000</u>	<u>13,285</u>		<u>--</u>	<u>9,355</u>	<u>9,355</u>				



**Statistical Section**  
(Unaudited)

## STATISTICAL SECTION

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

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	222
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	232
These schedules contain information to help the reader assess the County’s most significant local revenue source, the real estate tax, as well as other revenue sources.	
<b>Debt Capacity</b>	240
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	247
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	
<b>Operating Information</b>	250
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	
<b>Other Statistical Tables</b>	256
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)

	2008 <sup>c</sup>	2009	2010	2011	2012 <sup>d</sup>
<b>Governmental activities:</b>					
Net Investment in capital assets	\$ 228,235	\$ 252,588	\$ 308,128	\$ 309,109	\$ 370,247
Restricted	97,828	126,792	79,067	102,590	103,323
Unrestricted	(572,351)	(637,188)	(586,903)	(540,498)	(513,067)
<b>Total governmental activities net position</b>	<b>\$ (246,288)</b>	<b>\$ (257,808)</b>	<b>\$ (199,708)</b>	<b>\$ (128,799)</b>	<b>\$ (39,497)</b>
<b>Business-type activities:</b>					
Net Investment in capital assets	\$ 21,238	\$ 22,020	\$ 23,790	\$ 28,333	\$ 37,030
Unrestricted	6,345	7,411	12,253	9,506	5,675
<b>Total business-type activities net position</b>	<b>\$ 27,583</b>	<b>\$ 29,431</b>	<b>\$ 36,043</b>	<b>\$ 37,839</b>	<b>\$ 42,705</b>
<b>Primary government:</b>					
Net Investment in capital assets	\$ 249,473	\$ 274,608	\$ 331,918	\$ 337,442	\$ 407,277
Restricted	97,828	126,792	79,067	102,590	103,323
Unrestricted	(566,006)	(629,777)	(574,650)	(530,992)	(507,392)
<b>Total primary government net position</b>	<b>\$ (218,705)</b>	<b>\$ (228,377)</b>	<b>\$ (163,665)</b>	<b>\$ (90,960)</b>	<b>\$ 3,208</b>
<b>Component units:<sup>d</sup></b>					
Net Investment in capital assets	\$ 959,640	\$ 1,021,548	\$ 1,087,841	\$ 1,161,881	\$ 1,149,459
Restricted	111,676	90,441	90,969	39,134	34,791
Unrestricted	85,760	126,805	146,002	139,408	111,523
<b>Total component units net position</b>	<b>\$ 1,157,076</b>	<b>\$ 1,238,794</b>	<b>\$ 1,324,812</b>	<b>\$ 1,340,423</b>	<b>\$ 1,295,773</b>
<b>Total reporting entity:</b>					
Net Investment in capital assets <sup>b</sup>	\$ 728,795	\$ 777,478	\$ 887,366	\$ 928,973	\$ 975,195
Restricted <sup>b</sup>	98,566	126,792	79,067	118,527	115,407
Unrestricted	111,010	106,147	194,714	201,963	212,308
<b>Total reporting entity net position</b>	<b>\$ 938,371</b>	<b>\$ 1,010,417</b>	<b>\$ 1,161,147</b>	<b>\$ 1,249,463</b>	<b>\$ 1,302,910</b>

<sup>a</sup> Component unit net position represents a significant portion of net position for the total reporting entity.

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

<sup>c</sup> The restatement of net 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.

<sup>d</sup> The Park Authority Component Unit was dissolved and became the County Department of Parks & Recreation effective FY 2013. The Convention & Visitors Bureau became a component unit of the County effective FY 2013.

<sup>e</sup> FY 2016 figures were adjusted and restated in FY 2017.

2013	2014	2015	2016 as restated	2017	
\$ 405,803	\$ 432,016	\$ 459,442	\$ 442,098	\$ 500,332	Governmental activities:
116,177	140,516	159,366	170,299	113,973	Net Investment in capital assets
(572,683)	(620,271)	(753,856)	(885,739)	(915,373)	Restricted
					Unrestricted
\$ <u>(50,703)</u>	\$ <u>(47,739)</u>	\$ <u>(135,048)</u>	\$ <u>(273,342)</u>	\$ <u>(301,068)</u>	Total governmental activities net position
					Business-type activities:
\$ 36,810	\$ 37,943	\$ 44,021	\$ 32,870	\$ 40,381	Net Investment in capital assets
(146)	3,818	(5,808)	6,280	10,365	Unrestricted
\$ <u>36,664</u>	\$ <u>41,761</u>	\$ <u>38,213</u>	\$ <u>39,150</u>	\$ <u>50,746</u>	Total business-type activities net position
					Primary government:
\$ 442,613	\$ 469,959	\$ 503,463	\$ 474,968	\$ 540,713	Net Investment in capital assets
116,177	140,516	159,366	170,299	113,973	Restricted
(572,829)	(616,453)	(759,664)	(879,459)	(905,008)	Unrestricted
\$ <u>(14,039)</u>	\$ <u>(5,978)</u>	\$ <u>(96,835)</u>	\$ <u>(234,192)</u>	\$ <u>(250,322)</u>	Total primary government net position
					Component units: <sup>a</sup>
\$ 1,195,075	\$ 1,247,771	\$ 1,326,687	\$ 1,416,258	\$ 1,522,452	Net Investment in capital assets
43,091	50,515	66,882	198,106	173,810	Restricted
114,809	114,162	(737,984)	(700,164)	(688,988)	Unrestricted
\$ <u>1,352,975</u>	\$ <u>1,412,448</u>	\$ <u>655,585</u>	\$ <u>914,200</u>	\$ <u>1,007,274</u>	Total component units net position
					Total reporting entity:
\$ 1,051,232	\$ 1,121,735	\$ 1,222,302	\$ 1,891,226	\$ 1,382,892	Net Investment in capital assets <sup>b</sup>
139,850	168,908	183,503	368,405	137,265	Restricted <sup>b</sup>
147,854	115,827	(847,055)	(1,579,623)	(763,205)	Unrestricted
\$ <u>1,338,936</u>	\$ <u>1,406,470</u>	\$ <u>558,750</u>	\$ <u>680,008</u>	\$ <u>756,952</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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016 as restated	2017
<b>Primary Government:</b>										
Expenses										
Governmental activities:										
General government administration	\$ 40,289	\$ 41,470	\$ 37,377	\$ 45,435	\$ 40,151	\$ 37,932	\$ 34,857	\$ 34,865	\$ 40,258	\$ 50,059
Judicial administration	19,260	19,004	17,471	18,157	18,222	19,524	20,060	20,581	21,960	22,458
Public safety	194,468	210,257	197,928	205,341	215,366	234,880	238,965	243,870	270,610	295,806
Public works	94,042	124,491	54,892	48,819	55,538	72,924	91,874	88,390	96,977	81,479
Health and welfare	75,112	75,163	74,268	76,664	75,217	75,909	76,638	81,711	88,726	92,898
Education	403,396	434,797	440,443	368,236	406,022	463,154	461,676	513,087	672,297	554,522
Parks, recreational and cultural	37,291	35,793	38,347	33,728	54,934	34,077	36,059	37,150	78,278	50,250
Community development	45,474	49,100	49,524	50,227	52,318	53,726	59,129	64,674	37,307	66,559
Interest on long-term debt	41,526	41,868	44,253	44,095	43,242	43,086	47,553	45,104	47,263	54,176
Pension	--	--	--	--	--	--	--	(12,502)	--	--
<b>Total governmental activities expenses</b>	<b>950,858</b>	<b>1,031,943</b>	<b>954,503</b>	<b>890,702</b>	<b>961,010</b>	<b>1,035,212</b>	<b>1,066,811</b>	<b>1,116,930</b>	<b>1,353,676</b>	<b>1,268,207</b>
Business-type activities:										
Landfill	14,955	12,181	10,724	15,804	16,734	15,832	17,327	17,337	16,613	16,195
Parks and Recreation	--	--	--	--	15,927	19,729	14,793	14,865	6,427	6,445
Innovation Technology Park	209	242	49	48	48	60	75	405	340	458
<b>Total business-type activities expenses</b>	<b>15,164</b>	<b>12,423</b>	<b>10,773</b>	<b>15,852</b>	<b>32,709</b>	<b>35,621</b>	<b>32,195</b>	<b>32,607</b>	<b>23,380</b>	<b>23,098</b>
<b>Total primary government expenses</b>	<b>\$ 966,022</b>	<b>\$ 1,044,366</b>	<b>\$ 965,276</b>	<b>\$ 906,554</b>	<b>\$ 993,719</b>	<b>\$ 1,070,833</b>	<b>\$ 1,099,006</b>	<b>\$ 1,149,537</b>	<b>\$ 1,377,056</b>	<b>\$ 1,291,305</b>
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 570	\$ 678	\$ 554	\$ 554	\$ 597	\$ 590	\$ 571	\$ 568	\$ 2,263	\$ 1,969
Judicial administration	4,796	4,695	4,234	4,160	4,548	4,929	4,079	4,238	1,939	1,982
Public safety	6,412	5,783	6,027	6,646	11,105	12,220	13,177	13,249	11,113	24,005
Public works	8,796	4,669	4,958	5,038	5,054	8,248	8,237	8,725	8,796	8,523
Health and welfare	2,000	1,850	1,429	1,287	1,381	1,345	1,113	1,477	6,635	977
Parks, recreational and cultural	517	526	520	562	1,807	548	641	580	8,695	8,992
Community development	11,624	10,457	9,564	10,461	15,234	18,973	20,708	20,194	15,527	12,164
Operating grants and contributions	76,200	86,411	90,529	88,851	101,066	77,104	80,159	79,740	85,699	89,962
Capital grants and contributions	31,514	40,183	28,271	46,890	37,115	29,758	42,952	49,288	74,430	56,574
<b>Total governmental activities program revenues</b>	<b>142,429</b>	<b>155,252</b>	<b>146,086</b>	<b>164,449</b>	<b>177,907</b>	<b>153,715</b>	<b>171,637</b>	<b>178,059</b>	<b>215,097</b>	<b>205,148</b>
Business-type activities:										
Charges for services:										
Landfill	14,948	15,840	16,244	17,696	17,213	17,556	18,008	18,805	19,660	19,568
Parks and Recreation	--	--	--	--	13,228	10,904	11,783	11,927	5,472	5,222
Innovation Technology Park	2,168	1,373	7	--	990	--	--	64	1,132	4,312
Capital grants and contributions	--	27	177	66	57	27	20	--	--	--
<b>Total business-type activities program revenues</b>	<b>17,116</b>	<b>17,240</b>	<b>16,428</b>	<b>17,762</b>	<b>31,488</b>	<b>28,487</b>	<b>29,811</b>	<b>30,796</b>	<b>26,264</b>	<b>29,102</b>
<b>Total primary government program revenues</b>	<b>\$ 159,545</b>	<b>\$ 172,492</b>	<b>\$ 162,514</b>	<b>\$ 182,211</b>	<b>\$ 209,395</b>	<b>\$ 182,202</b>	<b>\$ 201,448</b>	<b>\$ 208,855</b>	<b>\$ 241,361</b>	<b>\$ 234,250</b>
Net (Expense)/Revenue										
Governmental activities	\$ (808,429)	\$ (876,691)	\$ (808,417)	\$ (726,253)	\$ (783,103)	\$ (881,497)	\$ (895,174)	\$ (938,871)	\$ (1,138,579)	\$ (1,063,059)
Business-type activities	1,952	4,817	5,655	1,910	(1,221)	(7,134)	(2,384)	(1,811)	2,884	6,004
<b>Total primary government net (expense)/revenue</b>	<b>\$ (806,477)</b>	<b>\$ (871,874)</b>	<b>\$ (802,762)</b>	<b>\$ (724,343)</b>	<b>\$ (784,324)</b>	<b>\$ (888,631)</b>	<b>\$ (897,558)</b>	<b>\$ (940,682)</b>	<b>\$ (1,135,695)</b>	<b>\$ (1,057,055)</b>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Real property	\$ 484,368	\$ 545,021	\$ 509,007	\$ 508,761	\$ 526,885	\$ 551,951	\$ 571,847	\$ 599,802	\$ 628,960	\$ 650,851
Personal property	77,509	80,642	67,816	72,641	78,338	85,515	96,013	104,060	114,750	128,280
Local sales	46,155	45,055	46,155	49,554	52,003	55,169	56,511	59,709	60,551	63,022
Consumers utility	12,354	12,596	12,840	13,190	13,075	13,490	13,766	13,974	13,977	14,196
Telecommunications sales and use tax	22,230	20,198	--	--	--	--	--	--	--	--
Business, professional and occupational license	21,173	19,931	20,269	20,965	21,725	22,913	23,772	24,744	25,065	25,341
Recordation	11,528	10,669	7,813	7,562	8,014	10,277	7,879	8,868	10,613	11,149
Motor vehicle licenses	6,651	6,874	7,221	7,504	7,591	7,877	7,907	8,053	8,260	8,409
Transient occupancy	3,389	3,189	3,014	3,169	3,274	3,369	3,096	3,425	3,721	4,030
Short term rental, bank stock, public utility gross receipts	1,990	2,220	2,661	3,208	3,080	2,973	3,226	3,292	3,350	3,733
Grants and contributions not restricted to specific programs	62,580	62,765	82,882	82,422	81,503	81,785	81,878	82,278	85,327	81,728
Investment earnings	35,361	26,777	31,700	11,754	20,222	(1,558)	26,049	20,548	26,736	11,123
Insurance claims and recoveries	--	--	--	--	66	100	9	10	2,197	61
Gain/(loss) on disposition of capital assets	(170)	--	--	--	--	--	--	--	17	649
Miscellaneous	24,633	24,357	21,954	14,876	10,348	37,530	12,522	19,304	12,480	24,112
Special item - transfer of volunteer fire and rescue operations	--	--	--	--	--	--	--	--	2,929	13,026
Transfers	(789)	4,877	810	1,556	1,527	(376)	(6,337)	465	792	(4,377)
<b>Total governmental activities</b>	<b>808,962</b>	<b>865,171</b>	<b>814,142</b>	<b>797,162</b>	<b>827,651</b>	<b>871,015</b>	<b>898,138</b>	<b>948,532</b>	<b>999,725</b>	<b>1,035,333</b>

