

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

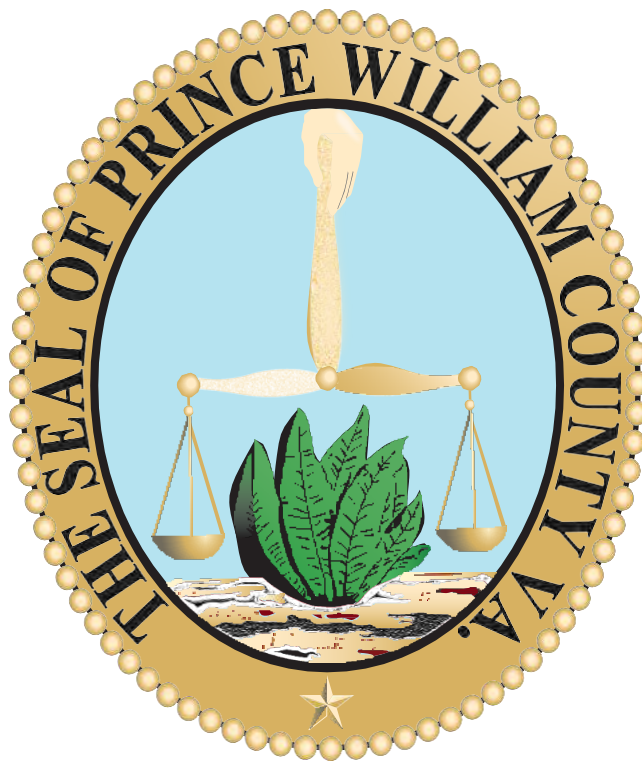


CENTRAL DISTRICT POLICE STATION

FY2018



PRINCE WILLIAM
Finance Department





County of Prince William, Virginia

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2018

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COUNTY EXECUTIVE

Christopher E. Martino

DIRECTOR OF FINANCE

Michelle L. Attreed

Prepared by the Department of Finance

**As of June 30, 2018*



This Report Prepared By:

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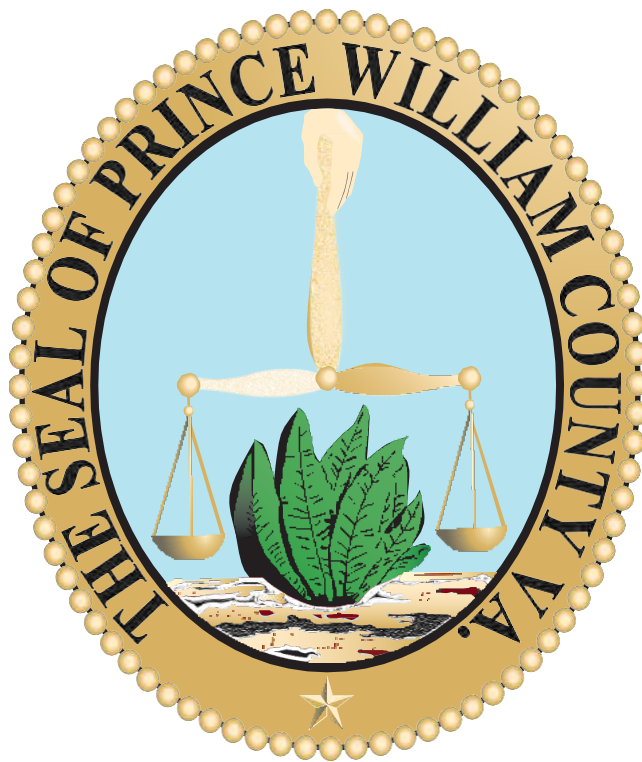


TABLE OF CONTENTS

Introductory Section (Unaudited)

Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	14
Organization of Prince William County Government.....	15
Prince William County Organization Chart.....	16

Financial Section

Report of Independent Auditor	17
Management's Discussion and Analysis.....	20

Basic Financial Statements

Government-Wide Financial Statements:

Exhibit 1	Statement of Net Position	37
Exhibit 2	Statement of Activities	38

Fund Financial Statements:

Governmental Fund Financial Statements

Exhibit 3	Balance Sheet	40
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	41
Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances	42
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	43

Proprietary Fund Financial Statements

Exhibit 7	Statement of Fund Net Position.....	44
Exhibit 8	Statement of Revenues, Expenses, and Changes in Fund Net Position	45
Exhibit 9	Statement of Cash Flows.....	46

Fiduciary Fund Financial Statements

Exhibit 10	Statement of Fiduciary Net Position	47
Exhibit 11	Statement of Changes in Fiduciary Net Position.....	48

TABLE OF CONTENTS (cont'd)

Component Unit Financial Statements

Exhibit 12	Combining Statement of Net Position	49
Exhibit 13	Combining Statement of Activities.....	50

Notes to Financial Statements

Note 1	– Summary of Significant Accounting Policies	52
Note 2	– Cash and Investments	70
Note 3	– Property Taxes Receivable	81
Note 4	– Unearned Revenue/Deferred Inflow of Resources	82
Note 5	– Investment in Direct Financing Leases/Accounts Receivable	83
Note 6	– Due From and To Other Governmental Units.....	85
Note 7	– Inter-fund Receivables, Payables and Transfers	86
Note 8	– Receivables/Payables with Component Units	88
Note 9	– Capital Assets	89
Note 10	– Long-Term Debt	94
Note 11	– Fund Balances/Net Position	101
Note 12	– Landfill/Closure and Post Closure Care Cost	103
Note 13	– Defined Benefit Pension Plans.....	104
Note 14	– Other Post-Employment Benefit Plans and (OPEB) Master Trust Fund	134
Note 15	– Self-Insurance	176
Note 16	– Interjurisdictional Agreement	177
Note 17	– Related Organizations.....	177
Note 18	– Joint Ventures	179
Note 19	– Commitments and Contingencies	180
Note 20	– Subsequent Events	180

Required Supplementary Information (Unaudited)

Schedule 1	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – General Fund	182
Schedule 2	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Special Revenue Fund – Fire & Rescue Levy	187
Schedule 3A	Changes in Net Pension Liability and Related Ratios – Post Employment Benefit Plans -- VRS	188
Schedule 3B	Schedule of County Contribution – Post Employment Benefit Plans -- VRS.....	189
Schedule 4A	Changes in Net Pension Liability (Asset) and Related Ratios – Post Employment Benefit Plans – Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel	190

TABLE OF CONTENTS (cont'd)

Schedule 4B	Schedule of County Contribution – Post-Employment Benefit Plans -- Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel	191
Schedule 5A	Changes in Net Pension Liability and Related Ratios – Post-Employment Benefit Plans – Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program	192
Schedule 5B	Schedule of County Contribution – Post-Employment Benefit Plans -- Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program	193
Schedule 6A	Schedule of Changes in the County’s Proportionate Share of Net OPEB Liability and Related Ratios – Post Employment Benefit Plans – VRS Group Life Insurance	194
Schedule 6B	Schedule of County Contribution – Post Employment Benefit Plans – VRS Group Life Insurance	195
Schedule 7A	Changes in Net OPEB Liability and Related Ratios – Post Employment Benefit Plans – VRS Retiree Health Insurance Credit Plan	196
Schedule 7B	Schedule of County Contribution – Post Employment Benefit Plans --VRS Retiree Health Insurance Credit Plan	197
Schedule 8A	Changes in Net OPEB Liability and Related Ratios – Post Employment Benefit Plans – OPEB Master Trust Fund - County Premium Plan.....	198
Schedule 8B	Schedule of County Contribution – Post Employment Benefit Plans – OPEB Master Trust Fund – County Premium Plan.....	199
Schedule 9A	Changes in Net OPEB Liability and Related Ratios – Post Employment Benefit Plans – County Retiree Health Insurance Credit Plan	200
Schedule 9B	Schedule of County Contribution – Post Employment Benefit Plans -- County Retiree Health Insurance Credit Plan	201
Schedule 10A	Changes in Net OPEB Liability and Related Ratios – Post Employment Benefit Plans – OPEB Master Trust – County Line Of Duty Act Plan	202
Schedule 10B	Schedule of County Contribution – Post Employment Benefit Plans – OPEB Master Trust Plan - County Line of Duty Act Plan	203
Schedule 11A	Changes in Net OPEB Liability and Related Ratios – Post Employment Benefit Plans – School Board Premium Plan....	204
Schedule 11B	Schedule of County Contribution – Post Employment Benefit Plans – School Board Premium Plan.....	205

TABLE OF CONTENTS (cont'd)

Supplementary Information

Nonmajor Governmental Funds

Schedule 12	Combining Balance Sheet – Special Revenue Funds	207
Schedule 13	Combining Schedules of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	208
Schedule 14	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Transportation Districts	209
Schedule 15	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Stormwater Management District/Gypsy Moth and Forest Pest Management	210
Schedule 16	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Development Fee Services	211
Schedule 17	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Housing	212
Schedule 18	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Community Development Authorities	213
Schedule 19	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Emergency Medical Services	214
Schedule 20	Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance – Budget and Actual – Other Special Revenue	215

Internal Service Funds

Schedule 21	Combining Statement of Net Position	217
Schedule 22	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	218
Schedule 23	Combining Statement of Cash Flows.....	219

Fiduciary & Agency Funds

Schedule 24	Statement of Fiduciary Net Position – Pension and OPEB Trust Funds	221
Schedule 25	Statement of Changes in Fiduciary Net Position – Pension and OPEB Trust Funds	222
Schedule 26	Statement of Fiduciary Net Position – Pension Funds	223

TABLE OF CONTENTS (cont'd)

Schedule 27	Statement of Changes in Fiduciary Net Position – Pension Funds	224
Schedule 28	Statement of Fiduciary Net Position – OPEB Master Trust Fund .	225
Schedule 29	Statement of Changes in Fiduciary Net Position – OPEB Master Trust Fund	226
Schedule 30	Statement of Fiduciary Net Position – Private Purpose Trust Funds	227
Schedule 31	Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	228
Schedule 32	Combining Statement of Fiduciary Net Position	229
Schedule 33	Combining Statement of Changes in Assets and Liabilities	230

Discretely Presented Component Unit – Adult Detention Center (ADC)

Schedule 34	Combining Balance Sheet	232
Schedule 35	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	233
Schedule 36	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Operating Fund	234

Debt Obligations

Schedule 37	Schedule of Bonds, Capital Leases and Other Long-Term Debt – Governmental Funds	236
Schedule 38	Schedule of Bonds, Capital Leases and Other Long-Term Debt – Enterprise Funds	241

Statistical Section (Unaudited)

Table 1	Net Position by Component	244
Table 2	Changes in Net Position	246
Table 3	Fund Balances, Governmental Funds	248
Table 4	Changes in Fund Balances, Governmental Funds	250
Table 5	Changes in Net Position, Supplemental Retirement Plan.....	252
Table 6	General Governmental Revenues by Source	254
Table 6A	General Governmental Tax Revenues by Source	254
Table 7	Assessed Value and Actual Value of Taxable Real Property	256

TABLE OF CONTENTS (cont'd)

Table 7A	Commercial to Total Assessment Ratio, Construction and Bank Deposits	256
Table 8	Direct and Overlapping Real Estate Tax Rates	258
Table 9	Principal Real Property Tax Payers	260
Table 10	Real Property Tax Levies and Collections	261
Table 11	Ratios of Outstanding Debt by Type, Primary Government and Component Units	262
Table 12	Ratios of General Bonded Debt Outstanding	264
Table 13	Direct and Overlapping Governmental Activities Debt	265
Table 14	Debt Ratio Information	266
Table 15	Revenue Bond Coverage for Solid Waste System Revenue Bonds	268
Table 16	Demographic and Economic Statistics	269
Table 16A	Comparative Demographic Statistics	269
Table 17	Principal Employers	270
Table 18	Full-Time Equivalent County Government Employees by Function ...	271
Table 19	Operating Indicators by Function	272
Table 20	Capital Asset Statistics by Function	273
Table 21	Personal Property Tax Rates and Assessments	274
Table 22	General Governmental Expenditures by Function	276
Table 22A	Capital Projects Expenditures by Function	276
Table 23	Miscellaneous Statistical Data	278
Table 24	Schedule of Surety Bonds	279

Compliance Section

Schedule of Expenditures of Federal Awards	280
Notes to Schedule of Expenditures of Federal Awards	289
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 <i>Government Auditing Standards</i>	291
Report of Independent Auditor on Compliance for Each Federal Major Program and On Internal Control Over Compliance Required By Uniform Guidance	293
Schedule of Findings and Questioned Costs	296
Corrective Action Plan	305
Schedule of Prior Audit Findings.....	310

Introductory Section

Letter of Transmittal

Certificate of Achievement

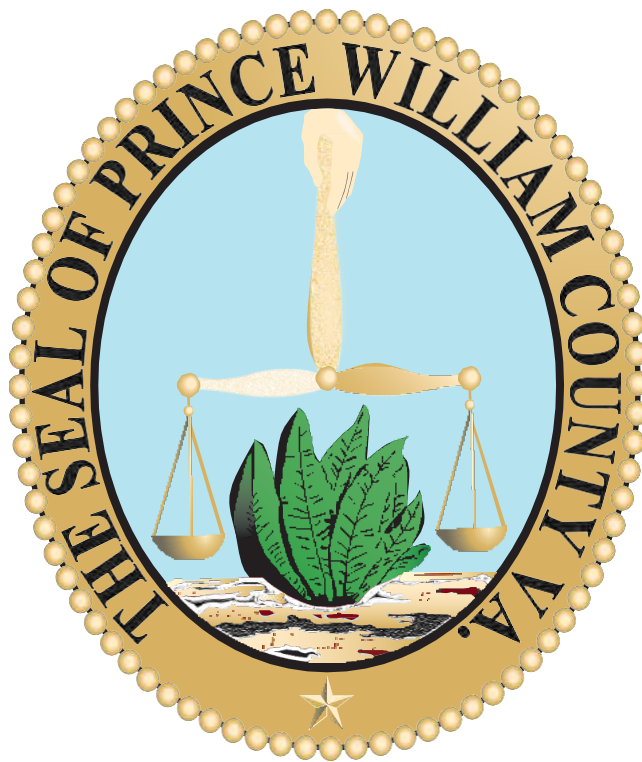
Organization of the County Government

Charlie T. Deane Station

This building is dedicated to honor Charlie T. Deane, the longest serving original member of the Prince William County Police Department.

He retired on September 1, 2012, after forty-two years of dedicated service, including twenty-four years as the Chief of Police. The Charlie T. Deane Station is a lasting tribute to Chief Deane to honor his life of public service and steadfast dedication and leadership to the community and to the law enforcement profession.

Years of Service 1970 - 2012





COUNTY OF PRINCE WILLIAM

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BOARD OF COUNTY SUPERVISORS

Christopher E. Martino
County Executive

Michelle L. Attreed
Director of Finance

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

December 21, 2018

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

We are pleased to present the *Comprehensive Annual Financial Report* of the County of Prince William (the "County") for the fiscal year ended June 30, 2018. The report presents fairly the financial position of the County, including its discretely presented component units in all material respects and demonstrates compliance with applicable legal and contractual provisions. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. A comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP) is in place to provide a reasonable basis for making these representations. Because the cost of internal controls should not outweigh the benefits, the County's comprehensive framework of internal controls, by design, provides reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The 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, 2018, 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, 2018. The independent auditor's report is the first component of the financial section of this report.

The 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.

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

Profile of the Government

Prince William County is located in Northern Virginia, approximately 35 miles southwest of Washington, D.C. and encompasses an area of 348 square miles, of which 18.8 % is federally owned land. As of June 30, 2018, Prince William's Geographic Information Systems (GIS) Division placed the County's population at an estimated 460,457 persons. Prince William County is 7.4% of the Washington-Metropolitan region's population, which stands at 6.2 million persons according to 2012-2016 U.S. Census American Community Survey (ACS) data. Prince William's location in Metropolitan Washington, D.C. and the availability of excellent transportation by way of regional, national and international airports, freight and passenger rail services and interstate and highway roadways is a catalyst for growth in the County, which continues to provide numerous economic advantages. Within the County's boundaries are the independent cities of Manassas and Manassas Park and the incorporated towns of Dumfries, Haymarket, Occoquan and Quantico. The cities and towns elect their own mayors and councils, but rely on the County government for some of their services.

The County exercises local governing powers granted to it by the Virginia General Assembly. Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board of County Supervisors (Board). Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board, elected at-large by County residents, serves a four-year term as Chairman. The current board members took office in January 2016, following an election held on November 3, 2015, and serve until December 31, 2019.

The County provides a full range of local government services including police, fire and rescue, court services, education, development administration, libraries, parks, recreational and tourism services, health and social services, public improvements, planning 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. Effective October 1, 2017, the Board dissolved the Convention and Visitors Bureau and established a new Office of Tourism in the Department of Parks & Recreation; subsequently renamed Department of Parks, Recreation & Tourism. A legally separate water and sewer service authority, known as the Prince William County Service Authority, provides sanitation services. User charges and bond financings are the primary funding sources for the Service Authority's operations and capital needs. The Authority is solely responsible for all of its outstanding debt. The Authority is not a component unit of the County. Note (1A) in the notes to the financial statements discloses additional information on discretely presented component units and all other entities.

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

After an extensive review and deliberation process and two public hearings to receive citizen input, the Board makes its decisions on the proposed Fiscal Plan and adopts the Fiscal Plan by April 30. The education component of the plan must be adopted on or before May 15, and the non-education component must be adopted before July 1 of each year in accordance with the *Code of Virginia*.

The annual budget serves as an integral part of the County's system for results-oriented government. The *County's Comprehensive Annual Financial Report* is required by its *Principles of Sound Financial Management* and the *Code of Virginia* and demonstrates accountability for results in this system.

Local Economy

The Prince William County economy is an important segment of the Washington, D.C. metropolitan area economy, which is arguably one of the most dynamic in the world. Increasingly key to this dynamic economy is the abundance of technology infrastructure, namely low-cost electricity and cable fiber, propelling Northern Virginia as 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 2018, the average home in Prince William County sold for \$403,217, representing an increase of 2.4% year-over-year. The number of homes sold in Prince William County in June 2018 was 862, a decrease of 8.3% from the 940 homes sold one year earlier. The ratio of homes on the market to homes sold was 1.55, compared to 1.39 one year earlier, marking a slight improvement. Average number of “days on the market” stood at 23 in June 2018 compared to 28 in June 2017. 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 23 and average sold price to original list price of 98.9%, closely resemble December 2005. Trending nationwide are low inventory levels. Active County listings in June 2018 stood at 1,333 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 2017, the County issued 1,324 residential occupancy permits for 1,415 new homes: 676 single-family homes, 530 townhouses, and 209 multi-family units (including apartments). Since 2014, there has been a 12% increase in the number of permits issued for townhouses while the percentage for single-family homes has stayed fairly consistent at around 50%.

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 (Jan-Jun)	312	293	561	1,166

The Prince William County commercial inventory has held steady through June 2018. According to Costar Realty Group (Costar), the vacancy rate on June 30, 2018, was 5.7%. Total commercial property inventory has remained in the range of 40-45 million sq. ft. since 2015. The vast majority of vacancies resulted 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. remains in the mid \$15 level. 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 2015 - \$1.148
- FY 2016 - \$1.122
- FY 2017 - \$1.122
- FY 2018 - \$1.125
- FY 2019 - \$1.125

Retail sales reflect moderate growth in fiscal year 2018, with fiscal year-over-year sales tax revenue increasing 2.8% between 2017 and 2018. Over the near term, expectations are for a modest improvement over the prior year's results.

Prince William County's population was estimated at 460,457 on June 30, 2018. 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 23% between the current estimate and beyond 2040. According to the U.S. Census American Community Survey 2012-2016 5-Year Estimates and in sync with the County's family-oriented tradition, nearly 33% of the County's households contain married-couple families with children of the household under 18 years old. Just over 64% of the County's residents work in another county or state, and the mean travel time to work is 39.3 minutes, the 22nd highest of all U.S. counties and equivalents. Additionally, according to the U.S. Census American Community Survey 2017 1-Year Estimate, the Washington D.C. Metropolitan Statistical Area (MSA) has the third-highest median household income in the U.S, at \$99,669, with six of the MSA's counties in the top 20 nationwide. Prince William County's median household income of \$100,845 is 67% above the national median of \$60,336 and 41% above the statewide median of \$71,535. Prince William County had the 20th highest median household income in the United States; about 1% higher than the Washington, D.C. MSA. This ranking continues to highlight Prince William County's status as a "Community of Choice."

According to data from VEC's LMI, Prince William County outpaced the Commonwealth in business and job growth over the last five years. At-place employment in Prince William County (127,476 in the 1st quarter of 2018) increased by 2.3% year-over-year. According to the Virginia LMI, establishments of employment in the County increased by 1.2% from 9,007 in the 1st quarter of 2017 to 9,118 in the 1st quarter of 2018. By comparison, Northern Virginia establishments grew by 1.1% from the 1st quarter of 2017, and statewide establishments grew by 2.5%. Employment in the Commonwealth grew by 1.5% in the last year. The largest employers in the County are the Prince William County School Board, Prince William County Government, U.S. Department of Defense, Walmart, and Morale Welfare and Recreation.

The average weekly wages in Prince William County grew 4.1% between the first quarter 2017 and the first quarter 2018, from \$899 to \$936, according to the Virginia LMI. By comparison, during the same period, average weekly wages in Northern Virginia increased 3.2% from \$1,475 to \$1,522, and Virginia weekly wages increased 3.1% from \$1,128 to \$1,163.

Consistent post-recession economic growth in the region has led to a jump in construction in Prince William County. According to the Virginia LMI, in the first quarter of 2010, there were 9,220 construction jobs in the County. As of the first quarter 2018, at-place construction employment increased to 13,571 jobs. Although establishments of employment have grown by nearly 2,000 between 2010 and the 1st quarter of 2018, the

County has experienced a decrease in startup firms from a peak of 536 in 2014 to only 391 in 2017. Nevertheless, Prince William County's unemployment rate was 2.9% in June 2018, below the corresponding statewide rate of 3.2% and national rate of 4.0%.

