



**PRINCE WILLIAM**  
Finance Department

# Comprehensive Annual Financial Report

For the Year Ended June 30, 2019



# FY2019

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# **County of Prince William, Virginia**

## **Comprehensive Annual Financial Report**

**for the Fiscal Year Ended June 30, 2019**

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### **COUNTY EXECUTIVE**

**Christopher E. Martino**

### **DIRECTOR OF FINANCE/CFO**

**Michelle L. Attreed**

*Prepared by the Department of Finance*

*\*As of June 30, 2019*

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## Introductory Section

Letter of Transmittal

Certificate of Achievement

Organization of the County Government







**February 18, 2020**

**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, 2019. 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 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, 2019, 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, 2019. 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 independent auditor’s report.

## 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, 2019, Prince William's Geographic Information Systems (GIS) Division placed the County's population at an estimated 466,496 persons. Prince William County is almost 7.5% of the Washington-Metropolitan region's population, which stands at close to 6.3 million persons according to the 2018 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. Seven of the current board members took office in January 2016, following an election held on November 3, 2015, and serve until December 31, 2019. One board member took office in April 2019 following a special election held on April 9, 2019 and will also serve until December 31, 2019.

On November 5, 2019, an election was held in the County to elect members to fill the seven magisterial district seats and the one at large seat. The following members-elect took office in January 2020 and serve a four-year term expiring in December 31, 2024:

<u>Chair, At-Large</u>	<u>Gainesville District</u>
Ann B. Wheeler	Pete K. Candland
<u>Neabsco District, Vice Chair</u>	<u>Occoquan District</u>
Victor S. Angry	Kenny A. Boddye
<u>Brentsville District</u>	<u>Potomac District</u>
Jeanine M. Lawson	Andrea O. Bailey
<u>Coles District</u>	<u>Woodbridge District</u>
Yesli Vega	Margaret Angela Franklin

The County provides a full range of local government services including police, fire and rescue, court administration, education, planning, development, libraries, parks, recreational and tourism services, health and social services, public improvements, and general administration. The County's School Board and Adult Detention Center both have a financial benefit/burden relationship with the County and are reported as discretely presented component units, with the School Board issuing separately audited financial statements. 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 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 budget 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 budget and adopts a budget by April 30. The education component 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 Adopted 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. Increasingly key to this dynamic economy is the abundance of technology infrastructure, namely low-cost electricity and cable fiber, propelling Northern Virginia to the forefront of America's largest data center market, housing the most data centers in the nation and the world. In a time of uncertain federal budgets, this robust and rapidly growing industry is proving critical to diversifying the region's economy, which has historically relied on federal government spending.

The Prince William County economy continues to exhibit healthy signs. The residential real estate market faces low housing inventory – the most influential factor affecting average sold prices. The average days on the market and available inventory have significantly decreased over the prior year and 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 the number of establishments, employment, and wages in the County. And, Prince William County's vacancy rates for commercial inventory remain in line with the five-year average vacancy rate.

According to data from Metropolitan Regional Information Systems (MRIS), during June 2019, the average home in Prince William County sold for \$417,008, representing an increase of 3.4% year-over-year. The number of homes sold in Prince William County in June 2019 was 778, a decrease of 9.7% from the 862 homes sold one year earlier. The ratio of homes on the market to homes sold was 1.33, compared to 1.55 one year earlier, marking a slight improvement. Average number of "days on the market" stood at 36 in June 2019 compared to 44 in June 2018. The average sold price of homes sold in the County reached its peak of \$468,900 in December 2005. Although sale prices have not yet returned to that level, June's average days on the market of 36 and average sold price to original list price of 99.1%, closely resemble December 2005. Trending nationwide are low housing inventory levels. Active County listings in June 2019 stood at 1,033 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. Despite persistent inventory constraints, sales transactions are expected to grow moderately as buyers are still able to take advantage of historically low interest rates, coupled with strong consumer confidence and low unemployment.

Residential building permit activity is a leading indicator for housing construction. Since the pre-recession housing boom, permit activity has remained below 3,000 units. According to the County's Department of Development



Services, a portion of the spike in 2014/2015 resulted from three multi-family rental occupancy permits. In 2018, the County issued 1,328 residential occupancy permits for 1,841 new homes: 686 single-family homes, 538 townhouses, and 617 multi-family units (including apartments). Since 2014, the number of permits issued for single-family homes has stayed consistent.

Calendar Year	Single Family	Townhouse	Condo/Apartment	Total
2014	681	378	1,659	2,718
2015	613	469	1,403	2,485
2016	718	500	551	1,769
2017	676	530	209	1,415
2018	686	538	617	1,841
2019 (Jan-Jun)	338	167	381	886

The Prince William County commercial inventory has held steady through June 2019. According to Costar Realty Group (Costar), the vacancy rate on June 30, 2019 was 5.7%. Total commercial property inventory has remained in the range of 40-48 million sq. ft. since 2015. The vast majority of vacancies result from new inventory rather than tenant departures, with approximately 80% of this growth coming from the industrial sector. 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. The average rent price per sq. ft. at \$14.75 is slightly below the mid \$15 five-year average. The real estate industry continues to evolve as more businesses downsize office space and the growth of shared workspace (co-working locations) increase competition between Prince William and localities to the north. Expectations are that the commercial real estate market will continue to be primarily in an absorption phase for office and retail properties.

About 81% of the County's real estate tax base (including apartments) consists of residential housing. Approximately 18% 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 2016 - \$1.122
- FY 2017 - \$1.122
- FY 2018 - \$1.125
- FY 2019 - \$1.125
- FY 2020 - \$1.125

Retail sales reflect stellar growth in fiscal year 2019, with fiscal year-over-year sales tax revenue increasing 6.3% between 2018 and 2019. Over the near term, expectations are for a modest improvement over the prior year's results.

Prince William County's population was estimated at 466,496 on June 30, 2019. 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 22% between the current estimate and 2040. According to the U.S. Census American Community Survey 2013-2017 5-Year Estimates and in sync with the County's family-oriented tradition, just over 32% of the County's households contain married-couple families with children of the household under 18 years old. Just over 62% of the County's residents work in another county or state, and the mean travel time to work is 39.1 minutes, the 23<sup>rd</sup> highest of all U.S. counties and equivalents. Additionally, according to the U.S. Census American Community Survey 2018 1-Year Estimate, the Washington D.C. Metropolitan Statistical Area (MSA) has the third-highest median household income in the U.S, at \$102,180 with five of the MSA's counties in the top 20 nationwide. Prince William County's median household income of \$107,925 is 74% above the

national median of \$61,937 and 49% above the statewide median of \$72,577. Prince William County had the 17<sup>th</sup> highest median household income in the United States; nearly 6% higher than the Washington, D.C. MSA. This ranking continues to highlight Prince William County's status as a "Community of Choice."

**A**ccording to data from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages, Prince William County outpaced Northern Virginia in business and job growth over the past year. At-place employment in Prince William County (130,073 in the 1<sup>st</sup> quarter of 2019) increased by 2.1% year-over-year, compared to an increase of 1.2% statewide. Establishments of employment in the County increased by 2.6% from 9,398 in the 1<sup>st</sup> quarter of 2018 to 9,643 in the 1<sup>st</sup> quarter of 2019. By comparison, Northern Virginia establishments grew by 2.5% from the 1<sup>st</sup> quarter of 2018, and statewide establishments grew by 3.6%, outpacing Prince William and Northern Virginia's establishment of employment growth. The largest employers in the County are the Prince William County School Board, Prince William County Government, the U.S. Department of Defense, Walmart, and Sentara Healthcare/Potomac Hospital Corporation.

**T**he average weekly wage in Prince William County grew more slowly between the first quarter of 2019 and the first quarter of 2018, at 0.2% (\$936 to \$938). By comparison, during the same period, average weekly wages in Northern Virginia increased 2.0% from \$1,606 to \$1,638, and Virginia weekly wages increased 2.1% from \$1,162 to \$1,182.

**C**onsistent post-recession economic growth in the region has led to a jump in construction in Prince William County. According to the Bureau of Labor Statistics, in the first quarter of 2010, there were 9,220 construction jobs in the County. As of the first quarter 2019, at-place construction employment increased to 14,349 jobs. Establishments of employment have grown by more than 2,000 between 2010 and the 1<sup>st</sup> quarter of 2019 and the County has experienced a recent uptick in startup firms from 432 in 2017, to 483 in 2018 and 580 in 2019 (surpassing the peak of 536 in 2014). Additionally, Prince William County's unemployment rate was 2.6% in June 2019, below the Washington D.C. metropolitan area's June rate of 3.4%, the statewide rate of 2.9% and national rate of 3.7%.

**A**s Prince William County enters fiscal year 2020, the local economy continues to outperform the national economy in a few areas. However, considering 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. The Realtor Association of Prince William (PWAR) reports despite slower sales activity, the homes sale prices continue to climb, evidence of the tight supply of active listings and strong economic conditions. The strong job growth, along with the economic strength in the Northern Virginia region sets the stage for a strong housing market in Prince William County.

**H**istorically, Prince William County's proximity to federal government agencies and affiliated contractor industries and its enviable participation in the Northern Virginia economy has largely insulated it from the severity of normal business cycle troughs. 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 current U.S. economic expansion has become the nation's longest on record (dating back to 1850's). The Federal Reserve began lowering the federal funds rate in 2019 stating it would continue to act as appropriate to sustain the expansion. Brexit and trade uncertainty remain the major issues in 2020.

**S**ince most of the County's general fund revenues are derived from local property taxes, the County depends heavily on its housing stock and consumer spending to maintain its prosperity and levels of local government services. Latest trends point to modestly improving conditions in local consumer confidence and real estate activity. Strong financial policies and practices, as well as sufficient general fund balance, positions the County to comfortably manage through any future economic downturn.

## Long-term Financial Planning

The County adopted its Principles of Sound Financial Management in 1988. The most recent update to these long-standing Principles occurred in April 2018. 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 48 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 S&P Global Ratings is the Board's and management's consistency in implementing and adhering to multi-year financial plans. As outlined in the Financial Planning and Program Ordinance and the Principles of Sound Financial Management, 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 2019 for fiscal year 2020 to fiscal year 2024. 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 Adopted Budget 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 adopted strategic goal areas included in the 2017-2020 Strategic Plan (adopted in January 2017) are Robust Economy; Mobility; Wellbeing; Safe & Secure Community; and 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 Adopted Budget and Five-Year 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 95% of residents surveyed are satisfied or very satisfied with the overall quality of life in the County and 91% are satisfied or very satisfied with what they get for the taxes they pay.

Each year, the County prepares a six-year Capital Improvements Program (CIP), adopted by the Board and included in the Adopted Budget. The CIP specifies the capital improvements and construction projects scheduled for funding over the next six years 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 \$1.5 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 2020-2025 CIP provides almost \$482 million for transportation roadway and sidewalk improvement projects; \$25.7 million for two new fire and rescue stations and one station reconstruction project; \$32.2 million for judicial administration, including expansion of the Adult Detention Center and security enhancements at the courthouse; \$15.2 million for police projects, including \$13.3 million for a new animal shelter; \$33.3 million for technology improvement initiatives, including core technology infrastructure and the replacement of the County’s human resource management system; \$16.3 million for landfill related capping and lining projects; \$19.7 million for watershed management projects; \$16.3 million for parks and recreation projects; and \$20.5 million for various building and facility capital maintenance projects. The School System’s Capital Program, totaling almost \$870 million for fiscal years 2020 to 2025, 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. In addition, the Principles require the County maintain a capital reserve with a minimum balance of 2% of the current capital

projects funds appropriations included in the Adopted Six-Year Capital Improvement Program. This reserve is designed to provide working capital and a margin of safety to withstand unexpected, but necessary, project cost overruns without additional borrowing. Finally, the County maintains a \$3 million “Economic Development Opportunity Fund Reserve” providing a source of working capital that can be used to incentivize economic development in key targeted industries. This support the Board’s “Robust Economy” strategic goal of growing the commercial tax base.

## Major Initiatives

The County’s major initiatives focus on achieving 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. 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, 512 new and expanding companies have announced their intention to invest more than \$11 billion and add approximately 19,369 jobs to the Prince William County economy. Of these announcements, 402 or 79% were targeted industry businesses accounting for \$10.2 billion (93%) of the total investment and 14,841 (77%) of the total jobs. Today, the County is home to over 9,600 businesses, an increase of 30% over the past ten years.

**R**ecognizing the particular strengths of Prince William County and seizing upon market demands, Prince William County targets information communication technology; federal government contracting; entrepreneurial ventures; life sciences; opportunity zones and redevelopment areas; destination and tourism venues; corporate and federal facilities; and logistics and supply chains. These areas have provided significant capital investment and job opportunities in Prince William County. Since January 2018, 27 companies chose to locate or expand their business in Prince William County as a result of the County’s marketing attraction and business development services. These companies bring 725 new jobs, 468 of which fall within the County’s targeted industry sectors and \$2.8 billion of intended capital investment, underscoring the valuable workforce proposition the County presents. In an effort to better assist small businesses, the County has launched the “Small Business Initiative”, designed to alleviate some of the challenges faced by small business and entrepreneurs. The Department of Development Services is spearheading and effort to improve the small business owner’s experience with the County’s development process. The Board provided additional funding to support the hiring of three new project managers with the sole focus of assisting small business through the development process. Economic Development also created a position with an emphasis on attracting businesses and creating new jobs at already existing workplaces, particularly in the eastern corridor of the County.

**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. Since attracting its first data center in 1999, the County is now home to over 5.2 million square feet of data center space, representing \$9.0 billion in capital investment and more than 1,100 highly skilled jobs. The County continues to be a magnet for data center projects as the region is home to one of the oldest and most important internet exchange points on the global map of the internet, the Metropolitan Area Exchange–East. Today, nearly 10,000 acres of land are designated as a Data Center Opportunity Zone Overlay District within the County’s boundaries, increasing competitiveness in the marketplace.

It is estimated that the local data center industry yields approximately \$4.30 in tax revenue to the County, for every dollar in County services it requires according to the Northern Virginia Technology Council's "Data Center Report".

In fiscal year 2019, the County welcomed Mu-Del Electronics, LLC, a leading manufacturer of high-performance RF and Microwave based systems. Mu-Del moved into a 20,000 sq. ft. custom built operations center at Merritt I-66 Business Park. The Business Park also recently announced it has commenced construction on its third of six planned industrial space buildings in Manassas. In October 2019, Kaiser Permanente, an integrated healthcare consortium, opened a 35,000 square foot medical facility in Haymarket, bringing 50 new jobs and \$20 million in capital investment. Kaiser also recently announced plans to construct a 335,000 sq. ft. medical hub and parking garage in Woodbridge. The venture is expected to add approximately 185 more jobs to those currently working at the existing Kaiser facility at Potomac Mills. Plans are underway by Gaithersburg-based Buchanan Partners, to transform 145 acres of undeveloped land in Woodbridge into a walkable mixed-use development at the intersection of Prince William Parkway and Minnieville Road. The development is envisioned to feature a walkable neighborhood center with pedestrian friendly streetscapes, open spaces, a grocery store, and "experiential retail" that will distinguish the "Quartz District" from other surrounding shopping centers. Most recently, Grace Street Properties purchased Station Plaza in north Woodbridge. The local developer has plans to begin immediate site plan work on what will be an expansive redevelopment of the 13-acre shopping center, which allows for more than two million square feet of mixed-use development. The site, strategically located within walking distance of a Virginia Railway Express/Amtrak station, also benefits from being located within a federal opportunity zone that could allow investors federal tax benefits.

Innovation Park, the County's premier business and technology hub, 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 3,000 people and bringing over \$2.4 billion 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., BerkleyNet, Medlimal, LLC, 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. The long-abandoned historic Birkett Barn located on property within Innovation Park was purchased by Sweeney Barns, LLC and received a radical makeover. The historic dairy barn now serves as a premier wedding, event and live-music venue and nicely complements the Thomasson historic barn, now occupied by 2 Silos/Farm Brew Live at Innovation Park. In addition, Pruitt Corporation announced plans for a two-building, 200,000+ sq. ft. initiative that will make much needed flex/industrial space available to Innovation Park. The first building is expected to be completed by fall 2019.

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, start-up and small life science companies. First established in 2014, the Science 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 ten entrepreneurial start-up companies – Bioproximity, LLC; ISOThrive, LLC; Virongy, LLC; Systaaq Diagnostic Products, Inc.; Celetrix, LLC; Serpin Pharma, LLC; Centaurus Bio, LLC; Orpheus Biosciences, LLC; Transcendent, LLC and Venkor Pharmaceuticals, Inc. 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. In 2018, Ceres Nanosciences, Inc., one of the Science Accelerator's earliest tenants, exited the Accelerator and expanded within Innovation Park by moving into 9,100 square feet of



renovated commercial wet lab and office space. This marked the first tenant to successfully “graduate” from the Science Accelerator.

The Virginia Simulation and Game Institute (VSGI), also located at Innovation Park, is the only institute of its kind globally. The Institute is designed to support translational applied research in the areas of simulation, modeling and game design, rapid prototype development, high-value job creation and economic development. The VSGI has created 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 (Mason) and their outreach arm, the Mason Game and Technology Academy. Since opening in March 2014, the VSGI has doubled in size; has incubated over 25 companies of varying sizes; and has provided well over 600 jobs. Currently, it is host to five start-up companies. Its startups have raised a collective \$1.5 million in angel funding and graduated companies have gone on to further success helping to fuel the growth of Prince William County. Since its launch, the VSGI has also created internships and experiential opportunities for Mason and Prince William County high school students. Every summer, the VSGI mentors’ participants of Mason’s Aspiring Scientists Summer Internship Program (ASSIP) – a program designed to expose high school students to hands-on research in cutting edge technologies and discoveries. This past summer, participants were instrumental in creating an Artificial Intelligence solution and patent suite to revolutionize education. Some of these internship and employment recipients have launched full-time careers with local startups and regional companies; all of them rewarding and adding to the highly-skilled talent pipeline and rich entrepreneurial culture present in Prince William County.

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.

Potomac Communities includes several 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, 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 in 2018. 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 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.

Recognizing the County’s robust federal contracting and defense technology sectors, Brickyard, Northern Virginia’s coworking community provider, announced plans to open a new space in Neabsco Commons in Woodbridge. The 7,110 sq. ft. coworking space will include 14 flex desks, 10 dedicated desks and 20 private offices. Brickyard’s mission to create an all-inclusive community ecosystem helps businesses and individuals gain access to talent, relationships, experts and funding through collaboration, networking opportunities, lunch and learn events, matchmaking/mentorship programs, meetups, fireside chats, pitch competitions and technical assistance

programs. Brickyard delivers an unmet need for businesses and professionals to be physically accessible to their clients, while also providing flexibility to operate remotely. Opening is slated for early 2020.

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, 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 approximately 3,483 over the next five-year period; salary scale adjustments for employees as funding permits; \$180 million in funding for repairs and renewals of older facilities; funding for the debt service on \$599.9 million of construction bonds, start-up costs and operating costs for three new elementary schools, one middle school, and two high schools, as well as additions and/or expansions at three 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 100 schools and specialty centers for students in grades pre-kindergarten through twelve. The official September 2019 student enrollment count for all Prince William County Schools is 91,524 students, up 1,321 students, or 1.5% from fiscal year 2019 to 2020. The fiscal year 2020 Adopted School Division Budget supports the cost of educating an additional 41 students; operating costs for the new John D. Jenkins Elementary School; continued restoration of economically disadvantaged funding at all grade levels; new positions including guidance counselors, athletic trainers, nurses, teachers and social workers, among others; as well as funding to support a Division-wide professional learning plan and credit card acceptance across the School Division.

A unique, state-of-the-art school facility, Independence Nontraditional School, opened in August 2018, combining the former New Directions and New Dominion Alternative Education Centers, as well as PACE East, provides students greater access to courses and resources, underscoring the School Division's commitment to servicing individual needs. In October 2018, the School Division broke ground on a new transportation facility in Gainesville. This new facility will assist with control of 180 buses out of the 800-plus that travel Prince William County roads daily; maintain contact with fire, rescue and police; and answer calls from potentially 20,000 parents, 33 schools and 150,000 citizens and will include an automatic bus washing area that utilizes recycled water. The School System also broke ground on the Division's 13<sup>th</sup> high school in May 2019. The new high school, located in Gainesville, is slated to open in the fall of 2021 and will be a "School of Global Citizenship" organized into "instructional houses". The houses will have their own concentrations and thematical pathways to meet student interests and needs as learners. The School Division also broke ground on a new middle school in May 2019. This new middle school, located in Potomac Shores, is set to open in the fall of 2021. In August 2019, the School Division celebrated the opening of the new John D. Jenkins Elementary School located on Prince William Parkway in the Occoquan Magisterial District and adding a capacity of 749 elementary student seats in eastern Prince William County. This approximately 100,264 square foot elementary school, named after the late Neabsco District Supervisor and longest serving member of the Board of County Supervisors, opened to students for the 2019-2020 school year.

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 the County's schools are accredited under the Virginia Department of Education's accreditation guidelines, with 100% of eligible schools receiving full accreditation for the 2019-2020 school year, based on performance during the 2018-2019 school year. Fifteen schools in Prince William County earned the 2019 Virginia Index of Performance (VIP) awards for advanced student learning and achievement. Only 270 schools and nine divisions statewide earned one of the awards. The VIP program recognizes schools and



divisions that exceed state and federal accountability standards and achieve excellence goals established by the Governor and the Virginia Board of Education. Three schools earned the Board of Education's 2019 Exemplar Performance School Award and another three earned the 2019 Continuous Improvement Award. In May 2019, U.S. News & World Reports recognized six Prince William County high schools among the best in the nation based on data from the 2016-2017 school year. The School Division's 92.4% on-time graduation rate for 2019 surpasses the overall State rate of 91.5% and marks the 12<sup>th</sup> year of consecutive improvement. As a Division, Prince William County Schools outperformed the national SAT with an overall mean score of 1105, up five points from last year and 66 points higher than the overall score for public school graduates nationwide. The Virginia Department of Education Standards of Learning (SOL) pass rates for 2018-2019 exceed the State pass rates in reading, writing, history/social science and mathematics. In addition, students with disabilities, economically disadvantaged students, and English learners, as well as African-American, Hispanic, and white students, surpassed the state average in all content areas. In 2019, the School Systems' students earned over \$76 million in scholarships, \$2 million more than the prior year.

**Wellbeing** – The “Wellbeing” Strategic Goal calls for the community to support vulnerable individuals and families, addressing homelessness and improving services to mentally ill youth and adults. The County has added opiate abuse and truancy as areas of strategic focus. A new faith-based community coalition established in 2019 will increase cooperation and coordination of human service needs. The fiscal year 2020 Adopted Budget includes local funding for increased residential and private day school placements as mandated by the Children's Services Act; additional resources for adult protective services such as investigations, guardianship cases, and eligibility determinations for vulnerable adults who cannot reside in homeless shelters; and funding for vital community partner organizations. The fiscal years 2020-2024 Five-Year Plan provides debt service to support the future capital replacement of the Juvenile Detention Center. Additional planning, design and needs assessment efforts are underway to generate specific recommendations prior to any renovation or construction.

**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. The goal includes initiatives to reduce recidivism and to reduce incarceration of mentally ill individuals. During fiscal year 2019 several public safety projects were complete or substantially complete, including the new Nokesville and Coles Fire & Rescue Stations. Both stations were constructed at their existing site locations and include expanded office space, sleeping quarters, and more suitable apparatus and storage areas. The Nokesville Fire & Rescue Station also includes a community room. The Board's commitment to keep the community safe and secure is maintained and improved over the next five years. The fiscal year 2020 adopted budget implements the second phase of retaining and recruiting sworn public safety personnel by creating pay scales competitive with surrounding Northern Virginia jurisdictions. The budget also funds a significant change in fire and rescue service delivery to County residents by transitioning Fire & Rescue staff to a 56-hour shift schedule while deploying “Flex Staffing” is the dynamic deployment of career and volunteer personnel to ensure engine units are always staffed throughout the County. In addition, a County sponsored supplemental retirement plan was created for Sheriff and Adult Detention Center sworn staff and Next Generation 911 (NG911) is funded in fiscal year 2020. Finally, in the fall of 2018, the police body worn camera program was implemented. The adopted fiscal years 2020-2024 Five-Year Plan includes 38 new fire and rescue personnel, 75 new police personnel, and 14 sheriff personnel as well as staffing for the expanded Adult Detention Center. The fiscal years 2020-2025 CIP includes funding for a new animal shelter, two new fire and rescue stations, expanding the Public Safety Training Center and improvements in the Judicial 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 job, 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 2019 include the widening and realignment of Minnieville Road between Spriggs Road and Route 234; an extension to Discovery Boulevard; construction of the Blackburn Road commuter parking lot and pedestrian improvements to Smoketown Road/Opitz Boulevard; Southampton Street in Woodbridge and Dumfries Road between Country Club Drive and Exeter Drive.

**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 (as amended by Senate Bill 856 in 2018), 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 fiscal years 2020-2025 CIP, the 30% funding, totaling \$20.0 million per year, has been programmed to support Board approved NVTA eligible local road priorities and VRE commuter rail operations. The County successfully competes for 70% funding each year.

**T**he \$481.5 million CIP for fiscal years 2020-2025 aims to further advance the mobility strategic goals by including \$203.6 million for the Balls Ford interchange and widening project; \$55.0 million for the Brentsville Road interchange; \$48.9 million for improvements to Route 1 from Featherstone Road to Mary's Way; \$69.7 million for the Potomac/Neabsco Mills Road commuter parking garage and road widening project; \$42.4 million for improvements to Route 28; \$35.6 for the University Boulevard interchange and extension; \$10.9 million for the extension of Summit School Road and widening of Telegraph Road; \$5.7 million for Vint Hill Road improvements; \$3.4 million for improvements to Fuller Road and Fuller Heights Road; \$2.3 million for pedestrian improvements at Innovation Park; and \$4.0 million for sidewalk/pedestrian improvements at Gemini Way, Opitz Boulevard, Smoketown Road and Sudley Road.

**D**uring fiscal year 2019 the Potomac Rappahannock Transportation Commission (PRTC) broke ground on OmniRide's \$49.8 million Western Bus Maintenance Facility. This community amenity will set the stage for the bus service to eventually support 4,000 commuter parking spaces that are being built along the corridor, which will allow for more efficient bus dispatching on the western end of the County. In addition, the County identified a 17+-acre site near Stonebridge at Potomac Town Center to build a 1,414-space commuter parking garage. Expected to open in 2023, the garage will feature elevators and a system identifying the number of spots available on each floor. PRTC receives 100% of the motor vehicle fuel tax revenue generated within Prince William County.

**I**mportant to the quality of life of residents are the numerous parks, recreational and tourism amenities that exist throughout the County. During fiscal year 2019, the County celebrated the opening of the new Neabsco Regional Park – combining the Julie J. Metz Wetlands Park, Rippon Lodge Historical Property, Kings Highway, Neabsco Creek Boardwalk, Potomac Heritage National Scenic Trail and Rippon Landing Neighborhood Park. The park features a ¾ mile boardwalk and observation deck, which is part of the Potomac Heritage National Scenic Trail, and traverses Neabsco Creek, allowing hikers access to wetlands. The fiscal years 2020-2025 CIP includes \$16.3 million for community development improvement projects namely Catharpin Park, Rollins Ford Park, Locust Shade Park, Long Park, various Potomac Heritage National Scenic Trails throughout the County and the County's BMX track.

### **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, 2018. This was the 38<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, 2018. This was the 33<sup>rd</sup> consecutive year that the County has received this prestigious award. 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 13<sup>th</sup> time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2018. 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.

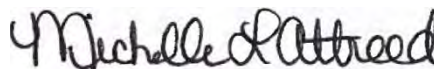
**M**any professional staff members in the Financial Reporting and Control Division prepared this report. Their hard work, professional dedication and continuing efforts to improve the quality of this report are a direct benefit to all that read and use it. We would also like to acknowledge the cooperation 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, 2018**

*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 of County Supervisors. 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. Seven of the current board members took office in January 2016 and will serve until December 31, 2019. One board member took office in April 2019 following a special election held on April 9, 2019 and will also serve until December 31, 2019.

On November 5, 2019, an election was held in the County to elect members to fill the seven magisterial district seats and the one at large seat. The following members-elect took office in January 2020 and serve a four-year term expiring in December 31, 2024:

<u>Chair, At-Large</u> Ann B. Wheeler	<u>Gainesville District</u> Pete K. Candland
<u>Neabsco District, Vice Chair</u> Victor S. Angry	<u>Occoquan District</u> Kenny A. Boddye
<u>Brentsville District</u> Jeanine M. Lawson	<u>Potomac District</u> Andrea O. Bailey
<u>Coles District</u> Yesli Vega	<u>Woodbridge District</u> Margaret Angela Franklin

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).

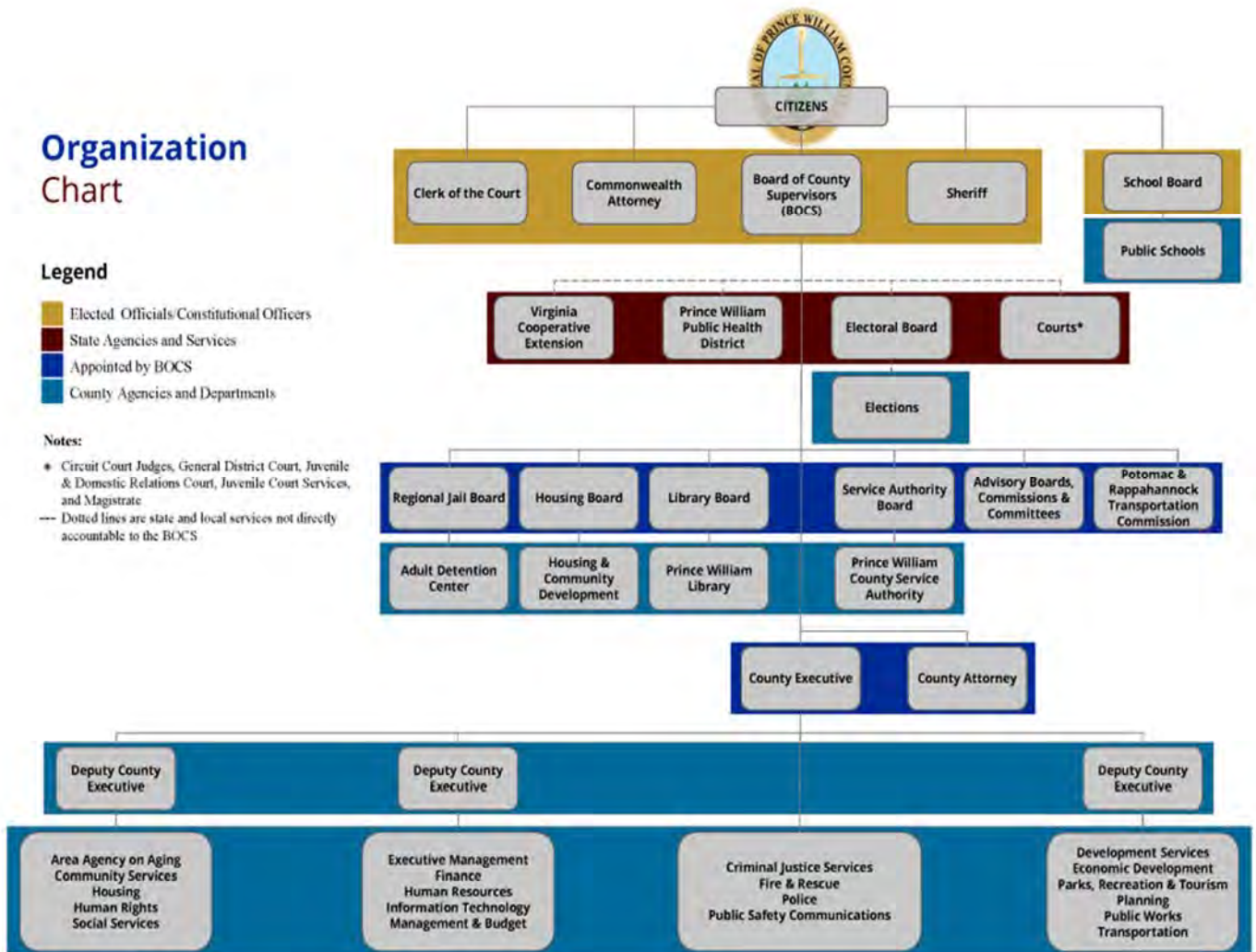
# Organization Chart

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



FY2020 Budget - Org Chart





## **Financial Section**

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

Financial Section







## 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, 2019, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the County'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 County'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, 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 as of June 30, 2019, 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.

## **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 and net other postemployment benefits ("OPEB") liabilities and related ratios, and schedule of contributions for the pension and OPEB plans 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, individual nonmajor fund and component unit budgetary comparison schedules, and debt obligation schedules) 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 18, 2020, 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 solely 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 the effectiveness of the County's 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.

*Cherry Bekant* LLP

Tysons Corner, Virginia  
February 18, 2020

**Management’s Discussion and Analysis**  
**June 30, 2019**  
**(amounts expressed in millions)**

Prince William County’s 2019 fiscal performance continues to demonstrate the successful implementation of its Strategic Plan. 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 comprehensive annual financial report presents our discussion and analysis of the County’s financial performance during the fiscal year that ended on June 30, 2019. 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 County and component units combined. Due to the material relationship between the School Board component unit and the County, the Total Reporting Entity information more accurately reflects the comprehensive financial operations of Prince William County.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

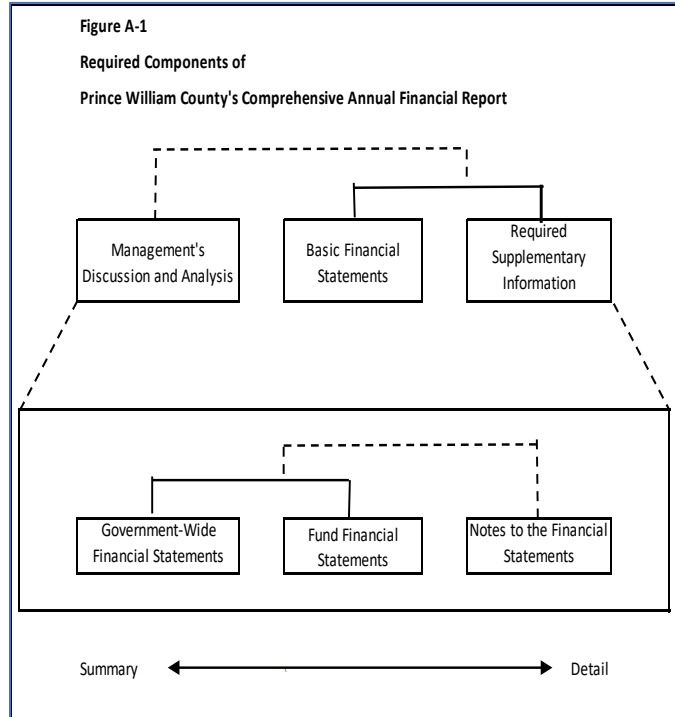
The financial section of this annual report consists of four parts – Management’s Discussion and Analysis (MD&A), the Basic Financial Statements, other Required Supplementary Information, and an optional section that presents combining statements for nonmajor governmental funds, internal service funds, agency funds, discretely presented component units; budget and actual schedules for the nonmajor governmental funds; and debt obligation schedules. The basic financial statements 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. 83, *Certain Asset Retirement Obligations*; and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (Refer to Note Disclosure 1-R).
- The total reporting entity, which includes component units, has positive net position of \$833 at June 30, 2019, which represents an increase of \$211 or 34 percent from the prior year.
- The total cost of the County’s governmental programs decreased 5.3 percent to \$1,281 during fiscal year 2019, while the County’s total revenues increased by 7.6 percent to \$1,412.
- Net position of governmental activities increased 30 percent from negative (\$410) the prior year. Program revenue exceeded costs for the current year. The County’s total costs in governmental activities decreased nearly 5.6 percent from prior year by \$75. Program revenues increased by one percent, while general revenues grew by nearly 8.9 percent.
- At June 30, 2019, the County had \$966 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, 2019 exceeded its assets and deferred outflows by \$288 (net deficit).
- Total net position of the County’s business-type activities increased by 15.7 percent to \$59 due primarily to an increase in charges for services provided to the community.
- At the end of the current year, the unassigned fund balance of \$87 in the general fund was maintained at 7.5 percent of the total general fund revenues. The unassigned fund balance increased 6.1 percent from the prior year. The increase is primarily attributable to expenditure savings at the end of the fiscal year.
- General fund revenues exceeded the budget by \$14.6; alternatively, expenditure savings of \$14.4 under the budget helped to provide additional available resources to fund the County’s reserves available for future appropriation.
- As of January 1, 2018, (the assessment date pertinent to real estate taxes supporting fiscal year 2019) the total assessed values of taxable property increased by 5.7 percent compared to the prior year, with increases in residential values accounting for 62 percent of the total assessed values. Real estate taxes contributed 50 percent of the total revenues for the primary government of the County during fiscal year 2019.

- The remaining statements are fund financial statements that focus on individual operations of the County government, reporting in more detail than the government-wide statements.
  - The governmental funds statements reflect how general government services, like public safety, are 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 in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources belong. Such as the County's pension and other post-employment benefit plans; the special welfare program; and the community services board, and housing federal self-sufficiency payee programs for certain recipients of welfare, mental health and housing services.



The financial statements also include note disclosures 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 related to one another. In addition to these required elements, the financial statements include a section with combining statements that provide details about the County's nonmajor governmental funds, internal service funds, agency funds and discretely presented component units, each of which are combined and presented in single columns in the basic financial statements.

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

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<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>
<b>Accounting basis and measurement focus</b>	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 and 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 change in the County’s net position. 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 improving or deteriorating financial health respectively. To assess the overall health of the County, one must 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 distinct categories:

- **Governmental activities**—Most of the County’s basic services are included here, such as 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’s Landfill, Innovation Technology Park, and Parks and Recreation enterprise operations. The County charges fees to customers to help it cover the costs of these operations.
- Component units—The County includes two other entities in its report—the Prince William County School Board and Adult Detention Center. Although legally separate, these entities are considered to be “discretely presented component units” because the County is financially accountable for their operations.

## **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 tools 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 specified purposes (i.e., Streets & Roads capital projects fund) or to show that it is properly using certain taxes and grants (i.e., Transportation Districts or Housing special revenue funds).

The County has three types 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 employee’s pension plans. The County 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 own operations.



## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

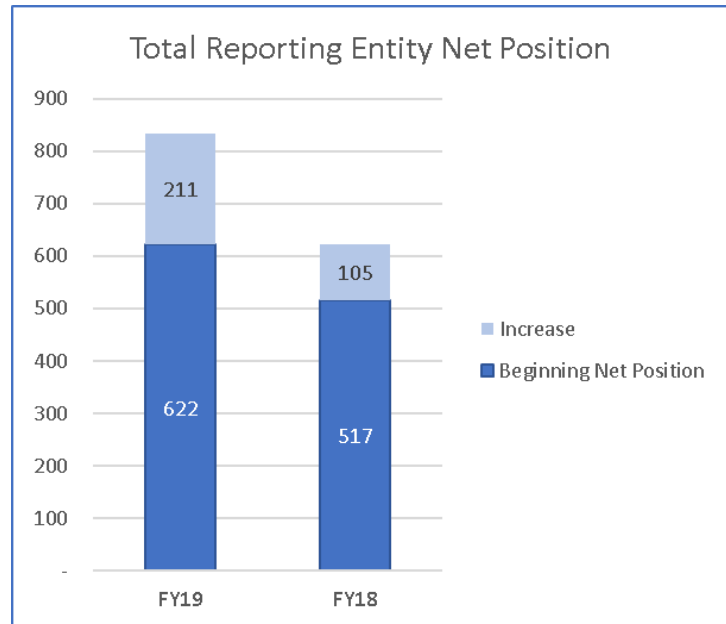
### Net position

The total reporting entity net position increased from the prior year balance of \$622 by 34 percent to \$833.

### Governmental Activities

Net position of the County's governmental activities increased by 34 percent to (\$288). The County's net position in fiscal year 2018 was (\$410). 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 quality education and workforce development, mobility, safe and secure communities and robust economy strategic goals, and thereby increase services and improve the quality of life in Prince William County.



As of June 30, 2019, the County has \$1,060 in outstanding debt of which \$977 (compared with \$1,054 as of June 30, 2018) is related to assets donated to other entities as follows:

- \$797 Prince William County School Board
- \$147 Commonwealth of Virginia for streets and roads
- \$33 Prince William County Adult Detention Center

This represents 91.7 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.

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 7.5 percent compared to those of the prior year, expenses decreased by 5.6 percent during fiscal year 2019 mainly attributable to a decrease in education expenses of \$121.

## Business-Type Activities

The net position of the County's business-type activities increased 15.7 percent to \$59 in 2019 compared to \$51 in 2018, which was attributed to increases in net position of \$3 for Landfill, \$3 for Innovation Technology Park and \$2 for Parks, Recreation and Cultural.

The \$59 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 and Recreation.

<b>Table A-1 Net Position</b>									
		<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>		<b>Total Reporting Entity (including Component Units)</b>	
		<b>2018</b>		<b>2018</b>		<b>2018</b>		<b>2018</b>	
		<b>2019</b>	<b>Restated</b>	<b>2019</b>	<b>Restated</b>	<b>2019</b>	<b>Restated</b>	<b>2019</b>	<b>Restated</b>
Current assets and other	\$	952	930	44	37	996	967	1,488	1,523
Capital assets		608	596	46	47	654	643	2,343	2,215
<b>Total assets</b>		<b>1,560</b>	<b>1,526</b>	<b>90</b>	<b>84</b>	<b>1,650</b>	<b>1,610</b>	<b>3,831</b>	<b>3,738</b>
<b>Deferred outflows of resources</b>		74	67	-	1	74	68	224	212
Other liabilities		314	313	8	10	322	323	488	480
Long-term liabilities		1,321	1,399	23	24	1,344	1,423	2,335	2,455
<b>Total liabilities</b>		<b>1,635</b>	<b>1,712</b>	<b>31</b>	<b>34</b>	<b>1,666</b>	<b>1,746</b>	<b>2,823</b>	<b>2,935</b>
<b>Deferred inflows of resources</b>		287	291	-	-	287	291	399	393
Net position:									
Net investment in capital assets		539	505	40	39	579	544	2,403	2,215
Restricted		99	96	-	-	99	96	119	131
Unrestricted		(926)	(1,011)	19	12	(907)	(999)	(1,689)	(1,724)
<b>Total net position</b>	<b>\$</b>	<b>(288)</b>	<b>(410)</b>	<b>59</b>	<b>51</b>	<b>(229)</b>	<b>(359)</b>	<b>833</b>	<b>622</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 increase in net position of the primary government of \$130 between fiscal years 2019 and 2018. The assets and deferred outflows of resources of the primary government are less than the liabilities and deferred inflows of resources by \$229.

The component units (the Prince William County School Board and the Adult Detention Center) are a significant portion of the total reporting entity, the assets of which represent over 56.9 percent of the total reporting entity. Component unit net position increased 8.2 percent to \$1,061 during 2019, an increase in funding of \$33 from the state as well as increased earnings on investments of \$6.0. The net position of the primary government of negative (\$229) combined with the net position of the component units of \$1,061 resulted in total net position for the total reporting entity of \$833, after considering the effect of restatement of beginning net position.

## 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.

<b>Table A-2</b>									
<b>Changes in Net Position</b>									
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary</b>		<b>Total Reporting</b>		
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>		<b>Entity (including</b>		
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>Component units)</b>
<b>Revenues:</b>									
<b>Program revenues:</b>									
Charges for services	\$ 55	55	28	26	83	81	109	107	
Operating grants and contributions	102	97	-	-	102	97	285	279	
Capital grants and contributions	78	81	-	-	78	81	78	81	
<b>General revenues:</b>									
<b>Taxes:</b>									
Real property	713	680	-	-	713	680	713	680	
Personal property	150	137	-	-	150	137	150	137	
Other taxes	147	132	-	-	147	132	147	132	
Payment from primary government	-	-	-	-	-	-	634	717	
Grants and contributions not restricted to specific	80	81	-	-	80	81	532	500	
Unrestricted investment earnings	43	14	2	-	45	14	53	16	
Gain (loss) on disposal of capital assets	1	-	-	-	1	-	1	-	
Miscellaneous	12	8	1	1	13	9	18	16	
<b>Total revenues</b>	<b>\$ 1,381</b>	<b>1,285</b>	<b>31</b>	<b>27</b>	<b>1,412</b>	<b>1,312</b>	<b>2,720</b>	<b>2,665</b>	

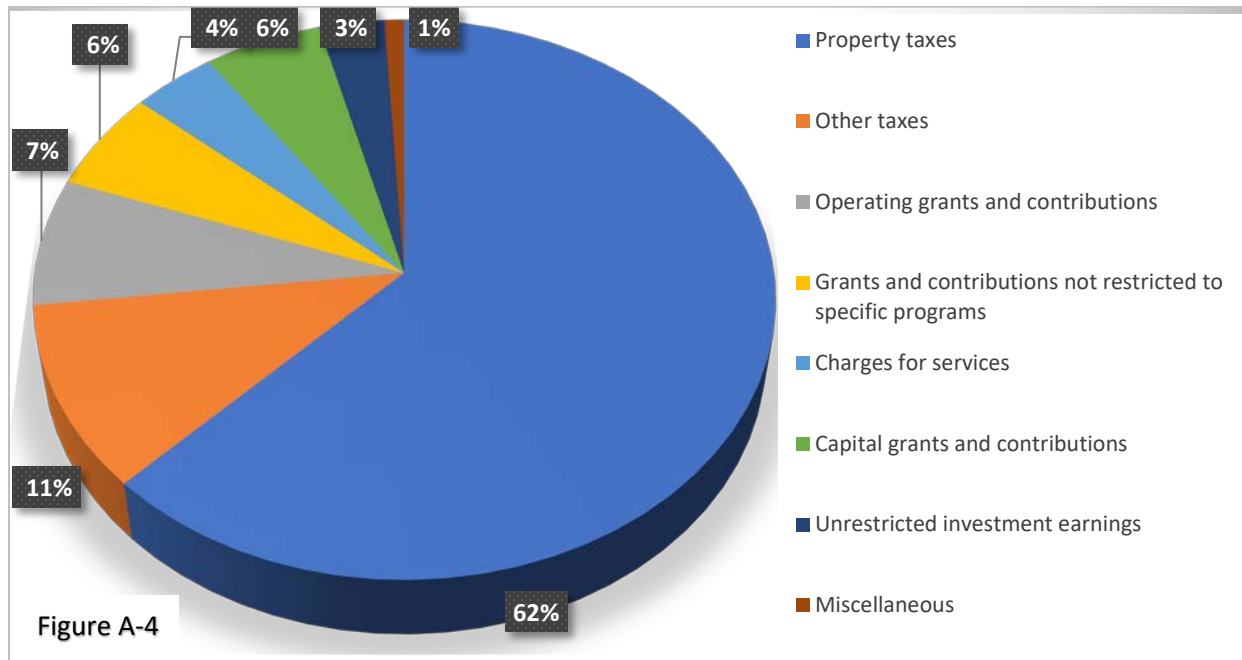
Table A-2 Changes in Net Position (cont'd)								
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Expenses:</b>								
General government								
administration	\$ 47	48	-	-	47	48	48	48
Judicial administration	24	22	-	-	24	22	24	22
Public safety	335	292	-	-	335	292	335	292
Public works	107	112	-	-	107	112	107	112
Health and welfare	101	96	-	-	101	96	101	96
Education	469	590	-	-	469	590	469	590
Parks, recreational and cultural	58	49	-	-	58	49	58	49
Community development	66	71	-	-	66	71	66	71
Interest on long-term debt	49	51	-	-	49	51	49	51
Enterprise	-	-	25	22	25	22	25	22
Component Units	-	-	-	-	-	-	1,228	1,207
<b>Total expenses</b>	<b>\$ 1,256</b>	<b>1,331</b>	<b>25</b>	<b>22</b>	<b>1,281</b>	<b>1,353</b>	<b>2,509</b>	<b>2,560</b>
Excess/(deficiency) in net position before transfers	125	(46)	6	5	131	(41)	211	105
Transfers	(3)	4	2	(4)	(1)	-	-	-
<b>Increase/(Decrease) in net   position</b>	<b>122</b>	<b>(42)</b>	<b>8</b>	<b>1</b>	<b>130</b>	<b>(41)</b>	<b>211</b>	<b>105</b>
<b>Restatement of beginning   net position, beginning of   year, as restated</b>	<b>(410)</b>	<b>(368)</b>	<b>51</b>	<b>50</b>	<b>(359)</b>	<b>(318)</b>	<b>622</b>	<b>517</b>
<b>Net position-end of year</b>	<b>\$ (288)</b>	<b>(410)</b>	<b>59</b>	<b>51</b>	<b>(229)</b>	<b>(359)</b>	<b>833</b>	<b>622</b>

The total reporting entity net position increased by \$211 in fiscal year 2019. Factors effecting the change in net position include total revenues of \$2,720 (two percent higher than fiscal year 2018) exceeded total expenses of \$2,509, (two percent lower than expenses of the prior year).

The County's Primary Government total revenues increased 7.6 percent to \$1,412 (see Table A-2). Over 61.1 percent of the County's revenue comes from ad valorem taxes. The County's total revenue is divided into three major sources: 73 percent of every dollar raised comes from some type of tax; nearly 6 percent of revenues come from local, state and federal aid; charges for services are 4 percent and the remaining 4 percent is from other sources.

The total cost of all County programs and services decreased by \$72 or 5.3 percent to \$1,281. The County's expenses cover a range of services, with 68.8 percent related to public safety and education (see Table A-2). Quality education, workforce development, and safe and secure community are significant goal areas in the Strategic Plan.

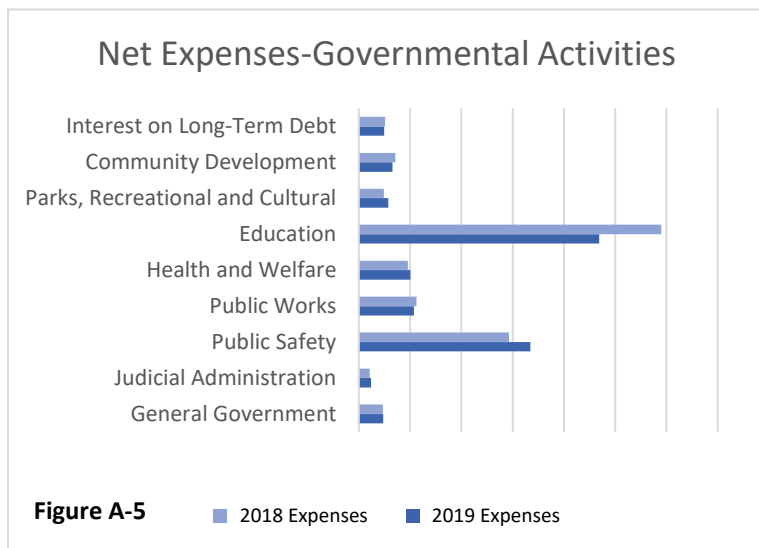
## Governmental Activities



Revenues for the County's governmental activities increased 7.5 percent to \$1,381, and total expenses decreased 5.6 percent to \$1,256, which, after considering the effect of transfers, resulted in a \$122 increase in net position during the current year, compared to \$42 decrease in the prior year.

Seventy-three percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Tax revenues increased by \$61 or 6.4 percent, due mainly to an increase in real estate tax revenues from \$680 in fiscal year 2018 to \$713 in fiscal year 2019. A nearly six percent increase in the total taxable assessed value of real estate in the County, coupled with a 0.07 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; mitigating the impact of the rising cost of vital services provided by the County. 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 increasing 4.6 percent and commercial and industrial values increasing 13 percent and apartment real estate values increasing 6 percent. Property tax revenues experienced encouraging levels of growth during fiscal year 2019 (up 4.8 percent from the prior year).

Local sales tax revenues produced a 6.1 percent increase from \$65 in fiscal year 2018 to \$69 in fiscal year 2019.



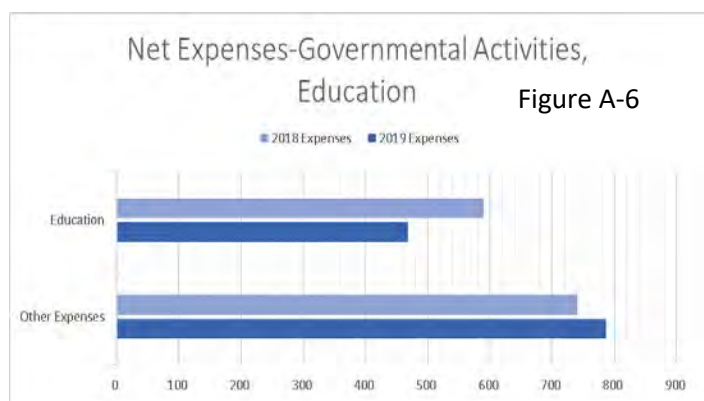
Operating grants and contributions increased by five percent, while capital grants and contributions decreased by 3.7 percent. Investment earnings in FY 2019 were up \$29 from \$14 in fiscal year 2018; the county realized actual investment earnings of \$43 in fiscal year 2019.

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 a grant funding opportunity intended to help the School Board address the issue that Prince William County School class sizes are at a maximum permitted under Virginia law. This Class Size Reduction Grant of up to one million dollars is in addition to the revenue sharing agreement with the County. FY 2019 enrollment increased by 342 students compared to fiscal year 2018. Student enrollment as of September 2019 for all Prince William County Schools is 90,876 students, increasing 281 students or 0.3% from fiscal year 2019 to 2020.

Public Safety expense increased by \$43 or 14.7 percent compared to fiscal year 2018. The Police Department and Department of Fire and Rescue represent 73 percent of the Public Safety budget. In fiscal year 2019, the Police Department increased personnel by 15 full time equivalent (FTE) positions. Fire and Rescue increased by 29 FTE positions.

Additionally, other functions and programs experienced significant changes from prior year levels. Public Works costs decreased 4.5 percent to \$107 in fiscal year 2019. While interest on long-term debt decreased by nearly 3.9 percent.

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 \$1,256; however, the amount that County taxpayers paid for these activities through County general revenues was only \$1,021. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services \$55
- Other governments and organizations that subsidized certain programs with grants and contributions of \$180

### Business-Type Activities

Revenues of the County's business-type activities increased by \$4 to \$31 and expenses of \$25, increased by \$3 as compared to the prior year (refer to Table A-2). Factors contributing to these results include:

- Charges for services of \$28, showed increases in Innovation Technology Park of \$2 and the County landfill of \$0.5, while Parks and Recreation had a slight decrease, down from \$4.6 to \$4.5 in fiscal year 2019.
- Expenses increased 13.6 percent overall in the County's business-type activities.
- Net income before transfers was positive \$6 compared to \$5 in the prior year. The County's business-type activities had investment earnings of \$2, miscellaneous revenue of \$1 as well as transfers from the General Fund of \$4, resulting in a positive change in net position of \$8.



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$374, an increase of \$10 or 2.75 percent from the prior year fund balance of \$364. General Fund revenues increased by \$70 to \$1,164, while General Fund expenditures increased by \$49 or four percent to \$1,145. After considering the net effect of transfers in and out to other funds and other transactions, the General Fund balance increased \$1. The Capital Projects funds balances increased by \$6.2 during the current year, due to a variety of factors. During the fiscal year, the County expended \$75 on Streets and Roads projects, down from \$80 in FY 2018, and received \$68 of support from the Local, State and Federal government, an increase from \$50 in 2018. Additionally, the capital projects funds received funds from the General Fund, special levy district, and various other capital projects. General Fund transfers for streets and roads projects decreased in comparison to fiscal year 2018 by \$5. Fund balance for the Fire & Rescue Levy Fund decreased 18 percent or \$8 net of transfers. The change in the Fire and Rescue Levy Special Revenues Fund, is mainly due to the increase in expenditures of \$8, which exceeded the increase in revenue, as well as the decrease in transfers. Fund balances for Other Governmental Funds increased 11 percent from the prior year. As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Board adopted its *Principles of Sound Financial Management* in 1988 and amended its *Principles* in April 2018. Following these *Principles* has enhanced the County's image and credibility with the public, credit rating agencies, and investors. Policy 1.02 requires a General Fund unassigned fund balance of 7.5 percent of the current year's General Fund revenues, a level that has been maintained consistently since 2006. 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 achieving and maintaining its minimum fund balance requirement since establishment. Figure A-7 shows the County's unassigned General Fund balance as compared to the policy requirement. Additions to the unassigned fund balance come from a combination of revenues over projections and current year expenditure savings.

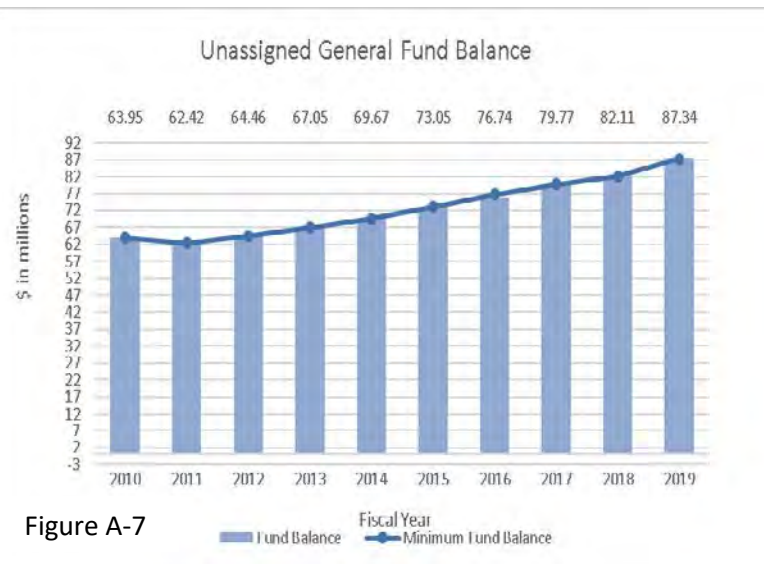


Figure A-7

### 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 increased \$1 or 1 percent due to expenditure increases of only four percent as well as an increase in General Fund revenue of six percent. The revenue increase is due primarily to an increase in property taxes as well as gains on investments.
- The financial results as detailed in the governmental funds demonstrate the County's accountability to its five strategic goal areas of robust economy, safe and secure community, well-being, quality education,

workforce development; and mobility 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 \$19 or 8 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 mobility goal of alleviating congestion is further defined as initiatives in the Letter of Transmittal. The \$75 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 was \$473. This is a net 15 percent decrease from FY 2018. The decrease is primarily due to no bond issuances for school construction in 2019.

### **Proprietary Funds**

Unrestricted net position of the Landfill at the end of the years was almost \$10 while unrestricted net position was \$10 for Innovation Technology Park. Unrestricted net position of the Landfill increased by \$4 in fiscal year 2019; while Innovation Technology Park's unrestricted net position increased by \$3. The Parks and Recreation enterprise fund ended the fiscal year with an unrestricted net position of (\$0.6), which is a slight increase from negative (\$0.7) in 2018.

The Statement of Cash Flow, for the proprietary funds provides more detailed information than is found in the government-wide financial statements.