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 2 - Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016 as restated	2017
<b>Business-type activities:</b>										
Taxes										
Grants and contributions not restricted to specific programs	--	1	--	--	--	--	--	--	--	--
Investment earnings	1,228	1,003	928	343	513	(99)	307	389	533	--
Gain/(loss) on disposition of capital assets	--	(141)	--	--	--	--	--	--	--	--
Miscellaneous	1,514	1,045	839	1,099	794	816	837	979	933	1,215
Transfers	789	(4,877)	(810)	(1,556)	(1,527)	376	6,337	(465)	(792)	4,377
<b>Total business-type activities</b>	<b>3,531</b>	<b>(2,969)</b>	<b>957</b>	<b>(114)</b>	<b>(220)</b>	<b>1,093</b>	<b>7,481</b>	<b>903</b>	<b>674</b>	<b>5,592</b>
<b>Total primary government</b>	<b>\$ 812,493</b>	<b>\$ 862,202</b>	<b>\$ 815,099</b>	<b>\$ 797,048</b>	<b>\$ 827,431</b>	<b>\$ 872,108</b>	<b>\$ 905,619</b>	<b>\$ 949,435</b>	<b>\$ 1,000,399</b>	<b>\$ 1,040,925</b>
<b>Change in Net Position</b>										
Governmental activities										
Effect in change in accounting principle (GASB 68)- Gov't Activities	--	--	--	--	--	--	--	(96,970)	--	--
Business-type activities	5,483	1,848	6,612	1,796	(1,441)	(6,041)	5,097	(908)	3,558	11,596
Effect in change in accounting principle (GASB 68)- Business-type Activities	--	--	--	--	--	--	--	(2,640)	--	--
<b>Total primary government</b>	<b>\$ 6,016</b>	<b>\$ (9,672)</b>	<b>\$ 12,337</b>	<b>\$ 72,705</b>	<b>\$ 43,107</b>	<b>\$ (16,523)</b>	<b>\$ 8,061</b>	<b>\$ (90,857)</b>	<b>\$ (135,296)</b>	<b>\$ (16,130)</b>
<b>Component Units: <sup>a</sup></b>										
Expenses										
School Board	\$ 854,175	\$ 879,594	\$ 879,024	\$ 885,979	\$ 945,026	\$ 982,546	\$ 998,911	\$ 1,046,510	\$ 1,059,657	\$ 1,149,263
Adult Detention Center	36,428	37,479	44,635	30,816	39,719	46,030	44,629	42,366	48,241	44,712
Park Authority	31,416	30,749	29,754	29,517	--	--	--	--	--	--
Convention & Visitors Bureau	--	--	--	--	1,183	1,253	1,188	1,288	1,275	1,178
<b>Total component unit expenses</b>	<b>\$ 922,019</b>	<b>\$ 947,822</b>	<b>\$ 953,413</b>	<b>\$ 946,312</b>	<b>\$ 985,928</b>	<b>\$ 1,029,829</b>	<b>\$ 1,044,728</b>	<b>\$ 1,090,164</b>	<b>\$ 1,109,173</b>	<b>\$ 1,195,153</b>
Program Revenues										
Charges for services	\$ 35,946	\$ 36,270	\$ 34,948	\$ 35,144	\$ 23,551	\$ 24,230	\$ 24,087	\$ 23,795	\$ 24,429	\$ 25,735
Operating grants and contributions	109,227	117,803	120,782	144,496	144,394	146,617	149,565	158,349	168,110	179,935
Capital grants and contributions	4,540	4,395	4,863	209	98	113	108	116	124	119
<b>Total component unit program revenues</b>	<b>\$ 149,713</b>	<b>\$ 158,468</b>	<b>\$ 160,593</b>	<b>\$ 179,849</b>	<b>\$ 168,043</b>	<b>\$ 170,960</b>	<b>\$ 173,760</b>	<b>\$ 182,260</b>	<b>\$ 192,663</b>	<b>\$ 205,789</b>
General Revenues and Other										
Changes in Net Position										
Payment from primary government	\$ 505,409	\$ 538,853	\$ 544,019	\$ 469,759	\$ 497,540	\$ 556,524	\$ 560,412	\$ 615,939	\$ 783,479	\$ 672,345
Grants and contributions not restricted to specific programs	307,491	323,233	324,506	306,261	324,278	354,051	359,939	373,325	381,856	401,967
Investment earnings	9,389	6,856	5,367	4,358	3,287	1,892	3,261	3,125	3,489	2,603
Loss on disposal of capital assets	(17)	--	--	--	--	--	--	4	(1)	--
Miscellaneous	1,862	2,130	1,812	1,696	2,758	3,604	6,829	3,216	3,734	5,523
<b>Total general revenues and other changes in net position</b>	<b>\$ 824,134</b>	<b>\$ 871,072</b>	<b>\$ 875,704</b>	<b>\$ 782,074</b>	<b>\$ 827,863</b>	<b>\$ 916,071</b>	<b>\$ 930,441</b>	<b>\$ 995,609</b>	<b>\$ 1,172,557</b>	<b>\$ 1,082,438</b>
Cumulative effect in change in accounting principle (GASB 68)	--	--	--	--	--	--	--	(844,568)	--	--
<b>Total component unit change in net position</b>	<b>\$ 51,828</b>	<b>\$ 81,718</b>	<b>\$ 82,884</b>	<b>\$ 15,611</b>	<b>\$ 9,978</b>	<b>\$ 57,202</b>	<b>\$ 59,473</b>	<b>\$ (756,863)</b>	<b>\$ 256,047</b>	<b>\$ 93,074</b>

<sup>a</sup> 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.

<sup>b</sup> FY 2016 figures were adjusted and restated in FY 2017.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 3 - Fund Balances, Governmental Funds**

Last Ten Fiscal Years

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

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

<sup>a</sup>Beginning in FY2013, the Fire & Rescue Levy fund became a major fund.

<sup>b</sup>FY 2016 figures were adjusted and restated in FY 2017.



	2013 <sup>a</sup>	2014	2015	2016 as restated	2017	
						<b>General Fund:</b>
\$ 299	\$ 222	\$ 178	\$ 142	\$ 178		Non-spendable
2,101	3,693	13,224	8,366	10,350		Restricted
81,114	67,735	58,692	127,058	92,852		Committed
8,137	6,442	29,847	7,775	9,123		Assigned
67,075	69,669	73,055	75,674	79,769		Unassigned
<u>158,726</u>	<u>147,761</u>	<u>174,996</u>	<u>219,015</u>	<u>192,272</u>		Total general fund
						<b>Capital Projects:</b>
34	240	232	331	331		Non-spendable
--	--	--	--	--		Restricted
102,692	102,106	56,783	148,995	136,717		Committed
<u>102,726</u>	<u>102,346</u>	<u>57,015</u>	<u>149,326</u>	<u>137,048</u>		Total capital projects
						<b>Fire &amp; Rescue Levy:</b>
66,893	77,831	86,617	59,127	50,974		Restricted
<u>66,893</u>	<u>77,831</u>	<u>86,617</u>	<u>59,127</u>	<u>50,974</u>		Total fire & rescue levy funds
						<b>Non-major Special Revenue Funds:</b>
30	--	--	2,167	--		Non-spendable
16,895	18,472	16,766	20,055	25,466		Restricted
<u>\$ 16,925</u>	<u>\$ 18,472</u>	<u>\$ 16,766</u>	<u>\$ 22,222</u>	<u>\$ 25,466</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)

	2008	2009	2010	2011	2012
<b>REVENUES:</b>					
General property taxes	\$ 560,637	\$ 623,758	\$ 577,981	\$ 583,220	\$ 605,896
Other local taxes	125,470	120,732	99,973	105,152	108,762
Permits, privilege fees and regulatory licenses	13,607	11,374	10,617	11,495	13,836
Fines and forfeitures	2,664	2,759	2,866	3,241	3,435
From use of money and property	30,579	22,431	27,489	7,547	13,870
Charges for services	18,446	14,528	13,803	13,972	21,226
Intergovernmental revenues:					
Federal	46,133	40,735	47,201	62,154	50,986
State	96,842	117,091	133,976	126,233	122,949
Local	10,307	9,378	8,912	8,473	6,661
Donations and contributions	107	95	61	70	142
Miscellaneous	25,656	26,255	21,893	15,706	10,206
Total revenues	<u>930,448</u>	<u>989,136</u>	<u>944,772</u>	<u>937,263</u>	<u>957,969</u>
<b>EXPENDITURES:</b>					
General government administration	35,838	35,712	33,982	35,296	38,897
Judicial administration	18,182	18,271	16,971	17,505	17,593
Public safety	191,061	207,920	202,196	198,402	210,461
Public works	30,188	29,218	25,545	27,736	30,408
Health and welfare	75,562	74,765	74,593	76,896	75,014
Education	403,396	434,596	437,057	361,447	416,071
Parks, recreational and cultural	36,097	34,549	36,485	29,849	35,801
Community development	42,353	43,107	44,389	45,183	47,280
Debt service:					
Principal retirement	60,162	61,753		66,811	74,760
Interest and other debt costs	39,990	41,029		43,817	42,803
Intergovernmental - arbitrage rebate	147	--	--	--	--
Capital outlays	74,601	112,121	34,063	26,914	33,283
Total expenditures	<u>1,007,577</u>	<u>1,093,041</u>	<u>905,281</u>	<u>929,856</u>	<u>1,022,371</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,129)</u>	<u>(103,905)</u>	<u>39,491</u>	<u>7,407</u>	<u>(64,402)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	54,079	47,880	39,033	32,677	59,039
Transfers out	(58,921)	(40,621)	(48,942)	(32,486)	(88,907)
Sale of lease participation certificates	10,710	37,945	--	--	--
Bonds, notes and capital leases	45,890	97,950	80,380	29,085	46,445
Refunding bonds	--	--	--	82,410	51,585
Premium on sale of bonds	3,343	8,976	2,205	1,069	2,236
Premium from refunding bonds	--	--	--	9,757	9,690
Payments to escrow agent	--	--	--	(91,667)	(60,921)
Premium on sale of lease participation certificates	457	--	--	--	--
Premiums from refunding lease participation certificates	--	--	--	--	66
Insurance recoveries	--	--	--	--	--
Sale of surplus property	135	154	250	188	298
Total other financing sources (uses)	<u>55,693</u>	<u>152,284</u>	<u>72,926</u>	<u>31,033</u>	<u>19,531</u>
Net change in fund balances	<u>\$ (21,436)</u>	<u>\$ 48,379</u>	<u>\$ 112,417</u>	<u>\$ 38,440</u>	<u>\$ (44,871)</u>
Debt service as a percentage of noncapital expenditures	10.03%	9.49%	0.00%	12.00%	11.62%

<sup>a</sup> Beginning in FY2013, the Park Authority Component Unit merged its functions into the County Government by creating a new Prince William County Department of

<sup>b</sup> FY 2016 figures were adjusted and restated in FY 2017.

	2013 <sup>a</sup>	2014	2015	2016 as restated	2017	
						<b>REVENUES:</b>
\$	636,789	\$ 667,497	\$ 703,097	\$ 703,952	\$ 780,642	General property taxes
	116,068	116,157	122,065	125,537	129,880	Other local taxes
	16,354	17,389	17,057	2,295	19,867	Permits, privilege fees and regulatory licenses
	3,260	3,252	3,168	2,952	2,732	Fines and forfeitures
	(6,422)	14,434	12,456	14,702	1,477	From use of money and property
	27,240	27,886	28,806	14,379	33,420	Charges for services
						Intergovernmental revenues:
	49,644	51,378	48,313	19,322	65,147	Federal
	118,507	137,111	141,743	122,798	139,033	State
	6,884	7,435	9,679	7,302	21,087	Local
	20	1,897	1,723	--	731	Donations and contributions
	27,284	11,592	18,083	14,038	23,819	Miscellaneous
	<u>995,628</u>	<u>1,056,028</u>	<u>1,106,190</u>	<u>1,027,277</u>	<u>1,217,835</u>	Total revenues
						<b>EXPENDITURES:</b>
	36,788	34,966	37,651	39,108	44,340	General government administration
	18,388	19,190	19,681	20,174	21,292	Judicial administration
	228,769	232,492	241,360	188,460	272,018	Public safety
	30,522	31,441	30,857	31,420	31,269	Public works
	75,066	76,549	80,840	85,237	89,166	Health and welfare
	463,652	466,249	508,016	425,142	551,880	Education
	26,550	28,507	31,085	43,943	44,186	Parks, recreational and cultural
	48,555	53,185	53,879	10,503	58,165	Community development
						Debt service:
	69,858	72,969	76,750	77,784	86,849	Principal retirement
	41,991	42,546	42,476	45,231	47,888	Interest and other debt costs
	--	--	--	--	--	Intergovernmental - arbitrage rebate
	53,426	76,086	85,565	--	94,440	Capital outlays
	<u>1,093,565</u>	<u>1,134,180</u>	<u>1,208,160</u>	<u>967,002</u>	<u>1,341,493</u>	Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
	<u>(97,937)</u>	<u>(78,152)</u>	<u>(101,970)</u>	<u>60,275</u>	<u>(123,658)</u>	
						<b>OTHER FINANCING SOURCES (USES):</b>
	58,513	73,278	54,852	120,687	85,749	Transfers in
	(62,825)	(93,780)	(54,508)	(149,036)	(90,895)	Transfers out
	--	--	--	--	--	Sale of lease participation certificates
	65,675	88,625	82,545	--	77,660	Bonds, notes and capital leases
	46,180	--	35,675	2,935	--	Refunding bonds
	12,301	10,309	7,247	--	6,554	Premium on sale of bonds
	9,048	--	6,219	189	--	Premium from refunding bonds
	(54,689)	--	(41,508)	(3,068)	--	Payments to escrow agent
	--	--	--	--	--	Premium on sale of lease participation certificates
	--	--	--	--	--	Premiums from refunding lease participation certificates
	100	9	10	12	61	Insurance recoveries
	252	851	422	2,094	599	Sale of surplus property
	<u>74,555</u>	<u>79,292</u>	<u>90,954</u>	<u>(26,187)</u>	<u>79,728</u>	Total other financing sources (uses)
\$	<u>(23,382)</u>	<u>1,140</u>	<u>(11,016)</u>	<u>34,088</u>	<u>(43,930)</u>	Net change in fund balances
	10.37%	10.35%	10.12%	13.24%	10.50%	Debt service as a percentage of noncapital expenditures

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

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2012
<b>Additions</b>					
Member contributions	\$ 757	\$ 802	\$ 826	\$ 839	\$ 909
Employer contributions	757	802	827	839	909
Investment income (net of expenses)	(603)	(4,577)	2,003	4,983	(559)
Total additions to plan net position	<u>911</u>	<u>(2,973)</u>	<u>3,656</u>	<u>6,661</u>	<u>1,259</u>
<b>Deductions</b>					
Benefit payments	1,121	1,291	1,475	1,763	1,742
Refunds	149	37	200	86	78
Administrative expenses	73	127	137	105	92
Total deductions to plan net position	<u>1,343</u>	<u>1,455</u>	<u>1,812</u>	<u>1,954</u>	<u>1,912</u>
<b>Change in net position</b>	<u>\$ (432)</u>	<u>\$ (4,428)</u>	<u>\$ 1,844</u>	<u>\$ 4,707</u>	<u>\$ (653)</u>

	2013	2014	2015	2016	2017	
						<b>Additions</b>
\$	946	\$ 1,007	\$ 1,083	\$ 1,137	\$ 1,199	Member contributions
	946	1,007	1,083	1,137	2,010	Employer contributions
	2,449	4,438	(339)	119	4,341	Investment income (net of expenses)
	<u>4,341</u>	<u>6,452</u>	<u>1,827</u>	<u>2,393</u>	<u>7,550</u>	Total additions to plan net position
						<b>Deductions</b>
	1,981	1,810	1,883	2,004	2,837	Benefit payments
	84	95	97	144	151	Refunds
	57	109	83	116	163	Administrative expenses
	<u>2,122</u>	<u>2,014</u>	<u>2,063</u>	<u>2,264</u>	<u>3,151</u>	Total deductions to plan net position
\$	<u>2,219</u>	<u>4,438</u>	<u>(236)</u>	<u>129</u>	<u>4,399</u>	<b>Change in net position</b>

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

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

Last Ten Fiscal Years

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

Fiscal Year	Taxes <sup>b</sup>	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property <sup>d</sup>	Charges for Services
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	\$ 752,856	\$ 16,354	\$ 3,260	\$ (3,386)	\$ 50,179
2014	\$ 783,654	\$ 17,389	\$ 3,252	\$ 18,762	\$ 50,964
2015	\$ 825,162	\$ 17,057	\$ 3,168	\$ 16,747	\$ 51,847
2016	\$ 869,840	\$ 18,039	\$ 2,953	\$ 21,495	\$ 49,818
2017	\$ 910,522	\$ 19,867	\$ 2,732	\$ 6,471	\$ 57,324
Change 2008 - 2017	32.71%	46.01%	2.55%	-85.28%	43.50%

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

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

<sup>c</sup> Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 61.5% for fiscal year 2007 through 2008. The reimbursement for fiscal year 2017 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

<sup>d</sup> 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 <sup>a</sup>	Public Service	Total General <sup>b</sup> Property Taxes	Sales Tax
2008	\$ 472,960	\$ 73,311	\$ 12,120	\$ 558,391	\$ 46,155
2009	\$ 530,120	\$ 75,986	\$ 15,156	\$ 621,262	\$ 45,055
2010	\$ 494,299	\$ 63,666	\$ 17,518	\$ 575,483	\$ 46,155
2011	\$ 492,738	\$ 68,792	\$ 19,207	\$ 580,737	\$ 49,554
2012	\$ 510,053	\$ 74,567	\$ 18,776	\$ 603,396	\$ 52,003
2013	\$ 533,024	\$ 81,783	\$ 19,511	\$ 634,318	\$ 55,169
2014	\$ 553,875	\$ 92,370	\$ 18,809	\$ 665,054	\$ 56,511
2015	\$ 581,640	\$ 100,093	\$ 18,650	\$ 700,383	\$ 59,709
2016	\$ 610,844	\$ 110,676	\$ 19,954	\$ 741,474	\$ 60,551
2017	\$ 632,422	\$ 123,696	\$ 21,204	\$ 777,322	\$ 63,022
Change 2008 - 2017	33.72%	68.73%	74.95%	39.21%	36.54%

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

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

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Inter-Governmental <sup>c</sup>						
PPTRA	All Others	Miscellaneous	Total	Fiscal Year		
\$ 54,288	\$ 574,967	\$ 28,100	\$ 1,443,632	2008		
\$ 54,288	\$ 614,146	\$ 29,052	\$ 1,523,964	2009		
\$ 54,288	\$ 641,187	\$ 24,416	\$ 1,480,108	2010		
\$ 54,288	\$ 656,758	\$ 18,130	\$ 1,479,643	2011		
\$ 54,288	\$ 627,418	\$ 13,816	\$ 1,488,655	2012		
\$ 54,288	\$ 690,633	\$ 30,632	\$ 1,594,816	2013		
\$ 54,288	\$ 722,269	\$ 17,826	\$ 1,668,403	2014		
\$ 54,288	\$ 757,092	\$ 23,207	\$ 1,748,568	2015		
\$ 54,288	\$ 801,685	\$ 18,945	\$ 1,837,063	2016		
\$ 54,288	\$ 857,810	\$ 31,588	\$ 1,940,602	2017		
				Change		
0.00%	49.19%	12.41%	34.42%	2008 - 2017		