As Prince William County enters fiscal year 2019, the local economy continues to outperform the national economy in a number of areas. However, in light of the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and Prince William County, both of which were major recipients of this good fortune. The Realtor Association of Prince William (PWAR) reports despite mortgage rate increases over the past year, financing remains historically affordable and, coupled with Virginia's low unemployment rate and high consumer confidence, continues to encourage market entry.

Historically, Prince William County's close 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 second longest on record (dating back to 1850's). The U.S. economy has entered a more mature phase, but does not yet point to a recession as it is characterized by a strong labor market, high consumer confidence along with solid business investment and low unemployment. Trade tensions remain a major economic risk for global growth. In addition, escalating trade wars, weaker housing, higher oil prices and the midterm elections are potential downside risks that will test the Federal Reserve's ability to maintain its projected pace of rate hikes.

Since 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. Although these two sectors were impacted by the Great Recession, the latest trends point to modestly improving conditions in local consumer confidence and real estate activity. And, strong financial policies, practices and ample general fund balance position the County to comfortably manage through any future economic downturn.

Long-term Financial Planning

The County adopted *Principles of Sound Financial Management* in 1988. The most recent update to these long-standing *Principles* occurred in 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 46 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 2018 for fiscal year 2019 to fiscal year 2023. Integral to establishment of five-year plans is the *County-School Revenue Sharing Agreement*, originally adopted by the Board of County Supervisors and the County School Board in 1998. The current Agreement splits the County's General Revenues, 57.23% to the School System and 42.77% to the County.

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

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

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

- **Robust Economy** – *"The community fosters a diverse local economy that creates a culture of innovation and achieves more quality jobs, economic opportunities and an expanded commercial tax base."*
- **Mobility** – *"The community will have an accessible, comprehensive, multi-modal network of transportation infrastructure that supports local and regional mobility."*
- **Wellbeing** – *"The community will support vulnerable individuals and families to ensure the wellbeing of the entire community."*
- **Safe & Secure Community** – *"Prince William County is a community where people are safe and secure."*
- **Quality Education & Workforce Development** – *"The community fosters a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands."*

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

The Fiscal Plan and Five-Year Budget Plan rely on input from the community to build a "community of choice" as expressed in the Board's Vision and to address each of the important goal areas in the *Strategic Plan*. The Board's decisions and priorities along with the work of staff support the strategic goals and allow for reinvestment in the County to ensure that Prince William remains a "community of choice". Approximately 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 published concurrently with the Adopted Fiscal Plan. The CIP specifies the capital improvements and construction projects scheduled for funding over the next six years, in order to maintain or enhance the County's capital assets and delivery of services. The County's adopted policy documents, including the *Strategic Plan*, the *Comprehensive Plan*, and the *Principles of Sound Financial Management* guide the development of the CIP.

Capital improvement projects over the next six years total approximately \$1.7 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 2019-2024 CIP provides almost \$407 million for transportation roadway and sidewalk improvement projects; \$38.4 million for two new fire and rescue stations and two station renovation/reconstruction projects; \$44.5 million for judicial administration, including expansion of the Adult Detention Center and security enhancements at the courthouse; \$17.8 million for police projects, including \$13.7 million for a new animal shelter; \$47.7 million for technology improvement initiatives, including core technology infrastructure and the replacement of the County's human resource management system; \$15.7 million for landfill related capping and lining projects; \$19.6 million for watershed management projects; \$20.3 million for parks and recreation projects, \$6.1 million for two human services projects, namely improvements to the Juvenile Detention Center; and \$17.6 million for various building and facility capital maintenance projects. The School System's Capital Program totaling just over \$1 billion for fiscal years 2019 to 2024 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.

Major Initiatives

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

Robust Economy – The "Robust Economy" Strategic Goal calls for the County to provide a robust, diverse economy with more quality jobs and an expanded commercial tax base. The leadership and foresight of Prince William County to support business development to bring quality jobs to the citizens and provide strategies for sustained economic growth enabled the County to become a strategic and vital component of the Northern Virginia economy, and the Commonwealth of Virginia. In this regard, the County's Department of Economic Development works diligently to attract new businesses and foster expansion of existing businesses. Since the inclusion of economic development in the strategic goals of the County, in the mid-1990s, 495 new and expanding companies have announced their intention to invest more than \$8.3 billion and add approximately 19,041 jobs to the Prince William County economy. Of these announcements, 386 or 78% were targeted industry businesses accounting for \$7.4 billion (89%) of the total investment and 14,513 (76%) of the total jobs. Today, the County is home to over 9,000 businesses, an increase of 40% over the past ten years.

Recognizing the particular strengths of Prince William County and seizing upon market demands, Prince William County targets the biotechnology, life sciences and medical network markets; federal government agencies and contractors; specialized supply and logistics; advanced manufacturing; data centers and technology markets and corporate headquarter facilities. These areas have provided significant capital investment and job opportunities in Prince William County. In 2017, 19 companies, 18 of which fell within the County's targeted industry sectors, chose to locate or expand their business in Prince William County as a result of the County's marketing attraction and business development services. The County logged \$817 million of intended capital investment, making 2017 the fifth consecutive year of planned capital investment in excess of half a billion dollars. 2017 also marked the highest number of intended job creation on record, since 2006, which underscores the valuable workforce proposition the County presents. Almost 1,000 jobs were created collectively from the 19 projects in 2017. Not only do these jobs bring high-value job opportunities to the County and improve the quality of life for residents, they also support the County's Strategic Plan goal to cut down on commute times outside the County. In the first half of calendar year 2018, seven projects, anticipated to generate \$33 million in capital investment and 300 jobs, have been announced. The projects reflect the continued growth and diversification of the County, with four expansions of existing businesses and three new businesses, all operating across a broad spectrum of industries including: engineering services, specialty trade contractors, commercial real estate, life sciences and sports and recreation destination venue. In the last five calendar years (2013-2017), a record of nearly \$4.3 billion in planned capital investment and nearly 2,900 intended jobs have been secured as the result of the County's economic development efforts.

Technology 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 3.7 million square feet of data center space, representing over \$6.4 billion in capital investment and the creation of more than 900 highly skilled jobs for residents. Prince William County further solidified its position as a data center location with the attraction of two major data center projects in 2017. Newly founded CloudHQ, a new player to the northern Virginia data center market, announced its plans to deliver a 460,000 square foot facility offering over 43 megawatts of single-tenant data center space and an additional 8 megawatts of multi-tenant space, marking the largest lease in the history of the data center industry. This announcement came on the heels of Iron Mountain's decision to locate its first 83-acre data center campus in the County. Iron Mountain Incorporated, a global leader in storage and information management services, opened its first of four planned data centers in the County in September 2017. The first building, an \$80 million, 10.5-megawatt multi-tenant and cloud facility operates as an Uptime Institute Tier III certified facility. Iron Mountain's overall planned \$350 million data center project was the largest publicly announced non-utility capital investment project in the Commonwealth when announced in 2016. 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 2017, the County welcomed Dulles Glass and Mirror, Inc. through a relocation of its company headquarters, research and development, manufacturing and warehousing operations from the City of Manassas to a renovated 84,000 square foot facility in the County, bringing \$7.5 million in capital investment and adding 40 new jobs to its existing workforce. Isomet Corporation, a renowned advanced manufacturing company supplying laser beam control devices, announced its intention to move its operations to the County from Springfield, Virginia, bringing 21 full-time jobs and \$2.3 million in capital investment. The long-awaited outdoor recreation retailer, Cabela's opened the doors to its only store in the Greater Washington metropolitan area, bringing close to 200 jobs to the County and Kaiser Permanente, an integrated healthcare consortium, plans

to establish a 35,000 square foot medical facility in Haymarket, bringing 50 new jobs and \$20 million in capital investment. National food distributor and longtime business resident, US Foods announced plans to nearly double its footprint in the County with a 220,000 square foot expansion, creating approximately 100 new jobs over the next five years. The highly anticipated Farm Brew Live, the County's first destination brewery campus and outdoor music venue, opened its doors in Innovation Park in October 2017. Home to 2 Silos Brewing Company, the campus represents a \$4 million capital investment and brings approximately 100 jobs to the County. The historic Thomasson's Barn, a 1929 dairy farm barn, is being revamped as part of the next phase of this project, after being vacant for more than 40 years. The vintage barn will feature an arts and entertainment space, private dining rooms and indoor and outdoor seating for over 200 people.

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 2,700 people and bringing over \$895 million in private capital investment in the County. George Mason University's Science and Technology campus, situated at the epicenter of Innovation Park, houses the Institute for Advanced Biomedical Research, which includes leading-edge research laboratories. Other prominent businesses and institutes located at Innovation Park include American Type Culture Collection, Corning Life Sciences - Mediatech, Inc., BerkleyNet, 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. In 2018, the United States Tennis Association Mid-Atlantic Section (USTA MAS) announced its intent to pursue development of a brand new headquarters and state-of-the-art tennis facility within Innovation Park. The total intended capital investment is more than \$15 million and will create 42 full-time jobs. Completion of the project is expected by 2021. Medliminal, LLC, an innovative leader in medical cost containment and healthcare cost reduction, announced its plans to move its corporate headquarters to Innovation Park. The company intends to invest \$2.4 million and will initially bring ten employees with plans to hire up to 70 more, as it grows. The long-abandoned historic Birkett Barn located on property within Innovation Park was purchased by Sweeney Barns, LLC and will receive a radical makeover. The company has plans to renovate the barn for adaptive reuse as an office, event center, meeting facility, dance studio and live music venue and to construct a 15,000 to 25,000 square foot convenience retail center. Renovations are expected to be complete by the end of 2018.

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 nine entrepreneurial start-up companies – Ceres Nanosciences, Inc.; 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 one of its kind on the east coast. The Institute is designed to support translational applied research in the areas of simulation, modeling and game design, rapid prototype development, high-value job creation and economic development. Since opening in March 2014, the VSGI has doubled in size and is currently home to numerous start-up companies. The VSGI has collectively created jobs, multiple patents, copyrights, and worked on innovation

simulation and game solutions for corporate, government, education, and entrepreneurial projects alike. Notable collaborations include projects with the Department of State, Army, and Customs and Border Patrol as well as training for K12 students, undergraduate and graduate level degrees, and executive training in game design skills and theory through a partnership with the Computer Game Design program at George Mason University and their outreach arm, the Mason Game and Technology Academy.

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

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

Recognizing the County's robust federal contracting and defense technology sectors, Brickyard, northern Virginia's coworking community provider, announced it will open its second location in Neabsco Commons in Woodbridge. Brickyard delivers an unmet need for those businesses and professionals to be physically accessible to their clients, while also providing flexibility to operate remotely. The brand new location marks the first of its kind in the County and is expected to open in the summer of 2019.

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

Quality Education & Workforce Development – "Quality Education & Workforce Development" is one of the Board's Strategic Goals. The goal states that the County will foster a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County. The School System's Five-Year Budget Plan continues to focus resources on the most critical school needs, including accommodating a student enrollment increase of 5,430 over the next five-year period; salary scale adjustments for employees as funding permits; \$172.8 million in funding for repairs and renewals of older facilities; funding for the debt service on \$569 million of construction bonds, start-up costs and operating costs for two new elementary schools, one middle school, and one high school, as well as additions and/or expansions at eight existing schools.

Prince William County Schools is the second largest of 132 school divisions in Virginia, the fourth largest in the Washington-Metropolitan area, and one of the 35 largest school divisions in the country, operating 96 schools

and specialty centers for students in grades pre-kindergarten through twelve. The official September 2018 student enrollment count for all Prince William County Schools is 90,203 students, up 342 students, or 0.4% from fiscal year 2018 to 2019. The fiscal year 2019 adopted School Division budget supports the cost of educating an additional 1,100 students, the addition of thirteen additional social workers, a position to address human trafficking, a mental health specialist, psychologist and three additional high school counselors as well as the hiring of additional security personnel to implement a school security pilot program that will increase the level of protection for students and school personnel. The fiscal year 2019 budget also funds the opening of the new Independence Nontraditional School, the acquisition of the 14th high school site and startup funding for the new “Prince William Parkway” elementary school as well as completions of additions to Lake Ridge Middle and Pattie Elementary Schools and the commencement of additions to Antietam, Lake Ridge, Springwoods, Leesylvania, and Minnieville Elementary Schools; Stonewall Middle School and renewals for River Oaks, Leesylvania, Marshall, Montclair and Old Bridge Elementary Schools. Construction is also slated to begin on a new school transportation facility located on Wellington Road.

The School System remains committed to providing a world-class education to its students and is a state leader in producing better student achievement results at a lower taxpayer cost. As testament to the quality of education received by students in Prince William County, all of the County’s schools are accredited under the Virginia Department of Education’s accreditation guidelines, with 100% of eligible schools receiving full accreditation for the 2018-2019 school year, based on performance during the 2017-2018 school year, or a three-year average, far surpassing the statewide average of 92% and a marked improvement over the School System’s 2017-2018 school year accreditation rate of 94%. All eleven eligible high schools are fully accredited and rank among the top 9% in the nation according to the *Washington Post’s* 2017 list of “America’s Most Challenging High Schools,” with two high schools in the top 3% nationwide. U.S. News & World Report recognized Osbourn Park (OP) High School with a silver medal in their 2018 rankings, ranking OP 16th out of 325 Virginia high schools and 774th out of more than 20,500 public high schools nationwide (top 5%). Woodbridge Middle School joined 26 middle level and high schools re-designated as one of the National Association of Secondary School Principals’ (NASSP) 2017 Breakthrough Schools. Schools are selected based on documented success implementing strategies aligned with core areas, including collaborative leadership; personalization; and curriculum, instruction and assessment. Twenty-two schools in Prince William County earned the 2018 Virginia Index of Performance Award, nearly twice the number from just two years ago. Only 349 schools statewide earned the honor, recognizing schools and divisions that exceed state and federal accountability standards and achieve excellence goals established by the Commonwealth’s Governor and Board of Education. Student Standards of Learning (SOL) 2017-2018 pass rates exceeded the state pass rates in both writing and social studies and student results on the ACT continue to trend upward, with the composite score exceeding the national average for the 22nd consecutive year. As a Division, Prince William County Schools outperformed the national SAT averages in English, reading, writing, and mathematics. The School System’s 2018 on-time graduation rate of 92.1% outperforms the overall state rate of 91.6% and marks the 11th consecutive year of improvement, with a nearly 9% increase in the past decade. In 2018, the School Systems’ students earned nearly \$74 million in scholarships, nearly \$18 million more than the prior year. One-third of all Prince William County School graduates in 2016-2017 received at least one qualifying score on the Advanced Placement, International Baccalaureate or Cambridge examination, exceed both state and national averages.

Wellbeing – The “Wellbeing” Strategic Goal calls for services to individuals and families most at risk, through innovative and effective leveraging of state and federal funds and community partnerships, addressing homelessness and improving services to those suffering from mental health and substance abuse issues. The County continues to see demand for services to help the elderly, the intellectually disabled and mentally ill, those in need of medical services who have no insurance, and those facing difficulty sustaining their families due to economic difficulties. The fiscal year 2019 adopted budget includes three new Community Services positions for enhancement to adult substance abuse treatment services; the establishment of a crisis assessment center in eastern Prince William County; additional contractual services funds to support intellectual disability day support services and a therapist for competency restoration services for juveniles and adults. The fiscal years 2019-2023 Five-Year Plan includes initiatives such as implementing the “No Wrong Door” approach for Homeless Services with a coordinated intake function and additional wraparound services to keep more people in existing housing and allows rapid rehousing for those who become homeless; additional

support for the mandated Emergency Services function in Community Services; and newly mandated individual assessments for intellectually disabled persons along with additional case management services. The fiscal years 2019-2023 CIP provides \$6 million in funding to support the renovation of the existing or construction of a new 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. During fiscal year 2018 several public safety projects were complete or substantially complete. A new police station, named the Charlie T. Dean Central District Police Station opened in the spring of 2018; Fire & Rescue Station #26 located on Davis Ford Road next to the new Central District Police Station opened in October 2017; renovations were made to the Gainesville Fire & Rescue Station and a sixth courtroom for the General District Court was added to the second floor of the Judicial Center complex in Manassas in January 2018. The fiscal year 2019 adopted budget includes 66 new fire and rescue personnel and 75 new police personnel as well as staffing for the expanded Adult Detention Center (45 personnel). The fiscal years 2019-2023 CIP includes funding for a new animal shelter, two new fire and rescue stations, station reconstruction and renovation projects and the expansion of the Adult Detention Center.

Mobility – The “Mobility” Strategic Goal calls for the County to provide an accessible, multi-modal transportation network that supports local and regional connectivity. Over the years, the County has worked to develop a transportation system that gets people to jobs, improves safety, reduces congestion, reduces travel time and enhances its economic development efforts. As the population of the region continues to grow, the County continues to find ways to fund and/or build the needed transportation projects within the community.

Transportation initiatives completed during fiscal year 2018 include the addition of a left turn lane from Dumfries Road (Route 234) to Hoadly Road and the addition of a pedestrian and bicycle path adjacent to Route 234 between Four Seasons Drive to Talon Drive.

Prince William County is a member of the Northern Virginia Transportation Authority (NVTA), an authority created by the General Assembly in 2002. This nine-member authority; made up of the counties of Prince William, Arlington, Fairfax, and Loudoun as well as the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park; offers a common voice for Northern Virginia on transportation and other issues that confront the region. The NVTA is tasked with preparing an unconstrained long-range regional transportation plan (the most recent is the TransAction 2040 Plan) for Planning District 8, including transportation improvements of regional significance. As a result of new fees and taxes imposed by House Bill 2313, legislation passed by the General Assembly in April 2013, the NVTA receives earmarked revenue for projects dedicated to relieving congestion in Northern Virginia and Prince William County is privy to a portion of the revenues and benefits. NVTA transportation funding to Prince William County is split into two categories -- projects with regional congestion relief benefits constitute 70% of the NVTA funds and the remaining 30% of NVTA funds are transferred directly to the County for urban or secondary road construction, capital improvements that reduce congestion, projects included in TransAction 2040 or its future updates and/or for public transportation purposes. In the fiscal years 2019-2024 CIP, the 30% funding, totaling \$36.8 million, has been programmed to support Board approved NVTA eligible local road priorities and VRE commuter rail operations.

The \$406.8 million CIP for fiscal years 2019-2024 aims to further advance the mobility strategic goals by including \$206.9 million for the Balls Ford interchange and widening project; \$74.2 million for improvements to Route 1 from Featherstone Road to Mary’s Way; \$63.5 million for the Neabsco Mills Road commuter parking garage and road widening project; \$50 million for improvements to Route 28; \$7.8 million for improvements to Minnieville Road between Spriggs Road and Route 234; \$5.7 million for Vint Hill Road improvements; \$3.8 million for the Discovery Boulevard extension project and \$1 million for sidewalk construction on Dumfries Road.

Important to the quality of life of residents are the numerous parks, recreational and tourism amenities that exist throughout the County. During fiscal year 2018, the new Ali Krieger Sports Complex at Potomac Shores opened. This project delivered two soccer fields with artificial turf lights, a concession building with comfort facilities and a children's playground. Also completed in the summer of 2018 was the replacement of the children's pool at WaterWorks, a marked improvement to the amenities of this popular aquatic facility. The fiscal years 2019-2024 CIP includes \$20.3 million for community development improvement projects namely Catharpin Park, Rollins Ford Park, Locust Shade Park, Long Park, Harbor Drive Park, Cloverdale Park and various trails throughout the County.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Prince William County for its *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2017. This was the 37th 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.

Prince William County received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning July 1, 2017. This was the 32nd consecutive year that the County has received this prestigious award. In order to receive this award, the governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device.

The County also received for the 12th time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2017. This award program is designed to encourage local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

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

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

Respectfully,



Christopher E. Martino
County Executive



Michelle L. Attreed
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
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Presented to

**County of Prince William
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Organization of Prince William County Government

Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board. Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board, elected at-large by County residents, serves a four-year term as Chairman. The current board members took office in January 2016 and will serve until December 31, 2019.

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

An eight-member School Board is responsible for the operation of public schools in the County. The members are elected and serve a term of four years. The Board appropriates funds from the County's General Fund for the local share of the cost of operating the public schools. Operations of the School Board, however, are independent of the Board and the County administration as prescribed by Virginia law. A Superintendent, appointed by the School Board, administers the operations of the County's public schools.