### **General Fund Budgetary Highlights**

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

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

After these adjustments, budgetary expenditures were \$15 lower than the final budget amounts and budgetary revenues were more than the final budget by almost \$15. These two factors, combined with the effect of transfers to other funds, resulted in an increase in the total fund balance of the General Fund, of \$1 during the fiscal year. The most significant revenue variances were related to use of money (\$4 higher than final budget) and personal property taxes (\$7 higher than final budget). Actual expenditures were lower in all categories, most notably public safety; health and welfare; parks, recreation and cultural and community development.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2019, the total reporting entity had invested \$2,343 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 \$128 or nearly six percent, over fiscal year 2018. The Primary Government had invested \$654 in capital assets, net of accumulated depreciation. Accumulated depreciation remained stable between fiscal year 2019 and 2018. More detailed information about the County's capital assets is presented in Note Disclosure 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land & Construction in Progress	\$ 199	188	377	324
Buildings and other capital assets, net of depreciation	455	455	1,966	1,891
<b>Total</b>	<b>\$ 654</b>	<b>643</b>	<b>2,343</b>	<b>2,215</b>

### Major Capital Asset Additions

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

- Expenditures related to construction were capitalized for Neabsco Creek Boardwalk (\$2), Nokesville Fire and Rescue Station (\$7) and Coles Fire and Rescue Station (\$4.2).
- The County had increases in land and construction in progress on governmental activities related to the completion of the Gainesville Fire Station. Land purchases for Fire and Rescue Station #22, and Neabsco parking garage were \$3.7 and \$5.5 respectively. Additionally, the construction in progress balance as of the end of the fiscal year 2019 was \$39 for governmental activities and \$2 for business-type activities.
- The School Board reported capital asset increases of \$91, which includes increases to construction in progress of \$13. Major capital asset additions in fiscal year 2019 include: completed construction of one new school building, continued construction on two new schools, major renovations at five existing schools, replacement of 97 schools buses, 15 trucks, and four cars as well as additional purchases of seven school buses, seven trucks and five cars.
- The Adult Detention Center (ADC) component unit's assets increased \$28 for construction in progress on the 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 \$1,436, of which, bonded debt outstanding represented \$960, all of which is backed by the full faith and credit of the government. Of the County's bonded debt \$20 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations decreased to \$1,459 during the current fiscal year. The key components of the current year activities were payments on existing debt totaling \$69 on behalf of the School Board as well as the redemption of the General Ridge Golf Course debt of \$2. More detailed information about the County's long-term debt is presented in Note Disclosure 10 to the financial statements.

## Bond Ratings

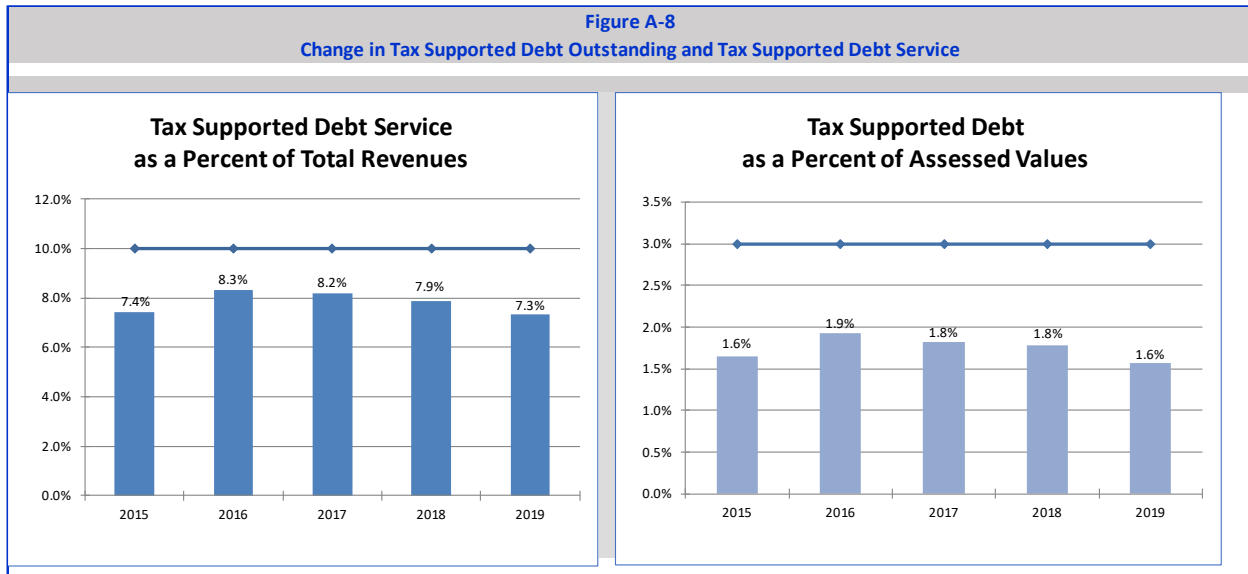
The County maintains ratings of AAA from Fitch Ratings, Aaa from Moody's Investors Services and AAA from Standard and Poor's. These ratings are the highest ratings awarded to a local government and is an achievement held by less than two percent of counties nationwide. All three ratings were reconfirmed during fiscal year 2019.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
General obligation bonds:						
Tax-exempt bonds	\$ 874	952	-	-	874	952
Taxable bonds	66	72	-	-	66	72
Revenue tax-exempt bonds	20	21	6	9	26	30
Total bonded debt	960	1,045	6	9	966	1,054
Loans payable	21	-	-	-	21	-
Capital lease obligations	78	92	-	-	78	92
Unpaid losses and related liabilities	21	21	-	-	21	21
Net pension and OPEB obligation	208	202	2	3	210	205
Surplus distribution payable	4	6	-	-	4	6
Compensated absences	37	36	1	1	38	37
Unamortized premiums	107	117	-	-	107	117
Accrued closure liability	-	-	14	13	14	13
Total long-term debt and other obligations	\$ 1,436	1,519	23	26	1,459	1,545

## 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 three 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, 2019, the amount of tax-supported debt outstanding represented 1.6 percent of the total

assessed valuation of taxable real and personal property of \$61 billion at January 1, 2018, which is the valuation date to determine fiscal year 2019 tax revenues. Debt service payments represented 7.8 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.



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County include the following:

- The Board of County Supervisors has kept the real estate tax rate flat at \$1.125 per \$100 dollars of assessed value in fiscal year 2019.
- The real estate tax base has increased from \$57.9 billion supporting fiscal year 2018, to \$61.2 billion for fiscal year 2019, which is a 5.74 percent increase.
- The fiscal year 2020 General Fund budget is \$1,239, which is a 5 percent increase from fiscal year 2018.
- The ratio of employees to residents for the Primary Government of the County remains fairly consistent, increasing to 0.92 percent in fiscal year 2019 compared to 0.85 percent per 1,000 residents in fiscal year 2009.
- The population in the County has grown at an average rate of 16 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 130 thousand, in the first quarter of 2018. This represents a 2.1 percent increase over the prior year.
- Throughout the past decade, the County's unemployment rates have mirrored state and national trends. However more recently, the County's rates have been at consistently lower levels. The County had an unemployment rate of 2.6 percent and an average civilian labor force of 248,063 as of June 2019, according to the Bureau of Labor Statistics, representing slight improvements in the unemployment rate. As of June 2018, the County's unemployment rate was 2.9 percent and its civilian labor force stood at 244,037.

- The Census Bureau’s 2019 American Community Survey indicates that the County’s Median Household income rose from \$95,268 in 2013 to \$107,925 in 2017.

The aforementioned factors were considered in preparing the County’s budget for the 2020 fiscal year. Tax rates show a slight increase 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 as further details of the County’s budget can be found in the fiscal year 2020 Adopted Budget.

## **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 received. Questions about this report or inquiries for additional financial information may be addressed to the Office of the Finance Director, 1 County Complex Court, Prince William, Virginia, 22192-9201 or [financedirectorsoffice@pwcgov.org](mailto:financedirectorsoffice@pwcgov.org).



## **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

Exhibit 1

June 30, 2019

(amounts expressed in thousands)

	Primary Government			Component Units	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total		
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 817,100	24,646	841,746	388,183	1,229,929
Investments	25,061	-	25,061	-	25,061
Property taxes receivable, net	5,863	-	5,863	-	5,863
Investment in direct financing leases	8,503	-	8,503	-	8,503
Accounts receivable, net	18,029	406	18,435	2,076	20,511
Notes receivable, current	-	178	178	-	178
Due from other governmental units	49,833	83	49,916	25,072	74,988
Due from primary government	-	-	-	811	811
Inventory	849	3,240	4,089	8,788	12,877
Prepaid items	675	31	706	4	710
Note receivable, non-current	-	579	579	-	579
Net pension assets	612	-	612	-	612
Restricted assets:					
Temporarily restricted:					
Restricted cash and temporary investments	11,903	15,045	26,948	65,680	92,628
Restricted investments	1,250	-	1,250	-	1,250
Other	792	-	792	-	792
Water and sewer availability credit	11,482	-	11,482	-	11,482
Capital assets:					
Land and construction in progress	170,106	28,882	198,988	178,556	377,544
Buildings and other capital assets, net of depreciation	437,846	16,771	454,617	1,511,117	1,965,734
Total assets	1,559,904	89,861	1,649,765	2,180,287	3,830,052
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	22,600	299	22,899	-	22,899
Deferred outflows related to OPEB	7,251	68	7,319	21,625	28,944
Deferred outflows related to pensions	43,963	424	44,387	128,227	172,614
Total deferred outflows of resources	73,814	791	74,605	149,852	224,457
<b>LIABILITIES</b>					
Accounts payable	53,100	1,692	54,792	17,891	72,683
Wages and benefits payable	11,941	271	12,212	104,987	117,199
Deposits and escrows	32,722	159	32,881	-	32,881
Retainages	4,538	232	4,770	7,895	12,665
Accrued interest	17,664	83	17,747	-	17,747
Due to other governmental units	1,149	-	1,149	86	1,235
Due to component units	811	-	811	-	811
Unearned revenue	76,729	5,268	81,997	11,896	93,893
Noncurrent liabilities:					
Due within one year	114,502	717	115,219	23,513	138,732
Due in more than one year	1,321,356	22,680	1,344,036	991,099	2,335,135
Total liabilities	1,634,512	31,102	1,665,614	1,157,367	2,822,981
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes	262,225	-	262,225	-	262,225
Deferred lease revenue	1,258	-	1,258	-	1,258
Deferred inflows related to OPEB	6,533	92	6,625	22,022	28,647
Deferred inflows related to pensions	16,912	192	17,104	89,347	106,451
Total deferred inflows of resources	286,928	284	287,212	111,369	398,581
<b>NET POSITION</b>					
Net investment in capital assets	539,411	39,852	579,263	1,689,673	1,501,676 <sup>A</sup>
Restricted for:					
Capital projects	792	-	792	58,175	(3,913) <sup>A</sup>
Net pension asset	612	-	612	-	612
Special levy districts	43,752	-	43,752	-	43,752
Development fee services	8,694	-	8,694	-	8,694
Housing	5,907	-	5,907	-	5,907
Transient occupancy tax	1,722	-	1,722	-	1,722
Grantor's / deed tax	7,295	-	7,295	-	7,295
Internal service fund	2,887	-	2,887	-	2,887
Public safety	6,205	-	6,205	-	6,205
Grants	9,524	-	9,524	-	9,524
Water and sewer availability credit	11,482	-	11,482	-	11,482
Education	-	-	-	46,284	46,284
Unrestricted	(926,005)	19,414	(906,591)	(732,729)	(809,180) <sup>A</sup>
Total net position / (deficit)	\$ (287,722)	59,266	(228,456)	1,061,403	832,947

The sum of the columns does not equal the Total Reporting Entity column by a difference of \$830,140 because the debt related to the School Board (\$796,785) and the debt related to the Adult Detention Center (\$33,355) 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 Board's unspent bond proceeds of \$62,880 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 Activities	Primary Business-Type Activities
<b>Primary Government:</b>						
<b>Governmental activities:</b>						
General government administration	\$ 47,572	1,925	2,303	211	(43,133)	-
Judicial administration	23,677	2,030	6,107	-	(15,540)	-
Public safety	335,421	15,514	8,554	9,854	(301,499)	-
Public works	107,447	8,748	29,303	67,572	(1,824)	-
Health and welfare	100,931	1,543	54,680	-	(44,708)	-
Education	468,667	-	-	-	(468,667)	-
Parks, recreational and cultural	57,677	8,123	568	87	(48,899)	-
Community development	65,623	17,551	-	-	(48,072)	-
Interest on long-term debt	49,473	-	-	-	(49,473)	-
<b>Total governmental activities</b>	<b>1,256,488</b>	<b>55,434</b>	<b>101,515</b>	<b>77,724</b>	<b>(1,021,815)</b>	<b>-</b>
<b>Business-type activities:</b>						
Landfill	18,274	20,381	-	-	-	2,107
Innovation Technology Park	590	3,408	-	-	-	2,818
Parks & Recreation	6,336	4,524	-	-	-	(1,812)
<b>Total business-type activities</b>	<b>25,200</b>	<b>28,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,113</b>
<b>Total primary government</b>	<b>\$ 1,281,688</b>	<b>83,747</b>	<b>101,515</b>	<b>77,724</b>	<b>(1,021,815)</b>	<b>3,113</b>
<b>Component Units:</b>						
School Board	\$ 1,183,841	24,934	170,960	128	-	-
Adult Detention Center	43,742	523	12,004	-	-	-
<b>Total component units</b>	<b>\$ 1,227,583</b>	<b>25,457</b>	<b>182,964</b>	<b>128</b>	<b>-</b>	<b>-</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Real property				\$ 713,059	-	-
Personal property				150,269	-	-
Local sales				68,710	-	-
Consumer's utility				14,443	-	-
Business, professional and occupational licenses (BPOL)				26,945	-	-
Recordation				10,687	-	-
Motor vehicle licenses				8,987	-	-
Other local taxes				13,215	-	-
Short term rental, bank stock, public utility gross receipts				4,431	-	-
Payments from primary government				-	-	-
<b>Grants and contributions not restricted to specific programs:</b>						
Federal revenues				81	-	-
State revenues				72,385	-	-
Local revenues				7,734	-	-
Investment earnings				43,026	-	1,494
Gain on disposal of capital assets				745	-	-
Insurance claims and recoveries				13	-	-
Miscellaneous				12,200	-	1,077
Transfers				(2,890)	-	2,890
<b>Total general revenues and transfers</b>				<b>1,144,040</b>	<b>5,461</b>	
Change in net position				122,225	-	8,574
<b>Net position, beginning of year</b>				<b>(409,947)</b>	<b>50,692</b>	
Restatement of beginning net position				-	-	-
<b>Net position, end of year</b>				<b>\$ (287,722)</b>	<b>59,266</b>	

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

**and Changes in Net Position**

Government Total	Component Unit	Total Reporting Entity	Functions / Programs
			<b>Primary Government:</b>
			<b>Governmental activities:</b>
(43,133)	-	(43,133)	General government administration
(15,540)	-	(15,540)	Judicial administration
(301,499)	-	(301,499)	Public safety
(1,824)	-	(1,824)	Public works
(44,708)	-	(44,708)	Health and welfare
(468,667)	-	(468,667)	Education
(48,899)	-	(48,899)	Parks, recreational and cultural
(48,072)	-	(48,072)	Community development
(49,473)	-	(49,473)	Interest on long-term debt
<u>(1,021,815)</u>	<u>-</u>	<u>(1,021,815)</u>	Total governmental activities
			<b>Business-type activities:</b>
2,107	-	2,107	Landfill
2,818	-	2,818	Innovation Technology Park
<u>(1,812)</u>	<u>-</u>	<u>(1,812)</u>	Parks and Recreation
<u>3,113</u>	<u>-</u>	<u>3,113</u>	Total business-type activities
<u>(1,018,702)</u>	<u>-</u>	<u>(2,037,736)</u>	<b>Total primary government</b>
			<b>Component Units:</b>
-	(987,819)	(987,819)	School Board
-	(31,215)	(31,215)	Adult Detention Center
<u>-</u>	<u>(1,019,034)</u>	<u>(1,019,034)</u>	<b>Total component units</b>
			General revenues:
			Taxes:
713,059	-	713,059	Real property
150,269	-	150,269	Personal property
68,710	-	68,710	Local sales
14,443	-	14,443	Consumer's utility
26,945	-	26,945	Business, professional and occupational license (BPOL)
10,687	-	10,687	Recordation
8,987	-	8,987	Motor vehicle licenses
13,215	-	13,215	Other local taxes
4,431	-	4,431	Short term rental, bank stock, public utility gross receipts
-	633,538	633,538	Payment from primary government
			Grants and contributions not restricted to specific programs:
81	1,020	1,101	Federal revenues
72,385	446,089	518,474	State revenues
7,734	5,040	12,774	Local revenues
44,520	8,669	53,189	Investment earnings
745	-	745	Gain on disposal of capital assets
13	-	13	Insurance claims and recoveries
13,277	4,631	17,908	Miscellaneous
-	-	-	Transfers
<u>1,149,501</u>	<u>1,098,987</u>	<u>2,248,488</u>	Total general revenues and transfers
130,799	79,953	210,752	Change in net position
<u>(359,255)</u>	<u>980,816</u>	<u>621,561</u>	<b>Net position, beginning of year</b>
<u>-</u>	<u>634</u>	<u>634</u>	Restatement of beginning net position
<u>(228,456)</u>	<u>1,061,403</u>	<u>832,947</u>	<b>Net position, end of year</b>

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

## GOVERNMENTAL FUNDS

## Balance Sheet

June 30, 2019

(amounts expressed in thousands)

	Capital Projects					Total Governmental Funds
	General Fund	Streets and Roads	Other Capital Projects	Fire & Rescue Levy	Other Governmental Funds	
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ 553,178	39,443	73,378	54,583	36,117	756,699
Restricted cash and temporary investments	-	2,205	1,489	-	52	3,746
Property taxes receivable, net	5,789	-	-	69	5	5,863
Accounts receivable, net	6,981	602	-	160	5,882	13,625
Due from other governmental units	21,882	26,981	653	-	317	49,833
Investments in direct financing leases	8,503	-	-	-	-	8,503
Inventory	307	-	-	-	13	320
Prepaid items	89	301	10	-	-	400
Other restricted assets	-	792	-	-	-	792
Total assets	\$ 596,729	70,324	75,530	54,812	42,386	839,781
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 27,752	17,348	2,856	1,066	360	49,382
Wages and benefits payable	10,706	-	-	-	773	11,479
Deposits and escrows	32,721	-	-	1	-	32,722
Due to other governmental units	223	906	-	-	20	1,149
Retainage	-	2,997	1,489	-	52	4,538
Unearned revenues	74,183	-	-	-	2,546	76,729
Total liabilities	145,585	21,251	4,345	1,067	3,751	175,999
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid taxes	243,507	-	-	17,255	1,463	262,225
Unavailable transportation revenues	-	15,136	-	-	-	15,136
Unavailable taxes	3,903	-	-	72	2	3,977
Unavailable lease revenues	8,503	-	-	-	-	8,503
Total deferred inflows of resources	255,913	15,136	-	17,327	1,465	289,841
<b>FUND BALANCES</b>						
Non-spendable	396	301	10	-	13	720
Restricted	9,524	-	-	36,418	37,157	83,099
Committed	88,951	33,636	71,175	-	-	193,762
Assigned	9,025	-	-	-	-	9,025
Unassigned	87,335	-	-	-	-	87,335
Total fund balances	195,231	33,937	71,185	36,418	37,170	373,941
Total liabilities, deferred inflows of resources and fund balances	\$ 596,729	70,324	75,530	54,812	42,386	839,781

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

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

As of June 30, 2019

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3)	\$ 373,941
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$4,792, related to Internal Service Fund assets, which is included in Internal Service Fund net position below).	603,160
Deferred outflows of resources that are not financial resources and, therefore are not reported in the funds:	
Deferred loss on bond refundings	22,600
Deferred outflows of resources - OPEB (excludes \$235 related to Internal Service Fund)	7,016
Deferred outflows of resources - pension (excludes \$1,456 related to Internal Service Fund)	42,507
Deferred inflows of resources are not available to pay for current-period expenditures:	
Deferred inflows of resources - Unavailable transportation revenues	15,136
Deferred inflows of resources - Unavailable taxes	3,977
Deferred inflows of resources - Unavailable lease revenues	7,245
Deferred inflows of resources - OPEBs (excludes \$265 related to Internal Services Fund)	(6,268)
Deferred inflows of resources - pensions (excludes \$660 related to Internal Services Fund)	(16,252)
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.	66,389
Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due.	(17,664)
Sewer and water availability credits were not recognized in the governmental funds, but rather, is recognized as an expenditure when used.	11,482
Assets not due in the current period, and, therefore, are not reported in the funds:	
Net pension assets	612
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note Disclosure 10):	
Other long-term obligations (excludes \$8,235 related to Internal Service Fund)	\$ (198,934)
Loans payable	(21,153)
Bonds payable	(163,615)
School bonds payable	(796,785)
Capital lease obligations	(78,390)
Compensated absences (excludes \$1,779 related to Internal Service Fund)	(34,906)
Operating settlement - School Board	(810)
Premiums on bonds issued	(107,008)
Total long-term liabilities	<u>(1,401,603)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ (287,722)</u>

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



Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2019  
(amounts expressed in thousands)

	<u>Capital Projects</u>					Other Governmental Funds	Total Governmental Funds
	General Fund	Streets and Roads	Other Capital Projects	Fire & Rescue Levy			
<b>REVENUES:</b>							
General property taxes	\$ 810,143	-	-	47,100	-	5,156	862,399
Other local taxes	138,456	-	-	-	-	8,961	147,417
Permits, privilege fees and regulatory licenses	2,070	-	-	-	-	18,086	20,156
Fines and forfeitures	3,456	-	-	-	-	-	3,456
From use of money and property	24,173	1,746	-	1,914	-	917	28,750
Charges for services	14,064	-	96	-	-	17,661	31,821
Intergovernmental revenues:							
Federal	22,557	4,312	-	-	-	28,191	55,060
State	132,216	11,678	940	-	-	23	144,857
Local	7,734	52,345	193	-	-	-	60,272
Miscellaneous	9,616	2,811	67	23	-	11	12,528
<b>Total revenues</b>	<b>1,164,485</b>	<b>72,892</b>	<b>1,296</b>	<b>49,037</b>	<b>-</b>	<b>79,006</b>	<b>1,366,716</b>
<b>EXPENDITURES:</b>							
Current:							
General government administration	45,704	-	-	-	-	-	45,704
Judicial administration	22,512	-	-	-	-	-	22,512
Public safety	259,115	-	21,153	32,176	-	15,138	327,582
Public works	33,232	-	-	-	-	291	33,523
Health and welfare	104,378	-	-	-	-	-	104,378
Education	473,433	-	-	-	-	-	473,433
Parks, recreational and cultural	49,645	-	-	-	-	-	49,645
Community development	10,767	-	-	-	-	47,752	58,519
Debt service:							
Principal retirement	97,685	-	-	-	-	-	97,685
Interest and other debt costs	48,358	-	-	-	-	-	48,358
Capital outlays	-	74,516	40,262	-	-	-	114,778
<b>Total expenditures</b>	<b>1,144,829</b>	<b>74,516</b>	<b>61,415</b>	<b>32,176</b>	<b>-</b>	<b>63,181</b>	<b>1,376,117</b>
Excess / (deficiency) of revenues over/ (under) expenditures	19,656	(1,624)	(60,119)	16,861	-	15,825	(9,401)
<b>OTHER FINANCING SOURCES / (USES):</b>							
Transfers in	48,562	14,984	48,358	-	-	4,550	116,454
Transfers out	(67,116)	(14,358)	(2,180)	(24,749)	-	(10,197)	(118,600)
Loan proceeds	-	-	21,153	-	-	-	21,153
Insurance claims and recoveries	13	-	-	-	-	-	13
Sale of surplus property	369	-	-	22	-	35	426
<b>Total other financing sources / (uses)</b>	<b>(18,172)</b>	<b>626</b>	<b>67,331</b>	<b>(24,727)</b>	<b>-</b>	<b>(5,612)</b>	<b>19,446</b>
Net change in fund balances	1,484	(998)	7,212	(7,866)	-	10,213	10,045
<b>FUND BALANCE, beginning of year</b>	<b>193,747</b>	<b>34,935</b>	<b>63,973</b>	<b>44,284</b>	<b>-</b>	<b>26,957</b>	<b>363,896</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 195,231</b>	<b>33,937</b>	<b>71,185</b>	<b>36,418</b>	<b>-</b>	<b>37,170</b>	<b>373,941</b>

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, 2019

(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5)		\$ 10,045
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Add capital acquisitions and transfers in	\$ 44,371	
Add donated equipment for public safety vehicles for general government	19	
Add donated land for parks, recreation and cultural	87	
Subtract depreciation (excludes \$1,814 related to Internal Service Fund assets included in Internal Service Fund net position below)	<u>(32,322)</u>	12,155
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.		
		129
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Add revenues recognized for the water and sewer availability credits refunded		(309)
Add amortized premiums		9,981
Add current year's deferred inflows of resources related to transportation revenue	15,136	
Subtract prior year's deferred inflows of resources related to transportation revenue	<u>(16,213)</u>	(1,077)
Add current year's deferred inflows of resources related to deferred lease revenue (Note Disclosure 5)	7,245	
Subtract prior year's deferred inflows of resources related to deferred lease revenue	<u>(8,360)</u>	(1,115)
Add current year's deferred inflows of resources related to financing activities and uncollectible tax billings (Note Disclosure 4)	3,977	
Subtract prior year's deferred inflows of resources related to financing activities and uncollectible tax billings	<u>(3,049)</u>	928
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 Disclosure 10).		
Add debt principal repayment		97,685
Subtract loan proceeds		(21,153)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Amortized bond refunding losses		(3,250)
Add prior year operating settlement - School Board	5,577	
Subtract current year operating settlement - School Board	<u>(811)</u>	4,766
Add prior year's compensated absences liability (excludes \$1,714 for Internal Service Fund)	34,086	
Subtract current year's compensated absences liability (excludes \$1,779 for Internal Service Fund)	<u>(34,906)</u>	(820)
Add prior year's net OPEB accrual (excludes \$107 for Internal Service Fund)	47,813	
Subtract current year's net OPEB accrual (excludes \$2,067 for Internal Service Fund)	<u>(47,892)</u>	(79)
Add prior year's net pension accruals (excludes \$6,239 for Internal Service Fund)	124,556	
Subtract current year's net pension accruals (excludes \$6,308 for Internal Service Fund)	<u>(123,428)</u>	1,128
Add prior year's accrued interest liability	19,794	
Subtract current year's accrued interest liability	<u>(17,664)</u>	2,130
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 are reported with governmental activities:		
Add internal service funds' change in net position		<u>11,081</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ 122,225</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**PROPRIETARY FUNDS**  
**Statement of Fund Net Position**  
June 30, 2019  
(amounts expressed in thousands)

Exhibit 7

	<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>ASSETS</b>					
Current assets:					
Equity in pooled cash and investments	\$ 17,414	7,129	103	24,646	60,401
Restricted cash and temporary investments	14,547	-	498	15,045	8,157
Investments	-	-	-	-	25,061
Accounts receivable, net	355	29	22	406	4,404
Notes receivable	178	-	-	178	-
Due from other governmental units	83	-	-	83	-
Inventory	6	3,171	63	3,240	529
Prepaid items	-	-	31	31	275
Total current assets	32,583	10,329	717	43,629	98,827
Non-current assets:					
Restricted investments	-	-	-	-	1,250
Notes receivable	579	-	-	579	-
Capital assets:					
Land and construction in progress	25,225	1,083	2,574	28,882	320
Buildings and other capital assets, net of depreciation	15,329	-	1,442	16,771	4,472
Total non-current assets	41,133	1,083	4,016	46,232	6,042
Total assets	73,716	11,412	4,733	89,861	104,869
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	-	-	299	299	-
Deferred outflows related to OPEB	68	-	-	68	235
Deferred outflows related to pension	424	-	-	424	1,456
Total deferred outflows of resources	492	-	299	791	1,691
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	865	9	818	1,692	3,717
Wages and benefits payable	146	-	125	271	462
Deposits and escrows	-	150	9	159	-
Retainages	232	-	-	232	-
Accrued interest	-	-	83	83	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	7,290
Unearned revenues	5,064	-	204	5,268	-
Current portion of surplus distributions payable	-	-	-	-	1,311
Current portion of bonds payable	-	-	680	680	-
Current portion of bond premiums	-	-	1	1	-
Compensated absences	32	-	4	36	120
Total current liabilities	6,339	159	1,924	8,422	12,900
Non-current liabilities:					
Accrued closure liability	14,266	-	-	14,266	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	13,404
Surplus distributions payable	-	-	-	-	3,048
Bonds payable, net of current portion	-	-	5,410	5,410	-
Bond premiums, net of current portion	-	-	9	9	-
Net OPEB liabilities	660	-	-	660	1,975
Net pension liabilities	1,821	-	-	1,821	6,260
Compensated absences	464	-	50	514	1,659
Total non-current liabilities	17,211	-	5,469	22,680	26,346
Total liabilities	23,550	159	7,393	31,102	39,246
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to OPEB	92	-	-	92	265
Deferred inflows related to pensions	192	-	-	192	660
Total deferred inflows of resources	284	-	-	284	925
<b>NET POSITION</b>					
Net investments in capital assets	40,554	1,083	(1,785)	39,852	4,792
Restricted for self-insurance funds	-	-	-	-	2,887
Unrestricted	9,820	10,170	(576)	19,414	58,710
Total net position / (deficit)	\$ 50,374	11,253	(2,361)	59,266	66,389

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

Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Year Ended June 30, 2019  
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 20,381	3,408	4,524	28,313	110,398
Miscellaneous	989	74	14	1,077	4,550
Total operating revenues	21,370	3,482	4,538	29,390	114,948
<b>OPERATING EXPENSES:</b>					
Personal services	4,708	-	1,113	5,821	14,569
Contractual services	4,977	168	3,183	8,328	23,946
Materials/supplies	3,772	4	648	4,424	9,516
Depreciation	2,030	-	295	2,325	1,814
Closure expenses	2,612	-	-	2,612	-
Costs of sale of land	-	260	-	260	-
Other	175	158	611	944	112
Claims and premiums	-	-	-	-	50,356
OPEB costs	-	-	-	-	4,554
Losses and loss adjustment expenses	-	-	-	-	2,762
Total operating expenses	18,274	590	5,850	24,714	107,629
Operating income / (loss)	3,096	2,892	(1,312)	4,676	7,319
<b>NON-OPERATING REVENUES / (EXPENSES):</b>					
Interest income / (expense)	1,309	206	(21)	1,494	4,295
Interest and other debt costs	-	-	(486)	(486)	-
Gain / (loss) on sale of capital assets	-	-	-	-	-
Total non-operating revenues/(expenses)	1,309	206	(507)	1,008	4,295
Income / (loss) before transfers	4,405	3,098	(1,819)	5,684	11,614
<b>TRANSFERS:</b>					
Transfers in from:					
General fund	-	35	4,190	4,225	122
Special revenue funds	-	-	-	-	402
Fire & rescue levy fund	-	-	-	-	98
Transfers out to:					
General fund	(1,169)	-	-	(1,169)	(1,366)
Capital projects funds	-	(166)	-	(166)	-
Total transfers	(1,169)	(131)	4,190	2,890	(744)
Capital contributions	-	-	-	-	211
Change in net position	3,236	2,967	2,371	8,574	11,081
<b>NET POSITION, beginning of the year</b>	47,138	8,286	(4,732)	50,692	55,308
<b>NET POSITION, end of the year</b>	\$ 50,374	11,253	(2,361)	59,266	66,389

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, 2019  
(amounts expressed in thousands)

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 20,656	3,467	4,510	28,633	113,457
Cash received from other entities	1,185	-	-	1,185	61
Payments for claims and premiums	-	-	-	-	(53,540)
Payments to suppliers for goods and services	(9,448)	(175)	(4,041)	(13,664)	(39,910)
Payments to employees for services	(4,939)	-	(1,307)	(6,246)	(15,412)
Payments of closure expenses	(1,825)	-	-	(1,825)	-
Net cash provided / (used) by operating activities	5,629	3,292	(838)	8,083	4,656
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Surplus distributions paid	-	-	-	-	(388)
Proceeds from notes receivable	178	-	-	178	-
Transfers in	-	35	4,190	4,225	622
Transfers out	(1,169)	(166)	-	(1,335)	(1,366)
Net cash provided / (used) by non-capital financing activities	(991)	(131)	4,190	3,068	(1,132)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	(1,191)	-	(8)	(1,199)	(1,645)
Proceeds from the sale of capital assets	76	-	-	76	-
Principal paid on bonds, leases, and other debt	-	-	(2,635)	(2,635)	-
Interest paid on bonds, leases, and other debt	-	-	(357)	(357)	-
Net cash used by capital and related financing activities	(1,115)	-	(3,000)	(4,115)	(1,645)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from maturities of investments	-	-	-	-	3,025
Purchases of investments	-	-	-	-	(2,000)
Interest and dividends received on investments	1,304	207	(22)	1,489	3,722
Net cash provided / (used) by investing activities	1,304	207	(22)	1,489	4,747
Net increase in cash and cash equivalents	4,827	3,368	330	8,525	6,626
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>27,134</b>	<b>3,761</b>	<b>271</b>	<b>31,166</b>	<b>61,932</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 31,961</b>	<b>7,129</b>	<b>601</b>	<b>39,701</b>	<b>68,558</b>
<b>RECONCILIATION OF OPERATING INCOME / (LOSS) TO NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES:</b>					
Operating income / (loss)	\$ 3,096	2,892	(1,312)	4,676	7,319
Adjustments to reconcile operating income / (loss) to net cash provided / (used) by operating activities:					
Depreciation	2,030	-	295	2,325	1,814
Dividends applied to premiums	-	-	-	-	(1,212)
Deferred outflows related to OPEB	8	-	7	15	4
Deferred outflows related to pension	(32)	-	37	5	(82)
Deferred inflows related to OPEB	(5)	-	(9)	(14)	(11)
Deferred inflows related to pensions	60	-	(12)	48	197
Change in assets and liabilities:					
(Increase) / decrease in:					
Accounts receivable, net of accrued interest	146	(15)	(14)	117	(211)
Due from other governmental units	162	-	-	162	-
Due from other funds	34	-	-	34	-
Inventory	(1)	260	38	297	(107)
Prepaid items	-	-	39	39	37
Increase / (decrease) in:					
Accounts payable and salaries and benefits, net of accrued interest	(650)	5	399	(246)	(1,641)
Retainages	161	-	-	161	-
Unpaid losses and related expenses	-	-	-	-	(395)
Accrued closure liability	787	-	-	787	-
Due to other funds	-	-	(60)	(60)	-
Unearned revenues	129	-	(14)	115	(42)
Deposits and escrows	-	150	-	150	-
Other long term liabilities	(296)	-	(232)	(528)	(1,014)
Total adjustments	2,533	400	474	3,407	(2,663)
Net cash provided / (used) by operating activities	\$ 5,629	3,292	(838)	8,083	4,656

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

FIDUCIARY FUNDS

Statement of Fiduciary Net Position

June 30, 2019

(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	-	958	748
Cash in other banks	-	-	39
Restricted cash	605	-	-
Accounts receivable, net of interest and dividends	-	77	-
Total accounts receivables	-	77	-
Restricted Investments:			
Money market mutual funds	610	-	-
Equity investments	81,077	-	-
Real estate investments	2,612	-	-
Fixed return investments	47,943	-	-
Life insurance annuity	17,050	-	-
Total investments	149,292	-	-
Total assets	149,897	1,035	787
<b>LIABILITIES</b>			
Accounts payable	3,952	1	-
Deposits and escrows	-	-	787
Total liabilities	3,952	1	787
<b>NET POSITION</b>			
Net position restricted for pension	58,729	-	
Net position restricted for OPEB	87,216	-	
Net position restricted for other purposes	-	1,034	
Total net position	145,945	1,034	



FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2019

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) and Pension Trust Fund	Private- Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Member	\$ 1,372	-
Employer	9,137	-
Total contributions	10,509	-
Donations	-	233
Investment income:		
Interest and dividends	3,630	43
Net appreciation / (depreciation) in fair value of investments	4,586	-
Total investment income	8,216	43
Less investment expenses	266	-
Net investment income	7,950	43
Total additions	18,459	276
<b>DEDUCTIONS</b>		
Pension and other post-employment benefit payments	6,559	-
Refund of members' contributions	129	-
Administrative expenses	120	268
Total deductions	6,808	268
Change in net position	11,651	8
<b>NET POSITION, beginning of year</b>	134,294	1,026
<b>NET POSITION, end of year</b>	\$ 145,945	1,034

**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**COMPONENT UNITS**  
**Combining Statement of Net Position**  
June 30, 2019  
(amounts expressed in thousands)

**Exhibit 12**

	<b>School Board</b>	<b>Adult Detention Center</b>	<b>Totals</b>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 376,600	11,583	388,183
Accounts receivable, net	2,074	2	2,076
Due from other governmental units	23,136	1,936	25,072
Due from primary government	811	-	811
Inventory	8,788	-	8,788
Prepaid items	4	-	4
Restricted assets:			
Restricted cash and temporary investments	64,182	1,498	65,680
Capital assets:			
Land and construction in progress	141,631	36,925	178,556
Buildings and other capital assets, net of depreciation	1,454,632	56,485	1,511,117
Total assets	<u>2,071,858</u>	<u>108,429</u>	<u>2,180,287</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	20,820	805	21,625
Deferred outflows related to pension	125,251	2,976	128,227
Total deferred outflows of resources	<u>146,071</u>	<u>3,781</u>	<u>149,852</u>
<b>LIABILITIES</b>			
Accounts payable	13,773	4,118	17,891
Wages and benefits payable	103,993	994	104,987
Retainages	6,397	1,498	7,895
Due to other governmental units	-	86	86
Unearned revenues	11,896	-	11,896
Noncurrent liabilities:			
Due within one year	23,233	280	23,513
Due in more than one year	24,105	3,333	27,438
Net OPEB liabilities	155,598	4,948	160,546
Net pension liabilities	790,324	12,791	803,115
Total liabilities	<u>1,129,319</u>	<u>28,048</u>	<u>1,157,367</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	21,393	629	22,022
Deferred inflows related to pensions	87,998	1,349	89,347
Total deferred inflows of resources	<u>109,391</u>	<u>1,978</u>	<u>111,369</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,596,263	93,410	1,689,673
Restricted for:			
Capital projects	58,175	-	58,175
Food and nutrition services	35,554	-	35,554
Other purposes	10,730	-	10,730
Unrestricted	<u>(721,503)</u>	<u>(11,226)</u>	<u>(732,729)</u>
Total net position	<u>\$ 979,219</u>	<u>82,184</u>	<u>1,061,403</u>

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

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**COMPONENT UNITS**  
**Combining Statement of Activities**  
For the Year Ended June 30, 2019  
(amounts expressed in thousands)

Exhibit 13  
Page 1 of 2

Functions / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board
School Board					
Instruction	\$ 768,448	3,263	132,861	128	(632,196)
Support services	407,909	20,364	31,846	-	(355,699)
Business-type activities	1,949	1,307	-	-	(642)
Education foundation	5,535	-	6,253	-	718
Adult Detention Center	43,742	523	12,004	-	-
<b>Total component units</b>	<b>\$ 1,227,583</b>	<b>25,457</b>	<b>182,964</b>	<b>128</b>	<b>(987,819)</b>

General revenues:	
Payment from primary government	\$ 583,894
Federal revenues	1,020
State revenues	446,089
Local revenues	-
Investment earnings	8,633
Miscellaneous	4,544
Total general revenues	<u>1,044,180</u>
Change in net position	56,361
<b>Net position, beginning of year</b>	922,224
Restatement of beginning net position	634
<b>Net position, end of year</b>	<u>\$ 979,219</u>

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

**Revenue and Changes in Net Position**

<u>Adult Detention Center</u>	<u>Totals</u>	<u>Functions / Programs</u>
		School Board
-	(632,196)	Instruction
-	(355,699)	Support services
-	(642)	Business-type activities
-	718	Education foundation
<u>(31,215)</u>	<u>(31,215)</u>	Adult Detention Center
<u>(31,215)</u>	<u>(1,019,034)</u>	<b>Total component units</b>
		General revenues:
49,644	633,538	Payment from primary government
-	1,020	Federal revenues
-	446,089	State revenues
5,040	5,040	Local revenues
36	8,669	Investment earnings
87	4,631	Miscellaneous
<u>54,807</u>	<u>1,098,987</u>	Total general revenues
23,592	79,953	Change in net position
58,592	980,816	<b>Net position, beginning of year</b>
-	634	Restatement of beginning net position
<u>82,184</u>	<u>1,061,403</u>	<b>Net position, end of year</b>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

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

The County of Prince William, Virginia (the County) prepares its financial statements, commonly known as the Comprehensive Annual Financial Report (CAFR), 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, 2019.

**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 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 Code of Virginia 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 Code of Virginia 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**

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Self-Insurance Group Workers' Compensation Association	Authorized by the Code of Virginia 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 Code of Virginia 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 Code of Virginia. Establish policy for operation of Prince William County-Manassas regional adult detention center, providing care and confinement for County and adjoining city prisoners.	Majority of Board is appointed by County; County is able to impose its will; financial benefit/burden relationship exists.	Discretely Presented Component Unit
School Board	Authorized by the Code of Virginia 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 Code of Virginia. 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 Code of Virginia. 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 Prince William County School Division 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
Governor's School @Innovation Park	Agreement between Prince William County School Division 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
Manassas Regional Airport	Agreement between Prince William County and the City of Manassas for the establishment and operation of a regional airport	None	Jointly Governed Organization
Industrial Development Authority (IDA)	Authorized by the Code of Virginia and established by Board resolution. Promotes industry and economic development by inducing businesses to locate or remain in the State and County.	None	Related Organization; Note Disclosure 17

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Service Authority	Authorized by the Code of Virginia and established by Board resolution. Provide water and sewer utilities to County residents.	None	Related Organization; Note Disclosure 17
Northern Virginia Criminal Justice Training Academy (NVCJTA)	Established by Board resolution. Construct an Emergency Vehicle Operations Center in which the County has a 30% interest.	None	Related Organization; Note Disclosure 17
Northern Virginia Transportation Authority (NVTA)	Authorized by the Code of Virginia. Focused on delivering real transportation solutions and value for Northern Virginia's transportation	None	Related Organization; Note Disclosure 17
Potomac & Rappahannock Transportation Commission (PRTC)	Joint venture between Prince William County and Stafford County, the Cities of Manassas, Manassas Park and Fredericksburg. Manages and operates OmniRide (regional) and OmniLink (County-wide) bus system as well as the Virginia Railway Express (VRE), the regional train system. Operations are funded by the State 2% Motor Fuel Tax. Each jurisdiction has a representative on the PRTC Board. The County also funds PRTC's lease payments.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure 18

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 & Wellness Services, 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.

All accounts of the County and its component units are reported as of and for the year ended June 30, 2019.



## **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 principle 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 fund, other post-employment benefits master trust fund, private-purpose trust funds, and agency funds). Since by definition, 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.
- 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 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 and Tourism provides recreation services to County residents at the golf courses and Splashdown Water Park.

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 fleet 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 operation 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 services and federal self-sufficiency program recipients.

#### **C. Basis of Accounting**

The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide financial statements, the proprietary fund financial statements, the fiduciary fund financial statements, and the component unit financial statements are presented on an accrual basis of accounting. The governmental fund financial statements are presented on a modified accrual basis of accounting.

*Accrual Basis of Accounting.* Revenues are recognized when earned and expenses are recognized when incurred.

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 Fund 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 benefit. 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 Fund 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, 14, 15, 16, 17, 18, 19, 20, 21 and 22).

Project length financial plans are adopted for all capital projects funds. In mid-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 for the component units of the County. Expenditures in all governmental funds of the County were within authorized budget limitations.

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

## **E. Encumbrances**

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

## **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 invests in an externally managed investment pool, the State Treasurer's Local Government Investment Pool (LGIP), which is not SEC-registered. The Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP, which is managed as a "2a-7 like pool". The portfolio securities are valued by the amortized cost method with maturities of thirteen months or less. The fair value of the County's position in the LGIP is the same as the value of the pool shares. The LGIP does not have any limitations or restrictions on participant withdrawals.

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 component unit's 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, *Fair Value Measurement and Application*.

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, *Accounting and Financial Reporting for Intangible Assets*, the County's infrastructure and commercial "off-the-shelf" software has been capitalized retroactively, *Basic Financial Statements – and Management's Discussion and Analysis -- for State and Local Governments* to 1980. Of the \$234 million in infrastructure capitalized at June 30, 2019, approximately \$185 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. \$60 million of intangible software capitalized at June 30, 2019, 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
Library collections	5 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 component unit's 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**

Proceeding assets in the Statement of Net Position and Balance Sheets, deferred outflows of resources are reported in a separate section. Deferred outflows represent a consumption of resources that benefit future period(s) and will be recognized in future periods as an expense when they are used. Prince William County has the following deferred outflows of resources: deferred loss on refunding and deferred outflows related to pensions and OPEB. Proceeding liabilities in the Statement of Net Position and Balance Sheets, deferred inflows of resources are reported in a separate section. Deferred inflows represent an acquisition of resources that will be used in future reporting periods and will be recognized as revenues in future periods. Prince William County has the following deferred inflows of resources: prepaid and unavailable taxes, transportation revenue, deferred lease revenue and deferred inflows related to pensions and OPEB.

**N. Pensions and Other Post-Employment Benefits (OPEB)**

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 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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Virginia Retirement System (VRS) OPEB Plans and the additions to/deductions from the Prince William County's OPEB Master Trust Fund net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS), Prince William County Premium Plan, Prince William County Retiree Health Insurance Credit Plan (RHICP) and Prince William County Line of Duty Act (LODA) Plan. 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 Balance**

Non-spendable 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 Disclosure 11, *Fund Balances / Net Position*.

The Board of County Supervisors adopted its *Principles of Sound Financial Management* (the Policy) first in 1988. These principles have been amended in 1993, 1996, 1999, 2009, 2012, 2016 and 2018. Policy I, Fund Balance, provides guidelines on how the Board of County Supervisors and County Executives are to maintain levels of fund balance to meet the County's needs and challenges and to mitigate current and future risks as much as possible. See Illustration 1-2 below for specific fund balance requirements per the Policy.

Illustration 1-2 Fund Balance Requirements					
Fund Balance	Purpose	Minimum Funding Requirement Each Fiscal Year	Events Funds Can Be Used For	Timeframe to Replenish Funds	Allowed Uses of Excess Funds
Unassigned General Fund Balance	To provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.	No less than 7.5% of each year's General Fund revenues.	Must be appropriated via resolution by the Board of County Supervisors to be used. Not to be used to fund recurring operating expenditures outside of the current fiscal year.	Must be replenished to the minimum amount within the following two (2) fiscal years and must be included in the County's adopted Five-Year Plan.	<ol style="list-style-type: none"> <li>1. Retained as part of the Unassigned General Fund Balance</li> <li>2. Used to supplement "pay as you go" capital outlay expenditures</li> <li>3. Prepay existing County debt</li> <li>4. Transferred to the Revenue Stabilization Fund Reserve within Committed Fund balance</li> </ol>
Committed Funds – Revenue Stabilization Fund Reserve	To provide the County with sufficient working capital and a margin of safety to withstand local and regional economic shocks and unexpected declines in revenue without borrowing, defined as an event impacting the County's General Fund revenues greater than 3.0% as compared to the current Adopted Budget.	No less than 2.0% of each fiscal year's General Fund revenues.	Must be appropriated via resolution by the Board of County Supervisors to be used.	Must be replenished to the minimum level described within five (5) years following the year in which the funds were used and must be included in the County's Adopted Five-Year Plan.	<ol style="list-style-type: none"> <li>1. Retained in the Revenue Stabilization Fund Reserve within Committed Fund</li> <li>2. Transferred to Unassigned General Fund Balance</li> <li>3. Transferred to the Capital Reserve within Committed Fund balance</li> <li>4. Used to replenish the Economic Development Opportunity Fund within Committed Fund balance</li> </ol>
Committed Funds – Capital Reserve	To provide the County with sufficient working capital and a margin of safety to withstand unexpected, but necessary, project cost overruns without additional borrowing.	Minimum of 2.0% of the current Capital Projects Funds Appropriations included in the Adopted Six-Year Capital Improvement Program.	Must be appropriated via resolution by the Board of County Supervisors to be used.	Must be replenished to the minimum level within five (5) fiscal years after the event occurred and must be included in the County's Adopted Five-Year Plan.	N/A
Committed Funds – Economic Development Opportunity Fund (EDOF) Reserve	To provide the County with a source of working capital that can be used to incentivize economic development in key targeted industries to support the Board's Robust Economy strategic goal of growing the commercial tax base.	Targeted fund amount of \$3,000 if all other required reserve minimum requirements are met.	Must be appropriated via resolution by the Board of County Supervisors to be used.	Shall be replenished to targeted amount at the end of each fiscal year after all other reserves are fully funded to minimum requirements.	N/A



**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.

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

The County implemented the following GASB pronouncements with effective implementation dates for fiscal year ended June 30, 2019:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* — This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).
- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* — This Statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, see Note Disclosure 10, *Long-Term Debt*. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

**S. Restatement**

Accounting principles generally accepted in the United States of America establish Prince William County Public Schools (PWCS) as a discretely presented component unit of the County while the Education Foundation for Prince William County Public Schools (SPARK) is a discretely presented component unit of the School Board.

The reporting method SPARK is organized under the laws of the Commonwealth of Virginia as a not-for-profit corporation. In June 2018, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, to provide clarifying guidance on accounting for the grants and contracts of nonprofit organizations. As a result of this change in accounting principle, SPARK restated its fiscal year 2018 financial statement to decrease deferred revenue by \$634 and increase net assets with donor restrictions by \$634. SPARK issues separately audited financial statements. Copies of these financial statements may be obtained by writing to the Education Foundation for Prince William County Public Schools, P.O. Box 389, Manassas, Virginia 20108.

**T. Subsequent Events**

The County has evaluated subsequent events occurring after June 30, 2019 through February 18, 2020, in connection with the preparation of these financial statements. Such events have been disclosed in Note Disclosure 20, *Subsequent Events*.

**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 2.2-4411 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) (or its equivalent) or in individual portfolios 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, 2019, the Self-Insurance Workers’ Compensation Association had \$992 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, 2019, the Casualty Pool had \$800 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, the weighted average maturity of the portfolio as a whole may not exceed five (5) years. Further, the County may not directly invest in securities maturing in more than ten (10) 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, 2019.

<b>Illustration 2-1</b>			
<b>Fair Value and Weighted Average Maturity of Investments</b>			
<b>June 30, 2019</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)	\$	260,584	0.003
State Non-Arbitrage Program (SNAP)		62,880	0.003
PFM Money Market		62,217	0.003
Other		39,283	0.003
NOW Accounts		46,973	0.003
Negotiable Certificate of Deposits		10,059	0.759
Commercial Paper		9,944	0.249
U.S. Government Agency		621,513	5.462
Securities Corporate Bonds		180,160	1.956
Municipal Bonds		<u>60,533</u>	3.326
Total Primary Government, School Board, and ADC		<u>1,354,146</u>	
Total Reporting Entity Investments	\$	<u><u>1,354,146</u></u>	2.776

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 provides for investment in obligations of other states and political subdivisions outside of the Commonwealth of Virginia rated at least AA by two Nationally Recognized Statistical Rating Organizations (NRSROs). 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 Investors Service 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 Investors Service 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 NRSRO; "prime quality" commercial paper rated by at least two of the following: Moody's Investors Service within its NRSRO/Moody's rating of Prime 1; Standard & Poor's within its rating of A-1; Fitch ratings 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 Investors Service, Standard & Poor's or Fitch Ratings; 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 NRSRO, 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 Investors Service 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 Investors Service, A-1 by Standard & Poor’s or F-1 by Fitch Ratings ; 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 NRSRO.

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, 2019, are presented in Illustration 2-2.

<b>Illustration 2-2</b>		
<b>County, School Board, and ADC Investment Credit Risk</b>		
<b>June 30, 2019</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	19.24%
State Non-Arbitrage Program (SNAP)	AAA	4.64%
PFM Asset management	AAA	4.59%
Other	AAA	5.97%
NOW Accounts	Not applicable	0.40%
Certificate of Deposits	Not applicable	0.74%
Commercial Paper	A-1	0.73%
U.S. Government Agency Securities	AA- or Higher	45.92%
Corporate Bonds	AA- or Higher	13.30%
Municipal Bonds	AA- or Higher	4.47%
		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 40% for any one agency); 10% for any municipal issuance outside of the Commonwealth of Virginia (not to exceed 5% in any one issuer); 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 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, 2019. 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</b>		
<b>June 30, 2019</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	\$ 574	0.101 (a)
US Government Agency Securities	480	0.09 (b)
US Treasury Notes	2,477	7.42 (b)
Corporate Bonds	3,252	0.41 (b)
Tactical Asset Allocation Funds	3,948	Not applicable
Equity Mutual Funds	21,963	Not applicable
Real Assets	2,612	Not applicable
Bond Mutual Funds	5,768	4.97 (b)
Total Supplemental Pension Plan Trust Fund Investments	<u>\$ 41,074</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, 2019, is presented in Illustration 2-4.

<b>Illustration 2-4</b>		
<b>Supplemental Pension Plan Credit Risk</b>		
<b>June 30, 2019</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	1.40%
US Government Agency Securities	AAA	1.17%
US Treasury Notes	AAA	6.03%
Corporate Bonds	BBB + or higher	7.92%
Tactical Asset Allocation Funds	Not rated	9.61%
Equity Mutual Funds	Not rated	53.47%
Real Assets	Not rated	6.36%
Bond Mutual Funds	A+	14.04%
		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</b>			
<b>June 30, 2019</b>			
<b>Asset Class</b>	<b>Policy Percent</b>	<b>Target Range Percent</b>	<b>Actual Percentage</b>
Supplemental Pension Plan Trust Fund Investments:			
Tactical	10%	5% - 15%	1.40%
Equity	54%	50% - 58%	63.08%
Real Assets	6%	2% - 10%	6.36%
Fixed Income	30%	25% - 35%	29.16%
	100%		100.00%

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, 2019, 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, 2019.

<b>Illustration 2-6</b>		
<b>LoSAP Fair Value and Weighted Average Maturity/Duration of Investments</b>		
<b>June 30, 2019</b>		
	<b>Fair Value</b>	<b>Weighted-Average Maturity(a)/ Modified Duration (b) (Years)</b>
<b>LoSAP Trust Fund Investments:</b>		
Life Insurance Funds - Mass Mutual Annuity	\$ <u>17,050</u>	Not Applicable

*Concentrations.* At June 30, 2019, the LoSAP Plan’s investments were 100% invested in an insurance annuity fund and are not subject to concentration of credit risk.

Other Post-Employment Benefits (OPEB) Master Trust Investments

The County has appointed a Finance Board (Trustees) 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, 2019. 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 (OPEB) Fair Value and Weighted Average Maturity/Duration of Investments</b>		
<b>June 30, 2019</b>		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
<b>Other Post-Employment Benefits (OPEB) Master Trust Fund:</b>		
Money Market Mutual Funds	\$ 36	0.003(a)
Equity Mutual Funds	55,166	Not applicable
Bond Mutual Funds:		
Baird Core Fixed Income	\$ 10,519	5.56(b)
Doubleline Core Fixed Income	10,464	4.57(b)
PGIM Total Return	8,460	6.20(b)
Vanguard Intermediate-Term	4,352	5.40(b)
Vanguard High Yield Corporate	2,171	3.30(b)
Total Bond Mutual Funds	<u>35,966</u>	
Total Other Post-Employment Benefits Master Trust Fund Investments	<u>\$ 91,168</u>	

The Other Post-Employment Benefits Master Trust’s rating and credit exposure as of June 30, 2019, is shown in Illustration 2-8.

<b>Illustration 2-8</b>		
<b>Other Post-Employment Benefits Master Trust (OPEB) Credit Risk</b>		
<b>June 30, 2019</b>		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
<b>Other Post-Employment Benefits (OPEB) Master Trust Fund Investments:</b>		
Money Market Mutual Funds	AAA	0.04%
Equity Mutual Funds	Not rated	60.51%
Bond Mutual Funds:		
Baird Core Fixed Income	AA	11.54%
Doubleline Core Fixed Income	A	11.48%
PGIM Total Return	A	9.28%
Vanguard Intermediate-Term	A	4.77%
Vanguard High Yield Corporate	BB	2.38%
		<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>Statement of Investment Policy</b>			
<b>Other Post-Employment Benefits (OPEB) Master Trust Fund Concentrations</b>			
<b>June 30, 2019</b>			
<b>Asset Class</b>	<b>Policy Percent</b>	<b>Target Range Percent</b>	<b>Actual Percent</b>
<b>Other Post-Employment Benefits Master Trust Fund</b>			
<b>Investments:</b>			
Domestic Equity	40%	20% - 60%	42.12%
International Equity	20%	0% - 40%	18.39%
Other Growth Assets	0%	0% - 20%	0.00%
Fixed Income	40%	20% - 60%	39.45%
Other Income Assets	0%	0% - 20%	0.00%
Real Estate Investment Trusts (REITs)	0%	0% - 20%	0.00%
Cash Equivalents	0%	0% - 20%	0.04%
	<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 Real Estate Investment Trusts (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, 2019, 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 5% or more of the OPEB Master Trust fiduciary net position.

## Reconciliation of Cash and Investments

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2019, is shown in Illustration 2-10.

<b>Illustration 2-10</b>					
<b>Reconciliation of Cash and Investments to Entity-Wide Financial Statements</b>					
<b>June 30, 2019</b>					
<b>Investments</b>					
	Primary Government and Component Units			\$	1,354,146
	Supplemental Pension Plan Trust Fund				41,074
	LoSAP Trust Fund				17,050
	Other Post-Employment Benefits (OPEB) Master Trust Fund				91,168
	<b>Total Investments</b>				<b>1,503,438</b>
<b>Add: Cash on hand</b>					
	Deposits				46
					10,353
	<b>Total Cash and Investments</b>				<b>1,513,837</b>
<b>Less:</b>					
	Supplemental Pension Plan Trust Fund's cash and investments				(41,679)
	LoSAP Trust Fund cash and investments				(17,050)
	OPEB Master Trust Fund cash and investments				(91,168)
	Private-Purpose Trust Funds				(958)
	Agency Funds' equity in pooled cash and investments				(787)
	School Board Agency Funds' cash and investments				(13,327)
	<b>Total Reporting Entity cash and investments</b>			<b>\$</b>	<b>1,348,868</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Component Units</b>	<b>Total Reporting Entity</b>
<b>Primary Government:</b>					
Equity in Pooled Cash and Investments	\$ 817,100	24,646	841,746	388,183	1,229,929
Investments	25,061	-	25,061	-	25,061
Restricted Cash and Temporary Investments	11,903	15,045	26,948	65,680	92,628
Restricted Investments	1,250	-	1,250	-	1,250
<b>Total Cash and Investments</b>	<b>\$ 855,314</b>	<b>39,691</b>	<b>895,005</b>	<b>453,863</b>	<b>1,348,868</b>

## 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.

Illustration 2-11 shows the fair value levels used by the County to value investments.

<b>Illustration 2-11</b>				
<b>Fair Value - Primary Government, School Board and ADC</b>				
<b>June 30, 2019</b>				
		Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
<b>Primary Government, School Board, ADC</b>				
Investment by Fair Value				
US Government Agency Securities	\$ 621,513	-	621,513	-
Corporate Bonds	180,160	-	180,160	-
Municipal Bonds	60,533	-	60,533	-
	<u>862,206</u>	<u>-</u>	<u>862,206</u>	<u>-</u>
Investments by Amortized Cost				
LGIP	260,584			
SNAP	62,880			
PFM Money Market	62,217			
Other Money Market Accounts	39,283			
Certificate of Deposits	10,059			
Negotiable Certificate of Deposits	9,944			
	<u>444,967</u>			
Cash and Cash Equivalents				
NOW Accounts	46,973			
<b>Total</b>	<b>\$ <u>1,354,146</u></b>			

Illustration 2-12 shows the fair value levels used in the Supplemental Pension Plan, LoSAP Trust Fund and OPEB Master Trust Fund to value investments.