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BPOL						
Utility Taxes	Tax	All Other <sup>b</sup>	Total	Fiscal Year		
\$ 12,354	\$ 21,173	\$ 48,034	\$ 686,107	2008		
\$ 12,596	\$ 19,931	\$ 45,646	\$ 744,490	2009		
\$ 12,840	\$ 20,269	\$ 23,207	\$ 677,954	2010		
\$ 13,190	\$ 20,965	\$ 23,926	\$ 688,372	2011		
\$ 13,075	\$ 21,725	\$ 24,459	\$ 714,658	2012		
\$ 13,490	\$ 22,913	\$ 26,966	\$ 752,856	2013		
\$ 13,766	\$ 23,772	\$ 18,458	\$ 777,561	2014		
\$ 13,974	\$ 24,744	\$ 26,352	\$ 825,162	2015		
\$ 13,977	\$ 25,065	\$ 28,773	\$ 869,840	2016		
\$ 14,196	\$ 25,341	\$ 30,641	\$ 910,522	2017		
				Change		
14.91%	19.69%	-36.21%	32.71%	2008 - 2017		

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 7 - Assessed Value and Actual Value of Taxable Real Property**

Last Ten Fiscal Years

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

Fiscal Year	Residential <sup>a</sup>	Apartments <sup>a</sup>	Commercial &		Vacant Land & Other <sup>a</sup>	Total Taxable Assessed Value	Total Direct Tax Rate <sup>b</sup>	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Industrial <sup>a</sup>	Public Service <sup>a</sup>					
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	\$49,533,872	84.09%
2013	\$33,769,506	\$1,911,766	\$6,210,947	\$1,521,977	\$170,032	\$43,584,228	\$1.28590	\$50,810,494	85.78%
2014	\$35,821,828	\$2,185,291	\$6,597,590	\$1,501,931	\$171,126	\$46,277,765	\$1.25620	\$57,109,671	81.03%
2015	\$39,073,111	\$2,525,672	\$6,802,104	\$1,531,397	\$161,172	\$50,093,457	\$1.22120	\$57,663,419	86.87%
2016	\$41,983,238	\$2,856,819	\$7,179,333	\$1,678,330	\$166,961	\$53,864,681	\$1.19360	\$60,222,753	89.44%
2017	\$43,393,628	\$3,020,162	\$7,406,620	\$1,782,650	\$161,469	\$55,764,529	\$1.19500	\$60,019,270	92.91%

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

2008 - \$3,867,736	2013 \$3,316,592
2009 - \$3,722,543	2014 \$3,705,018
2010 - \$3,451,863	2015 \$3,761,235
2011 - \$3,119,173	2016 \$3,901,930
2012 \$3,183,169	2017 \$4,113,361

<sup>b</sup> See Table 8, Direct and Overlapping Property Tax Rates.

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

Last Ten Fiscal Years

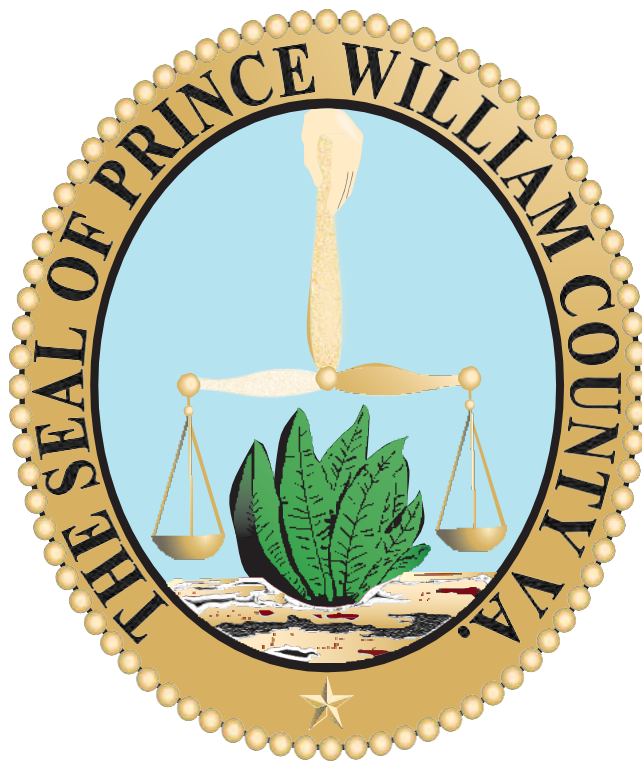
(dollars expressed in millions)

Fiscal	Commercial as a Percent of Total Taxable		New Construction <sup>a</sup>				Bank Deposits <sup>b</sup>
	Commercial to Total	Commercial & Public Service to Total	Residential		Non-Residential		
			Permits	Value	Permits	Value	
2008	11.3%	13.8%	1,568	\$ 228	259	\$ 183	\$ 2,863
2009	14.3%	17.0%	1,782	\$ 270	203	\$ 195	\$ 3,135
2010	16.8%	20.2%	1,996	\$ 297	152	\$ 92	\$ 3,322
2011	14.6%	18.3%	1,377	\$ 242	99	\$ 53	\$ 3,531
2012	14.2%	17.7%	1,398	\$ 278	161	\$ 94	\$ 3,866
2013	14.3%	17.7%	1,542	\$ 282	233	\$ 233	\$ 4,082
2014	14.3%	17.5%	1,396	\$ 290	193	\$ 236	\$ 4,201
2015	13.4%	16.3%	1,401	\$ 261	225	\$ 145	\$ 4,378
2016	13.3%	16.4%	1,295	\$ 224	136	\$ 137	\$ 4,492
2017	13.3%	16.5%	1,399	\$ 339	177	\$ 546	\$ 4,535

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

<sup>b</sup> Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2008-2017, 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	2008	2009	2010	2011	2012
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$0.78700	\$0.97000	\$1.21200	\$1.23600	\$1.20400
Fire and Rescue Levy (Countywide)	\$0.04840	\$0.05970	\$0.07460	\$0.07610	\$0.07410
Mosquito & Forest Pest Management (Countywide)	\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250
Total Direct Tax Rate	<u>\$0.83790</u>	<u>\$1.03220</u>	<u>\$1.28910</u>	<u>\$1.31460</u>	<u>\$1.28060</u>
<i>Service District Levies -</i>					
Bull Run	\$0.12000	\$0.13800	\$0.19900	\$0.20100	\$0.20100
Lake Jackson	\$0.11000	\$0.12300	\$0.17200	\$0.17500	\$0.17500
Circuit Court	\$0.19000	\$0.15000	--	--	--
<i>Transportation District Levies -</i>					
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
<b>OVERLAPPING GOVERNMENTS</b>					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.18000	\$0.18000	\$0.35330	\$0.33350	\$0.33330
Town of Haymarket	\$0.12800	\$0.16400	\$0.16400	\$0.16400	\$0.16400
Town of Occoquan	\$0.08500	\$0.10000	\$0.10000	\$0.10000	\$0.10000
Town of Quantico	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000

2013	2014	2015	2016	2017	Type of Tax
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
\$1.20900	\$1.18100	\$1.14800	\$1.12200	\$1.12200	Real Estate - General Fund
\$0.07440	\$0.07270	\$0.07070	\$0.06910	\$0.07050	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Mosquito & Forest Pest Management (Countywide)
<u>\$1.28590</u>	<u>\$1.25620</u>	<u>\$1.22120</u>	<u>\$1.19360</u>	<u>\$1.19500</u>	Total Direct Tax Rate
<i>Service District Levies -</i>					
\$0.20100	\$0.18300	\$0.14710	\$0.13770	\$0.13770	Bull Run
\$0.17500	\$0.16500	\$0.16500	\$0.16500	\$0.16500	Lake Jackson
--	--	--	--	--	Circuit Court
<i>Transportation District Levies -</i>					
\$0.20000	\$0.20000	\$0.20000	--	--	Prince William Parkway
\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000	234-Bypass
<b>OVERLAPPING GOVERNMENTS</b>					
<i>Real Estate Tax Levy:</i>					
\$0.27733	\$0.27330	\$0.23330	\$0.18990	\$0.18990	Town of Dumfries
\$0.16400	\$0.13900	\$0.13900	\$0.12900	\$0.01460	Town of Haymarket
\$0.10000	\$0.11000	\$0.11000	\$0.11000	\$0.01200	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	2017				2008			
	Taxable Assessed		Percentage of Total County Taxable Assessed		Taxable Assessed		Percentage of Total County Taxable Assessed	
	Value	Rank	Value <sup>a</sup>		Value	Rank	Value <sup>a</sup>	
VA Electric & Power Company	\$ 869,115	1	1.56%		\$ 713,905	1	1.22%	
Mall at Potomac Mills, LLC	521,645	2	0.94%		483,055	2	0.83%	
Northern Virginia Electric Co-op	319,215	3	0.57%		254,594	3	0.44%	
Verizon South, Inc.	165,520	4	0.30%		188,477	4	0.32%	
Porpoise Ventures, LLC	130,210	5	0.23%					
Washington Gas Light Company	128,383	6	0.23%					
JBG/Woodbridge Retail LLC	120,675	7	0.22%					
Rolling Brook Windsor LLC	112,366	8	0.20%					
Stellar Chatsworth LLC	104,122	9	0.19%		107,566	9	0.18%	
Woodbridge Station Apartments LLC	93,497	10	0.17%					
Dominion Country Club, LP	-		-		138,710	5	0.24%	
Lee Carolina, LLC	-		-		136,826	6	0.23%	
WNH Limited Partnership	-		-		113,684	7	0.20%	
Deutsche Bank National Trust Co.	-		-		108,748	8	0.19%	
Brookfield Morris LLC	-		-		105,951	10	0.18%	
	\$ <u>2,564,748</u>		<u>4.61%</u>		\$ <u>2,351,516</u>		<u>4.03%</u>	

<sup>a</sup> See Table 7 for a ten-year listing of Taxable Assessed Values.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 10 - Real Property Tax Levies and Collections**

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date			
	Total Adjusted Tax Levy <sup>a</sup>	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy Collected	
2008	\$ 484,124	\$ 481,069	99.4%	\$ 2,717	\$ 483,786	99.9%	
2009	\$ 544,909	\$ 541,235	99.3%	\$ 3,263	\$ 544,498	99.9%	
2010	\$ 510,988	\$ 508,264	99.5%	\$ 2,513	\$ 510,777	100.0%	
2011	\$ 511,316	\$ 509,154	99.6%	\$ 1,871	\$ 511,025	99.9%	
2012	\$ 527,838	\$ 525,737	99.6%	\$ 1,516	\$ 527,253	99.9%	
2013	\$ 553,424	\$ 551,222	99.6%	\$ 1,651	\$ 552,873	99.9%	
2014	\$ 573,203	\$ 571,425	99.7%	\$ 1,393	\$ 572,818	99.9%	
2015	\$ 603,171	\$ 601,267	99.7%	\$ 1,413	\$ 602,680	99.9%	
2016	\$ 630,485	\$ 629,017	99.8%	\$ 685	\$ 629,702	99.9%	
2017	\$ 653,759	\$ 651,883	99.7%	\$ --	\$ 651,883	99.7%	

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

**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)

	2008	2009	2010	2011	2012
<b>Primary Government</b>					
<i>Governmental Activities:</i>					
General Obligation Bonds <sup>a</sup>					
General Government	\$ 136,200	\$ 165,649	\$ 151,352	\$ 156,520	\$ 139,782
School Board-Related	515,486	531,815	576,826	549,775	556,747
Park Related	4,810	8,477	7,842	7,210	7,126
IDA Lease Revenue Bonds	9,680	8,870	8,030	7,160	6,260
Literary Fund Loans	4,124	3,749	3,374	3,000	2,750
Real Property Capital Leases					
General Government	151,039	179,298	169,012	156,854	145,695
Adult Detention Center	66,275	64,550	34,825	33,100	25,875
Park Related	561	528	495	462	429
Commuter Rail Capital Leases**	1,442	992	511	--	--
Equipment Capital Leases	--	--	--	485	398
Installment Notes Payable	351	182	--	--	--
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	9,535	7,945	6,295	4,595	3,004
Parks & Recreation Revenue Bonds	--	--	--	--	--
Parks & Recreation Equipment Capital Leases	--	--	--	--	--
<b>Total Primary Government</b>	<b>\$ 899,503</b>	<b>\$ 972,055</b>	<b>\$ 958,562</b>	<b>\$ 919,161</b>	<b>\$ 888,066</b>
Percentage of Personal Income <sup>b</sup>	4.49%	4.81%	4.48%	4.04%	3.78%
Per Capita <sup>b</sup>	2,317	2,474	2,384	2,239	2,124
<b>Component Units</b>					
Park Authority Component Unit <sup>c</sup> :					
Series 1999 Revenue Bonds **	\$ 17,725	\$ 17,323	12,481	\$ 12,008	\$ 11,528
Equipment Capital Leases**	3,116	2,800	2,254	1,689	2,793
Installment Notes Payable**	517	376	230	78	--
<b>Total Component Units</b>	<b>21,358</b>	<b>20,499</b>	<b>14,965</b>	<b>13,775</b>	<b>14,321</b>
<b>Total Reporting Entity Outstanding Debt</b>	<b>920,861</b>	<b>992,554</b>	<b>973,527</b>	<b>932,936</b>	<b>902,387</b>
<b>Less: Self-Supporting Revenue and Other Bonds</b>	<b>32,335</b>	<b>29,436</b>	<b>21,771</b>	<b>18,370</b>	<b>17,325</b>
<b>Net Tax-Supported Debt</b>	<b>\$ 888,526</b>	<b>\$ 963,118</b>	<b>\$ 951,756</b>	<b>\$ 914,566</b>	<b>\$ 885,062</b>

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

<sup>a</sup> Includes general obligation bonds associated with School Board-related Debt and Park related debt;

See Exhibit 1.

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

<sup>c</sup> Parks & Recreation revenue bonds are presented net of unamortized premium and unamortized deferred loss on refunding. See Illustration 10-7 in the Notes to the Financial Statements for details.

2013	2014	2015	2016	2017	
					<b>Primary Government</b>
					<i>Governmental Activities:</i>
					General Obligation Bonds <sup>a</sup>
\$ 127,400	\$ 140,032	\$ 126,438	\$ 197,564	\$ 181,934	General Government
579,969	594,188	628,638	793,235	815,195	School Board-Related
6,651	9,746	9,069	14,421	13,606	Park Related
5,325	4,355	3,345	2,290	1,175	IDA Lease Revenue Bonds
2,500	2,250	2,000	--	--	Literary Fund Loans
					Real Property Capital Leases
133,415	122,609	110,324	96,720	86,026	General Government
23,405	21,680	19,955	18,230	15,596	Adult Detention Center
385	352	644	395	268	Park Related
--	--	--	--	--	Commuter Rail Capital Leases**
1,456	951	539	110	--	Equipment Capital Leases
--	--	--	--	--	Installment Notes Payable
					<i>Business-Type Activities:</i>
1,590	--	--	--	--	Solid Waste System Revenue Bonds**
11,031	10,525	10,555	9,965	9,355	Parks & Recreation Revenue Bonds <sup>c</sup>
889	596	295	99	--	Parks & Recreation Equipment Capital Leases
<u>\$ 894,016</u>	<u>\$ 907,284</u>	<u>\$ 911,802</u>	<u>1,133,029</u>	<u>\$ 1,123,155</u>	Total Primary Government
3.81%	3.72%	3.56%	4.21%	4.17%	Percentage of Personal Income <sup>b</sup>
2,099	2,092	2,065	2,566	2,497	Per Capita <sup>b</sup>
					<b>Component Units</b>
					Park Authority Component Unit:
\$ --	\$ --	\$ --	\$ --	\$ --	Series 1999 Revenue Bonds**
--	--	--	--	--	Equipment Capital Leases**
--	--	--	--	--	Installment Notes Payable**
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	Total Component Units
894,016	907,284	911,802	1,133,029	1,123,155	Total Reporting Entity Outstanding Debt
13,510	11,121	10,850	10,064	9,355	Less: Self-Supporting Revenue and Other Bonds
<u>\$ 880,506</u>	<u>\$ 896,163</u>	<u>\$ 900,952</u>	<u>\$ 1,122,965</u>	<u>\$ 1,113,800</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 <sup>a</sup>	Solid Waste System Revenue Bonds	Total	Percentage of Estimated Actual Taxable Value of Property <sup>b</sup>	Per Capita <sup>c</sup>
2008	\$ 656,496	9,535	666,031	1.08%	1,715
2009	\$ 705,941	7,945	713,886	1.38%	1,817
2010	\$ 736,020	6,295	742,315	1.57%	1,847
2011	\$ 713,505	4,595	718,100	1.48%	1,750
2012	\$ 703,655	3,004	706,659	1.43%	1,690
2013	\$ 714,020	1,590	715,610	1.41%	1,681
2014	\$ 743,966	--	743,966	1.30%	1,716
2015	\$ 764,145	--	764,145	1.33%	1,730
2016	\$ 1,005,220	--	1,005,220	1.67%	2,234
2017	\$ 1,010,735	--	1,010,735	1.68%	2,220

<sup>a</sup> Includes general obligation bonds associated with School Board-related and Parks-related debt; excludes Literary Fund loan of \$2,000. See also Table 11.