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

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

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

Organization Chart

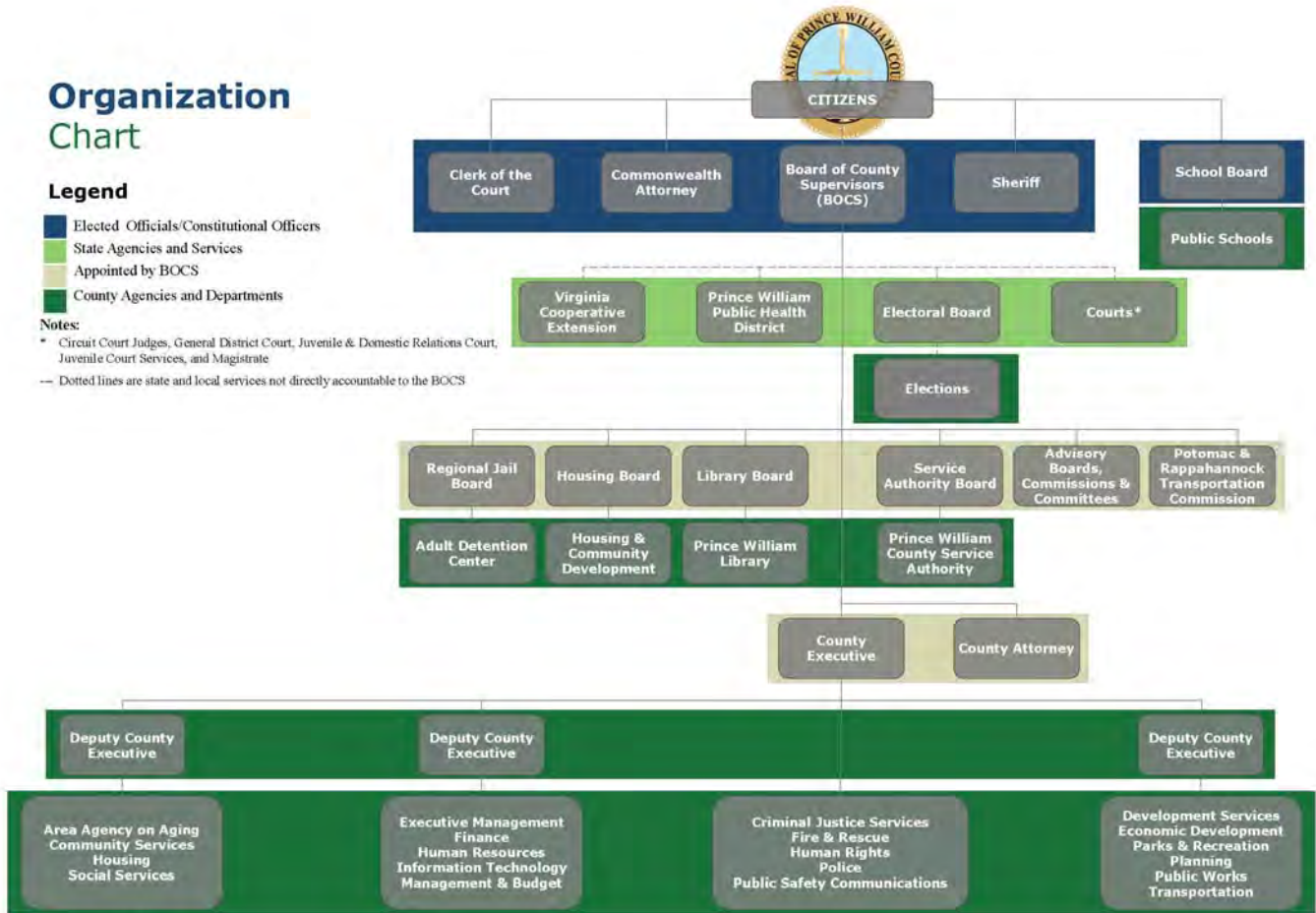
Legend

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

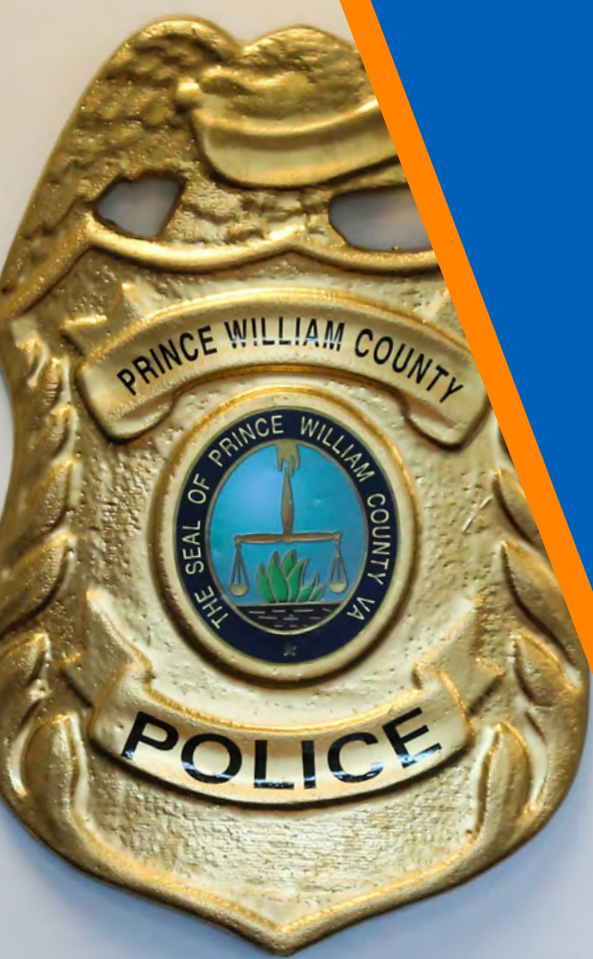
Notes:

- * 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



FY2019 Budget – Org Chart

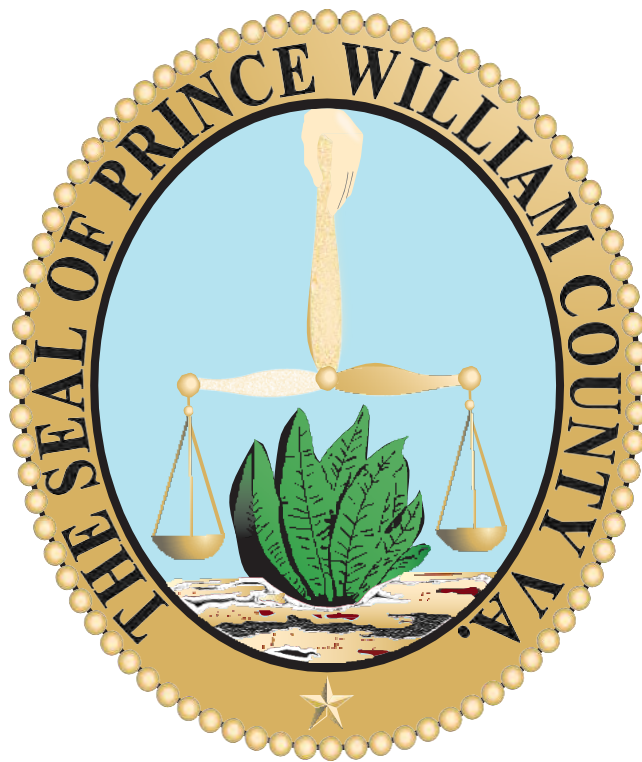


Financial Section

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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Reporting Entity

As discussed in Note (1) R to the financial statements, the County has merged the Prince William County/Manassas Convention and Visitors Bureau, previously reported as a discretely presented component unit, into the existing funds. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As described in Note (1) R to the financial statements, the County implemented the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("OPEB") effective July 1, 2017. Our opinions are not modified with respect to this matter.

Correction of an Error

As described in Note (1) R to the financial statements, the County restated beginning net position to correct an error in recording capital assets not owned by the County and a software implementation that was placed in service in fiscal year 2017 but was not properly depreciated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the County's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

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

Tysons Corner, Virginia
December 21, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(amounts expressed in millions)

Prince William County’s (the County) 2018 fiscal performance continues to demonstrate the successful implementation of its *System for Results Oriented Government*. This report provides accountability to the County’s goals and objectives defined with its citizenry and adopted by the Board of County Supervisors. This section of the annual financial report presents our discussion and analysis of the County’s financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the County’s financial statements, which follow this section. All amounts in the discussion and analysis, unless otherwise indicated, are expressed in millions of dollars. Throughout this section of the report, the primary government is referred to as the “County” and the “Total Reporting Entity” is the total of the County and component units. Due to the material relationship between the School Board component unit and the County, the total financial reporting entity information more accurately reflects the financial operations of Prince William County.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

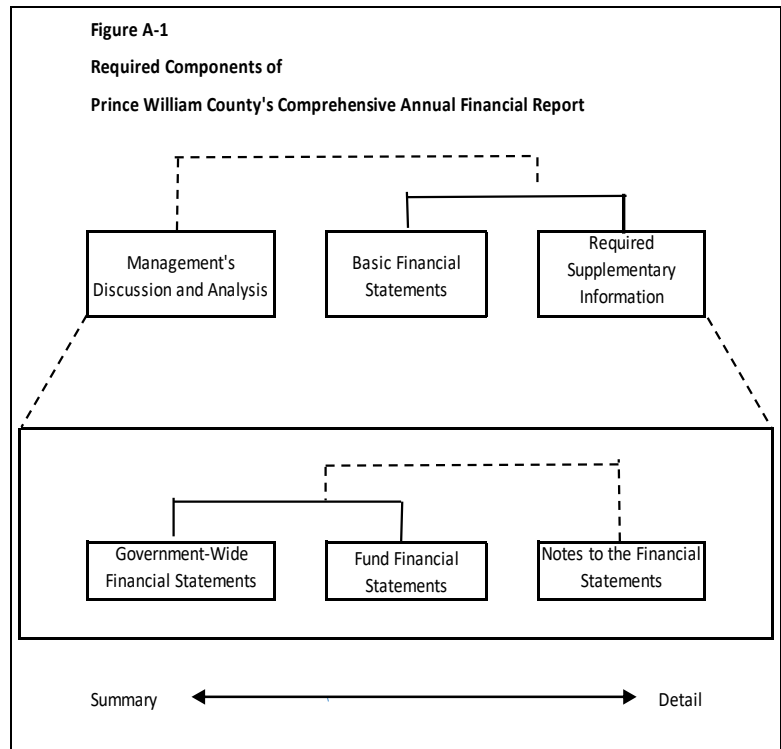
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County’s *overall* financial status.

FINANCIAL HIGHLIGHTS

- The County implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*; GASB Statement No. 85, *Omnibus 2017*; GASB Statement No. 86, *Certain Debt Extinguishment Issues*; Refer to Note 1-5.
- The total reporting entity, which includes component units, has positive net position of \$622 at June 30, 2018, which represents 20 percent increase of \$105 from the prior year’s restated net position.
- The total cost of the County’s programs increased 5 percent to \$1,353 during fiscal year 2018, while the County’s total revenues increased by 4 percent, to \$1,312.
- Net position of governmental activities decreased 11 percent from the prior year’s restatement. Program costs exceeded revenues for the current year. The County’s total costs in governmental activities increased 5 percent from prior year by \$63. Program revenues increased by 13 percent, while general revenues grew by 3 percent; these two factors contributed to overall average revenue growth of 4 percent.
- At June 30, 2018, the County has \$1,054 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, 2018 exceeded its assets and deferred outflows by \$410 (net deficit).
- Total net position of the County’s business-type activities remained the same at \$51 due primarily due to transfers to fund capital projects for approximately the same amount as the net income before transfers.
- At the end of the current year, the unassigned fund balance of \$82 in the general fund was maintained at 7.5 percent of total general fund revenues. The unassigned fund balance increased 3 percent from the prior year. The increase is primarily attributed to expenditure savings at the end of the fiscal year.
- General fund revenues exceeded the budget by \$13; alternatively, expenditure savings of \$17 under the budget helped to provide additional available resources for future years’ appropriations.
- As of January 1, 2017, (the assessment date pertinent to real estate taxes supporting fiscal year 2018) the total assessed values of taxable property increased by 4 percent compared to the prior year, with increases in residential values accounting for 59 percent of the total rise in values. Real estate taxes contributed 53 percent of the total revenues for the primary government of the County during fiscal year 2018.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-wide statements.

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



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

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

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County’s component units	The activities of the County that are not proprietary or fiduciary, such as police, fire, and community development	Activities the County operates similar to private businesses such as, the Landfill, Innovation Technology Park, and Parks & Recreation	Instances in which the County is the trustee or agent for someone else’s resources, such as the retirement plan for County employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Deferred outflow and inflow asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County’s funds do not currently contain capital assets although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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

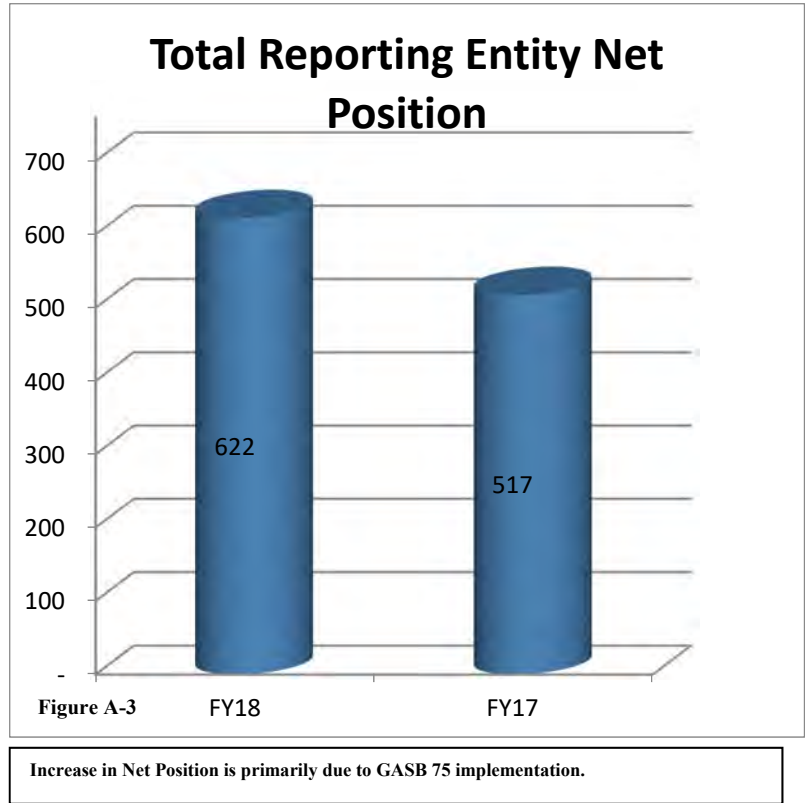
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The total reporting entity net position increased from the prior year restated balance of \$517 by 20 percent to \$622 mainly due to the cumulative effect of change in accounting principle related to OPEB (see Figure A-3). A positive net increase of \$105 helped to offset a reduction in net position resulting from the change in accounting principle discussed in Note 1S.

Governmental Activities

Net position of the County's governmental activities decreased by 11 percent to (\$410). The County's restated net position in fiscal year 2017 was (\$368). The County also issues debt to finance capital projects, which are donated to other entities. Therefore, while the debt is reflected as an obligation of the primary government of the County, the related assets are recorded by the entities to which the capital projects are donated. These donations are planned as part of the County's capital improvement program to further its education, transportation, public safety, and economic development strategic goals, and thereby increase services and improve the quality of life in Prince William County.



As of June 30, 2018, the County has \$1,054 of outstanding debt (compared with \$1,024 as of June 30, 2017) related to assets donated to other entities as follows:

- \$866 Prince William County School Board;
- \$163 Commonwealth of Virginia;
- \$14 Prince William County Adult Detention Center;
- \$11 Volunteer Fire & Rescue companies (various);

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

The most significant activities of this nature for the current fiscal year were the issuance of \$116 of debt and \$66 of principal retirement for school construction projects. 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 4 percent compared to those of the prior year, expenses increased by 5 percent during fiscal year 2018 mainly attributable to an increase in education expense. The issuance of debt to the Prince William County School Board is recorded as an education expense and represents a major expense for the County's governmental activities.

Business-Type Activities

The net position of the County's business-type activities remained the same, at \$51. The County's Landfill posted positive results of operations of \$4 during the current fiscal year, Innovation and Technology posted negative results of \$3 due to a net transfers of \$4.

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)	
	2018 Restated	2017 Restated	2018 Restated	2017 Restated	2018 Restated	2017 Restated	2018 Restated	2017 Restated
Current assets and other	\$ 930	903	37	34	967	937	1,523	1,424
Capital assets	596	580	47	49	643	629	2,215	2,152
Total assets	1,526	1,483	84	83	1,610	1,566	3,738	3,576
Deferred Outflows of Resources	67	98	1	1	68	98	212	273
Other liabilities	313	279	10	11	323	290	480	442
Long-term liabilities	1,399	1,410	24	23	1,423	1,424	2,455	2,597
Total liabilities	1,712	1,689	34	34	1,746	1,714	2,935	3,039
Deferred Inflows of Resources	291	260	--	--	291	260	393	293
Net position:								
Net Investment								
In capital assets	505	485	39	40	544	525	2,215	1,368
Restricted	96	114	--	--	96	114	131	137
Unrestricted	(1,011)	(967)	12	10	(999)	(957)	(1,724)	(988)
Total net position	\$ (410)	(368)	51	50	(359)	(318)	622	517

The aforementioned factors contributing to changes in the governmental net position and the business-type net position of the County combined to create an overall decrease in net position of the primary government of \$41 between fiscal years 2018 and 2017. The assets and deferred outflow of resources of the primary government are less than the liabilities and deferred inflows of resources by \$359.

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 57 percent of the total reporting entity. Component unit net

position increased 17 percent to \$981 during 2018, principally resulting from the issuance of debt, which was used to increase investments in capital assets. The net position of the primary government of negative (\$359) combined with the net position of the component units of \$981 resulted in total net position for the total reporting entity of \$622.

Changes in Net Position

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

Table A-2									
Prince William County's Changes in Net Position									
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)		
	2018 Restated	2017 Restated	2018 Restated	2017 Restated	2018 Restated	2017 Restated	2018 Restated	2017 Restated	
Revenues:									
Program revenues:									
Charges for services	\$ 55	59	26	30	81	89	107	110	
Operating grants and contributions	97	90	--	--	97	90	279	270	
Capital grants and contributions	81	57	--	--	81	57	81	57	
General revenues:									
Taxes:									
Real property	680	651	--	--	680	651	680	651	
Personal property	137	128	--	--	137	128	137	128	
Other taxes	132	130	--	--	132	130	132	130	
Payment from primary Government	--	--	--	--	--	--	717	672	
Grants and contributions not restricted to specific programs	81	82	--	--	81	82	500	484	
Unrestricted investment earnings	14	11	--	--	14	11	16	14	
Gain (Loss) on disposal of capital assets	--	1	--	--	--	1	--	1	
Miscellaneous	8	22	1	1	9	23	16	33	
Total revenues	1,285	1,231	27	31	1,312	1,262	2,665	2,550	
Expenses:									
General government administration	48	50	--	--	48	50	48	50	
Judicial administration	22	22	--	--	22	22	22	22	
Public safety	292	296	--	--	292	296	292	296	
Public works	112	81	--	--	112	81	112	81	
Health and welfare	96	93	--	--	96	93	96	93	

Table A-2 (cont'd)

Prince William County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2018 Restated	2017 Restated	2018 Restated	2017 Restated	2018 Restated	2017 Restated	2018 Restated	2017 Restated
Education	590	555	--	--	590	555	590	555
Parks, recreational and cultural	49	50	--	--	49	50	49	50
Community development	71	67	--	--	71	67	71	67
Interest on long-term debt	51	54	--	--	51	54	51	54
Enterprise	--	--	22	23	22	23	22	23
Component Units	--	--	--	--	--	--	1,207	1,195
Total expenses	1,331	1,268	22	23	1,353	1,291	2,560	2,486
Excess (Deficiency) in net position before transfers and special items	(46)	(37)	5	8	(41)	(29)	105	64
Special Item-transfer of volunteer fire and rescue operations	--	13	--	--	--	13	--	13
Transfers	4	(4)	(4)	4	--	--	--	--
Increase (Decrease) in Net position	(42)	(28)	1	12	(41)	(16)	105	77
Net position-beginning of year, as restated	(368)	(273)	50	39	(318)	(234)	517	680
Correction of accounting error	--	(15)	--	--	--	(15)	--	(15)
Cumulative effect of change in accounting principle (GASB 75)	--	(52)	--	(1)	--	(53)	--	(225)
Net position – ending	\$ (410)	(368)	51	50	(359)	(318)	622	517

The total reporting entity net position increased by \$105 in fiscal year 2018, after considering the cumulative effect of change in accounting principle which resulted in a decrease in net position of \$225. Other factors effecting the change in net position include total revenues of \$2,665, 5 percent higher than fiscal year 2017, exceeded total expenses of \$2,560, which were 3 percent higher than expenses of the prior year. The effect of revenues exceeding expenses resulted in an increase to net position of \$105, before considering the correction of an accounting error and the cumulative effect of change in accounting principle.

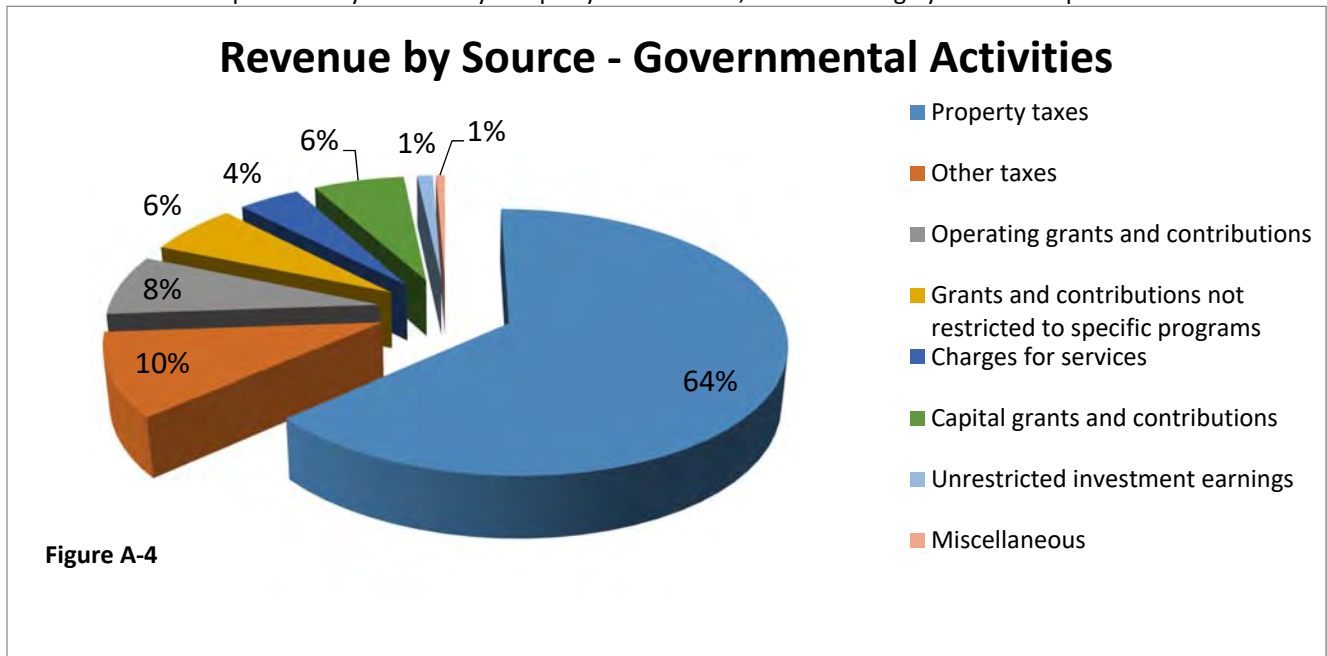
The County's (Primary Government) total revenues increased 4 percent to \$1,312 (see Table A-2). Over 62 percent of the County's revenue comes from ad valorem taxes. The County's total revenue is divided in three major sources; 72 percent of every dollar raised comes from some type of tax; nearly 20 percent of revenues come from local, state and federal aid; charges for services are 6 percent and the remaining 2 percent is from other sources.