<b>Illustration 2-12</b>				
<b>Fair Value - Supplement Pension, LoSAP Trust and OPEB Master Trust Funds</b>				
<b>June 30, 2019</b>				
		Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
<b>Supplement Pension Plan Trust Fund</b>				
Investments by Fair Value				
US Government Agency Securities	\$	480	-	480
US Treasury Notes		2,477	2,477	-
Corporate Bonds		3,252	-	3,252
Tactical Asset Allocation Funds		3,948	3,948	-
Equity Mutual Funds		21,963	21,963	-
Real Assets		2,612	-	2,612
Bond Mutual Funds		5,768	-	5,768
		<u>40,500</u>	<u>28,388</u>	<u>9,500</u>
				<u>2,612</u>
Investments by Amortized Cost				
Money Market Mutual Funds		574		
		<u>41,074</u>		
<b>LoSAP Trust Fund</b>				
Investments by Amortized Cost				
Life Insurance Funds - Mass Mutual annuity		17,050		
		<u>17,050</u>		
<b>OPEB Master Trust Fund</b>				
Investments by Fair Value				
Equity Mutual Funds		55,166	55,166	-
Bond Mutual Funds		35,966	-	35,966
		<u>91,132</u>	<u>55,166</u>	<u>35,966</u>
Investments by Amortized Cost				
Money Market Mutual Funds		36		
		<u>91,168</u>		
<b>Total</b>	<b>\$</b>	<b><u>149,292</u></b>		

Restricted cash and investments consist of 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</b>		
<b>June 30, 2019</b>		
	<b>Restricted Cash &amp; Temporary Investments</b>	<b>Restricted Investments</b>
<b>Primary Government</b>		
<b>Capital Projects Funds:</b>		
Retainages	\$ 3,694	\$ -
Total Capital Projects Funds	<u>3,694</u>	<u>-</u>
<b>Other Governmental Funds:</b>		
Retainages	52	-
Total Other Governmental Funds	<u>52</u>	<u>-</u>
<b>Enterprise Funds:</b>		
VRA Closure Fund	14,315	-
Parks & Recreation	498	-
Retainages	232	-
Total Enterprise Funds	<u>15,045</u>	<u>-</u>
<b>Internal Service Funds:</b>		
PWSIG	8,157	-
Insurance Pool Collateral	-	1,250
Total Internal Service Funds	<u>8,157</u>	<u>1,250</u>
Total Primary Government	<u>26,948</u>	<u>1,250</u>
<b>Component Units</b>		
<b>ADC:</b>		
Retainages	1,498	-
Total ADC	<u>1,498</u>	<u>-</u>
<b>School Board:</b>		
School Bonds	62,880	-
Education Foundation	1,302	-
Total School Board	<u>64,182</u>	<u>-</u>
Total Component Units	<u>65,680</u>	<u>-</u>
Total Reporting Entity	<u>\$ 92,628</u>	<u>\$ 1,250</u>

### **NOTE (3) - PROPERTY TAXES RECEIVABLE**

The County's real estate and personal property taxes are levied respectively of the July 1, 2019, tax levy, 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, 2018, upon which the July 1, 2019, levy was based, was approximately \$68 billion.

Current real estate and personal property tax collections for the year ended June 30, 2019, were 99.8% and 97.5%, respectively of the July 1, 2018, tax levy. Real property taxes attach an enforceable lien on property if not paid on the due date. Collections received on or before June 30, 2019, related to property taxes due on July 15 of the following fiscal year are recorded as deferred inflows of resources at June 30, 2019.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2019, is detailed in Illustration 3-1.

<b>Illustration 3-1</b>				
<b>Property Taxes Receivable</b>				
<b>June 30, 2019</b>				
		<b>Gross Tax Receivable</b>	<b>Allowance for Uncollectible Accounts</b>	<b>Net Tax Receivable</b>
Real estate taxes	\$	2,812	1,375	1,437
Personal property taxes		7,097	2,671	4,426
<b>Total</b>	<b>\$</b>	<b>9,909</b>	<b>4,046</b>	<b>5,863</b>

**NOTE (4) – UNEARNED REVENUE/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</b>	
<b>June 30, 2019</b>	
<b>Primary Government</b>	
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums and other	\$ 81,997
Total Primary Government	81,997
<b>Component Unit</b>	
School Board	11,896
Total Component Unit	11,896
Total Reporting Entity	\$ 93,893

Deferred inflows 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 Inflows of Resources</b>		
<b>June 30, 2019</b>		
<b>Primary Government</b>		
Prepaid Taxes – Taxes due subsequent to June 30, 2019, but paid in advance by taxpayers	\$	262,225
Deferred lease revenue – Uncollected revenues associated with direct financing leases		1,258
Deferred inflows related to OPEB		6,625
Deferred inflows related to pensions		17,104
Total Primary Government		287,212
<b>Component Units</b>		
Deferred inflows related to OPEB		22,022
Deferred inflows related to pensions		89,347
Total Component Unit		111,369
Total Reporting Entity	\$	398,581

Deferred inflows 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, 2019.

<b>Illustration 4-3</b>		
<b>Governmental Funds Deferred Inflows of Resources</b>		
<b>June 30, 2019</b>		
<b>General Fund</b>		
Prepaid Taxes – Taxes due subsequent to June 30, 2019, but paid in advance by taxpayers	\$	243,507
Unavailable taxes – Taxes not paid within sixty days of June 30, 2019		3,903
Deferred lease revenue – Uncollected revenues associated with direct financing leases		8,503
Total General Fund		255,913
<b>Streets and Roads Capital Projects Fund</b>		
Unavailable transportation revenue -- Revenue not received within sixty day of June 30, 2019		15,136
Total Street and Roads Capital Projects Fund		15,136
<b>Fire &amp; Rescue Levy</b>		
Prepaid Taxes – Taxes due subsequent to June 30, 2019, but paid in advance by taxpayers		17,255
Unavailable taxes – Taxes not paid within sixty days of June 30, 2019		72
Total Fire & Rescue Levy		17,327
<b>Other Governmental Funds</b>		
Prepaid Taxes – Taxes due subsequent to June 30, 2019, but paid in advance by taxpayers		1,463
Unavailable taxes – Taxes not paid within sixty days of June 30, 2019		2
Total Other Governmental Fund		1,465
Total Deferred Inflows of Resources of Governmental Funds	\$	289,841



**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</b>		
<b>June 30, 2019</b>		
		<b>Volunteer Fire &amp; Rescue Companies</b>
Total minimum lease payments to be received	\$	8,503
Less: Deferred inflows of resources		1,258
Net investment in direct financing leases	\$	<u>7,245</u>

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2019.

<b>Illustration 5-2</b>		
<b>Scheduled Minimum Lease Payments</b>		
<b>June 30, 2019</b>		
		<b>Volunteer Fire &amp; Rescue Companies</b>
FY 2020	\$	1,444
FY 2021		1,399
FY 2022		1,360
FY 2023		1,318
FY 2024		955
FY 2025 thru 2029		2,027
Total minimum lease payments	\$	<u>8,503</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</b>					
<b>June 30, 2019</b>					
		<b>Component Units</b>			<b>Reporting Entity Total</b>
		<b>Primary Government</b>	<b>School Board</b>	<b>ADC</b>	
Accrued interest	\$	3,485	-	-	3,485
Enterprise operations		622	-	-	622
Utility/consumption taxes		1,675	-	-	1,675
Transient occupancy taxes		1,706	-	-	1,706
Stormwater management fees		166	-	-	166
Cable franchise taxes		467	-	-	467
Other post-employment benefits		4,129	-	-	4,129
Other		8,414	2,074	2	10,490
		<u>20,664</u>	<u>2,074</u>	<u>2</u>	<u>22,740</u>
Allowance for doubtful accounts		(2,229)	-	-	(2,229)
Total Accounts Receivables, Net	\$	<u>18,435</u>	<u>2,074</u>	<u>2</u>	<u>20,511</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		
June 30, 2019		
<b>PRIMARY GOVERNMENT</b>		
<b>General Fund:</b>		
From other localities	\$ 63	
From the Federal Government	2,337	
From the Commonwealth		
Local sales taxes	11,891	
Other	<u>7,591</u>	\$ 21,882
<b>Street and Road Capital Projects Fund:</b>		
From the Federal Government	3,434	
From the Commonwealth	9,158	
From other localities	<u>14,389</u>	26,981
<b>Other Capital Projects Fund:</b>		
From the Federal Government	14	
From the Commonwealth	447	
From other localities	<u>192</u>	653
<b>Nonmajor Governmental Funds:</b>		
From the Federal Government	277	
From the Commonwealth	<u>40</u>	317
<b>Landfill Enterprise Fund:</b>		
From other localities	<u>83</u>	83
Total Primary Government		<u>49,916</u>
<b>COMPONENT UNITS</b>		
<b>School Board:</b>		
From the Federal Government	7,263	
From the Commonwealth	<u>15,873</u>	23,136
<b>Adult Detention Center:</b>		
From other localities	<u>1,936</u>	1,936
Total Component Units		<u>25,072</u>
Total Reporting Entity		<u>\$ 74,988</u>

Illustration 6-2 details the amounts due to other governmental units at June 30, 2019.

<b>Illustration 6-2</b>		
<b>Due to Other Governmental Unit</b>		
<b>June 30, 2019</b>		
<b>PRIMARY GOVERNMENT</b>		
<b>General Fund:</b>		
To Other Localities	\$ 179	
To the Federal Government	44	
Total General Fund	223	223
<b>Streets and Roads Capital Projects Fund:</b>		
To Other Localities	906	
Total Street and Roads Capital Projects Fund	906	906
<b>Nonmajor Governmental Funds:</b>		
To the Commonwealth	20	
Total Nonmajor Government Funds	20	20
Total Primary Government		1,149
<b>COMPONENT UNIT - Adult Detention Center</b>		
<b>Adult Detention Center:</b>		
To Other Localities	86	
Total Component Unit -Adult Detention Center	86	86
Total Reporting Entity	\$	1,235

**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, 2019, the County did not make inter-fund transfers.

Illustration 7-1 details the transfers between funds for the year ended June 30, 2019.

Illustration 7-1 Inter-fund Transfers For the Year Ended June 30, 2019			
<b>Transfer to General Fund from:</b>			<b>Transfer from General Fund to:</b>
Streets and Roads - Capital Projects Fund	\$ 12,078	\$ 14,984	Streets and Roads – Capital Projects Fund
Other - Capital Projects Fund	2,180	43,235	Other - Capital Projects Fund
Fire & Rescue Levy Fund	24,336	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	7,433	4,550	Nonmajor Governmental Funds
Landfill - Enterprise Fund	1,169	-	Landfill - Enterprise Fund
Parks & Recreation - Enterprise Fund	-	4,190	Parks & Recreation - Enterprise Fund
Innovation - Enterprise Fund	-	35	Innovation - Enterprise Fund
Internal Service Funds	1,366	122	Internal Service Funds
<b>Total General Fund Transfers In</b>	<b>48,562</b>	<b>67,116</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	14,984	12,078	General Fund
Other Capital Projects Fund	-	2,280	Other Capital Projects Fund
<b>Total Streets and Roads - Capital Projects Fund Transfers In</b>	<b>14,984</b>	<b>14,358</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	43,235	2,180	General Fund
Streets and Roads - Capital Projects Fund	2,280	-	Streets and Roads - Capital Projects Fund
Fire & Rescue Levy Fund	315	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	2,362	-	Nonmajor Governmental Funds
Innovation - Enterprise Fund	166	-	Innovation - Enterprise Fund
<b>Total Other - Capital Projects Fund Transfers In</b>	<b>48,358</b>	<b>2,180</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	-	24,336	General Fund
Other - Capital Projects Fund	-	315	Other - Capital Projects Fund
Internal Service Funds	-	98	Internal Service Funds
<b>Total Fire &amp; Rescue Levy Fund Transfers In</b>	<b>-</b>	<b>24,749</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	4,550	7,433	General Fund
Other - Capital Projects Fund	-	2,362	Other - Capital Projects Fund
Internal Service Funds	-	402	Internal Service Funds
<b>Total Nonmajor Governmental Funds Transfers In</b>	<b>4,550</b>	<b>10,197</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	-	1,169	General Fund
<b>Total Landfill Enterprise Fund Transfers In</b>	<b>-</b>	<b>1,169</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
Other - Capital Projects Fund	-	166	Other - Capital Projects Fund
<b>Total Innovation - Enterprise Fund Transfers In</b>	<b>35</b>	<b>166</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	4,190	-	General Fund
<b>Total to Parks &amp; Recreation - Enterprise Fund Transfers In</b>	<b>4,190</b>	<b>-</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	122	1,366	General Fund
Fire & Rescue Levy Fund	98	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	402	-	Nonmajor Governmental Funds
<b>Total Internal Service Funds Transfers In</b>	<b>622</b>	<b>1,366</b>	<b>Total Internal Service Funds Transfers Out</b>
<b>Total Primary Government Transfers In</b>	<b>\$ 121,301</b>	<b>\$ 121,301</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, 2019.

<b>Illustration 8-1</b>		
<b>Due To Primary Government/Due From Component Units</b>		
<b>June 30, 2019</b>		
	<b>Due from Primary Government</b>	<b>Due to Component Unit</b>
<b>PRIMARY GOVERNMENT</b>		
Governmental Activities	\$ -	811
<b>COMPONENT UNITS</b>		
School Board	811	-
Total Reporting Entity	\$ 811	811

**NOTE (9) - CAPITAL ASSETS**

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2019.

<b>Illustration 9-1</b>				
<b>Governmental Activities – Changes in Capital Assets</b>				
	June 30, 2018	Additions / Transfers	Deletions / Transfers	June 30, 2019
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 121,201	9,395	-	130,596
Construction in progress	37,770	32,526	(30,786)	39,510
<b>Total capital assets not being depreciated</b>	<b>158,971</b>	<b>41,921</b>	<b>(30,786)</b>	<b>170,106</b>
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	360,239	10,603	-	370,842
Equipment	86,305	5,820	(1,628)	90,497
Vehicles	53,829	6,904	(2,869)	57,864
Infrastructure	232,055	1,653	-	233,708
Intangibles	51,253	9,024	-	60,277
Library collections	17,995	1,359	(1,003)	18,351
<b>Total buildings and other capital assets being depreciated</b>	<b>801,676</b>	<b>35,363</b>	<b>(5,500)</b>	<b>831,539</b>
Less accumulated depreciation for:				
Buildings and improvements to sites	(158,499)	(10,289)	-	(168,788)
Equipment	(66,571)	(8,106)	1,590	(73,087)
Vehicles	(36,371)	(6,379)	2,869	(39,881)
Infrastructure	(55,199)	(5,547)	-	(60,746)
Intangibles	(36,071)	(1,913)	-	(37,984)
Library collections	(12,308)	(1,902)	1,003	(13,207)
<b>Total accumulated depreciation</b>	<b>(365,019)</b>	<b>(34,136)</b>	<b>5,462</b>	<b>(393,693)</b>
<b>Buildings and other capital assets, net</b>	<b>436,657</b>	<b>1,227</b>	<b>(38)</b>	<b>437,846</b>
<b>Capital assets, net</b>	<b>\$ 595,628</b>	<b>43,148</b>	<b>(30,824)</b>	<b>607,952</b>

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

General government administration	\$	5,266
Judicial administration		851
Public safety		12,821
Public works		1,298
Health and welfare		290
Parks, recreational and cultural		5,614
Community development		6,182
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets		1,814
<b>Total</b>	<b>\$</b>	<b>34,136</b>

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2019.

<b>Illustration 9-2</b>				
<b>Business-type Activities – Changes in Capital Assets</b>				
	June 30, 2018	Additions/Transfers	Deletions/Transfers	June 30, 2019
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 26,987	-	-	26,987
Construction in progress	1,720	175	-	1,895
Total capital assets not being depreciated	28,707	175	-	28,882
Buildings and other capital assets, being depreciated				
Buildings and improvements to sites	73,288	-	-	73,288
Equipment	9,184	1,033	(579)	9,638
Infrastructure	1,566	-	-	1,566
Vehicles	2,541	-	(41)	2,500
Total buildings and other capital assets being depreciated	86,579	1,033	(620)	86,992
Less accumulated depreciation for:				
Buildings and improvements to sites	(60,839)	(1,436)	-	(62,275)
Equipment	(5,530)	(683)	496	(5,717)
Infrastructure	(117)	(78)	-	(195)
Vehicles	(1,944)	(128)	38	(2,034)
Total accumulated depreciation	(68,430)	(2,325)	534	(70,221)
Buildings and other capital assets, net	18,149	(1,292)	(86)	16,771
Capital assets, net	\$ 46,856	(1,117)	(86)	45,653

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

Landfill	\$ 2,030
Parks, recreational & cultural	295
Total	<u>\$ 2,325</u>



Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2019.

<b>Illustration 9-3</b>				
<b>Adult Detention Center Component Unit – Changes in Capital Assets</b>				
	June 30, 2018	Additions/ Transfers	Deletions/ Transfers	June 30, 2019
<b>Adult Detention Center:</b>				
Capital assets not being depreciated:				
Land	\$ 31	-	-	31
Construction in progress	8,490	28,404	-	36,894
<b>Total capital assets not being depreciated</b>	<b>8,521</b>	<b>28,404</b>	<b>-</b>	<b>36,925</b>
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	85,887	-	-	85,887
Equipment	958	218	(144)	1,032
Vehicles	615	43	(37)	621
<b>Total buildings and other capital assets being depreciated</b>	<b>87,460</b>	<b>261</b>	<b>(181)</b>	<b>87,540</b>
Less accumulated depreciation:				
Buildings and improvements to sites	(27,526)	(2,238)	-	(29,764)
Equipment	(700)	(136)	131	(705)
Vehicles	(579)	(44)	37	(586)
<b>Total accumulated depreciation</b>	<b>(28,805)</b>	<b>(2,418)</b>	<b>168</b>	<b>(31,055)</b>
<b>Buildings and other capital assets, net</b>	<b>58,655</b>	<b>(2,157)</b>	<b>(13)</b>	<b>56,485</b>
<b>Capital assets, net</b>	<b>\$ 67,176</b>	<b>26,247</b>	<b>(13)</b>	<b>93,410</b>

Depreciation expense was charged to the following functions of Adult Detention Center:

Public safety	\$	<u>2,418</u>
Total	\$	<u><u>2,418</u></u>

Illustration 9-4 summarizes the construction in progress of governmental activities.

Illustration 9-4 Governmental Activities - Construction in Progress at June 30, 2019 June 30, 2019			
	Amount Authorized	Expended to Date	Project Balance
<b>PRIMARY GOVERNMENT</b>			
800 MHz Radio Communications System	\$ 2,637	314	2,323
Land Use Information System	2,059	608	1,451
Business Continuity and Disaster Recovery	2,730	1,093	1,637
Potomac Heritage National Scenic Trial - Featherstone Segment	873	166	707
Potomac Heritage National Scenic Trial-Neabsco Boardwalk Segment	4,852	4,736	116
Rollins Ford Park - Phase I & II	7,852	931	6,921
Broad Run Trail	1,004	544	460
Catharpin Park Trail	30	1	29
Lake Ridge Trail	1,130	426	704
Neabsco Trail	335	275	60
Coles Fire and Rescue Station Reconstruction	10,961	9,472	1,489
Nokesville Fire and Rescue Reconstruction	10,726	8,583	2,143
Public Safety Training Center Rifle Range	400	307	93
McCoart Complex Security System	328	302	26
West End Fire and Rescue Station	12,929	986	11,943
Neabsco Commuter Garage/Potomac Town Center Commuter Lot	37,425	179	37,246
Locust Shade Park Waterline	2,354	564	1,790
Locust Shade Maintenance Building	1,300	203	1,097
Courthouse Security System	4,789	280	4,509
Animal Shelter Expansion	15,125	1,365	13,760
Social Services Electronic Document Management System	556	225	331
Catharpin Park Phase II	4,907	82	4,825
Potomac Heritage National Scenic Trail - Occoquan Refuge	433	58	375
ADA Parking McCoart	320	95	225
Human Capital Management System Replacement	13,000	208	12,792
Helling Park Improvements	482	117	365
Harbor Park Drive	710	107	603
Potomac Heritage National Scenic Trail - Highman's Parcel	40	25	15
Potomac Heritage National Scenic Trail - Neabsco Creek Wetlands Boardwalk	304	188	116
Jenkins Park Improvements	309	114	195
Covered Storage - Parks	450	55	395
Long Park Auxillary Building	665	112	553
Veterans Memorial Park Improvements	123	22	101
Hammill Mill Park Park Improvements	130	58	72
Orchard Bridge Park Field Improvements	51	9	42
Howison Park Improvements	397	73	324
Cloverdale Park Improvements	239	34	205
Ben Lomond ADA Trail	93	10	83
Technology Infrastructure Improvements	8,000	2,279	5,721
Other Technology Improvements	1,572	1,053	519
911 Call Center Redundancy	1,020	23	997
Fire and Rescue Equipment	61	23	38
Fire and Rescue Vehicles	2,757	2,757	-
Interactive Virtual Incident Simulator	255	249	6
Commuter Parking Lot Lightpoles	236	13	223
Fleet Management Information System	400	186	214
	\$ <u>157,349</u>	<u>39,510</u>	<u>117,839</u>

The \$1,895 construction in progress balance as of June 30, 2019 of business-type activities recorded in the Landfill enterprise fund 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. The Parks & Recreation enterprise fund did not have any construction in progress as of June 30, 2019.

The \$36,894 construction in progress balance as of June 30, 2019 of the Adult Detention Center component unit represents capital improvements related to the jail expansion project.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2019.

<b>Illustration 9-5</b>				
<b>School Board Component Unit – Changes in Capital Assets</b>				
	June 30, 2018	Additions/ Transfers	Deletions/ Transfers	June 30, 2019
<b>School Board:</b>				
Capital assets not being depreciated:				
Land	\$ 94,842	871	-	95,713
Construction in progress	33,066	121,010	(108,158)	45,918
<b>Total capital assets not being depreciated</b>	<b>127,908</b>	<b>121,881</b>	<b>(108,158)</b>	<b>141,631</b>
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,752,951	108,869	-	1,861,820
Library collections	3,465	467	(510)	3,422
Equipment	47,919	1,606	(100)	49,425
Intangibles	5,840	-	-	5,840
Vehicles	106,377	12,606	(7,913)	111,070
<b>Total buildings and other capital assets being depreciated</b>	<b>1,916,552</b>	<b>123,548</b>	<b>(8,523)</b>	<b>2,031,577</b>
Less accumulated depreciation for:				
Buildings and improvements to site	(453,053)	(34,328)	-	(487,381)
Library collections	(1,998)	(685)	509	(2,174)
Equipment	(32,762)	(3,137)	92	(35,807)
Intangibles	(3,272)	(548)	-	(3,820)
Vehicles	(47,644)	(7,864)	7,745	(47,763)
<b>Total accumulated depreciation</b>	<b>(538,729)</b>	<b>(46,562)</b>	<b>8,346</b>	<b>(576,945)</b>
<b>Buildings and other capital assets, net</b>	<b>1,377,823</b>	<b>76,986</b>	<b>(177)</b>	<b>1,454,632</b>
<b>Capital assets, net</b>	<b>\$ 1,505,731</b>	<b>198,867</b>	<b>(108,335)</b>	<b>1,596,263</b>

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

Instruction:	
Regular	\$ 33,683
Special	998
Other	18
Support Services:	
General administration	1,154
Student services	10
Curricular/staff development	6
Pupil transportation	7,615
Maintenance	395
Central business services	2,430
Food services	71
Business-Type Activities	
Aquatics Center	182
Total	\$ <u>46,562</u>

## **NOTE (10) - LONG-TERM DEBT**

The following loan payable was issued in fiscal year 2019:

- On February 12, 2019 the Board of County Supervisors approved Resolution No. 19-097 to approve and authorize the execution and delivery of a loan and payment agreement in the aggregate amount of \$21,153 to finance a portion of the cost of the County's Adult Detention Center expansion through the Industrial Development Authority (IDA). On February 22, 2019, the County and IDA entered into a loan agreement with Wells Fargo Bank for a draw-down loan in the principal amount of up to \$21,153. As of June 30, 2019, the \$21,153 has been fully drawn down by the County to pay construction costs associated with the jail expansion project.

Unless otherwise noted, the County offers its debt through public sales. Official Statements are prepared in conjunction with each sale. Depending on the type of debt, different remedies may be pursuable under Virginia law. The County's Official Statements, in which terms, collateral, or remedies may be described, are reviewed by counsel prior to issuance of the debt. It is recommended that investors review these specifics and that they be read in conjunction with this CAFR. The County's Official Statements may be found on the Municipal Securities Rulemaking Board's website: <https://emma.msrb.org/>.

### **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 Parks & Recreation enterprise fund Refunding Bonds of \$6,090 are paid from revenues of Forest Greens Golf Course and Splashdown Water Park.

On May 7, 2019, the Board of County Supervisors approved Resolution No. 19-259 authorizing and approving the redemption of the Prince William County Park Authority Facilities County Contribution Revenue Bonds Series 2010 relating to the General's Ridge Golf Course. Approximately \$1,985 of the principal amount of the 2010 bonds outstanding allocable to the financing or refinancing of the General's Ridge Golf Course were redeemed in fiscal year 2019.

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, 2019, the County's total bonded debt, as defined above, was \$968,449 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 County's general obligation bonds, which also include, the County's Build America Bonds (BABs), Qualified School Construction Bonds (QSCBs), and refunding bonds are subject to the State Aid Intercept Provision as per §15.2-2659 of the Code of Virginia, 1950, as amended, which in the event of the county defaulting, provides the Commonwealth the ability to step in and work with the County to make the bondholders whole.

Revenue bonds issued through the Prince William County Industrial Development Authority (IDA) are subject to terms that allow the IDA's Revenue Bond Trustees to accelerate all outstanding bond payments immediately due and payable without advance notice if a default was to occur.

The County is also party to a Contributions Agreement related to the Board taking on the Park Authority's Series 2010 Bonds when the Park Authority was merged into the County in 2012. Any payments related to the Contribution Agreement are subject to annual appropriation and cannot be compelled to be paid in the event of a default if the funding is not appropriated by the County Board and are not collateralized with County assets.

The annual debt service requirements of general obligation and lease revenue bonds outstanding in governmental funds as of June 30, 2019, including interest payments, are shown in Illustration 10-1. Refer to Schedule 39 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 General County Projects</b>				
Year Ending June 30:				
2020	\$	15,515	6,683	22,198
2021		15,320	6,091	21,411
2022		14,225	5,477	19,702
2023		14,180	4,839	19,019
2024		14,175	4,155	18,330
2025 thru 2029		51,325	12,621	63,946
2030 thru 2034		30,365	4,328	34,693
2035 thru 2036		8,510	313	8,823
Subtotal		163,615	44,507	208,122
<b>Designated for School Board Projects</b>				
Year Ending June 30:				
2020		68,000	34,370	102,370
2021		66,575	31,120	97,695
2022		64,250	27,931	92,181
2023		61,265	24,875	86,140
2024		58,360	21,988	80,348
2025 thru 2029		242,355	71,770	314,125
2030 thru 2034		169,165	25,840	195,005
2035 thru 2038		66,815	3,955	70,770
Subtotal		796,785	241,849	1,038,634
Total	\$	960,400	286,356	1,246,756

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2019, including interest payments, are shown in Illustration 10-2. Refer to Schedule 40 for information related to maturity dates and interest rates for these obligations.

<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:			
2020	\$ 680	237	917
2021	715	210	925
2022	730	185	915
2023	760	158	918
2024	790	128	918
2025 thru 2027	2,415	191	2,606
Subtotal	6,090	1,109	7,199
Add: unamortized premium on issuance of revenue bonds	10		
Total	\$ 6,100		

#### **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, 2019. Total rental expense under operating leases of the primary government for the year ended June 30, 2019, was \$8,013. 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:		
2020	\$	6,710
2021		6,370
2022		5,133
2023		4,564
2024		3,707
2025 thru 2027		6,202
Total minimum payments	\$	32,686

The County's capital leases are issued through the Virginia Resource Authority (VRA), who has the authority to declare all outstanding bond payments immediately due and payable without advance notice of a default was to occur. The principal and interest on the VRA Capital leases are not subject to acceleration upon the event of default. These obligations are also subject to the State Aid Intercept Provision as per §15.2-2659 of the Code of Virginia, 1950, as amended, which in the event of the County to make defaulting, provides the Commonwealth the ability to step in and work with the County to make creditors whole. Additionally, the County participates in some leasehold interest leasing agreements attached to some of the County's facilities throughout the County. In the event the County was to default on our obligations under this type of lease, the creditor has the right to accelerate the payment of all unpaid principal and interest balances immediately as a remedy.

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	\$ 92,138	6,459
Improvements	13,576	105
Machinery and Equipment	1,828	-
Vehicles	1,203	-
Less: accumulated depreciation	(53,918)	(4,642)
<b>Total assets acquired through capital lease obligations</b>	<b>\$ 54,827</b>	<b>1,922</b>

Illustration 10-5 presents a summary of minimum lease commitments on all capital leases. Refer to Schedule 39 for information related to maturity dates and interest rates for these obligations.

<b>Illustration 10-5</b>		
<b>Minimum Lease Commitments – Capital Lease Obligations</b>		
<b>Primary Government</b>		
Year Ending June 30:		
2020	\$	13,642
2021		16,363
2022		12,592
2023		12,167
2024		9,919
2025 thru 2029		26,673
2030		1,898
<b>Total minimum payments</b>		<b>93,254</b>
Less: Interest		(14,864)
<b>Present value of future minimum payments</b>	<b>\$</b>	<b>78,390</b>

**Loans Payable:**

On February 12, 2019 the Board of County Supervisors approved Resolution No. 19-097 to approve and authorize the execution and delivery of a loan and payment agreement with the Industrial Development Authority (IDA) in the aggregate amount of \$21,153 to finance a portion of the cost of the County’s Adult Detention Center expansion project.

On February 22, 2019, the County entered into a tri-party direct borrowing debt obligation among the County, the IDA, and Wells Fargo Bank N.A. The debt obligation is a variable rate draw down loan in the amount of \$21,153. The loan bears interest monthly at the LIBOR Index Rate. The full principal of the loan is due on August 22, 2023. The proceeds of the loan will finance a portion of the expansion of the County’s Adult Detention Center and will pay the costs of issuance associated with the Loan. The obligation of the IDA or the County to pay debt service on the loan is subject to appropriation by the Board of County Supervisors. The full \$21,153 has been advanced to the County and no collateral was pledged. Default under the Loan Agreement may allow the entire principal amount plus accrued interest to become immediately due and payable. In the event of default, Wells Fargo may seek other remedies with financial consequences against the IDA and / or County.

**Changes in Long-Term Liabilities:**

Changes in long-term liabilities of governmental activities for the year ended June 30, 2019, are shown in Illustration 10-6.

<b>Illustration 10-6</b>						
<b>Governmental Activities – Changes in Long-Term Liabilities</b>						
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due in More Than One Year</b>	<b>Due within One Year</b>
General obligation bonds:						
Designated for Roads, Parks and Other General County projects	\$ 179,185	-	(15,570)	163,615	148,100	15,515
Designated for School Board projects	865,535	-	(68,750)	796,785	728,785	68,000
Subtotal	1,044,720	-	(84,320)	960,400	876,885	83,515
Capital lease obligations	91,755	-	(13,365)	78,390	68,295	10,095
Loans payable	-	21,153	-	21,153	21,153	-
Unpaid losses and related liabilities (Note Disclosure 15)	21,381	46,432	(47,119)	20,694	13,404	7,290
Net pension liabilities	152,631	3,924	-	156,555	156,555	-
Net OPEB liabilities	48,935	1,833	(154)	50,614	50,614	-
Surplus distribution payable	5,958	-	(1,599)	4,359	3,048	1,311
Compensated absences	35,800	14,972	(14,087)	36,685	34,209	2,476
Unamortized premium	116,989	-	(9,981)	107,008	97,193	9,815
<b>Total</b>	<b>\$ 1,518,169</b>	<b>88,314</b>	<b>(170,625)</b>	<b>1,435,858</b>	<b>1,321,356</b>	<b>114,502</b>

Long-term liabilities of governmental activities are generally liquidated by the General Fund. Therefore, during fiscal year 2019, funds of the intra-county services fund were used to liquidate approximately 4.78% of compensated absences.



Changes in long-term liabilities of business-type activities for the year ended June 30, 2019, are shown in Illustration 10-7.

<b>Illustration 10-7</b>						
<b>Business-Type Activities – Changes in Long-Term Liabilities</b>						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
Revenue bonds	\$ 8,725	-	(2,635)	6,090	5,410	680
Unamortized premium on Issuance of revenue bonds	14	-	(4)	10	9	1
Revenue bonds, net	8,739	-	(2,639)	6,100	5,419	681
Compensated absences	519	522	(491)	550	514	36
Net pension liabilities	2,223	-	(402)	1,821	1,821	-
Net OPEB liabilities	782	-	(122)	660	660	-
Accrued closure liabilities (Note Disclosure 12)	13,479	2,612	(1,825)	14,266	14,266	-
<b>Total</b>	<b>\$ 25,742</b>	<b>3,134</b>	<b>(5,479)</b>	<b>23,397</b>	<b>22,680</b>	<b>717</b>

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2019, are shown in Illustration 10-8.

<b>Illustration 10-8</b>				
<b>Governmental Activities – Changes in Deferred Outflow of Resources</b>				
	Beginning Balance	Additions	Reductions	Ending Balance
Unamortized deferred loss on refunding	\$ 25,847	-	(3,247)	22,600
Related to OPEB	5,479	1,772	-	7,251
Related to pensions	35,427	8,536	-	43,963
<b>Total</b>	<b>\$ 66,753</b>	<b>10,308</b>	<b>(3,247)</b>	<b>73,814</b>

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2019, are shown in Illustration 10-9.

<b>Illustration 10-9</b>				
<b>Business-Type Activities – Changes in Deferred Outflow of Resources</b>				
	Beginning Balance	Additions	Reductions	Ending Balance
Unamortized deferred loss on refunding	\$ 428	-	(129)	299
Related to OPEB	83	-	(15)	68
Related to pensions	429	-	(5)	424
<b>Total</b>	<b>\$ 940</b>	<b>-</b>	<b>(149)</b>	<b>791</b>

Changes in long-term liabilities of the component units for the year ended June 30, 2019, is shown in Illustration 10-10.

<b>Illustration 10-10</b>							
<b>Component Units – Changes in Long-Term Liabilities</b>							
	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year	
<b>School Board:</b>							
Capital Lease obligations	\$ 313	-	(156)	157	-	157	
Compensated absences	33,052	10,329	(11,392)	31,989	20,131	11,858	
Net pension liabilities	814,142	-	(23,818)	790,324	790,324	-	
Net OPEB liabilities	170,259	-	(14,661)	155,598	155,598	-	
Pollution remediation	493	1,220	(991)	722	-	722	
Claims liabilities	15,442	93,106	(94,078)	14,470	3,974	10,496	
<b>Total School Board component unit</b>	<b>1,033,701</b>	<b>104,655</b>	<b>(145,096)</b>	<b>993,260</b>	<b>970,027</b>	<b>23,233</b>	
<b>Adult Detention Center:</b>							
Compensated absences	3,488	722	(597)	3,613	3,333	280	
Net pension liabilities	14,225	-	(1,434)	12,791	12,791	-	
Net OPEB liabilities	4,403	545	-	4,948	4,948	-	
<b>Total Adult Detention Center component unit</b>	<b>22,116</b>	<b>1,267</b>	<b>(2,031)</b>	<b>21,352</b>	<b>21,072</b>	<b>280</b>	
<b>Total</b>	<b>\$ 1,055,817</b>	<b>105,922</b>	<b>(147,127)</b>	<b>1,014,612</b>	<b>991,099</b>	<b>23,513</b>	

### 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, 2019, \$71,820 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, 2019, the County has outstanding debt of \$796,785 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, 2019, the County has outstanding debt of \$33,355 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, 2019.

<b>Illustration 11-1</b>						
<b>Fund Balances</b>						
<b>June 30, 2019</b>						
	<b>Governmental Funds</b>					<b>ADC Component Unit</b>
	<b>General Fund</b>	<b>Capital Projects Funds</b>	<b>Fire &amp; Rescue Funds</b>	<b>Levy Other Funds Governmental</b>	<b>Total Governmental Funds</b>	
<b>Nonspendable Fund Balance:</b>						
Inventory	\$ 307	-	-	13	320	-
Prepaid expenditures	89	311	-	-	400	-
<b>Total Nonspendable Fund Balance</b>	<b>396</b>	<b>311</b>	<b>-</b>	<b>13</b>	<b>720</b>	<b>-</b>
<b>Restricted Fund Balance:</b>						
Grants	9,524	-	-	-	9,524	-
General government administration	-	-	-	7,295	7,295	-
Public safety	-	-	36,418	14,197	50,615	-
Public works	-	-	-	9,056	9,056	-
Community development	-	-	-	6,609	6,609	-
<b>Total Restricted fund balance</b>	<b>9,524</b>	<b>-</b>	<b>36,418</b>	<b>37,157</b>	<b>83,099</b>	<b>-</b>
<b>Committed Fund Balance:</b>						
Capital reserve	46,206	-	-	-	46,206	-
Revenue stabilization reserve	23,289	-	-	-	23,289	-
Economic development opportunity fund (EDOF)	4,417	-	-	-	4,417	-
General government administration	1,543	24,062	-	-	25,605	-
Judicial administration	1,014	4,093	-	-	5,107	-
Public safety	-	7,521	-	-	7,521	-
Public works	10,140	33,636	-	-	43,776	-
Health and welfare	-	194	-	-	194	-
Education	722	-	-	-	722	-
Parks, recreational, and cultural	1,620	22,369	-	-	23,989	-
Community development	-	12,936	-	-	12,936	-
<b>Total Committed Fund Balance</b>	<b>88,951</b>	<b>104,811</b>	<b>-</b>	<b>-</b>	<b>193,762</b>	<b>-</b>
<b>Assigned Fund Balance:</b>						
General government administration	1,673	-	-	-	1,673	-
Judicial administration	134	-	-	-	134	-
Public safety	2,431	-	-	-	2,431	695
Public works	1,861	-	-	-	1,861	-
Health and welfare	889	-	-	-	889	-
Education	-	-	-	-	-	-
Parks, recreational, and cultural	1,123	-	-	-	1,123	-
Community development	914	-	-	-	914	-
<b>Total Assigned Fund Balance</b>	<b>9,025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,025</b>	<b>695</b>
<b>Total Unassigned Fund Balance</b>	<b>87,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,335</b>	<b>7,628</b>
<b>Total Fund Balance</b>	<b>\$ 195,231</b>	<b>105,122</b>	<b>36,418</b>	<b>37,170</b>	<b>373,941</b>	<b>8,323</b>

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

**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.

**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 balance appropriated for expenditures or legally segregated for a specific future use. The County’s restricted fund balance includes amounts restricted for unspent bond proceeds, cash equivalents, grants, debt service, net pension assets, and revenues from 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 specific future transactions identified during the current fiscal year and aren’t related to transactions captured in restricted or committed fund balances. 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.

**Unassigned Fund Balance.** Unassigned fund balance is the residual classification for the general fund.

Illustration 11-2 details the encumbrances of the County’s Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2019.

Illustration 11-2 Encumbrances at June 30, 2019						
Governmental Funds						
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental	Total Governmental Funds	ADC Component Unit
Encumbrances	\$ 9,025	103,531	7,423	643	120,622	5,757

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

In fiscal year 2019, 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 the end of each fiscal year. The \$14,266 reported as landfill closure and post closure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill, and 32.7% of Phase II and III of the landfill, which are the only remaining disposal phases in the southern portion of the landfill. The total landfill capacity for the southern portion which include phases I, II and III for post closure is 54.64%

The total maximum exposure liability for closure and post closure care for Phases II and III of the landfill is estimated at \$34,820 at June 30, 2019. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$20,554 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 2019. The County expects to complete filling the southern portion of the landfill site in the year 2032 and to close the remaining phases of the southern portion of the landfill by 2038. 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**

**1. Prince William County Pension Plans**

The County maintains three pension plans for its employees:

- Virginia Retirement System (VRS) Pension Plan
- Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel (Supplemental Pension Plan)
- Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)

The aggregate amount of net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense for the County's pension plans as of June 30, 2019 with measurement date of June 30, 2018 are summarized in Illustration 13-1 below.

<b>Illustration 13-1</b>				
<b>Prince William County Defined Benefit Pension Plans</b>				
<b>Net Pension Liability and Related Accounts as of June 30, 2019</b>				
	<b>Net Pension Liability (Asset)**</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Pension Expense</b>
Virginia Retirement System	\$ 159,704	16,841	37,163	18,396
Supplemental Pension Plan	(612)	1,447	1,900	566
Length of Service Award Program	11,464	165	8,300	4,961
Total Pensions – County Funded	\$ 170,556	18,453	47,363	23,923
Primary Government:				
Governmental Funds	\$ 149,684	16,252	42,506	21,518
Intra-County Services	5,941	626	1,383	684
Health Insurance	319	34	74	37
Total Governmental Funds	155,944	16,912	43,963	22,239
Landfill	1,821	192	424	210
Total Proprietary Funds	1,821	192	424	210
Total Primary Government (A)	157,765	17,104	44,387	22,449
Component Units:				
Adult Detention Center (B)	12,791	1,349	2,976	1,474
Total Pensions – County Funded (A+B)	\$ 170,556	18,453	47,363	23,923
School Board's Pensions Plans* (C)	\$ 790,324	87,998	125,251	57,568
Total Component Units (B+C)	803,115	89,347	128,227	59,042
Total Reporting Entity (A+B+C)	\$ \$960,880	106,451	172,614	81,491

Note: Amounts are allocated to the funds based on proportion of pension contributions paid.  
\* Please see Schools separately issued financial statements for further information and Illustration 13-31 below.  
\*\* This amount represents net pension liability less net pension assets.

**Summary Financial Statements for Single-Employer Defined Benefit Pension Plans Self-Insured by the County for the fiscal year ending June 30, 2019:**

Illustration 13-2 is a summary of the Statement of Fiduciary Net Position of the Supplemental Pension Plan and LoSAP trust funds. See the following discussion for further information on each plan.

<b>Illustration 13-2</b>			
<b>Prince William County - Pension Trust Funds</b>			
<b>Statement of Fiduciary Net Position</b>			
<b>As of June 30, 2019</b>			
	<b>Supplemental Pension Plan Trust Fund</b>	<b>LoSAP Trust Fund</b>	<b>Total Pension Plan Trust Funds</b>
<b>Assets</b>			
Restricted cash	\$ 605	-	605
Restricted investments	41,074	17,050	58,124
Total Assets	<u>41,679</u>	<u>17,050</u>	<u>58,729</u>
<b>Liabilities</b>			
Accounts payable	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position</b>			
Net position restricted for pensions	41,679	17,050	58,729
Total net position	<u>\$ 41,679</u>	<u>17,050</u>	<u>58,729</u>

Illustration 13-3 is a summary of the Statement of Changes in Fiduciary Net Position of the Supplemental Pension Plan and LoSAP trust funds.

<b>Illustration 13-3</b>				
<b>Prince William County - Pension Trust Funds</b>				
<b>Statement of Changes in Fiduciary Net Position</b>				
<b>For the year ended June 30, 2019</b>				
		<b>Supplemental Pension Plan Trust Fund</b>	<b>LoSAP Trust Fund</b>	<b>Total Pension Plan Trust Funds</b>
<b>Additions</b>				
Member contributions	\$	1,372	-	1,372
Employer contributions		1,372	941	2,313
Total contributions		<u>2,744</u>	<u>941</u>	<u>3,685</u>
<b>Investment Income:</b>				
Total investment income		2,013	492	2,505
Less: investment expense		(89)	-	(89)
Net investment income		<u>1,924</u>	<u>492</u>	<u>2,416</u>
Total additions		<u>4,668</u>	<u>1,433</u>	<u>6,101</u>
<b>Deductions:</b>				
Benefit payments		2,118	505	2,623
Refund of members' contributions		129	-	129
Administrative expenses		71	47	118
Total deductions		<u>2,318</u>	<u>552</u>	<u>2,870</u>
Change in net position		2,350	881	3,231
Net position, beginning of year		<u>39,329</u>	<u>16,169</u>	<u>55,498</u>
Net position, end of year	\$	<u><u>41,679</u></u>	<u><u>17,050</u></u>	<u><u>58,729</u></u>

## **A. County's Pension Plans**

### **i. County's Virginia Retirement System (VRS)**

#### **County's Plan Description:**

*County's plan administration.* The County and the Adult Detention Center component unit contribute to the Virginia Retirement System (VRS), a multi-employer, agent pension plan administered by the Virginia Retirement System (the "System"), along with plans for other employer groups in the Commonwealth of Virginia. All full-time, salaried permanent (professional) employees of the County and the Adult Detention Center are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and for which 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.

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.



County's Benefits provided. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and a Hybrid Retirement Plan. 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 discussed in Illustration 13-4.

<b>Illustration 13-4</b> <b>Prince William County - Virginia Retirement System (VRS) Pension Plan</b> <b>VRS Retirement Plan Provisions</b>		
VRS Plan 1	VRS Plan 2	Hybrid Plan
<i>About the Plans</i>		
<p>Plan 1 is a defined benefit plan. The retirement benefits are based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>Plan 2 is a defined benefit plan. The retirement benefits are based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <p>The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p> <p>The benefit from the defined contribution component of the plan depends on the member and County contributions made to the plan and the investment performance of those contributions.</p> <p>In addition to the monthly benefit payments payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</p>
<i>Eligible Members</i>		
<p><b>Eligible Members:</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election:</b> 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 Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan</p>	<p><b>Eligible Members:</b> Employees are in 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.</p> <p><b>Hybrid Opt-In Election:</b> Eligible 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 Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an ORP and had prior service under Plan 2 were not eligible to</p>	<p><b>Eligible Members:</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• County employees*</li> <li>• Members in Plan 1 or 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.</li> </ul> <p><b>*Non-Eligible Members:</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• County employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

<b>Illustration 13-4 (cont'd)</b> <b>Prince William County - Virginia Retirement System (VRS) Pension Plan</b> <b>VRS Retirement Plan Provisions</b>		
VRS Plan 1	VRS Plan 2	Hybrid Plan
<i>Eligible Members (cont'd)</i>		
("ORP") and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	elect the Hybrid Plan and remain as Plan 2 or ORP.	
<i>Retirement Contributions</i>		
Employees contribute 5% of their compensation each month to their member contributions account through a pre-tax salary reduction. 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 County contributions to provide funding for the future benefit payments.	Same as Plan 1.	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 for 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 contribution according to specified percentages.
<i>Creditable Service</i>		
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 their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the County offers the health insurance credit.	Same as Plan 1.	<b>Defined Benefit Component:</b> Under the defined benefit component of the 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 their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the County offers the health insurance credit.  <b>Defined Contribution Component:</b> Under the defined contribution component, creditable service is used to determine vesting for the County contribution portion of the plan.
<i>Vesting</i>		
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	Same as Plan 1.	<b>Defined Benefit Component:</b> 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 Retirement Plan when they reach five years (60 months) of creditable service.

Illustration 13-4 (cont'd) Prince William County - Virginia Retirement System (VRS) Pension Plan VRS Retirement Plan Provisions		
VRS Plan 1	VRS Plan 2	Hybrid Plan
<i>Vesting (cont'd)</i>		
<p>creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their 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.</p> <p>Members are always 100% vested in their personal contributions that they make.</p>		<p>Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b>Defined Contribution Component:</b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the County contributions from the defined contribution component of the plan. Members are always 100% vested in the personal contributions that they make into the plan.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of County contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of County contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of County contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of County contributions.</li> </ul> <p>Distribution is not required by law until age 70 ½.</p>
<i>Calculating the Benefit</i>		
<p>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. It is one of the benefit payout options available to a member at retirement.</p> <p>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.</p>	Same definition under Plan 1.	<p><b>Defined Benefit Component:</b> See definition under Plan 1</p> <p><b>Defined Contribution Component:</b> 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.</p>
<i>Average Final Compensation</i>		
The member's average final compensation is the average of	The member's average final compensation is the average of	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

**Illustration 13-4 (cont'd)**  
**Prince William County - Virginia Retirement System (VRS) Pension Plan**  
**VRS Retirement Plan Provisions**

VRS Plan 1	VRS Plan 2	Hybrid Plan
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*Average Final Compensation (cont'd)*

the 36 consecutive months of highest compensation as a covered employee.	the 60 consecutive months of highest compensation as a covered employee.	
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*Service Retirement Multiplier*

<p>The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for each employee class is as follows:</p> <ul style="list-style-type: none"> <li>• 1.70% for non-hazardous duty members</li> <li>• 1.85% for sheriffs and regional jail superintendents</li> <li>• 1.70% or 1.85% as elected by the County for eligible County hazardous duty employees other than sheriffs and regional jail superintendents.</li> </ul>	<p>Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Same as Plan 1 for sheriffs, regional jail superintendents and all other hazardous duty employees.</p>	<p><b><u>Defined Benefit Component:</u></b> The retirement multiplier for the defined benefit component is 1.00%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>This is not applicable for sheriffs, regional jail superintendents and all other hazardous duty employees.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>
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*Normal Retirement Age*

<p><b>VRS:</b> Age 65.</p> <p><b>County hazardous duty employees:</b> Age 60.</p>	<p><b>VRS:</b> Normal Social Security retirement age.</p> <p><b>County hazardous duty employees:</b> Same as Plan 1.</p>	<p><b><u>Defined Benefit Component:</u></b></p> <p><b>VRS:</b> Same as Plan 2.</p> <p><b>County hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distribution upon leaving employment, subject to restrictions.</p>
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*Earliest Unreduced Retirement Eligibility*

<p><b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>County hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>County hazardous duty employees:</b> Same as Plan 1.</p>	<p><b><u>Defined Benefit Component:</u></b></p> <p><b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>County hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>Members are eligible to receive distribution upon leaving employment, subject to restrictions.</p>
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**Illustration 13-4 (cont'd)**  
**Prince William County - Virginia Retirement System (VRS) Pension Plan**  
**VRS Retirement Plan Provisions**

VRS Plan 1	VRS Plan 2	Hybrid Plan
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*Earliest Reduced Retirement Eligibility*

<p><b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><b>County hazardous duty employees:</b> Age 50 with at least five years of creditable service.</p>	<p><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>County hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b></p> <p><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>County hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
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*Cost of Living Adjustment (COLA) in Retirement*

<p>The 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%.</p> <p><b>Eligibility:</b> 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.</p> <p>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.</p> <p><b>Exceptions to COLA Effective Dates:</b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term</li> </ul>	<p>The 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%.</p> <p><b>Eligibility:</b> Same as Plan 1.</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> Same as Plan 2.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p> <p><b>Eligibility:</b> Same as Plan 1 and Plan 2.</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1 and Plan 2.</p>
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<b>Illustration 13-4 (cont'd)</b> <b>Prince William County - Virginia Retirement System (VRS) Pension Plan</b> <b>VRS Retirement Plan Provisions</b>		
VRS Plan 1	VRS Plan 2	Hybrid Plan
<i>Cost of Living Adjustment (COLA) in Retirement (cont'd)</i>		
<p>disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>		
<i>Disability Coverage</i>		
<p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>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.</p>	<p>Employees of the County (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless the County provides a County-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<i>Purchase of Prior Service</i>		
<p>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. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Same as Plan 1.</p>	<p><b>Defined Benefit Component:</b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><b>Defined Contribution Component:</b> Not applicable.</p>

*County Employees Covered by Benefit Terms.* As of June 30, 2017 actuarial valuation, the following County employees and members were covered by benefit terms of the pension plan in Illustration 13-5.

<b>Illustration 13-5</b>	
<b>Prince William County - Virginia Retirement System (VRS) Pension Plan</b>	
<b>Plan Membership as of the Valuation Date of June 30, 2017</b>	
Inactive plan members or their beneficiaries currently receiving benefits	2,102
Inactive members:	
Vested inactive members	619
Non-vested inactive members	1,004
Inactive members active elsewhere in VRS	646
Total inactive members	2,269
Active employees	3,895
Total covered members	8,266

*County 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.

The County's contractually required employer contribution rate for the fiscal year ended June 30, 2019, was 12.98% of the covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 pension plans from the County were \$35,335 and \$31,711 for the years ended June 30, 2019, and June 30, 2018, respectively.

**County's Net Pension Liability:**

The County's net pension liability (NPL) is calculated separately for each employer and represents the County's total pension liability determined in accordance with GASB Statement No. 68, less the County's fiduciary net position. The NPL was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

*County's actuarial Assumption.* The total pension liability for employees in the County's VRS pension plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 13-6, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

**Illustration 13-6**  
**Prince William County - Virginia Retirement System Pension Plan**  
**Actuarial Methods and Assumptions**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent closed
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>General Employees:</b>	
Salary Increase	3.5% - 5.35%, including inflation
Mortality Rates	15% of deaths are assumed to be service related
Mortality	
Pre-Retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates
Post-Retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-Disablement	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates
<b>Public Safety Employees with Hazardous Duty Benefits:</b>	
Salary Increase	3.5% - 4.75%, including inflation
Mortality Rates	45% of deaths are assumed to be service related
Mortality	
Pre-Retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year
Post-Retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older, projected with scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

\* 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 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

*County's changes in assumptions and benefit terms.* Changes to the actuarial assumptions as a result of the experience study are as follows:



County's General Employees.

Mortality Rates (pre-retirement, post-retirement health, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line-of-Duty Disability	Increase rate from 14% to 15%

County's Public Safety Employees with Hazardous Duty Benefits.

Mortality Rates (pre-retirement, post-retirement health, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year of age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line-of-Duty Disability	Decrease rate from 60% to 45%

County's long-term expected rate of return. The long-term expected rate of return on pension System 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 pension System 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 Illustration 13-7.

<b>Illustration 13-7</b>			
<b>Prince William County - Virginia Retirement System Pension Plan</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 Long- Term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
<b>Total</b>	<b>100.00%</b>		<b>4.80%</b>
	Inflation		2.50%
	*Expected arithmetic nominal return		<b>7.30%</b>

\*The above allocation provides a one-year return of 7.3%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future

returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

*County's 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 System 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, 2019, the rate contributed by the employer for the County's VRS Retirement 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 continue 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.

**County's Changes in Net Pension Liability:**

<b>Illustration 13-8</b>			
<b>Prince William County - Virginia Retirement System 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</b>
Balances at June 30, 2017	\$ 1,228,141	1,059,440	168,701
Changes for the year:			
Service cost	33,491	-	33,491
Interest	84,034	-	84,034
Differences between expected and actual experience	(2,509)	-	(2,509)
Contributions - employer	-	32,552	(32,552)
Contributions - employee	-	13,721	(13,721)
Net investment income	-	78,483	(78,483)
Benefit payments, including refunds of employee contributions	(55,297)	(55,297)	-
Administrative expenses	-	(671)	671
Other changes	-	(72)	72
Net changes	59,719	68,716	(8,997)
Balances at June 30, 2018	\$ 1,287,860	1,128,156	159,704

*Sensitivity of the County's net pension liability to changes in the discount rate.* Illustration 13-9 presents the net pension liability of the County measured as of June 30, 2018, for fiscal year ending as of June 30, 2019, using the discount rate of 7.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 13-9</b>			
<b>Prince William County - Virginia Retirement System Pension Plan</b>			
<b>Sensitivity of Net Pension Liability to Changes in the Discount Rate</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	\$ 327,950	159,704	19,745

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

For the fiscal year ended June 30, 2019 and measured as of June 30, 2018, the County recognized pension expense of \$18,396. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the sources displayed in Illustration 13-10.

<b>Illustration 13-10</b>		
<b>Prince William County - Virginia Retirement System Pension Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 423	7,082
Change in actuarial assumptions	1,405	-
Net difference between projected and actual earnings on pension plan investments	-	9,759
Employer contributions subsequent to the measurement date	<u>35,335</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>37,163</u></b>	<b><u>16,841</u></b>

\$35,335 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as displayed in Illustration 13-11.

<b>Illustration 13-11</b>		
<b>Prince William County - Virginia Retirement System Pension Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	1,354
2021		(2,862)
2022		(12,249)
2023		(1,256)
2024		-
Thereafter		<u>-</u>
<b>Total</b>	<b>\$</b>	<b><u>(15,013)</u></b>

*Pension Plan Data.* Detailed information about the VRS Political Subdivision Retirement Plan is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the 2018 report may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

ii. **Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel (the Supplemental Pension Plan)**

**Plan Activity for the fiscal year ending June 30, 2019:**

Illustration 13-12 is a summary of the Statement of Fiduciary Net Position of the Supplemental Pension Plan.

<b>Illustration 13-12</b>			
<b>Prince William County - Supplemental Pension Plan</b>			
<b>Statement of Fiduciary Net Position</b>			
<b>As of June 30, 2019</b>			
<b>Assets</b>			
Restricted cash	\$		605
Restricted investments			41,074
		<b>Total assets</b>	<u>41,679</u>
<b>Liabilities</b>			
Accounts payable			-
		<b>Total liabilities</b>	<u>-</u>
<b>Net position</b>			
Net position restricted for pensions			41,679
	\$	<b>Total net position</b>	<u>41,679</u>

Illustration 13-13 is a summary of the Statement of Changes in Fiduciary Net Position of the Supplemental Pension Plan.

<b>Illustration 13-13</b>			
<b>Prince William County - Supplemental Pension Plan</b>			
<b>Statement of Changes in Fiduciary Net Position</b>			
<b>For the year ended June 30, 2019</b>			
<b>Additions</b>			
Member contributions	\$		1,372
Employer contributions			1,372
		<b>Total contributions</b>	<u>2,744</u>
<b>Investment Income:</b>			
Total investment income			2,013
Less: investment expense			(89)
		<b>Net investment income</b>	<u>1,924</u>
		<b>Total additions</b>	<u>4,668</u>
<b>Deductions:</b>			
Benefit payments			2,118
Refund of members' contributions			129
Administrative expenses			71
		<b>Total deductions</b>	<u>2,318</u>
Change net position			2,350
Net position, beginning of year			39,329
Net position, end of year	\$		<u>41,679</u>

### **County's Plan Description:**

*County's plan administration.* The Supplemental Pension Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. Terms and provisions of the Plan may be recommended for amendment to the Board of County Supervisors by the Plan's Board of Trustees. The Supplemental Pension Plan was amended per Resolution No. 17-472 and restated per Resolution No. 17-471 on October 3, 2017 and subsequently amended per Resolution 18-292 on May 8, 2018, and per Resolution Number 19-227 on April 30, 2019 by the Board of County Supervisors. The plan does not issue a stand-alone financial report.

Each police officer and uniformed Fire & Rescue Department personnel employed by the 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 uniformed Fire & Rescue Department personnel, hired after June 30, 1985, becomes a participant on his or her date of employment. The Supplemental Pension Plan provides retirement and death benefits to plan members and beneficiaries. [Note: The 2019 Plan amendment extends Plan benefits to sworn employees of the Sheriff's Office and the Prince William-Manassas Regional Adult Detention Center effective on the later of the employee's date of hire or July 1, 2019.]

*County's benefits provided.* The Plan is designed to provide a benefit upon the retirement of participants, the amount of which considers 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. The 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' irrevocable election, are i) the larger of 1.5% of the participant's final average annual compensation times credited service or 1.65% of the participant's final average compensation in excess of \$1.2 multiplied by the years of credited service; ii) a temporary annuity of \$0.64 thousand per month for 15 years for participants employed on or after March 30, 2001; or iii) a lump sum benefit of the participant's contribution with interest plus the employer's contributions during the period of employment. Final average compensation for participants hired or rehired before July 1, 2010 is the highest compensation received during the 36 consecutive calendar months producing the highest average, or if the participant has less than 36 consecutive months of credited service, it is the average annual compensation received during the entire period of credited service prior to the termination of employment. Final average compensation for participants hired after June 30, 2010, is the highest compensation received during the 60 consecutive calendar months producing the highest average, or if the participant has less than 60 consecutive months of credited service, it is the average annual compensation received during the entire period of credited service prior to the termination of employment.

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. Early retirement benefits at the participants' election are i) a temporary annuity of \$0.32 thousand per month for 15 years multiplied by the ratio of number of completed years of service at early retirement date to 25 years or ii) the withdrawal benefit plus an employer match equal to 100% multiplied by the ratio of number of completed years of service at early retirement to 25 years. 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>. For participants hired before July 1, 2010, 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, for a maximum increase under the Plan of 5%. For participants hired after June 30, 2010, the benefit will be increased by 100% of the first 2% increase in the cost-of-living index plus 50% of the increase in the cost-of-living index in excess of 2%. Increases in the cost-of-living index in excess of 6% are not recognized, for a maximum increase under the Plan of 4%. Increases do not apply to supplemental benefits or early retirement pensions.

*County employees covered by benefit terms.* The Supplemental Pension Plan membership covered by the benefit terms as of the July 1, 2017, actuarial valuation, is presented in Illustration 13-14.

<b>Illustration 13-14</b>	
<b>Prince William County - Supplemental Pension Plan</b>	
<b>Plan Membership</b>	
Inactive plan members or their beneficiaries currently receiving benefits	221
Inactive members not currently receiving benefits:	
Vested inactive members	350
Non-vested inactive members	191
Total inactive members	541
Active employees	1,234
Total covered members	1,996

*County contributions.* The Plan’s Board of Trustees 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. However, as specified in the County’s Principles of Sound Financial Management, the County intends to make the entire recommended contribution amount each year. For the year ended June 30, 2019, the average contribution rate was 1.44% of annual payroll.

This rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Supplemental Pension Plan by the County were \$1,372 and \$1,294 for the years ended June 30, 2019, and June 30, 2018, respectively.

**County’s Net Pension Liability:**

The County’s net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2017, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

*County’s actuarial assumption.* The total pension liability for employees in the Supplemental Pension Plan was based on an actuarial valuation as of July 1, 2017, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 13-15, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

<b>Illustration 13-15</b>	
<b>Prince William County - Supplemental Pension Plan</b>	
<b>Actuarial Valuation Methods and Assumptions</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of projected payroll
Asset Valuation Method	Asset smoothing method. Spreading the investment gains or losses in excess of the assumed rate over a 5-year period
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation
Salary Increase	4.5%, including inflation
Inflation	3.00%
Mortality Rates	RP-2000 Combined Healthy table with Blue Collar adjustment with generational projection by Scale AA. 20% of active participant deaths are assumed to be line-of-duty.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2015.

*County's changes in assumptions and benefit terms.* There were no changes to the actuarial assumptions related to the net pension liability that was measured as of June 30, 2018.

*County's long-term expected rate of return.* 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 3.0% to account for expected rate of inflation. Based on the target allocation of the Plan noted below, 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, 2019, (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>Long-Term Expected Rate of Return</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	1.3%
Domestic Equity	30.0%	Russell 3000	4.4%
International Equity Developed	16.0%	Blended Developed	3.1%
International Equity Emerging	7.0%	MSCI Emerging Markets	6.5%
Private Equity	1.0%	Cambridge Private Equity	10.1%
Real Estate	6.0%	NCREIF NFI-ODCE	6.0%
Fixed Income International Bonds	15.0%	FTSE World Government Bond	1.6%
Fixed Income US Investment Grade	15.0%	Barclays Aggregate	2.0%
	<u>100.0%</u>		
	Real Return		3.4%

\*For illustrative purposes, historical long-term average returns have been used as a reasonable expectation of returns. The returns presented are nominal, 20-year arithmetic means of the corresponding benchmark, less 3.0% to account for expected rate of inflation.

*County's money-weighted rate of return.* For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

*County's 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.

**County's Changes in Net Pension Liability:**

Illustration 13-17 presents the changes in net pension liability from June 30, 2017 to June 30, 2018, which is the measurement date for the fiscal year ended June 30, 2019.

<b>Illustration 13-17</b>			
<b>Prince William County - Supplemental Pension Plan</b>			
<b>Changes in Net Pension Liability (Asset)</b>			
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net Pension Liability (Asset)</b>
Balances at June 30, 2017	\$ 36,528	36,656	(128)
Changes for the year:			
Service cost	2,005	-	2,005
Interest	2,478	-	2,478
Contributions - employer	-	1,294	(1,294)
Contributions - employee	-	1,294	(1,294)
Net investment income	-	2,469	(2,469)
Benefit payments, including refunds of employee contributions	(2,294)	(2,294)	-
Administrative expenses	-	(90)	90
Net changes	2,189	2,673	(484)
Balances at June 30, 2018	\$ 38,717	39,329	(612)

*Sensitivity of the County's net pension liability (asset) to changes in the discount rate.* Illustration 13-18 presents the net pension liability (asset) of the County 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 one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 13-18</b>				
<b>Prince William County - Supplemental Pension Plan</b>				
<b>Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate</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, 2019	\$	2,117	(514)	(2,923)
June 30, 2018	\$	1,973	(612)	(2,979)



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

For the fiscal year ended June 30, 2019 and measured as of June 30, 2018, the County recognized pension expense of \$566. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-19.

<b>Illustration 13-19</b>		
<b>Prince William County - Supplemental Pension Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	1,447
Net difference between projected and actual earnings on pension plan investments	528	-
Employer contributions subsequent to the measurement date	1,372	-
<b>Total</b>	<b>\$ 1,900</b>	<b>1,447</b>

\$1,372 reported as deferred outflows of resources related to pensions resulting from the County's contributions to the Plan subsequent to the measurement date, June 30, 2018, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as displayed in Illustration 13-20.

<b>Illustration 13-20</b>		
<b>Prince William County - Supplemental Pension Plan</b>		
<b>Amortization of Deferred Outflow and (Inflow) of Resources</b>		
<b>Year ending June 30,</b>		
2020	\$	346
2021		(186)
2022		(623)
2023		(303)
2024		(153)
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>(919)</b>

*County's fiduciary net position.* The components of the net pension asset for the Supplemental Pension Plan as of June 30, 2019 are shown in Illustration 13-21.

<b>Illustration 13-21</b>					
<b>Prince William County - Supplemental Pension Plan</b>					
<b>Supplemental Pension Plan Net Pension Liability (Asset)</b>					
<b>Fiscal Year Ending</b>		<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>	<b>Net Position as % of Total Pension Liability</b>
June 30, 2019	\$	41,165	41,679	(513)	101.25%
June 30, 2018	\$	38,717	39,329	(612)	101.58%

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

**Plan Activity for the fiscal year ending June 30, 2019:**

Illustration 13-22 is a summary of the Statement of Fiduciary Net Position of LoSAP Plan.

<b>Illustration 13-22</b> <b>Prince William County - LoSAP Plan</b> <b>Statement of Fiduciary Net Position</b> <b>As of June 30, 2019</b>			
<b>Assets</b>			
Restricted investments		\$	17,050
	Total assets		<u>17,050</u>
<b>Liabilities</b>			
Accounts payable			-
	Total liabilities		<u>-</u>
<b>Net position</b>			
Net position restricted for pensions			17,050
	Total net position	\$	<u>17,050</u>

Illustration 13-23 is a summary of the Statement of Changes in Fiduciary Net Position of the LoSAP Plan.

<b>Illustration 13-23</b> <b>Prince William County - LoSAP Plan</b> <b>Statement of Changes in Fiduciary Net Position</b> <b>For the year ended June 30, 2019</b>			
<b>Additions</b>			
Employer contributions		\$	941
	Total contributions		<u>941</u>
<b>Investment Income:</b>			
Total investment income			492
	Net investment income		<u>492</u>
	Total additions		<u>1,433</u>
<b>Deductions:</b>			
Benefit payments			505
Administrative expenses			47
	Total deductions		<u>552</u>
Change in net position			881
Net position, beginning of year			16,169
Net position, end of year		\$	<u>17,050</u>

**County’s Plan Description:**

*County’s plan administration.* The LoSAP plan is a single-employer defined benefit pension plan that provides benefits for certified volunteer fire department and rescue squad members and is administered by the LoSAP’s Board of Trustees. The benefit provisions, and the contributions required to pay them, are established and may be amended by the Board of County Supervisors and additionally, administered by the LoSAP’s Board of Trustees. The LoSAP was authorized by the Board of County Supervisors on October 22, 1991 and became effective July 1, 1997. The LoSAP plan was amended and restated by the Board of County Supervisors on May 10, 2016, via Resolution No. 16-464 to update the LoSAP plan documents, governance structure, and other structural changes to the plan. However, there was no change in eligibility requirements or benefits. The LoSAP Pension Trust Plan does not issue a stand-alone financial report.

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 ten months of creditable service (30 hours per month), or 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.

*County benefits provided.* LoSAP is designed to provide a benefit upon the retirement of participants, the amount of which considers the length of service. Normal retirement date is first day of the month coinciding with or next following attainment of age 60. Benefits are \$10 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 equal to 25% of the accrued benefit. Additional death benefit for active members, \$10,000 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.

*County employees covered by benefit terms.* The LoSAP plan membership covered by the benefit terms as of the July 1, 2017, actuarial valuation, is presented in Illustration 13-24.

<b>Illustration 13-24</b>	
<b>Prince William County - LoSAP Plan</b>	
<b>Plan Membership</b>	
Inactive plan members or their beneficiaries currently receiving benefits	184
Inactive members not currently receiving benefits:	
Vested inactive members	888
Non-vested inactive members	287
Total inactive members	1,175
Active participants	489
Total covered members	1,848

*County’s contributions.* The LoSAP Board of Trustees recommends the contribution amount based on an actuarially determined contributions calculated by an independent actuary for approval by the County’s Board of Supervisors during the Budget approval process each year. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year and is expected to finance the costs of benefits earned by the employee during the year. However, specified in the County’s Principles of Sound Financial Management, the County intends to make the entire contribution amount each year. The County paid contributions on behalf of each of the Volunteer Fire and Rescue Companies according to their respective actuarial valuations.

Contributions to the LoSAP plan by the County were \$941 and \$798 for the years ended June 30, 2019, and June 30, 2018, respectively.

**County’s Net Pension Liability:**

The County’s net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2017, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

*County’s actuarial assumption.* The total pension liability for employees in the LoSAP plan was based on an actuarial valuation as of July 1, 2017, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 13-25, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

<b>Illustration 13-25</b>	
<b>Prince William County- LoSAP Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, including inflation
Asset Valuation Method	Fair Market Value
Investment Rate of Return	3.0%
Discount Rate	3.0%
Salary Increase	N/A *
Inflation	2.5%
Retirement age	60
Mortality Rates	RP 2000 Mortality Table projected to 2017 using Scale AA
Disability rates	1971 Disability Study - Society of Actuaries
Withdrawal rates	Hartford Life Turnover - Table 2

\* Salary has no impact on the funding since employees do not contribute a portion of their salary to fund the LoSAP plan.

The actuarial assumptions used in the July 1, 2017, valuation was based on the results of an actuarial experience study for the period July 1, 2014, to June 30, 2016.

*County’s changes in assumptions and benefit terms.* There were no changes to the actuarial assumptions related to the net pension liability that was measured as of June 30, 2018.

*County’s long-term expected rate of return.* At June 30, 2018, the LoSAP Trust Fund’s investments were 100% invested in a general investment account at Mass Mutual with a guaranteed 3.0% investment return.

*County’s money-weighted rate of return.* For the fiscal year ending June 30, 2019, the annual money-weighted rate of return of LoSAP plan’s investments, net of pension plan investment expense, was 2.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

*County’s discount rate.* The discount rate is the single rate that reflects the long-term expected rate of return of the LoSAP plan’s investments expected to be used to finance the payment of benefits, to the extent that the LoSAP plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and the LoSAP plan’s assets are expected to be invested using a strategy to achieve that return. However, in the case where the LoSAP plan’s fiduciary net position does not sufficiently cover the projected benefit payments within the period, a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale is used instead of the long-term expected rate of return. It is the County’s intension to pay the full recommended actuarial contribution amount each year.

The discount rate to measure the total pension liability was estimated to be 3.87%. The projection of cash flows used to determine the discount rate assumed that the County’s contributions will be made each year as recommended by the actuarially

determined contribution amount.

**County's Changes in Net Pension Liability:**

Illustration 13-26 presents the changes in net pension liability from June 30, 2018 to June 30, 2019.

<b>Illustration 13-26</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</b>
Balances at June 30, 2017	\$	16,039	15,412	627
Changes for the year:				
Service cost		235	-	235
Interest		958	-	958
Differences between expected and actual experience		(168)	-	(168)
Changes of assumptions		11,019	-	11,019
Contributions - employer		-	798	(798)
Net investment income		-	463	(463)
Benefit payments, including refunds of employee contributions		(447)	(447)	-
Administrative expenses		-	(54)	54
Net changes		11,597	760	10,837
Balances at June 30, 2018	\$	27,636	16,172	11,464

*Sensitivity of the County's net pension liability to changes in the discount rate.* Illustration 13-27 presents the net pension liability of the County using the discount rate of 3.0%, 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 (2.0%) or one percentage point higher (4.0%) than the current rate.

<b>Illustration 13-27</b>				
<b>Prince William County - LoSAP Plan</b>				
<b>Sensitivity of Net Pension Liability to Changes in the Discount Rate</b>				
<b>Fiscal Year Ending</b>		<b>1% Decrease (2.0%)</b>	<b>Current Discount Rate (3.0%)</b>	<b>1% Increase (4.0%)</b>
June 30, 2019	\$	16,848	10,776	6,154
June 30, 2018	\$	17,591	11,464	6,804

**County's Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

For the fiscal year ended June 30, 2019 and measured as of June 30, 2018, the County recognized pension expense of \$4,961 and deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-28.

<b>Illustration 13-28</b>		
<b>Prince William County - LoSAP Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	165
Change in actuarial assumptions	6,452	-
Net difference between projected and actual earnings on pension plan investments	907	-
Employer contributions subsequent to the measurement date	941	-
<b>Total</b>	<b>\$ 8,300</b>	<b>165</b>

\$941 was contributed to the LoSAP plan subsequent to the measurement date of June 30, 2018 and is reported as a deferred outflow of resources, which will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as displayed in Illustration 13-29.

<b>Illustration 13-29</b>		
<b>Prince William County - LoSAP Plan</b>		
<b>Amortization of Deferred Outflow and (Inflow) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	4,796
2021		2,118
2022		186
2023		94
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>7,194</b>

*County's fiduciary net position.* The components of the net pension liability for the Supplemental Pension Plan as of June 30, 2019 are shown in Illustration 13-30.

<b>Illustration 13-30</b>					
<b>Prince William County - LoSAP Plan</b>					
<b>LoSAP Plan Net Position 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, 2019	\$	27,825	17,050	10,776	61.28%
June 30, 2018	\$	27,637	16,173	11,464	58.52%

## B. Prince William County Schools or (PWCS) Pension Plans

Prince William County Schools, a component unit of the County, also participates the VRS Pension plans. The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources, and pension expense for the Schools pension plans are summarized in Illustration 13-31.

<b>Illustration 13-31</b>					
<b>Prince William County Schools - Virginia Retirement System Plans</b>					
<b>Net Pension Liability and Related Amounts as of June 30, 2018</b>					
		<b>Net Pension Liability</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Pension Expense</b>
<b>Virginia Retirement System Plans - Measurement Date 6/30/2018</b>					
VRS Pension Plans – For Professional Group	\$	785,340	83,808	121,535	57,366
VRS Pension Plans – For Non-Professional Group		4,984	4,190	3,716	202
Total Schools Pension Plans	\$	<u>790,324</u>	<u>87,998</u>	<u>125,251</u>	<u>57,568</u>

### Schools' Virginia Retirement System (VRS) Plans - Professional Group & Non-Professional Group

#### Schools' Plan Description:

All full-time, salaried permanent (professional) employees of public-school divisions are automatically covered by VRS Teacher Retirement Plan upon employment. All full-time, salaried permanent (nonprofessional) employees of PWCS are automatically covered by a VRS Retirement Plan upon employment. Both plans are administered by the VRS 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 for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as 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.

#### Plan 1

- *About plan 1:* 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.
- *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 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. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Plan and remain as Plan 1 or ORP.
- *Retirement contributions:* Members contribute 5.0% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.
- *Creditable service:* Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It may also 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 their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

- *Vesting*: Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their 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 the contributions that they make.
- *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. It is one of the benefit payout options available to a member 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.8%. The retirement multiplier of eligible non-professional hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.8% as elected by the employer.
- *Normal retirement age*: Normal retirement age is 65. For non-professional hazardous duty employees, normal retirement age is 60.
- *Earliest unreduced retirement eligibility*: Earliest unreduced retirement age is 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: earliest unreduced retirement age is 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- *Earliest reduced retirement eligibility*: 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: age 50 with at least five years of creditable service.
- *Cost-of-Living Adjustment (COLA) in retirement*: The COLA matches the first 3.0% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.0%) up to a maximum COLA of 5.0%.
  - *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 non-professional 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.
    - 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 1.7% on all service, regardless of when it was earned, purchased or granted.
- *Purchase of prior service:* Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

## **Plan 2**

- *About Plan 2:* 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 Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- *Hybrid opt-in election:* Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible 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. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Plan and remain as Plan 2 or ORP.
- *Retirement contributions:* Same as Plan 1.
- *Creditable service:* Same as Plan 1.
- *Vesting:* Same as Plan 1.
- *Calculating the benefit:* Same as 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:* Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
- *Normal retirement age:* Normal Social Security retirement age. Non-professional hazardous duty employee's retirement age is the same as 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 with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are same as 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 employees are same as Plan 1.
- *COLA in retirement:* The COLA matches the first 2.0% increase in the CPI-U and half of any additional increase (up to 2.0%), for a maximum COLA of 3.0%.
  - *COLA eligibility:* Same as Plan 1.
  - *Exceptions to COLA effective dates:* Same as Plan 1.
- *Disability Coverage:* Non-professional members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
- *Purchase of prior service:* Same as Plan 1.

## Hybrid Plan

- *About the Hybrid Plan:* The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan.
  - 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 and employer contributions made to 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 start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
- *Eligible members:* Employees are in the Hybrid Plan if their membership date is on or after January 1, 2014. This includes:
  - Professional employees
  - Non-professional employees\*
  - Members in Plan 1 or 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
  - \*Non-Eligible Members: Some employees are not eligible to participate in the Hybrid Plan. They include:
    - Non-professional employees who are covered by enhanced benefits for hazardous duty employees.
  - Those employees eligible for an ORP must elect the ORP plan or the Hybrid Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- *Retirement contributions:* A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer 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 employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- *Creditable service:*
  - *Defined benefit component:* Under the defined benefit component of the 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 their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
  - *Defined contributions component:* Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of 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. Plan 1 or 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.
  - *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 contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer 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 employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

- *Calculating the benefit: Defined Benefit Component:* See definition under Plan 1. *Defined Contributions Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- *Average final compensation:* Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
- *Service retirement multiplier:* The retirement multiplier is 1.0%. For members that opted into the Hybrid Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. The service retirement multiplier is not applicable to the defined contribution component.
- *Normal retirement age:*
  - *Defined benefit component:* Same as Plan 2. Not applicable for nonprofessional hazardous duty employees.
  - *Defined contributions component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- *Earliest unreduced retirement eligibility:*
  - *Defined benefit component:* Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Not applicable to non-professional hazardous duty employees.
  - *Defined contribution component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- *Earliest reduced retirement eligibility:*
  - *Defined benefit component:* Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Not applicable to non-professional hazardous duty employees.
  - *Defined contribution component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- *COLA in retirement:*
  - *Defined benefit component:* Same as Plan 2.
  - *Defined contribution component:* Not applicable.
    - *COLA eligibility:* Same as Plan 1 and Plan 2.
    - *Exceptions to COLA effective dates:* Same as Plan 1 and Plan 2.

- *Disability coverage:* Eligible non-professional and professional employees (including Plan 1 and Plan 2 opt-ins) may participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- *Purchase of prior service:*
  - *Defined benefit component:* Same as Plan 1, except for Hybrid Plan members are ineligible for ported service.
  - *Defined contribution component:* Not applicable.

*Schools' employees covered by benefit terms.* As of the June 30, 2017 actuarial valuation, the following employees of the non-professional group were covered by the benefit terms of the pension plan as displayed by Illustration 13-32.

<b>Illustration 13-32</b>	
<b>Schools' VRS Pension Plans</b>	
<b>Plan Membership as of the Valuation Date of June 30, 2017</b>	
Inactive members or their beneficiaries currently receiving benefits	832
Inactive members:	
Vested inactive members	194
Non-vested inactive members	463
Inactive members active elsewhere in VRS	232
Total inactive members	889
Active members	1,856
Total covered employees	3,577

*Schools' contributions.* The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to the non-professional and professional groups by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement.

*Non-professional group.* The non-professional group's contractually required contribution rate for the year ended June 30, 2019 was 5.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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. Contribution to the pension plan from the non-professional group were \$3,007 and \$3,422 for the years ended June 30, 2019 and June 30, 2018, respectively.

*Professional group.* Each professional group's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined 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. Contribution to the pension plan from the professional group were \$87,257 and \$88,486 for the years ended June 30, 2019 and June 30, 2018, respectively.

*Schools' actuarial assumptions.* The total pension liability for general employees in the non-professional and professional group was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
Salary Increase, including Inflation	3.5% -5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

\* 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 for GASB purposes of slightly more than the assumed 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.

\*\* Mortality rates update to a more current mortality table - RP 2014 projected to 2020

	<b>Non-Hazardous Duty - Non-Professional Group</b>	<b>Professional Group</b>
	20% of deaths are assumed to be service related.	15% of deaths are assumed to be service related.
Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% rates.	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from age 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Mortality Rates projected with scaled BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study are as follows:

	<u>Largest 10 Non-Hazardous Duty</u>	<u>All Others (Non 10 Largest) Non-Hazardous Duty</u>	<u>Professional Group</u>
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75	Lowered rates at older ages and changed final retirement from 70 to 75	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates	Lowered rates	Adjusted rates to better match experience
Salary Scale	No change	No change	No change
Line of Duty Disability	Increase rate from 14% to 20%	Increase rate from 14% to 15%	N/A

*Schools' long-term expected rate of return.* The long-term expected rate of return on pension VRS 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 pension VRS 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 Illustration 13-33.

<b>Illustration 13-33</b>			
<b>Schools' VRS Pension Plans</b>			
<b>Plan Membership as of the Valuation Date of June 30, 2017</b>			
<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		2.50%
	*Expected arithmetic nominal return		<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projects are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

*Schools' 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 VRS 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 non-professional and professional groups for VRS will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. 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 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.

#### **Schools' Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions Net Pension Liability**

At June 30, 2019, the professional group reported a liability of \$785,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The professional group's proportion of the net pension liability was based on the professional group's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the professional group's proportion was 6.68% as compared to 6.57% at June 30, 2017.

The non-professional net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

#### **Schools' Changes in Net Pension Liability – Non-Professional Group**

<b>Illustration 13-34</b>			
<b>Schools' VRS Pension Plans – Non-Professional Group</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</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
Balances at June 30, 2017	\$ 194,828	189,217	5,611
Changes for the year:			
Service cost	5,226	-	5,226
Interest	13,330	-	13,330
Differences between expected and actual experience	910	-	910
Contributions – employer	-	3,551	(3,551)
Contributions - employee	-	2,758	(2,758)
Net investment income	-	13,917	(13,917)
Benefit payments, including refunds of employee contributions	(8,795)	(8,795)	-
Administrative expenses	-	(120)	120
Other changes	-	(13)	13
Net changes	10,671	11,298	(627)
Balances at June 30, 2018	\$ 205,499	200,515	4,984

*Sensitivity of the Schools' Net Pension Liability (Asset) to Changes in the Discount Rate.* Illustration 13-35 presents the net pension liability (asset) of the non-professional group using the discount rate of 7.0%, as well as what the non-professional group's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 13-35</b>				
<b>Schools' VRS Pension Plans – Non-Professional Group</b>				
<b>Sensitivity of Net Pension Liability to Changes in the Discount Rate</b>				
		<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Schools' Non-Professional Group Net Pension Liability / (Asset)	\$	30,749	4,984	(16,552)

Illustration 13-36 presents the professional group's proportionate share of the net pension liability using the discount rate of 7.0%, as well as what the professional group's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 13-36</b>				
<b>Schools' VRS Pension Plans – Professional Group</b>				
<b>Sensitivity of Net Pension Liability to Changes in the Discount Rate</b>				
		<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Schools' Professional Group Proportionate Share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$	1,199,625	785,340	442,425

#### **Schools' Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Professional Group**

For the year ended June 30, 2019, the non-professional group recognized pension benefit of \$202. At June 30, 2019, the non-professional group reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-37.

<b>Illustration 13-37</b>			
<b>Schools' VRS Pension Plans – Non-Professional Group</b>			
<b>Deferred Outflows and (Inflows) of Resources</b>			
		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	709	1,543
Change in actuarial assumptions		-	1,055
Net difference between projected and actual earnings on pension plan investments		-	1,592
Employer contributions subsequent to the measurement date		3,007	-
<b>Total</b>	<b>\$</b>	<b>3,716</b>	<b>4,190</b>



\$3,007 reported as deferred outflows of resources related to pensions resulting from PWCS' non-professional group contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses in future reporting periods displayed in Illustration 13-38.

<b>Illustration 13-38</b>		
<b>Schools' VRS Pension Plans – Non-Professional Group</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(609)
2021		(988)
2022		(1,731)
2023		(153)
Total	\$	<u>(3,481)</u>

#### **Schools' Professional Group**

For the year ended June 30, 2019, PWCS recognized pension expense of \$57,366 related to the professional group. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the professional group's reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-39.

<b>Illustration 13-39</b>		
<b>Schools' VRS Pension Plans – For Professional Group</b>		
<b>Deferred Outflows and (Inflows) of Resources</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	67,154
Change in actuarial assumptions	9,374	-
Net difference between projected and actual earnings on pension plan investments	-	16,654
Changes in proportion and differences between Employer Contributions and proportionate share of contributions	24,904	-
Employer contributions subsequent to the measurement date	<u>87,257</u>	<u>-</u>
Total	<u>\$ 121,535</u>	<u>83,808</u>

PWCS' professional group contribution of \$87,257, made subsequent to the measurement date and reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods presented in Illustration 13-40.

<b>Illustration 13-40</b>		
<b>Schools' VRS Pension Plans – Professional Group</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(931)
2021		(10,711)
2022		(29,922)
2023		(6,456)
2024		(1,510)
Total	\$	<u>(49,530)</u>

**Schools' Pension Plan Fiduciary Net Position**

The VRS issues a publicly available CAFR that includes financial statements and required supplementary information (RSI) for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Web site at or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE (14) – OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS AND (OPEB) MASTER TRUST FUND**

**Prince William County Other Post-Employment Benefit Plans (OPEB)**

The County maintains five OPEB plans for its employees; two Virginia Retirement System plans, and three plans that participate in the OPEB Master Trust Fund.

- Virginia Retirement System (VRS) OPEB Plans:
  - VRS Group Life Insurance Program (GLI)
  - VRS Health Insurance Credit Program (HIC)
- OPEB Master Trust Plans:
  - Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan)
  - Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit Plan (County RHICP)
  - Prince William County Line of Duty Act Plan (LODA Plan)

The aggregate amount of the County's net OPEB liability, related deferred outflows of resources and deferred inflows of resources, and OPEB expense for the County's OPEB plans are summarized in Illustration 14-1 below.

<b>Illustration 14-1</b>					
<b>Prince William County's Other Post-Employment Benefit (OPEB) Plans</b>					
<b>Net OPEB Liability and Related Amounts</b>					
		<b>Net OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>OPEB Expense</b>
<b>Virginia Retirement System Plans:</b>					
VRS Group Life Insurance Program	\$	21,239	5,368	1,957	270
VRS Health Insurance Credit		3,860	515	201	403
<b>OPEB Master Trust Fund Plans:</b>					
County Premium Plan		7,533	-	4,052	917
County RHCP		18,068	73	561	1,890
LODA Plan		5,522	2,168	483	1,568
Total OPEB – County Funded	\$	<u>56,222</u>	<u>8,124</u>	<u>7,254</u>	<u>5,048</u>
Primary Government:					
Governmental Funds	\$	48,639	7,016	6,268	4,344
Intra-County Services		1,876	223	252	128
Health Insurance		99	12	13	7
Total Governmental Funds		<u>50,614</u>	<u>7,251</u>	<u>6,533</u>	<u>4,479</u>
Landfill		660	68	92	49
Total Proprietary Funds		<u>660</u>	<u>68</u>	<u>92</u>	<u>49</u>
Total Primary Government (A)		<u>51,274</u>	<u>7,319</u>	<u>6,625</u>	<u>4,528</u>
Component units:					
Adult Detention Center (B)		4,948	805	629	520
Total OPEB – County Funded (A+B)	\$	<u>56,222</u>	<u>8,124</u>	<u>7,254</u>	<u>5,048</u>
School Board's OPEB Plans * (C)	\$	155,598	20,820	21,393	11,020
Total Component Units (B+C)		<u>160,546</u>	<u>21,625</u>	<u>22,022</u>	<u>11,540</u>
Total Reporting Entity (A+B+C)	\$	<u>211,820</u>	<u>28,944</u>	<u>28,647</u>	<u>16,068</u>

Note: Amounts are allocated based on proportion of OPEB contributions paid.  
 \* Please see Schools separately issued financial statements for further information and Illustration 14-50 below.

**A. County’s Virginia Retirement System (VRS) – OPEB Plans**

**County’s Plans Description:**

*County’s plan administration:* The County and the Adult Detention Center component unit contribute to the VRS GLI Program, a cost-sharing, multi-employer, defined benefit OPEB plan. The County also participates in the VRS HIC Program, a multiple-employer, agent defined benefit OPEB plan. Both, the GLI and HIC Programs, are administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. All full-time, salaried permanent employees of the County and ADC are automatically covered by the VRS GLI and HIC Programs upon employment.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members’ paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

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 system. The Prince William County Public Schools OPEB 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.

Under the VRS HIC Program, members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

**i. County’s VRS Group Life Insurance (GLI) OPEB Program**

*Benefits provided.* The specific information for GLI Program, including eligibility, coverage and benefits is set out in the table below:

<b>County’s VRS GROUP LIFE INSURANCE PROGRAM PROVISIONS</b>
<p><b>Eligible Employees</b>                      The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b>                      The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b> – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b> – The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:                             <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in benefit Amounts</b>                      The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>

**County's VRS GROUP LIFE INSURANCE PROGRAM PROVISIONS**

**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,279, effective July 1, 2018.

*County's contributions.* The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.3% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.8% (1.3% X 60%) and the employer component was 0.5% (1.3% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019, was 0.5% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. The County elects to pay the employee component with the employer component of the contribution. Contributions to the GLI Program from the County were \$3,679 and \$3,637 for the years ended June 30, 2019, and June 30, 2018, respectively.

**County's GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB:**

At June 30, 2019, the County reported a liability of \$21,239 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the County's proportion was 1.39846% as compared to 1.35566% at June 30, 2017.

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$270. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the sources displayed in Illustration 14-2.

<b>Illustration 14-2</b>		
<b>County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,038	381
Change in actuarial assumptions	-	885
Net difference between projected and actual earnings on OPEB plan investments	-	691
Changes in Proportionate Share	651	-
Employer contributions subsequent to the measurement date	3,679	-
<b>Total</b>	<b>\$ 5,368</b>	<b>1,957</b>

\$3,679 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as shown in Illustration 14-3.

<b>Illustration 14-3</b>		
<b>County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Fiscal year ended June 30,</b>		
2020	\$	(192)
2021		(192)
2022		(192)
2023		6
2024		184
Thereafter		118
Total	\$	<u>(268)</u>

*County's actuarial assumptions.* The total GLI OPEB liabilities were based on actuarial valuations as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018 as displayed in Illustration 14-4.

<b>Illustration 14-4</b>	
<b>County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0%, net of investment expense, including inflation*
Inflation	2.5%
Healthcare Cost Trend Rate	N/A – the benefit is not based on healthcare costs but rather is based on compensation
<b>General Employees:</b>	
Payroll Growth	3.5% - 5.35%, includes inflation
Mortality	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.
<b>Public Safety Employees with Hazardous Duty Benefits:</b>	
Payroll Growth	3.5% - 4.75%, include inflation
Mortality	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Illustration 14-4 (cont'd)**

**County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan**

**Actuarial Methods and Assumptions**

Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.
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\* 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 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 the OPEB liabilities.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

*Changes in Assumptions.* Changes to the actuarial assumptions as a result of the experience study are as follows:

**General Employees**

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.0% to 15.0%

**Public Safety Employees with Hazardous Duty Benefits**

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

**County's Net GLI OPEB Liability:**

The County's net OPEB liability for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, net OPEB liability amounts for the GLI Program are displayed in Illustration 14-5.

<b>Illustration 14-5</b>				
<b>County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan</b>				
<b>Net OPEB Liability</b>				
<b>Fiscal Year Ending</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>	<b>Net Position as % of Total OPEB Liability</b>
June 30, 2019	\$ 43,541	22,302	21,239	51.22%

The total GLI OPEB liability is calculated by VRS' actuary, and each plan's fiduciary net position is reported in VRS' financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in VRS' notes to the financial statements and required supplementary information.

*County's long-term expected rate of return.* The long-term expected rate of return on the VRS 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 VRS 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 Illustration 14-6.

<b>Illustration 14-6</b>			
<b>County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan</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>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

*County's discount rate.* The discount rate used to measure the total GLI OPEB liabilities was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from members and the County 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 rates contributed by the entity for the GLI OPEB



Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI Program OPEB fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI Program OPEB liabilities.

*Sensitivity of the County's proportionate share of the net GLI OPEB liability to changes in the discount rate.* Illustration 14-7 presents the County's proportionate share of the net GLI OPEB liability using the discount rate of 7.0%, as well as what the County's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-7</b>				
<b>County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan</b>				
<b>Sensitivity of Net OPEB Liability Discount Rate</b>				
<b>Fiscal Year Ending:</b>		<b>1.0% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1.00% Increase (8.0%)</b>
June 30, 2019	\$	27,757	21,239	15,947

*Sensitivity of the County's proportionate share of the net GLI OPEB liability to changes in healthcare costs.* There is no valuation health care cost trend assumption for the VRS GLI Program because the benefit provided to participants is not dependent on medical claims costs, but rather is based on each participant's compensation.

*County's GLI fiduciary net position.* Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**ii. County's Virginia Retirement System (VRS) – Retiree Health Insurance Credit (RHIC) Program Other Post-Employment Benefits (OPEB) Plan**

<b>County's VRS RETIREE HEALTH INSURANCE CREDIT PROGRAM PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The County VRS Retiree Health Insurance Credit Program was established July 1, 1993 for retired County employees of employers who elect the benefit and who retire with at least 15 years of service credit. Full-time permanent salaried employees of the County who are covered under the VRS pension plan are enrolled automatically upon employment.</p>
<p><b>Benefit Amounts</b></p> <p>The County's VRS Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b>At Retirement</b> – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</li> <li>• <b>Disability Retirement</b> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</li> </ul>
<p><b>County VRS Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the Health Insurance Credit as a retiree.</li> </ul>

County employees covered by benefit terms. As of the June 30, 2017 actuarial valuation, employees covered by the benefit terms of the HIC OPEB plan are displayed in Illustration 14-8.

<b>Illustration 14-8</b>	
<b>County's Virginia Retirement System - Retiree Health Insurance Credit Program</b>	
<b>Other Post-Employment Benefits (OPEB) Plan</b>	
<b>Plan Membership as of June 30, 2017</b>	
Inactive plan members or their beneficiaries currently receiving benefits	919
Inactive members:	
Vested inactive members	43
Total inactive members	962
Active employees	3,533
Total covered members	4,495

*County's contributions.* The contributions requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to the County by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2019, was 0.2% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate 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 from the County to the VRS HIC Program were \$460 and \$437 for the years ended June 30, 2019 and June 30, 2018, respectively.

**County's Net VRS HIC OPEB Liability:**

The County's net VRS HIC OPEB liability was measured as of June 30, 2018. The total VRS HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

*County's actuarial assumptions.* The total HIC OPEB liability was based on actuarial valuations as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018 as displayed in Illustration 14-9.

<b>Illustration 14-9</b>	
<b>County's Virginia Retirement System – Retiree Health Insurance Credit Program Other Post-Employment Benefits (OPEB) Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0%, net of investment expense, including inflation*
Inflation	2.5%
Healthcare Cost Trend Rate	N/A – the benefit is not based on healthcare costs but rather is based on compensation
<b>General Employees:</b>	
Payroll Growth	3.5% - 5.35%, includes inflation
Mortality	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.



**Public Safety Employees with Hazardous Duty Benefits**

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

*County's long-term expected rate of return.* The long-term expected rate of return on the VRS 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 VRS 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 Illustration 14-10.

**Illustration 14-10**  
**County's Virginia Retirement System – Retiree Health Insurance Credit Program**  
**Other Post-Employment Benefits (OPEB) Plan**  
**Long-Term Expected Rate of Return**

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
<b>Total</b>	<b>100.00%</b>		<b>4.80%</b>
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

*County's discount rate.* The discount rate used to measure the total HIC Program OPEB liabilities was 7.0%. The projection of cash flows used to determine the discount rate assumed that 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 rates contributed by the entity for the HIC Program OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC Program OPEB fiduciary net position was projected to be

available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability, respectively.

**County's Changes in Net VRS HIC OPEB Liability:**

<b>Illustration 14-11</b>				
<b>County's Virginia Retirement System – Retiree Health Insurance Credit Program</b>				
<b>Other Post-Employment Benefits (OPEB) Plan</b>				
<b>Changes in Net OPEB Liability</b>				
		<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2017	\$	7,296	3,500	3,796
Changes for the year:				
Service cost		169	-	169
Interest		493	-	493
Differences between expected and actual experience		63	-	63
Contributions - employer				
Net investment income		-	437	(437)
Benefit payments, including refunds of employee contributions		(513)	(513)	-
Administrative expenses		-	(6)	6
Other changes		-	(18)	18
Net changes		212	148	64
Balances at June 30, 2018	\$	7,508	3,648	3,860

*Sensitivity of the County's VRS Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate.* Illustration 14-12 presents the County VRS HIC Program's net OPEB liability using the discount rate of 7.0%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-12</b>				
<b>County's Virginia Retirement System – Retiree Health Insurance Credit Program</b>				
<b>Other Post-Employment Benefits (OPEB) Plan</b>				
<b>Sensitivity of Net OPEB Liability Discount Rate</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, 2019	\$	4,678	3,860	3,164

**County's HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VRS Health Insurance Credit Program OPEB:**

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of \$403. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County VRS HIC Program as displayed in Illustration 14-13.

<b>Illustration 14-13</b>		
<b>County's Virginia Retirement System – Retiree Health Insurance Credit Program Other Post-Employment Benefits (OPEB) Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 55	-
Change in actuarial assumptions	-	111
Net difference between projected and actual earnings on OPEB plan investments	-	90
Employer contributions subsequent to the measurement date	460	-
<b>Total</b>	<b>\$ 515</b>	<b>201</b>

\$460 of the reported as VRS HIC Program's deferred outflows of resources is related to the County's contributions made subsequent to the measurement date and will be recognized as a reduction of the Net VRS HIC Program's OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HIC Program OPEB will be recognized in the VRS HIC Program OPEB expense in future reporting periods displayed in Illustration 14-14.

<b>Illustration 14-14</b>		
<b>County's Virginia Retirement System – Retiree Health Insurance Credit Program</b>		
<b>Other Post-Employment Benefits (OPEB) Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(41)
2021		(41)
2022		(41)
2023		(12)
2024		(11)
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>(146)</b>

*County's HIC Fiduciary Net Position.* Detailed information about the Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**B. County's Other Post-Employment Benefits (OPEB) Master Trust Plans**

**Summary Financial Statements for Single-Employer Defined Benefit Pension Plans Self-Insured by the County for the fiscal year ending June 30, 2019:**

Illustration 14-15 is a summary of the Statement of Fiduciary Net Position of the Master Trust Fund Plans. See the proceeding discussion for further information on each plan.

<b>Illustration 14-15</b> <b>Prince William County – Master Trust Fund Plans</b> <b>Statement of Fiduciary Net Position</b> <b>As of June 30, 2019</b>						
		County Premium Plan	County RHICP	LODA Plan	School Board Premium Plan	Total OPEB Master Trust Plans
<b>Assets:</b>						
Restricted investments	\$	18,752	19,841	15,244	37,331	91,168
Total assets		<u>18,752</u>	<u>19,841</u>	<u>15,244</u>	<u>37,331</u>	<u>91,168</u>
<b>Liabilities:</b>						
Accounts payable		1,232	1,960	753	7	3,952
Total liabilities		<u>1,232</u>	<u>1,960</u>	<u>753</u>	<u>7</u>	<u>3,952</u>
<b>Net position:</b>						
Net position restricted for OPEB		17,520	17,881	14,491	37,324	87,216
Total net position	\$	<u>17,520</u>	<u>17,881</u>	<u>14,491</u>	<u>37,324</u>	<u>87,216</u>

Illustration 14-16 is a summary of the Statement of Changes in Fiduciary Net Position of the Master Trust Fund Plans.

<b>Illustration 14-16</b>					
<b>Prince William County – Master Trust Fund Plans</b>					
<b>Statement of Changes in Fiduciary Net Position</b>					
<b>For the year ended June 30, 2019</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 Plans</b>
<b>Additions:</b>					
Employer contributions	\$ 1,521	1,977	1,526	1,800	6,824
Total contributions	<u>1,521</u>	<u>1,977</u>	<u>1,526</u>	<u>1,800</u>	<u>6,824</u>
<b>Investment income:</b>					
Total investment income	1,283	1,041	1,068	2,319	5,711
Less: investment expense	(39)	(33)	(34)	(71)	(177)
Net investment income	<u>1,244</u>	<u>1,008</u>	<u>1,034</u>	<u>2,248</u>	<u>5,534</u>
Total additions	<u>2,765</u>	<u>2,985</u>	<u>2,560</u>	<u>4,048</u>	<u>12,358</u>
<b>Deductions:</b>					
Benefit payments	1,228	1,958	750	-	3,936
Administrative expenses	-	-	-	2	2
Total deductions	<u>1,228</u>	<u>1,958</u>	<u>750</u>	<u>2</u>	<u>3,938</u>
<b>Change in net position:</b>					
Net position, beginning of year	1,537	1,027	1,810	4,046	8,420
Net position, end of year	<u>15,983</u>	<u>16,854</u>	<u>12,681</u>	<u>33,278</u>	<u>78,796</u>
Net position, end of year	<u>\$ 17,520</u>	<u>17,881</u>	<u>14,491</u>	<u>37,324</u>	<u>87,216</u>

**County's Plans Descriptions:**

The Prince William County Other Post-Employment Benefits (OPEB) Master Trust Fund, administered by Prince William County (the County) and the OPEB Master Trust Fund Finance Board (the Trustees), was established by the County Board 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 accounts for the four single-employer, defined benefit OPEB plans operating under the OPEB Master Trust:

- Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan)
- Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit Plan (County RHICP)
- Prince William County Line of Duty Act Plan (LODA Plan)

The County participates in the County Premium Plan, County RHICP, and LODA Plan. The County Board approves the terms of their participating OPEB Master Trust Plans and the Trustees administer the activity of the plans. The Trustees are comprised of three members: two finance directors representing the employer and one citizen member. The County does not issue separate stand-alone financial reports for their plans.

Contributions and earnings on the contributions to the OPEB Master Trust are irrevocable and can only be used by the Trust. All OPEB Trust plan assets are dedicated to providing OPEB benefits to plan members in accordance with benefit terms. 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.



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

**Plan Activity for the Fiscal Year Ending June 30, 2019:**

Illustration 14-17 is a summary of the Statement of Fiduciary Net Position of the Supplemental Pension Plan.

Illustration 14-17			
Prince William County - Post-Retirement Medical Benefits Premium Plan (County Premium Plan)			
Statement of Fiduciary Net Position			
As of June 30, 2019			
Assets:			
Restricted investments			18,752
	Total assets	\$	<u>18,752</u>
Liabilities:			
Accounts payable			1,232
	Total liabilities		<u>1,232</u>
Net position:			
Net position restricted for OPEB			17,520
	Total net position	\$	<u><u>17,520</u></u>

Illustration 14-18 is a summary of the Statement of Changes in Fiduciary Net Position of the Supplemental Pension Plan.

Illustration 14-18			
Prince William County - Post-Retirement Medical Benefits Premium Plan (County Premium Plan)			
Statement of Changes Fiduciary Net Position			
For the year ended June 30, 2019			
Additions:			
Employer contributions			1,521
	Total contributions		<u>1,521</u>
Investment Income:			
Total investment income			1,283
Less: investment expense			<u>(39)</u>
	Net investment income		<u>1,244</u>
	Total additions		<u>2,765</u>
Deductions:			
Benefit payments			1,228
	Total deductions		<u>1,228</u>
Change in net position			1,537
Net position, beginning of year			<u>15,983</u>
Net position, end of year		\$	<u><u>17,520</u></u>

**County's Plan Description:**

The Prince William County Post-Retirement Medical Benefits Premium (County Premium) Plan 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. Terminated plan members and beneficiaries are required to pay 100% of published blended premium rates to the County.

*County employees covered by benefit terms.* Illustration 14-19 summarizes the membership in the OPEB Master Trust Fund – County Premium Plan as of January 1, 2018 the latest actuarial valuations for the County.

<b>Illustration 14-19</b>	
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>	
<b>Plan Membership as of the Valuation Date of January 1, 2018</b>	
Active employees	2,945
Inactive members receiving benefits	232
Total covered members	3,177

*County contributions.* Contribution requirements are established and may be amended by the County Board at any time via approved resolution. The County Board must provide 30 days' notice to establish new requirements or amend existing requirements including contributions to the Plan per Article X of the Trust Agreement. The County intends to contribute the entire annually actuarially determined contribution and invoices the Plan to recover the claims and administrative costs paid for during the fiscal year.

The County contributed \$1,521 to the OPEB Master Trust's County Premium Plan for the year ended June 30, 2019. The contribution amounts were determined using the actuarial valuations performed as of January 1, 2018 and valuation rolled forward to June 30, 2019. The actuarially determined contribution amount were derived with the expectation of financing costs for members benefits earned during the current fiscal year and include an additional amount to finance any unfunded accrued liability, if needed.

**County's Net OPEB Liability:**

The County's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2018, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

*County actuarial assumption.* The total OPEB liability for employees in the County's Premium Plan in the Master Trust Fund was calculated using the actuarial valuation performed as of January 1, 2018, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 14-21, applied to all periods included in the measurement year and rolled forward to the measurement date of June 30, 2019.

<b>Illustration 14-21</b>	
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>	
<b>Actuarial Methods and Assumptions</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of projected pay, closed
Remaining Amortization Period	19 years, closed
Asset Valuation Method	Fair Market Value
Investment Rate of Return	7.0%, net of expenses
Inflation	2.2%
Payroll Growth	3.5%
Salary Scale Used	Used same salary scale as by the Virginia Retirement System (VRS) for general employees and public safety employees per their June 30, 2017 annual report
Healthcare Cost Trend Rates	5.4% base; 3.9% ultimate (pre-Medicare); does not provide post-Medicare coverage

*County's long-term expected rate of return.* All OPEB Master Trust Plans' assets are commingled for investment purposes. However, only the assets for each Plan can be used to pay for the benefits of that specific Plan. The long-term expected rate of return on the County's Premium Plan's investments is derived using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, expectations for inflation, productivity, and labor force growth. The target asset allocation and best estimate of geometric rates of return for each major asset class are summarized in Illustration 14-22.

<b>Illustration 14-22</b>			
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>			
<b>Long-Term Expected Rate of Return</b>			
Asset Class	Target Allocation	Capital Market Assumptions	Expected Long-term Rate of Return
OPEB Master Trust Fund Investments:			
Domestic Equity	40.0%	7.5%	5.0%
International Equity	15.0	7.4	4.9
International Emerging Markets Equity	5.0	7.5	5.0
Core Fixed	20.0	5.1	2.6
Investment Grade Corporate Debt	10.0	6.1	3.6
Emerging Markets Debt	5.0	6.7	4.2
High Yield	5.0	6.6	4.1
	100.0%		
		Long-Term Expected Rate of Return	7.0%

*County's money weighted rate of return.* The annual money-weighted rate of return on OPEB plan investments calculated as the internal rate of return, net of plan investment expenses, is 6.8%. The money-weighted rate of return expresses investment performance, net of investment expenses, and adjusted for the changing amounts actually invested.

*County discount rate.* The discount rate used to measure the total OPEB liability for the County's Premium Plan was 7.0%. The projection of cash flows used to determine the discount rate assumed that the County intends to contribute the full contribution

amount actuarially determined and charge the Trust to recover any payments made for claims, net of retiree and COBRA insured premiums, made by the County during the current fiscal year. Since the Plan's current target allocation is 60% equity and 40% fixed income, the discount rate is realized. The returns presented below are calculated using geometric return projections based on long-term capital market assumptions. As a result, the Trust's fiduciary net position was projected to be available to make all projected benefit payments for eligible members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**County's Changes in Net OPEB Liability:**

Illustration 14-23 presents the changes in net pension liability from June 30, 2018 to June 30, 2019.

<b>Illustration 14-23</b>			
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>			
<b>Changes in Net OPEB Liability</b>			
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2018	\$ 23,591	15,983	7,608
Changes for the year:			
Service cost	1,119	-	1,119
Interest	1,608	-	1,608
Differences between expected and actual experience	(37)	-	(37)
Contributions - employer	-	1,521	(1,521)
Net investment income	-	1,283	(1,283)
Benefit payments, including refunds of employee contributions	(1,228)	(1,228)	-
Administrative expenses	-	(39)	39
Net changes	1,462	1,537	(75)
Balances at June 30, 2019	\$ 25,053	17,520	7,533

*Sensitivity of the County's net OPEB liability to changes in the discount rate.* Illustration 14-24 presents the net OPEB liability of the County Premium Plan using the discount rate of 7.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-24</b>			
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan) Sensitivity of Net OPEB Liability to Changes in the Discount Rate</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	\$ 9,860	7,533	5,458

*Sensitivity of the County's net pension liability to changes in the healthcare cost trend rate.* Illustration 14-25 presents the net OPEB liability of the County Premium Plan using the current Healthcare Cost Trend Rate of 5.4% base with an 3.9% ultimate pre-Medicare coverage and it's not applicable to post-Medicare coverage, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.4%) or one percentage point higher (6.4%) than the current rate.

<b>Illustration 14-25</b>			
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
	<b>1% Decrease (4.4%)</b>	<b>Current Discount Rate (5.4%)</b>	<b>1% Increase (6.4%)</b>
County's net OPEB liability	\$ 4,676	7,533	10,917

#### **County's OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the County Premium Plan recognized OPEB expense of \$917. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources presented in Illustration 14-26.

<b>Illustration 14-26</b>		
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	3,387
Change in actuarial assumptions	-	322
Net difference between projected and actual earnings on OPEB plan investments	-	343
Total	\$ -	4,052

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the County Premium Plan's OPEB expense in future reporting periods displayed by Illustration 14-27.

<b>Illustration 14-27</b>		
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(721)
2021		(721)
2022		(721)
2023		(649)
2024		(617)
Thereafter		(623)
Total	\$	<u>(4,052)</u>

*County's fiduciary net position.* The components of the net position liability for the County Premium Plan of the OPEB Master Trust Fund as of June 30, 2019 are shown in Illustration 14-28.

<b>Illustration 14-28</b>					
<b>County's Post-Retirement Medical Benefits Premium Plan (County Premium Plan)</b>					
<b>Net OPEB Liability</b>					
<b>Fiscal Year Ending</b>		<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>	<b>Net Position as % of Total OPEB Liability</b>
June 30, 2019	\$	25,053	17,520	7,533	69.9%

ii. **Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan**

**Plan Activity for the Fiscal Year Ending June 30, 2019:**

Illustration 14-29 is a summary of the Statement of Fiduciary Net Position of the Supplemental Pension Plan.

<b>Illustration 14-29</b>			
<b>Prince William County - Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan</b>			
<b>Statement of Fiduciary Net Position</b>			
<b>For the year ended June 30, 2019</b>			
<b>Assets:</b>			
Restricted investments		\$	19,841
	Total assets		<u>19,841</u>
<b>Liabilities:</b>			
Accounts payable			1,960
	Total liabilities		<u>1,960</u>
<b>Net position:</b>			
Net position restricted for OPEB			17,881
	Total net position	\$	<u><u>17,881</u></u>

Illustration 14-30 is a summary of the Statement of Changes in Fiduciary Net Position of the Supplemental Pension Plan.

<b>Illustration 14-30</b>			
<b>Prince William County - Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan</b>			
<b>Statement of Changes Fiduciary Net Position</b>			
<b>For the year ended June 30, 2019</b>			
<b>Additions:</b>			
Employer contributions		\$	1,977
	Total contributions		1,977
<b>Investment Income:</b>			
Total investment income			1,041
Less: investment expense			<u>(33)</u>
	Net investment income		<u>1,008</u>
	Total additions		<u>2,985</u>
<b>Deductions:</b>			
Benefit payments			1,958
	Total deductions		<u>1,958</u>
Change in net position			1,027
Net position, beginning of year			<u>16,854</u>
Net position, end of year		\$	<u><u>17,881</u></u>

**County's Plan Description:**

The Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan covers eligible employees or former employees of the County including all departments and agencies. The RHICP provides \$5.50 per month, per year of service (maximum 30 years) paid for life towards the purchase of a medical insurance plan. 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 rate of \$0.165 from the County.

*County employees covered by benefit terms.* Illustration 14-31 summarizes the membership in the County RHIC Plan as of January 1, 2018 the latest actuarial valuations for the County.

<b>Illustration 14-31</b>	
<b>County's Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan</b>	
<b>Plan Membership as of the Valuation Date of January 1, 2018</b>	
Active members	3,750
Inactive members receiving benefits	1,096
Total covered members	4,846

*County contributions.* Contribution requirements are established and may be amended by the County Board at any time via approved resolution. The County Board must provide 30 days' notice to establish new requirements or amend existing requirements including contributions to the Plan per Article X of the Trust Agreement. The County intends to contribute the entire annually actuarially determined contribution and invoices the Plan to recover the claims and administrative costs paid for during the fiscal year.

The County contributed \$1,977 to the County RHICP Plan for the year ended June 30, 2019. The contribution amounts were determined using the actuarial valuations performed as of January 1, 2018 and rolled forward to June 30, 2019. The actuarially determined contribution amount were derived with the expectation of financing costs for members benefits earned during the current fiscal year and include an additional amount to finance any unfunded accrued liability, if needed.

**County's Net OPEB Liability:**

The County's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2018, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.



*County actuarial assumption.* The total OPEB liability for employees in the County’s RHIC Plan was calculated using the actuarial valuation performed as of January 1, 2018, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 14-32, applied to all periods included in the measurement year and rolled forward to the measurement date of June 30, 2019.

<b>Illustration 14-32</b>	
<b>County’s Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of projected pay, closed
Remaining Amortization Period	24 years, closed
Asset Valuation Method	Fair Market Value
Investment Rate of Return	7.0%, net of expenses
Inflation	2.2%
Payroll Growth	3.5%
Salary Scale Used	Used same salary scale as by the Virginia Retirement System (VRS) for general employees and public safety employees per their June 30, 2017 annual report
Healthcare Cost Trend Rates	Not Applicable – This Plan does not depend on healthcare cost trend rates.

*County’s changes in assumptions and benefit terms.* There were no changes to the actuarial assumptions related to the net position liability that was measured as of June 30, 2019.

*County’s long-term expected rate of return.* All OPEB Master Trust Plans’ assets are commingled for investment purposes. However, only the assets for each Plan can be used to pay for the benefits of that specific Plan. The long-term expected rate of return on the County’s Premium Plan’s investments is derived using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, expectations for inflation, productivity, and labor force growth. The target asset allocation and best estimate of geometric rates of return for each major asset class are summarized in Illustration 14-33.

<b>Illustration 14-33</b>			
<b>County’s Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan</b>			
<b>Long-Term Expected Rate of Return</b>			
Asset Class	Target Allocation	Capital Market Assumptions	Expected Long-term Rate of Return
OPEB Master Trust Fund Investments:			
Domestic Equity	40.0%	7.5%	5.0%
International Equity	15.0%	7.4%	4.9%
International Emerging Markets Equity	5.0%	7.5%	5.0%
Core Fixed	20.0%	5.1%	2.6%
Investment Grade Corporate Debt	10.0%	6.1%	3.6%
Emerging Markets Debt	5.0%	6.7%	4.2%
High Yield	5.0%	6.6%	4.1%
	100.0%		
	Long-Term Expected Rate of Return	7.0%	

*County’s money weighted rate of return.* The annual money-weighted rate of return on OPEB plan investments calculated as the internal rate of return, net of plan investment expenses, is 6.8% The money-weighted rate of return expresses investment performance, net of investment expenses, and adjusted for the changing amounts actually invested.

*County's discount rate.* The discount rate used to measure the total OPEB liability for the County's RHIC Plan was 7.0%. The projection of cash flows used to determine the discount rate assumed that the County intends to contribute the full contribution amount actuarially determined and charge the Trust to recover any payments made for claims, net of retiree and COBRA insured premiums, made by the County during the current fiscal year. Since the Plan's current target allocation is 60% equity and 40% fixed income, the discount rate is realized. The returns presented below are calculated using geometric return projections based on long-term capital market assumptions. As a result, the Trust's fiduciary net position was projected to be available to make all projected benefit payments for eligible members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**County's Changes in Net OPEB Liability:**

Illustration 14-34 presents the changes in net pension liability from June 30, 2018 to June 30, 2019.

<b>Illustration 14-34</b>			
<b>County's Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHIC) Plan</b>			
<b>Changes in Net OPEB Liability</b>			
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2018	\$ 34,846	16,854	17,992
Changes for the year:			
Service cost	744	-	744
Interest	2,368	-	2,368
Differences between expected and actual experience	(52)	-	(52)
Contributions - employer	-	1,977	(1,977)
Net investment income	-	1,040	(1,040)
Benefit payments, including refunds of employee contributions	(1,957)	(1,957)	-
Administrative expenses	-	(33)	33
Net changes	1,103	1,027	76
Balances at June 30, 2019	\$ 35,949	17,881	18,068

*Sensitivity of the County's net OPEB liability to changes in the discount rate.* Illustration 14-35 presents the net OPEB liability of the County using the discount rate of 7.0%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-35</b>			
<b>County's Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHIC) Plan</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
County's net OPEB liability	\$ 22,328	18,068	14,496

*Sensitivity of the County's net pension liability to changes in the healthcare cost trend rate.* There is no valuation health care cost trend assumption for the Prince William County Credit Plan because the benefit provided to participants is not dependent on medical claims costs, but rather is equal to \$5.50 per month per year of service.

**County's OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,890. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources displayed in Illustration 14-36.

<b>Illustration 14-36</b>		
<b>County's Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHIC) Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	229
Change in actuarial assumptions	-	332
Net difference between projected and actual earnings on OPEB plan investments	73	-
<b>Total</b>	<b>\$ 73</b>	<b>561</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the County RHIC Plan's OPEB expense in future reporting periods as shown in Illustration 14-37.

<b>Illustration 14-37</b>		
<b>County's Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHIC) Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(77)
2021		(77)
2022		(77)
2023		(65)
2024		(93)
Thereafter		(99)
<b>Total</b>	<b>\$</b>	<b>(488)</b>

*County's fiduciary net position.* The components of the net OPEB liability for the OPEB Master Trust's County RHIC Plan are shown in Illustration 14-38.

<b>Illustration 14-38</b>				
<b>County's Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHIC) Plan</b>				
<b>Net OPEB Liability</b>				
<b>Plan Year End</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>	<b>Net Position as % of Total OPEB Liability</b>
June 30, 2019	\$ 35,949	17,881	18,068	49.7%

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

**Plan Activity for the Fiscal Year Ending June 30, 2019:**

Illustration 14-39 is a summary of the Statement of Fiduciary Net Position of the Supplemental Pension Plan.

Illustration 14-39			
Prince William County - Line of Duty Act (LODA) Plan			
Statement of Fiduciary Net Position			
For the year ended June 30, 2019			
Assets:			
Restricted investments			15,244
	Total assets	\$	<u>15,244</u>
Liabilities:			
Accounts payable			753
	Total liabilities		<u>753</u>
Net position:			
Net position restricted for OPEB			14,491
	Total net position	\$	<u><u>14,491</u></u>

Illustration 14-40 is a summary of the Statement of Changes in Fiduciary Net Position of the Supplemental Pension Plan.

Illustration 14-40			
Prince William County - Line of Duty Act (LODA) Plan			
Statement of Changes Fiduciary Net Position			
For the year ended June 30, 2019			
Additions:			
Employer contributions			1,526
	Total contributions		<u>1,526</u>
Investment Income:			
Total investment income			1,068
Less: investment expense			<u>(34)</u>
	Net investment income		<u>1,034</u>
	Total additions		<u>2,560</u>
Deductions:			
Benefit payments			750
	Total deductions		<u>750</u>
Net increase in fiduciary net position			1,810
Fiduciary net position, beginning of year			<u>12,681</u>
Fiduciary net position, end of year		\$	<u><u>14,491</u></u>

**County's Plan Description:**

The County's 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 on 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.

The County LODA Plan 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.

*County employees covered by benefit terms.* Illustration 14-41 summarizes the membership in the OPEB Master Trust Fund – County LODA Plan as of January 1, 2018 the latest actuarial valuations for the County.

<b>Illustration 14-41</b>	
<b>County's Line of Duty Act (LODA) Plan</b>	
<b>Plan Membership as of the Valuation Date of January 1, 2018</b>	
Active members	2,223
Inactive members receiving benefits	38
Total covered members	2,261

*County's contributions.* Contribution requirements are established and may be amended by the County Board at any time via approved resolution. The County Board must provide 30 days' notice to establish new requirements or amend existing requirements including contributions to the Plan per Article X of the Trust Agreement. The County intends to contribute the entire annually actuarially determined contribution and invoices the Plan to recover the claims and administrative costs paid for during the fiscal year.