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

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



**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 13 - Direct and Overlapping Governmental Activities Debt (based on assessed values)**

June 30, 2017

(amounts expressed in thousands)

	Outstanding on June 30, 2017	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value <sup>b</sup>
<b>Direct:</b>				
Net Tax Supported Debt <sup>a</sup>	\$ 1,113,800	100.00%	\$ 1,113,800	1.9973%
<b>Overlapping:</b>				
Town of Dumfries	4,150	100.00%	4,150	0.0074%
Town of Quantico	142	100.00%	142	0.0003%
Town of Haymarket	1,374	100.00%	1,374	0.0025%
Town of Occoquan	1	100.00%	1	0.0000%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	1,090	100.00%	1,090	0.0020%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	9,820	100.00%	9,820	0.0176%
Cherry Hill Community Development Authority Special Assessment Bonds Series 2015	30,000	100.00%	30,000	0.0538%
Northern Virginia Transportation Commission - Virginia Railway Express <sup>c</sup>	66,285	32.32%	21,423	0.0384%
Northern Virginia Criminal Justice Training Academy (NVCJTA) <sup>c</sup>	7,892	34.30%	2,707	0.0049%
<b>Total Overlapping Governmental Activities Debt</b>	<b>\$ 120,754</b>	<b>58.55%</b>	<b>\$ 70,707</b>	<b>0.1268%</b>
<b>Total Direct and Overlapping Governmental Activities Debt</b>	<b>\$ 1,234,554</b>	<b>95.95%</b>	<b>\$ 1,184,507</b>	<b>2.1241%</b>

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

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

<sup>c</sup> Amount applicable determined on basis other than assessed value of taxable property.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 14 - Debt Ratio Information**

Last Ten Fiscal Years

(amounts expressed in thousands)

The issuance of bonds by Virginia counties is not subject to statutory limitation. However, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority.

The 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.

	2008	2009	2010	2011	2012
General Government <sup>a</sup>					
Principal	\$ 59,741	\$ 61,303	\$ 91,742	\$ 66,299	\$ 74,760
Interest <sup>b</sup>	39,865	41,032	43,272	43,783	42,803
Internal Service Fund Debt Service <sup>c</sup>	--	--	--	--	--
Debt Service on Net Tax-Supported Debt	\$ 99,606	\$ 102,335	\$ 135,014	\$ 110,082	\$ 117,563
Total Government Expenditures <sup>d</sup>	\$ 1,325,488	\$ 1,331,692	\$ 1,386,901	\$ 1,337,189	\$ 1,427,543
Ratio of Debt Service to Expenditures	7.5%	7.7%	9.7%	8.2%	8.2%
Total Revenues <sup>e</sup>	\$ 1,364,972	\$ 1,441,690	\$ 1,392,237	\$ 1,439,786	\$ 1,460,245
Ratio of Debt Service to Revenues	7.3%	7.1%	9.7%	7.6%	8.1%
Net Tax-Supported Debt <sup>f</sup>	\$ 888,526	\$ 963,118	\$ 951,756	\$ 914,566	\$ 885,062
Assessed Value of Taxable Property <sup>g</sup>	62,011,351	56,999,051	43,359,775	42,750,432	45,413,737
Ratio of Net Tax-Supported Debt to Assessed Value	1.4%	1.7%	2.2%	2.1%	1.9%

**NOTE:** The 2010 debt service ratios are significantly closer to the limits due to a one-time principal reduction payment of \$28 million resulting from support received from the Commonwealth of Virginia for the County's Adult Detention Center Expansion and Renovation project. If the effect of this non-recurring payment was removed, the 2010 ratio of debt service to revenues would have been 7.7%.

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

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

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

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

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

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

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

2013	2014	2015	2016	2017	
					General Government <sup>a</sup>
\$ 69,858	\$ 72,969	\$ 76,750	\$ 78,093	\$ 86,849	Principal
41,991	42,546	42,476	46,072	47,888	Interest <sup>b</sup>
--	--	--	--	--	Internal Service Fund Debt Service <sup>c</sup>
\$ 111,849	\$ 115,515	\$ 119,226	\$ 124,165	\$ 134,737	Debt Service on Net Tax-Supported Debt
\$ 1,461,112	\$ 1,491,793	\$ 1,557,703	\$ 1,610,616	\$ 1,734,264	Total Government Expenditures <sup>d</sup>
7.7%	7.7%	7.7%	7.7%	7.8%	Ratio of Debt Service to Expenditures
\$ 1,493,495	\$ 1,636,801	\$ 1,611,230	\$ 1,496,700	\$ 1,649,319	Total Revenues <sup>e</sup>
7.5%	7.1%	7.4%	8.3%	8.2%	Ratio of Debt Service to Revenues
\$ 880,506	\$ 896,163	\$ 900,952	\$ 1,122,965	\$ 1,113,800	Net Tax-Supported Debt <sup>f</sup>
47,672,172	50,601,567	54,623,176	58,394,400	61,335,721	Assessed Value of Taxable Property <sup>g</sup>
1.8%	1.8%	1.6%	1.9%	1.8%	Ratio of Net Tax-Supported Debt to Assessed Value

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	System Revenues <sup>a</sup>	Operating Expenses and Transfers <sup>b</sup>	Closure Payment <sup>c</sup>	Net Revenue Available for Debt Service	Debt Service Payments <sup>d</sup>			Coverage <sup>e</sup>
					Principal	Interest	Total	
2008	\$ 17,342	\$ 10,651	\$ 3,015	\$ 3,676	\$ 1,530	\$ 504	\$ 2,034	1.81
2009	\$ 17,795	\$ 15,027	\$ --	\$ 2,768	\$ 1,590	\$ 435	\$ 2,025	1.37
2010	\$ 17,925	\$ 10,423	\$ --	\$ 7,502	\$ 1,650	\$ 362	\$ 2,012	3.73
2011	\$ 18,861	\$ 11,694	\$ 749	\$ 6,418	\$ 1,700	\$ 295	\$ 1,995	3.22
2012	\$ 18,064	\$ 12,031	\$ 1,503	\$ 4,530	\$ 1,470	\$ 226	\$ 1,696	2.67
2013	\$ 18,339	\$ 10,735	\$ 1,749	\$ 5,855	\$ 1,535	\$ 156	\$ 1,691	3.46
2014	\$ 18,820	\$ 5,623	\$ 3,775	\$ 9,422	\$ 1,590	\$ --	\$ 1,590	5.93
2015	\$ 19,735	\$ 12,673	\$ 2,386	\$ 4,676	\$ --	\$ --	\$ --	n/a <sup>f</sup>
2016	\$ 20,455	\$ 11,200	\$ 1,484	\$ 7,771	\$ --	\$ --	\$ --	n/a <sup>f</sup>
2017	\$ 20,416	\$ 12,710	\$ 1,951	\$ 5,755	\$ --	\$ --	\$ --	n/a <sup>f</sup>

<sup>a</sup> 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.

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

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

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

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

<sup>f</sup> Principal on Solid Waste Revenue Bonds was retired during FY 2014.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 16 - Demographic and Economic Statistics**

Last Ten Years

Year	Population <sup>a</sup>	Personal Income <sup>b</sup> (in thousands)	Per Capita Income <sup>b</sup>	Fall School Enrollment <sup>c</sup>	Average Civilian Labor Force <sup>d</sup>	Average Unemployment Rate <sup>d</sup>
2008	388,269	\$20,025,335	\$47,411	72,988	207,622	3.3%
2009	392,900	\$20,209,890	\$46,006	73,917	210,313	5.5%
2010	402,002	\$21,375,534	\$46,562	76,861	219,350	6.1%
2011	410,454	\$22,755,668	\$47,994	79,358	225,335	5.7%
2012	418,107	\$23,464,178	\$48,234	81,937	229,856	5.3%
2013	425,681	\$23,468,904	\$47,296	83,551	232,864	5.2%
2014	433,621	\$24,377,908	\$48,545	85,055	233,890	4.8%
2015	441,627	\$25,621,125	\$50,315	86,641	232,897	4.4%
2016	449,864	\$26,935,423	\$51,600	87,823	235,458	3.7%
2017	455,267	\$28,317,142	\$52,917	89,378	242,543	3.5%

<sup>a</sup> US Census for 2010, other years are Annual Population Estimates from Prince William County Geographic Information Systems (<http://www.pwcgov.org/government/dept/doit/gis>)

<sup>b</sup> Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of March 2016).  
2016 and 2017 data estimated based upon ten-year growth rates on BEA data from 2006 through 2015.

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

<sup>d</sup> Bureau of Labor Statistics, LAUS data

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

	2000		2010		
	Prince William County	Prince William County	Washington MSA	Virginia	United States
<b>Population<sup>a</sup>:</b>					
Median age	31.9	33.5	33.8	37.5	37.2
Percent school age	24.4%	23.1%	15.1%	19.7%	20.4%
Percent working age	62.3%	61.9%	68.1%	61.8%	60.0%
Percent 65 and over	4.8%	6.8%	11.5%	12.2%	13.1%
<b>Education<sup>b</sup>:</b>					
High school or higher	88.8%	87.6%	89.6%	86.5%	85.6%
Bachelor's degree or higher	31.5%	36.9%	46.8%	34.2%	28.2%
<b>Income<sup>b</sup>:</b>					
Median family income	\$71,622	\$102,117	\$100,921	\$72,476	\$60,609
Percent below poverty level	4.4%	4.4%	5.4%	7.7%	11.3%
<b>Housing:</b>					
Number persons / household <sup>a</sup>	2.9	3.1	2.1	2.5	2.6
Percent owner occupied <sup>b</sup>	71.0%	73.2%	42.0%	67.2%	65.1%
Owner occupied median value <sup>b</sup>	\$149,600	\$316,600	\$376,200	\$249,100	\$179,900

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

<sup>b</sup> U.S. Bureau of the Census Bureau, 2000 and 2010 American Community Survey-1 Year Estimates.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 17 - Principal Employers**

Current Year and Nine Years Ago

Employer <sup>a</sup>	2017			2008		
	Ownership	Rank	Number of Employees <sup>b</sup>	Ownership	Rank	Number of Employees <sup>b</sup>
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
County of Prince William	Local Government	2	1000 and over	Local Government	3	1000 and over
U.S. Department of Defense	Federal Government	3	1000 and over	Federal Government	2	1000 and over
Wal Mart	Private	4	1000 and over	Private	5	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	7	500 to 999
Sentara Healthcare/Potomac Hospital Corporation	Private	6	1000 and over	Private	4	1000 and over
Wegmans Store #07	Private	7	500 to 999			
Northern Virginia Community College	State Government	8	500 to 999			
Target Corporation	Private	9	500 to 999	Private	6	500 to 999
Food Lion	Private	10	500 to 999			
Giant Food				Private	8	500 to 999
Minnieland Private Day School				Private	9	500 to 999
Prince William County Park Authority				Local Government	10	500 to 999

<sup>a</sup> All data provided by the Virginia Employment Commission (1st Quarter, 2017 & 2008).

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

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

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Government</b>										
Board of Supervisors	17.00	17.00	19.00	18.00	22.00	25.00	25.00	25.00	25.00	25.00
County Attorney	27.00	27.00	25.00	24.00	25.00	27.00	27.00	27.00	27.00	28.00
Audit Services	--	--	--	7.00	7.00	7.00	1.00	1.00	1.00	1.00
Office of Executive Management <sup>b</sup>	59.98	61.98	54.95	49.95	24.00	24.00	25.00	25.00	26.00	26.00
Office of Management & Budget <sup>b</sup>	--	--	--	--	11.00	11.00	11.00	11.00	12.00	13.00
Human Resources <sup>b</sup>	--	--	--	--	18.50	18.50	23.50	23.50	23.50	26.50
Technology and Support Services	85.53	85.53	77.53	77.53	77.00	79.00	79.00	87.88	88.88	91.88
Finance	139.80	144.80	145.00	147.00	149.00	155.00	156.00	156.00	158.00	159.00
Human Rights	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Board of Registration/Elections	11.00	11.00	11.00	11.00	11.00	11.00	13.00	13.00	14.00	14.00
<b>Judicial Administration</b>										
Commonwealth Attorney	41.00	41.00	41.00	41.00	42.00	43.00	44.00	44.00	44.00	45.00
Sheriff	87.00	89.00	87.00	89.00	91.50	94.50	94.50	94.50	96.50	100.50
Juvenile and Domestic Relations Court	8.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00	6.00	6.00
Clerk of Court/Judges Chambers	62.00	60.00	57.00	55.00	55.00	55.00	55.00	55.00	56.00	58.00
General District Court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Law Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Public Safety</b>										
Police	725.40	758.40	750.20	747.20	751.00	763.00	792.00	820.00	847.00	854.00
Criminal Justice Services	35.50	37.90	37.60	37.60	37.60	39.60	39.60	39.60	39.60	42.60
Public Safety Communications	98.00	98.00	98.00	98.00	103.00	103.00	103.00	103.00	109.00	113.00
Fire Service	445.50	493.50	484.50	514.50	529.50	549.70	574.70	589.70	614.70	662.70
<b>Public Works</b>										
Public Works	332.69	320.68	219.29	225.61	227.79	232.31	234.45	238.54	237.17	241.76
Transportation	53.00	56.80	53.80	53.80	52.80	50.80	50.80	50.80	42.80	43.80
Solid Waste	57.38	57.39	57.39	57.71	58.72	59.72	59.72	59.72	60.72	60.72
Fleet Management	33.12	34.12	34.15	34.15	35.15	35.15	35.15	35.15	35.15	35.15
Small Project Construction	23.75	23.75	25.11	19.80	18.86	17.34	17.20	15.11	14.98	14.39
<b>Health &amp; Welfare</b>										
Social Services	309.81	313.31	298.36	307.99	309.39	309.39	307.46	306.46	322.26	331.26
Public Health	9.96	9.96	6.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Community Services Board	260.11	265.11	265.38	264.88	266.88	279.88	286.71	294.21	293.96	316.26
At-Risk Youth and Family Services	1.00	2.00	2.00	2.00	4.60	4.60	5.00	6.00	--	--
Office on Aging	43.53	35.13	28.21	30.07	31.40	32.14	32.14	32.14	32.14	32.28
Office on Youth	7.00	8.00	--	--	--	--	--	--	--	--
<b>Parks, Recreational and Cultural</b>										
Library	185.94	184.94	168.39	164.33	163.33	163.33	163.86	179.51	208.48	208.16
Parks & Recreation	--	--	--	--	--	377.00	382.07	391.68	396.58	408.57
<b>Planning/Community Development</b>										
Development Services	--	--	87.50	86.50	85.50	88.50	95.50	107.00	112.00	112.00
Office of Planning	58.50	58.50	33.05	32.05	32.50	32.50	33.50	29.00	29.00	29.00
Economic and Community Development	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Housing & Community Development	29.00	29.00	29.00	29.00	28.00	27.00	27.00	24.00	24.00	24.00
Extension and Continuing Education	9.92	9.92	7.02	7.69	7.81	7.81	7.14	7.14	7.14	6.87
<b>Total Primary Government</b>	<b>3,278.42</b>	<b>3,363.72</b>	<b>3,232.03</b>	<b>3,263.96</b>	<b>3,308.43</b>	<b>3,754.37</b>	<b>3,832.60</b>	<b>3,923.24</b>	<b>4,028.16</b>	<b>4,154.00</b>
<b>Component Units</b>										
School Board	9,720.00	9,801.25	9,656.00	9,641.00	10,070.80	10,237.30	10,337.00	10,562.00	10,713.65	11,008.73
Adult Detention Center	308.00	337.00	337.00	337.00	337.00	337.00	339.00	348.40	349.40	351.20
Park Authority <sup>a</sup>	389.00	390.00	369.00	372.00	344.00	--	--	--	--	--
Convention & Visitors Bureau <sup>a</sup>	--	--	--	--	--	8.00	9.00	8.00	8.00	7.00
<b>Total Reporting Entity</b>	<b>13,695.42</b>	<b>13,891.97</b>	<b>13,594.03</b>	<b>13,613.96</b>	<b>14,060.23</b>	<b>14,336.67</b>	<b>14,517.60</b>	<b>14,841.64</b>	<b>15,099.21</b>	<b>15,520.93</b>

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: <sup>a</sup>The 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.)