The total cost of all County programs and services, increased by \$62 or 5 percent to \$1,353. The County's expenses cover a range of services, with 65 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

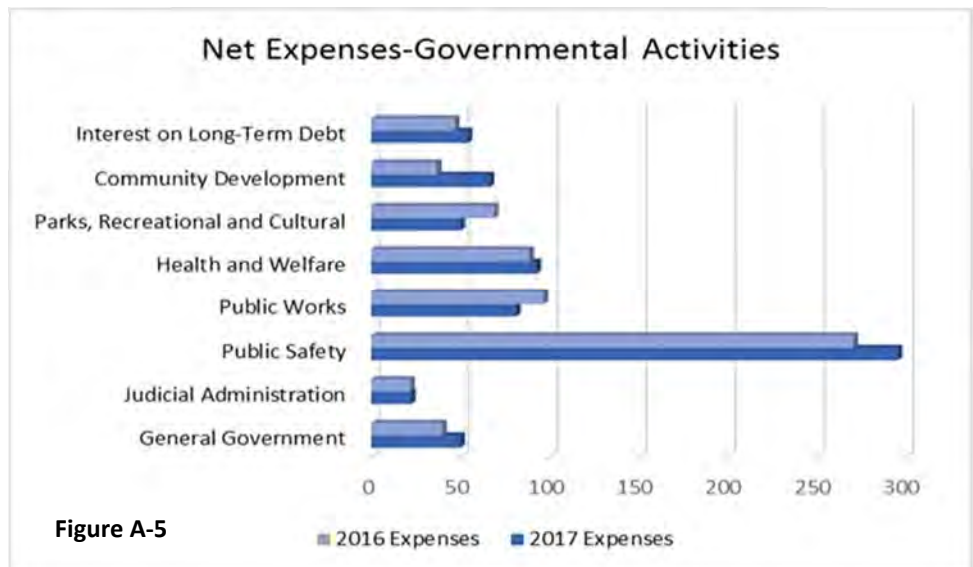
Governmental Activities

Revenues for the County’s governmental activities increased 4 percent to \$1,285, and total expenses increased 5 percent to \$1,331, which, before considering the effect of transfers, the cumulative effect of changing accounting principle due to the implementation of GASB statement 75, as well as the correction in accounting error resulted in a \$42 decrease in net position during the current year, compared to a \$28 decrease in the prior year.

74 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues increased by \$29 or 4 percent, due mainly to an increase in real estate tax revenues from \$651 in fiscal year 2017 to \$680 in fiscal year 2018. A 4 percent increase in the total taxable assessed value of real estate in the County, coupled with a 0.9 percent increase in the total direct tax rate helped to push real estate tax revenues slightly higher, and offset a flat level of support received from both the state and federal government; these revenue outcomes mitigated the impact of the rising cost of vital services provided by the County. Property tax revenue, which are largely tied to the performance of the real



estate market, experienced encouraging levels of growth during the year (up 5 percent from the prior year) These outcomes are attributable to a more positive real estate market than the County has experienced over the past few fiscal years, with residential real estate values showing an increase of 3 percent and commercial and industrial values showing an increase of 11 percent. While, apartment real estate values show an increase of almost 1 percent.



Local sales tax revenues produced a 3 percent increase from \$63 in fiscal year 2017 to \$65 in fiscal year 2018. Operating grants and contributions increased by 8 percent, while capital grants and contributions increased by 42 percent. Investment earnings in FY 2018 were up \$3 from \$11 in fiscal year 2017, the county realized actual investment earnings of \$14 in fiscal year 2018.

Education remains the biggest expense for governmental activities. The School Board receives 57.23 percent of general revenues per the revenue sharing agreement with the county. The Board of County Supervisors created grant funding opportunity intended to help the School Board address the issue that Prince William County School class sizes are at the maximum permitted under Virginia law. This class Size Reduction Grant of up to \$1 million is in addition to the revenue sharing agreement with the county, Student enrollment is currently growing at a rate of 1.3% per year. Enrollment is estimated to grow by more than 4,700 students over the next three years.

Public Safety expense decreased by \$4 or 1 percent compared to fiscal year 2017. The Police Department and Department of Fire & Rescue represent 79 percent of the Public Safety budget. In fiscal year 2018 the Police Department increased personnel by 17 FTE positions. Fire and Rescue increased by 60 FTE positions. This staffing increase accounts for a significant portion of the increase in public safety expenses. In addition, budget initiatives to better assist and support the general public and first responders have been implemented. As of fiscal year 2018, the County has \$11 of outstanding Bonded debt for the construction of eight Department of Fire & Rescue Stations. Per the Comprehensive Plan Level of Service Standards and to meet the demands of the growing community, new Fire & Rescue stations should be planned and budgeted every three years.

Additionally, other functions and programs experienced significant changes from prior year levels. Public Works increased \$31 from fiscal year 2017. While interest on long-term debt decreased by 5.5 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.

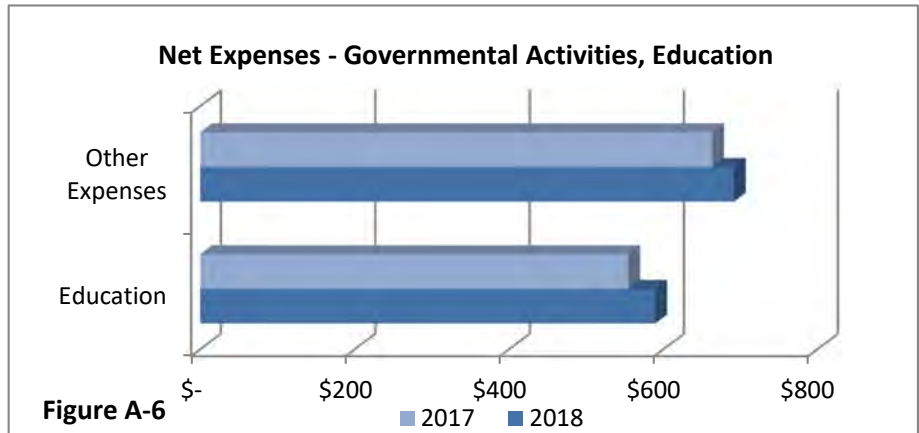


Figure A-6

The cost of all governmental activities this year was \$1,331; however, the amount that County taxpayers paid for these activities through County general revenues was only \$949. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$55;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$178; and
- The \$149 balance of the expenses was partially paid for with other revenues, such as developer proffers and unrestricted federal, state, and other local government aid, and investment earnings.

Business-type Activities

Revenues of the County's business-type activities decreased by \$4 to \$27 and expenses of \$22, decreased by \$1 as compared to the prior year (refer to Table A-2). Factors contributing to these results include:

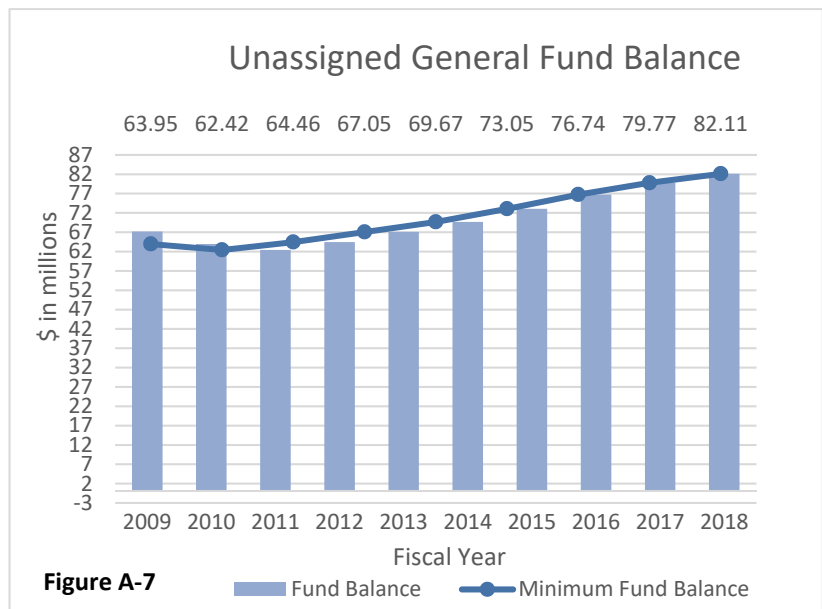
- Charges for services of the \$26, remained nearly the same for both the County Landfill and Parks and Recreation. Innovation Technology Park earned \$3 less in charges for services compared to prior year.
- Expenses remained almost static with a \$1 decrease overall in the County's business-type activities.
- Net income before transfers and special items was positive \$5 compared to \$8 in the prior year. Innovations and Technology had transfers out of \$4. The County's business-type activities had a cumulative effect of change in accounting principle with a decrease of \$1 affecting the net position resulting in an unchanged net position.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a *combined* fund balance of \$364, a decrease of \$42 or 10 percent from the prior year fund balance of \$406. General Fund revenues grew at a rate of 3 percent to \$1,095, while General Fund expenditures increased by \$26 or 2 percent to \$1,096. 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 decreased by \$38 during the current year, due to a variety of factors. During the fiscal year, the County expended \$80 on Streets & Roads projects, an increase of \$32 from FY 2017, but also received \$50 of support from the Local, State and Federal government. Additionally, the capital projects funds received funds from the general fund, special levy district, and various other capital projects. General fund transfers for streets and roads projects decreased in comparison to fiscal year 2017 by almost \$7. Fund balance for the Fire & Rescue Levy Fund decreased 14 percent or \$7 net of transfers. The change in the Fire & Rescue Levy Special Revenue Fund is mainly due to the increase in property tax revenues, which increased by 15 percent from \$39 in the prior year, to \$45 in fiscal year 2017 coupled with a \$4 decrease in expenditures before the effects of transfers to General Fund to support various fire and rescue activities. Fund balances for Other Governmental Funds increased 6 percent from the prior year. As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County adopted *Principles of Sound Financial Management* in 1988 and in April 2018 amended its *Principles* through the Board of County Supervisors. Following these *Principles* has enhanced the County's image and credibility with the public, credit rating agencies, and investors. Prior to fiscal year 2010, the fund balance policy was to maintain an unassigned

fund balance not less than five percent of the average of the annual general revenues for the five preceding fiscal years with compliance updates with the Board. Beginning in fiscal year 2010, and updated during fiscal year 2018, Policy 1.02 requires an unassigned fund balance of 7.5 percent of the current year's General Fund revenues. In fiscal year 2006, management began maintaining an unassigned fund balance of 7.5 percent of the current year's General Fund revenues, although, until fiscal year 2010, no formal modifications to the *Principles* has been made. Since fiscal year 2010 through fiscal year 2018, the Board of County Supervisors continue to resolve and maintain the ending fiscal years unassigned General Fund balance at 7.5 percent of General Fund revenues. The purpose of the unassigned fund balance is to provide the



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

Governmental Funds

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

- The County's General Fund balance increased \$1 or 1 percent due to expenditure increases of only 2 percent as well as an increase in General Fund revenue of 3%. Revenue increase is due to an increase in property taxes. Departmental

expenditures increased \$26 or 2 percent from the prior year primarily in the areas of public safety, health and welfare as well as education.

- The financial results as detailed in the governmental funds demonstrate the County's accountability to its five strategic goal areas of economic development, public safety, human services, education, and transportation aligned to address the impact of population growth and increased needs of the community.
 - The County has continued to increase its investment in public safety during the current year, increasing expenditures by \$14 or 6 percent from the prior year; public safety expenditures continue to represent approximately 22 percent of total expenditures of governmental funds.
 - Part of the County's transportation goal of alleviating congestion is further defined as one of the initiatives in the Letter of Transmittal. The \$80 spent on the construction of various streets and roads, upon completion, will be transferred to and become assets of the Commonwealth of Virginia.
 - The County's operating support to the School Board increased by \$48 during the fiscal year 2018. The slight uptick was mostly from the result of growth in general County revenue, per the Revenue Sharing Agreement. The support for school construction projects increased from the prior year to \$43 in funding related to capital projects.
- Bond proceeds of \$127 for fiscal year 2018 were conveyed to the Prince William County School Board through the sale of general obligation bonds to the VPSA and, are budgeted to be spent on part of the costs of constructing additions on various capital school improvement projects including renovations, additions and replacement to six elementary schools, five middle schools, one high school, and one alternative education facility.

Proprietary Funds

The County's proprietary funds provide Statement of Cash Flow, providing more detailed information than is found in the government-wide financial statements.

Unrestricted net position of the Landfill at the end of the year was \$5 while unrestricted net position amounted to \$7 for Innovation Technology Park. Unrestricted net position of the Landfill increased by \$5 fiscal year 2018; while Innovation Technology Park's unrestricted net position decreased by \$3. The Parks and Recreation enterprise fund ended the fiscal year with an unrestricted net position of (\$1), which is a decrease of \$1 from 2017.

General Fund Budgetary Highlights

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

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

After these adjustments, budgetary expenditures were \$18 lower than the final budget amounts and budgetary revenues were more than the final budget by \$13. 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 variance were related to general property taxes (\$12 higher than final budget). Actual expenditures were lower in all categories, most prominently in public safety.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the total reporting entity had invested \$2,215 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 \$62 or 3 percent, over fiscal year 2017. The County had invested \$643 in capital assets, net of accumulated depreciation. Accumulated depreciation remained stable between fiscal year 2018 and 2017. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

	Total Primary Government		Total Reporting Entity	
	2018	2017 Restated	2018	2017 Restated
Land & Construction in Progress	\$188	214	324	359
Buildings and other capital assets, net of depreciation	455	416	1,891	1,794
Total	\$643	630	2,215	2,153

Major Capital Asset Additions

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

- Expenditures related to construction were capitalized for Central District Police Station was \$4, F&R Station #22, and Coles F&R Station Fire Station were \$4 and \$4.3 respectively.
- The decrease in construction in progress on governmental activities was related to completion of Central District Police Station, Bacon-Race Fire Station which resulted in an increase of \$34 in building. On the business-type activities, construction in progress decreased for a total of \$13 due to the completion of Landfill Liner Cell D, Landfill Bridge and Wetland Mitigation projects increasing Site Improvement of \$5, Infrastructure \$2 and Land of \$6 respectively. Additionally, the construction in progress balance as of the end of the current fiscal year was \$38 in governmental activities and \$2 in business-type activities.
- The School Board is reporting capital assets increases of \$48. The growth of the School Board component unit's assets decreased \$13 for construction in progress. This change is due primarily to the following: construction of one new school/building was completed; the major renovations, additions and replacements at five schools were completed, continued construction on three schools. In addition, there are other ongoing major additions and renovations performed at various school sites. The School Board also made major capital asset purchases, including, new trucks, school buses and cars.
- The Adult Detention Center (ADC) component unit's assets increased \$5.3 for construction in progress on ADC expansion Phase II project.

Long-term Debt and Other Obligations

At year-end, the County's governmental activities had total debt and other obligations of \$1,519, of which bonded debt outstanding represented \$1,045. All \$1,045 debt is backed by the full faith and credit of the government. Of the County's bonded debt of \$21 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations increased to \$1,519 during the current fiscal year. The key components of the current year activities were the issuance of \$127 of debt and premium and payments on existing debt totaling \$66 on behalf of the School Board and during the fiscal year. More detailed information about the County's long-term debt is presented in Note 10 to the financial statements.

Bond Ratings

The County maintains ratings of AAA from Fitch Ratings, AAA from Moody's Investors Service, and AAA from Standard and Poor's. These ratings are the highest ratings awarded to a local government. All three ratings were reconfirmed during fiscal year 2018.

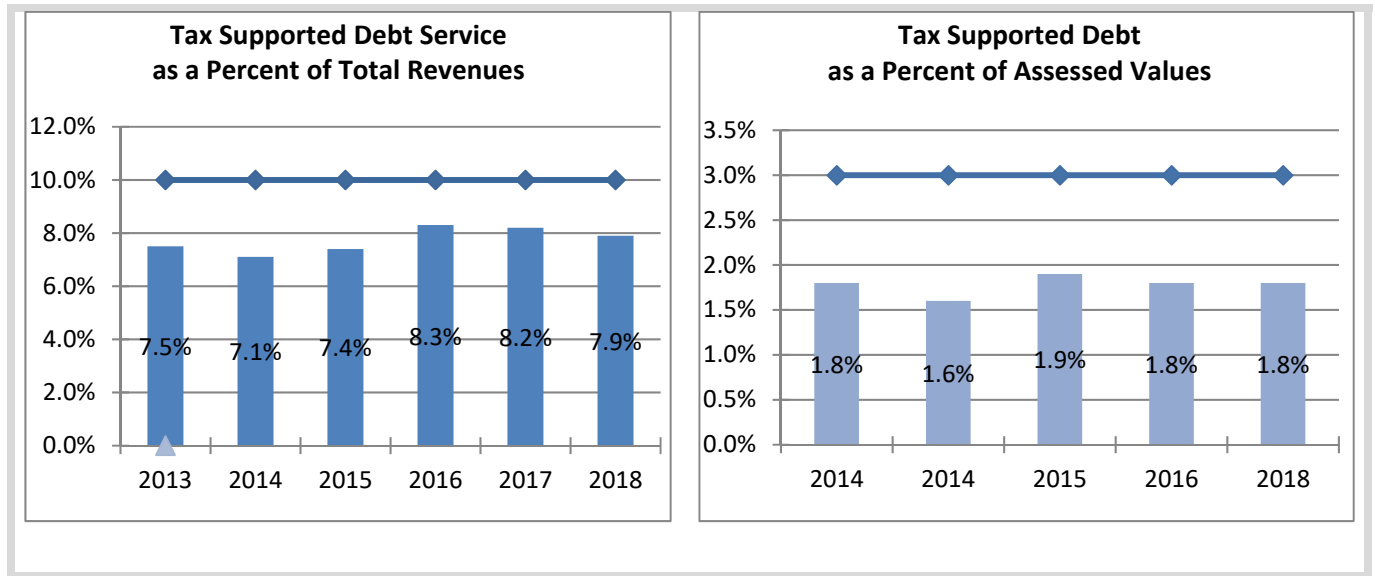
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated
General obligation bonds	\$ 898	854	--	--	898	949
Revenue bonds	21	23	9	9	30	10
Deferred loss on Refunding	--	--	--	--	--	--
Taxable Bonds	72	82	--	--	72	9
Tax Exempt Bonds	53	53	--	--	53	53
Total bonded debt	1,045	1,012	9	9	1,054	1,021
Capital lease obligations	92	102	--	--	92	102
Unpaid losses and related liabilities	21	22	--	--	21	22
Net Pension and OPEB Obligation	202	236	3	3	205	239
Surplus distribution payable	6	4	--	--	6	4
Compensated absences	36	33	1	1	37	34
Unamortized premiums	117	115	--	--	117	115
Accrued closure liability	--	--	13	15	13	15
Total long-term debt and other obligations	\$ 1,519	1,524	26	28	1,545	1,552

Limitations on Debt

The County has no legal limitations on the amount of debt it can issue. The Board, however, has adopted certain financial policies limiting the amount of tax supported debt outstanding to no more than 3 percent of the assessed value of taxable property; and annual debt service payments to no more than 10 percent of County revenues. As of June 30, 2018, the amount of tax-supported debt outstanding represented 1.8 percent of the total assessed valuation of taxable real and

personal property of \$64 billion at January 1, 2017, which is the valuation date to determine fiscal year 2018 revenues. Debt service payments represented 7.9 percent of revenues in compliance with the County’s Principles of Sound Financial Management. See Table 14 in the Statistical Section for further explanation of the calculations.

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



ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The key economic factors affecting the County included the following:

- The Board of County Supervisors has increased the real estate tax rate to \$1.125 per \$100 dollars of assessed value in fiscal year 2018.
- The real estate tax base has increased from \$55.7 billion supporting fiscal year 2017 to \$57.9 billion for fiscal year 2018, which is a 3.9 percent increase.
- The fiscal year 2019 General Fund budget is \$1,179, which is a 5 percent increase from fiscal year 2018.
- The ratio of employees to residents for the Primary Government of the County has increased from 8.56 percent in fiscal year 2009 to 9.31 percent per 1,000 residents in fiscal year 2018.
- The population in the County has grown at an average annual rate of 1.7 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 134 thousand.
- Throughout the past decade, the County’s unemployment rates have mirrored State and U.S. trends. However, the County’s rates have been at consistently lower levels. The County had an unemployment rate of 2.9 percent and an average civilian labor force of 246,627 as of June 2018, according to Bureau of Labor Statistics, representing slight improvements in the unemployment rate. As of June 2017, the County’s unemployment rate was 3.5 percent and its civilian labor force stood at 241,811.

- The Census Bureau's 2017 American Community Survey indicates that the County's Median Household Income rose from \$87,243 in 2007 to \$100,845 in 2017.