The County contributed \$1,526 to the LODA Plan for the year ended June 30, 2019. The contribution amounts were determined using the actuarial valuations performed as of January 1, 2018 and valuation rolled forward to June 30, 2019. The actuarially determined contribution amount were derived with the expectation of financing costs for members benefits earned during the current fiscal year and include an additional amount to finance any unfunded accrued liability, if needed.

**County's Net OPEB Liability:**

The County's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2018, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

*County actuarial assumption.* The total OPEB liability for employees in the County’s LODA Plan was calculated using the actuarial valuation performed as of January 1, 2018, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 14-42, applied to all periods included in the measurement year and rolled forward to the measurement date of June 30, 2019.

<b>Illustration 14-42</b>	
<b>County’s Line of Duty Act (LODA) Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of projected pay, closed
Remaining Amortization Period	24 years, closed
Asset Valuation Method	Fair Market Value
Investment Rate of Return	7.0%, net of expenses
Inflation	2.2%
Payroll Growth	3.5%
Salary Scale Used	Used same salary scale as by the Virginia Retirement System (VRS) for general employees and public safety employees per their June 30, 2017 annual report
Healthcare Cost Trend Rates	5.4% base, 3.9% ultimate (pre-Medicare); 3.8% ultimate (post-Medicare)

*County’s changes in assumptions and benefit terms.* There were no changes to the actuarial assumptions related to the net position liability that was measured as of June 30, 2019.

*County’s long-term expected rate of return.* All OPEB Master Trust Plans’ assets are commingled for investment purposes. However, only the assets for each Plan can be used to pay for the benefits of that specific Plan. The long-term expected rate of return on the County’s Premium Plan’s investments is derived using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, expectations for inflation, productivity, and labor force growth. The target asset allocation and best estimate of geometric rates of return for each major asset class are summarized in Illustration 14-43.

<b>Illustration 14-43</b>			
<b>County’s Line of Duty Act (LODA) Plan</b>			
<b>Long-Term Expected Rate of Return</b>			
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Capital Market Assumptions</b>	<b>Expected Long-term Rate of Return</b>
<b>OPEB Master Trust Fund Investments:</b>			
Domestic Equity	40.0%	7.5%	5.0%
International Equity	15.0	7.4	4.9
International Emerging Markets Equity	5.0	7.5	5.0
Core Fixed	20.0	5.1	2.6
Investment Grade Corporate Debt	10.0	6.1	3.6
Emerging Markets Debt	5.0	6.7	4.2
High Yield	5.0	6.6	4.1
	100.0%		
		Long-Term Expected Rate of Return	7.0%

*County’s money weighted rate of return.* The annual money-weighted rate of return on OPEB plan investments calculated as the internal rate of return, net of plan investment expenses, is 6.8% The money-weighted rate of return expresses investment performance, net of investment expenses, and adjusted for the changing amounts actually invested.

*County's discount rate.* The discount rate used to measure the total OPEB liability for the County's Premium Plan was 7.0%. The projection of cash flows used to determine the discount rate assumed that the County intends to contribute the full contribution amount actuarially determined and charge the Trust to recover any payments made for claims, net of retiree and COBRA insured premiums, made by the County during the current fiscal year. Since the Plan's current target allocation is 60% equity and 40% fixed income, the discount rate is realized. The returns presented below are calculated using geometric return projections based on long-term capital market assumptions. As a result, the Trust's fiduciary net position was projected to be available to make all projected benefit payments for eligible members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**County's Changes in Net OPEB Liability:**

Illustration 14-44 presents the changes in net pension liability from June 30, 2018 to June 30, 2019.

<b>Illustration 14-44</b>			
<b>County's Line of Duty Act (LODA) Plan</b>			
<b>Changes in Net OPEB Liability</b>			
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2018	\$ 18,610	12,681	5,929
Changes for the year:			
Service cost	1,071	-	1,071
Interest	1,270	-	1,270
Differences between expected and actual experience	(188)	-	(188)
Contributions - employer	-	1,526	(1,526)
Net investment income	-	1,067	(1,067)
Benefit payments, including refunds of employee contributions	(750)	(750)	-
Administrative expenses	-	(33)	33
Net changes	1,403	1,810	(407)
Balances at June 30, 2019	\$ 20,013	14,491	5,522

*Sensitivity of the County's net OPEB liability to changes in the discount rate.* Illustration 14-45 presents the net OPEB liability of the County Premium Plan using the discount rate of 7.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-45</b>			
<b>County's Line of Duty Act (LODA) Plan</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
County's net OPEB liability	\$ 8,158	5,522	3,356

*Sensitivity of the County's net OPEB liability to changes in the discount rate.* Illustration 14-46 presents the net OPEB liability of the County LODA plan using the current Healthcare Cost Trend Rate of 5.4% base with 3.9% ultimate pre-Medicare coverage and 3.8% ultimate post-Medicare coverage, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.4%) or one percentage point higher (6.4%) than the current rate.

<b>Illustration 14-46</b>			
<b>County's Line of Duty Act (LODA) Plan</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
	<b>1% Decrease (4.4%)</b>	<b>Current Discount Rate (5.4%)</b>	<b>1% Increase (6.4%)</b>
County's net OPEB liability	\$ 2,634	5,522	9,130

**County's OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,568. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources displayed in Illustration 14-47.

<b>Illustration 14-47</b>		
<b>County's Line of Duty Act (LODA) Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 756	172
Change in actuarial assumptions	1,412	-
Net difference between projected and actual earnings on OPEB plan investments	-	311
Total	\$ 2,168	483

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the County LODA Plan's OPEB expense in future reporting periods as shown in Illustration 14-48.

<b>Illustration 14-48</b>		
<b>County's Line of Duty Act (LODA) Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	108
2021		108
2022		108
2023		170
2024		201
Thereafter		990
Total	\$	1,685



County's fiduciary net position. Illustration 14-49 shows the net OPEB liability for the OPEB Master Trust's County LODA Plan was measured as of June 30, 2019.

Illustration 14-49 County's Line of Duty Act (LODA) Plan Net OPEB Liability				
Plan Year End	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability
June 30, 2019	\$ 20,013	14,491	5,522	72.4%

### C. Prince William County School Board's (Schools') Other Post-Employment Benefit (OPEB) Plans

Prince William County Schools, a component unit of the County, also participates in 3 OPEB plans for its employees; two Virginia Retirement System plans, and one plan that participates in the County's OPEB Master Trust Fund.

- Virginia Retirement System (VRS) Plans:
  - VRS Group Life Insurance Program (GLI)
  - VRS Health Insurance Credit Program (HIC)
- OPEB Master Trust Plans:
  - Prince William County Public Schools Retiree Medical Program (Master Trust - School Board Premium Plan)

The aggregate amount of net OPEB liability, related deferred outflows of resources and deferred inflows of resources, and OPEB expense for the County's OPEB plans are summarized in Illustration 14-50 below.

Illustration 14-50 Prince William County School Board (Schools') Other Post-Employment Benefit (OPEB) Plans Net OPEB Liability and Related Amounts				
	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
<b>Virginia Retirement System Plans - Measurement Date 6/30/2018</b>				
VRS Group Life Insurance Program	\$ 48,187	6,832	4,459	598
VRS Health Insurance Credit				
Non-Professional Group	741	124	135	92
Professional Group	85,128	8,727	1,228	7,275
Total VRS Health Insurance Credit	134,056	15,683	5,822	7,965
<b>OPEB Master Trust Fund Plans - Measurement Date 6/30/2019</b>				
School Board Premium Plan	21,542	5,137	15,571	3,055
Total Schools' OPEB Plans	\$ 155,598	20,820	21,393	11,020

### Prince William County Schools Board's (Schools) Virginia Retirement System (VRS) – Other Post-Employment Benefit (OPEB) Plans

#### A. Schools' Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Program

*Schools' plan description.* Schools participates in the VRS HIC Program to provide other post-employment benefits to eligible retired employees. The VRS Teacher (professional) Employee HIC program is a multi-employer, cost-sharing plan, defined benefit plan. The VRS Political Subdivision (non-professional) Employee HIC program is an agent, multi-employer, defined benefit plan. The HIC program provides a credit toward the cost of health insurance coverage for retired professional and non-professional employees.

The HIC program was established July 1, 1993 for retired professional and non-professional employees covered under VRS who retire with at least 15 years of service credit. All full-time, salaried permanent (professional) employees of public-school divisions are automatically covered by the VRS Teacher Employee HIC program. All full-time, salaried permanent (non-professional) employees of Schools are automatically covered by the VRS Political Subdivision HIC program upon employment. These plans are administered by VRS. Members earn one month of service credit toward the benefit for each month they are employed and for which Schools pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

*Schools' benefit amounts.* For professional employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For professional employees who retire on disability or go on long-term disability under the Virginia Long-term Disability Program (VLDP), the monthly benefit is either: (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. For eligible non-professional employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For eligible non-professional employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is \$45.00 per month.

*Schools' HIC program notes.* The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

#### **Schools' Contributions – Non-Professional Group**

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to Schools by the Virginia General Assembly. The non-professional group's contractually required contribution rate for the year ended June 30, 2019 was 0.2% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate 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 from Schools to the VRS HIC program for the non-professional group were \$124 and \$127 for the years ended June 30, 2019 and June 30, 2018, respectively.

#### **Schools' Contributions – Professional Group**

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to Schools by the Virginia General Assembly. Schools' contractually required employer contribution rate for the year ended June 30, 2019 was 1.2% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate 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 from Schools to the VRS HIC program for the professional group were \$6,678 and \$6,670 for the years ended June 30, 2019 and June 30, 2018, respectively.

#### **Schools' Actuarial Assumptions, Long-Term Expected Rate of Return and Discount Rate**

The actuarial assumptions and mortality rates, long-term expected return and discount rate used by VRS employee HIC program are the same as those used by VRS pension plan for General Employees in the nonprofessional and professional group.

#### **Schools' OPEB Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIC Program OPEB Net HIC OPEB Liability**

At June 30, 2019, the professional group reported a liability of \$85,128 for its proportionate share of the VRS HIC program net OPEB liability. The net VRS HIC program OPEB liability was measured as of June 30, 2018 and the total VRS HIC program OPEB liability used to calculate the net VRS HIC program OPEB liability was determined by an actuarial valuation as of that date. Schools' proportion of the net VRS HIC program OPEB liability was based on the Schools' actuarially determined employer contributions to the VRS HIC program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Schools' proportion of the VRS HIC program for professional group was 6.7% as compared to 6.6% at June 30, 2017.

The non-professional HIC program OPEB liability was measured as of June 30, 2018. The total non-professional HIC program OPEB liability used to calculate the net non-professional HIC program OPEB liability was determined by an actuarial valuation performed

as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

**Schools' Changes in Net HIC OPEB Liability – Non-Professional Group**

<b>Illustration 14-51</b>			
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Plan – Non-Professional Groups</b>			
<b>Changes in Net OPEB Liability</b>			
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2017	\$ 2,299	1,496	803
Changes for the year:			
Service cost	62	-	62
Interest	157	-	157
Differences between expected and actual experience	(58)	-	(58)
Contributions - employer	-	127	(127)
Net investment income	-	106	(106)
Benefit payments, including refunds of employee contributions	(129)	(129)	-
Administrative expenses	-	(3)	3
Other Charges	-	(7)	7
Net changes	32	94	(62)
Balances at June 30, 2018	\$ 2,331	1,590	741

**Sensitivity of Schools' HIC Net OPEB Liability to Changes in the Discount Rate**

Illustration 14-52 presents the VRS HIC program net OPEB liability of the non-professional group using the discount rate of 7.0%, as well as what the non-professional group's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-52</b>			
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Plan – Non-Professional Groups</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability – Non-Professional Group	\$ 1,008	741	515

Illustration 14-53 presents the professional group's proportionate share of the VRS HIC program net OPEB liability using the discount rate of 7.0%, as well as what the professional group's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-53</b>			
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Plan –Professional Groups Sensitivity of Net OPEB Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability – Professional Group	\$ 95,081	85,128	76,663

**Schools' Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB Non-Professional Group**

For the year ended June 30, 2019, Schools recognized VRS HIC program OPEB expense of \$92 for the non-professional group. At June 30, 2019, Schools reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program OPEB for the non-professional group from the sources displayed in Illustration 14-54.

<b>Illustration 14-54</b>		
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Plan –Non-Professional Groups Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	49
Change in actuarial assumptions	-	49
Net difference between projected and actual earnings on HIC OPEB plan investment	-	37
Employer contributions subsequent to the measurement date	124	-
<b>Total</b>	<b>\$ 124</b>	<b>135</b>

\$124 reported as deferred outflows of resources related to the non-professional group HIC OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net non-professional group HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the non-professional group HIC OPEB will be recognized in the OPEB expense in the future reporting periods shown in Illustration 14-55.

<b>Illustration 14-55</b>		
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Plan – Non-Professional Groups</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(32)
2021		(32)
2022		(32)
2023		(20)
2024		(15)
Thereafter		(4)
<b>Total</b>	<b>\$</b>	<b>(135)</b>

**Professional Group**

For the year ended June 30, 2019, Schools recognized VRS HIC program OPEB expense of \$7,275 for the professional group.

At June 30, 2019, Schools reported deferred outflows of resources and deferred inflows of resources related to the Schools' VRS HIC OPEB program for the professional group from the sources displayed in Illustration 14-56.

<b>Illustration 14-56</b>		
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Plan –Professional Groups</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	422
Change in actuarial assumptions	-	742
Net difference between projected and actual earnings on HIC OPEB plan investment	-	64
Employer contributions and proportionate share of Contributions	2,049	-
Employer contributions subsequent to the measurement date	6,678	-
<b>Total</b>	<b>\$ 8,727</b>	<b>1,228</b>

\$6,678 reported as deferred outflows of resources related to Schools' VRS HIC OPEB program for the professional group resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net professional group HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Schools' VRS HIC OPEB program for the professional group will be recognized in the OPEB expense in the future reporting periods displayed in Illustration 14-57.

<b>Illustration 14-57</b>		
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – Health Insurance Credit (HIC) Plan –Professional Groups</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	112
2021		112
2022		112
2023		150
2024		138
Thereafter		197
Total	\$	<u>821</u>

#### **Schools' VRS HIC Program Fiduciary Net Position**

Detailed information about Schools' VRS HIC program's Fiduciary Net Position is available in the separately issued VRS CAFR that includes financial statements and RSI. A copy of that report may be download from their website at <https://www.varetire.org/pdf/publications/2017-annual-report.pdf> or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

#### **B. School Board's (Schools') Virginia Retirement Systems (VRS) – General Life Insurance (GLI) Program**

##### **Schools' Plan Description**

Schools' participates in the VRS GLI Program to provide other post-employment benefits to eligible retired Schools' employees. The VRS GLI program is a multiple employer, cost-sharing, defined benefit plan. The GLI program provides a basic group life insurance benefit for eligible employees.

The GLI program was established July 1, 1960 for all full-time, salaried permanent Schools' employees. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

*Schools' benefit amounts.* The benefits payable under the GLI program have several components. (1) Natural Death Benefit, which is equal to the employee's covered compensation rounded to the next highest thousand and then doubled; (2) Accidental Death Benefit, which is double the natural death benefit; or (3) Other Benefit Provisions, which include accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit and accelerated death benefit option.

*Reduction in Schools' benefit amounts.* The benefit amounts provided to members covered under the GLI program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

*Minimum Schools' benefit amount and COLA.* For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI program. The minimum benefit was set at \$8 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8.

##### **Schools' Contributions**

The contribution requirements for Schools' GLI program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to Schools by the Virginia General Assembly. The total rate for the

GLI program was 1.3% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. The employee component was 0.8% (1.3% x 60%) and the employer component was 0.5% (1.3% x 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Schools has elected to pay the employee share. Schools' contractually required employer contribution rate for the year ended June 30, 2019 was 0.5% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined 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 from Schools to the VRS GLI program were \$3,215 and \$3,137 for the years ended June 30, 2019 and June 30, 2018, respectively.

#### Schools' Actuarial Assumptions, Long-Term Expected Return and Discount Rate

The actuarial assumptions and mortality rates, long-term expected return and discount rate used by VRS employee GLI program are the same as those used by VRS pension plan for General Employees in the non-professional and professional group.

#### Schools' OPEB Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, Schools reported a liability of \$48,187 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. Schools' proportion of the net GLI OPEB liability was based on Schools' actuarially determined employer contributions to the VRS GLI program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Schools' proportion for the professional and non-professional groups, respectively, was 2.9% and 0.3% as compared to 2.8% and 0.3% at June 30, 2017.

For the year ended June 30, 2019, Schools recognized GLI OPEB expense of \$598. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, Schools reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the sources displayed in Illustration 14-58.

<b>Illustration 14-58</b>		
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – General Life Insurance (GLI) Plan</b>		
<b>Deferred Outflows and (Inflows) of Resources at June 30, 2019</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,356	863
Change in actuarial assumptions	-	2,008
Net difference between projected and actual earnings on GLI OPEB plan investment	-	1,568
Change in proportion and differences between employer contributions and proportionate share of contributions	1,261	20
Employer contributions subsequent to the measurement date	3,215	-
<b>Total</b>	<b>\$ 6,832</b>	<b>4,459</b>

\$3,215 reported as deferred outflow of resources related to the GLI OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in the future reporting periods displayed in Illustration 14-59.

<b>Illustration 14-59</b>		
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – General Life Insurance (GLI) Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(449)
2021		(449)
2022		(449)
2023		-
2024		309
Thereafter		196
Total	\$	<u>(842)</u>

#### **Sensitivity of the Schools' Proportionate Share of the GLI Net OPEB Liability to Changes in the Discount Rate**

The following presents Schools' proportionate share of the VRS GLI program net OPEB liability using the discount rate of 7.0%, as well as what Schools' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate displayed in Illustrations 14-60 and 14-61.

<b>Illustration 14-60</b>			
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – General Life Insurance (GLI) Plan</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Proportionate share of the VRS GLI OPEB Plan Net GLI OPEB Liability – Non-Professional Group	\$ <u>6,060</u>	<u>4,637</u>	<u>3,482</u>

<b>Illustration 14-61</b>			
<b>School Board's (Schools') Virginia Retirement Systems (VRS) – General Life Insurance (GLI) Plan</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Proportionate share of the VRS GLI OPEB Plan Net GLI OPEB Liability – Professional Group	\$ <u>56,915</u>	<u>43,550</u>	<u>32,700</u>



**Schools' VRS GLI Program Fiduciary Net Position**

Detailed information about the Schools' VRS GLI program's Fiduciary Net Position is available in the separately issued VRS CAFR that includes financial statements and RSI. A copy of that report may be download from their website at <https://www.varetire.org/pdf/publications/2017-annual-report.pdf> or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

**C. Prince William County School Board (Schools) – Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan**

**Plan Activity for the Fiscal Year Ending June 30, 2019:**

Illustration 14-62 is a summary of the Statement of Fiduciary Net Position of the OPEB Master Trust Related to the Schools Premium Plan.

Illustration 14-62			
School Board's (Schools') Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan			
Statement of Fiduciary Net Position			
For the year ended June 30, 2019			
<b>Assets:</b>			
Restricted investments			37,331
	Total assets	\$	37,331
<b>Liabilities:</b>			
Accounts payable			7
	Total liabilities		7
<b>Net position:</b>			
Net position restricted for OPEB			37,324
	Total net position	\$	37,324

Illustration 14-63 is a summary of the Statement of Changes in Fiduciary Net Position of the OPEB Master Trust related to the Schools Premium Plan.

<b>Illustration 14-63</b>			
<b>School Board's (Schools') Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan</b>			
<b>Statement of Changes Fiduciary Net Position</b>			
<b>For the year ended June 30, 2019</b>			
<b>Additions:</b>			
Employer contributions		\$	1,800
	Total contributions		<u>1,800</u>
<b>Investment Income:</b>			
Total investment income			2,319
Less: investment expense			<u>(71)</u>
	Net investment income		<u>2,248</u>
	Total additions		<u>4,048</u>
<b>Deductions:</b>			
Administrative expenses			<u>2</u>
	Total deductions		<u>2</u>
Change in net position			4,046
Net position, beginning of year			<u>33,278</u>
Net position, end of year		\$	<u><u>37,324</u></u>

#### Schools' Plan Description

Schools contributes to the Prince William County OPEB Master Trust Fund in the School Boards Premium Plan, an agent multiple-employer defined benefit post-employment benefits trust fund administered by the County. As such, it is reported in accordance to GASB Statement 74.

The OPEB Master Trust is not a part of the Schools reporting entity and does not issue stand-alone financial statements. The OPEB Master Trust is part of the County's reporting entity and the County issues a publicly available CAFR that includes financial statements and RSI for the OPEB Master Trust. A copy of that report may be obtained by writing Prince William County at 1 County Complex Court, Prince William, Virginia 22192 or by download from their website at <http://www.pwcgov.org/>.

At July 1, 2018 (valuation date), the following employees were covered by the benefit terms displayed in Illustration 14-64.

<b>Illustration 14-64</b>	
<b>School Board's (Schools') Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan</b>	
<b>Plan Membership as of the Valuation Date of July 1, 2018</b>	
Active members	6,750
Inactive members receiving benefits	<u>242</u>
Total covered members	<u><u>6,992</u></u>

## Schools' Actuarial Methods and Assumptions

Schools' total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified in Illustration 14-65.

<b>Illustration 14-65</b>	
<b>School Board's (Schools') Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan</b>	
<b>Actuarial Methods and Assumptions</b>	
Valuation date	July 1, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal
Asset valuation method	Market value of assets, assets were assumed to earn 7.0% per annum
Payroll growth	3.0% per year-used in level percentage of pay amortization
Subsidy rate	It is assumed that all retirees will receive a 30.0% subsidy. This is based on the average of all current subsidies, and not an actual subsidy option.
Medical trend:	The medical trend assumption is based on a model developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in December 2007 and updated in 2018. We have a blended medical trend rate of 3.8% based on the following baseline assumptions were used as input variables into a model:
	Rate of Inflation 2.4%
	Rate of Growth in real income/GDP per capita 1.5%
	Income Multiplier for Health Spending 1.2
	Health Share of GDP Resistance Point 25.0%
	Year of Limiting Cost Growth to GDP Growth 2075

**Illustration 14-65 (cont'd)**

**School Board's (Schools') Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan  
Actuarial Methods and Assumptions**

Discount rate / Investment rate of return	7.0% per annum. Because the plan's assets are currently 65.0% of the liabilities, and Schools intends to continue to contribute, the long-term expected rate of return on assets of 7.0% can be used as the discount rate.
Coverage status and age of spouse	Active employees that currently have coverage: 35.0% are assumed to continue coverage in retirement. Females are assumed to be 3 years younger than male spouse. Of active employees electing retirement health coverage 25.0% are assumed to have spousal or family coverage. Of these 25.0% with spouse or family coverage, approximately 75.0% are assumed to have retiree and spouse and 25.0% have family coverage. Employees currently waiving coverage are assumed to continue to waive coverage in retirement.
Professional / Non-Professional	It is assumed that 80% of actives are professionals and 20% are non-professionals. This is used to determine the subsidy, since the active subsidy is different for professionals and non-professionals.
Amortization method	Unfunded (Surplus) liabilities are amortized using level percentage of projected pay.
Amortization period	The amortization period is closed and equals 30 years as of June 30, 2019.
Decrement assumptions	VRS Termination Rates for Teachers
Mortality assumption	None – not material, since benefits end at 65.

**Schools' Net OPEB Liability**

Schools' net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

**Schools' Changes in the Net OPEB Liability**

Changes in the net OPEB liability for the year ended June 30, 2019 are displayed in Illustration 14-66.

**Illustration 14-66**

**School Board's (Schools') Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan  
Net OPEB Liability**

Total OPEB liability	\$	57,677
Plan fiduciary net position		<u>(37,324)</u>
Net OPEB liability	\$	<u><u>20,353</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		64.7%

**Sensitivity of Schools’ Net OPEB Liability to Changes in the Discount Rate**

Illustration 14-67 represents the net OPEB liability calculated using the discount rate of 7.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-67</b>			
<b>School Board’s (Schools’) Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Net OPEB liability	\$ 25,333	20,353	15,843

**Sensitivity of Schools’ Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

Illustration 14-68 represents the total and net OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the assumed trend rate.

<b>Illustration 14-68</b>			
<b>School Board’s (Schools’) Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan</b>			
<b>Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
	<b>1% Decrease (2.8%)</b>	<b>Current Discount Rate (3.8%)</b>	<b>1% Increase (4.8%)</b>
Net OPEB liability	\$ 13,773	20,353	28,124

**D. Prince William County School Board (Schools) – Retiree Health Insurance Premium Plan**

**Schools’ Plan Description**

Other post-employment benefits provided by Schools include a single-employer defined benefit self-insurance medical plan and a retiree health insurance premium contribution plan that cover retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they attain age 65. Both plans were established under the authority of the School Board. Any amendments to the plans must be approved by the School Board.

The Schools’ single-employer self-insurance medical plan allows retirees under age 65 to remain in the same medical and dental plan as active employees.

The Schools’ retiree health insurance premium contribution plan allows eligible retirees to have the option to exchange their accrued, unused sick leave for a School Board contribution to offset the cost of the Schools health insurance premiums in retirement. The retiring employee must be between the ages of 55 and 65, have a minimum of 125 days of accrued sick leave, be currently enrolled in the Schools group health insurance plan, and meet the service requirements to participate in Schools’ Retirement Opportunity Program.

The School Board will pay between 25 to 100 percent of the amount contributed by retirees who enrolled in the school division’s post-retirement medical plan depending on the number of sick leave days exchanged. The plan became effective on July 1, 2000.

At July 1, 2018 (valuation date), the following employees were covered by the benefit terms displayed in Illustration 14-69.

<b>Illustration 14-69</b>	
<b>Prince William County School Board (Schools') – Retiree Health Insurance Premium Plan</b>	
<b>Plan Membership as of the Valuation Date of July 1, 2018</b>	
Active employees	6,750
Inactive members receiving benefits	242
Total covered members	6,992

### Schools' Contributions

Post-employment healthcare expenses, depending on the number of sick leave days exchanged, are made from the Health Insurance Fund, which is maintained on the full accrual basis of accounting. The School Board establishes employer contribution rates for plan participants and determines how the plan will be funded as part of the budgetary process each year. Retirees pay the full budgeted rates for coverage under the medical plan. Schools currently pays benefits on a pay-as-you-go basis and contributed \$1,800 to Schools' OPEB Master Trust Fund – School Board Premium Plan to fund the current year liability. For the year ended June 30, 2018, plan members received \$5,883 in benefits and contributed \$2,842 in premiums, resulting in net benefits paid by Schools of \$3,041. For the year ended June 30, 2019, plan members received \$5,641 in benefits and contributed \$2,581 in premiums, resulting in net benefits paid by Schools of \$3,060.

### Schools' Actuarial Methods and Assumptions

Schools' total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified in Illustration 14-70.

<b>Illustration 14-70</b>											
<b>Prince William County School Board (Schools') – Retiree Health Insurance Premium Plan</b>											
<b>Actuarial Methods and Assumptions</b>											
Valuation date	July 1, 2018										
Measurement date	June 30, 2018										
Actuarial cost method	Entry Age Normal										
Asset valuation method	Market value of assets, assets were assumed to earn 7.0% per annum										
Payroll growth rate	3.0% per year-used in level percentage of pay amortization										
Subsidy rate	It is assumed that all retirees will receive a 30.0% subsidy. This is based on the average of all current subsidies, and not an actual subsidy option.										
Medical trend	The medical trend assumption is based on a model developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in December 2007 and updated in 2018. We have a blended medical trend rate based on the baseline assumptions were used as input variables into a model: <table border="0" style="margin-left: 40px;"> <tr> <td>Rate of Inflation</td> <td style="text-align: right;">2.4%</td> </tr> <tr> <td>Rate of Growth in real income/GDP per capita</td> <td style="text-align: right;">1.5%</td> </tr> <tr> <td>Income Multiplier for Health Spending</td> <td style="text-align: right;">1.2</td> </tr> <tr> <td>Health Share of GDP Resistance Point</td> <td style="text-align: right;">25.0%</td> </tr> <tr> <td>Year of Limiting Cost Growth to GDP Growth</td> <td style="text-align: right;">2075</td> </tr> </table>	Rate of Inflation	2.4%	Rate of Growth in real income/GDP per capita	1.5%	Income Multiplier for Health Spending	1.2	Health Share of GDP Resistance Point	25.0%	Year of Limiting Cost Growth to GDP Growth	2075
Rate of Inflation	2.4%										
Rate of Growth in real income/GDP per capita	1.5%										
Income Multiplier for Health Spending	1.2										
Health Share of GDP Resistance Point	25.0%										
Year of Limiting Cost Growth to GDP Growth	2075										
Discount rate / Investment rate of return	7.0% per annum. Because the plan's assets are currently 65.0% of the liabilities, and Schools intends to continue to contribute, the long-term expected rate of return on assets of 7.0% can be used as the discount rate.										

**Illustration 14-70 (cont'd)**

**Prince William County School Board (Schools') – Retiree Health Insurance Premium Plan**

**Actuarial Methods and Assumptions**

Coverage status and age of spouse	Active employees that currently have coverage: 35.0% are assumed to continue coverage in retirement. Females are assumed to be 3 years younger than male spouse. Of active employees electing retirement health coverage 25.0% are assumed to have spousal or family coverage. Of these 25.0% with spouse or family coverage, approximately 75.0% are assumed to have retiree and spouse and 25.0% have family coverage. Employees currently waiving coverage are assumed to continue to waive coverage in retirement.
Professional / Non-Professional	It is assumed that 80.0% of actives are professionals and 20.0% are non-professionals. This is used to determine the subsidy, since the active subsidy is different for professionals and non-professionals.
Amortization method	Unfunded / (Surplus) liabilities are amortized using level percentage of projected pay.
Amortization period	The amortization period is closed and equals 30 years as of June 30, 2019.
Decrement assumptions	VRS Termination Rates for Teachers
Mortality assumption	None – not material, since benefits end at 65.
Claims assumption	The three Anthem plans are self-insured. To determine the assumed cost and the retiree contributions, we weighted the FY 2019 premium rates by the current enrollment. Gross claims are equal to the age adjusted assumed cost. The results were increased by a load of 1.37 so that the 2019 retiree portion of premiums would equal the expected FY 2019 retiree paid claims. The resulting average per age 65 claims were age adjusted. The chart below shows the current cost broken down between the published per capita cost (i.e., the blended rates) and the hidden subsidy.

Total Costs (per annum)	FY 2019	
	Single	Family
1. Assumed Costs (Explicit Costs)		
a. Pre-Medicare	\$ 8.1	\$ 19.1
2. Total Medical Costs (including prescription drugs)		
a. Under 50	\$ 10.4	\$ 24.5
b. Age 50-54	12.7	30.0
c. Age 55-59	14.9	35.0
d. Age 60-64	17.9	42.2

**Schools' Net OPEB Liability**

Schools' net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

### Schools' Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year ended June 30, 2019 are displayed in Illustration 14-71.

<b>Illustration 14-71</b>				
<b>Prince William County School Board (Schools') – Retiree Health Insurance Premium Plan</b>				
<b>Changes in Net OPEB Liability</b>				
		<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position - Increase (Decrease)</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2017 for FY 2018	\$	68,361	29,946	38,415
Changes for the year:				
Service cost		3,015	-	3,015
Interest		4,652	-	4,652
Differences between expected and actual experience		(18,166)	-	(18,166)
Contributions - employer		-	4,041	(4,041)
Net investment income		-	2,340	(2,340)
Benefit payments		(3,042)	(3,042)	-
Administrative expenses		-	(7)	7
Net changes		(13,541)	3,332	(16,873)
Balances at June 30, 2018 for FY 2019	\$	54,820	33,278	21,542

### Sensitivity of Schools' Net OPEB Liability to Changes in the Discount Rate

Illustration 14-72 represents the net OPEB liability calculated using the discount rate of 7.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

<b>Illustration 14-72</b>				
<b>Prince William County School Board (Schools') – Retiree Health Insurance Premium</b>				
<b>Plan Sensitivity of Net OPEB Liability to Changes in the Discount Rate</b>				
		<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Net OPEB liability	\$	26,292	21,542	17,249



**Sensitivity of Schools' Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

Illustration 14-73 represents the total and net OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (2.8%) or one percentage point higher (4.8%) than the assumed trend rate.

<b>Illustration 14-73</b>			
<b>Prince William County School Board (Schools') – Retiree Health Insurance Premium</b>			
<b>Plan Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
	<b>1% Decrease (2.8%)</b>	<b>Current Discount Rate (3.8%)</b>	<b>1% Increase (4.8%)</b>
Net OPEB liability	\$ 15,712	21,542	28,411

**Schools' OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, Schools recognized OPEB expense of \$3,055. At June 30, 2019, Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources displayed in Illustration 14-74.

<b>Illustration 14-74</b>			
<b>Prince William County School Board (Schools') – Retiree Health Insurance Premium</b>			
<b>Plan Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	-	15,571
Net difference between projected and actual earnings on OPEB plan investments		277	-
Employer contributions subsequent to the measurement date		4,860	-
Total	\$	<u>5,137</u>	<u>15,571</u>

\$4,860 reported as deferred outflows of resources related to OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense per Illustration 14-75.

<b>Illustration 14-75</b>		
<b>Prince William County School Board (Schools') – Retiree Health Insurance Premium Plan</b>		
<b>Amortization of Deferred Outflows and (Inflows) of Resources</b>		
<b>Year ended June 30,</b>		
2020	\$	(2,489)
2021		(2,489)
2022		(2,489)
2023		(2,637)
2024		(2,595)
Thereafter		(2,595)
<b>Total</b>	<b>\$</b>	<b>(15,294)</b>

**NOTE (15) – 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, \$500 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 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.

The County's pre-65 retirees with over fifteen (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 fully insured HMO and vision options to employees. The County expended \$45,817 for claims and administration in fiscal year 2019.

All of the County's Self-Insurance plans also have excess reinsurance administered by a commercial insurance carrier. This is to prevent settlements from exceeding our insurance coverage at any time. In fiscal years 2019, 2018 and 2017, settlements did not exceed our insurance coverage in each of our Self-Insurance plans in each fiscal year.

Illustration 15-1 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 15-1</b>					
<b>Prince William County Self-Insurance</b>					
<b>Other Self Insurance, Casualty Pool, Workers' Compensation Association and 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, 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
Total claims incurred, fiscal year 2018		213	474	2,389	38,811
Total claims paid, fiscal year 2018		(117)	(355)	(3,441)	(38,802)
Unpaid claims June 30, 2018		274	586	15,817	4,704
Total claims incurred, fiscal year 2019		69	790	1,902	43,671
Total claims paid, fiscal year 2019		(75)	(629)	(2,459)	(43,956)
Unpaid claims June 30, 2019	\$	<u>268</u>	<u>747</u>	<u>15,260</u>	<u>4,419</u>

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

**NOTE (16) - 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 \$83 and \$0 respectively at June 30, 2019.

**NOTE (17) - RELATED ORGANIZATIONS**

**A. Industrial Development Authority of the County of Prince William, Virginia**

The Industrial Development Authority of the County of Prince William, Virginia (IDA) was established by the Board pursuant to Title 15.2, Chapter 49 of the *Code of Virginia*, commonly known as the Industrial Development and Revenue Bond Act of 1950, and later amended, and pursuant to Chapter 2, Article VI in the Code of the County of Prince William. The IDA is a separate and distinct legal entity from the County and considered a political subdivision of the Commonwealth governed by seven directors, who are 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 by encouraging other enterprises including institutions of higher education to relocate to the County and further the use of local agricultural products and natural resources.

The IDA does not have taxing authority to help finance such activities to facilitate the County's economic development initiatives. However, they can issue tax-exempt conduit debt with the approval of the County's Board, otherwise known as industrial development bonds, which is an alternative financing arrangement for outside enterprises. This type of bond is advantageous to outside enterprises, because the bonds have lower issuance costs than other debt arrangements and extend to their buyers the federal and State tax-exempt status on interest earned. These bonds do not constitute indebtedness of the County or the Commonwealth and are secured solely by revenues received from the enterprises. The County has no financial responsibility for the day-to-day financial transactions of the IDA. More information about the IDA can be found at <https://www.pwcida.org/>.

## B. Service Authority

The Prince William County Service Authority (Service Authority) was established under Title 15.1, Chapter 28 of the Code of Virginia, commonly known as the Virginia Water and Waste Authorities Act, and pursuant to an adopted resolution by the Board on January 11, 1983. It was chartered by the State Corporation Commission and is an independent public body responsible for providing a comprehensive county-wide water and sewer system. The daily management of the Service Authority is the responsibility of the General Manager, who is appointed by the Service Authority's eight-member Board, who are appointed by the County Board. The eight-members of the Service Authority's Board are appointed by the County Board. The Service Authority's Board is charged with carrying out the Service Authority's fiscal and management functions. Funds to finance operations and capital improvements are principally financed by user charges set by the Service Authority's Board and by issuing their own bonds. The Service Authority is an independent public body, who is solely responsible for all its outstanding debt.

Upon creation, the Service Authority assumed and manages the County's interest in the Upper Occoquan Sewage Authority (UOSA), a regional joint venture, to supplement the County's water and sewage capacity needs, especially as the County grows. In 1992, the County entered into a Service Agreement with the Service Authority for the Service Authority to assume and pay the County's remaining debt service balance due to UOSA for an annual contribution that declined over a period of years until paid off in 2021. On December 11, 2012, the County and the Service Authority amended their agreement whereby the Service Authority assumed the County's remaining debt service balance due to UOSA and established a non-cash credit for the benefit of the County of \$13,782, equal to the County's previous payments to UOSA. The County may use this credit to purchase water and sewer availability, or any Service Authority asset offered for sale and will be reduced accordingly. The balance of the County's unused portion of the credit at June 30, 2019, is \$11,482. More information about the Service Authority can be found at <https://www.pwcsa.org/>.

## C. Northern Virginia Criminal Justice Training Academy-Emergency Vehicle Operations Center

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. NVCJTA serves 17 participating law enforcement agencies in the Metropolitan DC area and partners with Fairfax County and Prince William County Criminal Justice Academies for operating and maintaining its Emergency Vehicle Operations Center (EVOC). In 2006, the County and some surrounding jurisdictions agreed to issue bonds to finance the construction and equip the EVOC. The County, specifically, agreed to pay up to 30% of the total debt service payments as well as a pro rata portion of operating and maintenance expenses as was approved by the Board of County Supervisors on September 6, 2005 via Resolution Number 05-770. The County has no role in managing the EVOC's day-to-day operations. The EVOC was completed in 2012.

On September 24, 2015, NVCJTA issued by means of Loudoun County's Industrial Development Authority the 2015 Private Placement Bonds in the amount of \$9,613 to advance refund the 2006 Series Revenue Bonds outstanding balance of \$11,990, with maturity date of June 1, 2026. In exchange for using the Center and taking advantage of the savings from refunding debt, the County agreed to pay \$3,800, a portion of the total debt service. The County Board commits funds during the general fund's annual budget adoption process. The County paid its portion of the 2015 Series Bonds debt service payments of \$359 and \$105 for the County's portion of operating expenses as of June 30, 2019. See Illustration 17-1 for future long-term obligations regarding County payments to cover the 2015 Series Bonds debt service.

Illustration 17-1		
County's Share of NVCJTA Debt Service Requirements		
Year Ending June 30:		
2020	\$	352
2021		344
2022		337
2023		330
2024		323
2025 thru 2026		608
Total	\$	<u>2,294</u>

More information about NVCJTA can be found at <https://www.nvcja.org/>.

#### **D. Northern Virginia Transportation Authority**

The Northern Virginia Transportation Authority (NVTA) was established under Title 33.2, Chapter 25 of the Code of Virginia, commonly known as the Northern Virginia Transportation Authority Act. NVTA embraces the Counties of Arlington, Fairfax, Loudoun and Prince William, and the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park and is governed by a Board of seventeen members from the participating jurisdictions serving 1-year terms. It is a regional body that is focused on delivering real transportation solutions and value for Northern Virginia's transportation dollars by bringing Northern Virginia jurisdictions and agencies together to prioritize projects and implement solutions. NVTA has a technical advisory committee to provide recommendations on the development of transportation projects, funding strategies and other matters.

Effective July 1, 2013 authorized by House Bill 2313 passed by the Virginia General Assembly on April 3, 2013, the State retail sales and use tax increased from 5.0% to 6.0% in the Northern Virginia region. 0.3% of the 1.0% increase are earmarked revenues to be deposited in the State Highway Maintenance Operating Fund. However, the remaining 0.7% increase, the 2.0% transient occupancy tax, and fee on grantors of real property equal to \$0.15 per \$100 of real property sold by such persons in the Northern Virginia area are deposited with NVTA and used for transportation projects within Northern Virginia. The bill and Memorandum of Understanding with the jurisdictions, further states that 30% of these revenues are to be distributed to the participating jurisdictions on a pro rata basis for local transportation projects and 70% to be used for regional transportation projects after making debt service payments to be used at NVTA's discretion. NVTA is a separate legal entity from the County and is solely responsible for its own operations and debt. More information about NVTA can be found at <https://thenovaauthority.org/>.

#### **NOTE (18) - 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. More information about PRTC can be found at <https://www.omniride.com>.

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. More information about PRTC can be found at: <https://www.omninde.com>.

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

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

##### **Legal Matters**

The County is liable with respect to lawsuits and other claims that arise in the ordinary course of business and in most cases, the outcome of these matters is not currently estimable. However, it is the opinion of the County that these matters will not have a material adverse effect on the County's financial position.

##### **Virginia Railway Express**

In May 2005, NVTC and PRTC entered 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, 2019, the outstanding balance on the capitalized lease was approximately \$10,030.

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 was secured by the revenues of VRE and the railcars. In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA consolidated promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA. The VRA Bond payable amount at June 30, 2019, was \$44,360.

The County, through its membership in the PRTC, has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the VRE. Each jurisdiction's share is determined by a formula set out in the Master Agreement. It is estimated the County's share of this cost will be approximately \$6,184 annually and will be provided by a direct transfer of funding in the Northern Virginia Transportation Authority (NVTA) 30% funds to the VRE. More information about VRE can be found at <https://www.vre.org>.

#### **Other Matters**

The County receives grant funds from the Commonwealth and Federal government primarily that are used to fund various programs throughout the County. These programs are subject to audit by the grantor presently and in the near future, and the County is contingently liable to refund amounts received in excess of allowable expenditures. However, it is the opinion of the County that no material refunds will be required if these audits are performed.

#### **NOTE (20) – SUBSEQUENT EVENTS**

##### **Land Purchases:**

On June 25, 2019, the Board of County Supervisors approved Resolution No. 19-336 authorizing the execution of three purchase agreements totaling approximately \$1,370 for eight parcels of approximately 74.6816 acres of land adjacent to Doves Landing Park to create a contiguous 309-acre park. The purchase agreements were executed subsequent to June 30, 2019. Settlement occurred in September 2019.

On January 21, 2019, the Board of County Supervisors approved Resolution No. 20-073 authorizing the purchase authorized the purchase of 6.58 acres of land at 11301 Inspiration Court for \$1,605. The County anticipates settlement by June 30, 2020.

##### **Land Sales:**

On September 17, 2019, the Board of County Supervisors approved Resolution No. 19-443 authorizing the sale of approximately 4.51 acres of County-owned property located at 8511 Virginia Meadows Drive for a sales price of \$1,450. The County anticipates settlement by June 30, 2020.

On October 15, 2019, the Board of County Supervisors approved Resolution No. 19-506 authorizing the sale of approximately 5.4092 acres of County-owned property at 8324 Bethlehem Road for a sales price of 41,363. The County anticipates settlement no later than December 31, 2021, with an option to extend.

On December 3, 2019, the Board of County Supervisors approved Resolution No. 19-582 authorizing the sale of approximately 8.415 acres of County-owned property at 9665 Discovery Boulevard for a sale price of \$2,085, net of an \$115 incentive credit to the purchaser. The County anticipates settlement no later than December 31, 2020.

##### **Bonds:**

On October 8, 2019, the Board of County Supervisors approved Resolution No. 19-477 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority (VPSA) in an amount not to exceed \$378,500 for the purpose of

financing various school construction projects not to exceed \$128,250 and refunding other outstanding general obligations school bonds not to exceed \$250,250.

On October 16, 2019, the County sold the VPSA Special Obligation School Financing Bonds, Series 2019A, in the par amount of \$109,155 to finance the acquisition and construction of three new schools, one new bus facility, six additions, five school renewals, two new auxiliary gymnasiums, and two stadium upgrades. True interest cost was 2.18%.

On October 17, 2019, the County sold the VPSA Special Obligation School Financing Refunding Bonds, Series 2019B in the par amount of \$34,610, which retired general obligation bonds series 2011 with \$6,960 remaining principal, Series 2012 with \$9,840, and Series 2013 with \$14,990, totaling \$31,790. It resulted in a debt service savings of \$3,485 and a net present value interest savings of \$2,953. True interest cost was 2.67%.

On November 5, 2019, the majority of voters in Prince William County approved two separate referenda seeking authority for the County to issue \$355,000 and \$41,000 of general obligation bonds to provide revenue for specific transportation and parks projects, respectively.

**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, 2019  
(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
FROM LOCAL SOURCES:				
GENERAL PROPERTY TAXES:				
Real property taxes	\$ 645,860	645,860	641,094	(4,766)
Real and personal property taxes of public service corporations	20,978	20,978	20,296	(682)
Personal property taxes	188,236	133,936	141,126	7,190
Penalties and interest	7,142	7,142	7,627	485
Total general property taxes	862,216	807,916	810,143	2,227
OTHER LOCAL TAXES:				
Short term rental taxes	453	453	522	69
Local sales taxes	66,190	66,190	68,710	2,520
Consumer's utility taxes	14,810	14,810	14,443	(367)
Bank stock taxes	1,500	1,500	2,307	807
Motor vehicle license taxes	8,870	8,870	8,987	117
Recordation taxes	10,200	10,200	10,687	487
Business, professional and occupational license taxes	26,200	26,200	26,945	745
Public utility gross receipts taxes	1,400	1,400	1,602	202
Transient occupancy taxes	3,570	3,570	4,253	683
Total other local taxes	133,193	133,193	138,456	5,263
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:				
Animal licenses	141	196	234	38
Fire protection permits	1,481	141	199	58
Health protection permits	177	177	212	35
Cable franchise fees	1,481	1,481	1,327	(154)
Permits and other licenses	71	71	98	27
Total permits, privilege fees and regulatory licenses	3,351	2,066	2,070	4
FINES AND FORFEITURES:				
	3,096	3,346	3,456	110
FROM USE OF MONEY AND PROPERTY:				
Use of money	10,517	(552)	3,829	4,381
Use of property	702	818	1,077	259
Total revenues from use of money and property	11,219	266	4,906	4,640
CHARGES FOR SERVICES:				
Court costs	2,025	2,025	2,010	(15)
Correction and detention	1,101	1,101	1,011	(90)
Commonwealth's Attorney	-	-	20	20
Parks and recreation	8,507	8,532	7,542	(990)
Mental health and developmental disabilities	740	740	1,150	410
Welfare and social services	192	198	181	(17)
Library	663	663	582	(81)
Planning and community development	172	172	-	(172)
Public safety	1,057	1,057	1,069	12
Other charges	363	368	499	131
Total charges for services	14,820	14,856	14,064	(792)
Total revenues from local sources	1,027,895	961,643	973,095	11,452
THE FEDERAL GOVERNMENT:				
Payments in lieu of taxes	70	70	81	11
Categorical aid grants:				
Aging programs	1,097	1,189	896	(293)
United States Department of Agriculture	110	110	135	25
Welfare programs	12,535	13,615	15,457	1,842
Mental health, developmental disabilities and substance abuse programs	2,816	3,527	2,846	(681)
Homeland Security grants	-	729	647	(82)
Expenditure reimbursement for social services	330	330	-	(330)
Other	236	623	2,495	1,872
Total revenues from the federal government	17,194	20,193	22,557	2,364

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, 2019  
(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>THE COMMONWEALTH:</b>				
<b>NONCATEGORICAL AID:</b>				
Personal property tax relief act	-	54,300	54,288	(12)
Communications sales and use taxes	17,950	17,950	16,432	(1,518)
Anti-Annexation public safety	9,398	9,398	9,835	437
Mobile home taxes	35	35	46	11
Rental car taxes	970	970	1,524	554
Rolling stock taxes	90	90	95	5
Total noncategorical aid	28,443	82,743	82,220	(523)
<b>SHARED EXPENDITURES:</b>				
Commonwealth's Attorney	1,717	1,717	1,939	222
Sheriff	1,759	1,759	1,832	73
Director of Finance	560	560	699	139
Registrar	84	84	88	4
Clerk of the Court	1,333	1,368	1,900	532
Total shared expenditures	5,453	5,488	6,458	970
<b>CATEGORICAL AID:</b>				
Public safety	1,215	1,526	1,940	414
Fire programs	1,256	1,304	1,791	487
Library	524	524	563	39
Public assistance and welfare administration	14,302	17,450	16,931	(519)
Public health	228	228	338	110
Total categorical aid	17,525	21,032	21,563	531
<b>OTHER CATEGORICAL AID:</b>				
Aging program	424	416	449	33
Community services	17,209	17,646	17,629	(17)
Juvenile detention	2,085	2,238	2,302	64
Criminal justice services	1,029	1,029	1,057	28
Police extraditions	30	30	38	8
Sheriff extraditions	25	25	27	2
Victim/witness program	194	194	86	(108)
Other	632	642	387	(255)
Total other categorical aid	21,628	22,220	21,975	(245)
Total revenues from the Commonwealth	73,049	131,483	132,216	733
<b>LOCAL GOVERNMENTS:</b>				
City of Manassas	5,624	5,624	5,670	46
City of Manassas Park	2,076	2,076	2,064	(12)
Total revenues from local governments	7,700	7,700	7,734	34
<b>MISCELLANEOUS:</b>				
Expenditure refunds	529	608	1,224	616
Donations - Proffers	-	7,416	7,416	-
Donations - Other	5,008	670	516	(154)
Other	795	926	460	(466)
Total miscellaneous revenues	6,332	9,620	9,616	(4)
Total budgetary revenues	1,132,170	1,130,639	1,145,218	14,579
<b>BUDGETARY EXPENDITURES:</b>				
<b>GENERAL GOVERNMENTAL ADMINISTRATION:</b>				
Board of County Supervisors	3,988	4,063	3,487	576
County Attorney	3,916	3,939	3,890	49
Office of Executive Management	9,810	9,899	9,664	235
Finance	21,073	21,122	20,403	719
Audit Services	773	669	675	(6)
Human Rights	852	791	779	12
Board of Registration/Elections	1,855	1,992	1,989	3
Mailroom and Print Shop	523	719	707	12
Fleet	2,683	4,054	4,045	9
Contingency reserve	544	-	-	-
Unemployment insurance reserves	125	70	65	5
Total general governmental administration	46,142	47,318	45,704	1,614

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, 2019

(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>JUDICIAL ADMINISTRATION:</b>				
Commonwealth's Attorney	6,270	6,193	6,153	40
Sheriff	10,866	10,958	10,872	86
Juvenile and Domestic Relations Court	109	108	89	19
Clerk of Court/Judges Chambers	4,853	5,445	5,083	362
General District Court	280	292	205	87
Magistrates	116	114	110	4
Total judicial administration	22,494	23,110	22,512	598
<b>PUBLIC SAFETY:</b>				
Public Works - Development	2,718	2,798	2,577	221
Police	107,018	110,129	109,857	272
Juvenile Court Services Unit	935	1,028	890	138
Adult Detention Center	30,512	29,070	28,713	357
Correction and detention of youth	7,718	7,806	7,799	7
Criminal Justice Services	4,438	4,462	4,309	153
Public Safety Communications	11,207	11,083	10,767	316
Fire and Rescue	93,052	95,224	93,844	1,380
Northern Virginia Criminal Justice Training Academy	372	372	359	13
Total public safety	257,970	261,972	259,115	2,857
<b>PUBLIC WORKS:</b>				
Public Works	28,945	29,682	29,262	420
Transportation	2,850	3,125	2,856	269
Property and Miscellaneous Insurance	7,241	1,114	1,114	-
Total public works	39,036	33,921	33,232	689
<b>HEALTH AND WELFARE:</b>				
Social Services	44,118	50,250	49,878	372
Public Health	3,402	3,422	3,253	169
Community Services Board	46,943	47,562	45,251	2,311
Aging	6,156	6,422	5,996	426
Total health and welfare	100,619	107,656	104,378	3,278
<b>EDUCATION:</b>				
Schools	582,640	473,517	473,433	84
<b>PARKS, RECREATIONAL AND CULTURAL:</b>				
Parks and recreation	30,945	34,370	32,584	1,786
Library	17,759	17,653	17,061	592
Total parks, recreational and cultural	48,704	52,023	49,645	2,378
<b>COMMUNITY DEVELOPMENT:</b>				
Planning	3,966	4,038	3,940	98
Economic and community development	5,948	8,184	5,901	2,283
Extension and continuing education	921	1,035	926	109
Total community development	10,835	13,257	10,767	2,490
<b>DEBT SERVICE:</b>				
Principal retirement	26,131	97,685	97,685	-
Interest and other debt costs	14,858	48,802	48,358	444
Total debt service	40,989	146,487	146,043	444
Total budgetary expenditures	1,149,429	1,159,261	1,144,829	14,432
Excess / (deficiency) of budgetary revenues over / (under) expenditures	(17,259)	(28,622)	389	29,011
<b>OTHER FINANCING SOURCES / (USES):</b>				
<b>TRANSFERS IN FROM:</b>				
Fire & rescue levy fund	23,636	24,336	24,336	-
Special Revenue funds	7,445	7,452	7,433	(19)
Capital projects funds	190	14,258	14,258	-
Internal service funds	-	1,366	1,366	-
Enterprise funds	1,922	1,169	1,169	-
Total transfers in	33,193	48,581	48,562	(19)

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, 2019  
(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>TRANSFERS OUT TO:</b>				
Special revenue funds	(4,371)	(4,551)	(4,550)	1
Capital projects funds	(10,159)	(58,284)	(58,219)	65
Internal service funds	-	(122)	(122)	-
Enterprise Funds	(1,791)	(4,225)	(4,225)	-
Total transfers out	(16,321)	(67,182)	(67,116)	66
<b>NON-REVENUE RECEIPTS:</b>				
Insurance claims and recoveries	-	-	13	13
Sale of surplus property	174	174	369	195
Total non-revenue receipts	174	174	382	208
Total other financing sources / (uses)	17,046	(18,427)	(18,172)	255
Net change in budgetary fund balance	(213)	(47,049)	(17,783)	29,266
<b>BUDGETARY FUND BALANCE, beginning of year</b>	<b>218,662</b>	<b>218,662</b>	<b>218,662</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, end of year</b>	<b>\$ 218,449</b>	<b>171,613</b>	<b>200,879</b>	<b>29,266</b>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 1)	\$ 11,219	266	4,906	4,640
Current year fair value adjustment	-	-	19,267	19,267
From use of money and property (Exhibit 5)	11,219	266	24,173	23,907
Cumulative fair value adjustments of prior periods	-	-	(24,915)	(24,915)
<b>BUDGETARY FUND BALANCE, end of year</b>	<b>218,449</b>	<b>171,613</b>	<b>200,879</b>	<b>29,266</b>
Total adjustments	-	-	(5,648)	(5,648)
<b>FUND BALANCE, end of year</b>	<b>\$ 218,449</b>	<b>171,613</b>	<b>195,231</b>	<b>23,618</b>

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, 2019  
(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 47,433	47,433	47,100	(333)
From use of money and property	1,000	1,300	876	(424)
Miscellaneous	1,000	-	23	23
Total budgetary revenues	49,433	48,733	47,999	(734)
<b>BUDGETARY EXPENDITURES:</b>				
Public Safety - Fire & Rescue	39,083	38,773	32,176	6,597
Total budgetary expenditures	39,083	38,773	32,176	6,597
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out to:				
General fund	(23,636)	(24,336)	(24,336)	-
Capital projects funds	(315)	(315)	(315)	-
Internal service funds	(98)	(98)	(98)	-
Sales of surplus property	-	-	22	22
Total other financing sources / (uses)	(24,049)	(24,749)	(24,727)	22
Net change in budgetary fund balance	(13,699)	(14,789)	(8,904)	5,885
<b>BUDGETARY FUND BALANCE, beginning of year</b>	46,669	46,669	46,669	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 32,970	31,880	37,765	5,885
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 2)	\$ 1,000	1,300	876	(424)
Current year fair value adjustment	-	-	1,038	1,038
From use of money and property (Exhibit 5)	1,000	1,300	1,914	614
Cumulative fair value adjustments of prior periods	-	-	(2,385)	(2,385)
<b>BUDGETARY FUND BALANCE, end of year</b>	32,970	31,880	37,765	5,885
Total adjustments	-	-	(1,347)	(1,347)
<b>FUND BALANCE, end of year</b>	\$ 32,970	31,880	36,418	4,538

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**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)

Schedule 3A

Virginia Retirement System - All Plans										
Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$ 33,491	30,983	29,376	28,708	28,205					
Interest	84,034	78,978	75,010	71,222	67,389					
Changes of benefit terms	-	21,630	-	-	-					
Differences between expected and actual experience	(2,509)	2,494	1,128	(757)	-					
Changes of assumptions	-	(8,860)	-	-	-					
Benefit payments including refunds of member contributions	(55,297)	(50,666)	(47,001)	(43,108)	(38,578)					
Net change in total pension liability	59,719	74,559	58,513	56,065	57,016					
Total pension liability - beginning	1,228,141	1,153,582	1,095,069	1,039,004	981,988					
Total pension liability - ending (a)	\$ 1,287,860	1,228,141	1,153,582	1,095,069	1,039,004					
Plan fiduciary net position										
Contributions - employer	\$ 32,552	30,826	32,010	30,571	30,488					
Contributions - member	13,721	12,645	12,336	11,628	11,385					
Net investment income	78,483	116,130	16,623	41,324	122,481					
Benefit payments, including refunds of member contributions	(55,297)	(50,666)	(47,001)	(43,108)	(38,578)					
Administrative expense	(671)	(665)	(579)	(558)	(651)					
Other	(72)	(104)	(8)	(8)	7					
Net change in plan fiduciary net position	68,716	108,166	13,381	39,849	125,132					
Plan fiduciary net position - beginning	1,059,440	951,274	937,893	898,044	772,912					
Plan fiduciary net position - ending (b)	\$ 1,128,156	1,059,440	951,274	937,893	898,044					
County's net pension liability - ending (a)-(b)	\$ 159,704	168,701	202,308	157,176	140,960					
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)	87.60%	86.26%	82.46%	85.65%	86.43%					
Covered payroll	\$ 271,552	255,547	242,735	242,757	230,499					
County's net pension liability as a percentage of covered payroll	58.81%	66.02%	83.35%	64.75%	61.15%					
Expected average remaining service years of all participants	n/a	n/a	n/a	n/a	n/a					
See Note 13 Illustration 13-7 for expected arithmetic nominal rate of return	7.30%	12.21%	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 benefit terms.* There have been no actuarially material changes to the Plan's benefit provisions since the prior actuarial valuation.