<sup>b</sup>Beginning 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Judicial Administration</b>										
Land Records Instruments Recorded	93,435	88,932	79,665	78,794	84,067	102,141	73,107	73,232	76,868	96,302
Civil Cases Concluded	3,721	4,269	3,521	4,335	3,762	3,018	7,198	9,161	2,760	2,841
Criminal Cases Concluded	4,509	4,347	4,606	4,159	4,377	5,163	5,505	5,825	5,023	4,905
<b>Public Safety</b>										
<u>Fire &amp; Rescue:</u>										
Fire Incidents	5,761	5,440	5,293	5,639	5,937	5,513	5,826	6,142	6,263	*
EMS Incidents	24,439	24,707	25,479	26,201	31,332	26,188	26,299	27,423	28,925	*
<u>Police:</u>										
Criminal Arrests	14,405	14,307	13,973	14,289	14,369	13,392	*	12,532	11,408	*
Calls for Service Handled	238,651	238,376	236,426	231,557	226,292	224,977	214,050	226,520	225,850	*
<u>Jail:</u>										
Inmate Population	737	840	905	850	870	977	1,043	1,060	965	1,040
<b>Public Works</b>										
Facilities Constructed	--	2	--	2	2	--	--	--	2	--
<b>Health &amp; Welfare</b>										
Total CSB Clients Served	7,438	7,904	6,829	7,661	8,295	8,041	8,818	8,949	9,506	9,762
At-Risk Youth & Family Service										
Residential Placements	151	143	131	130	132	110	108	95	104	118
<b>Parks, Recreational and Cultural</b>										
Participant Visits	3,657	3,621	3,693	3,798	3,622	3,390	3,490	3,398	3,399	3,255
Library Patrons (Library Card Holders)	277,077	298,829	264,930	288,752	310,343	332,700	324,826	314,723	318,175	337,904
<b>Planning/Community Development</b>										
Non-residential Permits	1,616	1,340	1,074	1,034	1,200	1,470	1,394	1,350	1,355	1,228
Residential Permits	5,142	4,771	5,325	4,547	4,464	4,542	4,649	4,605	5,224	5,163

\* Not available



**COUNTY OF PRINCE WILLIAM, VIRGINIA**

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

Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Government</b>										
Administrative buildings	4	4	4	4	4	4	4	4	4	4
<b>Judicial Administration</b>										
Courthouse complex	1	1	1	1	1	1	1	1	1	4
<b>Public Safety</b>										
Police stations	2	2	2	2	2	2	2	2	2	2
Fire stations	19	19	19	20	21	21	21	21	21	21
<b>Public Works</b>										
Fleet/fuel facilities	3	3	3	3	3	3	3	3	3	4
<b>Health &amp; Welfare</b>										
Senior centers	2	2	2	2	2	2	2	2	2	2
Group homes/clinics	4	5	5	5	5	5	5	5	5	5
Housing/shelters	4	4	4	4	6	6	6	5	5	5
<b>Parks, Recreational and Cultural</b>										
Athletic fields <sup>a</sup>	304	282	291	298	277	277	277	301	281	283
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)	15	16	29	29	33	33	33	43	43	45
Indoor gymnasiums <sup>a</sup>	59	58	68	69	69	69	69	36	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	4	5	5	8	8	8	8	8	8
Outdoor basketball courts	27	27	27	27	27	27	27	27	27	27
Outdoor swimming pools	4	4	4	4	4	4	4	4	4	4
Outdoor volleyball courts	9	9	9	9	9	9	9	9	11	17
Picnic shelters	63	63	63	63	63	63	63	63	68	78
Playgrounds	31	33	36	36	36	36	36	36	37	37
Regulation golf courses	4	4	4	4	4	4	4	4	4	4
Skateboard/BMX courses	2	2	2	2	3	3	3	3	3	3
Tennis & racquetball courts	47	33	32	30	28	28	28	28	29	29
Waterparks	2	2	2	2	2	2	2	2	2	2
Regional and community libraries	4	4	4	4	4	4	4	4	6	6
Neighborhood libraries	6	6	6	6	6	6	6	6	5	5

Sources: Various county departments.

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

<sup>a</sup> Includes School Board school facilities programmed by the Parks Department.

\* Not available

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

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

Last Ten Fiscal Years

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

	2008	2009	2010	2011	2012
<b>Personal Property Tax Rates</b>					
Personal Property Class:					
General Class	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Heavy Equipment and Machinery	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Computer Equipment	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000
Farmers Machinery and Tools	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 0.78700	\$ 0.97000	\$ 1.21200	\$ 1.23600	\$ 1.20400
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
<b>Personal Property Assessments<sup>c</sup></b>					
Locally Assessed Value	\$ 3,717,730	\$ 3,769,937	\$ 3,365,319	\$ 3,492,204	\$ 3,754,050
Public Service Value <sup>b</sup>	\$ 2,210	\$ 3,370	\$ 2,550	\$ 2,157	\$ 5,243
Total Personal Property Assessments	<u>\$ 3,719,940</u>	<u>\$ 3,773,307</u>	<u>\$ 3,367,869</u>	<u>\$ 3,494,361</u>	<u>\$ 3,759,293</u>

<sup>a</sup> Fiscal year values represent the assessed value for the prior January 1 (e.g. fiscal year 2015 values are based on the January 1, 2014 assessment).

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

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

2013	2014	2015	2016	2017	
<b>Personal Property Tax Rates</b>					
Personal Property Class:					
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	General Class
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	Heavy Equipment and Machinery
\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	Computer Equipment
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Farmers Machinery and Tools
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (small scheduled)
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (all other aircraft)
\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	Mining & Manufacturing Tools
\$ 1.20900	\$ 1.18100	\$ 1.14800	\$ 1.12200	\$ 1.12200	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
\$ 4,083,424	\$ 4,320,401	\$ 4,526,613	\$ 4,986,744	\$ 5,568,159	Locally Assessed Value
\$ 4,520	\$ 3,401	\$ 3,106	\$ 3,536	\$ 3,033	Public Service Value <sup>b</sup>
<u>\$ 4,087,944</u>	<u>\$ 4,323,802</u>	<u>\$ 4,529,719</u>	<u>\$ 4,990,280</u>	<u>\$ 5,571,192</u>	Total Personal Property Assessments

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2008	\$ 35,838	\$ 18,182	\$ 206,623	\$ 30,188	\$ 75,562	\$ 780,346
2009	\$ 35,712	\$ 18,271	\$ 219,728	\$ 29,218	\$ 74,765	\$ 773,560
2010	\$ 34,108	\$ 16,971	\$ 236,685	\$ 25,545	\$ 74,593	\$ 782,563
2011	\$ 35,296	\$ 17,505	\$ 212,478	\$ 27,736	\$ 76,896	\$ 781,618
2012	\$ 38,897	\$ 17,593	\$ 226,137	\$ 30,408	\$ 75,014	\$ 838,850
2013	\$ 36,788	\$ 18,388	\$ 244,577	\$ 30,522	\$ 75,066	\$ 868,818
2014	\$ 34,966	\$ 19,190	\$ 251,009	\$ 31,441	\$ 76,549	\$ 881,432
2015	\$ 37,651	\$ 19,681	\$ 257,076	\$ 30,857	\$ 80,840	\$ 927,408
2016	\$ 39,122	\$ 20,175	\$ 276,656	\$ 31,633	\$ 85,237	\$ 945,468
2017	\$ 44,340	\$ 21,292	\$ 311,046	\$ 31,269	\$ 89,166	\$ 1,000,063

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

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

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Education	Parks, Recreation & Culture
2008	\$ 2,145	\$ 1,116	\$ 30,801	\$ 64,771	\$ 95,188	\$ 1,548
2009	\$ 2,349	\$ 384	\$ 15,786	\$ 95,094	\$ 98,117	\$ 716
2010	\$ 1,365	\$ 35	\$ 7,815	\$ 28,960	\$ 88,332	\$ 1,325
2011	\$ 648	\$ 33	\$ 3,845	\$ 21,413	\$ 104,311	\$ 2,935
2012	\$ 848	\$ --	\$ 2,020	\$ 25,420	\$ 75,643	\$ 3,692
2013	\$ 642	\$ --	\$ 2,955	\$ 42,080	\$ 83,232	\$ 6,263
2014	\$ 812	\$ 2	\$ 1,559	\$ 60,125	\$ 90,892	\$ 11,767
2015	\$ 379	\$ 142	\$ 3,502	\$ 57,318	\$ 128,605	\$ 22,370
2016	\$ 147	\$ 11	\$ 10,409	\$ 64,141	\$ 133,195	\$ 18,743
2017	\$ 3,511	\$ 365	\$ 34,487	\$ 47,833	\$ 155,581	\$ 3,885

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

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	Parks, Recreation & Culture	Community Development	Capital Projects	Debt Service <sup>b</sup>	Total	Fiscal Year
\$	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	\$ 1,597,771	2013
\$	28,507	\$ 53,185	\$ 166,978	\$ 115,515	\$ 1,658,772	2014
\$	31,085	\$ 53,879	\$ 214,170	\$ 119,226	\$ 1,771,873	2015
\$	34,797	\$ 53,363	\$ 229,154	\$ 124,165	\$ 1,839,770	2016
\$	44,186	\$ 58,165	\$ 251,255	\$ 134,737	\$ 1,985,519	2017

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	Community Development	Health & Welfare	Total	Fiscal Year
\$	604	\$ --	\$ 196,173	2008
\$	1,550	\$ --	\$ 213,996	2009
\$	1,246	\$ --	\$ 129,078	2010
\$	975	\$ --	\$ 134,160	2011
\$	1,319	\$ --	\$ 108,942	2012
\$	1,486	\$ --	\$ 136,658	2013
\$	1,821	\$ --	\$ 166,978	2014
\$	1,854	\$ --	\$ 214,170	2015
\$	2,508	\$ --	\$ 229,154	2016
\$	5,538	\$ 55	\$ 251,255	2017

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

June 30, 2017

<b>Date of County Organization:</b>	March 25, 1731
<b>Form of Government:</b>	County Executive (as provided for by the Code of Virginia)
<b>Area:</b>	348 Square Miles
<b>Services of Primary Government:</b>	
Fire protection:	
Number of career employees	603
Number of volunteers	568
Police protection:	
Number of police officers	660
Public Safety Communications:	
Number of employees	113
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,251
<b>Services not included in the Primary Government:</b>	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	83
Number of public high schools	12
Fall Membership, fiscal year 2017	89,378
Number of personnel (full-time equivalent)	11,009
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	965
Capacity of central jail	0
Capacity of work-release center	75
Number of personnel (full-time equivalent)	351
Tourism (Convention & Visitors Bureau Component Unit)	
Tourist information center visitors	18,785
<b>Other statistical data:</b>	
Elections:	
Registered voters at last general election	275,608
Number of votes cast in last general election	197,710
Percent voting in last general election	72%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,225
Miles of sanitary sewer mains	1,091

*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, 2017

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**Travelers Casualty & Surety Company**

Crime/Faithful Performance of Duty Blanket Bond

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

Honesty Blanket Bond

*(Insured: Same as Above)*

Public Official Bond - Michelle L. Attreed, Director of Finance

Public Official Bond - Courtney Tierney, Director of Social Services

Public Official Bond - Christopher E. Martino, County Executive

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

Surety Bond - Michelle L. Attreed, Director of Finance

Surety Bond - Jacqueline C. Smith, Clerk of the Court

Surety Bond - Glendell Hill, Sheriff

Surety Bond - Peter Meletis, Jail Superintendent







## Compliance Section

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Report of Independent Auditors
- Schedule of Findings and Questioned Costs
- Corrective Action Plan
- Schedule of Prior Audit Findings

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2017  
(amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY:</b>			
* Pass-Through Payments from University of Maryland: High Intensity Drug Trafficking Area (HIDTA) Project	07.000	not available	\$ 562
Total Office of National Drug Control Policy			562
<b>DEPARTMENT OF AGRICULTURE:</b>			
* Direct Payments:			
Distance Learning - Forest Service - Conservation Education	10.000	not applicable	144
Child & Adult Care Food Program	10.558	not applicable	81
Distance Learning - Forest Reserve	10.665	not applicable	23
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	179001-40599	599
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program	10.561	452013-90303 452013-90304 460010-90212 460010-90666 460010-91103 460010-91104 460010-91403 460010-91404	3,138
* Child Nutrition Cluster <sup>1</sup>			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 <sup>2</sup>	not available	1,749
* Department of Education:			
School Breakfast Program	10.553 <sup>3</sup>	17901-40591	5,887
National School Lunch Program	10.555 <sup>2</sup>	179001-40623	18,695
* Department of Juvenile Justice:			
School Breakfast Program	10.553 <sup>3</sup>	36001-00000	40
National School Lunch Program	10.555 <sup>2</sup>	360001-00000 360003-00000	72
Total Department of Agriculture			30,428

<sup>1</sup> Child Nutrition Cluster Total \$26,443

<sup>2</sup> CFDA 10.555 Total \$20,516

<sup>3</sup> CFDA 10.553 Total \$5,927

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2017  
(amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF DEFENSE:</b>			
* Direct Payments:			
Junior ROTC Program	12.000	not applicable	645
Student Achievement at Military-Connected Schools	12.556	not applicable	445
Total Department of Defense			<u>1,090</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
* Direct Payments:			
Community Development Block Grants / Entitlement Grants	14.218	not applicable	1,060
Supportive Housing Program	14.235	not applicable	454
Emergency Solutions Grant Program	14.231	not applicable	144
HOME Investment Partnerships Program	14.239	not applicable	830
Section 8 Housing Choice Vouchers	14.871	not applicable	24,030
* Pass-Through Payments from Northern Virginia Planning District Commission:			
Housing Opportunities for Persons with AIDS	14.241	not available	293
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Housing and Community Development:			
Emergency Solutions Grant Program	14.231	458005-45551	26
		458005-45551	34
* Pass-Through Payments from Virginia Housing Development Authority:			
Housing Counseling Assistance Program	14.169	182100-65100	56
Total Department of Housing and Urban Development			<u>26,927</u>
<b>DEPARTMENT OF THE INTERIOR:</b>			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	75
American Battlefield Protection	15.926	not applicable	41
Total Department of the Interior			<u>116</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended June 30, 2017  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF JUSTICE:</b>			
* Direct Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not applicable	46
Missing Children's Assistance	16.543	not applicable	30
Equitable Sharing Program	16.922	not applicable	311
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Criminal Justice Services:			
Juvenile Accountability Block Grant	16.523	390001-57700	16
Juvenile Justice and Delinquency Prevention Title II, Part B Formula Grants	16.540	390001-67000	71
Violence Against Women Formula Grants	16.588	390001-76516 390001-86515	31
Crime Victim Assistance	16.575	390001-86015	217
* Pass-Through Payments from City of Manassas Park:			
Congressionally Recommended Awards	16.753	not available	36
Total Department of Justice			<u>758</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>			
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	605007-57128 605007-57129 605007-57296 605007-57330 605007-55092 605007-56005 605007-56029	3
Highway Planning and Construction	20.205	not available	21,068
State and Community Highway Safety	20.600	605007-54283 605007-55152 605007-56005 605007-56029 605007-56030 605007-57128 605007-57129 605007-57296 605007-57330	133
Total Department of Transportation			<u>21,204</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended June 30, 2017  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF THE TREASURY:</b>			
* Direct Payments:			
Equitable Sharing Agreement	21.000	not applicable	67
Total Department of the Treasury			<u>67</u>
<b>DEPARTMENT OF VETERANS AFFAIRS:</b>			
* Direct Payments:			
Veterans Medical Care Benefits	64.009	not applicable	292
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
GI Bill	64.000	not available	5
Total Department of Veterans Affairs			<u>297</u>
<b>DEPARTMENT OF ENVIROMENTAL PROTECTION:</b>			
* Direct Payments:			
Environmental Education Grant Program	66.951	not applicable	13
Total Department of Environmental Protection			<u>13</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2017  
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF EDUCATION</b>			
* Direct Payments:			
Impact Aid	84.041	not applicable	700
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program	84.002 <sup>6</sup>	179001-61380	75
Title I Grants to Local Educational Agencies	84.010 <sup>4</sup>	179001-42901 179001-42935	11,389
Title I Program for Neglected & Delinquent Children	84.013	179001-42948	2
Vocational Education - Basic Grants to States	84.048	179001-61095	894
Twenty-First Century Community Learning Centers	84.287	179001-60565	692
English Language Acquisition Grants	84.365	179001-60512	1,715
Title II Part A Improving Teacher Quality State Grants	84.367	179001-61480	1,311
Preschool Development Grants	84.419	179001-40002	2,723
School Improvement Grants	84.377	179001-43040	367
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181	445007-43079 445007-43080	414
* Special Education Cluster <sup>5</sup>			
* Department of Education:			
Special Education - Grants to States	84.027	179001-43071	13,618
Special Education - Preschool Grants	84.173	179001-62521	350
* Pass-Through Payments from Ohio State University to Leslie University			
USED Investing in Innovation Grant Project	84.396	not available	1
* Pass-Through Payments from College of William and Mary			
Education for Homeless Children and Youth	84.196	not available	29
* Pass-Through Payments from Fairfax County			
Adult Education - State Grant Program	84.002 <sup>6</sup>	not available	425
Total Department of Education			<u>34,705</u>