The aforementioned factors were considered in preparing the County's budget for the 2018 fiscal year. Real estate 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. Further details of the County's budget can be found in its Adopted 2018 Fiscal Plan.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
Statement of Net Position
June 30, 2018
(amounts expressed in thousands)

Exhibit 1

	Primary Government			Component Units	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total		
ASSETS					
Equity in pooled cash and investments	\$ 808,203	17,297	825,500	321,965	1,147,465
Investments	25,509	-	25,509	-	25,509
Property taxes receivable, net	4,811	-	4,811	-	4,811
Investment in direct financing leases	9,997	-	9,997	-	9,997
Accounts receivable, net	20,057	517	20,574	3,998	24,572
Notes receivable, current	-	172	172	-	172
Due from other governmental units	38,037	245	38,282	22,300	60,582
Due from primary government	-	-	-	5,592	5,592
Internal balances	26	34	60	-	60
Inventory	718	3,537	4,255	5,056	9,311
Prepaid items	617	70	687	4	691
Note Receivable, non-current	-	763	763	-	763
Restricted assets:					
Temporarily restricted:					
Restricted cash and temporary investments	8,593	13,869	22,462	197,545	220,007
Restricted investments	1,250	-	1,250	-	1,250
Other	578	-	578	-	578
Water and sewer availability credit	11,791	-	11,791	-	11,791
Capital assets:					
Land and construction in progress	158,971	28,707	187,678	136,429	324,107
Buildings and other capital assets, net of depreciation	436,657	18,149	454,806	1,436,478	1,891,284
Total assets	1,525,815	83,360	1,609,175	2,129,367	3,738,542
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	25,847	428	26,275	-	26,275
Deferred outflows related to OPEB	5,479	83	5,562	17,697	23,259
Deferred outflows related to pensions	35,427	429	35,856	126,136	161,992
Total deferred outflows of resources	66,753	940	67,693	143,833	211,526
LIABILITIES					
Accounts payable	57,811	1,983	59,794	16,109	75,903
Wages and benefits payable	10,874	257	11,131	102,893	114,024
Deposits and escrows	29,339	9	29,348	-	29,348
Retainages	3,440	71	3,511	2,815	6,326
Accrued interest	19,794	83	19,877	-	19,877
Due to other governmental units	960	-	960	-	960
Due to component units	5,592	-	5,592	-	5,592
Due to primary government	-	60	60	-	60
Unearned revenue	65,533	5,153	70,686	12,868	83,554
Noncurrent liabilities:					
Due within one year	119,465	2,224	121,689	23,097	144,786
Due in more than one year	1,398,704	23,518	1,422,222	1,032,720	2,454,942
Total liabilities	1,711,512	33,358	1,744,870	1,190,502	2,935,372
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	269,282	-	269,282	-	269,282
Deferred lease revenue	1,637	-	1,637	-	1,637
Deferred inflows related to OPEB	6,493	106	6,599	7,560	14,159
Deferred inflows related to pensions	13,591	144	13,735	94,322	108,057
Total deferred inflows of resources	291,003	250	291,253	101,882	393,135
NET POSITION					
Net Investment in Capital Assets	505,044	38,545	543,589	1,572,907	2,215,208 ^A
Restricted for:					
Capital projects	901	-	901	193,540	(1,956) ^A
Special levy districts	51,334	-	51,334	-	51,334
Other purposes					
Development fee services	7,821	-	7,821	-	7,821
Housing	6,666	-	6,666	-	6,666
Internal service fund	2,703	-	2,703	-	2,703
Public safety	14,344	-	14,344	-	14,344
Developer default recoveries	209	-	209	-	209
Water and sewer availability credit- UOSA	11,791	-	11,791	-	11,791
Education	-	-	-	37,666	37,666
Unrestricted	(1,010,760)	12,147	(998,613)	(823,297)	(1,724,225) ^A
Total net position	\$ (409,947)	50,692	(359,255)	980,816	621,561

The sum of the columns does not equal the Total Reporting Entity column by a difference of \$879,425 because the debt related to the School Board (\$865,535) and the debt related to the Adult Detention Center (\$13,890) is reflected in the primary government's general governmental activities row reducing the unrestricted row as Net Investment in Capital Assets. ^A
The Total Reporting Entity column matches the asset with the debt and reports the net amount in the component unit on the Net Investment in Capital Assets. The Net Investment in Capital Assets increased by School's unspent bond proceeds of \$196,397 with a corresponding decrease in the Restricted Capital Projects row.

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

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary Business-Type
					Activities	Activities
Primary Government:						
Governmental activities:						
General government administration	\$ 47,002	1,996	2,722	93	(42,191)	-
Judicial administration	21,557	1,695	6,103	-	(13,759)	-
Public safety	292,517	14,572	7,824	9,484	(260,637)	-
Public works	112,634	8,533	28,152	60,906	(15,043)	-
Health and welfare	95,658	1,332	50,852	-	(43,474)	-
Education	589,737	-	-	-	(589,737)	-
Parks, recreational and cultural	49,000	8,302	576	3,271	(36,851)	-
Community development	71,037	18,382	402	6,972	(45,281)	-
Interest on long-term debt	51,305	-	-	-	(51,305)	-
Total governmental activities	1,330,447	54,812	96,631	80,726	(1,098,278)	-
Business-type activities:						
Landfill	14,745	19,879	-	-	-	5,134
Parks & Recreation	6,943	4,654	-	-	-	(2,289)
Innovation Technology Park	268	978	-	-	-	710
Total business-type activities	21,956	25,511	-	-	-	3,555
Total primary government	\$ 1,352,403	80,323	96,631	80,726	(1,098,278)	3,555
Component Units:						
School Board	\$ 1,163,792	25,662	170,675	123	-	-
Adult Detention Center	43,365	476	11,629	-	-	-
Total component units	\$ 1,207,157	26,138	182,304	123	-	-
General revenues:						
Taxes:						
Real property				\$ 679,762	-	-
Personal Property				137,198	-	-
Local sales				64,566	-	-
Consumers Utility				14,417	-	-
Business, professional and occupational license (BPOL)				26,554	-	-
Recordation				9,839	-	-
Motor vehicle licenses				8,845	-	-
Transient occupancy				4,025	-	-
Short term rental, bank stock, public utility gross receipts				4,102	-	-
Payment from primary government				-	-	-
Grants and contributions not restricted to specific programs:						
Federal revenue				77	-	-
State revenue				73,320	-	-
Local revenue				7,661	-	-
Investment earnings				13,727	-	57
Gain on disposal of capital assets				161	-	-
Insurance claims and recoveries				26	-	-
Miscellaneous				8,322	-	1,187
Special item - transfer of volunteer fire and rescue operations				-	-	-
Transfers				4,010	-	(4,010)
Total general revenues and transfers				1,056,612	-	(2,766)
Change in net position				(41,666)	-	789
Net position- beginning of year, as restated (Footnote 1R)				(368,567)	-	49,903
Cumulative effect of merger (Footnote 1R)				286	-	-
Net position- end of year				\$ (409,947)	-	50,692

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

and Changes in Net Position

Government		Total Reporting		Functions / Programs
Total	Component Unit	Entity		
				Primary Government:
				Governmental activities:
(42,191)	-	(42,191)		General government administration
(13,759)	-	(13,759)		Judicial administration
(260,637)	(31,260)	(291,897)		Public safety
(15,043)	-	(15,043)		Public works
(43,474)	-	(43,474)		Health and welfare
(589,737)	(967,332)	(1,557,069)		Education
(36,851)	-	(36,851)		Parks, recreational and cultural
(45,281)	-	(45,281)		Community development
(51,305)	-	(51,305)		Interest on long-term debt
<u>(1,098,278)</u>	<u>(998,592)</u>	<u>(2,096,870)</u>		Total governmental activities
				Business-type activities:
5,134	-	5,134		Landfill
(2,289)	-	(2,289)		Parks and Recreation
710	-	710		Innovation Technology Park
<u>3,555</u>	<u>-</u>	<u>3,555</u>		Total business-type activities
<u>(1,094,723)</u>	<u>(998,592)</u>	<u>(2,093,315)</u>		Total primary government
				Component Units:
-	(967,332)	(967,332)		School Board
-	(31,260)	(31,260)		Adult Detention Center
<u>-</u>	<u>(998,592)</u>	<u>(998,592)</u>		Total component units
				General revenues:
				Taxes:
679,762	-	679,762		Real property
137,198	-	137,198		Personal Property
64,566	-	64,566		Local sales
14,417	-	14,417		Consumers Utility
26,554	-	26,554		Business, professional and occupational license (BPOL)
9,839	-	9,839		Recordation
8,845	-	8,845		Motor vehicle licenses
4,025	-	4,025		Transient occupancy
4,102	-	4,102		Short term rental, bank stock, public utility gross receipts
-	717,067	717,067		Payment from primary government
				Grants and contributions not restricted to specific programs:
77	802	879		Federal revenue
73,320	413,496	486,816		State revenue
7,661	4,801	12,462		Local revenue
13,784	2,700	16,484		Investment earnings
161	-	161		Gain (Loss) on disposal of capital assets
26	-	26		Insurance claims and recoveries
9,509	5,447	14,956		Miscellaneous
-	-	-		Special item - transfer of volunteer fire and rescue operations
-	-	-		Transfers
<u>1,053,846</u>	<u>1,144,313</u>	<u>2,198,159</u>		Total general revenues and transfers
(40,877)	145,721	104,844		Change in net position
(318,664)	835,381	516,717		Net position- beginning of year, as restated (Footnote 1R)
286	(286)	-		Cumulative effect of merger (Footnote 1R)
<u>(359,255)</u>	<u>980,816</u>	<u>621,561</u>		Net position- end of year

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

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2018

(amounts expressed in thousands)

	Capital Projects						Total Governmental Funds
	General	Streets and Roads	Other Capital Projects	Education	Fire & Rescue Levy	Other Governmental Funds	
ASSETS							
Equity in pooled cash and investments	\$ 546,775	45,455	67,083	-	62,649	29,718	751,680
Restricted cash and temporary investments	5	1,921	1,219	-	-	39	3,184
Property taxes receivable, net	4,725	-	-	-	80	6	4,811
Accounts receivable, net	7,179	6,434	-	-	279	1,968	15,860
Due from other funds	60	-	-	-	-	-	60
Due from other governmental units	20,244	17,064	493	-	-	236	38,037
Investment in direct financing leases	9,997	-	-	-	-	-	9,997
Inventory	288	-	-	-	-	8	296
Prepaid items	-	296	10	-	-	-	306
Other restricted assets	-	578	-	-	-	-	578
Total assets	\$ 589,273	71,748	68,805	-	63,008	31,975	824,809
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 30,280	17,707	3,613	-	878	205	52,683
Wages and benefits payable	9,645	-	-	-	-	765	10,410
Deposits and escrows	29,338	-	-	-	1	-	29,339
Due to other funds	34	-	-	-	-	-	34
Due to component unit	15	-	-	-	-	-	15
Due to other governmental units	224	716	-	-	-	20	960
Retainages	5	2,177	1,219	-	-	39	3,440
Unearned revenue	62,804	-	-	-	-	2,687	65,491
Total liabilities	132,345	20,600	4,832	-	879	3,716	162,372
DEFERRED INFLOW OF RESOURCES							
Prepaid taxes	250,197	-	-	-	17,785	1,300	269,282
Unavailable transportation revenue	-	16,213	-	-	-	-	16,213
Unavailable taxes	2,987	-	-	-	60	2	3,049
Unavailable lease revenues	9,997	-	-	-	-	-	9,997
Total deferred inflows of resources	263,181	16,213	-	-	17,845	1,302	298,541
FUND BALANCES							
Non-spendable	288	296	10	-	-	8	602
Restricted	9,941	-	-	-	44,284	26,949	81,174
Committed	89,315	34,639	63,963	-	-	-	187,917
Assigned	12,096	-	-	-	-	-	12,096
Unassigned	82,107	-	-	-	-	-	82,107
Total fund balances	193,747	34,935	63,973	-	44,284	26,957	363,896
Total liabilities, deferred inflows of resources and fund balances	\$ 589,273	71,748	68,805	-	63,008	31,975	824,809

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, 2018

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3)	\$ 363,896
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$4,750, related to Internal Service Fund assets, which is included in Internal Service Fund net position below.)</p>	590,878
<p>Deferred outflow of resources that are not financial resources and, therefore are not reported in the funds</p>	
Deferred loss on bond refunding	25,847
Deferred outflows related to OPEB (excludes \$239 related to Internal Service Fund)	5,240
Deferred outflows related to pensions (excludes \$1,374 related to Internal Service Fund)	34,053
<p>Deferred inflow of resources are not available to pay for current-period expenditures:</p>	
Deferred inflows of resources - Transportation revenue	16,213
Deferred inflows of resources - Unavailable taxes	3,049
Deferred inflows of resources - Unavailable lease revenue	8,360
Deferred inflows of OPEBs (excludes \$276 related to Internal Services Fund)	(6,217)
Deferred inflows of pensions (excludes \$463 related to Internal Services Fund)	(13,128)
<p>Internal Service Funds are used by management to charge costs of certain activities such as insurance, fleet operations, and data processing to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.</p>	55,308
<p>Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due.</p>	(19,794)
<p>Sewer and water availability credit is not recognized in the governmental funds, but rather, is recognized as an expenditure when used.</p>	11,791
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note 10):</p>	
Other long term obligations (excludes \$9,249 related to Internal Service Fund)	(192,316)
Bonds payable	(179,185)
School bonds payable	(865,535)
Capital lease obligations	(91,755)
Compensated absences (excludes \$1,714 related to Internal Service Fund)	(34,086)
Operating settlement - Schools	(5,577)
Premium on bonds issued	(116,989)
Total long-term liabilities	(1,485,443)
Net position of governmental activities (Exhibit 1)	\$ (409,947)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GOVERNMENTAL FUNDS

Exhibit 5

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Capital Projects					Fire & Rescue Levy	Other Governmental Funds	Total Governmental Funds
	General	Streets and Roads	Other Capital Projects	Education				
REVENUES:								
General property taxes	\$ 768,820	-	-	-	-	44,583	4,954	818,357
Other local taxes	132,348	-	-	-	-	-	-	132,348
Permits, privilege fees and regulatory licenses	2,057	-	-	-	-	-	17,084	19,141
Fines and forfeitures	3,050	-	-	-	-	-	-	3,050
From use of money and property	3,940	103	3	-	29	-	37	4,112
Charges for services	13,555	-	59	-	-	-	19,007	32,621
Intergovernmental revenues:								
Federal	21,641	3,903	-	-	-	-	29,358	54,902
State	130,168	6,309	873	-	-	-	66	137,416
Local	7,661	39,440	-	-	-	-	-	47,101
Miscellaneous	11,522	280	19	-	121	-	69	12,011
Total revenues	1,094,762	50,035	954	-	44,733	70,575		1,261,059
EXPENDITURES:								
Current:								
General government administration	42,300	-	-	-	-	-	-	42,300
Judicial administration	21,052	-	-	-	-	-	-	21,052
Public safety	240,310	-	-	-	24,417	-	15,039	279,766
Public works	31,742	-	-	-	-	-	321	32,063
Health and welfare	96,955	-	-	-	-	-	-	96,955
Education	464,197	-	-	127,266	-	-	-	591,463
Parks, recreational and cultural	47,160	-	-	-	-	-	-	47,160
Community development	10,769	-	-	-	-	-	48,163	58,932
Debt service:								
Principal retirement	93,220	-	-	-	-	-	-	93,220
Interest and other debt costs	48,688	-	-	-	-	-	-	48,688
Capital outlays	-	80,010	42,311	-	-	-	-	122,321
Total expenditures	1,096,393	80,010	42,311	127,266	24,417	63,523		1,433,920
Excess (deficiency) of revenues over (under) expenditures	(1,631)	(29,975)	(41,357)	(127,266)	20,316	7,052		(172,861)
OTHER FINANCING SOURCES (USES):								
Transfers in	40,964	15,700	27,857	-	-	-	6,851	91,372
Transfers out	(38,388)	(10,365)	-	-	(27,020)	-	(12,421)	(88,194)
Bonds, notes and capital leases	-	-	-	115,895	-	-	-	115,895
Premium on sale of bonds	-	-	-	11,371	-	-	-	11,371
Insurance claims and recoveries	26	-	-	-	-	-	-	26
Sale of surplus property	259	-	-	-	14	-	9	282
Total other financing sources (uses)	2,861	5,335	27,857	127,266	(27,006)	(5,561)		130,752
Net change in fund balances	1,230	(24,640)	(13,500)	-	(6,690)	1,491		(42,109)
FUND BALANCE, beginning of year, as restated	192,517	59,575	77,473	-	50,974	25,466		406,005
FUND BALANCE/(DEFICIT), end of year	\$ 193,747	34,935	63,973	-	44,284	26,957		363,896

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2018
 (amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5) \$ (42,109)

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	37,280	
Add receipt of donated infrastructure assets	6,972	
Add donated vehicle for general government	86	
Add donated library books for parks, recreational & cultural	25	
Add donated park for parks, recreation and cultural	3,246	
Add donated land for General Government Administration	7	
Subtract depreciation (excludes \$1,694 related to Internal Service Fund assets included in Internal Service Fund net position below)	<u>(31,200)</u>	16,416

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. (125)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Add revenue recognized for the water and sewer availability credit refunded		82
Add amortized premium		9,487
Add current year's deferred inflows of resources related to transportation revenue	16,213	
Subtract prior year's deferred inflows of resources related to transportation revenue	<u>(7,621)</u>	8,592
Add current year's deferred inflows of resources related to deferred lease revenue (Note 5)	8,360	
Subtract prior year's deferred inflows of resources related to deferred lease revenue	<u>(9,892)</u>	(1,532)
Add current year's deferred inflows of resources related to financing activities and uncollectible tax billings (Note 4)	3,049	
Subtract prior year's deferred inflows of resources related to financing activities and uncollectible tax billings	<u>(4,447)</u>	(1,398)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (Note 11). Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (Note 10):

Add debt principal repayment	93,220	
Subtract debt proceeds	(115,895)	
Subtract premium on debt	<u>(11,371)</u>	(34,046)

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 loss		(3,247)
Add prior year operating settlement - School Board	7,303	
Subtract current year operating settlement - School Board	<u>(5,577)</u>	1,726
Add prior year's compensated absences liability (excludes \$1,739 for Internal Service Fund)	31,618	
Subtract current year's compensated absences liability (excludes \$1,714 for Internal Service Fund)	<u>(34,086)</u>	(2,468)
Add current year's net OPEB reduction (excludes \$107 for Internal Service Fund)"		2,375
Add prior year's net pension accrual (excludes \$6,037 for Internal Service Fund)"	123,385	
Subtract current year's net pension accrual (excludes \$6,239 for Internal Service Fund)"	<u>(124,556)</u>	(1,171)
Add prior year's accrued interest liability	20,424	
Subtract current year's accrued interest liability	<u>(19,794)</u>	630

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities:

Add internal service funds' change in net position		<u>5,122</u>
--	--	--------------

Change in net position of governmental activities (Exhibit 2) \$ (41,666)

COUNTY OF PRINCE WILLIAM, VIRGINIA
PROPRIETARY FUNDS
Statement of Fund Net Position
June 30, 2018
(amounts expressed in thousands)

Exhibit 7

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 13,536	3,761	-	17,297	56,523
Restricted cash and temporary investments	13,598	-	271	13,869	5,409
Investments	-	-	-	-	25,509
Accounts receivable, net	496	14	7	517	4,197
Note receivable	172	-	-	172	-
Due from other funds	34	-	-	34	-
Due from other governmental units	245	-	-	245	-
Inventory	5	3,431	101	3,537	422
Prepays	-	-	70	70	311
Total current assets	28,086	7,206	449	35,741	92,371
Non-current assets:					
Restricted investments	-	-	-	-	1,250
Note receivable	763	-	-	763	-
Capital assets:					
Land and construction in progress	25,049	1,084	2,574	28,707	542
Buildings and other capital assets, net of depreciation	16,420	-	1,729	18,149	4,208
Total non-current assets	42,232	1,084	4,303	47,619	6,000
Total assets	70,318	8,290	4,752	83,360	98,371
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	428	428	-
Deferred outflows related to OPEB	76	-	7	83	239
Deferred outflows related to pensions	392	-	37	429	1,374
Total deferred outflows of resources	468	-	472	940	1,613
LIABILITIES					
Current liabilities:					
Accounts payable	1,549	4	430	1,983	5,129
Wages and benefits payable	136	-	121	257	464
Deposits and escrows	-	-	9	9	-
Retainages	71	-	-	71	-
Accrued interest	-	-	83	83	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	7,547
Due to other funds	-	-	60	60	-
Unearned revenue	4,935	-	218	5,153	42
Current portion of surplus distribution payable	-	-	-	-	1,950
Current portion of bonds payable	-	-	650	650	-
Current portion of bond premium	-	-	1	1	-
Current accrued closure liability	1,540	-	-	1,540	-
Compensated absences	30	-	3	33	110
Total current liabilities	8,261	4	1,575	9,840	15,242
Non-current liabilities:					
Accrued closure liability	11,939	-	-	11,939	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	13,834
Surplus distribution payable	-	-	-	-	4,008
Bonds payable, net of current portion	-	-	8,075	8,075	-
Bond premium, net of current portion	-	-	13	13	-
Net OPEB liability	713	-	69	782	2,099
Net pension liability	2,064	-	159	2,223	7,150
Compensated absences	442	-	44	486	1,604
Total non-current liabilities	15,158	-	8,360	23,518	28,695
Total liabilities	23,419	4	9,935	33,358	43,937
Deferred Inflows of Resources					
Deferred inflows related to OPEB	97	-	9	106	276
Deferred inflows related to pensions	132	-	12	144	463
Total deferred inflows of resources	229	-	21	250	739
NET POSITION					
Net investment in capital assets	41,469	1,084	(4,008)	38,545	4,750
Restricted for self-insurance funds	-	-	-	-	2,703
Unrestricted	5,669	7,202	(724)	12,147	47,855
Total net position (deficit)	\$ 47,138	8,286	(4,732)	50,692	55,308

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, 2018
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
OPERATING REVENUES:					
Charges for services	\$ 19,879	978	4,654	25,511	103,513
Miscellaneous	1,064	68	55	1,187	5,847
Total operating revenues	20,943	1,046	4,709	26,698	109,360
OPERATING EXPENSES:					
Personal services	4,641	-	1,451	6,092	15,246
Contractual services	3,476	121	3,717	7,314	18,759
Materials/supplies	2,904	1	876	3,781	9,899
Depreciation	3,037	-	371	3,408	1,694
Closure expense	657	-	-	657	-
Cost of sale of land	-	114	-	114	-
Other	49	32	62	143	173
Claims and premiums	-	-	-	-	47,424
OPEB cost	-	-	-	-	5,222
Losses and loss adjustment expenses	-	-	-	-	3,084
Total operating expenses	14,764	268	6,477	21,509	101,501
Operating income/(loss)	6,179	778	(1,768)	5,189	7,859
NON-OPERATING REVENUES/(EXPENSES):					
Interest income	90	1	(34)	57	128
Interest and other debt costs	-	-	(419)	(419)	-
Gain / (loss) on sale of capital assets	19	-	(47)	(28)	5
Declaration of surplus distribution	-	-	-	-	(3,702)
Total non-operating revenues/(expenses)	109	1	(500)	(390)	(3,569)
Income/(loss) before transfers	6,288	779	(2,268)	4,799	4,290
TRANSFERS:					
Transfers in:					
General fund	-	50	1,740	1,790	332
Special revenue funds	-	-	-	-	402
Fire & Rescue Levy funds	-	-	-	-	98
Transfers out:					
General fund	(1,800)	-	-	(1,800)	-
Capital projects funds	-	(4,000)	-	(4,000)	-
Total transfers	(1,800)	(3,950)	1,740	(4,010)	832
Change in net position	4,488	(3,171)	(528)	789	5,122
NET POSITION, beginning of the year, as restated (Footnote 1R)	42,650	11,457	(4,204)	49,903	50,186
NET POSITION, end of the year	\$ 47,138	8,286	(4,732)	50,692	55,308