*Changes of assumptions.* The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Plan for the four-year period ending June 30, 2016:

*General Employees:*

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

*Public Safety Employees with Hazardous Duty Benefits:*

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%

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 3B

<b>Virginia Retirement System - All Plans</b>										
<b>Schedule of County Contributions - Last 10 Fiscal Years</b>										
Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	<i>Information for FY 2013 and earlier is not available.</i>									
Actuarially determined contribution	\$ 35,335	32,553	30,826	32,010	30,571	30,488				
Contributions in relation to the actuarially determined contribution	35,335	32,553	30,826	32,010	30,571	30,488				
Contribution deficiency (excess)	\$ -	-	-	-	-	-				
Covered payroll	\$ 280,340	271,552	255,547	242,735	242,757	230,499				
Contributions as a percentage of covered payroll <sup>1</sup>	12.60%	11.99%	12.06%	13.19%	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	26, 20, 19, 18 and 17 years
Asset valuation method	5-year smoothed market value
Investment rate of return	7.0%
Salary increases	3.5% - 5.4%
Inflation	2.5%
Cost-of-living adjustments	2.3% - 2.5%
Retirement age	Rates vary by participant age and service
<b>Mortality</b>	
<i>General Employees:</i>	
Pre-Retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% rates; females set forward 1 year
Post-Retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-Disability	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates
<i>Public Safety Employees with Hazardous Duty Benefits:</i>	
Pre-Retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% rates; females set forward 1 year
Post-Retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disability	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

Changes in Net Pension Liability (Asset) 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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$ 2,065	2,005	1,946	1,747	1,747	1,602				
Interest	2,631	2,477	2,417	2,300	2,260	2,118				
Changes of benefit terms	-	-	-	-	-	238				
Differences between expected and actual experience	-	-	(1,070)	-	(1,365)	-				
Changes of assumptions	-	-	-	-	-	-				
Benefit payments, including refunds of member contributions	(2,248)	(2,294)	(2,591)	(2,149)	(1,980)	(1,905)				
Net change in total pension liability	2,448	2,188	702	1,898	662	2,053				
Total pension liability - beginning	38,717	36,528	35,826	33,927	33,265	31,212				
Total pension liability - ending (a)	\$ 41,165	38,717	36,528	35,826	33,927	33,265				
Plan fiduciary net position										
Contributions - employer	\$ 1,372	1,294	1,199	1,137	1,083	1,007				
Contributions - member	1,372	1,294	1,199	1,137	1,083	1,007				
Net investment income	1,924	2,469	3,905	119	(339)	4,438				
Benefit payments, including refunds of member contributions	(2,248)	(2,294)	(2,591)	(2,148)	(1,980)	(1,905)				
Administrative expense	(70)	(90)	(93)	(116)	(83)	(109)				
Other	-	-	-	-	-	-				
Net change in plan fiduciary net position	2,350	2,673	3,619	129	(236)	4,438				
Plan fiduciary net position - beginning	39,329	36,656	33,037	32,908	33,144	28,706				
Plan fiduciary net position - ending (b)	\$ 41,679	39,329	36,656	33,037	32,908	33,144				
County's net pension (asset) liability - ending (a)-(b)	\$ (514)	(612)	(128)	2,789	1,019	121				
Plan fiduciary net position as a percentage of the total pension (asset) liability (b) / (a)	101.25%	101.58%	100.35%	92.22%	97.00%	99.64%				
Covered payroll	\$ 95,289	89,833	83,241	78,968	75,229	73,505				
County's net pension (asset) liability as a percentage of covered payroll	-0.54%	-0.68%	-0.15%	3.53%	1.35%	0.16%				
Expected average remaining service years of all participants	7	7	7	8	8	8				
Annual money-weighted rate of return	4.88%	6.80%	11.75%	-0.03%	-1.12%	15.73%				

**Notes to Schedule:**

*Changes of benefit terms.* There have been no changes in benefit terms.

*Changes of assumptions.* There have been no changes in assumptions.

*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.



**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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 1,096	1,033	846	955	1,083	1,000	<i>Information for FY 2013 and earlier is not available.</i>			
Contributions in relation to the actuarially determined contribution	1,372	1,294	1,199	1,137	1,083	1,007				
Contribution deficiency (excess)	\$ (276)	(261)	(353)	(182)	-	(7)				
Covered payroll	\$ 95,289	89,833	83,241	78,968	75,229	73,505				
Contributions as a percentage of covered payroll <sup>1</sup>	1.44%	1.44%	1.44%	1.44%	1.44%	1.37%				

<sup>1</sup>The rates shown are as a percentage of pensionable covered 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 67.

**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	3.00%
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	RP-2000 Combined Healthy Table with Blue Collar adjustment with generational projection by scale AA. 20% of active participant deaths are assumed to be line-of-duty.

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

Information for FY 2013 and earlier is not available.

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability										
Service cost	\$ 522	235	252	286	290	308				
Interest	838	958	930	911	885	821				
Changes of benefit terms	-	-	-	-	-	-				
Differences between expected and actual experience	(335)	(168)	(291)	(471)	(392)	-				
Changes of assumptions	(330)	11,019	22	70	-	-				
Benefit payments, including refunds of member contributions	(505)	(447)	(397)	(362)	(345)	(338)				
Net change in total pension liability	190	11,597	516	434	438	791				
Total pension liability - beginning	27,636	16,039	15,523	15,089	14,651	13,860				
Total pension liability - ending (a)	\$ 27,826	27,636	16,039	15,523	15,089	14,651				
Plan fiduciary net position										
Contributions - employer	\$ 941	798	811	853	940	2,115				
Contributions - member	-	-	-	-	-	-				
Net investment income	488	463	428	409	372	354				
Benefit payments, including refunds of member contributions	(505)	(447)	(397)	(362)	(345)	(338)				
Administrative expense	(46)	(54)	(62)	(37)	(34)	(61)				
Other	-	-	-	-	-	-				
Net change in plan fiduciary net position	878	760	780	863	933	2,070				
Plan fiduciary net position - beginning	16,172	15,412	14,632	13,769	12,836	10,766				
Plan fiduciary net position - ending (b)	\$ 17,050	16,172	15,412	14,632	13,769	12,836				
County's net pension liability - ending (a)-(b)	\$ 10,776	11,464	627	891	1,320	1,815				
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	61.27%	58.52%	96.09%	94.26%	91.25%	87.61%				
* Covered payroll	\$ -	-	-	-	-	-				
County's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A				
Expected average remaining service years of all participants	2.11	2.41	2.60	2.97	3.39	N/A				
Annual money-weighted rate of return	2.98%	3.00%	2.94%	2.95%	2.90%	2.95%				

Notes to Schedule:

Changes of benefit terms. There have been no changes in benefit terms.

Changes of assumptions. There have been no changes in assumptions.

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.

\* 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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	<i>Information for FY 2013 and earlier is not available.</i>									
Actuarially determined contribution	\$ 941	798	811	853	940	2,115				
Contributions in relation to the actuarially determined contribution	941	798	811	853	940	2,115				
Contribution deficiency (excess)	\$ -	-	-	-	-	-				
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A				
Contributions as a percentage of covered payroll	N/A	N/A	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	Prior to 7/1/2018, Aggregate, Level Dollar; Starting with 7/1/2018, Entry Age Normal, Level Dollar
Amortization method	Level dollar amortization
Remaining amortization period	Level Dollar over the expected working lifetime of current active participants
Asset valuation method	Fair market value
Inflation	Not Applicable
Salary increases	Not Applicable to Volunteers
Investment rate of return	3.00%
Retirement age	100% at age 60
Mortality	RP 2000 Mortality Table Projected to 2017 using Scale AA
Disabled Mortality	N/A

Changes in the County's Proportionate Share of Net OPEB Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

**Virginia Retirement System - Group Life Insurance Program (GLI)**  
**Changes in the County's Proportionate Share of Net OPEB Liability and Related Ratios - Last 10 Fiscal Years**

Fiscal Year	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<i>Information for FY 2016 and earlier is not available.</i>										
Prince William County's Proportion of the Net GLI OPEB Liability (Asset)	1.39846%	1.35566%								
Prince William County's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 21,239	20,400								
Covered Payroll	\$ 265,909	255,547								
Prince William County's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.99%	7.98%								
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%								

**Notes to Schedule:**

*Changes of benefit terms.* There have been no actuarially material changes to the Plan's benefit provisions since the prior actuarial valuation.

*Changes of assumptions.*

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of VRS for the four year period ending June 30, 2016.

*General Employees:*

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

*Public Safety Employees with Hazardous Duty Benefits:*

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%

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 6B

<b>Virginia Retirement System - Group Life Insurance Plan</b>											
<b>Schedule of County Contributions - Last 10 Fiscal Years</b>											
Fiscal Year		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$	1,460	1,913	1,383	1,288	1,223	1,197	1,144	926	902	738
Contributions in relation to the contractually required contribution		1,460	1,913	1,383	1,288	1,223	1,197	1,144	926	902	738
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$	280,808	265,909	255,547	250,061	242,930	230,688	225,905	215,901	210,486	205,037
Contributions as a percentage of covered payroll <sup>1</sup>		0.52%	0.71%	0.54%	0.52%	0.50%	0.52%	0.51%	0.43%	0.43%	0.36%

<sup>1</sup> Contribution rates are set and contributed based on pensionable earnings only.

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 7A

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)

Virginia Retirement System - Health Insurance Credit Plan											
Changes in the County's Net OPEB Liability and Related Ratios - Last 10 Fiscal Years											
Fiscal Year	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
<i>Information for FY 2016 and earlier is not available.</i>											
Total OPEB liability											
Service cost	\$	169	161								
Interest on total OPEB liability		493	487								
Changes of benefit terms		-	-								
Differences between expected and actual experience		63	-								
Changes of assumptions		-	(149)								
Benefit payments		(513)	(337)								
Net change in total OPEB liability		212	162								
Total OPEB liability - beginning		7,296	7,134								
Total OPEB liability - ending (a)	\$	7,508	7,296								
Plan fiduciary net position											
Contributions - employer	\$	437	411								
Contributions - member		-	-								
Net investment income		248	358								
Benefit payments, including refunds of member contributions		(513)	(337)								
Asset adjustment		-	-								
Administrative expense		(6)	(6)								
Other		(18)	18								
Net change in plan fiduciary net position		148	444								
Plan fiduciary net position - beginning		3,500	3,056								
Plan fiduciary net position - ending (b)	\$	3,648	3,500								
County's net OPEB liability - ending (a)-(b)	\$	3,860	3,796								
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)		48.59%	47.97%								
Covered payroll	\$	248,097	255,547								
County's net OPEB liability as a percentage of covered payroll		1.56%	1.49%								
Expected average remaining service years of all participants		n/a	n/a								
Annual money-weighted rate of return		7.09%	11.71%								

**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.

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 - Health Insurance Credit Plan										
Schedule of County Contributions - Last 10 Fiscal Years										
Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 460	437	411	376	357	371	363	378	368	552
Contributions in relation to the contractually required contribution	460	437	411	376	357	371	363	378	368	552
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 255,529	248,097	255,547	220,911	212,264	204,740	198,448	191,157	184,120	204,285
Contributions as a percentage of covered payroll <sup>1</sup>	0.18%	0.18%	0.16%	0.17%	0.17%	0.18%	0.18%	0.20%	0.20%	0.27%

<sup>1</sup> Contribution rates are set and contributed based on pensionable earnings only.

Notes to Schedule:

*Changes of benefit terms.* There have been no actuarially material changes to the Plan's benefit provisions since the prior actuarial valuation.

*Changes of assumptions.* The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Plan for the four-year period ending June 30, 2016:

General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

Public Safety Employees with Hazardous Duty Benefits:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of projected pay, closed
Remaining amortization period	26, 20, 19, 18, and 17 years
Asset valuation method	Market Value of Assets
Investment rate of return	7.0%, net of investment expense
Payroll growth rate	3.50-5.35%, includes inflation
Inflation	2.5%
Cost of living adjustment	2.25 - 2.5%
Healthcare cost trend rate	Not provided by VRS. \$1.50 per year of service Health Insurance Credit cannot exceed employee premiums paid.

Mortality

General Employees

Pre-retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 95% rates; females 105% of rates
Post-retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-disablement	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

Public Safety Employees with Hazardous Duty Benefits:

Pre-retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% rates; females set forward 1 year
Post-retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020; males set forward 1 year with 1% increase compounded from age 70 to 90; females set forward 3 years
Post-disablement	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	
											<i>Information for FY 2016 and earlier is not available.</i>
Total OPEB liability											
Service cost	\$ 1,119	1,285	1,234								
Interest on total OPEB liability	1,608	1,785	1,673								
Changes of benefit terms	-	-	-								
Differences between expected and actual experience	(37)	(4,473)	34								
Changes of assumptions	-	(428)	-								
Benefit payments	(1,228)	(777)	(1,261)								
Net change in total OPEB liability	1,462	(2,608)	1,680								
Total OPEB liability - beginning	23,591	26,199	24,519								
Total OPEB liability - ending (a)	\$ 25,053	23,591	26,199								
Plan fiduciary net position											
Contributions - employer	\$ 1,521	1,954	1,884								
Contributions - member	-	-	-								
Net investment income	1,283	1,348	1,316								
Benefit payments, including refunds of member contributions	(1,228)	(777)	(1,261)								
Asset adjustment	-	-	(1,609)								
Administrative expense	(39)	(38)	(31)								
Other	-	-	(3)								
Net change in plan fiduciary net position	1,537	2,487	296								
Plan fiduciary net position - beginning	15,983	13,496	13,200								
Plan fiduciary net position - ending (b)	\$ 17,520	15,983	13,496								
County's net OPEB liability - ending (a)-(b)	\$ 7,533	7,608	12,703								
Plan fiduciary net position as a percentage of the total OPEB liability (b) / (a)	69.93%	67.75%	51.51%								
Covered payroll	\$ 280,007	251,691	292,195								
County's net OPEB liability as a percentage of covered payroll	2.69%	3.02%	4.35%								
Expected average remaining service years of all participants	8	8	8								
Annual money-weighted rate of return	6.79%	7.84%	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 benefit terms.* There have been no changes in benefit terms.

*Changes of assumptions.* There have been no changes in assumptions.



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 Premium Plan</b>											
<b>Schedule of County Contributions - Last 10 Fiscal Years</b>											
Fiscal Year		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$	1,521	1,500	1,884	1,623	1,567	2,085	2,072	3,543	3,417	2,660
Contributions in relation to the actuarially determined contribution		1,521	1,954	1,884	1,623	1,567	2,085	2,072	3,543	3,417	2,660
Contribution deficiency (excess)	\$	-	(454)	-	-	-	-	-	-	-	-
Covered payroll	\$	280,007	251,691	292,195	280,308	256,956	258,704	247,366	237,034	220,389	221,201
Contributions as a percentage of covered payroll <sup>1</sup>		0.54%	0.78%	0.64%	0.58%	0.61%	0.81%	0.84%	1.49%	1.55%	1.20%

<sup>1</sup>The rates shown are as a percentage of total covered payroll.

**Notes to Schedule:**

*Methods and assumptions used to determine contribution rates:*

Valuation Date	1/1/2018
Actuarial cost method	Projected Unit Cost
Amortization method	Level percent of projected pay, closed
Remaining amortization period	20 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	2.2%
Healthcare cost trend rate	5.5% base, 3.9% ultimate rate, pre-Medicare (the plan does not offer post-Medicare coverage)

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	<i>Information for FY 2016 and earlier is not available.</i>									
Total OPEB liability										
Service cost	\$ 744	755	755							
Interest on total OPEB liability	2,369	2,335	2,254							
Changes of benefit terms	-	-	-							
Differences between expected and actual experience	(52)	(245)	(163)							
Changes of assumptions	-	(443)	-							
Benefit payments	(1,958)	(1,867)	(1,647)							
Net change in total OPEB liability	1,103	535	1,199							
Total OPEB liability - beginning	34,846	34,311	33,112							
Total OPEB liability - ending (a)	\$ 35,949	34,846	34,311							
Plan fiduciary net position										
Contributions - employer	\$ 1,977	2,311	2,267							
Contributions - member	-	-	-							
Net investment income	1,041	1,147	1,510							
Benefit payments, including refunds of member contributions	(1,958)	(1,867)	(1,647)							
Asset adjustment	-	-	1,609							
Administrative expense	(33)	(32)	(35)							
Other	-	-	4							
Net change in plan fiduciary net position	1,027	1,559	3,708							
Plan fiduciary net position - beginning	16,854	15,295	11,587							
Plan fiduciary net position - ending (b)	\$ 17,881	16,854	15,295							
County's net OPEB liability - ending (a)-(b)	\$ 18,068	17,992	19,016							
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	49.74%	48.37%	44.58%							
Covered payroll	\$ 280,007	251,691	292,195							
County's net OPEB liability as a percentage of covered payroll	6.45%	7.15%	6.51%							
Expected average remaining service years of all participants	8	8	8							
Annual money-weighted rate of return	6.79%	7.84%	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 benefit terms.* There have been no changes in benefit terms.

*Changes of assumptions.* There have been no changes in assumptions.

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 Retiree Health Insurance Credit Plan  
 Schedule of County Contributions - Last 10 Fiscal Years

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 1,977	1,967	2,267	2,061	2,023	2,107	2,082	1,844	1,811	1,746
Contributions in relation to the actuarially determined contribution	1,977	2,311	2,267	2,061	2,023	2,107	2,082	1,844	1,811	1,746
Contribution deficiency (excess)	\$ -	(344)	-	-	-	-	-	-	-	-
Covered payroll	\$ 280,007	251,691	292,195	280,308	256,956	258,704	247,366	237,034	220,389	221,201
Contributions as a percentage of covered payroll <sup>1</sup>	0.71%	0.92%	0.78%	0.74%	0.79%	0.81%	0.84%	0.78%	0.82%	0.79%

<sup>1</sup>The rates shown are as a percentage of total covered payroll.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	1/1/2018
Actuarial cost method	Projected Unit Cost
Amortization method	Level percent of projected pay, closed
Remaining amortization period	20 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	2.2%
Healthcare cost trend rate	Not applicable.

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<i>Information for FY 2016 and earlier is not available.</i>										
Total OPEB liability										
Service cost	\$	1,071	1,087	1,044						
Interest on total OPEB liability		1,270	1,002	920						
Changes of benefit terms		-	-	-						
Differences between expected and actual experience		(188)	907	45						
Changes of assumptions		-	1,695	-						
Benefit payments		(750)	(810)	(815)						
Net change in total OPEB liability		1,403	3,881	1,194						
Total OPEB liability - beginning		18,610	14,729	13,535						
Total OPEB liability - ending (a)	\$	<u>20,013</u>	<u>18,610</u>	<u>14,729</u>						
Plan fiduciary net position										
Contributions - employer	\$	1,526	1,476	1,424						
Contributions - member		-	-	-						
Net investment income		1,067	1,101	1,196						
Benefit payments, including refunds of member contributions		(750)	(810)	(815)						
Asset adjustment		-	-	-						
Administrative expense		(33)	(30)	(27)						
Other		-	-	-						
Net change in plan fiduciary net position		1,810	1,737	1,778						
Plan fiduciary net position - beginning		12,681	10,944	9,166						
Plan fiduciary net position - ending (b)	\$	<u>14,491</u>	<u>12,681</u>	<u>10,944</u>						
County's net OPEB liability - ending (a)-(b)	\$	5,522	5,929	3,785						
Plan fiduciary net position as a percentage of the total OPEB liability (b) / ( a)		72.41%	68.14%	74.30%						
Covered payroll	\$	97,228	106,195	83,241						
County's net OPEB liability as a percentage of covered payroll		5.68%	5.58%	4.55%						
Expected average remaining service years of all participants		12	12	12						
Annual money-weighted rate of return		6.79%	7.84%	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 benefit terms.* There have been no changes in benefit terms.

*Changes of assumptions.* There have been no changes in assumptions.

**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)

		<b>OPEB Master Trust Fund - County Line of Duty Act Plan</b>									
		<b>Schedule of County Contributions - Last 10 Fiscal Years</b>									
Fiscal Year		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
											<i>Information for FY 2012 and earlier is not available.</i>
Actuarially determined contribution	\$	1,526	1,472	1,424	1,529	1,474	3,165	5,312			
Contributions in relation to the actuarially determined contribution		1,526	1,476	1,424	1,529	1,474	7,778	-			
Contribution deficiency (excess)	\$	-	(4)	-	-	-	(4,613)	5,312			
Covered payroll	\$	97,228	106,195	83,241	79,081	95,795	86,476	105,805			
Contributions as a percentage of covered payroll <sup>1</sup>		1.57%	1.39%	1.71%	1.93%	1.54%	8.99%	0.00%			

<sup>1</sup>The rates shown are as a percentage of total covered payroll.

**Notes to Schedule:**

*Methods and assumptions used to determine contribution rates:*

Valuation Date	1/1/2018
Actuarial cost method	Projected Unit Cost
Amortization method	Level percent of projected pay, closed
Remaining amortization period	25 years, closed
Asset valuation method	Fair market value
Investment rate of return	7.0%, net of OPEB Trust investment expense
Payroll growth rate	3.50%
Inflation	2.20%
Healthcare cost trend rate	5.5% base, 3.9% ultimate rate, pre-Medicare, and 3.8% post-Medicare

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**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)

Schedule 11A

**OPEB Master Trust Fund - Schools Board Premium Plan**  
**Changes in the County's Net OPEB Liability and Related Ratios - Last 10 Fiscal Years**

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<i>Information for FY 2016 and earlier is not available.</i>										
Total OPEB liability										
Service cost	\$ 2,801	3,015	2,624							
Interest on total OPEB liability	3,709	4,652	4,691							
Changes of benefit terms	-	-	-							
Differences between expected and actual experience	(594)	(18,166)	-							
Changes of assumptions	-	-	-							
Benefit payments/refunds	(3,060)	(3,042)	(3,329)							
Net change in total OPEB liability	2,856	(13,541)	3,986							
Total OPEB liability - beginning	54,821	68,361	64,375							
Total OPEB liability - ending (a)	\$ 57,677	54,820	68,361							
Plan fiduciary net position										
Contributions - employer	\$ 1,800	1,800	1,000							
Net investment income	2,248	2,340	2,619							
Administrative expense	(2)	(7)	-							
Net change in plan fiduciary net position	4,046	3,332	3,619							
Plan fiduciary net position - beginning	33,278	29,946	26,327							
Plan fiduciary net position - ending (b)	\$ 37,324	33,278	29,946							
Schools' net OPEB liability - ending (a)-(b)	\$ 20,353	21,542	38,415							
Plan fiduciary net position as a percentage of the total OPEB liability (b) / ( a)	64.7%	60.7%	43.8%							
Covered payroll	\$ 615,455	599,822	576,721							
Schools' net OPEB liability as a percentage of covered payroll	3.3%	3.6%	6.7%							
Expected average remaining service years of all participants	7	8	8							
Annual money-weighted rate of return	6.79%	7.84%	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 benefit terms.* There have been no changes in benefit terms.

*Changes of assumptions.* There have been no changes in assumptions.

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 11B

**OPEB Master Trust Fund - Schools Premium Plan**  
**Schedule of County Contributions - Last 10 Fiscal Years**

Fiscal Year	OPEB Master Trust Fund - Schools Premium Plan									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 4,860	4,041	4,328	<i>Information for FY 2016 and earlier is not available.</i>						
Required contribution	4,860	4,041	4,328							
Contribution deficiency (excess)	\$ -	-	-							
Covered payroll	\$ 615,455	599,822	576,721							
Contributions as a percentage of covered payroll <sup>1</sup>	0.79%	0.67%	0.75%							

<sup>1</sup>The rates shown are as a percentage of total covered payroll.

**Notes to Schedule:**

*Benefit changes.* None.

*Changes of assumptions.* None.

*Methods and assumptions used to determine contribution rates:*

Valuation Date	7/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of projected pay
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	3.0%
Inflation	2.5%
Healthcare cost trend rate	Not available.

# Nonmajor Governmental Funds

## Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The County has the following special revenue funds:

### *TRANSPORTATION DISTRICTS*

The Transportation Districts receive their revenues from special tax levies, user fees, and interest earnings. These revenues are used primarily to pay debt service payments incurred in construction of streets and roads.

### *STORMWATER MANAGEMENT DISTRICT / GYPSY MOTH AND FOREST PEST MANAGEMENT*

The Stormwater Management District / And Gypsy And Moth Forest Pest Management Levy receive its revenues from permits and development fees, charges for services, Federal and State grants, interest earnings and special tax levies. Expenditures consist of the cost of promoting storm water drainage and construction projects, maintaining water quality and protecting the environment.

### *DEVELOPMENT FEE SERVICES*

Development Fee Services receive revenues from permits, privilege fees, and regulatory licenses related to land and building development. Expenditures consist primarily of the cost of conducting review, inspection, and planning services.

### *HOUSING*

Housing receives its revenue primarily from Federal housing grants that are used to develop affordable housing opportunities for County residents.

### *COMMUNITY DEVELOPMENT AUTHORITIES*

Community 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.

### *EMERGENCY MEDICAL SERVICES*

Emergency Medical Services receives its revenue from ambulatory transport charges associated with fire and rescue emergency services delivery.

### *TRANSIENT OCCUPANCY TAX*

Transient Occupancy Tax receives its revenue from a 2.0% tax on the charge for the occupancy of any room or space in the County. As a member of the Northern Virginia Transportation Authority (NVTA), State statute has earmarked these revenues to be used for public transportation purposes only.

### *GRANTOR'S / DEED TAX*

Grantor's / Deed Tax receives its revenue from a fee imposed on each deed, instrument or writing by which lands, tenements, or other real property located in the County is sold or otherwise conveyed to a purchaser. As a member of NVTA, State statute has earmarked these revenues to be used for public transportation purposes only.

### *OTHER*

Other special revenue funds consist 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  
June 30, 2019  
(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	Transient Occupancy Tax	Grantor's / Deed Tax	Other	Totals
<b>ASSETS</b>										
Equity in pooled cash and investments	\$ 1,459	9,446	9,237	5,209	663	5,361	1,230	3,352	160	36,117
Restricted cash and temporary investments	-	-	-	52	-	-	-	-	-	52
Property taxes receivable, net	3	2	-	-	-	-	-	-	-	5
Accounts receivable, net	4	71	28	949	-	394	492	3,943	1	5,882
Due from other governmental units	-	-	-	-	-	317	-	-	-	317
Inventory	-	13	-	-	-	-	-	-	-	13
<b>Total assets</b>	<b>1,466</b>	<b>9,532</b>	<b>9,265</b>	<b>6,210</b>	<b>663</b>	<b>6,072</b>	<b>1,722</b>	<b>7,295</b>	<b>161</b>	<b>42,386</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>										
<b>LIABILITIES:</b>										
Accounts payable	25	120	39	176	-	-	-	-	-	360
Wages and benefits payable	-	151	519	75	-	28	-	-	-	773
Due to other governmental units	-	20	-	-	-	-	-	-	-	20
Retainages	-	-	-	52	-	-	-	-	-	52
Unearned revenues	-	2,533	13	-	-	-	-	-	-	2,546
<b>Total liabilities</b>	<b>25</b>	<b>2,824</b>	<b>571</b>	<b>303</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,751</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>										
Prepaid taxes	261	539	-	-	663	-	-	-	-	1,463
Unavailable taxes	-	2	-	-	-	-	-	-	-	2
<b>Total deferred inflows of resources</b>	<b>261</b>	<b>541</b>	<b>-</b>	<b>-</b>	<b>663</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,465</b>
<b>FUND BALANCES:</b>										
Non-spendable	-	13	-	-	-	-	-	-	-	13
Restricted	1,180	6,154	8,694	5,907	-	6,044	1,722	7,295	161	37,157
<b>Total fund balances</b>	<b>1,180</b>	<b>6,167</b>	<b>8,694</b>	<b>5,907</b>	<b>-</b>	<b>6,044</b>	<b>1,722</b>	<b>7,295</b>	<b>161</b>	<b>37,170</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,466</b>	<b>9,532</b>	<b>9,265</b>	<b>6,210</b>	<b>663</b>	<b>6,072</b>	<b>1,722</b>	<b>7,295</b>	<b>161</b>	<b>42,386</b>

COUNTY OF PRINCE WILLIAM, VIRGINIA  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
Combing Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2019  
(amounts expressed in thousands)

Schedule 13

	Transportation Districts	Stormwater Management District/Gypsy Moth and Forest Pest Management	Development Fee Services	Housing	Community Development Authorities	Emergency Medical Services	Transient Occupancy Tax	Grantor's / Deed Tax	Other	Totals
<b>REVENUES:</b>										
General property taxes	\$ 764	1,476	-	-	2,916	-	-	-	-	5,156
Other local taxes	-	-	-	-	-	-	1,690	7,271	-	8,961
Permits, privilege fees and regulatory licenses	-	321	17,765	-	-	-	-	-	-	18,086
From use of money and property	56	446	195	-	-	157	32	24	7	917
Charges for services	9	8,320	916	2,743	-	5,673	-	-	-	17,661
Intergovernmental revenues:										
Federal	-	-	-	28,191	-	-	-	-	-	28,191
State	-	12	-	-	-	8	-	-	3	23
Miscellaneous	-	2	2	-	-	-	-	-	7	11
<b>Total revenues</b>	<b>829</b>	<b>10,577</b>	<b>18,878</b>	<b>30,934</b>	<b>2,916</b>	<b>5,838</b>	<b>1,722</b>	<b>7,295</b>	<b>17</b>	<b>79,006</b>
<b>EXPENDITURES:</b>										
Public safety - Public Works	-	-	13,903	-	-	1,226	-	-	9	15,138
Public works - Public Works	291	-	-	-	-	-	-	-	-	291
Community development - Housing	-	-	-	31,724	-	-	-	-	-	31,724
Community development - Public Works	-	7,010	6,110	-	-	-	-	-	-	13,120
Community Development Authorities	-	-	-	-	2,908	-	-	-	-	2,908
<b>Total expenditures</b>	<b>291</b>	<b>7,010</b>	<b>20,013</b>	<b>31,724</b>	<b>2,908</b>	<b>1,226</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>63,181</b>
<b>OTHER FINANCING SOURCES / (USES):</b>										
Transfers in from:										
General fund	-	33	4,371	146	-	-	-	-	-	4,550
Special revenue funds	-	87	-	-	-	-	-	-	-	87
Transfers out to:										
General fund	(468)	(1,094)	(1,921)	(115)	(8)	(3,827)	-	-	-	(7,433)
Internal service funds	-	(35)	(367)	-	-	-	-	-	-	(402)
Capital projects funds	-	(2,362)	-	-	-	-	-	-	-	(2,362)
Special revenue funds	-	-	(87)	-	-	-	-	-	-	(87)
Sale of surplus property	-	23	12	-	-	-	-	-	-	35
<b>Total other financing sources / (uses)</b>	<b>(468)</b>	<b>(3,348)</b>	<b>2,008</b>	<b>31</b>	<b>(8)</b>	<b>(3,827)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,612)</b>
Net change in fund balances	70	219	873	(759)	-	785	1,722	7,295	8	10,213
<b>FUND BALANCE, beginning of year</b>	<b>1,110</b>	<b>5,948</b>	<b>7,821</b>	<b>6,666</b>	<b>-</b>	<b>5,259</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>26,957</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 1,180</b>	<b>6,167</b>	<b>8,694</b>	<b>5,907</b>	<b>-</b>	<b>6,044</b>	<b>1,722</b>	<b>7,295</b>	<b>161</b>	<b>37,170</b>

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

Schedule 14

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, 2019  
 (amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 826	826	764	(62)
From use of money and property	7	7	24	17
Charges for services	-	-	9	9
Total budgetary revenues	833	833	797	(36)
<b>BUDGETARY EXPENDITURES:</b>				
Public works - Public Works	366	305	291	14
Total budgetary expenditures	366	305	291	14
<b>OTHER FINANCING SOURCES / (USES):</b>				
Transfers out to:				
General fund	(468)	(468)	(468)	-
Total other financing sources / (uses)	(468)	(468)	(468)	-
Net change in budgetary fund balance	(1)	60	38	(22)
<b>BUDGETARY FUND BALANCE, beginning of year</b>	1,191	1,191	1,191	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 1,190	1,251	1,229	(22)
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 14)	\$ 7	7	24	17
Current year fair value adjustment	-	-	32	32
From use of money and property (Schedule 13)	7	7	56	49
Cumulative fair value adjustments of prior periods	-	-	(81)	(81)
<b>BUDGETARY FUND BALANCE, end of year</b>	1,190	1,251	1,229	(22)
Total adjustments	-	-	(49)	(49)
<b>FUND BALANCE, end of year</b>	\$ 1,190	1,251	1,180	(71)

**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, 2019  
 (amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 1,436	1,436	1,476	40
Permits, privilege fees and regulatory licenses	200	200	321	121
From use of money and property	130	130	192	62
Charges for services	8,046	8,046	8,320	274
Intergovernmental revenues:				
State	-	-	12	12
Miscellaneous	-	-	2	2
Total budgetary revenues	9,812	9,812	10,323	511
<b>BUDGETARY EXPENDITURES:</b>				
Community development - Public Works	7,712	8,270	7,010	1,260
Total budgetary expenditures	7,712	8,270	7,010	1,260
<b>OTHER FINANCING SOURCES / (USES):</b>				
Transfers in from:				
General fund	-	33	33	-
Special revenue funds	-	87	87	-
Transfers out from:				
General Fund	(1,095)	(1,095)	(1,094)	1
Internal service funds	(35)	(35)	(35)	-
Capital projects funds	(2,362)	(2,362)	(2,362)	-
Sale of surplus property	-	-	23	23
Total other financing sources / (uses)	(3,492)	(3,372)	(3,348)	24
Net change in budgetary fund balance	(1,392)	(1,830)	(35)	1,795
<b>BUDGETARY FUND BALANCE, beginning of year</b>	6,363	6,363	6,363	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 4,971	4,533	6,328	1,795
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 15)	\$ 130	130	192	62
Current year fair value adjustment	-	-	254	254
From use of money and property (Schedule 13)	130	130	446	316
Cumulative fair value adjustments of prior periods	-	-	(415)	(415)
<b>BUDGETARY FUND BALANCE, end of year</b>	4,971	4,533	6,328	1,795
Total adjustments	-	-	(161)	(161)
<b>FUND BALANCE, end of year</b>	\$ 4,971	4,533	6,167	1,634

COUNTY OF PRINCE WILLIAM, VIRGINIA  
SPECIAL REVENUE FUND - Development Fee Services

Schedule 16

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, 2019  
(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
Permits, privilege fees and regulatory licenses	\$ 16,882	16,882	17,765	883
From use of money and property	55	55	91	36
Charges for services	1,072	1,072	916	(156)
Miscellaneous	268	268	2	(266)
Total budgetary revenues	18,277	18,277	18,774	497
<b>BUDGETARY EXPENDITURES:</b>				
Public safety - Public Works	15,464	15,553	13,903	1,650
Community development - Public Works	6,335	6,334	6,110	224
Total budgetary expenditures	21,799	21,887	20,013	1,874
<b>OTHER FINANCING SOURCES / (USES):</b>				
Transfers in from:				
General fund	4,277	4,372	4,371	(1)
Transfers out to:				
General fund	(1,921)	(1,921)	(1,921)	-
Internal service funds	(367)	(367)	(367)	-
Special revenue fund	-	(87)	(87)	-
Sale of surplus property	-	-	12	12
Total other financing sources / (uses)	1,989	1,997	2,008	11
Net change in budgetary fund balance	(1,533)	(1,613)	769	2,382
<b>BUDGETARY FUND BALANCE, beginning of year</b>	7,936	7,936	7,936	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 6,403	6,323	8,705	2,382
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 16)	\$ 55	55	91	36
Current year fair value adjustment	-	-	104	104
From use of money and property (Schedule 13)	55	55	195	140
Cumulative fair value adjustments of prior periods	-	-	(115)	(115)
<b>BUDGETARY FUND BALANCE, end of year</b>	6,403	6,323	8,705	2,382
Total adjustments	-	-	(11)	(11)
<b>FUND BALANCE, end of year</b>	\$ 6,403	6,323	8,694	2,371

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, 2019

(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
Charges for services	\$ 7,970	7,970	2,743	(5,227)
Intergovernmental revenues:				
Federal	34,955	34,955	28,191	(6,764)
Miscellaneous	145	145	-	(145)
Total budgetary revenues	43,070	43,070	30,934	(12,136)
<b>BUDGETARY EXPENDITURES:</b>				
Community development - Housing	43,030	43,050	31,724	11,326
Total budgetary expenditures	43,030	43,050	31,724	11,326
<b>OTHER FINANCING SOURCES / (USES):</b>				
Transfers in from:				
General fund	95	146	146	-
Transfers out to:				
General fund	(134)	(134)	(115)	19
Total other financing sources / (uses)	(39)	12	31	19
Net change in budgetary fund balance	1	32	(759)	(791)
<b>BUDGETARY FUND BALANCE, beginning of year</b>	6,666	6,666	6,666	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 6,667	6,698	5,907	(791)

**Note to Schedule:**

GAAP basis equals Budgetary basis.

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 SPECIAL REVENUE FUND - Community Development Authorities

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, 2019  
 (amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
General property taxes	\$ 2,917	2,917	2,916	(1)
Total budgetary revenues	2,917	2,917	2,916	(1)
<b>BUDGETARY EXPENDITURES:</b>				
Community Development Authorities	2,917	2,911	2,908	3
Total budgetary expenditures	2,917	2,911	2,908	3
<b>OTHER FINANCING SOURCES / (USES):</b>				
Transfers out to:				
General fund	-	(8)	(8)	-
Total other financing sources / (uses)	-	(8)	(8)	-
Net change in budgetary fund balance	-	(2)	-	2
<b>BUDGETARY FUND BALANCE, beginning of year</b>	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ -	(2)	-	2

**Note to Schedule:**

GAAP basis equals Budgetary basis.

SPECIAL REVENUE FUND - Emergency Medical Services

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

For the Year Ended June 30, 2019

(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>BUDGETARY REVENUES:</b>				
From use of money and property	\$ -	-	64	64
Charges for services	5,582	5,582	5,673	91
Intergovernmental revenues:				
State	-	-	8	8
Total budgetary revenues	5,582	5,582	5,745	163
<b>BUDGETARY EXPENDITURES:</b>				
Public safety - Public Works	1,551	1,518	1,226	292
Total budgetary expenditures	1,551	1,518	1,226	292
<b>OTHER FINANCING SOURCES / (USES):</b>				
Transfers out to:				
General fund	(3,827)	(3,827)	(3,827)	-
Total other financing sources / (uses)	(3,827)	(3,827)	(3,827)	-
Net change in budgetary fund balance	204	237	692	455
<b>BUDGETARY FUND BALANCE, beginning of year</b>	5,437	5,437	5,437	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 5,641	5,674	6,129	455
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 19)	\$ -	-	64	64
Current year fair value adjustment	-	-	93	93
From use of money and property (Schedule 13)	-	-	157	157
Cumulative fair value adjustments of prior periods	-	-	(178)	(178)
<b>BUDGETARY FUND BALANCE, end of year</b>	5,641	5,674	6,129	455
Total adjustments	-	-	(85)	(85)
<b>FUND BALANCE, end of year</b>	\$ 5,641	5,674	6,044	370



SPECIAL REVENUE FUND - Transient Occupancy Tax

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, 2019

(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>BUDGETARY REVENUES:</b>				
Other local taxes	1,400	1,400	1,690	290
From use of money and property	\$ -	-	10	10
Total budgetary revenues	1,400	1,400	1,700	300
Net change in budgetary fund balance	1,400	1,400	1,700	300
<b>BUDGETARY FUND BALANCE, beginning of year</b>	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 1,400	1,400	1,700	300
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 20)	\$ -	-	10	10
Current year fair value adjustment	-	-	22	22
From use of money and property (Schedule 13)	-	-	32	32
Cumulative fair value adjustments of prior periods	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	1,400	1,400	1,700	300
Total adjustments	-	-	22	22
<b>FUND BALANCE, end of year</b>	\$ 1,400	1,400	1,722	322

COUNTY OF PRINCE WILLIAM, VIRGINIA  
 SPECIAL REVENUE FUND - Grantor's / Deed Tax

Schedule 21

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, 2019

(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With
	Original	Final		Final Budget Favorable (Unfavorable)
<b>BUDGETARY REVENUES:</b>				
Other local taxes	-	-	7,271	7,271
From use of money and property	\$ -	-	7	7
Total budgetary revenues	-	-	7,278	7,278
Net change in budgetary fund balance	-	-	7,278	7,278
<b>BUDGETARY FUND BALANCE, beginning of year</b>	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ -	-	7,278	7,278
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 21)	\$ -	-	7	7
Current year fair value adjustment	-	-	17	17
From use of money and property (Schedule 13)	-	-	24	24
Cumulative fair value adjustments of prior periods	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	-	-	7,278	7,278
Total adjustments	-	-	17	17
<b>FUND BALANCE, end of year</b>	\$ -	-	7,295	7,295

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, 2019

(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>BUDGETARY REVENUES:</b>				
From use of money and property	\$ -	-	3	3
Intergovernmental revenues:				
State	-	10	3	(7)
Miscellaneous	-	-	7	7
Total budgetary revenues	-	10	13	3
<b>BUDGETARY EXPENDITURES:</b>				
Public safety - Public Works	10	10	9	1
Total budgetary expenditures	10	10	9	1
Net change in budgetary fund balance	(10)	-	4	4
<b>BUDGETARY FUND BALANCE, beginning of year</b>	157	157	157	-
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 147	157	161	4
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
From use of money and property (Schedule 22)	\$ -	-	3	3
Current year fair value adjustment	-	-	4	4
From use of money and property (Schedule 13)	-	-	7	7
Cumulative fair value adjustments of prior periods	-	-	(4)	(4)
<b>BUDGETARY FUND BALANCE, end of year</b>	147	157	161	4
Total adjustments	-	-	-	-
<b>FUND BALANCE, end of year</b>	\$ 147	157	161	4

## 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 Fleet Management 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, 2019  
(amounts expressed in thousands)

Schedule 23

	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	\$ 24,074	323	-	-	36,004	60,401
Restricted cash and temporary investments	-	-	1,881	6,276	-	8,157
Investments	-	-	1,096	23,965	-	25,061
Accounts receivable, net	49	1	6	219	4,129	4,404
Inventory	529	-	-	-	-	529
Prepaid items	225	-	38	8	4	275
Total current assets	24,877	324	3,021	30,468	40,137	98,827
Non-current assets:						
Restricted investments	-	-	500	750	-	1,250
Capital assets:						
Land and construction in progress	320	-	-	-	-	320
Buildings and other capital assets, net of depreciation	4,472	-	-	-	-	4,472
Total non-current assets	4,792	-	500	750	-	6,042
Total assets	29,669	324	3,521	31,218	40,137	104,869
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to OPEB	223	-	-	-	12	235
Deferred outflows related to pension	1,382	-	-	-	74	1,456
Total deferred outflows of resources	1,605	-	-	-	86	1,691
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	1,807	-	29	132	1,749	3,717
Wages and benefits payable	462	-	-	-	-	462
Unpaid losses, related liabilities and IBNR	-	268	403	2,200	4,419	7,290
Current portion of surplus distribution payables	-	-	357	954	-	1,311
Compensated absences	120	-	-	-	-	120
Total current liabilities	2,389	268	789	3,286	6,168	12,900
Non-current liabilities:						
Unpaid losses, related liabilities and IBNR	-	-	344	13,060	-	13,404
Surplus distribution payables	-	-	817	2,231	-	3,048
Net OPEB liabilities	1,876	-	-	-	99	1,975
Net pension liabilities	5,941	-	-	-	319	6,260
Compensated absences	1,659	-	-	-	-	1,659
Total non-current liabilities	9,476	-	1,161	15,291	418	26,346
Total liabilities	11,865	268	1,950	18,577	6,586	39,246
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to OPEB	252	-	-	-	13	265
Deferred inflows related to pensions	626	-	-	-	34	660
Total deferred inflows of resources	878	-	-	-	47	925
<b>NET POSITION</b>						
Net investment in capital assets	4,792	-	-	-	-	4,792
Restricted for self-insurance funds	-	-	500	2,387	-	2,887
Unrestricted	13,739	56	1,071	10,254	33,590	58,710
Total net position	\$ 18,531	56	1,571	12,641	33,590	66,389

## INTERNAL SERVICE FUNDS

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

For the Year Ended June 30, 2019

(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	\$ 42,952	-	1,691	6,175	59,580	110,398
Miscellaneous	237	-	-	-	4,313	4,550
Total operating revenues	43,189	-	1,691	6,175	63,893	114,948
<b>OPERATING EXPENSES:</b>						
Personal services	13,889	-	-	-	680	14,569
Contractual services	18,136	-	481	678	4,651	23,946
Materials/supplies	9,512	-	-	-	4	9,516
Depreciation	1,814	-	-	-	-	1,814
Other	98	-	-	-	14	112
Claims and premiums	81	-	512	436	49,327	50,356
OPEB costs	-	-	-	-	4,554	4,554
Losses and loss adjustment expenses	-	69	790	1,903	-	2,762
Total operating expenses	43,530	69	1,783	3,017	59,230	107,629
Operating income / (loss)	(341)	(69)	(92)	3,158	4,663	7,319
<b>NON-OPERATING REVENUES / (EXPENSES):</b>						
Interest income	1,366	17	99	1,140	1,673	4,295
Total non-operating revenues / (expenses)	1,366	17	99	1,140	1,673	4,295
Income before transfers and capital contributions	1,025	(52)	7	4,298	6,336	11,614
<b>TRANSFERS:</b>						
Transfers in from:						
General fund	122	-	-	-	-	122
Special revenue funds	402	-	-	-	-	402
Fire & rescue levy funds	-	-	-	-	98	98
Transfers out to:						
General funds	(1,366)	-	-	-	-	(1,366)
Total transfers	(842)	-	-	-	98	(744)
Capital contributions	211	-	-	-	-	211
Change in net position	394	(52)	7	4,298	6,434	11,081
<b>NET POSITION, beginning of year</b>	18,137	108	1,564	8,343	27,156	55,308
<b>NET POSITION, end of year</b>	\$ 18,531	56	1,571	12,641	33,590	66,389

COUNTY OF PRINCE WILLIAM, VIRGINIA  
INTERNAL SERVICE FUNDS  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2019  
(amounts expressed in thousands)

Schedule 25

	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 customers	\$ 42,952	-	1,614	5,040	63,851	113,457
Cash received from other entities	219	299	-	-	(457)	61
Payments for claims and premiums	-	(75)	(1,156)	(2,982)	(49,327)	(53,540)
Payments to suppliers for goods and services	(28,711)	-	(450)	(621)	(10,128)	(39,910)
Payments to employees for services	(14,806)	-	-	-	(606)	(15,412)
Net cash provided / (used) by operating activities	(346)	224	8	1,437	3,333	4,656
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Surplus distributions paid	-	-	(88)	(300)	-	(388)
Transfers in	524	-	-	-	98	622
Transfers out	(1,366)	-	-	-	-	(1,366)
Net cash provided / (used) by non-capital financing activities	(842)	-	(88)	(300)	98	(1,132)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(1,645)	-	-	-	-	(1,645)
Net cash used by capital and related financing activities	(1,645)	-	-	-	-	(1,645)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Proceeds from maturities of investments	-	-	-	3,025	-	3,025
Purchases of investments	-	-	-	(2,000)	-	(2,000)
Interest and dividends received on investments	1,366	17	72	594	1,673	3,722
Net cash provided by investing activities	1,366	17	72	1,619	1,673	4,747
Net increase / (decrease) in cash and cash equivalents	(1,467)	241	(8)	2,756	5,104	6,626
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>25,541</b>	<b>82</b>	<b>1,889</b>	<b>3,520</b>	<b>30,900</b>	<b>61,932</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 24,074</b>	<b>323</b>	<b>1,881</b>	<b>6,276</b>	<b>36,004</b>	<b>68,558</b>
<b>RECONCILIATION OF OPERATING INCOME / (LOSS) TO NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES:</b>						
Operating income / (loss)	\$ (341)	(69)	(92)	3,158	4,663	7,319
Adjustments to reconcile operating income / (loss) to net cash provided / (used) by operating activities:						
Depreciation	1,814	-	-	-	-	1,814
Dividends applied to premiums	-	-	(77)	(1,135)	-	(1,212)
Deferred outflows of resources OPEB	8	-	-	-	(4)	4
Deferred outflows of resources pensions	(59)	-	-	-	(23)	(82)
Deferred inflows of resources OPEB	(15)	-	-	-	4	(11)
Deferred inflows of resources pensions	180	-	-	-	17	197
Change in assets and liabilities:						
(Increase) / decrease in:						
Accounts receivable, net of accrued interest	(18)	299	-	(35)	(457)	(211)
Inventory	(107)	-	-	-	-	(107)
Prepaid items	-	-	40	-	(3)	37
Increase / (decrease) in:						
Accounts payable and salaries and benefits, net of interest	(714)	(6)	(24)	5	(902)	(1,641)
Unpaid losses and related expenses	-	-	161	(556)	-	(395)
Unearned revenues	-	-	-	-	(42)	(42)
Other long term liabilities	(1,094)	-	-	-	80	(1,014)
Total adjustments	(5)	293	100	(1,721)	(1,330)	(2,663)
Net cash provided / (used) by operating activities	\$ (346)	224	8	1,437	3,333	4,656

## 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, 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**riate-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, and the Housing FSS Recipients Fund, are used to account for receipts and disbursements of monies for certain County welfare, mental health services and Family Self-Sufficiency (FSS) program recipients.



COUNTY OF PRINCE WILLIAM, VIRGINIA  
 FIDUCIARY FUNDS

Schedule 26

Combining Statement of Fiduciary Net Position - Pension and Other Post-Employment Benefits (OPEB) Master Trust Funds

June 30, 2019

(amounts expressed in thousands)

	Pension Trust Funds	OPEB Master Trust Fund	Totals
<b>ASSETS</b>			
Restricted cash	\$ 605	-	605
Restricted Investments:			
Money market mutual funds	574	36	610
Equity investments	25,911	55,166	81,077
Real estate investments	2,612	-	2,612
Fixed return investments	11,977	35,966	47,943
Life insurance annuity	17,050	-	17,050
Total investments	<u>58,124</u>	<u>91,168</u>	<u>149,292</u>
Total assets	<u>58,729</u>	<u>91,168</u>	<u>149,897</u>
<b>LIABILITIES</b>			
Accounts payable	-	3,952	3,952
Total liabilities	<u>-</u>	<u>3,952</u>	<u>3,952</u>
<b>NET POSITION</b>			
Net position restricted for pension	58,729	-	58,729
Net position restricted for OPEB	-	87,216	87,216
Total net position	<u>\$ 58,729</u>	<u>87,216</u>	<u>145,945</u>

Combining Statement of Changes in Fiduciary Net Position - Pension and Other Post-Employment Benefits (OPEB) Master Trust Funds  
 For the Year Ended June 30, 2019  
 (amounts expressed in thousands)

	Pension Trust Funds	OPEB Master Trust Fund	Totals
<b>ADDITIONS</b>			
Contributions:			
Member	\$ 1,372	-	1,372
Employer	2,313	6,824	9,137
Total Contributions	<u>3,685</u>	<u>6,824</u>	<u>10,509</u>
Investment income:			
Interest and dividends	1,393	2,237	3,630
Net appreciation / (depreciation) in fair value of investments	1,112	3,474	4,586
Total investment income	<u>2,505</u>	<u>5,711</u>	<u>8,216</u>
Less investment expenses	89	177	266
Net investment income	<u>2,416</u>	<u>5,534</u>	<u>7,950</u>
Total additions	<u>6,101</u>	<u>12,358</u>	<u>18,459</u>
<b>DEDUCTIONS</b>			
Pension and other post-employment benefit payments	2,623	3,936	6,559
Refund of members' contributions	129	-	129
Administrative expenses	118	2	120
Total deductions	<u>2,870</u>	<u>3,938</u>	<u>6,808</u>
Change in net position	3,231	8,420	11,651
<b>NET POSITION, beginning of year</b>	<u>55,498</u>	<u>78,796</u>	<u>134,294</u>
<b>NET POSITION, end of year</b>	<u>\$ 58,729</u>	<u>87,216</u>	<u>145,945</u>

FIDUCIARY FUNDS

Combining Statement of Fiduciary Net Position - Pension Trust Funds

June 30, 2019

(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	\$ 605	-	605
Restricted Investments:			
Money market mutual funds	574	-	574
Equity investments	25,911	-	25,911
Real estate investments	2,612	-	2,612
Fixed return investments	11,977	-	11,977
Life insurance funds	-	17,050	17,050
	<u>41,679</u>	<u>17,050</u>	<u>58,729</u>
Total assets	<u>41,679</u>	<u>17,050</u>	<u>58,729</u>
<b>NET POSITION</b>			
Net position restricted for pension	<u>41,679</u>	<u>17,050</u>	<u>58,729</u>
Total net position	<u>\$ 41,679</u>	<u>17,050</u>	<u>58,729</u>

FIDUCIARY FUNDS

Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds

For the Year Ended June 30, 2019

(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	\$ 1,372	-	1,372
Employer	1,372	941	2,313
Total contributions	<u>2,744</u>	<u>941</u>	<u>3,685</u>
Investment income:			
Interest and dividends	901	492	1,393
Net appreciation / (depreciation) in fair value of investments	1,112	-	1,112
Total investment income	<u>2,013</u>	<u>492</u>	<u>2,505</u>
Less investment expenses	89	-	89
Net investment income	<u>1,924</u>	<u>492</u>	<u>2,416</u>
Total additions	<u>4,668</u>	<u>1,433</u>	<u>6,101</u>
<b>DEDUCTIONS</b>			
Benefit payments	2,118	505	2,623
Refund of members' contributions	129	-	129
Administrative expenses	71	47	118
Total deductions	<u>2,318</u>	<u>552</u>	<u>2,870</u>
Change in net position	2,350	881	3,231
<b>NET POSITION, beginning of year</b>	<u>39,329</u>	<u>16,169</u>	<u>55,498</u>
<b>NET POSITION, end of year</b>	<u>\$ 41,679</u>	<u>17,050</u>	<u>58,729</u>

Combining Statement of Fiduciary Net Position - Other Post-Employment Benefits (OPEB) Master Trust Fund

June 30, 2019

(amounts expressed in thousands)

	County OPEB				Total OPEB Master Trust Fund
	County OPEB Premium Plan Trust Fund	Retiree Health Insurance Credit Plan (RHICP) Trust Fund	County OPEB LODA Trust Fund	School Board OPEB Trust Fund	
<b>ASSETS</b>					
Restricted investments	\$ 18,752	19,841	15,244	37,331	91,168
Total assets	<u>18,752</u>	<u>19,841</u>	<u>15,244</u>	<u>37,331</u>	<u>91,168</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,232	1,960	753	7	3,952
Total liabilities	<u>1,232</u>	<u>1,960</u>	<u>753</u>	<u>7</u>	<u>3,952</u>
<b>NET POSITION</b>					
Net position related for OPEB	17,520	17,881	14,491	37,324	87,216
Total net position	<u>\$ 17,520</u>	<u>17,881</u>	<u>14,491</u>	<u>37,324</u>	<u>87,216</u>

Combining Statement of Changes in Fiduciary Net Position - Other Post-Employment Benefits (OPEB) Master Trust Fund  
 For the Year Ended June 30, 2019  
 (amounts expressed in thousands)

	County OPEB				Total OPEB Master Trust Fund
	County OPEB Premium Plan Trust Fund	Retiree Health Insurance Credit Plan (RHICP) Trust Fund	County OPEB LODA Trust Fund	School Board OPEB Trust Fund	
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 1,521	1,977	1,526	1,800	6,824
Investment income:					
Interest and dividends	502	417	417	901	2,237
Net appreciation / (depreciation) in fair value of investments	781	624	651	1,418	3,474
Total investment income	1,283	1,041	1,068	2,319	5,711
Less investment expenses	39	33	34	71	177
Net investment income	1,244	1,008	1,034	2,248	5,534
Total additions	2,765	2,985	2,560	4,048	12,358
<b>DEDUCTIONS</b>					
Benefit payments	1,228	1,958	750	-	3,936
Administrative expenses	-	-	-	2	2
Total deductions	1,228	1,958	750	2	3,938
Change in net position	1,537	1,027	1,810	4,046	8,420
<b>NET POSITION, beginning of year</b>	15,983	16,854	12,681	33,278	78,796
<b>NET POSITION, end of year</b>	\$ 17,520	17,881	14,491	37,324	87,216

Combining Statement of Fiduciary Net Position - Private-Purpose Trust Funds

June 30, 2019

(amounts expressed in thousands)

	Private-Purpose Trust Funds						Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	Police Donations	Animal Donations	Liberty Donations	
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 438	11	348	27	41	93	958
Accounts receivable, net	76	-	1	-	-	-	77
Total assets	\$ 514	11	349	27	41	93	1,035
<b>LIABILITIES</b>							
Accounts payable	\$ -	1	-	-	-	-	1
Total liabilities	-	1	-	-	-	-	1
<b>NET POSITION</b>							
Net position restricted for other purposes	514	10	349	27	41	93	1,034
Total net position	\$ 514	10	349	27	41	93	1,034

FIDUCIARY FUNDS

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

For the Year Ended June 30, 2019

(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>							
Donations	\$ 82	3	128	-	20	-	233
Investment income:							
Interest and dividends	20	2	15	1	1	4	43
Total additions	102	5	143	1	21	4	276
<b>DEDUCTIONS</b>							
Administrative expenses	79	73	116	-	-	-	268
Total deductions	79	73	116	-	-	-	268
Change in net position	23	(68)	27	1	21	4	8
<b>NET POSITION, beginning of year</b>	491	78	322	26	20	89	1,026
<b>NET POSITION, end of year</b>	\$ 514	10	349	27	41	93	1,034



COUNTY OF PRINCE WILLIAM, VIRGINIA  
 AGENCY FUNDS  
 Combining Statement of Fiduciary Net Position  
 June 30, 2019  
 (amounts expressed in thousands)

Schedule 34

	Special Welfare	Community Services Board Payees	Housing FSS Recipients	Total
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 37	-	711	748
Cash in other banks	-	39	-	39
Total assets	<u>\$ 37</u>	<u>39</u>	<u>711</u>	<u>787</u>
<b>LIABILITIES</b>				
Deposits and escrows	<u>\$ 37</u>	<u>39</u>	<u>711</u>	<u>787</u>
Total liabilities	<u>\$ 37</u>	<u>39</u>	<u>711</u>	<u>787</u>

AGENCY FUNDS

Combining Statement of Changes In Assets and Liabilities

For the Year Ended June 30, 2019

(amounts expressed in thousands)

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>SPECIAL WELFARE</b>				
Equity in pooled cash and investments	\$ 31	6	-	37
Total assets	\$ 31	6	-	37
Deposits and escrows	\$ 31	6	-	37
Total liabilities	\$ 31	6	-	37
<b>COMMUNITY SERVICES BOARD PAYEES</b>				
Cash in other banks	\$ 41	516	518	39
Total assets	\$ 41	516	518	39
Deposits and escrows	\$ 41	516	518	39
Total liabilities	\$ 41	516	518	39
<b>HOUSING FSS RECIPIENTS</b>				
Equity in pooled cash and investments	\$ 632	117	38	711
Total assets	\$ 632	117	38	711
Deposits and escrows	\$ 632	117	38	711
Total liabilities	\$ 632	117	38	711
<b>TOTAL AGENCY FUNDS</b>				
Equity in pooled cash and investments	\$ 663	123	38	748
Cash in other banks	41	516	518	39
Total assets	\$ 704	639	556	787
Deposits and escrows	\$ 704	639	556	787
Total liabilities	\$ 704	639	556	787

**DISCRETELY PRESENTED**  
**COMPONENT UNIT**  
**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 Prince William-Manassas regional adult detention center.