<sup>4</sup>Title I Part A Cluster Total \$11,389

<sup>5</sup>Special Education Cluster Total \$13,968

<sup>6</sup>Adult Education Total \$500

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
* Direct Payments:			
* Head Start			
Head Start	93.600	not applicable	3,370
* SHIP and ADRC Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models			
Project Grants	93.626	not applicable	7
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Aging:			
Health Care Financing Research, Demonstrations VICAP-Basic, Medicaid + Choice, Termination, Enhancement	93.324	455004-44117 455004-44118	28
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	455004-42416 455004-42417	3
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	499033-44418	4
National Family Caregiver Support, Title III, Part E	93.052	455004-42516 455004-42517	174
Special Programs for the Aging - Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals (State Grants for Long-term Care Ombudsman Services)	93.042	455006-43616 455006-43617	9
Chronic Disease Self Management Education Programs	93.734	455004-45818	13
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	445001-50996 445006-50994 445006-50995 445006-50996	88
Block Grants for Community Mental Health Services	93.958	445006-50126 445006-50166	238
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	445001-50166 445001-50196 445001-50996	1,062
State Targeted Response to the Opioid Crisis Grants	93.788	445001-51011	23

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, 2017  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Temporary Assistance for Needy Families	93.558	452001-90603 452012-90366 452012-90377 460010-90665 460010-91109 460010-91110 460010-91111 460010-91112 460010-91127	1,499
Low-Income Home Energy Assistance	93.568	460010-91114	168
Promoting Safe & Stable Families	93.556	460010-91129 469002-90359 469002-90360 469002-90361	169
Refugee & Entrant Assistance - State Administered Programs	93.566	460010-91113 491002-90623	149
Chafee Education and Training Vouchers Program (ETV)	93.599	469002-90353	2
Child Welfare Services State Grants	93.645	460010-91131	2
Foster Care - Title IV-E	93.658	460010-90209 460010-91105 460010-91106 460010-91107 460010-91133 460010-91138 460010-91147 460010-91148 460010-91405 460010-91406 460010-91407 460010-91433 460010-91438 460010-91447 460010-91448 469001-90635 469001-90636 469001-90637 469001-90639 469001-90640 469001-90655 469001-90657 469001-90658 469002-90047	1,620

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, 2017  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Adoption Assistance	93.659	460010-90214 460010-91108 460010-91408 469003-90606 469003-90607 469003-90627	792
Social Services Block Grant	93.667	460010-91120 460010-91122 460010-91123 460010-91124 460010-91125 460010-91126 460010-91142 468002-90340 468002-90379 469002-90351 469002-90357 469002-90358 469002-90361 469003-90648	1,003
Chafee Foster Care Independence Program	93.674	460010-91134 469002-90356	14
Children's Health Insurance Program	93.767	460010-90161 460010-90173 460010-90668 460010-91102 460010-91402	121
Medical Assistance Program	93.778	460010-90160 460010-90174 460010-90213 460010-90667 460010-91101 460010-91146 460010-91150 460010-91401 460010-91446 460010-91450	4,136

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, 2017  
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Aging Cluster <sup>7</sup>			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	455004-42016 455004-42017	84
Special Programs for the Aging - Title III, Part C			
Nutrition Services	93.045	457001-42216 457001-42217 457003-42316 457003-42317	224
* Child Care Cluster			
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	452014-90517 452014-90529 452014-90540 452014-90541 452014-90566 452015-90378 452015-90521 452015-90566 460010-91116 460010-91117 460010-91118	250
Assistance Programs for Disease Prevention	93.945	not available	24
Total Department of Health and Human Services			<u>15,276</u>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>			
* Direct Payments:			
Homeland Security Grant Program	97.067 <sup>8</sup>	not applicable	124
* Pass-Through Payments from Metropolitan Washington Council of Governments:			
Homeland Security Grant Program	97.067 <sup>8</sup>	not available	60
Securing the Cities Program	97.106 <sup>8</sup>	not available	69
Total Department of Homeland Security			<u>253</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 131,696</u>

<sup>7</sup>Aging Cluster Total \$308

<sup>8</sup>Homeland Security Grant Program Total \$253

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2017**  
(amounts expressed in thousands)

**NOTE (1) – SCOPE OF AUDIT PURSUANT TO TITLE 2 US CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS**

All federal grant operations of the County of Prince William, Virginia (the County) are included in the scope of the audit (the Single Audit); Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 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. The major federal programs, as shown in Illustration 1-1, cover approximately 42.21% of total expenditures of federal awards.

Illustration 1-1			
Major Federal Programs			
10.561	State Administrative Matching Grant for Food Stamp Program	\$	3,138
14.871	Section 8 Housing Choice Vouchers Cluster		24,030
20.205	Highway Planning and Construction Cluster		21,068
84.365	English Language Acquisition Grants		1,715
93.558	TANF Cluster		1,499
93.778	Medical Assistance Program Cluster		4,136
			4,136
	Total	\$	55,586

Illustration 1-2 presents the reconciliation of the County's Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 35 and the School Board's separately issued CAFR Exhibit 5 to the Schedule of Expenditures of Federal Awards (SEFA). A copy of the County's CAFR may be obtained through the County's website at [www.pwccgov.org](http://www.pwccgov.org). A copy of the School Board's CAFR may be obtained through the School's website at [www.pwcc.edu](http://www.pwcc.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 35		\$	65,458
School's Total Federal Revenue per Exhibit 5			66,335
			131,793
Items expended from Restricted Fund Balance:			
Emergency Solutions Grant Program			26
Highway Planning and Construction			2,570
Criminal Forfeitures (Treasury)			67
Criminal Forfeitures (Justice)			248
Section 8 Housing Choice Vouchers			(550)
Items not subject to Single Audit:			
U. S. Marshals/I.N.S. purchase of service agreement			(329)
Other purchase of services agreements			(2,129)
			(2,129)
Total Federal Expenditures per SEFA		\$	131,696

**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 2017. This schedule has been prepared on the modified accrual basis of accounting, as defined in Note 1C, of the County's Basic Financial Statements.

The County did not use the 10% indirect cost rate, but rather used zero percent.

The County operates on a contractual basis with its grant partners, and, therefore, does not have any sub-recipients.

**NOTE (4) – NONCASH FEDERAL AWARDS EXPENDED**

The value of food distribution - commodities received by the County during fiscal year 2017 was \$7 and the value of equipment received by the County during fiscal year 2017 was \$129. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2017, the County received and expended \$3,000 in surplus food commodities from the federal government. At year end, \$494 of food commodities received from the federal government have been included in inventories and recorded as unavailable revenue.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications of Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 15, 2018. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, which we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Specifications for Audits of Counties, Cities, and Towns* and which are described in the accompanying schedule of findings and questioned costs as item 2017-006, 2017-007, and 2017-008.

### **County's Response to Findings**

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Tysons Corner, Virginia  
February 15, 2018

## Report of Independent Auditor on Compliance for Each Federal Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of 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 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, 2017. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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's compliance.

### **Basis for Qualified Opinion on Medicaid**

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.778 Medicaid as described in finding 2017-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

### **Qualified Opinion on Medicaid**

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Medicaid* paragraph, 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 the Medicaid program for the year ended June 30, 2017.

### ***Basis for Qualified Opinion on Temporary Assistance for Needy Families Cluster***

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.588 Temporary Assistance for Needy Families Cluster (“TANF”) as described in finding 2017-004 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

### ***Qualified Opinion on Temporary Assistance for Needy Families Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on TANF* paragraph, 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 the TANF program for the year ended June 30, 2017.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-003 and 2017-005. Our opinion on each major federal program is not modified with respect to these matters.

The County’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of 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 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 the Uniform Guidance, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-004, that we consider to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekant LLP*

Tysons Corner, Virginia  
February 15, 2018

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2017**

**Section I - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued:	<u>Unmodified</u>			
Internal control over financial reporting:				
Material weakness(es) identified?	<u>  x  </u>	yes	<u>          </u>	no
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<u>          </u>	yes	<u>      x      </u>	none reported
Noncompliance material to financial statements noted?	<u>          </u>	yes	<u>      x      </u>	no

**Federal Awards Section**

Internal control over major programs:				
Material weakness(es) identified?	<u>  x  </u>	yes	<u>          </u>	no
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<u>          </u>	yes	<u>      x      </u>	none reported

Type of auditor's report on compliance for major programs:	Qualified for Medicaid and Temporary Assistance for Needy Families Cluster Unmodified for other major programs
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<u>  x  </u>	yes	<u>          </u>	no
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Identification of major programs:

<u>Name of Program or Cluster</u>	<u>CFDA Number</u>
State Administrative Matching Grant for Food Stamp Program	10.561
Housing Voucher Cluster	14.871-CL
Highway Planning and Construction Cluster	20.205-CL
Temporary Assistance for Needy Families Cluster	93.558-CL
Medicaid Cluster	93.778-CL
English Language Acquisition Grants	84.365

Dollar threshold used to distinguish between Type A programs: type A and type B programs (in thousands):	<u>      \$      3,000      </u>
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Auditee qualified as low-risk auditee for federal purposes?	<u>          </u>	yes	<u>      x      </u>	no
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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**Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

**Finding 2017-001 Material Weakness in Internal Controls-  
For Prince William County Public Schools (“PWCS”) Component Unit**

Criteria: PWCS is responsible for overseeing the preparation, processing, and recordation of community use rentals that ultimately will be reflected in PWCS Comprehensive Annual Financial Report (“CAFR”). In order to ensure all transactions related to community use are fairly presented, procedures must be in place and functioning effectively to produce complete and accurate financial information.

Condition: During our review of the policies and procedures over community use program, deficiencies in internal controls were noted which were considered material to the financial statement presentation. Specifically:

- Each school is assigned two logins. The number of users per school however, is at the principal's discretion. There have been instances of sharing of login information. Additionally, each login has the same system capabilities.
- The Community Use Bookkeeper data is overwritten weekly with new and changing information. If the Schedule ID and the Invoice number are the same as prior data, the data is overwritten with the new information. Additionally, when the data is uploaded by Community Use to the Bookkeeper database there is no review or reconciliation of what changed from the prior version. No historical data is kept. This database is used in order to input payroll information and produce reports. The export and overwrite of data is done to ensure the Bookkeeper database has the most current information.
- In several schools, the bookkeeper can invoice, receive (and deposit) cash, and change invoices. Additionally, the bookkeeper issues the checks, reconciles the cash account, and is one of two required signatories on the account.
- Multiple schools do not ensure prepayment of invoices, as evidenced by the outstanding accounts receivable at the end of the year

Cause: Each individual School is responsible for the preparation, processing, and recordation of community use rentals with oversight by Community Use. The policies and procedures, to include systems, are not properly designed to ensure the accurate and complete recording and reporting of community use events. Specifically:

- The School Dude program utilized by schools to book and invoice organizations renting facilities has limited number of logins per site and no stratified authority within the system.
- Should an invoice change, School Dude does not create a different version of the original invoice.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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- Internal control processes are not in place to ensure adequate segregation of duties between those who book, record, and receipt payment for community use events.
- Each school is responsible for collecting payment. There is no review prior to an event as to whether or not the invoice has been paid. Additionally, prior to approving community use events, there is no review for outstanding balances.

Effect: Ineffective policies and procedures over Community Use management can result in losses or unreported use of PWCS facilities.

Recommendation: We recommend management review and update its policies and procedures over Community Use to include, but not limited to: enhancing Risk Management's oversight of Community Use; formalizing the responsibilities of the Activity Directors and subordinates; and, assessing the potential user of the facility for potential conflicts of interest. Departments within the organization whose responsibility it is for internal controls should be made aware of these internal control issues and the corrective actions. Additionally, Internal Audit should incorporate follow up procedures on the implementation of management's corrective actions.

Views of responsible officials and planned corrective action: Management concurs with Finding 2017-001. Risk Management will ensure each user is assigned their own unique login as well as the appropriate level of system access. Prior to being issued a login, the user will be required to attend the required training.

Risk Management will investigate options available in the software used for Community Use functions to track changes to invoices. This will maintain historical data as well as an audit trail.

Risk Management will update the Regulation to require segregation of duties. Area associates will ensure the segregation of duties requirement is met.

Risk Management will ensure the Regulation is followed in relation to the prepayment of events. Area associates will ensure the prepayment requirement is met.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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**Section III – Findings and Questioned Costs Relating to Federal Awards**

**Finding 2017-002: Material Weakness and Compliance Qualification - Eligibility for Medicaid Program Assistance (CFDA 93.778)**

Criteria: Per the 42 CFR sections 435.907, 435.913, and 435.914, participants in the Medicaid program must meet specified eligibility criteria to receive program assistance. The agency must require a written or electronic application from the application or an authorized representative that is signed under a penalty of perjury. Additionally, for participants in the program longer than one year, the agency must re-determine the eligibility of these beneficiaries at least every 12 months.

Condition/Context: Of the sixty (60) participants selected for testing, thirty three (33) participant case files did not include evidence of an annual eligibility redetermination being completed by the 12 month renewal date. Additionally, of the sixty participants tested, nine (9) of the case files did not properly verify participant's citizenship or immigration status. Finally, one (1) of the case files selected was missing a signed renewal application.

Cause: An increase in applicants during the year, as well as a lack of personnel to assist in processing and reviewing these applications, prevented the County from complying with the programs requirements for determination of participant's eligibility.

Effect: The County's non-compliance could result in costs disallowed by the grantor or a reduction in future funding for this program.

Questioned Cost: Undeterminable. Medicaid representatives are unaware of the costs incurred by each participant until claims are filed or costs are processed by the state, which can occur up to 18 months after the date of Medicaid services being provided. In addition, this information is not readily available to the County.

Prevalence and Consequence of the Audit Finding: Systemic problem as there were multiple instances of the finding and these are repeat findings from the prior year (see 2016-002 in the Fiscal Year 2016 County CAFR)

Repeat Finding: Yes, this is a repeat finding, with additional instances. See finding 2016-002 in the Fiscal Year 2016 County CAFR for further reference.

Recommendation: The County should implement a plan to enhance internal controls related to participant eligibility to ensure renewals are occurring on a timely basis, income is properly verified at each renewal period when required, and files contain adequate supporting documentation in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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Views of responsible officials and planned corrective action: Management concurs with Finding 2017-002. Strategies are in place to address the areas of concern. The 33 case files that did not include evidence of an eligibility redetermination have been corrected, and cases were closed if applicable. Staff will participate in mandatory training to ensure citizenship and immigration status verification is being conducted correctly, and applications and renewal applications are signed and dated.

**Finding 2017-003: Non-Material Noncompliance - Office of Housing & Community Development – Eligibility for the Section 8 Housing Choice Voucher Cluster (CFDA 14.871)**

Criteria: Per the 24 CFR section 982.201, 982.515, 982.516, local public housing agencies must obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent and determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification.

Condition/Context: Of the sixty (60) tenants selected for testing, one (1) instance existed where the calculation of the family's annualized income was completed incorrectly.

Cause: Internal Controls are not operating effectively to ensure the HUD 50058 Forms are being accurately completed.

Effect: Not accurately completing the HUD 50058 Form may result in costs disallowed by the grantor or reduced future funding for this program.

Questioned Cost: Immaterial less than \$5 (Note: amount is in 000s)

Prevalence and Consequence of the Audit Finding: Systematic.

Repeat Finding: This is a repeat finding regarding income verification. See finding 2016-003 in FY 2016 CAFR.

Recommendation: The County should implement a corrective action plan aimed at enhancing internal controls related to participant eligibility to ensure that accurate and complete documentation supporting all participant eligibility determination is prepared, maintained and reported, in accordance with County and federal record retention requirements.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2017-003. For the Housing Program Specialist employee that had the audit finding, 20% of re-certifications and 100% of new move-in files will be Quality Control (QC) reviewed by the Housing Program Specialist Supervisor. For those employees that did not have audit findings related to their files, 10% of all re-certifications and 100% of all new move-in files will have QC reviews performed by the Housing Program Specialist Supervisor.

In addition to QC reviews, supplemental training will be provided to staff to reinforce the correct procedures. OHCD has experienced staff, with the majority having at least 10 years' experience. A week of training was provided to all staff by Nan McKay Consultants on the Housing Choice Voucher Program.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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**Finding 2017-004: Material Weakness and Compliance Qualification - U.S. Department of Health and Human Services- Eligibility for the Temporary Assistance for Needy Families Cluster (CFDA 93.558)**

Criteria: Per the 45 CFR sections 261.13, 261.14, 261.15, 261.56, 261.57, 263.11, 263.20, 264.10, participants in the TANF program must meet specified eligibility criteria to receive program assistance. The agency must require a written or electronic application from the application or an authorized representative that is signed under a penalty of perjury. Additionally, for participants in the program longer than one year, the agency must redetermine the eligibility of these beneficiaries at least every 12 months.