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

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 20,000	1,060	4,761	25,821	102,628
Cash received from other entities	1,086	-	-	1,086	1,969
Payments for claims and premiums	-	-	-	-	(51,334)
Payments to suppliers for goods and services	(5,721)	(250)	(4,568)	(10,539)	(33,558)
Payments to employees for services	(4,655)	-	(1,288)	(5,943)	(15,160)
Payments of closure expenses	(1,871)	-	-	(1,871)	-
Net cash provided (used) by operating activities	8,839	810	(1,095)	8,554	4,545
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Surplus distributions paid	-	-	-	-	(102)
Proceeds from notes receivable	172	-	-	172	-
Transfers in	-	50	1,740	1,790	832
Transfers out	(1,800)	(4,000)	-	(5,800)	-
Net cash provided (used) by non-capital financing activities	(1,628)	(3,950)	1,740	(3,838)	730
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(890)	-	(148)	(1,038)	(607)
Proceeds from the sale of capital assets	19	-	-	19	5
Principal paid on bonds, leases, and other debt	-	-	(645)	(645)	-
Interest paid on bonds, leases, and other debt	-	-	(368)	(368)	-
Net cash provided (used) by capital and related financing activities	(871)	-	(1,161)	(2,032)	(602)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from maturities of investments	-	-	-	-	2,706
Purchases of investments	-	-	-	-	(2,463)
Interest and dividends received on investments	56	-	(52)	4	531
Net cash provided (used) by investing activities	56	-	(52)	4	774
Net increase (decrease) in cash and cash equivalents	6,396	(3,140)	(568)	2,688	5,447
CASH AND CASH EQUIVALENTS, beginning of year	20,738	6,901	839	28,478	56,485
CASH AND CASH EQUIVALENTS, end of year	\$ 27,134	3,761	271	31,166	61,932
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income/(loss)	\$ 6,179	778	(1,768)	5,189	7,859
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:					
Depreciation	3,037	-	371	3,408	1,694
Dividends applied to premiums	-	-	-	-	(1,141)
Deferred outflows for OPEB	(76)	-	-	(76)	(239)
Deferred outflows of pensions	454	-	25	479	1,552
Deferred inflows from OPEB	97	-	-	97	276
Deferred inflows from pensions	(39)	-	9	(30)	(129)
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable, net of accrued interest	(60)	14	107	61	91
Due from other governmental units	53	-	-	53	-
Inventory	-	114	1	115	5
Prepaid items	-	-	(35)	(35)	386
Increase (decrease) in:					
Accounts payable and accrued liabilities, net of accrued interest	844	(66)	56	834	170
Retainages	(163)	-	-	(163)	-
Unpaid losses and related expenses	-	-	-	-	(933)
Accrued closure liability	(1,214)	-	-	(1,214)	-
Due to other funds	-	-	60	60	-
Unearned revenue	181	-	(55)	126	(3,681)
Deposits and escrow	-	(30)	-	(30)	-
Other long term liabilities	(454)	-	134	(320)	(1,365)
Total adjustments	2,660	32	673	3,365	(3,314)
Net cash provided (used) by operating activities	\$ 8,839	810	(1,095)	8,554	4,545

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

FIDUCIARY FUNDS

Statement of Fiduciary Net Position

June 30, 2018

(amounts expressed in thousands)

		Other Post-Employment Benefits (OPEB) and Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Equity in pooled cash and investments	\$	-	967	663
Cash in outside banks		-	-	41
Restricted cash		625	-	-
Accounts receivable, net				
Interest and dividends		-	59	-
Total accounts receivables		-	59	-
Restricted Investments				
Money market mutual funds		603	-	-
US Government Agency Securities		893	-	-
US Treasury Notes		2,920	-	-
Corporate bonds		1,577	-	-
Tactical asset allocation funds		3,759	-	-
Equity mutual funds		72,465	-	-
Real assets		2,458	-	-
Bond mutual funds		35,733	-	-
Life insurance		16,172	-	-
Common stock		505	-	-
Total investments		137,085	-	-
Total assets		137,710	1,026	704
LIABILITIES				
Accounts payable		3,416	-	-
Deposits and escrows		-	-	704
Total liabilities		3,416	-	704
NET POSITION				
Net position restricted for pensions		55,498	-	
Net position restricted for OPEB		78,796	-	
Net position restricted for other purposes		-	1,026	
Total net position	\$	134,294	1,026	

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

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) and Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Member	\$ 1,294	-
Employer	8,833	-
Total contributions	10,127	-
Donations	-	327
Investment income:		
Interest and dividends	3,085	1
Net appreciation in fair value of investments	5,941	-
Total investment income	9,026	1
Less investment expense	257	-
Net investment income	8,769	1
Total additions	18,896	328
DEDUCTIONS		
Pension/post-employment benefit payments	6,093	-
Refund of members' contributions	102	-
Administrative expenses	156	197
Total deductions	6,351	197
Change in net position	12,545	131
NET POSITION, beginning of year	121,749	895
NET POSITION, end of year	\$ 134,294	1,026

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
COMPONENT UNITS
Combining Statement of Net Position
June 30, 2018
(amounts expressed in thousands)

Exhibit 12

	School Board	Adult Detention Center	Totals
ASSETS			
Equity in pooled cash and investments	\$ 310,590	11,375	321,965
Restricted cash and temporary investments	-	-	-
Accounts receivable, net	3,997	1	3,998
Due from other governmental units	20,428	1,872	22,300
Due from primary government	5,592	-	5,592
Inventory	5,056	-	5,056
Prepays	4	-	4
Restricted assets:			
Restricted cash and temporary investments	197,307	238	197,545
Capital assets:			
Land and construction in progress	127,908	8,521	136,429
Buildings and other capital assets, net of depreciation	1,377,823	58,655	1,436,478
Total assets	<u>2,048,705</u>	<u>80,662</u>	<u>2,129,367</u>
Deferred outflow of resources			
Deferred Outflow from OPEB	17,204	493	17,697
Deferred outflows from pension	123,376	2,760	126,136
Total deferred outflow of resources	<u>140,580</u>	<u>3,253</u>	<u>143,833</u>
LIABILITIES			
Accounts payable	15,627	482	16,109
Wages and benefits payable	101,920	973	102,893
Retainages	2,577	238	2,815
Unearned revenue	12,868	-	12,868
Noncurrent liabilities:			
Due within one year	22,837	260	23,097
Due in more than one year	26,463	3,228	29,691
Net pension liability	814,142	14,225	828,367
Net OPEB liability	170,259	4,403	174,662
Total liabilities	<u>1,166,693</u>	<u>23,809</u>	<u>1,190,502</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources-OPEB	6,976	584	7,560
Deferred inflows of resources-pension	93,392	930	94,322
Total deferred inflows of resources	<u>100,368</u>	<u>1,514</u>	<u>101,882</u>
NET POSITION			
Net investment in capital assets	1,505,731	67,176	1,572,907
Restricted for:			
Capital projects	193,540	-	193,540
Food & nutrition services	30,208	-	30,208
Other purposes	7,458	-	7,458
Unrestricted (deficit)	(814,713)	(8,584)	(823,297)
Total net position	<u>\$ 922,224</u>	<u>58,592</u>	<u>980,816</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, 2018
(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					
Instruction	\$ 763,144	3,416	133,534	123	(626,071)
Support Services	392,170	21,198	30,737	-	(340,235)
Business-type activities	1,857	1,048	-	-	(809)
Education foundation	6,621	-	6,404	-	(217)
Adult Detention Center	43,365	476	11,629	-	-
Total component units	\$ 1,207,157	26,138	182,304	123	(967,332)

General revenues:	
Payment from primary government	\$ 690,845
Federal revenue	802
State revenue	413,496
Local revenue	-
Investment earnings	2,734
Miscellaneous	5,285
Total general revenues	<u>1,113,162</u>
Change in net position	145,830
Net position - beginning of year, as restated (Footnote 1R)	776,394
Net position - end of year	<u>\$ 922,224</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
-	(626,071)	Instruction
-	(340,235)	Support Services
-	(809)	School Age Child Care
-	(217)	Education foundation
(31,260)	(31,260)	Adult Detention Center
<u>(31,260)</u>	<u>(998,592)</u>	Total component units
		General revenues:
26,222	717,067	Payment from primary government
-	802	Federal revenue
-	413,496	State revenue
4,801	4,801	Local revenue
(34)	2,700	Investment earnings
162	5,447	Miscellaneous
<u>31,151</u>	<u>1,144,313</u>	Total general revenues
(109)	145,721	Change in net position
58,701	835,095	Net position - beginning of year, as restated (Footnote 1R)
<u>58,592</u>	<u>980,816</u>	Net position - end of year

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(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 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, 2018.

A. Principles Used to Determine the Reporting Entity

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

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

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

Illustration 1-1 Potential Component Units			
Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Prince William Parkway District	Exercise the powers and duties enumerated in the <i>Code of Virginia</i> related to the transportation improvement district.	Financial benefit/burden relationship exists; Two Boards are relatively the same.	Component Unit Blended in the Special Revenue Funds
Route 234 Bypass District	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Set the appropriate tax rate to fund improvements within the district and act on transportation matters within the district.	Financial benefit/burden relationship exists; Two Boards are relatively the same.	Component Unit Blended in the Special Revenue Funds

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 <i>Code of Virginia</i> and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective workers' compensation insurance protection for participating members.	Majority of Board is appointed by County; Financial benefit/burden relationship exists.	Component Unit Blended in the Internal Service Funds
Self-Insurance Group Casualty Pool	Authorized by the <i>Code of Virginia</i> and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective casualty insurance protection for participating members.	Majority of Board is appointed by County; Financial benefit/ burden relationship exists.	Component Unit Blended in the Internal Service Funds
Adult Detention Center (ADC)	Authorized by the <i>Code of Virginia</i> . Establish policy for operation of regional adult detention center, providing care and confinement for all Counties and adjoining city prisoners.	Majority of Board is appointed by County; County is able to impose its will; financial benefit/burden relationship exists.	Discretely Presented Component Unit
School Board	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Make policies governing school division.	Board is separately elected; Fiscal dependency exists – School Board cannot issue bonded debt; Two Boards are not the same; School Board provides educational services to the County.	Discretely Presented Component Unit
District Home Board	Agreement between the five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria) pursuant to the <i>Code of Virginia</i> . Establishes policy for operations of two district homes.	None	Jointly Governed Organization

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Northern Virginia Health Center Commission	Board resolution created a commission for the operation of a nursing home pursuant to the <i>Code of Virginia</i> . Develops and establishes policies for the operation of a nursing home. Service agreement between five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria).	None	Jointly Governed Organization
Northern Virginia Special Education Regional Program	Agreement between the public schools of Prince William County and the cities of Manassas and Manassas Park to foster cooperation in the development and delivery of special education programs and other appropriate educational services.	None	Jointly Governed Organization
Upper Occoquan Sewage Authority (UOSA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by interjurisdictional agreement. Acquire, finance, construct and maintain facilities for abatement of pollution resulting from sewage in Occoquan watershed above its confluence with Bull Run.	None	Jointly Governed Organization; Note Disclosure
Governor's School @Innovation Park	Agreement between the public schools of Prince William County and the cities of Manassas and Manassas Park to deliver an advanced and intensive program in science, technology, engineering, and mathematics (STEM) for selected high school juniors and seniors.	None	Jointly Governed Organization
Manassas Regional Airport	Agreement between Prince William County and the city of Manassas establishes the operation of a regional airport	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
Potomac & Rappahannock Transportation Commission (PRTC) (Note 19)	Consider and make recommendation and oversight regarding activities pertaining to jurisdictional transportation issues.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Northern Virginia Transportation Authority (NVTA)	Authorized by the Code of Virginia. Focused on delivering real transportation solutions and value for Northern Virginia's transportation	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Industrial Development Authority (IDA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Promote industry and develop trade by inducing business to locate or remain in State and County.	None	Related Organization; Note Disclosure
Service Authority (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Provide water and sewer utilities to County residents.	None	Related Organization; Note Disclosure
Northern Virginia Criminal Justice Training Academy (NVCJTA) (Note 18)	Established by Board resolution. Construct an Emergency Vehicle Operations Center in which the County has a 30% interest.	None	Related Organization; Note Disclosure

The Prince William Self-Insurance Group Workers' Compensation Association (the Association) and the Prince William Self-Insurance Group Casualty Pool (the Pool), blended component units of the County, issue separately audited financial statements. Copies of these financial statements may be obtained by writing to the Prince William County Finance Department, Office of Risk Management, 4379 Ridgewood Center Drive, Prince William, Virginia 22192.

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

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

All accounts of the County and its component units are reported as of and for the year ended June 30, 2018.

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

The following major funds are used by the County:

Governmental Funds:

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

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

Proprietary Funds:

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

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

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

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

Fiduciary Funds:

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year. Budgets for all governmental funds of the Primary Government and Discretely Presented Component Units of the County are adopted by the Board annually on a non-GAAP basis which excludes the effects of fair value adjustments to the carrying amounts of investments required by GASB Statement No. 31. Reconciliations between the non-GAAP basis amounts presented for budgetary comparisons and the GAAP basis amounts presented elsewhere in the CAFR are shown on the face of the budgetary comparison schedules (Schedules 1, 2, 14, 15, 16, 17, 18, 19 and 20).

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

The Board holds work sessions to review the proposed budget and conducts two public hearings to obtain taxpayer comments. The budget is legally adopted by the Board within the timelines stipulated by the *Code of Virginia (1950), as amended (Code of Virginia)*.

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

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

The budget is controlled at certain legal as well as administrative levels. The *Code of Virginia* requires the County to annually adopt a balanced budget. The Board's Annual Adopted Budget Resolution places legal restrictions on expenditures at the department level (i.e., the level at which expenditures may not legally exceed appropriations). Management approves budget transfers of any amount between major expenditure categories within departments and in certain limited cases these are reviewed by the

Board. Budget transfers of twenty thousand dollars or more between departments are approved by the Board. The Board approves resolutions for supplemental appropriations that increase or decrease (amend) the original budget. Only the Board can amend the budget. All budgets and appropriations lapse at the end of each fiscal year.

Annual transfers out are appropriated in the General and Special Revenue Funds and for the component units of the County. Expenditures in all governmental funds of the County were within authorized budget limitations with the exception of the following:

- On Schedule 1, the Board of Registrations/Elections costs exceeded the amount budgeted for the fiscal year 2018. The Board of Registrations/Elections incurred additional costs in connection with the opening of two new voting precincts, maintenance and renovations of a satellite office at the Department of Motor Vehicles (DMV) and keeping an absentee voter center open twelve weeks per year.

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

E. Encumbrances

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

F. Cash and Investments

For purposes of the statement of cash flows, all cash on hand, deposits and highly liquid investments with original maturities of three months or less, as well as the County's cash management pool, are grouped into equity in pooled cash and investments. These pooled cash and investments, as well as restricted cash and temporary investments are considered to be cash and cash equivalents.

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

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

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

G. Fair Value Measurements

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

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

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

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

H. Inventories and Prepaid items

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

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

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

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

J. Compensated Absences

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund type vested accrued vacation and sick pay benefits is recorded as noncurrent liabilities in the government-wide statement of net position. Proprietary fund types accrue vacation and sick leave benefits in the period they are earned.

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

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

L. Capital Assets

The cost of capital assets acquired for general government purposes is recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the County's capitalization threshold has been met. Capital assets acquired by proprietary funds are recorded as assets in both the government-wide financial statements and in the proprietary fund financial statements to the extent the County's capitalization threshold has been met. The County capitalizes assets (non-software) costing at least five thousand dollars and having an estimated useful life longer than one year. The County capitalizes software costing at least one hundred thousand dollars and having an estimated useful life longer than one year. The School Board 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.

Maintenance, repairs, and minor renovations, are charged to operations when incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost and related accumulated

depreciation is eliminated from the respective accounts, and any resulting gain or loss is included in the determination of change in net position for the period.

In accordance with GASB Statement No. 34 and GASB Statement No. 51, the County's infrastructure and commercial "off-the-shelf" software has been capitalized retroactively to 1980. Of the \$232 million in infrastructure capitalized at June 30, 2018, approximately \$183 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. \$51 million of intangible software capitalized at June 30, 2018, was valued using project costing models. The County does not capitalize streets and roads as these are transferred to and become property of the Commonwealth of Virginia upon completion.

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

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

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

Details of the School Board component unit's depreciation methods and estimated useful lives are discussed in there separately issued financial statements.

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

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. Prince William County has the following deferred outflow of resources: Deferred loss on refunding and Deferred outflows related to pensions and OPEB. In addition to liabilities, the Statement of Net Position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position by the County that is applicable to a future reporting period. Prince William County has the following deferred inflow of resources: prepaid and unavailable taxes, transportation revenue, deferred lease revenue and deferred inflows related to pensions 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 Prince William County's Defined Benefit Pension Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS), Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel Plan and Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 Prince William 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 Equity

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

Policy 1.02 of the County's *Principles of Sound Financial Management* requires an unassigned fund balance of 7.5% of the current year's General Fund revenues. Additionally, Policy 1.12 requires an additional 2.0% of the current year's General Fund revenues be committed as a Revenue Stabilization Reserve.

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. Restatements

a. Change in Reporting Entity

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

b. Correction of an Error

Certain previously capitalized fire and rescue vehicles were removed from the County's assets due to improper title. In addition, phase one of a software implementation that was placed in service in FY 2017 was not capitalized. Originally, the decision was to capitalize the software when all phases of the implementation was complete.

c. Change in Accounting Principle

As a result of GASB Statement No. 75, *Accounting and Financial Reporting for Post Financial Reporting for Post-Employment Benefits Other Than Pensions*, the net position balances as of June 30, 2017, have been restated to reflect the cumulative effect of recording the other post-employment benefit expense (OPEB) recalculated based on GASB Statement No. 75 related to prior years.

The following illustrations document the change in balance as a result of the change in the reporting entity and capital asset restructure.

Illustration 1-2			
Summary of Balances after Merger - General Fund			
General Fund	Balances, as previously reported June 30, 2017	Convention & Visitors Bureau	Balances, after merger, July 1, 2017
Assets:			
Equity in pooled cash and investments	\$ 494,142	195	494,337
Accounts receivable, net	6,743	1	6,744
Prepays	20	80	100
Deposits	-	4	4
Liabilities:			
Accounts payable	18,373	12	18,385
Accrued expenses	-	23	23
Fund Balance:			
Nonspendable fund balance	178	-	178
Restricted fund balance	10,350	245	10,595
Committed fund balance	92,852	-	92,852
Assigned fund balance	9,123	-	9,123
Unassigned fund balance	79,769	-	79,769
	\$ 192,272	245	192,517

Illustration 1-3
Summary of Balances after Merger - Component Unit

Convention & Visitors Bureau	Balances, as previously reported June 30, 2017	Convention & Visitors Bureau	Balances after merger, July 1, 2017
Assets:			
Equity in pooled cash and investments	\$ 195	(195)	-
Accounts receivable, net	1	(1)	-
Prepays	80	(80)	-
Deposits	4	(4)	-
of depreciation	59	(59)	-
Liabilities:			
Accounts payable	12	(12)	-
Accrued expenses	41	(41)	-
Net Position:			
Net investment in capital assets	59	(59)	-
Unrestricted	227	(227)	-
Statement of Activities			
Net Position:			
Component Unit	286	(286)	-

Illustration 1-4
Component Units
Summary of Restated and Balances after Merger

Summary of Restated Balances					Summary of Balances after Merger	
Component Units	Balances, as previously reported June 30, 2017	GASB 75 Net OPEB Liability	GASB 75 Deferred Outflow of Resources OPEB Contributions	Balances, as restated, June 30, 2017	Convention & Visitors Bureau	Balances after merger, July 1, 2017
Assets:						
Equity in pooled cash and investments	\$ 291,353	-	-	291,353	(195)	291,158
Accounts receivable, net	2,797	-	-	2,797	(1)	2,796
Prepays	90	-	-	90	(80)	10
Deposits	4	-	-	4	(4)	-
depreciation	1,377,622	-	-	1,377,622	(59)	1,377,653
Deferred Outflow of Resources - OPEB	-	-	15,286	15,286	-	15,286
Liabilities:						
Accounts payable	13,465	-	-	13,465	(53)	13,412
Long Term Liability						
Net OPEB Liability	-	187,179	-	187,179	-	187,179
Net Position:						
Net investment in capital assets	1,522,452	-	-	1,522,452	(59)	1,522,393
Restricted	173,810	-	-	173,810	-	173,810
Unrestricted	(688,988)	(187,179)	15,286	(860,881)	(227)	(861,108)
Statement of Activities						
Net Position:						
Component Unit	1,007,274	(187,179)	15,286	835,381	(286)	835,095

Illustration 1-5

Governmental Activities

Summary of Restated and Balances after Merger

Summary of Restated Balances						Summary of Balances after Merger	
Governmental Activities	Balances, as previously reported June 30, 2017	Capital asset restructure	GASB 75 Net OPEB Liability	GASB 75 Deferred Outflow of Resources OPEB Contributions	Balances, as restated, June 30, 2017	Convention & Visitors Bureau	Balances, after merger, July 1, 2017
Assets:							
Equity in pooled cash and investments	\$ 779,262	-	-	-	779,262	195	779,457
Accounts receivable, net	13,580	-	-	-	13,580	1	13,581
Prepays	1,097	-	-	-	1,097	80	1,177
Deposits	-	-	-	-	-	4	4
Land and construction in progress	183,327	(4,438)	-	-	178,889	-	178,889
depreciation	412,110	(10,630)	-	-	401,480	59	401,539
Deferred Outflow of Resources - OPEB	-	-	-	1,550	1,550	-	1,550
Liabilities:							
Accounts payable	39,939	-	-	-	39,939	12	39,951
Wages and benefits payable	10,266	-	-	-	10,266	23	10,289
Noncurrent liabilities:							
Due within one year	113,432	-	53,981	-	167,413	18	167,431
Net Position:							
Net investment in capital assets	500,332	(15,068)	-	-	485,264	59	485,323
Restricted	113,973	-	-	-	113,973	-	113,973
Unrestricted	(915,373)	-	(53,981)	(1,550)	(970,904)	227	(970,677)
Statement of Activities							
Net Position:							
Governmental Activities	(301,068)	(15,068)	(53,981)	1,550	(368,567)	286	(368,281)

Illustration 1-6
Summary of Restated Balances - Enterprise Funds

Business Type Activities	Balances, as previously reported June 30, 2017	GASB 75 Net OPEB Liability	GASB 75 Deferred Outflow of Resources OPEB Contributions	Balances, as restated, June 30, 2017
Deferred Outflow of Resources - OPEB	\$ -	-	21	21
Long Term Liabilities:				
Net OPEB Liability	-	864	-	864
Net Position:				
Net investment in capital assets	40,381	-	-	40,381
Unrestricted	10,365	(864)	(21)	9,480
Statement of Activities				
Net Position:				
Business Type Activities	50,746	(864)	21	49,903

Illustration 1-7
Summary of Net Position Restatement- Proprietary Funds

Government-Wide	Capital asset restructure	GASB 75 Net OPEB Liability	GASB 75 Deferred Outflow of Resources OPEB Contributions	Balances, as restated, June 30, 2017
Enterprise Funds				
Landfill	\$ 43,419	-	(788)	42,650
Innovation Technology Park	11,457	-	-	11,457
Park & Recreation	(4,130)	-	(76)	(4,204)
Total Enterprise	\$ 50,746	-	(864)	49,903
Internal Service Funds				
Intra-Country Services	\$ 17,442	-	(2,237)	15,272
Other Self-Insurance	19	-	-	19
Self Insurance Casualty Pool	2,489	-	-	2,489
Self Insurance Workers' Compensation Association	8,747	-	-	8,747
Health Insurance	23,732	-	(75)	23,659
Total Internal Service Funds	\$ 52,429	-	(2,312)	50,186

Governmental Accounting Standards Board (“GASB”) Pronouncements

The County implemented the following GASB pronouncements with effective implementation dates for fiscal year ended June 30, 2018:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This statement sets standards for the recognition and measurements of liabilities, deferred outflows of resources, deferred inflows of resources and costs associated with OPEB.
- GASB Statement No. 85, *Omnibus 2017* — This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* — This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* — This Statement requires interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Business-type activities and enterprise funds will no longer capitalize interest associated with capital asset projects.