COUNTY OF PRINCE WILLIAM, VIRGINIA  
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

Schedule 36

Combining Balance Sheet

June 30, 2019

(amounts expressed in thousands)

	General Operating	Capital Projects	Totals
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 11,583	-	11,583
Restricted cash and temporary investments	-	1,498	1,498
Accounts receivable, net	2	-	2
Due from other governmental units	1,936	-	1,936
Due from other funds	6,731	-	6,731
Total assets	<u>\$ 20,252</u>	<u>1,498</u>	<u>21,750</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 409	3,709	4,118
Wages and benefits payable	994	-	994
Due to other funds	-	6,731	6,731
Due to other governmental units	86	-	86
Retainages	-	1,498	1,498
Total liabilities	<u>1,489</u>	<u>11,938</u>	<u>13,427</u>
<b>FUND BALANCES:</b>			
Assigned	695	-	695
Unassigned	18,068	(10,440)	7,628
Total fund balances / (deficit)	<u>18,763</u>	<u>(10,440)</u>	<u>8,323</u>
Total liabilities and fund balances	<u>\$ 20,252</u>	<u>1,498</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.	93,410
GASB 68 and 75 requires that deferred inflow and outflows of resources be reported:	
Deferred outflows related to OPEB	805
Deferred outflows related to pensions	2,976
Deferred inflows related to OPEB	(629)
Deferred inflows related to pensions	(1,349)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Current year net pension liabilities	(12,791)
Current year net OPEB liabilities	(4,948)
Compensated absences	(3,613)
Net position of governmental activities	<u>\$ 82,184</u>

DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2019

(amounts expressed in thousands)

	Governmental Fund Types		Totals
	General Operating	Capital Projects	
<b>REVENUES:</b>			
From use of money and property	\$ 36	-	36
Charges for services	523	-	523
Intergovernmental revenues:			
Federal	436	-	436
State	11,568	-	11,568
Local	33,531	21,153	54,684
Miscellaneous	87	-	87
Total revenues	<u>46,181</u>	<u>21,153</u>	<u>67,334</u>
<b>EXPENDITURES:</b>			
Public safety	<u>42,409</u>	<u>28,395</u>	<u>70,804</u>
Total expenditures	<u>42,409</u>	<u>28,395</u>	<u>70,804</u>
Excess / (deficiency) of revenues over / (under) expenditures	3,772	(7,242)	(3,470)
<b>OTHER FINANCING SOURCES / (USES):</b>			
Transfers in	-	61	61
Transfers out	<u>(61)</u>	<u>-</u>	<u>(61)</u>
Total other financing sources / (uses)	<u>(61)</u>	<u>61</u>	<u>-</u>
Net change in fund balances	<u>3,711</u>	<u>(7,181)</u>	<u>(3,470)</u>
<b>FUND BALANCES, beginning of year</b>	<u>15,052</u>	<u>(3,259)</u>	
<b>FUND BALANCES, end of year</b>	<u>\$ 18,763</u>	<u>(10,440)</u>	

Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Add capital acquisitions	28,665
Subtract depreciation expense	(2,418)
Subtract net book value of assets removed from service	(13)

GASB 68 and 75 requires reporting deferred inflows and outflow of resources:

Add current year's deferred outflows related to OPEB	805
Add current year's deferred outflows related to pension	2,976
Add deferred inflows related to OPEB from prior year	584
Add deferred inflows related to pensions from prior year	930
Subtract deferred outflows related to OPEB from prior year	(493)
Subtract deferred outflows related to pensions from prior year	(2,760)
Subtract current year's deferred inflows related to OPEB	(629)
Subtract current year's deferred inflows related to pension	(1,349)

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 OPEB	(4,948)
Subtract current year's pension	(12,791)
Subtract current year's compensated absences liability	(3,613)
Add prior year's OPEB	4,403
Add prior year's pension	14,225
Add prior year's compensated absences liability	<u>3,488</u>

Change in Adult Detention Center net position \$ 23,592

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, 2019

(amounts expressed in thousands)

	Budgeted Amounts		2019 Actuals	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
From use of money and property	\$ -	-	36	36
Charges for services	663	663	523	(140)
Intergovernmental revenues:				
Federal	383	455	436	(19)
State	10,500	10,500	11,568	1,068
Local:				
Manassas	3,969	3,969	4,154	185
Manassas Park	476	476	886	410
Prince William County	30,512	28,527	28,491	(36)
Miscellaneous	57	57	87	30
Total revenues	46,560	44,647	46,181	1,534
<b>EXPENDITURES:</b>				
Public safety - Adult Detention	46,499	44,071	42,409	1,662
Total expenditures	46,499	44,071	42,409	1,662
<b>OTHER FINANCING SOURCES / (USES):</b>				
Transfers out to:				
Capital projects funds	(61)	(61)	(61)	-
Total other financing sources / (uses)	(61)	(61)	(61)	-
Excess / (deficiency) of revenues and other sources over / (under) expenditures and other uses	-	515	3,711	3,196
<b>FUND BALANCE, beginning of year</b>	15,052	15,052	15,052	-
<b>FUND BALANCE, end of year</b>	\$ 15,052	15,567	18,763	3,196

## 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, 2019

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2019											
	Authorized	Issued	Date Issued	General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt	Total Outstanding (Not Matured) at June 30, 2019	Interest Rate (%)	Maturing Annually	
											Amount	Fiscal Year
<b>General Obligation Bonds and Revenue Bonds:</b>												
2002 Referendum												
	\$ 4,955	4,955	29-Jul-10	\$ -	550	--	--	--	550	3.00	550	2020
Total 2002 Referendum	\$ 4,955	4,955		\$ -	550	-	-	-	550			
2006 Referendum												
	\$ 104,885	3,775	29-Jul-10	\$ -	420	-	-	-	420	3.00	420	2020
		28,635	31-Jul-13	-	18,773	-	2,687	-	21,460	5.00	1,435	2020 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
		61,805	29-Jul-15	20,487	27,315	-	4,728	-	52,530	5.00	3,090	2020 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
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
Total 2006 Referendum	\$ 104,885	104,885		\$ 20,487	57,178	-	7,415	-	85,080			
Revenue Bonds	\$ 30,985	23,355	1-Mar-16	\$ 19,845	-	-	-	-	19,845	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 2032
										3.50	1,165	2033 thru 2036
Total Revenue Bonds	\$ 30,985	23,355		\$ 19,845	-	-	-	-	19,845			
School Bonds	\$ 11,930	11,930	13-May-99	\$ -	-	-	-	595	595	5.23	595	2020
	33,650	33,650	18-May-00	-	-	-	-	3,360	3,360	5.60	1,680	2020 thru 2021
	48,175	48,175	17-May-01	-	-	-	-	7,215	7,215	5.10	2,405	2020 thru 2022
	52,660	52,660	16-May-02	-	-	-	-	10,520	10,520	5.10	2,630	2020 thru 2023
	80,675	80,675	15-May-03	-	-	-	-	20,150	20,150	5.10	4,030	2020 thru 2022
										4.60	4,030	2023 thru 2024
	48,795	48,795	13-May-04	-	-	-	-	14,635	14,635	5.10	2,440	2020 thru 2024
										5.10	2,435	2025
	62,320	62,320	12-May-05	-	-	-	-	21,805	21,805	4.10	3,115	2020
										5.10	3,115	2021 thru 2025
										4.35	3,115	2026
	61,605	61,605	11-May-06	-	-	-	-	24,640	24,640	5.10	3,080	2020 thru 2021
										4.48	3,080	2022
										4.60	3,080	2023 thru 2026
										5.10	3,080	2027



Schedule of Bonds, Capital Leases and Other Long-Term Debt  
As of June 30, 2019  
(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2019					Total Outstanding (Not Matured) at June 30, 2019	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
<b>General Obligation Bonds and Revenue Bonds (cont'd):</b>												
School Bonds	\$ 64,975	64,975	10-May-07	\$ -	-	-	-	29,225	29,225	5.10	3,250	2020
										4.10	3,250	2021
										5.10	3,250	2022 thru 2023
										4.48	3,245	2024
										4.50	3,245	2025 thru 2026
										5.10	3,245	2027 thru 2028
	45,890	45,890	15-May-08	-	-	-	-	22,940	22,940	5.10	2,295	2020 thru 2027
										5.10	2,290	2028
										4.60	2,290	2029
	51,020	51,020	15-May-09	-	-	-	-	28,050	28,050	4.05	2,550	2020
										5.05	2,550	2021 thru 2025
										4.05	2,550	2026
										5.05	2,550	2027
										4.30	2,550	2028
										5.05	2,550	2029
										4.43	2,550	2030
	51,200	46,445	4-Aug-11	-	-	-	-	18,570	18,570	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	-	-	-	-	19,695	19,695	5.00	3,285	2020 thru 2022
										4.50	3,280	2031 thru 2033
	69,280	59,990	31-Jul-13	-	-	-	-	29,990	29,990	5.00	3,000	2020 thru 2024
										4.50	3,000	2030 thru 2032
										4.50	2,995	2033 thru 2034
	91,910	82,545	23-Sep-14	-	-	-	-	66,025	66,025	5.00	4,130	2020 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	-	-	-	-	83,710	83,710	5.00	4,925	2020 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	-	-	-	-	108,190	108,190	5.00	6,015	2020 thru 2021
										5.00	6,010	2022 thru 2030
										3.00	6,010	2031 thru 2037
	219,695	77,660	9-Mar-17	-	-	-	-	69,890	69,890	5.00	3,885	2020 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
	245,340	115,895	24-May-18	-	-	-	-	110,105	110,105	5.00	5,795	2020 thru 2030
										4.00	5,795	2031 thru 2033
										3.13	5,795	2034 thru 2035
										3.38	5,795	2036 thru 2038
Taxable - Local Build America Bonds	60,765	56,445	13-May-10	-	-	-	-	48,375	48,375	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

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2019

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2019						Total Outstanding (Not Matured) at June 30, 2019	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt	Amount			Fiscal Year	
<b>General Obligation Bonds and Revenue Bonds (cont'd):</b>													
School Bonds													
Taxable-Direct Payment Qualified School Construction Bonds <sup>A</sup>	\$ 9,800	9,685	8-Jul-10	\$ -	-	-	-	4,560	4,560	-	570	2020 thru 2027	
Total School Bonds	\$ 1,637,755	1,294,740		\$ -	-	-	-	742,245	742,245				
<b>Refunding Bonds:</b>													
	\$ 47,175	47,175	1-Sep-04	\$ 355	-	-	-	635	990	4.13	990	2021	
	50,000	48,260	29-Jul-10	-	18,605	--	1,905	1,500	22,010	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	1,230	-	-	-	-	1,230	5.00	600	2020	
										5.00	630	2021	
Taxable Bonds	26,000	16,035	29-Feb-12	-	397	-	98	1,465	1,960	1.93	1,960	2020	
Total Refunding Bonds	\$ 300,190	200,895		\$ 1,585	53,137	--	3,418	54,540	112,680				
Total General Obligation Bonds and Revenue Bonds	\$ 2,078,770	\$ 1,628,830		\$ 41,917	\$ 110,865	\$ --	\$ 10,833	\$ 796,785	\$ 960,400				
<b>Capital Leases:</b>													
2009 VRA - Roads	\$ 37,945	37,945	19-Jun-08	\$ -	1,895	-	-	-	1,895	5.13	1,895	2020	
Refunding LPC - Judicial Center	18,500	16,025	6-Oct-10	3,255	-	-	-	-	3,255	5.00	3,255	2021	
Refunding VRA - Yorkshire Fire Station	3,000	2,780	2-Nov-10	1,165	-	-	-	-	1,165	5.10	270	2020	
										5.10	285	2021	
										3.53	300	2022	
										5.10	310	2023	
Refunding VRA - Western District Police	16,000	13,165	2-Nov-10	5,515	-	-	-	-	5,515	5.10	1,280	2020	
										5.10	1,350	2021	
										3.54	1,410	2022	
										5.10	1,475	2023	
Refunding VRA - Nokesville Fire Station	3,000	2,180	2-Nov-10	1,075	-	-	-	-	1,075	5.10	215	2020 thru 2024	
Refunding VRA - Spriggs Road	10,100	10,095	27-Jun-12	-	6,990	-	-	-	6,990	5.13	1,000	2020 thru 2024	
										4.83	995	2025	
										4.82	995	2026	
Refunding VRA - Nokesville Fire Station	900	880	27-Jun-12	425	-	-	-	-	425	5.13	85	2020 thru 2024	

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2019

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2019					Total Outstanding (Not Matured) at June 30, 2019	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
<b>Capital Leases (cont'd):</b>												
Refunding COP	\$ 50,000	35,205	26-Mar-13	\$ 11,725	-	12,202	203	-	24,130	4.00	3,535	2020
										5.00	3,510	2021
										5.00	3,500	2022
										5.00	3,495	2023
										5.00	3,500	2024
										5.00	3,510	2025
										5.00	1,540	2026 thru 2027
Refunding VRA - Spricer Fire Station	880	880	5-Nov-14	580	-	-	-	-	580	5.13	95	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	1,860	-	-	-	-	1,860	5.13	235	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	1,965	-	-	-	-	1,965	5.13	250	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	-	5,545	-	-	-	5,545	5.13	700	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	-	18,840	-	-	-	18,840	5.13	5	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>\$ 186,190</b>	<b>153,950</b>		<b>\$ 29,705</b>	<b>36,280</b>	<b>12,202</b>	<b>203</b>	<b>-</b>	<b>78,390</b>			
<b>Loans Payable:</b>												
IDA Loan	\$ 21,153	21,153	22-Feb-19	\$ -	-	21,153	-	-	21,153	Variable	21,153	2024
<b>Total Loans Payable</b>	<b>\$ 21,153</b>	<b>\$ 21,153</b>		<b>\$ -</b>	<b>-</b>	<b>21,153</b>	<b>-</b>	<b>-</b>	<b>21,153</b>			
<b>Total General Obligation, Revenue Bonds, Capital Leases and Other Long-Term Debt</b>	<b>\$ 2,286,113</b>	<b>\$ 1,803,933</b>		<b>\$ 71,622</b>	<b>\$ 147,145</b>	<b>\$ 33,355</b>	<b>\$ 11,036</b>	<b>\$ 796,785</b>	<b>\$ 1,059,943</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.

PROPRIETARY FUNDS

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2019

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2019		Date Issued	Landfill	Parks & Recreation	Total Outstanding (Not Matured) at June 30, 2019	Interest Rate (%)	Maturing Annually	
	Authorized	Issued						Amount	Fiscal Year
<b>Revenue Bonds:</b>									
Refunding Bonds	\$ 19,000	13,285	14-Apr-10	\$ -	6,090	6,090	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	750	2027
Total Revenue Bonds	<u>\$ 19,000</u>	<u>13,285</u>		<u>\$ -</u>	<u>6,090</u>	<u>6,090</u>			
Total Bonds, Capital Leases and Other Long-Term Debt	<u>\$ 19,000</u>	<u>\$ 13,285</u>		<u>\$ -</u>	<u>6,090</u>	<u>6,090</u>			





**Statistical Section**  
(Unaudited)



Statistical Section





## 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>	247
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>	257
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>	264
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>	271
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>	274
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>	280
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)

	2010	2011	2012 <sup>c</sup>	2013	2014
<b>Governmental activities:</b>					
Net Investment in capital assets	\$ 308,128	\$ 309,109	\$ 370,247	\$ 405,803	\$ 432,016
Restricted	79,067	102,590	103,323	116,177	140,516
Unrestricted	<u>(586,903)</u>	<u>(540,498)</u>	<u>(513,067)</u>	<u>(572,683)</u>	<u>(620,271)</u>
Total governmental activities net position	<u>\$ (199,708)</u>	<u>\$ (128,799)</u>	<u>\$ (39,497)</u>	<u>\$ (50,703)</u>	<u>\$ (47,739)</u>
<b>Business-type activities:</b>					
Net Investment in capital assets	\$ 23,790	\$ 28,333	\$ 37,030	\$ 36,810	\$ 37,943
Unrestricted	<u>12,253</u>	<u>9,506</u>	<u>5,675</u>	<u>(146)</u>	<u>3,818</u>
Total business-type activities net position	<u>\$ 36,043</u>	<u>\$ 37,839</u>	<u>\$ 42,705</u>	<u>\$ 36,664</u>	<u>\$ 41,761</u>
<b>Primary government:</b>					
Net Investment in capital assets	\$ 331,918	\$ 337,442	\$ 407,277	\$ 442,613	\$ 469,959
Restricted	79,067	102,590	103,323	116,177	140,516
Unrestricted	<u>(574,650)</u>	<u>(530,992)</u>	<u>(507,392)</u>	<u>(572,829)</u>	<u>(616,453)</u>
Total primary government net position	<u>\$ (163,665)</u>	<u>\$ (90,960)</u>	<u>\$ 3,208</u>	<u>\$ (14,039)</u>	<u>\$ (5,978)</u>
<b>Component units:<sup>a</sup></b>					
Net Investment in capital assets	\$ 1,087,841	\$ 1,161,881	\$ 1,149,459	\$ 1,195,075	\$ 1,247,771
Restricted	90,969	39,134	34,791	43,091	50,515
Unrestricted	<u>146,002</u>	<u>139,408</u>	<u>111,523</u>	<u>114,809</u>	<u>114,162</u>
Total component units net position	<u>\$ 1,324,812</u>	<u>\$ 1,340,423</u>	<u>\$ 1,295,773</u>	<u>\$ 1,352,975</u>	<u>\$ 1,412,448</u>
<b>Total reporting entity:</b>					
Net Investment in capital assets <sup>b</sup>	\$ 887,366	\$ 928,973	\$ 975,195	\$ 1,051,232	\$ 1,121,735
Restricted <sup>b</sup>	79,067	118,527	115,407	139,850	168,908
Unrestricted	<u>194,714</u>	<u>201,963</u>	<u>212,308</u>	<u>147,854</u>	<u>115,827</u>
Total reporting entity net position	<u>\$ 1,161,147</u>	<u>\$ 1,249,463</u>	<u>\$ 1,302,910</u>	<u>\$ 1,338,936</u>	<u>\$ 1,406,470</u>

<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 Park Authority Component Unit was dissolved and became the County Department of Parks & Recreation (now Parks, Recreation, and Tourism) effective FY 2013. The Convention & Visitors Bureau became a component unit of the County effective FY 2013, but was dissolved and incorporated into the Parks & Recreation department in FY 2018.

<sup>d</sup> FY 2016 figures were adjusted and restated in FY 2017. FY 2017 figures were restated in FY 2018.

<sup>e</sup> FY 2017 figures were not adjusted and restated for Convention and Visitors Bureau since the merger occurred July 1, 2018.

TABLE 1

	2015	2016 as restated <sup>d</sup>	2017 as restated <sup>d,e</sup>	2018	2019	
						Governmental activities:
\$	459,442	\$ 442,098	\$ 485,264	\$ 505,044	\$ 539,411	Net Investment in capital assets
	159,366	170,299	140,373	95,769	98,872	Restricted
	<u>(753,856)</u>	<u>(885,739)</u>	<u>(994,204)</u>	<u>(1,010,760)</u>	<u>(926,005)</u>	Unrestricted
\$	<u>(135,048)</u>	<u>(273,342)</u>	<u>(368,567)</u>	<u>(409,947)</u>	<u>(287,722)</u>	Total governmental activities net position
						Business-type activities:
\$	44,021	\$ 32,870	\$ 40,381	\$ 38,545	\$ 39,852	Net Investment in capital assets
	<u>(5,808)</u>	<u>6,280</u>	<u>9,522</u>	<u>12,147</u>	<u>19,414</u>	Unrestricted
\$	<u>38,213</u>	<u>39,150</u>	<u>49,903</u>	<u>50,692</u>	<u>59,266</u>	Total business-type activities net position
						Primary government:
\$	503,463	\$ 474,968	\$ 525,645	\$ 543,589	\$ 579,263	Net Investment in capital assets
	159,366	170,299	140,373	95,769	98,872	Restricted
	<u>(759,664)</u>	<u>(879,459)</u>	<u>(984,682)</u>	<u>(998,613)</u>	<u>(906,591)</u>	Unrestricted
\$	<u>(96,835)</u>	<u>(234,192)</u>	<u>(318,664)</u>	<u>(359,255)</u>	<u>(228,456)</u>	Total primary government net position
						Component units: <sup>a</sup>
\$	1,326,687	\$ 1,416,258	\$ 1,522,452	\$ 1,572,907	\$ 1,689,674	Net Investment in capital assets
	66,882	198,106	173,810	231,206	104,459	Restricted
	<u>(737,984)</u>	<u>(700,164)</u>	<u>(860,881)</u>	<u>(823,297)</u>	<u>(732,730)</u>	Unrestricted
\$	<u>655,585</u>	<u>914,200</u>	<u>835,381</u>	<u>980,816</u>	<u>1,061,403</u>	Total component units net position
						Total reporting entity:
\$	1,222,302	\$ 1,891,226	\$ 1,367,824	\$ 2,215,208	\$ 2,268,937	Net Investment in capital assets <sup>b</sup>
	183,503	368,405	163,665	130,578	203,331	Restricted <sup>b</sup>
	<u>(847,055)</u>	<u>(1,579,623)</u>	<u>(1,014,772)</u>	<u>(1,724,225)</u>	<u>(1,639,321)</u>	Unrestricted
\$	<u>558,750</u>	<u>680,008</u>	<u>516,717</u>	<u>621,561</u>	<u>832,947</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)

	2010	2011	2012	2013	2014	2015	2016 as restated <sup>b</sup>	2017 as restated <sup>b</sup>	2018	2019
<b>Primary Government:</b>										
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 37,377	\$ 45,435	\$ 40,151	\$ 37,932	\$ 34,857	\$ 34,865	\$ 40,258	\$ 50,059	\$ 47,002	\$ 47,572
Judicial administration	17,471	18,157	18,222	19,524	20,060	20,581	21,960	22,458	21,557	23,677
Public safety	197,928	205,341	215,366	234,880	238,965	243,870	270,610	295,806	292,517	335,421
Public works	54,892	48,819	55,538	72,924	91,874	88,390	96,977	81,479	112,634	107,447
Health and welfare	74,268	76,664	75,217	75,909	76,638	81,711	88,726	92,898	95,658	100,931
Education	440,443	368,236	406,022	463,154	461,676	513,087	672,297	554,522	589,737	468,667
Parks, recreational and cultural	38,347	33,728	54,934	34,077	36,059	37,150	78,278	50,250	49,000	57,677
Community development	49,524	50,227	52,318	53,726	59,129	64,674	37,307	66,559	71,037	65,623
Interest on long-term debt	44,253	44,095	43,242	43,086	47,553	45,104	47,263	54,176	51,305	49,473
Pension	--	--	--	--	--	(12,502)	--	--	--	--
Total governmental activities expenses	954,503	890,702	961,010	1,035,212	1,066,811	1,116,930	1,353,676	1,268,207	1,330,447	1,256,488
Business-type activities:										
Landfill	10,724	15,804	16,734	15,832	17,327	17,337	16,613	16,195	14,745	18,274
Parks and Recreation	--	--	15,927	19,729	14,793	14,865	6,427	6,445	6,943	6,336
Innovation Technology Park	49	48	48	60	75	405	340	458	268	590
Total business-type activities expenses	10,773	15,852	32,709	35,621	32,195	32,607	23,808	23,098	21,956	25,200
Total primary government expenses	\$ 965,276	\$ 906,554	\$ 993,719	\$ 1,070,833	\$ 1,099,006	\$ 1,149,537	\$ 1,377,056	\$ 1,291,305	\$ 1,352,403	\$ 1,281,688
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ 554	\$ 554	\$ 597	\$ 590	\$ 571	\$ 568	\$ 2,263	\$ 1,969	\$ 1,996	\$ 1,925
Judicial administration	4,234	4,160	4,548	4,929	4,079	4,238	1,939	1,982	1,695	2,030
Public safety	6,027	6,646	11,105	12,220	13,177	13,249	11,113	24,005	14,572	15,514
Public works	4,958	5,038	5,054	8,248	8,237	8,725	8,796	8,523	8,533	8,748
Health and welfare	1,429	1,287	1,381	1,345	1,113	1,477	6,635	977	1,332	1,543
Parks, recreational and cultural	520	562	1,807	548	641	580	8,695	8,992	8,302	8,123
Community development	9,564	10,461	15,234	18,973	20,708	20,194	15,527	12,164	18,382	17,551
Operating grants and contributions	90,529	88,851	101,066	77,104	80,159	79,740	85,699	89,962	96,631	101,515
Capital grants and contributions	28,271	46,890	37,115	29,758	42,952	49,288	74,430	56,574	80,726	77,724
Total governmental activities program revenues	146,086	164,449	177,907	153,715	171,637	178,059	215,097	205,148	232,169	234,673
Business-type activities:										
Charges for services:										
Landfill	16,244	17,696	17,213	17,556	18,008	18,805	19,660	19,568	19,879	20,381
Parks and Recreation	--	--	13,228	10,904	11,783	11,927	5,472	5,222	4,654	4,524
Innovation Technology Park	7	--	990	--	--	64	1,132	4,312	978	3,408
Capital grants and contributions	177	66	57	27	20	--	--	--	--	--
Total business-type activities program revenues	16,428	17,762	31,488	28,487	29,811	30,796	26,264	29,102	25,511	28,313
Total primary government program revenues	\$ 162,514	\$ 182,211	\$ 209,395	\$ 182,202	\$ 201,448	\$ 208,855	\$ 241,361	\$ 234,250	\$ 257,680	\$ 262,986
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (808,417)	\$ (726,253)	\$ (783,103)	\$ (881,497)	\$ (895,174)	\$ (938,871)	\$ (1,138,579)	\$ (1,063,059)	\$ (1,098,278)	\$ (1,021,815)
Business-type activities	5,655	1,910	(1,221)	(7,134)	(2,384)	(1,811)	2,884	6,004	3,555	3,113
Total primary government net (expense)/revenue	\$ (802,762)	\$ (724,343)	\$ (784,324)	\$ (888,631)	\$ (897,558)	\$ (940,682)	\$ (1,135,695)	\$ (1,057,055)	\$ (1,094,723)	\$ (1,018,702)
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Taxes										
Real property	\$ 509,007	\$ 508,761	\$ 526,885	\$ 551,951	\$ 571,847	\$ 599,802	\$ 628,960	\$ 650,851	\$ 679,762	\$ 713,059
Personal property	67,816	72,641	78,338	85,515	96,013	104,060	114,750	128,280	137,198	150,269
Local sales	46,155	49,554	52,003	55,169	56,511	59,709	60,551	63,022	64,566	68,710
Consumers utility	12,840	13,190	13,075	13,490	13,766	13,974	13,977	14,196	14,417	14,443
Business, professional and occupational license	20,269	20,965	21,725	22,913	23,772	24,744	25,065	25,341	26,554	26,945
Recordation	7,813	7,562	8,014	10,277	7,879	8,868	10,613	11,149	9,839	10,687
Motor vehicle licenses	7,221	7,504	7,591	7,877	7,907	8,053	8,260	8,409	8,845	8,987
Other local taxes	--	--	--	--	--	--	--	--	--	13,215
Transient occupancy	3,014	3,169	3,274	3,369	3,096	3,425	3,721	4,030	4,025	--
Short term rental, bank stock, public utility gross receipts	2,661	3,208	3,080	2,973	3,226	3,292	3,350	3,733	4,102	4,431
Grants and contributions not restricted to specific programs	82,882	82,422	81,503	81,785	81,878	82,278	85,327	81,728	81,058	80,200
Investment earnings	31,700	11,754	20,222	(1,558)	26,049	20,548	26,736	11,123	13,727	43,026
Gain/(loss) on disposition of capital assets	--	--	--	--	--	--	17	649	161	745
Insurance claims and recoveries	--	--	66	100	9	10	2,197	61	26	13
Miscellaneous	21,954	14,876	10,348	37,530	12,522	19,304	12,480	24,112	8,322	12,200
Special item - transfer of volunteer fire and rescue operations	--	--	--	--	--	--	2,929	13,026	--	--
Transfers	810	1,556	1,527	(376)	(6,337)	465	792	(4,377)	4,010	(2,890)
Total governmental activities	814,142	797,162	827,651	871,015	898,138	948,532	999,725	1,035,333	1,056,612	1,144,040

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016 as restated <sup>b</sup>	2017 as restated <sup>b</sup>	2018	2019
<b>Business-type activities:</b>										
Investment earnings	928	343	513	(99)	307	389	533	--	57	1,494
Miscellaneous	839	1,099	794	816	837	979	933	1,215	1,187	1,077
Transfers	(810)	(1,556)	(1,527)	376	6,337	(465)	(792)	4,377	(4,010)	2,890
Total business-type activities	957	(114)	(220)	1,093	7,481	903	674	5,592	(2,766)	5,461
Total primary government	\$ 815,099	\$ 797,048	\$ 827,431	\$ 872,108	\$ 905,619	\$ 949,435	\$ 1,000,399	\$ 1,040,925	\$ 1,053,846	\$ 1,149,501
<b>Change in Net Position</b>										
Governmental activities	\$ 5,725	70,909	\$ 44,548	\$ (10,482)	\$ 2,964	\$ 9,661	\$ (138,854)	\$ (27,726)	\$ (41,666)	\$ 122,225
Cumulative effect of restatement- Gov't Activities	--	--	--	--	--	(96,970)	--	(15,068)	--	--
Business-type activities	6,612	1,796	(1,441)	(6,041)	5,097	(908)	3,558	11,596	789	8,574
Cumulative effect of restatement - Business-type Activities	--	--	--	--	--	(2,640)	--	--	--	--
Total primary government	\$ 12,337	\$ 72,705	\$ 43,107	\$ (16,523)	\$ 8,061	\$ (90,857)	\$ (135,296)	\$ (31,198)	\$ (40,877)	\$ 130,799
<b>Component Units:<sup>a</sup></b>										
<b>Expenses</b>										
School Board	\$ 879,024	\$ 885,979	\$ 945,026	\$ 982,546	\$ 998,911	\$ 1,046,510	\$ 1,059,657	\$ 1,149,263	\$ 1,163,792	\$ 1,183,841
Adult Detention Center	44,635	30,816	39,719	46,030	44,629	42,366	48,241	44,712	43,365	43,742
Park Authority	29,754	29,517	--	--	--	--	--	--	--	--
Convention & Visitors Bureau	--	--	1,183	1,253	1,188	1,288	1,275	1,178	--	--
Total component unit expenses	\$ 953,413	\$ 946,312	\$ 985,928	\$ 1,029,829	\$ 1,044,728	\$ 1,090,164	\$ 1,109,173	\$ 1,195,153	\$ 1,207,157	\$ 1,227,583
<b>Program Revenues</b>										
Charges for services	\$ 34,948	\$ 35,144	\$ 23,551	\$ 24,230	\$ 24,087	\$ 23,795	\$ 24,429	\$ 25,735	\$ 26,138	\$ 25,457
Operating grants and contributions	120,782	144,496	144,394	146,617	149,565	158,349	168,110	179,935	182,304	182,964
Capital grants and contributions	4,863	209	98	113	108	116	124	119	123	128
Total component unit program revenues	\$ 160,593	\$ 179,849	\$ 168,043	\$ 170,960	\$ 173,760	\$ 182,260	\$ 192,663	\$ 205,789	\$ 208,565	\$ 208,549
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Payment from primary government	\$ 544,019	\$ 469,759	\$ 497,540	\$ 556,524	\$ 560,412	\$ 615,939	\$ 783,479	\$ 672,345	\$ 717,067	\$ 633,538
Grants and contributions not restricted to specific programs	324,506	306,261	324,278	354,051	359,939	373,325	381,856	401,967	419,099	452,149
Investment earnings	5,367	4,358	3,287	1,892	3,261	3,125	3,489	2,603	2,700	8,669
Gain/(loss) on disposition of capital assets	--	--	--	--	--	4	(1)	--	--	--
Miscellaneous	1,812	1,696	2,758	3,604	6,829	3,216	3,734	5,523	5,447	4,631
Total general revenues and other changes in net position	\$ 875,704	\$ 782,074	\$ 827,863	\$ 916,071	\$ 930,441	\$ 995,609	\$ 1,172,557	\$ 1,082,438	\$ 1,144,313	\$ 1,098,987
Cumulative effect of restatement	--	--	--	--	--	(844,568)	--	--	--	--
Total component unit change in net position	\$ 82,884	\$ 15,611	\$ 9,978	\$ 57,202	\$ 59,473	\$ (756,863)	\$ 256,047	\$ 93,074	\$ 145,721	\$ 79,953

<sup>a</sup> The Park Authority Component Unit was dissolved and became the County Department of Parks and Recreation (now Parks, Recreation and Tourism) effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013, but was dissolved and incorporated into the Parks & Recreation department in FY 2018

<sup>b</sup> FY 2016 figures were adjusted and restated in FY 2017. FY 2017 figures were restated in FY 2018.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 3 - Fund Balances, Governmental Funds**

Last Ten Fiscal Years

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

	2010	2011	2012	2013 <sup>a</sup>	2014
<b>General Fund:</b>					
Non-spendable	\$ 201	\$ 224	\$ 229	\$ 299	\$ 222
Restricted	1,321	1,369	1,274	2,101	3,693
Committed	99,627	113,811	90,209	81,114	67,735
Assigned	3,780	7,570	7,073	8,137	6,442
Unassigned	63,948	62,422	64,457	67,075	69,669
Total general fund	<u>168,877</u>	<u>185,396</u>	<u>163,242</u>	<u>158,726</u>	<u>147,761</u>
<b>Capital Projects:</b>					
Non-spendable	34	34	199	34	240
Restricted	8,550	26,798	21,633	--	--
Committed	111,574	109,413	87,301	102,692	102,106
Total capital projects	<u>120,158</u>	<u>136,245</u>	<u>109,133</u>	<u>102,726</u>	<u>102,346</u>
<b>Fire &amp; Rescue Levy:</b>					
Restricted				66,893	77,831
Total fire & rescue levy funds				<u>66,893</u>	<u>77,831</u>
<b>Non-major Special Revenue Funds:</b>					
Non-spendable	--	--	--	30	--
Restricted	67,339	73,173	77,568	16,895	18,472
Total non-major special revenue funds	<u>\$ 67,339</u>	<u>\$ 73,173</u>	<u>\$ 77,568</u>	<u>\$ 16,925</u>	<u>\$ 18,472</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.

TABLE 3

	2015	2016 as restated <sup>b</sup>	2017	2018	2019	
						<b>General Fund:</b>
\$ 178	\$ 142	\$ 178	\$ 288	\$ 396		Non-spendable
13,224	8,366	10,350	9,941	9,524		Restricted
58,692	127,058	92,852	89,315	88,951		Committed
29,847	7,775	9,123	12,096	9,025		Assigned
73,055	75,674	79,769	82,107	87,335		Unassigned
<u>174,996</u>	<u>219,015</u>	<u>192,272</u>	<u>193,747</u>	<u>195,231</u>		Total general fund
						<b>Capital Projects:</b>
232	331	331	306	311		Non-spendable
--	--	--	--	--		Restricted
56,783	148,995	136,717	98,602	104,811		Committed
<u>57,015</u>	<u>149,326</u>	<u>137,048</u>	<u>98,908</u>	<u>105,122</u>		Total capital projects
						<b>Fire &amp; Rescue Levy:</b>
86,617	59,127	50,974	44,284	36,418		Restricted
<u>86,617</u>	<u>59,127</u>	<u>50,974</u>	<u>44,284</u>	<u>36,418</u>		Total fire & rescue levy funds
						<b>Non-major Special Revenue Funds:</b>
--	2,167	--	8	13		Non-spendable
16,766	20,055	25,466	26,949	37,157		Restricted
<u>\$ 16,766</u>	<u>\$ 22,222</u>	<u>25,466</u>	<u>\$ 26,957</u>	<u>\$ 37,170</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)

	2010	2011	2012	2013 <sup>a</sup>	2014
<b>REVENUES:</b>					
General property taxes	\$ 577,981	\$ 583,220	\$ 605,896	\$ 636,789	\$ 667,497
Other local taxes	99,973	105,152	108,762	116,068	116,157
Permits, privilege fees and regulatory licenses	10,617	11,495	13,836	16,354	17,389
Fines and forfeitures	2,866	3,241	3,435	3,260	3,252
From use of money and property	27,489	7,547	13,870	(6,422)	14,434
Charges for services	13,803	13,972	21,226	27,240	27,886
Intergovernmental revenues:					
Federal	47,201	62,154	50,986	49,644	51,378
State	133,976	126,233	122,949	118,507	137,111
Local	8,912	8,473	6,661	6,884	7,435
Donations and contributions	61	70	142	20	1,897
Miscellaneous	21,893	15,706	10,206	27,284	11,592
Total revenues	<u>944,772</u>	<u>937,263</u>	<u>957,969</u>	<u>995,628</u>	<u>1,056,028</u>
<b>EXPENDITURES:</b>					
General government administration	33,982	35,296	38,897	36,788	34,966
Judicial administration	16,971	17,505	17,593	18,388	19,190
Public safety	202,196	198,402	210,461	228,769	232,492
Public works	25,545	27,736	30,408	30,522	31,441
Health and welfare	74,593	76,896	75,014	75,066	76,549
Education	437,057	361,447	416,071	463,652	466,249
Parks, recreational and cultural	36,485	29,849	35,801	26,550	28,507
Community development	44,389	45,183	47,280	48,555	53,185
Debt service:					
Principal retirement	--	66,811	74,760	69,858	72,969
Interest and other debt costs	--	43,817	42,803	41,991	42,546
Capital outlays	34,063	26,914	33,283	53,426	76,086
Total expenditures	<u>905,281</u>	<u>929,856</u>	<u>1,022,371</u>	<u>1,093,565</u>	<u>1,134,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>39,491</u>	<u>7,407</u>	<u>(64,402)</u>	<u>(97,937)</u>	<u>(78,152)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	39,033	32,677	59,039	58,513	73,278
Transfers out	(48,942)	(32,486)	(88,907)	(62,825)	(93,780)
Bonds, notes and capital leases	80,380	29,085	46,445	65,675	88,625
Refunding bonds	--	82,410	51,585	46,180	--
Premium on sale of bonds	2,205	1,069	2,236	12,301	10,309
Premium from refunding bonds	--	9,757	9,690	9,048	--
Payments to escrow agent	--	(91,667)	(60,921)	(54,689)	--
Loan payables	--	--	--	--	--
Insurance recoveries	--	--	--	100	9
Sale of surplus property	250	188	298	252	851
Total other financing sources (uses)	<u>72,926</u>	<u>31,033</u>	<u>19,531</u>	<u>74,555</u>	<u>79,292</u>
Net change in fund balances	<u>\$ 112,417</u>	<u>\$ 38,440</u>	<u>\$ (44,871)</u>	<u>\$ (23,382)</u>	<u>\$ 1,140</u>
Debt service as a percentage of noncapital expenditures	0.00%	12.00%	11.62%	10.37%	10.35%

<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 Parks & Recreation.

<sup>b</sup> FY 2016 figures were adjusted and restated in FY 2017.

<sup>c</sup> Prior to FY 2019, these taxes were included in 'Other local taxes'. Please see Footnote 17 for additional information.

TABLE 4

		2016			
2015	as restated <sup>b</sup>	2017	2018	2019	
\$ 703,097	\$ 703,952	\$ 780,642	\$ 818,357	\$ 862,399	<b>REVENUES:</b>
122,065	125,537	129,880	132,348	147,417	General property taxes
17,057	2,295	19,867	19,141	20,156	Other local taxes
3,168	2,952	2,732	3,050	3,456	Permits, privilege fees and regulatory licenses
12,456	14,702	1,477	4,112	28,750	Fines and forfeitures
28,806	14,379	33,420	32,621	31,821	From use of money and property
					Charges for services
					Intergovernmental revenues:
48,313	19,322	65,147	54,902	55,060	Federal
141,743	122,798	153,173	137,416	144,857	State
9,679	7,302	6,947	47,101	60,272	Local
1,723	--	731	--	--	Donations and contributions
18,083	14,038	23,819	12,011	12,528	Miscellaneous
<u>1,106,190</u>	<u>1,027,277</u>	<u>1,217,835</u>	<u>1,261,059</u>	<u>1,366,716</u>	Total revenues
					<b>EXPENDITURES:</b>
37,651	39,108	44,340	42,300	45,704	General government administration
19,681	20,174	21,292	21,052	22,512	Judicial administration
241,360	188,460	272,018	279,766	327,582	Public safety
30,857	31,420	31,269	32,063	33,523	Public works
80,840	85,237	89,166	96,955	104,378	Health and welfare
508,016	425,142	551,880	591,463	473,433	Education
31,085	43,943	44,186	47,160	49,645	Parks, recreational and cultural
53,879	10,503	58,165	58,932	58,519	Community development
					Debt service:
76,750	77,784	86,849	93,220	97,685	Principal retirement
42,476	45,231	47,888	48,688	48,358	Interest and other debt costs
85,565	--	94,440	122,321	114,778	Capital outlays
<u>1,208,160</u>	<u>967,002</u>	<u>1,341,493</u>	<u>1,433,920</u>	<u>1,376,117</u>	Total expenditures
					Excess (deficiency) of revenues over
<u>(101,970)</u>	<u>60,275</u>	<u>(123,658)</u>	<u>(172,861)</u>	<u>(9,401)</u>	(under) expenditures
					<b>OTHER FINANCING SOURCES (USES):</b>
54,852	120,687	85,749	91,372	116,454	Transfers in
(54,508)	(149,036)	(90,895)	(88,194)	(118,600)	Transfers out
82,545	--	77,660	115,895	--	Bonds, notes and capital leases
35,675	2,935	--	--	--	Refunding bonds
7,247	--	6,554	11,371	--	Premium on sale of bonds
6,219	189	--	--	--	Premium from refunding bonds
(41,508)	(3,068)	--	--	--	Payments to escrow agent
--	--	--	--	21,153	Loan payables
10	12	61	26	13	Insurance recoveries
422	2,094	599	282	426	Sale of surplus property
<u>90,954</u>	<u>(26,187)</u>	<u>79,728</u>	<u>130,752</u>	<u>19,446</u>	Total other financing sources (uses)
\$ <u>(11,016)</u>	\$ <u>34,088</u>	\$ <u>(43,930)</u>	\$ <u>(42,109)</u>	<u>10,045</u>	Net change in fund balances
10.12%	13.24%	10.33%	9.90%	10.61%	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)

	2010	2011	2012	2013	2014
<b>Additions</b>					
Member contributions	\$ 826	\$ 839	\$ 909	\$ 946	\$ 1,007
Employer contributions	827	839	909	946	1,007
Investment income (net of expenses)	<u>2,003</u>	<u>4,983</u>	<u>(559)</u>	<u>2,449</u>	<u>4,438</u>
Total additions to plan net position	<u>3,656</u>	<u>6,661</u>	<u>1,259</u>	<u>4,341</u>	<u>6,452</u>
<b>Deductions</b>					
Benefit payments	1,475	1,763	1,742	1,981	1,810
Refunds	200	86	78	84	95
Administrative expenses	<u>137</u>	<u>105</u>	<u>92</u>	<u>57</u>	<u>109</u>
Total deductions to plan net position	<u>1,812</u>	<u>1,954</u>	<u>1,912</u>	<u>2,122</u>	<u>2,014</u>
<b>Change in net position</b>	<u>\$ 1,844</u>	<u>\$ 4,707</u>	<u>\$ (653)</u>	<u>\$ 2,219</u>	<u>\$ 4,438</u>

TABLE 5

	2015	2016	2017	2018	2019	
						<b>Additions</b>
\$	1,083	\$ 1,137	\$ 1,199	\$ 1,294	\$ 1,372	Member contributions
	1,083	1,137	2,010	2,092	1,372	Employer contributions
	(339)	119	4,341	2,933	1,924	Investment income (net of expenses)
	<u>1,827</u>	<u>2,393</u>	<u>7,550</u>	<u>6,319</u>	<u>4,668</u>	Total additions to plan net position
						<b>Deductions</b>
	1,883	2,004	2,837	2,639	2,118	Benefit payments
	97	144	151	102	129	Refunds
	<u>83</u>	<u>116</u>	<u>163</u>	<u>148</u>	<u>71</u>	Administrative expenses
	<u>2,063</u>	<u>2,264</u>	<u>3,151</u>	<u>2,889</u>	<u>2,318</u>	Total deductions to plan net position
\$	<u>(236)</u>	<u>\$ 129</u>	<u>\$ 4,399</u>	<u>\$ 3,430</u>	<u>\$ 2,350</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>c</sup>	Charges for Services
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
2018	\$ 950,705	\$ 19,141	\$ 3,050	\$ 9,539	\$ 57,256
2019	\$ 1,018,777	\$ 20,156	\$ 3,456	\$ 41,465	\$ 55,244
Change 2010 - 2019	50.27%	89.85%	20.59%	22.30%	58.40%

<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 (PPTRA)

<sup>c</sup> Fluctuations in revenue from the use of money can be primarily attributed to favorable or unfavorable market conditions.

<sup>d</sup> Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the PPTRA. The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 61.5% for fiscal years 2007 through 2008. Beginning fiscal year 2009, the reimbursement rate was dropped and reimbursement was set at the fiscal year 2008 *dollar* amount of \$54.3M.

**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
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
2018	\$ 660,476	\$ 131,700	\$ 22,101	\$ 814,277	\$ 64,566
2019	\$ 695,169	\$ 143,557	\$ 21,674	\$ 860,400	\$ 68,710
Change 2010 - 2019	40.64%	125.48%	23.72%	49.51%	48.87%

<sup>a</sup> Personal property tax revenues exclude reimbursements from the Commonwealth under the PPTRA.

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

TABLE 6

Inter-Governmental <sup>d</sup>						
PPTRA	All Others	Miscellaneous	Total	Fiscal Year		
\$ 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		
\$ 54,288	\$ 878,004	\$ 17,773	\$ 1,989,756	2018		
\$ 54,288	\$ 966,701	\$ 17,863	\$ 2,177,950	2019		
				Change		
0.00%	50.77%	-26.84%	47.15%	2010 - 2019		

Utility Taxes	BPOL Tax	All Other <sup>b</sup>	Total	Fiscal Year		
\$ 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		
\$ 14,417	\$ 26,554	\$ 30,891	\$ 950,705	2018		
\$ 14,443	\$ 26,945	\$ 48,279	\$ 1,018,777	2019		
				Change		
12.48%	32.94%	108.04%	50.27%	2010 - 2019		

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 7 - Assessed Value and Actual Value of Taxable Real Property

TABLE 7

Last Ten Fiscal Years

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

Fiscal Year	Residential <sup>a</sup>	Apartments <sup>a</sup>	Commercial & Industrial <sup>a</sup>	Public Service <sup>a</sup>	Vacant Land & Other <sup>a</sup>	Total Taxable Assessed Value	Total Direct Tax Rate <sup>b</sup>	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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	\$46,277,766	\$1.25620	\$57,109,671	81.03%
2015	\$39,073,111	\$2,525,672	\$6,802,104	\$1,531,397	\$161,172	\$50,093,456	\$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	\$61,527,421	90.63%
2018	\$44,665,855	\$3,047,465	\$8,185,594	\$1,826,020	\$166,147	\$57,891,081	\$1.20670	\$65,844,401	87.92%
2019	\$46,722,672	\$3,243,286	\$9,258,196	\$1,804,079	\$185,978	\$61,214,211	\$1.20750	\$66,877,308	91.53%

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

2010	\$3,451,863	2015	\$3,761,235
2011	\$3,119,173	2016	\$3,901,930
2012	\$3,183,169	2017	\$4,113,361
2013	\$3,316,592	2018	\$4,323,692
2014	\$3,705,018	2019	\$4,445,054

<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

(dollar amounts 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	
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	13.6%	16.6%	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
2018	14.1%	17.3%	1,310	\$ 245	125	\$ 124	\$ 4,625
2019	15.1%	18.1%	1,086	\$ 218	108	\$ 788	\$ 4,838

<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. 2010-2019, 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	2010	2011	2012	2013	2014
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$1.21200	\$1.23600	\$1.20400	\$1.20900	\$1.18100
Fire and Rescue Levy (Countywide)	\$0.07460	\$0.07610	\$0.07410	\$0.07440	\$0.07270
Mosquito & Forest Pest Management (Countywide)	\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250
Total Direct Tax Rate	<u>\$1.28910</u>	<u>\$1.31460</u>	<u>\$1.28060</u>	<u>\$1.28590</u>	<u>\$1.25620</u>
Service District Levies -					
Bull Run	\$0.19900	\$0.20100	\$0.20100	\$0.20100	\$0.18300
Lake Jackson	\$0.17200	\$0.17500	\$0.17500	\$0.17500	\$0.16500
Transportation District Levies -					
Prince William Parkway	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000
234-Bypass	\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000
<b>OVERLAPPING GOVERNMENTS</b>					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.35330	\$0.33350	\$0.33330	\$0.27733	\$0.27330
Town of Haymarket	\$0.16400	\$0.16400	\$0.16400	\$0.16400	\$0.13900
Town of Occoquan	\$0.10000	\$0.10000	\$0.10000	\$0.10000	\$0.11000
Town of Quantico	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000

TABLE 8

2015	2016	2017	2018	2019	Type of Tax
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
\$1.14800	\$1.12200	\$1.12200	\$1.12500	\$1.12500	Real Estate - General Fund
\$0.07070	\$0.06910	\$0.07050	\$0.07920	\$0.08000	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Mosquito & Forest Pest Management (Countywide)
<u>\$1.22120</u>	<u>\$1.19360</u>	<u>\$1.19500</u>	<u>\$1.20670</u>	<u>\$1.20750</u>	Total Direct Tax Rate
<i>Service District Levies -</i>					
\$0.14710	\$0.13770	\$0.13770	\$0.13110	\$0.12630	Bull Run
\$0.16500	\$0.16500	\$0.16500	\$0.16500	\$0.16500	Lake Jackson
<i>Transportation District Levies -</i>					
\$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>					
\$0.23330	\$0.18990	\$0.18990	\$0.18990	\$0.18990	Town of Dumfries
\$0.13900	\$0.12900	\$0.14600	\$0.14600	\$0.14600	Town of Haymarket
\$0.11000	\$0.11000	\$0.12000	\$0.12000	\$0.12000	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	2019				2010			
	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	\$ 874,742	1	1.43%		\$ 667,953	1	1.67%	
Mall at Potomac Mills, LLC	500,598	2	0.82%		459,135	2	1.15%	
Northern Virginia Electric Co-op	341,940	3	0.56%		249,171	3	0.62%	
Abteen Ventures, LLC	165,800	4	0.27%					
Verizon South, Inc.	156,252	5	0.26%		141,946	4	0.35%	
Powerloft @ Innovation I LLC	148,349	6	0.24%					
Washington Gas Light Company	144,972	7	0.24%		92,745	6	0.23%	
JBG/Woodbridge Retail LLC	133,776	8	0.22%					
Rolling Brook Windsor LLC	114,125	9	0.19%					
Chatsworth Park Investors, LLC	104,920	10	0.17%					
WNH Limited Partnership					96,152	5	0.24%	
Stellar Chatsworth LLC					92,637	7	0.23%	
Dominion Country Club, LP					88,512	8	0.22%	
Lee Carolina LLC					85,219	9	0.21%	
KIR Smoketown Station LP					83,937	10	0.21%	
	\$ <u>2,685,474</u>		<u>4.40%</u>		\$ <u>2,057,407</u>		<u>5.13%</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	
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%	\$ 1,487	\$ 602,754	99.9%	
2016	\$ 630,485	\$ 629,017	99.8%	\$ 930	\$ 629,947	99.9%	
2017	\$ 653,759	\$ 651,883	99.7%	\$ 1,107	\$ 652,990	99.9%	
2018	\$ 682,368	\$ 681,108	99.8%	\$ 522	\$ 681,629	99.9%	
2019	\$ 714,169	\$ 712,882	99.8%	\$ --	\$ 712,882	99.8%	

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

**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)

	2010	2011	2012	2013	2014
<b>Primary Government</b>					
<i>Governmental Activities:</i>					
General Obligation Bonds <sup>a</sup>					
General Government	\$ 151,352	\$ 156,520	\$ 139,782	\$ 127,400	\$ 140,032
School Board-Related	576,826	549,775	556,747	579,969	594,188
Park Related	7,842	7,210	7,126	6,651	9,746
IDA Lease Revenue Bonds	8,030	7,160	6,260	5,325	4,355
IDA Loan	--	--	--	--	--
Literary Fund Loans	3,374	3,000	2,750	2,500	2,250
Real Property Capital Leases					
General Government	169,012	156,854	145,695	133,415	122,609
Adult Detention Center	34,825	33,100	25,875	23,405	21,680
Park Related	495	462	429	385	352
Commuter Rail Capital Leases**	511	--	--	--	--
Equipment Capital Leases	--	485	398	1,456	951
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	6,295	4,595	3,004	1,590	--
Parks & Recreation Revenue Bonds	--	--	--	11,031	10,525
Parks & Recreation Equipment Capital Leases	--	--	--	889	596
<b>Total Primary Government</b>	<b>\$ 958,562</b>	<b>\$ 919,161</b>	<b>\$ 888,066</b>	<b>\$ 894,016</b>	<b>\$ 907,284</b>
Percentage of Personal Income <sup>b</sup>	4.48%	4.04%	3.78%	3.81%	3.72%
Per Capita <sup>b</sup>	2,384	2,239	2,124	2,099	2,092
<b>Component Units</b>					
<i>Park Authority Component Unit<sup>c</sup>:</i>					
Series 1999 Revenue Bonds **	12,481	\$ 12,008	\$ 11,528	\$ --	\$ --
Equipment Capital Leases**	2,254	1,689	2,793	--	--
Installment Notes Payable**	230	78	--	--	--
<b>Total Component Units</b>	<b>14,965</b>	<b>13,775</b>	<b>14,321</b>	<b>--</b>	<b>--</b>
<b>Total Reporting Entity Outstanding Debt</b>	<b>973,527</b>	<b>932,936</b>	<b>902,387</b>	<b>894,016</b>	<b>907,284</b>
<b>Less: Self-Supporting Revenue and Other Bonds</b>	<b>21,771</b>	<b>18,370</b>	<b>17,325</b>	<b>13,510</b>	<b>11,121</b>
<b>Net Tax-Supported Debt</b>	<b>\$ 951,756</b>	<b>\$ 914,566</b>	<b>\$ 885,062</b>	<b>\$ 880,506</b>	<b>\$ 896,163</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.

TABLE 11

2015	2016	2017	2018	2019	
					<b>Primary Government</b>
					<i>Governmental Activities:</i>
					General Obligation Bonds <sup>a</sup>
\$ 126,438	\$ 197,564	\$ 181,934	\$ 167,369	\$ 152,782	General Government
628,638	793,235	815,195	865,535	796,785	School Board-Related
9,069	14,421	13,606	11,816	10,833	Park Related
3,345	2,290	1,175	--	--	IDA Lease Revenue Bonds
--	--	--	--	21,153	IDA Loan
2,000	--	--	--	--	Literary Fund Loans
					Real Property Capital Leases
110,324	96,720	86,026	77,630	65,985	General Government
19,955	18,230	15,596	13,890	12,202	Adult Detention Center
644	395	268	235	203	Park Related
--	--	--	--	--	Commuter Rail Capital Leases**
539	110	--	--	--	Equipment Capital Leases
					<i>Business-Type Activities:</i>
--	--	--	--	--	Solid Waste System Revenue Bonds**
10,555	9,965	9,355	8,725	6,090	Parks & Recreation Revenue Bonds <sup>c</sup>
295	99	--	--	--	Parks & Recreation Equipment Capital Leases
<u>\$ 911,802</u>	<u>1,133,029</u>	<u>\$ 1,123,155</u>	<u>\$ 1,145,200</u>	<u>\$ 1,066,033</u>	Total Primary Government
3.56%	4.30%	4.26%	4.34%	4.04%	Percentage of Personal Income <sup>b</sup>
2,065	2,566	2,497	2,511	2,285	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
911,802	1,133,029	1,123,155	1,145,200	1,066,033	Total Reporting Entity Outstanding Debt
10,850	10,064	9,355	8,725	6,090	Less: Self-Supporting Revenue and Other Bonds
<u>\$ 900,952</u>	<u>\$ 1,122,965</u>	<u>\$ 1,113,800</u>	<u>\$ 1,136,475</u>	<u>\$ 1,059,943</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>
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	1.64%	2,216
2018	\$ 1,044,720	--	1,044,720	1.59%	2,269
2019	\$ 960,400	--	960,400	1.44%	2,059

<sup>a</sup> Includes general obligation bonds associated with School Board-related and Parks-related debt; excludes Literary Fund loans if any. 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, 2019

(amounts expressed in thousands)

	Outstanding on June 30, 2019	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>	\$ 1,059,943	100.00%	\$ 1,059,943	1.7315%
<b>Overlapping:</b>				
Town of Dumfries	10,095	100.00%	10,095	0.0165%
Town of Quantico	105	100.00%	105	0.0002%
Town of Haymarket	1,003 <sup>d</sup>	100.00%	1,003	0.0016%
Town of Occoquan	2	100.00%	2	0.0000%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	917	100.00%	917	0.0015%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	8,330	100.00%	8,330	0.0136%
Cherry Hill Community Development Authority Special Assessment Bonds Series 2015	29,760	100.00%	29,760	0.0486%
Northern Virginia Transportation Commission - Virginia Railway Express <sup>c</sup>	59,867	32.32%	19,349	0.0316%
Northern Virginia Criminal Justice Training Academy (NVCJTA) <sup>c</sup>	6,224	33.69%	2,097	0.0034%
<b>Total Overlapping Governmental Activities Debt</b>	<b>\$ 116,303</b>	<b>61.61%</b>	<b>\$ 71,658</b>	<b>0.1171%</b>
<b>Total Direct and Overlapping Governmental Activities Debt</b>	<b>\$ 1,176,246</b>	<b>96.20%</b>	<b>\$ 1,131,601</b>	<b>1.8486%</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.

<sup>d</sup> Equals Outstanding Debt less amounts due within 1 year, per FY2018 CAFR (latest available at publication)

**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.

	2010	2011	2012	2013	2014
General Government <sup>a</sup>					
Principal	\$ 91,742	\$ 66,299	\$ 74,760	\$ 69,858	\$ 72,969
Interest <sup>b</sup>	43,272	43,783	42,803	41,991	42,546
Debt Service on Net Tax-Supported Debt	\$ 135,014	\$ 110,082	\$ 117,563	\$ 111,849	\$ 115,515
Total Government Expenditures <sup>c</sup>	\$ 1,386,901	\$ 1,337,189	\$ 1,427,543	\$ 1,461,112	\$ 1,491,793
Ratio of Debt Service to Expenditures	9.7%	8.2%	8.2%	7.7%	7.7%
Total Revenues <sup>d</sup>	\$ 1,392,237	\$ 1,439,786	\$ 1,460,245	\$ 1,493,495	\$ 1,636,801
Ratio of Debt Service to Revenues	9.7%	7.6%	8.1%	7.5%	7.1%
Net Tax-Supported Debt <sup>e</sup>	\$ 951,756	\$ 914,566	\$ 885,062	\$ 880,506	\$ 896,163
Assessed Value of Taxable Property <sup>f</sup>	43,359,775	42,750,432	45,413,737	47,672,172	50,601,568
Ratio of Net Tax-Supported Debt to Assessed Value	2.2%	2.1%	1.9%	1.8%	1.8%

**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> Total expenditures excluding capital projects from Table 22.

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

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

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

TABLE 14

2015	2016	2017	2018	2019	
\$ 76,750	\$ 78,093	\$ 86,849	\$ 93,220	\$ 114,778	General Government <sup>a</sup>
42,476	46,072	47,888	48,688	1,376,117	Principal
\$ 119,226	\$ 124,165	\$ 134,737	\$ 141,908	1,490,895	Interest <sup>b</sup>
					Debt Service on Net Tax-Supported Debt
\$ 1,557,703	\$ 1,610,616	\$ 1,734,264	\$ 1,731,969	3,696,581	Total Government Expenditures <sup>d</sup>
7.7%	7.7%	7.8%	8.2%	40.3%	Ratio of Debt Service to Expenditures
\$ 1,611,230	\$ 1,496,700	\$ 1,649,319	\$ 1,802,191	774,607	Total Revenues <sup>e</sup>
7.4%	8.3%	8.2%	7.9%	192.5%	Ratio of Debt Service to Revenues
\$ 900,952	\$ 1,122,965	\$ 1,113,800	\$ 1,136,475	1,059,943	Net Tax-Supported Debt <sup>f</sup>
54,623,175	58,854,961	61,335,721	63,755,919	67,613,073	Assessed Value of Taxable Property <sup>g</sup>
1.6%	1.9%	1.8%	1.8%	1.6%	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	
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>
2018	\$ 21,033	\$ 12,870	\$ 657	\$ 7,506	\$ --	\$ --	\$ --	n/a <sup>f</sup>
2019	\$ 22,679	\$ 14,725	\$ 2,612	\$ 5,342	\$ --	\$ --	\$ --	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>
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	232,925	5.2%
2014	433,621	\$24,377,908	\$48,545	85,055	233,785	4.8%
2015	441,627	\$25,582,348	\$50,278	86,641	233,333	4.4%
2016	449,864	\$26,379,952	\$51,313	87,823	236,379	3.7%
2017	456,126	\$27,581,837	\$52,929	89,378	241,811	3.5%
2018	460,457	\$28,576,021	\$53,556	90,595	246,627	2.9%
2019	466,496	\$29,610,860	\$54,201	90,876	248,026	2.6%

<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 2018).  
2018 and 2019 data estimated based upon ten-year growth rates on BEA data from 2008 through 2017.