Condition/Context: Of the forty (40) participants selected for testing, fifteen (15) participant case files did not include determinable evidence for any of the above mentioned criteria. Of the twenty-five (25) participant case files provided and tested: two (2) had no evidence of a minor child in the participant's care or living in the participant's household; three (3) received assistance from Federal TANF funds for a period of greater than 60 months; twenty-one (21) were missing an application where the participant certifies they have not been convicted in Federal or State court of making a fraudulent statement or representation about their place of residence, or they are not fleeing to avoid prosecution or violating probation for felony charges, or have not been convicted of a felony involving a controlled substance; two (2) participant's case files contained no evidence of their financial need; three (3) applications were not signed by the applicant or guardian; three (3) had no evidence of review of their TANF eligibility on an annual basis; three (3) had no evidence of review of the DSS Quality Assurance Manager. Twenty-four (24) of the forty (40) participant's case files contained audit findings as some participant's case files mentioned above contained multiple audit findings.

Cause: An increase in applicants during the year, as well as a lack of personnel to assist in processing and reviewing these applications, prevented the County from complying with the programs requirements for determination of participant's eligibility.

Effect: The County's non-compliance could result in costs disallowed by the grantor or a reduction in future funding for this programs.

Questioned Cost: Undeterminable. TANF representatives are unaware of the costs incurred by each participant until claims are filed or costs are processed by the state, which can occur up to 18 months after the date of TANF services being provided. In addition, this information is not readily available to the County.

Prevalence and Consequence of the Audit Finding: Systemic problem as there were multiple instances of the finding.

Repeat Finding: No.

Recommendation: The County should implement a plan to enhance internal controls related to participant eligibility to ensure renewals are occurring on a timely basis, citizenship is properly verified at each renewal period when required, and files contain adequate supporting documentation in accordance with Uniform Guidance.

Views of Responsible Officials and Planned Corrective Action: DSS concurs with the TANF eligibility audit findings. After a detailed review of the audit findings, the Benefits Employment and Child Care (BECC) division determined that errors occurred due to a lack of documentation, attention to policy and application detail,

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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and due to a lack of consistent and quality case record filing practices. All deficiencies noted in the TANF audit will be corrected within 60 days of submitting the management response and corrective action plan.

Additionally, the following processes will be implemented immediately to prevent repeat findings:

- All TANF records will be electronically scanned and stored to prevent the division from misplacing applications and provide Managers with the ability to perform weekly/monthly quality assurance reviews of case record.
- Staff training will be provided to address TANF policy and process compliance issues highlighted in the audit.
- Effective immediately, the TANF supervisor will perform a monthly quality assurance case review of each TANF worker, address any noted deficiencies with the responsible worker, and report systemic issues to the BECC management team.

**Finding 2017-005: Non-Material Noncompliance - Office of Housing & Community Development –Special Test and Provisions for the Section 8 Housing Choice Voucher Cluster Income Verification (CFDA 14.871)**

Criteria: Per the 24 CFR sections 982.1589(d) and 982.405(b), units leased to a family must be inspected at least annually to determine if the unit meets Housing Quality Standards (HQS) and the public housing agencies (PHAs) must prepare a unit inspection report. Per the 24 CFR sections 982.158(d) and 982.404, for units under housing assistance payment (HAP) contracts that fail to meet HQS, the PHA must require the owner to correct any life threatening HQS deficiencies within 24 hours and all other deficiencies within 30 calendar days or within a specified PHA-approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP contract.

Condition/Context: During our testing of forty (40) samples, we noted one (1) instance in which the unit failed an inspection and was not re-inspected within 30 calendar days' time.

Cause: Internal controls are not operating effectively to ensure that re-inspections for failed units are conducted within the required time frame.

Effect: Failure to re-inspect failed units in a timely manner may result in costs disallowed by the grantor or reduced future funding for this program.

Questioned Cost: Approximately \$13 (Note: amount is in 000s)

Prevalence and Consequence of the Audit Finding: Systemic.

Repeat Finding: Yes, this is a repeat finding. See Finding 2016-005 in FY 2016 County CAFR.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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Recommendation: The County should implement a corrective action plan aimed at enhancing internal controls related to HQS inspections to ensure that all failed units are re-inspected within the required time frame.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2017-005. OHCD has established a process so that all inspections are now received and assigned by the Housing Program Inspector Supervisor who reviews the PIC and HAPPY software systems to ensure there are no discrepancies. If discrepancies are found, corrections are made to the HAPPY system thus ensuring that inspections are completed in the time period required. This also ensures that all failed inspections can be certain to be re-inspected within the 30-day period. Utilizing the new process, the Supervisor has discovered overdue inspection and immediately scheduled the re-inspection.

**Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**Finding 2017-006: Virginia Initiative for Employment not Welfare Program**

Criteria: Chapter 1000.11 of the TANF Manual requires the participant to have an Activity and Service Plan that details the supportive services needed by the individual to comply with program requirements. Service transactions for the participants must be appropriate based on the individuals VIEW Participant Activity and Service Plan.

Condition: Of the forty (40) participants selected for testing, we noted fourteen (14) participants that did not have an Activity and Service Plan detailing the supportive services that were provided.

Cause: In five (5) instances, there was no end date of the services specified on the participant's Service Plan to determine if the services were supported by the participant's Activity and Service Plan. In nine (9) instances, the supportive service was not approved per the participant's Activity and Service Plan.

Effect: Non-compliance may result in action by the Commonwealth.

Repeat Finding: Yes, this is a repeat finding. See Finding 2016-007 in FY 2016 County CAFR.

Recommendation: Local Department of Social Services should ensure that VIEW transactions are supported by the participant's Activity and Service Plan.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2017-006. DSS agrees with the finding regarding adding end dates to the Activity and Service plans in VaCMS. To ensure end dates are properly added in VaCMS, the following actions will be put in place effective immediately:

- When assigning the Employed component (full or part-time), VIEW case managers will indicate a six-month end date in the "Planned End Date" section on the Activity and Service Plan in VaCMS in accordance with VIEW policy requirements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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- Staff will continue documenting and updating case records, including key employment dates (beginning and end dates) and activities, which will assist with determining if disbursements are covered by the service plan period in question.
- Supervisors and Program Managers will perform monthly quality assurance checks on Service Plans and Activities in VaCMS.

DSS agrees with the finding regarding documenting support services on the participant's Activity and Service Plan. To ensure support services are properly documented, the following actions will be put in place effective immediately.

- Staff will immediately begin documenting support services by checking all appropriate boxes under the "Supportive Transitional Services" categories on the Service Plan.
- The Employment Service Supervisor will begin monitoring and auditing cases on a monthly basis and will provide direction and feedback to staff. In addition, the Employment Service Supervisor will develop a training plan to ensure documentation on service plans are clearly linked to a support service activity that is represented on the current Activity and Service Plan.
- The Program Manager will perform quarterly monitoring of case documentations (i.e. car repair estimates, utilities and past due amounts, transportation, dental/medical, etc.)
- Any support services other than Child Care, Transportation, TET, and VTP will be detailed by checking the "Other" box with a description of the service.
- Staff will continue to document the case record detailing support services and payments according to policy allowances.

**Finding 2017-007: Conflicts of Interest**

Criteria: Section 2.2-3115 of the Code of Virginia requires certain local government officials to file a statement of economic interest with the local body annually by January 15th. Section 2.2-3124 of the Code of Virginia assesses a civil penalty on any officer or employee who knowingly violates the Conflict of Interests Act. Specifically, an officer or employee required to file the disclosure form prescribed by Section 2.2-3117 who fails to file such form within the time period prescribed shall be assessed a civil penalty in an amount equal to \$250 dollars. The Clerk of Circuit Court of the governing body of the County shall notify the attorney for the Commonwealth for the locality in which the officer or employee was elected or is employed of any local officer's or employee's failure to file the required form and the attorney for the Commonwealth shall assess and collect the civil penalty. All newly hired officials are required to file disclosure forms prior to assuming office or taking employment.

COUNTY OF PRINCE WILLIAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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Condition: We noted five (5) instances where local government officials did not accurately complete the filed statement of economic interest. We noted one (1) instance where a constitutional officer did not file disclosure forms prior to assuming office. We noted one (1) instance where a constitutional officer failed to file the disclosure and the clerk failed to notify the Commonwealth Attorney of this violation.

Cause: Lack of controls over the statements of economic interest to verify that all statements are filed and that the statements are accurately completed.

Effect: Non-compliance may result in action by the Commonwealth of Virginia.

Repeat Finding: Yes, this is a repeat finding. See Finding 2015-001 in FY 2015 County CAFR and Finding 2016-009 in FY 2016 County CAFR for further reference.

Recommendation: Local government officials should complete the statement of economic interest in accordance with prescribed requirements. The Clerk of Circuit Court should notify the Commonwealth Attorney if local government officials fail to complete the statement of economic interest in accordance with prescribed requirements.

Views of Responsible Officials and Planned Corrective Action: Management acknowledges Finding 2017-007. Pursuant to Code of Virginia § 2.2-3117, Disclosure form, Constitutional Officers file the Statement of Economic Interest forms electronically directly with the Council and do not go through County staff to review for completeness and timeliness of filings. Four Statement of Economic Interest forms filed by Constitutional Officers were not completed accurately. Of the four Statement of Economic Interest forms filed, one did not file disclosure forms before assuming office. In addition, another Constitutional Officer failed to file the disclosure forms and failed to notify the Commonwealth Attorney of this violation.

County staff will continue to send oral and written notifications to the County staff and government officials reminding them to submit their Statement of Economic Interest forms completely, accurately, and on time. One Statement of Economic Interest form filed by a government official was not completed accurately. A question box did not have a check mark on the form. As part of the due diligence work performed by staff, every Statement of Economic Interest form submitted by Prince William County employees are timestamped and reviewed.

**Finding 2017-008: Property Taxes and Property Taxes Receivable**

Criteria: The Code of Virginia requires that when property values are revised downward, or when mistakes come to the commissioner of the revenue's attention, the commissioner corrects the assessment books and completes an exoneration (abatement) form to correct the error. The commissioner forwards the approved exoneration form to the treasurer who writes off the taxes.

Condition: Of the forty (40) exoneration forms tested to determine whether they have been properly approved, we noted four (4) instances in which there was no formal documentation of approval. We noted one (1) instance in which the assessment books were not corrected for the exoneration.

COUNTY OF PRINCE WILLIAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

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Cause: Lack of documentation of controls and lack of controls around corrections being properly recorded in the assessment books.

Effect: Non-compliance may result in action by the Commonwealth.

Repeat Finding: Yes, this is a repeat finding regarding Property Taxes and Property Taxes Receivable. See Finding 2016-010 in the FY 2016 County CAFR for further reference.

Recommendation: Local government officials should complete the prescribed exoneration form in its entirety to document review and approval of exonerations and should correct the assessment books for the exoneration, when applicable.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2017-008. The tax relief forms application has been modified to include the approval. The application was posted to the website and is currently in use by the Finance Department.

Reduction in assessment: Although database does not permit changing the assessment, the assessment can be changed in the billing database, RevenueOne.

New and renewal applications for disabled veterans will be formally approved with a signature. New applications for all tax relief programs will include formal approval documentation by a supervisor.



COUNTY OF PRINCE WILLIAM, VIRGINIA

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2017

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**Financial Statement Findings**

Prince William County Public Schools

Corrective Action Plan

For the Year Ended June 30, 2017

Financial Statement Findings

Finding 2017-001: Material Weakness in Internal Control – Community Use

Name of Contact Person: Ronald Crowe, Director of Risk Management and Security Services

Corrective Action:

- Management concurs with Finding 2017-001. Risk Management will ensure each user is assigned their own unique login as well as the appropriate level of system access. Prior to being issued a login, the user will be required to attend the required training.

Risk Management will investigate options available in the software used for Community Use functions to track changes to invoices. This will maintain historical data as well as an audit trail.

Risk Management will update the Regulation to require segregation of duties. Area associates will ensure the segregation of duties requirement is met.

Risk Management will ensure the Regulation is followed in relation to the prepayment of events. Area associates will ensure the prepayment requirement is met.

Proposed Completion Date: Dec. 31, 2018

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# 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

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County Executive

Michelle L. Attreed  
Director of Finance

## COUNTY OF PRINCE WILLIAM, VIRGINIA

### **CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2017

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### **Financial Statement Findings**

#### **Finding 2017-002: Material Weakness and Compliance Qualification - Eligibility for Medicaid Program Assistance (CFDA 93.778)**

**Name of Contact Person:** Courtney S. Tierney, Director of Department of Social Services (DSS)

#### **Corrective Action:**

Management concurs with Finding 2017-002. Strategies are in place to address the areas of concern. The 33 case files that did not include evidence of an eligibility redetermination have been corrected, and cases were closed if applicable. Staff will participate in mandatory training to ensure citizenship and immigration status verification is being conducted correctly, and applications and renewal applications are signed and dated.

**Proposed Completion Date:** Immediately

#### **Finding 2017-003: Non-Material Noncompliance - Office of Housing & Community Development –Eligibility for the Section 8 Housing Choice Voucher Cluster (CFDA 14.871)**

**Name of Contact Person:** Bill J. Lake, Office of Housing & Community Development (OHCD) Director

#### **Corrective Action:**

Management concurs with Finding 2017-003. For the Housing Program Specialist employee that had the audit finding, 20% of re-certifications and 100% of new move-in files will be Quality Control (QC) reviewed by the Housing Program Specialist Supervisor. For those employees that did not have audit findings related to their files, 10% of all re-certifications and 100% of all new move-in files will have QC reviews performed by the Housing Program Specialist Supervisor.

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2017

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In addition to QC reviews, supplemental training will be provided to staff to reinforce the correct procedures. OHCD has experienced staff, with the majority having at least 10 years' experience. A week of training was provided to all staff by Nan McKay Consultants on the Housing Choice Voucher Program.

**Proposed Completion Date:** Immediately

**Finding 2017-004: Material Weakness and Compliance Qualification - U.S. Department of Health and Human Services- Eligibility for the Temporary Assistance for Needy Families Cluster (CFDA 93.558)**

**Name of Contact Person:** Courtney S. Tierney, Director of Department of Social Services (DSS)

**Corrective Action:**

DSS concurs with the TANF eligibility audit findings. After a detailed review of the audit findings, the Benefits Employment and Child Care (BECC) division determined that errors occurred due to a lack of documentation, attention to policy and application detail, and due to a lack of consistent and quality case record filing practices. All deficiencies noted in the TANF audit will be corrected within 60 days of submitting the management response and corrective action plan.

Additionally, the following processes will be implemented immediately to prevent repeat findings:

- All TANF records will be electronically scanned and stored to prevent the division from misplacing applications and provide Managers with the ability to perform weekly/monthly quality assurance reviews of case record.
- Staff training will be provided to address TANF policy and process compliance issues highlighted in the audit.
- Effective immediately, the TANF supervisor will perform a monthly quality assurance case review of each TANF worker, address any noted deficiencies with the responsible worker, and report systemic issues to the BECC management team.

**Proposed Completion Date:** Immediately

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2017

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**Finding 2017-005: Non-Material Noncompliance - Office of Housing & Community Development –Special Test and Provisions for the Section 8 Housing Choice Voucher Cluster Income Verification (CFDA 14.871)**

**Name of Contact Person:** Bill J. Lake, Office of Housing & Community Development (OHCD) Director

**Corrective Action:**

Management concurs with Finding 2017-005. OHCD has established a process so that all inspections are now received and assigned by the Housing Program Inspector Supervisor who reviews the PIC and HAPPY software systems to ensure there are no discrepancies. If discrepancies are found, corrections are made to the HAPPY system thus ensuring that inspections are completed in the time period required. This also ensures that all failed inspections can be certain to be re-inspected within the 30-day period. Utilizing the new process, the Supervisor has discovered overdue inspection and immediately scheduled the re-inspection.

**Proposed Completion Date:** Immediately

**Finding 2017-006: Virginia Initiative for Employment not Welfare Program**

**Name of Contact Person:** Courtney S. Tierney, Director of Department of Social Services (DSS)

**Corrective Action:**

Management concurs with Finding 2017-006. DSS agrees with the finding regarding adding end dates to the Activity and Service plans in VaCMS. To ensure end dates are properly added in VaCMS, the following actions will be put in place effective immediately:

When assigning the Employed component (full or part-time), VIEW case managers will indicate a six-month end date in the “Planned End Date” section on the Activity and Service Plan in VaCMS in accordance with VIEW policy requirements.

Staff will continue documenting and updating case records, including key employment dates (beginning and end dates) and activities, which will assist with determining if disbursements are covered by the service plan period in question.

Supervisors and Program Managers will perform monthly quality assurance checks on Service Plans and Activities in VaCMS.



**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2017

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DSS agrees with the finding regarding documenting support services on the participant's Activity and Service Plan. To ensure support services are properly documented, the following actions will be put in place effective immediately:

- Staff will immediately begin documenting support services by checking all appropriate boxes under the "Supportive Transitional Services" categories on the Service Plan.
- The Employment Service Supervisor will begin monitoring and auditing cases on a monthly basis and will provide direction and feedback to staff. In addition, the Employment Service Supervisor will develop a training plan to ensure documentation on service plans are clearly linked to a support service activity that is represented on the current Activity and Service Plan.
- The Program Manager will perform quarterly monitoring of case documentations (i.e. car repair estimates, utilities and past due amounts, transportation, dental/medical, etc.)
- Any support services other than Child Care, Transportation, TET, and VTP will be detailed by checking the "Other" box with a description of the service.