The GASB has issued the following statements with effective implementation dates later than the fiscal year ending June 30, 2018. The statements deemed to have a future impact on the County are as follows:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* — This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).
- GASB Statement No. 84, *Fiduciary Activities* — This Statement establishes criteria for identifying fiduciary activities of all state and local governments.
- GASB Statement No. 87, *Leases* — This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- 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. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.
- GASB Statement No. 90, *Majority Equity Interest* — This Statement requires a majority equity interest that meets the definition of an investment be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities. Such governments and funds should measure the majority equity interest at fair value.

S. Subsequent Events

The County has evaluated subsequent events (events occurring after June 30, 2018 through December 21, 2018, in connection with the preparation of these financial statements. Such events have been disclosed in Note 20.

NOTE (2) - CASH AND INVESTMENTS

A. Cash Deposits

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

B. Investments

County Investments

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

Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in bond documents. Bond proceeds shall be invested in the Virginia State Non-Arbitrage Program (SNAP) (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, 2018, the Self-Insurance Workers' Compensation Association had \$961 at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$750 requirement, including \$250 serving as a security deposit in lieu of a surety bond. The remainder serves as additional collateral because the Association does not maintain aggregate excess insurance. As of June 30, 2018, the Casualty Pool had \$785, at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$500 requirement since the Pool does not maintain aggregate excess insurance. While these securities are held by the State Treasurer, they are in the name of the Association and the Pool and are included in the investments of those funds.

The County and its discretely presented component units' investments are subject to interest rate, credit, custodial and concentration of credit risks as described below:

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the County's investment policy states that at the time of purchase, 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 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, 2018.

Illustration 2-1		
Fair Value and Weighted Average Maturity of Investments at June 30, 2018		
	Fair Value	Weighted Average Maturity (Years)
Primary Government, School Board, and ADC		
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	\$ 229,798	0.003
State Non-Arbitrage Program (SNAP)	196,387	0.003
PFM Money Market	2,821	0.003
Other Money Markets and Money Market Mutual Funds	8,679	0.003
NOW Accounts	73,707	0.003
Certificate of Deposits	15,236	0.074
Negotiable Certificate of Deposits	9,995	0.110
U.S. Government Agency Securities	604,580	6.427
Corporate Bonds	188,741	2.940
Municipal Bonds	<u>68,243</u>	4.326
Total Primary Government, School Board, and ADC	<u>1,398,187</u>	
Total Reporting Entity Investments	\$ <u><u>1,398,187</u></u>	3.179

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 (NCRO). 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 NCRO; "prime quality" commercial paper rated by at least two of the following: Moody's Investors Service within its NCO/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 NCRO, 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 NCRO. 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, 2018, are presented in Illustration 2-2.

Illustration 2-2		
County, School Board, and ADC, Investment Credit Risk at June 30, 2018		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	AAA	16.44%
State Non-Arbitrage Program(SNAP)	AAA	14.05%
PFM Asset management	AAA	0.20%
Other Money Markets and Money Market Mutual Funds	AAA	0.62%
NOW Accounts	Not applicable	5.27%
Certificate of Deposits	Not applicable	1.09%
Negotiable Certificate of Deposits	Not applicable	0.71%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AA- or Higher	43.24%
Corporate Bond:	AA- or Higher	13.50%
Municipal Bond:	AA- or Higher	4.88%
		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 Supplemental Pension Plan are diversified so as to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so. The Supplemental Pension Plan contains primarily mutual fund type assets of varying characteristics. The specific content of each fund can change daily and is managed by the director/manager of each fund. Consequently, the ability to quantify interest rate risk at the Supplemental Pension Plan level is not possible.

Illustration 2-3 reflects the fair value and the duration of the County’s Supplemental Pension Plan fixed income investments as of June 30, 2018. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. Duration is a measure of a fixed income’s cash flows using present values, weighted for cash flows as a percentage of the investment’s full price. Modified duration estimates the sensitivity of a bond’s price to interest rate changes.

Illustration 2-3		
Supplemental Pension Plan Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2018		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Supplemental Pension Plan Trust Fund:		
Money Market Mutual Funds	\$ 540	0.101 (a)
US Government Agency Securities	893	5.71 (b)
US Treasury Notes	2,920	1.32 (b)
Corporate Bonds	1,577	0.138 (b)
Tactical Asset Allocation Funds	3,759	Not applicable
Equity Mutual Funds	20,501	Not applicable
Real Assets	2,458	Not applicable
Common Stock	505	Not applicable
Brandywine Global Bond Fund	5,551	4.86 (b)
	<hr/>	
Total Supplemental Pension Plan Pension Trust Fund Investments	\$ <u>38,704</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, 2018, is presented in Illustration 2-4.

Illustration 2-4		
Supplemental Pension Plan Credit Risk at June 30, 2018		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Pension Plan Trust Fund Investments:		
Money Market Mutual Funds	AAA	1.40%
US Government Agency Securities	AA +	2.31%
US Treasury Notes	AAA	7.54%
Corporate Bond	BBB + or higher	4.07%
Tactical Asset Allocation Funds	Not rated	9.71%
Equity Mutual Funds	Not rated	52.98%
Real Assets	Not rated	6.35%
Common Stock	Not rated	1.30%
Brandywine Global Bond Fund	A+	14.34%
		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.

Illustration 2-5		
Statement of Investment Policy		
Supplemental Pension Plan Concentrations at June 30, 2018		
Asset Class	Policy Percent	Target Range Percent
Supplemental Pension Plan Trust Fund Investments:		
Tactical	10%	5% - 15%
Equity	54%	50% - 58%
Real Assets	6%	2% - 10%
Fixed Income	30%	25% -35%
	100%	

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, 2018, 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, 2018.

Illustration 2-6		
LoSAP Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2018		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
LoSAP Pension Trust Fund Investments:		
Mass Mutual Annuity	\$ <u>16,172</u>	Not Applicable

Concentrations. At June 30, 2018, the LoSAP Plan’s investments were 100% invested in an insurance annuity fund and are subject to concentration of credit risk.

Other Post-Employment Benefits (OPEB) Master Trust Investments

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

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

Illustration 2-7 reflects the fair value of the County's Other Post-Employment Benefits Master Trust fixed income investments as of June 30, 2018. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

Illustration 2-7		
Other Post-Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2018		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Other Post-Employment Benefits Master Trust Fund:		
Money Market Mutual Funds	\$ 63	0.003(a)
Equity Mutual Funds	51,964	Not applicable
Bond Mutual Funds:		
Baird Core Fixed Income	\$ 9,954	5.79(b)
Doubleline Core Fixed Income	4,519	4.98(b)
PGIM Total Return	3,016	6.37(b)
Vanguard Intermediate-Term	9,964	5.50(b)
Vanguard High Yield Corporate	2,729	4.50(b)
Total Bond Funds	<u>30,182</u>	
Total Other Post-Employment Benefits Trust Fund Investments	<u>\$ 82,209</u>	

The Other Post-Employment Benefits Master Trust's rating and credit exposure as of June 30, 2018, is shown in Illustration 2-8.

Illustration 2-8		
Other Post-Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2018		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Other Post-Employment Benefits Master Trust Fund Investments:		
Money Market	AAA	0.08%
Equity Mutual Funds	Not rated	63.20%
Bond Mutual Funds:		
Baird Core Fixed Income	A	12.11%
Doubleline Core Fixed Income	A	5.50%
PGIM Total Return	A	3.67%
Vanguard Intermediate-Term	A	12.12%
Vanguard High Yield Corporate	BB	3.32%
		<u>100.00%</u>

Concentration of credit risk:

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

Illustration 2-9			
OPEB Master Trust Fund Concentrations at June 30, 2018			
Asset Class	Policy Percent	Target Range Percent	Actual Percent
OPEB Master Trust Fund Investments:			
Domestic Equity	40%	20% - 60%	41.3%
International Equity	20%	0% - 40%	21.8%
Other Growth Assets	0%	0% - 20%	0.0%
Fixed Income	40%	20% - 60%	36.8%
Other Income Assets	0%	0% - 20%	0.0%
Real Return Assets	0%	0% - 20%	0.0%
Cash Equivalents	0%	0% - 20%	0.1%
	<u>100%</u>		<u>100.00%</u>

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio. Private equity and publicly traded REITS will be categorized in the Other Growth Assets category. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. At June 30, 2018, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

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

Reconciliation of Cash and Investments

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2018, is shown in Illustration 2-10.

Illustration 2-10						
Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2018						
Investments						
Primary Government and Component Units				\$	1,398,187	
Supplemental Pension Plan Trust Fund					38,704	
LoSAP Trust Fund					16,172	
Other Post-Employment Benefits (OPEB) Master Trust Fund					82,209	
Total Investments					1,535,272	
Add: Cash on Hand					49	
Deposits					10,187	
Total Cash and Investments					1,545,508	
Less: Supplemental Pension Plan Trust Fund's cash and investments					(39,329)	
LoSAP Trust Fund cash and investments					(16,172)	
OPEB Master Trust Fund cash and investments					(82,209)	
Private Purpose Trust Funds					(967)	
Agency Funds' equity in pooled cash and investments					(704)	
School Board Agency Funds' cash and investments					(11,896)	
Total Reporting Entity cash and investments				\$	1,394,231	
		Governmental Activities	Business-Type Activities	Total	Component Units	Total Reporting Entity
Primary Government:						
Equity in Pooled Cash and Investments	\$	808,203	17,297	825,500	321,965	1,147,465
Investments		25,509	-	25,509	-	25,509
Restricted Cash and Temporary Investments		8,593	13,869	22,462	197,545	220,007
Restricted Investments		1,250	-	1,250	-	1,250
Total Cash and Investments	\$	843,555	31,166	874,721	519,510	1,394,231

Fair Value Measurements

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

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

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

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

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

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

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

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

Illustration 2-11					
Fair Value Measurement - Primary Government, School Board and ADC					
		Fair Value Measurement Using:			
		June 30, 2018	Level 1	Level 2	Level 3
Primary Government, School Board, ADC					
Investments by Fair Value Level					
US Government agency securities	\$	604,580	-	604,580	-
Corporate bonds		188,741	-	188,741	-
Municipal bonds		68,243	-	68,243	-
		<u>861,564</u>	<u>-</u>	<u>861,564</u>	<u>-</u>
Investments by Amortized Cost					
LGIP		229,798			
SNAP		196,387			
PFM Money Market		2,821			
Other Money Market Accounts		8,679			
Certificate of Deposits		15,236			
Negotiable Certificate of Deposits		<u>9,995</u>			
		462,916			
Cash and Cash Equivalents					
Now Accounts		<u>73,707</u>			
Total	\$	<u>1,398,187</u>			

Illustration 2-12

Fair Value Measurement - Supplement Pension, LoSAP Trust and OPEB Master Trust Funds

	June 30, 2018	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
Supplemental Pension Plan Fund				
Investments by Fair Value Level				
US Government agency securities	\$ 893	-	893	-
US Treasury Notes	2,920	2,920	-	-
Corporate Bonds	1,577	-	1,577	-
Tactical Asset Allocation Mutual Fund	3,759	3,759	-	-
Equity Mutual Funds	20,501	20,501	-	-
Real Assets	2,458	-	-	2,458
Common Stock	505	-	505	-
Bond Mutual Funds	5,551	-	5,551	-
	<u>38,164</u>	<u>27,180</u>	<u>8,526</u>	<u>2,458</u>
Investments by Amortized Cost				
Money Market	<u>540</u>			
	<u>38,704</u>			
LoSAP Trust Fund				
Investments by Amortized Cost				
Mass Mutual Annuity	<u>16,172</u>			
	<u>16,172</u>			
OPEB Master Trust Fund				
Investments by Fair Value Level				
Equity Mutual Funds	51,964	51,964	-	-
Bond Mutual Funds	30,182	-	30,182	-
	<u>82,146</u>	<u>51,964</u>	<u>30,182</u>	-
Investments by Amortized Cost				
Money Market	<u>63</u>			
	<u>82,209</u>			
Total	<u>\$ 137,085</u>			

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.

Illustration 2-13		
Restricted Cash and Investments at June 30, 2018		
	Restricted Cash & Temporary Investments	Restricted Investments
Primary Government		
General Fund:		
Retainages	\$ 5	\$ -
Total General Fund	<u>5</u>	<u>-</u>
Capital Projects Funds:		
General Obligation Bonds	212	-
VRA Lease Revenue Bonds	111	-
Retainages	2,817	-
Total Capital Projects Funds	<u>3,140</u>	<u>-</u>
Community Preservation		
Retainages	39	-
Total Community Preservation	<u>39</u>	<u>-</u>
Enterprise Funds:		
VRA Closure Fund	13,527	-
Parks & Recreation	271	-
Retainages	71	-
Total Enterprise Funds	<u>13,869</u>	<u>-</u>
Internal Service Funds:		
PWSIG	5,409	-
Insurance Pool Collateral	-	1,250
Total Internal Service Funds	<u>5,409</u>	<u>1,250</u>
Total Primary Government	<u>22,462</u>	<u>1,250</u>
Component Units		
ADC		
Retainages	238	-
Total Community Preservation	<u>238</u>	<u>-</u>
School Board:		
School Bonds	196,064	-
Education Foundation	1,243	-
Total School Board	<u>197,307</u>	<u>-</u>
Total Component Units	<u>197,545</u>	<u>-</u>
Total Reporting Entity	<u>\$ 220,007</u>	<u>\$ 1,250</u>

NOTE (3) - PROPERTY TAXES RECEIVABLE

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

Assessed values are established at 100% of appraised market value. The personal property tax is limited to vehicles and all business property. A valuation of all property is completed annually. The assessed value of real and personal property at January 1, 2017, upon which the July 1, 2018, levy was based, was approximately \$62 billion.

Current real estate and personal property tax collections for the year ended June 30, 2018, were 99.8% and 98.2%, respectively of the July 1, 2017, tax levy. Real property taxes attach an enforceable lien on property if not paid on the due date. Personal property taxes must be paid before the County vehicle license can be issued. Collections received on or before June 30, 2018, related to property taxes due on July 15 of the following fiscal year are recorded as deferred inflow of resources at June 30, 2018.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2018, is detailed in Illustration 3-1.

Illustration 3-1				
Property Taxes Receivable at June 30, 2018				
		Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	\$	2,894	1,583	1,311
Personal property taxes		6,377	2,877	3,500
Total	\$	9,271	4,460	4,811

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

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

Illustration 4-1	
Unearned Revenue at June 30, 2018	
Primary Government	
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other	\$ 70,686
Total Primary Government	70,686
Component Unit	
School Board	12,868
Total Component Unit	12,868
Total Reporting Entity	\$ 83,554

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

Illustration 4-2	
Deferred Inflow of Resources at June 30, 2018	
Primary Government	
Prepaid Taxes – Taxes due subsequent to June 30, 2018, but paid in advance by taxpayers	\$ 269,282
Deferred lease revenue – Uncollected revenues associated with direct financing leases	1,637
Deferred inflow related to pensions	13,735
Deferred inflow related to OPEB	6,599
Total Primary Government	291,253
Component Units	
Deferred inflow related to pensions	94,322
Deferred inflow related to OPEB	7,560
Total Reporting Entity	\$ 393,135

Deferred inflow of resources for General fund represents amounts for which the revenue recognition was not met under the modified accrual basis of accounting for the period ended June 30, 2018.

Illustration 4-3	
Governmental Funds Deferred Inflow of Resources at June 30, 2018	
General Fund	
Prepaid Taxes – Taxes due subsequent to June 30, 2018, but paid in advance by taxpayers	\$ 250,197
Unavailable taxes – Taxes not paid within sixty days of June 30, 2018	2,987
Deferred lease revenue – Uncollected revenues associated with direct financing leases	9,997
Total General Fund	\$ 263,181
Streets and Roads Capital Projects Fund	
Unavailable transportation revenue -- Revenue not received within sixty day of June 30, 2018	\$ 16,213
Fire & Rescue Levy	
Prepaid Taxes – Taxes due subsequent to June 30, 2018, but paid in advance by taxpayers	\$ 17,785
Unavailable taxes – Taxes not paid within sixty days of June 30, 2018	60
Total Fire & Rescue Levy	\$ 17,845
Other Governmental Funds	
Prepaid Taxes – Taxes due subsequent to June 30, 2018, but paid in advance by taxpayers	\$ 1,300
Unavailable taxes – Taxes not paid within sixty days of June 30, 2018	2
Total Other Governmental Fund	\$ 1,302

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

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

and future improvements back to the organizations; each sublease contains a clause which transfers title of the properties, as well as any existing and future improvements of the properties back to each respective organization at the time the related debt is fully extinguished.

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

Illustration 5-1		
Investment in Direct Financing Leases at June 30, 2018		
		Volunteer Fire & Rescue Companies
Total minimum lease payments to be received	\$	9,997
Less: Deferred inflow of resources		1,637
Net investment in direct financing leases	\$	<u>8,360</u>

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2018.

Illustration 5-2		
Scheduled Minimum Lease Payments at June 30, 2018		
		Volunteer Fire & Rescue Companies
FY 2019	\$	1,493
FY 2020		1,444
FY 2021		1,399
FY 2022		1,360
FY 2023		1,318
FY 2024-2028		2,768
FY 2029		215
Total minimum lease payments	\$	<u>9,997</u>

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

Illustration 5-3					
Accounts Receivable at June 30, 2018					
		Component Units			
		Primary Government	School Board	ADC	Total
Accrued interest	\$	3,768	-	-	3,768
Enterprise operations		811	-	-	811
Utility/consumption taxes		1,763	-	-	1,763
Transient occupancy taxes		1,230	-	-	1,230
Stormwater management fee		156	-	-	156
Cable franchise tax		338	-	-	338
OPEB		3,672	-	-	3,672
Other		10,975	3,997	1	14,973
		<u>22,713</u>	<u>3,997</u>	<u>1</u>	<u>26,711</u>
Allowance for doubtful accounts		(2,139)	-	-	(2,139)
Total	\$	<u>20,574</u>	<u>3,997</u>	<u>1</u>	<u>24,572</u>

NOTE (6) - DUE FROM AND TO OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units are detailed in Illustration 6-1.

Illustration 6-1			
Due from Other Governmental Units at June 30, 2018			
PRIMARY GOVERNMENT			
General Fund:			
From other localities	\$	330	
From the Federal Government		2,135	
From the Commonwealth			
Local sales taxes		11,643	
Other		6,136	
		20,244	\$ 20,244
Street and Road Capital Projects Fund:			
From the Federal Government		3,556	
From the Commonwealth		2,012	
From other localities		11,496	
		17,064	17,064
Other Capital Projects Fund:			
From the Federal Government		33	
From the Commonwealth		460	
		493	493
Nonmajor Governmental Funds:			
From the Federal Government		230	
From the Commonwealth		6	
		236	236
Landfill Enterprise Fund:			
From other localities		245	
		245	245
Total Primary Government			38,282
COMPONENT UNITS			
School Board:			
From the Commonwealth	\$	11,936	
From the Federal Government		8,507	
		20,443	20,443
Adult Detention Center:			
From the Federal Government			
From other localities		1,872	
		1,872	1,872
Total Component Unit			22,315
Total Reporting Entity			\$ 60,597

Illustration 6-2 details the amounts due to other governmental units at June 30, 2018.