<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>	2019			2010		
	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	4	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	6	1000 and over
Sentara Healthcare/Potomac Hospital Corporation	Private	6	1000 and over	Private	5	1000 and over
Wegmans Store #07	Private	7	500 to 999	Private	7	500 to 999
Target Corporation	Private	8	500 to 999	Private	8	500 to 999
Northern Virginia Community College	State Government	9	500 to 999	State Government	9	500 to 999
M J Morgan Group	Private	10	500 to 999			
Minnieland Private Day School				Private	10	500 to 999

<sup>a</sup> All data provided by the Virginia Employment Commission (1st Quarter, 2019 & 2010).

<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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Government</b>										
Board of Supervisors	19.00	18.00	22.00	25.00	25.00	25.00	25.00	25.00	26.00	26.00
County Attorney	25.00	24.00	25.00	27.00	27.00	27.00	27.00	28.00	28.00	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>	54.95	49.95	24.00	24.00	25.00	25.00	26.00	26.00	26.00	28.00
Office of Management & Budget <sup>b</sup>	--	--	11.00	11.00	11.00	11.00	12.00	13.00	13.00	12.00
Human Resources <sup>b</sup>	--	--	18.50	18.50	23.50	23.50	23.50	26.50	26.50	26.50
Technology and Support Services	77.53	77.53	77.00	79.00	79.00	87.88	88.88	91.88	91.88	94.88
Finance	145.00	147.00	149.00	155.00	156.00	156.00	158.00	159.00	161.00	162.00
Human Rights	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	7.00
Board of Registration/Elections	11.00	11.00	11.00	11.00	13.00	13.00	14.00	14.00	14.00	14.00
<b>Judicial Administration</b>										
Commonwealth Attorney	41.00	41.00	42.00	43.00	44.00	44.00	44.00	45.00	50.00	50.00
Sheriff	87.00	89.00	91.50	94.50	94.50	94.50	96.50	100.50	102.50	102.50
Juvenile and Domestic Relations Court	9.00	8.00	8.00	8.00	8.00	8.00	6.00	6.00	6.00	6.00
Clerk of Court/Judges Chambers	57.00	55.00	55.00	55.00	55.00	55.00	56.00	58.00	58.00	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	--
<b>Public Safety</b>										
Police	750.20	747.20	751.00	763.00	792.00	820.00	847.00	854.00	871.00	886.00
Criminal Justice Services	37.60	37.60	37.60	39.60	39.60	39.60	39.60	42.60	43.60	44.60
Public Safety Communications	98.00	98.00	103.00	103.00	103.00	103.00	109.00	113.00	112.00	113.00
Fire Service	484.50	514.50	529.50	549.70	574.70	589.70	614.70	662.70	722.70	751.70
<b>Public Works</b>										
Public Works	219.29	225.61	227.79	232.31	234.45	238.54	237.17	241.76	247.72	250.72
Transportation	53.80	53.80	52.80	50.80	50.80	50.80	42.80	43.80	44.80	44.80
Solid Waste	57.39	57.71	58.72	59.72	59.72	59.72	60.72	60.72	60.72	62.72
Fleet Management	34.15	34.15	35.15	35.15	35.15	35.15	35.15	35.15	35.15	35.15
Small Project Construction	25.11	19.80	18.86	17.34	17.20	15.11	14.98	14.39	14.43	14.43
<b>Health &amp; Welfare</b>										
Social Services	298.36	307.99	309.39	309.39	307.46	306.46	322.26	331.26	352.26	359.76
Public Health	6.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Community Services Board	265.38	264.88	266.88	279.88	286.71	294.21	293.96	316.26	331.76	345.76
At-Risk Youth and Family Services	2.00	2.00	4.60	4.60	5.00	6.00	--	--	--	--
Office on Aging	28.21	30.07	31.40	32.14	32.14	32.14	32.14	32.28	32.28	31.28
<b>Parks, Recreational and Cultural</b>										
Library	168.39	164.33	163.33	163.33	163.86	179.51	208.48	208.16	208.16	208.16
Parks & Recreation	--	--	--	377.00	382.07	391.68	396.58	408.57	411.16	416.62
Tourism <sup>a</sup>	--	--	--	--	--	--	--	--	8.47	7.20
<b>Planning/Community Development</b>										
Development Services	87.50	86.50	85.50	88.50	95.50	107.00	112.00	112.00	113.00	116.00
Office of Planning	33.05	32.05	32.50	32.50	33.50	29.00	29.00	29.00	29.00	30.00
Economic and Community Development	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	14.00
Housing & Community Development	29.00	29.00	28.00	27.00	27.00	24.00	24.00	24.00	24.00	24.00
Extension and Continuing Education	7.02	7.69	7.81	7.81	7.14	7.14	7.14	6.87	6.87	5.11
<b>Total Primary Government</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>4,296.56</b>	<b>4,380.49</b>
<b>Component Units</b>										
School Board	9,656.00	9,641.00	10,070.80	10,237.30	10,337.00	10,562.00	10,713.65	11,008.73	11,354.30	11,538.00
Adult Detention Center	337.00	337.00	337.00	337.00	339.00	348.40	349.40	351.20	377.40	422.40
Park Authority <sup>a</sup>	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>13,594.03</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>	<b>16,028.26</b>	<b>16,340.89</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.

<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, but was dissolved and incorporated into the Parks & Recreation department in FY 2018.)

<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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Judicial Administration<sup>1</sup></b>										
Land Records Instruments Recorded	79,665	78,794	84,067	102,141	73,107	73,232	76,868	96,302	82,909	78,898
Civil Cases Concluded	3,521	4,335	3,762	3,018	7,198	9,161	2,760	2,841	2,641	5,270
Criminal Cases Concluded	4,606	4,159	4,377	5,163	5,505	5,825	5,023	4,905	4,853	4,904
<b>Public Safety</b>										
<u>Fire &amp; Rescue:</u> <sup>2</sup>										
Fire Incidents	5,293	5,639	5,937	5,513	5,826	6,142	6,263	8,070	9,069	*
EMS Incidents	25,479	26,201	31,332	26,188	26,299	27,423	28,925	29,532	29,730	*
<u>Police:</u> <sup>3</sup>										
Criminal Arrests	13,973	14,289	14,369	13,392	*	12,532	11,408	8,610	10,937	*
Calls for Service Handled	236,426	231,557	226,292	224,977	214,050	226,520	225,850	217,306	228,639	*
<u>Jail:</u> <sup>4</sup>										
Inmate Population	905	850	870	977	1,043	1,060	965	1,040	1,061	920
<b>Public Works<sup>5</sup></b>										
Facilities Constructed	--	2	2	--	--	--	2	--	2	--
<b>Health &amp; Welfare</b>										
Total CSB Clients Served <sup>6</sup>	6,829	7,661	8,295	8,041	8,818	8,949	9,506	9,762	9,832	10,135
At-Risk Youth & Family Service										
Residential Placements <sup>7</sup>	131	130	132	110	108	95	104	118	139	127
<b>Parks, Recreational and Cultural</b>										
Participant Visits <sup>8</sup>	3,693	3,798	3,622	3,390	3,490	3,398	3,399	3,255	3,654	3,497
Library Patrons (Library Card Holders) <sup>9</sup>	264,930	288,752	310,343	332,700	324,826	314,723	318,175	337,904	346,268	298,497
<b>Planning/Community Development<sup>10</sup></b>										
Non-Residential Permits	1,074	1,034	1,200	1,470	1,394	1,350	1,355	1,228	1,202	1,212
Residential Permits	5,325	4,547	4,464	4,542	4,649	4,605	5,224	5,163	5,203	4,701

<sup>1</sup>Office of the Clerk of the Circuit Court

<sup>2</sup>Annual Fiscal Plan - Office of the Chief Program

<sup>3</sup>Annual Fiscal Plan - Police Operations Program

<sup>4</sup>Adult Detention Center

<sup>5</sup>Facilities Construction Management, Department of Public Works

\* Not available

<sup>6</sup>Community Services Board

<sup>7</sup>Department of Social Services

<sup>8</sup>Department of Parks and Recreation

<sup>9</sup>Prince William County Library

<sup>10</sup>Building Development Division, Department of Public Works.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

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

Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	1
<b>Public Safety</b>										
Police stations	2	2	2	2	2	2	2	2	3	3
Fire stations	19	20	21	21	21	21	21	21	21	21
<b>Public Works</b>										
Fleet/fuel facilities	3	3	3	3	3	3	3	4	4	5
<b>Health &amp; Welfare</b>										
Senior centers	2	2	2	2	2	2	2	2	2	2
Group homes/clinics	5	5	5	5	5	5	5	5	5	5
Housing/shelters	4	4	6	6	6	5	5	5	5	5
<b>Parks, Recreational and Cultural</b>										
Athletic fields <sup>a</sup>	291	298	277	277	277	301	281	283	288	210
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)	29	29	33	33	33	43	43	45	45	59
Indoor gymnasiums <sup>a</sup>	68	69	69	69	69	36	69	69	69	33
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	5	5	8	8	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	11	17	18	18
Picnic shelters	63	63	63	63	63	63	68	78	77	72
Playgrounds	36	36	36	36	36	36	37	37	37	43
Regulation golf courses	4	4	4	4	4	4	4	4	4	3
Skateboard/BMX courses	2	2	3	3	3	3	3	3	3	3
Tennis & racquetball courts	32	30	28	28	28	28	29	29	29	28
Waterparks	2	2	2	2	2	2	2	2	2	2
Regional and community libraries	4	4	4	4	4	4	6	6	6	6
Neighborhood libraries	6	6	6	6	6	6	5	5	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)

	2010	2011	2012	2013	2014
<b>Personal Property Tax Rates</b>					
Personal Property Class:					
General Class	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Heavy Equipment and Machinery	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Computer Equipment	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000
Farmers Machinery and Tools	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 1.21200	\$ 1.23600	\$ 1.20400	\$ 1.20900	\$ 1.18100
Research & Development	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Van Pool Vans	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Emergency Volunteer Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Auxiliary Volunteer Fire Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Vehicles Modified for Disabled	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Recreation Use Only	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Weighing 5 tons or more	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Camping Trailers and Motor Homes	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Owned by Certain Elderly and Handicapped Persons	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
<b>Personal Property Assessments<sup>c</sup></b>					
Locally Assessed Value	\$ 3,365,319	\$ 3,492,204	\$ 3,754,050	\$ 4,083,424	\$ 4,320,401
Public Service Value <sup>b</sup>	\$ 2,550	\$ 2,157	\$ 5,243	\$ 4,520	\$ 3,401
Total Personal Property Assessments	<u>\$ 3,367,869</u>	<u>\$ 3,494,361</u>	<u>\$ 3,759,293</u>	<u>\$ 4,087,944</u>	<u>\$ 4,323,802</u>

<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.

TABLE 21

2015	2016	2017	2018	2019	
<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
\$ 1.14800	\$ 1.12200	\$ 1.12200	\$ 1.12500	\$ 1.12500	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
\$ 4,526,613	\$ 4,986,744	\$ 5,568,159	\$ 5,861,397	\$ 6,395,587	Locally Assessed Value
\$ 3,106	\$ 3,536	\$ 3,033	\$ 3,440	\$ 3,274	Public Service Value <sup>b</sup>
<u>\$ 4,529,719</u>	<u>\$ 4,990,280</u>	<u>\$ 5,571,192</u>	<u>\$ 5,864,837</u>	<u>\$ 6,398,861</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
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
2018	\$ 42,300	\$ 21,052	\$ 254,657	\$ 32,063	\$ 96,955	\$ 1,036,942
2019	\$ 327,582	\$ 33,523	\$ 118,074	\$ 473,433	\$ 49,645	\$ 1,065,482

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

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

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Education	Parks, Recreation & Culture
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
2018	\$ 1,324	\$ 632	\$ 25,707	\$ 80,010	\$ 96,351	\$ 6,459
2019	\$ 6,432	\$ 1,100	\$ 16,848	\$ 80,386	\$ 144,499	\$ 6,140

<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.

TABLE 22

	Parks, Recreation & Culture	Community Development	Capital Projects	Debt Service <sup>b</sup>	Total	Fiscal Year
\$	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
\$	47,160	\$ 58,932	\$ 219,906	\$ 141,908	\$ 1,951,875	2018
\$	40,262	\$ 97,685	\$ 111,151	\$ 1,490,895	\$ 3,807,732	2019

	Community Development	Health & Welfare	Total	Fiscal Year
\$	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
\$	7,829	\$ 360	\$ 218,672	2018
\$	3,545	\$ 327	\$ 259,277	2019

## COUNTY OF PRINCE WILLIAM, VIRGINIA

### TABLE 23 - Miscellaneous Statistical Data

June 30, 2019

---

<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	688
Number of volunteers	610
Police protection:	
Number of police officers	699
Public Safety Communications:	
Number of employees	113
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,510
Tourism	
Tourist information center visitors	17,000
<b>Services not included in the Primary Government:</b>	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	84
Number of public high schools	12
Fall Membership, fiscal year 2017	90,876
Number of personnel (full-time equivalent)	11,538
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	844
Capacity of work-release center	66
Number of personnel (full-time equivalent)	351
<b>Other statistical data:</b>	
Elections:	
Registered voters at last general election	284,097
Number of votes cast in last general election	167,180
Percent voting in last general election	59%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,260
Miles of sanitary sewer mains	1,116

*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, 2019

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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 / CFO

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 / CFO

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



Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY:</b>			
* Pass-Through Payments from Mercyhurst University: High Intensity Drug Trafficking Area (HIDTA) Project	07.999	not available	\$ 538
Total Office of National Drug Control Policy			<u>538</u>
<b>DEPARTMENT OF AGRICULTURE:</b>			
* Direct Payments:			
Distance Learning - Forest Service - Conservation Education <sup>18</sup>	10.000	not applicable	62
Child & Adult Care Food Program	10.558	not applicable	594
Distance Learning - Forest Reserve <sup>1</sup>	10.665	not applicable	46
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	179001-40599	456
* Department of Education:			
State Administrative Expenses for Child Nutrition	10.560	not available	1
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program <sup>2</sup>	10.561	45213-90303 45213-90304 46010-90212 46010-91103 46010-91104 46010-91403 46010-91404 46010-92103 46010-92104 46902-90353	3,839
* Child Nutrition Cluster <sup>3</sup>			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 <sup>5</sup>	not available	2,382
* Department of Education:			
School Breakfast Program	10.553 <sup>4</sup>	179001-40591	6,362
National School Lunch Program	10.555 <sup>5</sup>	179001-40623	19,234
* Department of Juvenile Justice:			
School Breakfast Program	10.553 <sup>4</sup>	36001-00000	54
National School Lunch Program	10.555 <sup>5</sup>	360001-00000 360003-00000	76
Total Department of Agriculture			<u>33,106</u>

<sup>1</sup> Forest Service Schools and Road Cluster Total \$46

<sup>2</sup> Supplemental Nutrition Assistance Program (SNAP) Cluster Total \$3,839

<sup>3</sup> Child Nutrition Cluster Total \$28,108

<sup>4</sup> CFDA 10.553 Total \$6,416

<sup>5</sup> CFDA 10.555 Total \$21,692

<sup>18</sup> Foreign Food-Aid Donation Cluster Total \$62

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF DEFENSE:</b>			
* Direct Payments:			
Junior ROTC Program	12.000	not applicable	692
Student Achievement at Military-Connected Schools	12.556	not applicable	418
Total Department of Defense			<u>1,110</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
* Direct Payments:			
Community Development Block Grants / Entitlement Grants <sup>6</sup>	14.218	not applicable	1,908
Supportive Housing Program	14.235	not applicable	699
Emergency Solutions Grant Program	14.231	not applicable	192
HOME Investment Partnerships Program	14.239	not applicable	668
* Section 8 Housing Choice Vouchers Cluster			
Section 8 Housing Choice Vouchers <sup>7</sup>	14.871	not applicable	24,575
* Pass-Through Payments from Northern Virginia Planning District Commission:			
Housing Opportunities for Persons with AIDS	14.241	not available	272
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Housing and Community Development:			
Emergency Solutions Grant Program	14.231	458005-45551	63
* Pass-Through Payments from Virginia Housing Development Authority:			
Housing Counseling Assistance Program	14.169	182100-65100	74
Total Department of Housing and Urban Development			<u>28,451</u>
<b>DEPARTMENT OF THE INTERIOR:</b>			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	81
Total Department of the Interior			<u>81</u>
<b>DEPARTMENT OF JUSTICE:</b>			
* Direct Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not applicable	78
Equitable Sharing Program	16.922	not applicable	50
Missing Children's Assistance	16.543	not applicable	20
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Criminal Justice Services:			
Juvenile Justice and Delinquency Prevention Title II, Part B Formula Grants	16.540	not available	35
Violence Against Women Formula Grants	16.588	390002-56517 390002-48035	31

<sup>6</sup> Community Development Block Grant (CDBG) Cluster Total \$1,908

<sup>7</sup> Housing Choice Voucher Cluster Total \$24,575



Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF JUSTICE (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	390002-56017 390002-76016	258
Total Department of Justice			<u>472</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>			
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	605007-58166 605007-59106	165
Highway Planning and Construction <sup>8</sup>	20.205	not available	7,640
State and Community Highway Safety <sup>9</sup>	20.600	605007-58155 605007-58170 605007-58178 605007-59115 605007-59117 605007-59121	126
Total Department of Transportation			<u>7,931</u>
<b>DEPARTMENT OF VETERANS AFFAIRS:</b>			
* Direct Payments:			
Veterans Medical Care Benefits	64.009	not applicable	287
Total Department of Veterans Affairs			<u>287</u>
<b>DEPARTMENT OF EDUCATION:</b>			
* Direct Payments:			
Impact Aid	84.041	not applicable	847
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program <sup>12</sup>	84.002	179001-61380	104
Title I Grants to Local Educational Agencies <sup>10</sup>	84.010	179001-42901 179001-42935	9,808
Vocational Education - Basic Grants to States	84.048	179001-61095	791
Twenty-First Century Community Learning Centers	84.287	179001-60565	797
English Language Acquisition Grants	84.365	179001-60512	1,608
Title II Part A Improving Teacher Quality State Grants	84.367	179001-61480	1,369

<sup>8</sup> Highway Planning and Construction Cluster Total \$7,640

<sup>9</sup> Highway Safety Cluster Total \$126

<sup>10</sup> Title I Part A Cluster Total \$9,808

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF EDUCATION (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Education (cont'd):			
Preschool Development Grants	84.419	179001-40002	2,587
School Improvement Grants	84.377	179001-43040	1
Safe & Drug-Free Schools & Communities - State Grants	84.186	179001-60511	412
* Special Education Cluster <sup>11</sup>			
Special Education - Grants to States	84.027	179001-43071 179001-61110	15,431
Special Education - Preschool Grants	84.173	179001-62521	307
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181	445007-43081 445007-43082	393
* Pass-Through Payments from Fairfax County			
Adult Education - State Grant Program <sup>12</sup>	84.002	not available	518
* Pass-Through Payments from College of William and Mary			
Education for Homeless Children and Youth	84.196	not available	13
Total Department of Education			34,986
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
* Direct Payments:			
* Head Start			
Head Start	93.600	not applicable	3,654
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Aging:			
Health Care Financing Research, Demonstrations VICAP-Basic, Medicaid + Choice, Termination, Enhancement	93.324	455004-44118	12
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	455006-43718 455006-43719	8
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	455004-42418	2
National Family Caregiver Support, Title III, Part E	93.052	455004-42518 455004-42519	67
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	455006-43617 455006-43618 455006-43619	10
Medicare Enrollment Assistance Program	93.071	455004-44818 455004-44820	47

<sup>11</sup> Special Education Cluster Total \$15,738

<sup>12</sup> Adult Education Total \$622

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Aging (cont'd):			
* Aging Cluster <sup>13</sup>			
Special Programs for the Aging - Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	455004-42018 455004-42019	230
Special Programs for the Aging - Title III, Part C			
Nutrition Services	93.045	457003-42318 457001-42218 457003-42319 457001-42219	205
Nutrition Services Incentive Program	93.053	457001-42718 457001-42719	41
SHIP and ADRC Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	93.626	455004-44417	2
Expanding Live Well, Virginia: Implementing, Embedding, and Sustaining A Matter of Balance	93.761	499033-45620	3
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Guardianship Assistance	93.090	460010-91128	1
Projects for Assistance in Transition from Homelessness (PATH)	93.150	445006-50997 445006-50998	88
Block Grants for Community Mental Health Services	93.958	445001-50128 445006-50128	269
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	445001-50128 445001-50168 445001-50197 445001-50198 445006-50128	1,078
State Targeted Response to the Opioid Crisis Grants	93.788	445001-51012 445001-53001 445001-53021 445001-53031	113
* Department of Social Services:			
Temporary Assistance for Needy Families <sup>14</sup>	93.558	452001-90603 452012-90366 452012-90377 460010-91109 460010-91110 460010-91111 460010-91112 460010-91127 460010-92109 460010-92110 460010-92111 460010-92112 460010-92127	1,652

<sup>13</sup> Aging Cluster Total \$476

<sup>14</sup> Temporary Assistance for Needy Family (TANF) Cluster Total \$1,652

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Promoting Safe & Stable Families	93.556	460010-91113 460010-91129 460010-92129 469002-90359 469002-90360 469002-90361	173
Refugee & Entrant Assistance - State Administered Programs	93.566	491002-90623 460010-91113 460010-92113	14
Low-Income Home Energy Assistance	93.568	460010-91114 460010-92114	213
Chafee Education and Training Vouchers Program (ETV)	93.599	469002-90353 469002-90356	5
Child Welfare Services State Grants	93.645	460010-91131 460010-92131	1
Foster Care - Title IV-E	93.658	460010-90209 460010-91105 460010-91106 460010-91107 460010-91133 460010-91138 460010-91147 460010-91405 460010-91406 460010-91407 460010-91433 460010-91438 460010-91447 460010-92105 460010-92106 460010-92107 460010-92133 460010-92138 460010-92147 469001-90635 469001-90636 469001-90637 469001-90638 469001-90639 469001-90640 469001-90655 469001-90656 469001-90657 469001-90658 469002-90047	1,861

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Adoption Assistance	93.659	460010-90214 460010-91108 460010-91408 460010-92108 469003-90606 469003-90607 469003-90627	921
Social Services Block Grant	93.667	460010-91120 460010-91122 460010-91123 460010-91124 460010-91125 460010-91126 460010-91142 460010-92120 460010-92122 460010-92123 460010-92124 460010-92125 460010-92126 460010-92142 468002-90308 468002-90340 468002-90379 469002-90351 469002-90357 469002-90358 469003-90648	1,173
Chafee Foster Care Independence Program	93.674	460010-91134 460010-92134 460902-90356	26
Children's Health Insurance Program	93.767	460010-90161 460010-91102 460010-91402 460010-92102	95
* Child Care Cluster <sup>15</sup> Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	452014-90529 452014-90540 452014-90541 452015-90521 452015-90566 460010-91116 460010-91117 460010-91118 460010-92116 460010-92117 460010-92118	294

<sup>15</sup> Child Care and Development Fund (CCDF) Cluster Total \$294

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Medical Assistance Program <sup>16</sup>	93.778	460010-90160 460010-90213 460010-91101 460010-91146 460010-91150 460010-91401 460010-91446 460010-91450 460010-92101 460010-92146 460010-92150	4,368
* Department of Health: Assistance Programs for Chronic Disease Prevention & Control	93.945	not available	196
* Department of Medicaid Services: Medical Assistance Program <sup>16</sup>	93.778	not available	172
Total Department of Health and Human Services			<u>16,994</u>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>			
* Direct Payments:			
Homeland Security Grant Program	97.067 <sup>17</sup>	not applicable	384
* Pass-Through Payments from Metropolitan Washington Council of Governments:			
Homeland Security Grant Program	97.067 <sup>17</sup>	not available	19
Securing the Cities Program	97.106 <sup>17</sup>	not available	6
* Pass-Through Payments from Northern Virginia Emergency Response System:			
Homeland Security Grant Program	97.067 <sup>17</sup>	not available	40
* Pass-Through Payments from Department of Emergency Management:			
State Homeland Security Program (SHSP)	97.042 <sup>17</sup>	775001-112485 775001-112487 775001-114363	193
Total Department of Homeland Security			<u>642</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY:</b>			
* Pass-Through Payments from Department of Emergency Management:			
Flood Mitigation Assistance	97.029	not available	24
Total Federal Emergency Management Agency			<u>24</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 124,622</u>

<sup>16</sup> Medicaid Cluster Total \$4,540

<sup>17</sup> Homeland Security Grant Program Total \$642

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**  
(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 45.19% of total expenditures of federal awards.

Illustration 1-1			
Major Federal Programs			
14.871	Section 8 Housing Choice Vouchers Cluster	\$	24,575
84.027	Special Education (IDEA) Cluster		15,738
93.558	TANF Cluster		1,652
93.778	Medical Assistance Program Cluster		4,540
84.010	Title I		<u>9,808</u>
	Total	\$	<u><u>56,313</u></u>

Illustration 1-2 presents the reconciliation of the County's Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 37 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 (SEFA)			
County's Total Federal Revenue per Exhibit 5 and Schedule 37		\$	55,496
School's Total Federal Revenue per School's CAFR			69,021
Less: School CAFR adjustment			<u>(18)</u>
			124,499
Items expended from Restricted Fund Balance:			
Highway Planning and Construction			3,258
Criminal Forfeitures (Justice)			(263)
Section 8 Housing Choice Vouchers			(576)
Items not subject to Single Audit:			
U. S. Marshals/I.N.S. purchase of service agreement			(454)
Other purchase of services agreements			<u>(1,842)</u>
Total Federal Expenditures per SEFA		\$	<u><u>124,622</u></u>

**NOTE (2) – COGNIZANT AGENCY**

The U. S. Department of Housing and Urban Development is the County's cognizant audit agency for the Single Audit.

**NOTE (3) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of the County during fiscal year 2019. 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 2019 was \$6 and the value of equipment received by the County during fiscal year 2019 was \$65. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2019, the County received and expended \$3,000 in surplus food commodities from the federal government. At year end, \$560 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, 2019, 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 18, 2020.

**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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as finding 2019-001.

**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 findings 2019-006 and 2019-007.

**County's Response to Findings**

The County responses to the findings identified in our audit are described in the 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 style.

Tysons Corner, Virginia  
February 18, 2020

## **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, 2019. The County's major federal programs are identified in the summary of auditor's results section of the schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 Section 8 Housing Choice Voucher**

As described in the schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 14.871 Section 8 Housing Choice Voucher as described in findings 2019-002 2019-004 for Reporting, Eligibility and Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

### **Qualified Opinion on Section 8 Housing Choice Voucher**

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Section 8 Housing Choice Voucher* 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 Section 8 Housing Choice Voucher program for the year ended June 30, 2019.

### **Basis for Qualified Opinion on Medical Assistance Program (Medicaid)**

As described in the schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.778 Medicaid as described in finding 2019-003 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 Medical Assistance Program**

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Medical Assistance Program* 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, 2019.

### **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 schedule of findings and questioned costs for the year ended June 30, 2019.

### **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 is described in the schedule of findings and questioned costs as finding 2019-005. 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 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 the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 schedule of findings and questioned costs as finding 2019-002 that we consider to be a material weakness and findings 2019-003 and 2019-004 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the 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 18, 2020

**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED JUNE 30, 2019

**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>  x  </u> yes	<u>        </u> none reported

Qualified for Medical Assistance Program Cluster and Section 8 Housing Choice Voucher Cluster  
Unmodified for other major programs

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

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>
Title I	84.010
Section 8 Housing Choice Voucher Cluster	14.871
Temporary Assistance for Needy Families Cluster	93.558
Special Education Cluster	84.027; 84.173
Medical Assistance Program Cluster	93.778

Dollar threshold used to distinguish between Type A programs: type A and type B programs (in thousands):     \$ 3,000    

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, 2019

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**Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

**Finding 2019-001: Material Weakness – Internal Control over Financial Reporting – Inventory for Prince William County Public Schools (“PWCS”) Component Unit**

**Criteria:** In order to prepare financial statements in accordance with GAAP, accurate and complete general and subsidiary ledgers, along with supporting records, must be maintained to support the existence, completeness, accuracy, and valuation of all assets and liabilities, revenues, and expenditures/expenses to ensure an accurate presentation of the financial position and activity of PWCS for the fiscal year just ended.

**Condition:** During 2019, the Office of Facilities Services performed a physical inventory count resulting in the addition of \$4,377 (in thousands) of inventory, not previously counted in the prior year.

**Cause:** Historically, PWCS has not performed year-end physical inventory counts and reported inventory was based solely on perpetual inventory records. Additionally, the perpetual inventory records have not been maintained within an inventory software system integrated into the accounting software system.

**Effect:** As a result of a time and resource consuming physical inventory count, PWCS recorded an adjustment to the perpetual inventory records to record 4,377 (in thousands) of additional inventory.

**Recommendation:** We recommend that PWCS develop a perpetual inventory system to enable current reporting on inventory quantities and prices. A perpetual system would reduce the manual efforts of the staff, improve the accuracy of financial reporting, and improve management control over PWCS's investment in inventory. Once a perpetual inventory system is established, we recommend that PWCS take periodic cycle counts of the inventory items and compare the results with the perpetual records. This will enable PWCS to identify inventory issues and errors on a timely basis. We also recommend that the perpetual inventory system be incorporated in an inventory module of an integrated accounting software system. By tracking inventory through the accounting system PWCS will improve the efficiency of the physical inventory process. Additionally, redundant processing will not be necessary to maintain purchase and use inventory information.

**Views of responsible officials and planned corrective action:** Management concurs with Finding 2019-001.

Planned Corrective Action: PWCS has assembled a dedicated committee of Office of Facilities Services (OFS) managers to discuss and review solutions and methods to correct the issue. In the interim, and since the audit, OFS has maintained paper inventory transaction logs to identify material added, removed, and transferred. Moving forward, PWCS OFS is currently evaluating a software to manage the inventory. OFS will initiate a small pilot program beginning February 2020 to determine the feasibility of deploying the software on a department-wide basis. There will be an official inventory recount of those shops to be entered in the software prior to the start of the pilot program. Given the scope of work required to get to a pilot rollout, the committee has developed a timeline and taken steps to ensure departmental consistency within item naming. Due to the number of items, volume of transactions, and complexity of operations, it is likely the full implementation of the inventory management software may take more than one fiscal year to complete.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

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**Section III – Findings and Questioned Costs Relating to Federal Awards**

**Finding 2019-002: Material Weakness and Compliance Qualification– Financial Reporting for Section 8 Housing Choice Voucher Cluster (CFDA 14.871)**

**Criteria:** Per 24 CFR section 982.158, the Local Public Housing Agencies (“PHA”) the agency must comply with the financial reporting requirements in 24 CFR part 5, subpart H, and the PHA must furnish to HUD accounts and other records, reports, documents and information as required by HUD. Per OMB no. 2577-0169, the PHA must submit the HUD-52681-B Voucher for Payment of Annual Contributions and Operating Statement to the Department of Housing and Urban Development (“HUD”) monthly. The PHA must report the (1) number of unit months leased, (2) monthly housing assistance payment expenses, and (3) all specific disaster voucher programs. The PHA must maintain all documentation pertaining to and supporting the data within the HUD-52681-B Form.

**Condition:** Of the three monthly HUD-52681-B reports selected for testing, the following were noted: three (3) reports did have support for the unit months leased reported and three (3) reports did not have support for the housing assistance payment expenses reported.

**Cause:** Documentation pertaining to and supporting the data within the HUD-52681-B Forms are not properly maintained.

**Effect:** Not accurately completing the HUD 52681-B Form may result in reduced future funding for this program.

**Questioned costs:** \$21 (Note: amount is in 000s).

**Prevalence and Consequence of the Audit Finding:** Systemic problem as there were multiple instance of the finding.

**Repeat Finding:** No, this is not a repeat finding.

**Recommendation:** The County should implement a corrective action plan aimed at enhancing internal controls related to financial reporting to ensure that accurate and complete documentation supporting the HUD-52681B Form is prepared, maintained and reported, in accordance with the County and federal record retention requirements.

**Views of responsible officials and planned corrective action:** Management concurs with Finding 2019-002. However, the Office of Housing and Community Development (OHCD) management believes these are isolated incidents during the month of transition of the OHCD Accountant. While the vendor completing the HUD reports provided both hand paper copies in a file folder as well as electronic files on an outside server, the hand paper files were inadvertently lost during a recent move and the electronic files were mistakenly deleted. OHCD staff is working with the County’s Department of Information Technology to recreate the documents.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

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The new OHCD Accountant has attended two targeted trainings to assist with the understanding of the HUD reports. The HUD 52681B Form is prepared, maintained and reported in accordance with the County and federal record retention requirements. In addition, all OHCD staff have been informed that files cannot be removed without OHCD Director approval. Furthermore, the electronic files are only visible to the OHCD Finance Division.

**Finding 2019-003: Significant Deficiency and Compliance Qualification - Eligibility for Medical Assistance Program (CFDA 93.778)**

**Criteria:** Per the *Virginia Medical Assistance Eligibility Manual*, an annual review of all of the enrollee's eligibility requirements is called a "renewal." A renewal of the enrollee's eligibility must be completed at least once every 12 months. The renewal should be initiated in the 10th month to ensure timely completion of the renewal (*Subchapter M1520.001*). A signed application for medical assistance is required for all initial request for medical assistance (*Subchapter M0120.300*) and the renewal must be signed by the enrollee or authorized representative (*Subchapter M1520.200*). An application for medical assistance must be signed to be valid (*Subchapter M0120.150*). The case records must contain facts essential to the determination of initial and continuing eligibility (*Subchapter M0110.000*). It also states that the agency must include in the case record documentation to support the agency's decision on his application (*Subchapter M0110.000*).

**Condition:** Of the sixty (60) participants selected for testing, one (1) participant case files did not include evidence that a renewal was completed within twelve months from the prior re-determination, one (1) participant case file was missing the participant's signature on the application and one (1) participant case file was missing the signed application for eligibility re-determination.

**Cause:** An increase in the 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 program requirements for determination of participant's eligibility.

**Effect:** The County's non-compliance could result in cost disallowed by the grantor or a reduction in future funding for this program.

**Questioned costs:** Undeterminable. Medical 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. This data 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 2018-002 in the Fiscal Year 2018 County CAFR).

**Repeat Finding:** Yes, this is a repeat finding. See finding 2018-002 in the Fiscal Year 2018 County CAFR.

**Recommendation:** The County should implement a plan to enhance internal controls related to participant eligibility to ensure renewals are occurring on a timely basis, social security number and citizenship is properly verified at each renewal period when required, and files contain adequate supporting documentation in

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

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accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**Views of responsible officials and planned corrective actions:** Management concurs with Finding 2019-003. It should be noted that the number of findings decreased from ten (10) in FY 2018 to three (3) in FY 2019, while the total number of Medicaid applications and renewals increased as a result of Medicaid expansion. All findings of non-compliance will be noted, and individualized feedback and training will be provided to employees when errors are found.

**Finding 2019-004 – Significant Deficiency and Compliance Qualification – Eligibility, Special Tests, and Special Reporting for Section 8 Housing Choice Voucher Cluster (CFDA 14.871)**

**Criteria:** Per CFR Section 982.158, the PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD Requirements, including properly completed HUD-50058 forms. The PHA must maintain records to document the basis for PHA determination that rent to owner is a reasonable rent. Per CFR 24 Section 982.516, the PHA must obtain and document in the tenant file third-party verification of reported family income and the value of assets. These verified amounts are then used in the HUD-50058 form. The PHA also shall require the family head to execute a HUD-approved release and consent form authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to the PHA such information as the PHA determines to be necessary. This is done through the HUD-9886 form.

**Condition:** Of the sixty (60) tenant case files selected for testing the following were found: eight (8) tenant case files has insufficient or no income verification; two (2) tenant case files incorrectly calculated income and assets on the HUD-50058 form; two (2) tenant case files had HUD-50058 forms that were not filled out properly; three (3) tenant case files did not contain evidence that rent reasonableness was performed annually; three (3) tenant case files had HUD-9886 forms which were missing adult household member signatures; two (2) tenant case files contained evidence that the HAP payment was incorrectly calculated; one (1) tenant case file was missing a recertification checklist; and one (1) tenant case file had incomplete documentation.

**Cause:** The specific compliance requirement are not being followed effectively to ensure the HUD-50058 Forms are being accurately completed and support for the amounts within the Form are properly maintained. Additionally, the oversight of the compliance requirements over the timing and review of the rent reasonableness are not properly functioning.

**Effect:** Not accurately completing the HUD 50058 Form may result in costs disallowed by the grantor or reduce future funding for this program. Not assessing rent reasonableness may cause the PHA to incur larger costs than are needed or place an individual in an ineligible housing location.

**Questioned Cost:** \$117 (Note: amount is in 000s).

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

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**Prevalence and Consequence of the Audit Finding:** Systemic problem as there were multiple instances of the finding and these are repeat findings from prior year (See 2018-003 in the Fiscal Year 2018 County CAFR).

**Repeat Finding:** Yes, this is a repeat finding. See 2018-004 in the Fiscal Year 2018 County CAFR.

**Recommendation:** The County should implement a corrective action plan aimed at enhancing understanding of the compliance requirements related to participant eligibility to ensure that accurate and complete documentation supporting all participant eligibility determination is prepared, maintained and reported, in accordance with the County and federal record retention requirements.

**View of Responsible Officials and Planned Corrective Action:** Management concurs with Finding 2019-004.

All HCV Rental Assistance staff were required to attend a one-week training program for Housing Agents administering the HCV program. At the end of the program, a test was administered to assess employee knowledge and competencies as it pertains to the HCV program.

Going forward, Management will proactively work with the Housing Program Specialists to develop an improvement plan to progress all employee towards acceptable standards. Ongoing monitoring of individual employee performance and progress will be performed by management.

All Housing Program Specialists will provide to the assigned Quality Control (QC) Housing Program Specialist Supervisor all new lease ups; to include HAP contracts for signature as well as recertification moves and/or rent increases. The QC Housing Program Specialist Supervisors will complete the evaluation on the accepted QC review form and record the evidence on the QC Error Report. If there is an error(s) the supervisor will identify the error(s) and the corrective action needed to the Housing Program Specialist. After the correction(s) are completed, the file will be given to the QC Housing Program Specialist Supervisor to verify the corrections were made. The correction will be noted. With a closer review of files, it is anticipated that errors will be found before actual transactions occur and the Housing Program Specialists will become more aware of their error(s) and the corrective action needed. The QC results will be printed out monthly and provided to the Director and Rental Assistance Program Specialist for review.

The Housing Program Specialist will also provide to their Housing Program Specialist Supervisor all interims for review and approval. If there is an error(s) the supervisor will identify the error(s) and communicate the corrective action needed to the Housing Program Specialist. After the correction(s) are completed the file will be given back to the Housing Program Specialist Supervisor to verify the corrections were made. This correction will be noted.

The QC and error data will be incorporated into the ongoing employee performance monitoring process, including annual performance evaluations. It is anticipated that these changes will improve the accountability of staff and supervisors. The new procedures will allow supervisors the ability to identify strengths and weaknesses of staff as well as within their program procedures/processes and adequately assess employee performance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

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**Finding 2019-005: Non-Material Noncompliance – Eligibility for the Temporary Assistance for Needy Families Cluster (CFDA 93.558)**

**Criteria:** Per the *TANF Manual*, eligibility for TANF recipients must be redetermined at least every 12 months (*Subchapter 401.3*). Each applicant must be disposed of by a decision of eligibility or ineligibility, supported by the facts recorded in the case record (*Subchapter 401.1*).

**Condition:** Of the sixty (60) participants selected for testing, the following were noted: one (1) participant case file included evidence that the participant received benefits after the participant was determined ineligible and the case was closed.

**Cause:** An increase in applicants, as well as a lack of personnel to assist in processing and reviewing these applications, prevented the County from complying with the program 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 costs:** 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. The data 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 2018-003 in the Fiscal Year 2018 County CAFR).

**Repeat Finding:** Yes, this is a repeat finding. See finding 2018-003 in the Fiscal Year 2018 County CAFR.

**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*.

**Views of responsible officials and planned corrective actions:** Management concurs with Finding 2019-005. It should be noted that the number of findings decreased from twelve (12) in FY 2018 to one (1) in FY 2019. DSS has implemented continuous quality improvement initiatives aimed at reducing repeat audit findings and understands the importance of complying with program requirements for determination of participant's eligibility.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

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**Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**Finding 2019-006: Non-Material Noncompliance - 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 twenty-five (25) participants selected for testing, we noted two (2) participants did not have an approved VIEW Participant Activity and Service plan applicable to the time period of the service provided.

**Cause:** Lack of controls over the Virginia Initiative for Employment not Welfare Program to ensure that the services being provided to the participants are approved per the Activity and Service Plan.

**Effect:** Non-compliance could result in action by the Commonwealth of Virginia.

**Repeat Finding:** Yes, this is a repeat finding. See finding 2018-005 in the Fiscal Year 2018 County CAFR.

**Recommendation:** Local Department of Social Services (DSS) should ensure that VIEW transactions are supported by the participant's Activity and Service Plan.

**View of Responsible Officials and Planned Corrective Action:** Management concurs with Finding 2019-006. DSS will continue working with VIEW staff to ensure Activity and Service Plans contain detailed documentation prior to authorization of any financial services. Monthly case readings already focus on the Activity and Service Plan to ensure written documentation listed on the plan coincides with a payment authorization. Additional scrutiny will be given to ensure that payment authorizations and supportive services fall within the active Activity and Service Plan timeframes. Continued training will be offered through VIEW unit meetings, and outcomes of monthly case readings will be tied to staff's annual performance evaluations.

**Finding 2019-007: Non-Material Noncompliance - Conflict of Interests**

**Criteria:** Section § 2.2-3115 of the *Code of Virginia* requires that certain local government officials and employees file a Statement of Economic Interest ("SOEI"), Financial Disclosure Statement ("FDS"), and/or Real Estate Disclosure ("RE") form with the clerk of the local governing body by February 1st or prior to assuming office or taking employment.

**Condition:** During our testing of eighteen (18) County Board members, County constitutional officers, and other County officials and personnel required to complete the forms, we noted one (1) instance where the SOEI form was not filed prior to the local official assuming office.

COUNTY OF PRINCE WILLIAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

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We also noted forty-eight (48) out of a total one-hundred eighty-nine (189) total board, committee and commission members required to complete either a SOEI, FDS and/or a RE form did not complete their disclosure requirements. Additionally, seven (7) out of a total one-hundred eighty-nine (189) total board, committee and commission members required to complete either a SOEI, FDS and/or a RE form were filed late.

**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 could result in action by the Commonwealth of Virginia.

**Repeat Finding:** Yes, this is a repeat finding. See finding 2018-006 in the Fiscal Year 2018 County CAFR.

**Recommendation:** Local government officials should complete the statement of economic interest in accordance with prescribed requirements.

**Views of Responsible Officials and Planned Corrective Action:** Management acknowledges Finding 2019-007. Pursuant to Code of Virginia § 2.2-3115, 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.

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. Furthermore, County staff will review the Statement of Economic Interest form completed by a government official before filing with the State. As part of the due diligence work performed by staff, every Statement of Economic Interest form submitted to Prince William County is timestamped and reviewed. In addition, training will be held for elected officials on requirements of the Virginia Conflict of Interests Act, including completion of the required Statements of Economic Interests filing. In addition, the Office of Executive Management has begun a thorough review of all Board, Committees and Commissions to ascertain membership, purpose and filing requirements.



COUNTY OF PRINCE WILLIAM, VIRGINIA

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2019

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**Financial Statement Findings**

Prince William County Public Schools

Corrective Action Plan

For the Year Ended June 30, 2019

Financial Statement Finding

Finding 2019-001: Material Weakness – Internal Control Over Financial Reporting –  
Inventory

Name of Contact Person: John Windley, Director of Facilities Services

**Corrective Action:**

- Management concurs with Finding 2019-001. PWCS has assembled a dedicated committee of Office of Facilities Services (OFS) managers to discuss and review solutions and methods to correct the issue. In the interim, and since the audit, OFS has maintained paper inventory transaction logs to identify material added, removed, and transferred. Moving forward, PWCS OFS is currently evaluating a software to manage the inventory. OFS will initiate a small pilot program beginning February 2020 to determine the feasibility of deploying the software on a department-wide basis. There will be an official inventory recount of those shops to be entered in the software prior to the start of the pilot program. Given the scope of work required to get to a pilot rollout, the committee has developed a timeline and taken steps to ensure departmental consistency within item naming. Due to the number of items, volume of transactions, and complexity of operations, it is likely the full implementation of the inventory management software may take more than one fiscal year to complete.

Proposed Completion Date: June 30, 2021 estimated

COUNTY OF PRINCE WILLIAM, VIRGINIA

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2019

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**Financial Statement Findings**

**Finding 2019-002: Material Weakness and Compliance Qualification– Financial Reporting for 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 2019-002. However, the Office of Housing and Community Development (OHCD) management believes these are isolated incidents during the month of transition of the OHCD Accountant. While the vendor completing the HUD reports provided both hand paper copies in a file folder as well as electronic files on an outside server, the hand paper files were inadvertently lost during a recent move and the electronic files were mistakenly deleted. OHCD staff is working with the County's Department of Information Technology to recreate the documents.

The new OHCD Accountant has attended two targeted trainings to assist with the understanding of the HUD reports. The HUD 52681B Form is prepared, maintained and reported in accordance with the County and federal record retention requirements. In addition, all OHCD staff have been informed that files cannot be removed without OHCD Director approval. Furthermore, the electronic files are only visible to the OHCD Finance Division.

**Proposed Completion Date:** Immediately



**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2019

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**Finding 2019-003: Significant Deficiency and Compliance Qualification - Eligibility for Medical Assistance Program (CFDA 93.778)**

**Name of Contact Person:** Courtney S. Tierney, Director of Department of Social Services (DSS)

**Corrective Action:**

Management concurs with Finding 2019-003. It should be noted that the number of findings decreased from ten (10) in FY 2018 to three (3) in FY 2019, while the total number of Medicaid applications and renewals increased as a result of Medicaid expansion. All findings of non-compliance will be noted, and individualized feedback and training will be provided to employees when errors are found.

**Proposed Completion Date:** Immediately

**Finding 2019-004 – Significant Deficiency and Compliance Qualification – Eligibility, Special Tests, and Special Reporting for 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 2019-004. All HCV Rental Assistance staff were required to attend a one-week training program for Housing Agents administering the HCV program. At the end of the program, a test was administered to assess employee knowledge and competencies as it pertains to the HCV program.

Going forward, Management will proactively work with the Housing Program Specialists to develop an improvement plan to progress all employee towards acceptable standards. Ongoing monitoring of individual employee performance and progress will be performed by management.

All Housing Program Specialists will provide to the assigned Quality Control (QC) Housing Program Specialist Supervisor all new lease ups; to include HAP contracts for signature as well as recertification moves and/or rent increases. The QC Housing Program Specialist Supervisors will complete the evaluation on the accepted QC review form and record the evidence on the QC Error Report. If there is an error(s) the supervisor will identify the error(s) and the corrective action needed to the Housing Program Specialist. After the correction(s) are completed, the file will be given to the QC Housing Program Specialist Supervisor to verify the corrections were made. The correction will be noted. With a closer review of files, it is anticipated that errors will be found before actual transactions occur and the Housing Program Specialists will become more aware of their error(s) and the corrective action needed.

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2019

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The QC results will be printed out monthly and provided to the Director and Rental Assistance Program Specialist for review.

The Housing Program Specialist will also provide to their Housing Program Specialist Supervisor all interims for review and approval. If there is an error(s) the supervisor will identify the error(s) and communicate the corrective action needed to the Housing Program Specialist. After the correction(s) are completed the file will be given back to the Housing Program Specialist Supervisor to verify the corrections were made. This correction will be noted.

The QC and error data will be incorporated into the ongoing employee performance monitoring process, including annual performance evaluations. It is anticipated that these changes will improve the accountability of staff and supervisors. The new procedures will allow supervisors the ability to identify strengths and weaknesses of staff as well as within their program procedures/processes and adequately assess employee performance.

**Proposed Completion Date:** Immediately

**Finding 2019-005: Non-Material Noncompliance – 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:**

Management concurs with Finding 2019-005. It should be noted that the number of findings decreased from twelve (12) in FY 2018 to one (1) in FY 2019. DSS has implemented continuous quality improvement initiatives aimed at reducing repeat audit findings and understands the importance of complying with program requirements for determination of participant's eligibility.

**Proposed Completion Date:** Immediately

**CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2019

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**Finding 2019-006: Non-Material Noncompliance - 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 2019-006. DSS will continue working with VIEW staff to ensure Activity and Service Plans contain detailed documentation prior to authorization of any financial services. Monthly case readings already focus on the Activity and Service Plan to ensure written documentation listed on the plan coincides with a payment authorization. Additional scrutiny will be given to ensure that payment authorizations and supportive services fall within the active Activity and Service Plan timeframes. Continued training will be offered through VIEW unit meetings, and outcomes of monthly case readings will be tied to staff's annual performance evaluations.

**Proposed Completion Date:** Immediately

**Finding 2019-007: Non-Material Noncompliance – Conflict of Interests**

**Name of Contact Person:** Andrea Madden , Clerk to Board of County Supervisors (BOCS)

**Corrective Action:**

Management acknowledges Finding 2019-007. Pursuant to Code of Virginia § 2.2-3115, 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.

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. Furthermore, County staff will review the Statement of Economic Interest form completed by a government official before filing with the State. As part of the due diligence work performed by staff, every Statement of Economic Interest form submitted to Prince William County is timestamped and reviewed. In addition, training will be held for elected officials on requirements of the Virginia Conflict of Interests Act, including completion of the required Statements of Economic Interests filing. In addition, the Office of Executive Management has begun a thorough review of all Board, Committees and Commissions to ascertain membership, purpose and filing requirements.

**Proposed Completion Date:** Immediately

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2019

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**Financial Statement Findings**

**2018-001: Material Weakness in Internal Control over Financial Reporting – Capital Assets**

Summary of Finding: Internal control processes were not properly designed or implemented to ensure accuracy of capital assets balances and activity, including construction in progress. As a result, fire and rescue vehicles and related parts were inadvertently capitalized on the County's books in prior years without the County having the proper named titles to those assets. Additionally, software was not timely capitalized when placed into service. This resulted in a net overstatement of capital asset, construction in progress, and net position.

Corrective Action Taken: Management concurs with Finding No. 2018-001. Following the Board of County Supervisors' (BOCS') adoption of Chapter 9.1 of the Prince William County Code, Fire Prevention and Protection, on August 4, 2009, management took the position that vehicles, equipment and apparatuses purchased by the Fire and Rescue Association (FRA) out of the County fire & rescue levy are the property of Prince William County. Several large purchases related to vehicles and related apparatus were capitalized in the County's general ledger. However, the underlying title of these assets remained titled in the name(s) of the individual volunteer fire & rescue companies.

Effective Fiscal Year 2018, Chapter 9.1 of the Prince William County Code, Fire Prevention and Protection, was repealed and replaced by Prince William County Code, Fire Prevention and Protection, Chapter 9.2. This new code section created a Prince William County Fire and Rescue System under which the Department of Fire and Rescue and the FRA are covered. The Prince William County Fire and Rescue System Chief, is coordinating with the FRA to revise the titles to the vehicles and related apparatus purchased and operated by FRA to include Prince William County's name going forward.

Energov, a land use information system, is a software used to support the planning and development services functions of the County. The Energov system implementation was originally planned as one overarching project in 2012. However, a decision was later made to parse the system implementation into three distinct phases for more efficient project management and cost control purposes. Phase 1 of the project comprised the acquisition of hardware, software, and contractor fees designed to process customer intake(s) for development in the County. This phase was accepted on August 22, 2016. Phases 2 and 3 of the project were created to defer certain incomplete deliverables and to incorporate the Citizen Self Service Portal. When the project was initially started in 2012, the decision was to capitalize the software when the implementation was complete. However, now that the project has been split into separate phases, the software should be capitalized incrementally as each phase is complete. Going forward, the Finance Department will coordinate with the Energov project managers to better determine the appropriate percentage of completion for each phase of the Energov project.

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2018

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**Findings and Questioned Costs for Federal Awards**

**2018-002: Material Weakness and Compliance Qualification - Eligibility for Medicaid Program Assistance (CFDA 93.778)**

Summary of Finding: A sample of 60 participants were selected for eligibility to receive program assistance. two (2) participant case files did not include evidence that participant's income was properly verified, two (2) participant case files did not include evidence of annual eligibility redetermination being completed by the 12 month renewal date, two (2) participants application submitted for recertification were not processed by the County in a timely manner, and four (4) participant case file was missing the participant's signature on the application.

Corrective Action Taken: Management concurs with Finding 2018-002. However, it is important to note that the state's target for timeliness of Medicaid reviews is 97% and PWC DSS' rate is 99.9%, exceeding the target even though the volume of Medicaid clients served in the County exceeds 69,800 and PWC DSS has limited staffing resources. An internal quality assurance unit has been created to address findings identified in the Medicaid program. The quality assurance unit has standardized case reviews and increased the number of internal reviews and audits being conducted. The internal audit plan includes performing quality assurance audits on randomly selected, active cases to ensure Medicaid applications are being processed in compliance with CFDA standards, including properly verifying income, documenting evidence of annual eligibility redetermination within mandated timelines, and checking applications for required signatures and support documentation. All findings of non-compliance will be noted, and individualized feedback and training will be provided to employees when errors are found.

Repeat Finding: This is a repeat finding in FY 2019. Please see Finding 2019-003.

**2018-003: 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)**

Summary of Finding: Per the 45 CFR sections 261.13, 261.14, 261.15, 261.56, 261.57, 263.11, 263.20, and 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 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. Of the sixty (60) participants selected for testing, the following were noted: four (4) participant case files were missing a complete renewal application from the recipient; two (2) participant case files were overdue for an eligibility renewal and the participants benefits were not properly cancelled after the participant failed to turn in an application; two (2) participant case files contained no evidence that the income used to determine eligibility was properly verified or correct; two (2) participant case files contained applications that were not signed by the application or guardian; and two (2) participant case files had no evidence that a review of eligibility was performed on an annual basis.

Corrective Action Taken: Management concurs with Finding 2018-004. However, it is important to note that PWC DSS' work participation rate for TANF is 47.9% which exceeds the statewide data of 36.9%, and is just shy of the statewide target of 50%. DSS' TANF caseloads continue to remain at extremely high levels, serving approximately 3,600 unduplicated TANF clients in the second largest jurisdiction in the Commonwealth. While,

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2018

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DSS has taken steps to mitigate the impact of this finding and recognizes the importance that participants in the TANF program must meet specified eligibility criteria to receive program assistance, some limited human error is inevitable. All participants or authorized representatives are required to have a signed written or electronic application 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 the beneficiaries at least every 12 months. DSS has created an internal quality assurance unit to address the TANF findings. The quality assurance unit has standardized case reviews and increased the number of internal reviews and audits being conducted. The internal audit plan includes performing quality assurance audits on randomly selected, active cases to ensure TANF case files contain evidence of financial need, applications are signed by the applicant or guardian, documentation exists to support annual TANF eligibility, income verification, and application submission. Additionally, DSS is currently transitioning from a paper-based system to an electronic document management system, which should assist workers with timely document retrieval and drastically reduce the possibility of repeat findings associated with missing case documentation.

Repeat Finding: This is a repeat finding in FY 2019. Please see Finding 2019-005

**2018-004: Non-Material Noncompliance - Office of Housing & Community Development –Eligibility for the Section 8 Housing Choice Voucher Cluster (CFDA 14.871)**

Summary of Finding: Per 24 CFR section 982.516, the Local Public Housing Agencies (“PHA”) the agency must re-determine the eligibility of these beneficiaries at least every 12 months which includes the completion of the HUD-50058 form. Additionally, per the 24 CFR section 982.201, 982.515, and 982.516, the PHA must obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of the 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. Additionally, per the 24 CFR 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507, the PHA must maintain records to document the basis for determination that the rent to owner is a reasonable rent. Of the sixty (60) tenant case files selected for testing the following were found: two (2) tenant case files did not have evidence that the participant provide support for income eligibility; two (2) tenant case files has insufficient or no income verification; two (2) tenant case files did not have the verified income used to determine eligibility; two (2) tenant case files did not contain evidence that the participant selected came from the waiting list; one (1) tenant case file contained a HAP contract that did not agree to the HUD-50058 form; two (2) tenant case files had HUD-50058 forms that were not filled out properly; one (1) tenant case file did not contain evidence that rent reasonableness was performed annually; and four (4) tenant case files had incomplete documentation or were unable to be located.

Corrective Action Taken: Management concurs with Finding 2018-004. All Housing Program Specialists will provide to the assigned Quality Control (QC) Housing Program Specialist Supervisor all new lease ups to include HAP contracts as well as re-certification moves and/or rent increases with HAP contract for approval and signing. The QC Housing Program Specialist Supervisors will complete the evaluation on the accepted Quality Review form and document all instances of errors and necessary corrective action. In addition to QC reviews, supplemental training will be provided to staff to reinforce the correct procedures. A week of training was provided to all staff by Nan McKay Consultants on the Housing Choice Voucher Program.

All Public Housing Agencies (PHAs) must use the Section Eight Management Assessment Program (SEMAP) to measure the performance of administering the Housing Choice Voucher program. This system is used as the

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primary way HUD assesses the management of the Housing Choice Voucher Program. Based upon the audit findings OHCD would have scored an acceptable percentage based upon the size of our HCV allocation and would not have been a concern.

**Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**2017-006: Social Services – Virginia Initiative for Employment not Welfare Program**

Summary of Finding: A sample of 25 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. One (1) participant did not have an Activity and Service Plan applicable to the time period of the service provided, and four (4) participants did not have an Activity and Service Plan detailing the supportive services that were provided.

Corrective Action Taken: Management concurs with Finding 2018-005. We do believe that the one (1) instance where an Activity and Service Plan was missing is an isolated incident. To insure that it is, staff will be required to print the email, sign it, and return it to the BECC Program Manager for VIEW for record keeping and verification that notification/training was issued to all VIEW staff. For the four (4) participants who did not have an Activity and Service Plan detailing the supportive services that were provided; DSS continues to work with VIEW staff to ensure Activity and Service Plans contain detailed documentation prior to authorization of any financial services. Monthly case readings will focus on the Activity and Service Plan and the written documentation listed on the plan to coincide with a payment authorization. These monthly case readings are tied to VIEW staff’s annual performance evaluation. Continued training will be offered through VIEW unit meetings.

Repeat Finding: This is a repeat finding in FY 2019. Please see Finding 2019-006.

**2018-006: Non-Material Noncompliance - Conflict of Interests**

Summary of Finding: There were four (4) instances where local government officials did not accurately complete the filed statement of economic interest.

Corrective Action Taken: Management acknowledges Finding 2018-006. Four Statement of Economic Interest forms filed by Constitutional Officers were not completed accurately. 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.

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. Furthermore County staff will review the Statement of Economic Interest form completed by a government official before filing with the State. As part of the due diligence work performed by staff, every Statement of Economic Interest form submitted to Prince William County is timestamped and reviewed. In addition, training

COUNTY OF PRINCE WILLIAM, VIRGINIA

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will be held for elected officials on requirements of the Virginia Conflict of Interests Act, including completion of the required Statements of Economic Interests filing.

Repeat Finding: This is a repeat finding with regards to County instances in FY 2019. Please see Finding 2019-007.

**2018-007: Non-Material Noncompliance - Procurement**

Summary of Finding: Per Section 2.2-4302.2 of the Code of Virginia, a public notice of the Request for Proposal must be posted on the County's Procurement websites or published in the newspaper at least 10 days prior to the date set for receipt of proposals. Of the ten (10) procurement bids selected for testing, one (1) request for proposal that did not have supporting documentation of the public notice for the Request for Proposal.

Corrective Action Taken: Management concurs with Finding No. 2018-007: Procurement per Section 2.2-4302.2 of the Code of Virginia, that an advertisement was not published in a newspaper ten (10) days prior to the date set for receipt of proposals. However, management believes this advertisement exception is an isolated incident. The final step in the Ascend financial management system ensures that all solicitations are posted to the Prince William County Procurement website at [www.pwcgov.org/bid](http://www.pwcgov.org/bid). The approval action to publish the document in Ascend automatically posts the document on the County's Procurement website along with the important bid/response dates. For this particular solicitation, competitive bids were received and a contract was awarded after a selection process. Going forward, the Purchasing Division staff will double check the Procurement RFP checklist at each step in the procurement process to ensure advertisement in a local newspaper is completed and ad conformation is added to the County's official procurement file.









## Prince William County, Virginia

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