Staff will continue to document the case record detailing support services and payments according to policy allowances.

**Proposed Completion Date:** Immediately

**Finding 2017-007: CONFLICT OF INTEREST**

**Name of Contact Person:** Phillip Campbell, Assistant to CXO and Clerk to Board of County Supervisors (BOCS)

**Corrective Action:**

Management acknowledges Finding 2017-007. Pursuant to Code of Virginia § 2.2-3117, Disclosure form, Constitutional Officers file the Statement of Economic Interest forms electronically directly with the Council and do not go through County staff to review for completeness and timeliness of filings. Four Statement of Economic Interest forms filed by Constitutional Officers were not completed accurately. Of the four Statement of Economic Interest forms filed, one did not file disclosure forms before assuming office. In addition, another Constitutional Officer failed to file the disclosure forms and failed to notify the Commonwealth Attorney of this violation.

County staff will continue to send oral and written notifications to the County staff and government officials reminding them to submit their Statement of Economic Interest forms completely, accurately, and on time. One

COUNTY OF PRINCE WILLIAM, VIRGINIA

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2017

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Statement of Economic Interest form filed by a government official was not completed accurately. A question box did not have a check mark on the form. As part of the due diligence work performed by staff, every Statement of Economic Interest form submitted by Prince William County employees are timestamped and reviewed.

**Proposed Completion Date:** Immediately

**Finding 2017-008: Property Taxes and Property Taxes Receivable**

**Name of Contact Person:** Michelle L. Attreed – Director of Finance

**Corrective Action:**

Management concurs with Finding 2017-008. The tax relief form application has been modified to include the approval. The application was posted to the website and is currently in use by the Finance Department.

Reduction in assessment: Although the database does not permit changing the assessment, the assessment can be changed in the billing database, RevenueOne.

New and renewal applications for disabled veterans will be formally approved with a signature. New applications for all tax relief programs will include formal approval documentation by a supervisor

**Proposed Completion Date:** Immediately

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2017

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**Financial Statement Findings**

**Finding 2016-001: Material Weakness in Internal control over Financial Reporting – Unearned Revenue and Deposits & Escrow**

Summary of Finding: Internal control processes were not properly designed or implemented to ensure accuracy of unearned revenues and the deposits & escrow account balances and activity. During the audit, it was noted that the unearned revenue and deposits & escrow liabilities were not properly reconciled or supported. This resulted in an understatement of the deposits & escrow liability and an overstatement of the unearned revenue balance.

Corrective Action Taken: The Finance Department has worked with the Office of Planning (Planning) and the Department of Development Services (DDS) to reconcile the proffers (unearned revenue), escrows and performance bonds (deposit & escrow). After reconciling the individual accounts, Finance adjusted the Ascend financial system balances (general ledger), accordingly, to agree with the Energov (subsidiary ledger). On a monthly basis, Planning and DDS will continue to maintain and reconcile the balances in Energov with Ascend. Finance Department staff are reviewing the reconciliation on a quarterly basis. In addition, at the request of management, the Board Audit Committee added an internal audit of proffers, deposits and escrows to the FY 2017/FY 2018 Audit Plan.

**Findings and Questioned Costs for Federal Awards**

**2016-002: Social Services – Material Weakness and Compliance Qualification – Eligibility for the Medicaid Program Assistance (CFDA 93.778)**

Summary of Finding: A sample of 60 participants were selected for eligibility to receive program assistance. Twenty-nine (29) participant case files did not include evidence of an annual eligibility redetermination being completed by the 12 month renewal date. Some of these twenty-nine cases had FY 2016 renewals, but should have been closed as they were missing a prior review and the recipient should have been cut-off from benefits in a timely manner before re-application and re-determination was completed. Additionally, of the sixty participants tested, seven (7) case files were missing a signed initial application or renewal application. Finally, ten (10) of the participant case files selected could not be found in their entirety or were missing significant amounts of information required for testing.

Corrective Action Taken: Management is enhancing internal controls for participant eligibility to ensure renewals are occurring on a timely basis and income is verified at each renewal. The 29 cases were reviewed and of the 29, 25 were updated with current renewal dates and four were closed, two were closed in January and June 2016 respectively before the FY 2016 audit took place. One was closed for a non-financial reason. These actions were completed in early January 2017.

The staff pattern involved was random so no personnel actions were taken. However, all staff has been reminded of the importance of timely renewals and ongoing training is underway.

While the finding is specifically about Medicaid renewals, it is salient to note the high volume of all applications facing the benefits staff. With an average of 80 workers, there are 500 applications needing processing per

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2017

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**Financial Statement Findings**

**Finding 2016-001: Material Weakness in Internal control over Financial Reporting – Unearned Revenue and Deposits & Escrow**

Summary of Finding: Internal control processes were not properly designed or implemented to ensure accuracy of unearned revenues and the deposits & escrow account balances and activity. During the audit, it was noted that the unearned revenue and deposits & escrow liabilities were not properly reconciled or supported. This resulted in an understatement of the deposits & escrow liability and an overstatement of the unearned revenue balance.

Corrective Action Taken: The Finance Department has worked with the Office of Planning (Planning) and the Department of Development Services (DDS) to reconcile the proffers (unearned revenue), escrows and performance bonds (deposit & escrow). After reconciling the individual accounts, Finance adjusted the Ascend financial system balances (general ledger), accordingly, to agree with the Energov (subsidiary ledger). On a monthly basis, Planning and DDS will continue to maintain and reconcile the balances in Energov with Ascend. Finance Department staff are reviewing the reconciliation on a quarterly basis. In addition, at the request of management, the Board Audit Committee added an internal audit of proffers, deposits and escrows to the FY 2017/FY 2018 Audit Plan.

**Findings and Questioned Costs for Federal Awards**

**2016-002: Social Services – Material Weakness and Compliance Qualification – Eligibility for the Medicaid Program Assistance (CFDA 93.778)**

Summary of Finding: A sample of 60 participants were selected for eligibility to receive program assistance. Twenty-nine (29) participant case files did not include evidence of an annual eligibility redetermination being completed by the 12 month renewal date. Some of these twenty-nine cases had FY 2016 renewals, but should have been closed as they were missing a prior review and the recipient should have been cut-off from benefits in a timely manner before re-application and re-determination was completed. Additionally, of the sixty participants tested, seven (7) case files were missing a signed initial application or renewal application. Finally, ten (10) of the participant case files selected could not be found in their entirety or were missing significant amounts of information required for testing.

Corrective Action Taken: Management is enhancing internal controls for participant eligibility to ensure renewals are occurring on a timely basis and income is verified at each renewal. The 29 cases were reviewed and of the 29, 25 were updated with current renewal dates and four were closed, two were closed in January and June 2016 respectively before the FY 2016 audit took place. One was closed for a non-financial reason. These actions were completed in early January 2017.

The staff pattern involved was random so no personnel actions were taken. However, all staff has been reminded of the importance of timely renewals and ongoing training is underway.

While the finding is specifically about Medicaid renewals, it is salient to note the high volume of all applications facing the benefits staff. With an average of 80 workers, there are 500 applications needing processing per

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2017

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month or 3.3 applications per hour per worker. A near impossibility, due to the time allowed for the customer to respond back with necessary information and in addition to the time it takes in contacting the customer. In FY 2016, the Department had a monthly average of 40,000 new and ongoing SNAP, TANF and Medicaid applications that needed eligibility determinations. The timeliness of these reviews was 99%. The state mandate is 97%. In FY 2015, the percentage was 94 and we question if the push to get more done in FY 2016 may have resulted in more errors.

Virginia, statewide, has been struggling with a large increase in applications, which led the Virginia General Assembly to add state funds to local departments of social services budgets to assist with the work. These additional funds have led to an ability to provide overtime pay, hire temporary workers and in FY 2017, new positions were added to the Benefits Division.

These new positions include a Quality Assurance Manager who will be standing up a new training unit to ensure all staff are adequately trained in all aspects of public benefits whose eligibility is determined by the Department. This dovetails nicely into a broader corrective action plan for all benefits and all benefits staff.

The Commonwealth of Virginia is changing the way in which all applications for all benefits are managed by launching a new integrated system called Virginia Case Management System (VaCMS). This will begin on February 6, 2017. There were days in 2015 and 2016 in which the systems were closed so that the new system could begin pulling data together.

It is likely that the Prince William County Department of Social Services will continue to struggle due to the high volume, however, with the institution of the new system, and once the unanticipated complications have been worked out, the issues in the finding should begin to be rectified.

Repeat Finding: This is a repeat finding in FY 2017. Please see Finding 2017-002.

**2016-003: Office of Housing & Community Development – Material Weakness and Compliance Qualification – Eligibility for the Section 8 Housing Choice Voucher Cluster Income Verification (CFDA 14.871)**

Summary of Finding: A sample of 60 tenants were selected for third party income verification. Three (3) instances existed where insufficient or out of date documentation was maintained as third-party verification of the reported family annual income. Additionally, four (4) instances were noted where the calculation of the family's annualized income was completed incorrectly. For rent reasonableness, of the sixty tenants selected, there was an absence of rent reasonableness documentation or the determination was made after the annual recertification date within three (3) difference cases.

Corrective Action Taken: For Housing Program Specialist that had audit findings 20% of their re-certifications and 100% of their new move-in files will be Quality Controlled (QC) reviewed by their Housing Program Specialist Supervisor. For those that did not have audit findings, 10% of all re-certifications and 100% of all new move-in files will have QC reviews performed by their Housing Program Specialist Supervisor.

In addition to QC reviews, supplemental training will be provided to all staff to reinforce the correct procedures. OHCD has an experienced staff with the majority having at least 10 years' experience.

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2017

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Repeat Finding: This is a repeat finding regarding income verification and calculation in FY 2017. Please see Finding 2017-003.

**2016-004 Social Services – Significant Deficiency and Non-Material Noncompliance – Allowable Cost for the Medicaid Program Assistance (CFDA 93.778) and the Supplemental Nutrition Assistance Program (CFDA 10.561)**

Summary of Finding: The County did not follow established policies and procedures for complying with the Commonwealth’s requirements for the RMS Observation Forms. For three (3) of forty (40) forms sampled, the RMS Observation Form report was not completed in a timely manner consistent with RMS guidance.

Corrective Action Taken: It is important to note that the system involved in the finding was a state-mandated system that has ended. It was ended because there were problems statewide with timely and consistent compliance. We do not believe that three out of 40 forms reaches the level of “significant.”

A new, automated RMS process was implemented by the Virginia Department of Social Services in FY 2017. The new system eliminates the need for hard copy signature forms. Prince William County Department of Social Services receives routine reports about employees who are not responding within the appropriate timeframe which is allowing us the opportunity to adjust to and continually improve upon the new system. Recently, all staff were requested to note their absence from the office in their electronic “out of office” message and to have their supervisor’s name in the message. This allows for improved internal management of the state-wide RMS process.

**2016-005: Office of Housing & Community Development – Significant Deficiency and Non-Material Noncompliance – Special Test and Provisions for the Section 8 Housing Choice Voucher Cluster Income Verification (CFDA 14.871)**

Summary of Finding: Per the 24 CFR sections 982.1589(d) and 982.405(b), units leased to a family must be inspected at least annually to determine if the unit meets Housing Quality Standards (HQS) and the public housing agencies (PHAs) must prepare a unit inspection report. During the audit testing of 25 samples, there was one instance in which a unit was not inspected at least annually, three instances in which the unit failed an inspection and was not re-inspected within 30 calendar days’ time period and one instance in which the unit failed to correct deficiencies and the HAP payments were not abated within the required time frame.

Corrective Action Taken: The Office of Housing & Community Development has established a process that requires the Housing Program Inspector Supervisor to review PIC and HAPPY software systems to ensure that there are no discrepancies have been corrected in the HAPPY system thus ensuring that inspections are completed in the time frame required and if not proper notice is sent to owner to abate payment.

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2017

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**Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**2016-006: Social Services – Annual Review of Access**

Summary of Finding: There was one instance in which an employee had access to Energy Assistance in the system, but did not have an approved current access request form for Energy Assistance on file. Additionally, there were ten instances where there was no annual review of employee's access to each system application that took place during the year.

Corrective Action Taken: There has been some staff change and it is not expected that this finding will be repeated. This coupled with related previous findings has highlighted the need for a total process change of keeping up with access forms for new, continuing and separated employees.

DSS has three Information Technology staff that manages over 30 systems for 340 employees. A new process is underway to inventory system application that includes an annual review of employee access and that the proper forms are filed.

**2016-007: Social Services – Virginia Initiative for Employment not Welfare Program**

Summary of Finding: A sample of 40 participants were selected for verification of selection of Activity and Service Plan that details the supportive services needed by the individual to comply with program requirements eligibility to receive program assistance. Three participants that did not have an Activity and Service Plan detailing the supportive services that were provided.

Corrective Action Taken: DSS acknowledges that the supportive services were not checked on the plan; however, the participants did have Activity and Services Plans and supportive services were provided.

Corrective action was swift. The other localities were contacted and the form was in the paper file. Effective immediately, prior to forwarding cases to another locality, DSS will scan and store records electronically.

It is important to note that a paper form must be completed prior to keying the codes into the state system with the Activity and Service plan dates. All participants' files have been reviewed to ensure compliance.

Much change is underway in the VIEW program. A new VIEW manager was hired in FY 2017, as well as, a new Quality Assurance Manager. They will be conducting periodic case reviews to maintain compliance.

**2016-008: Social Services – Social Security Recipients**

Summary of Finding: LDSS should reconcile monthly all of the special welfare accounts to the local government's records. Prince William County does not reconcile all of the special welfare accounts to the County's accounting records on a monthly basis.

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2017

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Corrective Action Taken: DSS does reconcile the special welfare accounts and has used the same reconciliation process that has been previously found to be in compliance. It is agreed that adding a summary reconciliation sheet will improve the existing reconciliation process. A summary reconciliation sheet will be added to the monthly reconciliation process for Special Welfare accounts effective immediately.

**Finding 2016-009: Conflicts of Interest**

Summary of Finding: There were four instances where local government officials did not accurately complete the filed statement of economic interest. We noted one instance where a constitutional officer failed to file the June 15 disclosure and the clerk failed to notify the Commonwealth Attorney of this violation.

Corrective Action Taken: Four Statement of Economic Interest forms filed by Constitutional Officers were incomplete and one Statement of Economic Interest form was not filed by a Constitutional Officer. Constitutional Officers file the Statement of Economic Interest forms directly with the State and do not go through County staff to review for completeness and timeliness of filings.

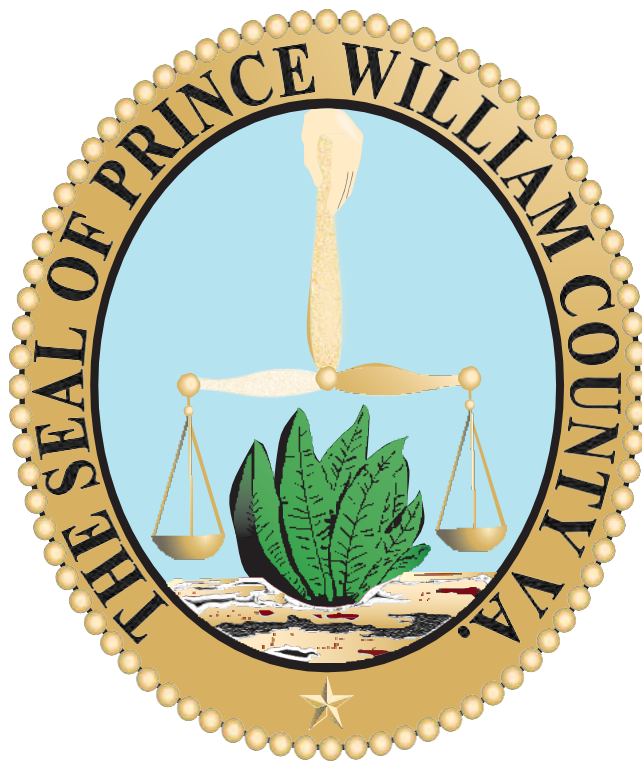
Repeat Finding: This is a repeat finding with regards to County instances in FY 2017. Please see Finding 2017-007.

**Finding 2016-010: Property Taxes and Property Taxes Receivable**

Summary of Finding: A sample of forty exoneration forms were selected for testing to determine whether they have been properly approved. There were three instances in which there was no formal documentation of approval.

Corrective Action Taken: On the tax relief forms, there is a section for staff to initial and indicate whether the tax relief application is Approved or Not Approved. Historically, staff have not been required to complete this section. Effective immediately, Finance Department staff will be required to initial this section of the form, documenting their review of the application for tax relief and check the appropriate Approved/Not Approved box, accordingly.





2017

# Prince William County, Virginia

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