Illustration 6-2			
Due to Other Governmental Units at June 30, 2018			
PRIMARY GOVERNMENT			
General Fund:			
To Other Localities	\$	184	
To the Federal Government		40	
Total General Fund		\$	224
Streets and Roads Capital Projects Fund:			
To Other Localities		716	
Total Street and Roads Capital Projects Fund			716
Nonmajor Governmental Funds:			
To the Commonwealth			20
Total Reporting Entity		\$	960

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, 2018, the County did not make any significant inter-fund transfers that were not routine and not consistent with the activities of the fund making the transfer.

Illustration 7-1 details the amounts due from and due to other funds at June 30, 2018.

Illustration 7-1				
Internal Balances				
	Due from Other Funds		Due to Other Funds	
General Fund	\$	26	\$	-
Parks and Recreation - Enterprise Fund		-		60
Landfill - Enterprise Fund		34		-
Total Reporting Entity	\$	60	\$	60

Illustration 7-2 details the transfers between funds for the year ended June 30, 2018.

Illustration 7-2			
Inter-fund Transfers for the Year Ended June 30, 2018			
Transfer to General Fund from:			Transfer from General Fund to:
Streets and Roads - Capital Projects Fund	\$ 10,365	\$ 11,700	Streets and Roads - Capital Projects Fund
Other - Capital Projects Fund	-	17,715	Other - Capital Projects Fund
Fire & Rescue Levy Fund	21,822	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	6,977	6,851	Nonmajor Governmental Funds
Landfill - Enterprise Fund	1,800	-	Landfill - Enterprise Fund
Parks & Recreation - Enterprise Fund	-	1,740	Parks & Recreation - Enterprise Fund
Innovation - Enterprise Fund	-	50	Innovation - Enterprise Fund
Internal Service Funds	-	332	Internal Service Funds
Total General Fund Transfers In	40,964	38,388	Total General Fund Transfers Out
Transfer to Streets and Roads - Capital Projects Fund from:			Transfer from Streets and Roads - Capital Projects Fund to:
General Fund	11,700	10,365	General Fund
Innovation - Enterprise Fund	4,000	-	Landfill - Enterprise Fund
Total Streets and Roads - Capital Projects Fund Transfers In	15,700	10,365	Total Streets and Roads - Capital Projects Fund Transfers Out
Transfer to Other - Capital Projects Fund from:			Transfer from Other - Capital Projects Fund to:
General Fund	17,715	-	General Fund
Fire & Rescue Levy Fund	5,100	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	5,042	-	Nonmajor Governmental Funds
Total Other - Capital Projects Fund Transfers In	27,857	-	Total Other - Capital Projects Fund Transfers Out
Transfers to Fire & Rescue Levy Fund from:			Transfers from Fire & Rescue Levy Fund to:
General Fund	-	21,822	General Fund
Other - Capital Projects Fund	-	5,100	Other - Capital Projects Fund
Internal Service Funds	-	98	Internal Service Funds
Total Fire & Rescue Levy Fund Transfers In	-	27,020	Total Fire & Rescue Levy Funds Transfers Out
Transfer to Nonmajor Governmental Funds from:			Transfer from Nonmajor Governmental Funds to:
General Fund	6,851	6,977	General Fund
Other - Capital Projects Fund	-	5,042	Other - Capital Projects Fund
Internal Service Funds	-	402	Internal Service Funds
Total Nonmajor Governmental Funds Transfers In	6,851	12,421	Total Nonmajor Governmental Fund Transfers Out
Transfers to Landfill Enterprise Fund from:			Transfers from Landfill Enterprise Fund to:
General Fund	-	1,800	General Fund
Total Landfill Enterprise Fund Transfers In	-	1,800	Total Landfill Enterprise Fund Transfers Out
Transfers to Innovation - Enterprise Fund from:			Transfers from Innovation - Enterprise Fund to:
General Fund	50	-	General Fund
Streets and Roads - Capital Projects Fund	-	4,000	Streets and Roads - Capital Projects Fund
Total Innovation - Enterprise Fund Transfers In	50	4,000	Total Innovation - Enterprise Fund Transfers Out
Transfers to Parks & Recreation - Enterprise Fund from:			Transfers from Parks & Recreation - Enterprise Fund to:
General Fund	1,740	-	General Fund
Total to Parks & Recreation - Enterprise Fund Transfers In	1,740	-	Transfers from Parks & Recreation Enterprise Transfers Out
Transfers to Internal Service Funds from:			Transfers from Internal Service Funds to:
General Fund	332	-	General Fund
Fire & Rescue Levy Fund	98	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	402	-	Nonmajor Governmental Funds
Total Internal Service Funds Transfers In	832	-	Total Internal Service Funds Transfers Out
Total Primary Government Transfers In	\$ 93,994	\$ 93,994	Total Primary Government Transfers Out

NOTE (8) – RECEIVABLES /PAYABLES WITH COMPONENT UNITS

Receivables/payables transactions between the primary government and component units are generally made for the purpose of providing operational support for the receiving fund. Illustration 8-1 summarizes the amounts due from the primary government and due to the component units at June 30, 2018.

Illustration 8-1		
Due To Primary Government/Due From Component Units at June 30, 2018		
	Due from Primary Government	Due to Component Unit
PRIMARY GOVERNMENT		
Governmental Activities	\$ -	5,592
COMPONENT UNITS		
School Board	5,592	-
Total Reporting Entity	\$ 5,592	5,592

NOTE (9) - CAPITAL ASSETS

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2018.

Illustration 9-1								
Governmental Activities – Changes in Capital Assets								
	Balances, as previously reported June 30, 2017	Adjustment to the Beginning Balance	Balance, as restated, July 1, 2017	Additions	Deletions	Transfers	June 30, 2018	
Governmental Activities								
Capital assets not being depreciated:								
Land	\$ 117,378	-	117,378	3,823	-	-	121,201	
Construction in progress	65,949	(4,438)	61,511	26,178	(49,919)	-	37,770	
Total capital assets not being depreciated	183,327	(4,438)	178,889	30,001	(49,919)	-	158,971	
Buildings and other capital assets, being depreciated:								
Buildings and improvements to sites	318,313	-	318,313	41,951	(25)	-	360,239	
Equipment	82,160	142	82,302	4,711	(708)	-	86,305	
Vehicles	64,578	(16,731)	47,847	8,401	(2,330)	(89)	53,829	
Infrastructure	221,652	-	221,652	10,403	-	-	232,055	
Intangibles	47,381	2,441	49,822	1,431	-	-	51,253	
Library collections	18,448	-	18,448	1,242	(1,695)	-	17,995	
Total buildings and other capital assets being depreciated	752,532	(14,148)	738,384	68,139	(4,758)	(89)	801,676	
Less accumulated depreciation for:								
Buildings and improvements to sites	(148,928)	-	(148,928)	(9,596)	25	-	(158,499)	
Equipment	(58,349)	(83)	(58,432)	(8,769)	630	-	(66,571)	
Vehicles	(37,657)	3,809	(33,848)	(4,893)	2,281	89	(36,371)	
Infrastructure	(50,135)	-	(50,135)	(5,064)	-	-	(55,199)	
Intangibles	(33,279)	(149)	(33,428)	(2,643)	-	-	(36,071)	
Library collections	(12,074)	-	(12,074)	(1,929)	1,695	-	(12,308)	
Total accumulated depreciation	(340,422)	3,577	(336,845)	(32,894)	4,631	89	(365,019)	
Buildings and other capital assets, net	412,110	(10,571)	401,539	35,245	(127)	-	436,657	
Capital assets, net	\$ 595,437	(15,009)	580,428	65,246	(50,046)	-	595,628	

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

General government	\$	5,758
Judicial administration		891
Public safety		12,397
Public works		1,243
Health and welfare		303
Parks, recreational and cultural		5,516
Community development		5,092
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets		1,694
Total	\$	<u>32,894</u>

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2018.

Illustration 9-2					
Business-type Activities – Changes in Capital Assets					
	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 21,019	5,968	-	-	26,987
Construction in progress	14,048	483	(12,811)	-	1,720
Total capital assets not being depreciated	35,067	6,451	(12,811)	-	28,707
Buildings and other capital assets, being depreciated					
Buildings and improvements to sites	68,011	5,277	-	-	73,288
Equipment	9,362	521	(699)	-	9,184
Infrastructure	-	1,566	-	-	1,566
Vehicles	2,577	34	(159)	89	2,541
Total buildings and other capital assets being depreciated	79,950	7,398	(858)	89	86,579
Less accumulated depreciation for:					
Buildings and improvements to sites	(58,363)	(2,476)	-	-	(60,839)
Equipment	(5,508)	(675)	653	-	(5,530)
Infrastructure	-	(117)	-	-	(117)
Vehicles	(1,874)	(140)	159	(89)	(1,944)
Total accumulated depreciation	(65,745)	(3,408)	812	(89)	(68,430)
Buildings and other capital assets, net	14,205	3,990	(46)	-	18,149
Capital assets, net	\$ 49,272	10,441	(12,857)	-	46,856

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

Landfill	\$	3,037
Parks, recreational & cultural		371
Total	\$	<u>3,408</u>

Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2018.

Illustration 9-3				
Adult Detention Center Component Unit – Changes in Capital Assets				
	June 30, 2017	Additions	Deletions	June 30, 2018
Adult Detention Center:				
Capital assets not being depreciated:				
Land	\$ 31	-	-	31
Construction in progress	3,126	5,364	-	8,490
Total capital assets not being depreciated	3,157	5,364	-	8,521
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	85,887	-	-	85,887
Equipment	772	186	-	958
Vehicles	648	-	(33)	615
Total buildings and other capital assets being depreciated	87,307	186	(33)	87,460
Less accumulated depreciation:				
Buildings and improvements to sites	(25,302)	(2,224)	-	(27,526)
Equipment	(604)	(96)	-	(700)
Vehicles	(571)	(41)	33	(579)
Total accumulated depreciation	(26,477)	(2,361)	33	(28,805)
Buildings and other capital assets, net	60,830	(2,175)	-	58,655
Capital assets, net	\$ 63,987	3,189	-	67,176

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

Public safety \$ 2,361

Illustration 9-4 summarizes the construction in progress at June 30, 2018.

Illustration 9-4			
Construction in Progress at June 30, 2018			
	Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT			
800 MHz Radio Communications System	\$ 2,637	166	2,471
Computer Aided Dispatch (CAD)	639	-	639
Record Management System (RMS) Replacement	10,672	8,750	1,922
Land Use Information System	2,059	392	1,667
Business Continuity and Disaster Recovery	2,730	1,074	1,656
Golf Course Improvements	400	246	154
Rollins Ford Park – Phase I & Phase II	7,852	614	7,238
Potomac Heritage National Scenic Trail - Neabsco Boardwalk Segment	4,834	2,529	2,305
Potomac Heritage National Scenic Trail - Featherstone Segment	873	119	754
Lake Ridge Trail	1,130	419	711
Broad Run Trail	1,004	544	460
Catharpin Trail	30	1	29
Neabsco Trail	335	275	60
Potomac Heritage Trail	769	758	11
Central District Police Station	1,888	113	1,775
Nokesville Fire & Rescue Reconstruction	10,726	1,867	8,859
Bacon Race Fire Station	916	54	862
Coles Fire Station Reconstruction	10,961	5,293	5,668
Gainesville Fire & Rescue Station Renovation	5,851	4,938	913
Public Safety Training Center Rifle Range	2,127	188	1,939
McCoart Complex Security System	328	266	62
Library Historic Homes Renovations	110	75	35
West End Fire & Rescue Station	16,708	4,203	12,505
Brentsville Jail Restoration	783	731	52
Neabsco Commuter Garage/Potomac Town Center Commuter Lot	37,425	80	37,345
Jail Management - Medical Records	220	135	85
800Mhz Replacement / Mobile Radios	143	143	-
Locust Shade Park Waterline	2,350	364	1,986
Locust Shade Maintenance Building	1,300	184	1,116
Courthouse Security System	4,789	203	4,586
Animal Shelter Expansion	15,125	920	14,205
Potomac Library Garden Patio	254	3	251
Chinn Studio Facility Improvements	293	19	274
Qmatic Replacement - TIP	157	2	155
Dumfries First Alert System	159	110	49
Rippon Lodge Restoration	155	55	100
Interactive Virtual Incident Simulator	236	205	31
Telephone Switches Life Cycle Replacement Project	185	185	-
105 Pierce Rear Mount Ladder Truck	1,113	1,113	-
Fleet Management Information System	400	204	196
Animal Shelter HVAC Replacement	290	230	60
Total	\$ 150,956	37,770	113,186

The \$1,720 construction in progress balance of business-type activities represents capital improvements at the landfill complex, including the construction and installation of landfill liners and wetland mitigation to improve the landfill and protect public health, groundwater and the environment and is recorded in the Landfill enterprise fund. The Parks & Recreation enterprise fund did not have any construction in progress at June 30, 2018.

The \$8,490 construction in progress balance of component unit reporting entity activities related to Adult Detention Center represents expansion projects at the Adult Detention Center.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2018.

Illustration 9-5				
School Board Component Unit – Changes in Capital Assets				
	June 30, 2017	Additions/ Transfers	Deletions/ Transfers	June 30, 2018
School Board:				
Capital assets not being depreciated:				
Land	\$ 95,564	-	(722)	94,842
Construction in progress	46,109	77,200	(90,243)	33,066
Total capital assets not being depreciated	141,673	77,200	(90,965)	127,908
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,665,031	87,920	-	1,752,951
Library books	3,295	758	(588)	3,465
Equipment	46,020	2,079	(180)	47,919
Intangibles	3,516	2,324	-	5,840
Vehicles	100,911	13,494	(8,028)	106,377
Total buildings and other capital assets being depreciated	1,818,773	106,575	(8,796)	1,916,552
Less accumulated depreciation for:				
Buildings and improvements to site	(420,049)	(33,004)	-	(453,053)
Library books	(1,893)	(693)	588	(1,998)
Equipment	(29,599)	(3,315)	152	(32,762)
Intangibles	(2,659)	(613)	-	(3,272)
Vehicles	(47,840)	(7,615)	7,811	(47,644)
Total accumulated depreciation	(502,040)	(45,240)	8,551	(538,729)
Buildings and other capital assets, net	1,316,733	61,335	(245)	1,377,823
Capital assets, net	\$ 1,458,406	138,535	(91,210)	1,505,731

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

Instruction:	
Regular	\$ 33,027
Special	362
Other	25
Support Services:	
General administration	1,140
Student services	10
Curricular/staff development	7
Pupil transportation	7,276
Operations	2
Maintenance	379
Central business services	2,772
Food services	58
Business-Type Activities	
Aquatics Center	182
Total	\$ <u>45,240</u>

Illustration 9-6 summarizes the changes in capital assets of the Convention & Visitors Bureau component unit for the year ended June 30, 2018. Convention & Visitors Bureau merged with Prince William County on July 1, 2017, for reporting purposes.

Illustration 9-6					
Convention & Visitors Bureau Component Unit – Changes in Capital Assets					
		June 30, 2017	Additions/ Transfers	Deletions/ Transfers	June 30, 2018
Convention & Visitors Bureau					
Capital assets, being depreciated:					
Furniture and equipment	\$	84	-	(84)	-
Leasehold Improvements		13	-	(13)	-
Website		39	-	(39)	-
Telephone System		6	-	(6)	-
Total capital assets being depreciated		142	-	(142)	-
Less accumulated depreciation for:					
Furniture and equipment		(73)	-	73	-
Leasehold improvements		(3)	-	3	-
Website		(1)	-	1	-
Telephone system		(6)	-	6	-
Total accumulated depreciation		(83)	-	83	-
Capital assets, net	\$	59	-	(59)	-

NOTE (10) - LONG-TERM DEBT

The following bond was issued in fiscal year 2018:

- On October 3, 2017, The Board of County Supervisors approved Resolution No. 17-480 authorizing the issuance of general obligation school bonds not to exceed \$254,340 to finance certain school capital projects and refund other outstanding general obligation school bonds. On May 18, 2018, the County sold the VPSA Special Obligation School Financing Bonds, Series 2018 in the par amount of \$115,895.

For information on interest rates pertaining to bonds, capital leases and other long term debt, see Schedules 37 and 38.

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 \$8,725 are paid from revenues of Forest Greens Golf Course, Generals Ridge Golf Course, and Splashdown Water Park.

The Commonwealth imposes no legal debt limitation on counties. Except for Virginia Public School Authority general obligation issuances, a referendum must be approved by the voters prior to the issuance of general obligation bonds. The County established a self-imposed limit on its total bonded debt of 3% of the net assessed valuation of taxable property. The County includes general obligation bonds, appropriation debt supported by tax revenue, and School Board bonds and literary fund loans in its determination of total bonded debt. As of June 30, 2018, the County's total bonded debt, as defined above, was \$776,203 less than the self-imposed limitation. In addition, there are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all such limitations and restrictions.

The annual debt service requirements of general obligation and lease revenue bonds outstanding in governmental funds as of June 30, 2018, including interest payments, are shown in Illustration 10-1. Refer to Schedule 37 for information related to maturity dates and interest rates for these obligations.

Illustration 10-1				
Governmental Activities – Debt Service Requirements – General Obligation and Revenue Bonds				
		Principal	Interest	Total
Designated for Roads, Parks & Other General County Projects				
Year Ending June 30:				
2019	\$	15,570	7,330	22,900
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 thru 2028		56,820	15,090	71,910
2029 thru 2033		33,360	5,595	38,955
2034 thru 2036		14,195	733	14,928
Subtotal		<u>179,185</u>	<u>51,838</u>	<u>231,023</u>
Designated for School Board Projects				
Year Ending June 30:				
2019		68,750	36,494	105,244
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 thru 2028		258,720	84,015	342,735
2029 thru 2033		183,435	32,791	216,226
2034 thru 2038		94,540	6,747	101,287
Subtotal		<u>865,535</u>	<u>278,343</u>	<u>1,143,878</u>
Total	\$	<u><u>1,044,720</u></u>	<u><u>330,181</u></u>	<u><u>1,374,901</u></u>

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2018, including interest payments, are shown in Illustration 10-2.

Illustration 10-2			
Business-type Activities – Debt Service Requirements – Revenue Bonds			
	Principal	Interest	Total
Year Ending June 30:			
2019	\$ 650	344	994
2020	680	318	998
2021	715	291	1,006
2022	730	266	996
2023	760	238	998
2024 thru 2028	4,245	716	4,961
2029	945	39	984
Subtotal	8,725	2,212	10,937
Add: unamortized premium on issuance of revenue bonds	14		
Total	\$ 8,739		

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, 2018. Total rental expense under operating leases of the primary government for the year ended June 30, 2018, was \$7,851. Illustration 10-3 summarizes the minimum lease commitments under the County's operating leases.

Illustration 10-3		
Minimum Lease Commitments – Operating Leases		
Year Ending June 30:		
2019	\$	6,899
2020		6,282
2021		5,905
2022		4,653
2023		4,070
2024-2027		9,652
Total minimum payments	\$	37,461

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

Illustration 10-4		
Assets Acquired Through Capital Lease Obligations		
	Governmental Activities	ADC Component Unit
Other capital assets:		
Buildings	\$ 91,537	6,459
Improvements	13,576	105
Machinery and Equipment	2,072	-
Vehicles	1,413	-
Less: accumulated depreciation	(45,646)	(4,478)
Total assets acquired through capital lease obligations	\$ 62,952	2,086

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

Illustration 10-5		
Minimum Lease Commitments – Capital Lease Obligations		
Primary Government		
Year Ending June 30:		
2019	\$	17,434
2020		13,642
2021		16,363
2022		12,592
2023		12,167
2024 thru 2028		34,086
2029 thru 2033		4,404
Total minimum payments		110,688
Less: Interest		(18,933)
Present value of future minimum payments	\$	91,755

Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended June 30, 2018, are shown in Illustration 10-6.

Illustration 10-6						
Governmental Activities – Changes in Long-Term Liabilities						
	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due in More Than One Year	Due within One Year
General obligation bonds:						
Designated for Roads, Parks and Other General County projects	\$ 196,715	-	(17,530)	179,185	163,615	15,570
Designated for School Board projects	815,195	115,895	(65,555)	865,535	796,785	68,750
Subtotal	1,011,910	115,895	(83,085)	1,044,720	960,400	84,320
Capital lease obligations	101,890	-	(10,135)	91,755	78,390	13,365
Unpaid losses and related liabilities (Note 16)	22,209	47,524	(48,352)	21,381	13,834	7,547
Net pension liability	182,331	10,113	(39,813)	152,631	152,631	-
Net OPEB liability (as restated)	53,981	1,685	(6,731)	48,935	48,935	-
Surplus distribution payable	3,500	3,599	(1,141)	5,958	4,008	1,950
Compensated absences	33,342	21,201	(18,743)	35,800	33,498	2,302
Unamortized premium	115,105	11,371	(9,487)	116,989	107,008	9,981
Total	\$ 1,524,268	211,388	(217,487)	1,518,169	1,398,704	119,465

Long-term liabilities of governmental activities are generally liquidated by the General Fund. Funds of the Intra-County Services internal service fund are used to liquidate approximately 4.72% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2018, are shown in Illustration 10-7.

Illustration 10-7							
Business-Type Activities – Changes in Long-Term Liabilities							
	Beginning			Ending	Due in More	Due	
	Balance	Additions	Reductions	Balance	Than One	Within	
					Year	One Year	
Revenue bonds	\$ 9,355	-	(630)	8,725	8,075	650	
Unamortized premium on issuance of revenue bonds	15	-	(1)	14	13	1	
Revenue bonds, net	9,370	-	(631)	8,739	8,088	651	
Compensated absences	507	104	(92)	519	486	33	
Net pension liability	2,487	281	(545)	2,223	2,223	-	
Net OPEB liability (as restated)	864	28	(110)	782	782	-	
Accrued closure liability (Note 12)	14,693	657	(1,871)	13,479	11,939	1,540	
Total	\$ 27,921	1,070	(3,249)	25,742	23,518	2,224	

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2018, are shown in Illustration 10-8.

Illustration 10-8					
Governmental Activities – Changes in Deferred Outflow of Resources					
	Beginning Balance	Additions	Reductions	Ending Balance	
Unamortized Deferred loss on refunding	\$ 29,094	-	(3,247)	25,847	
Related to pensions	67,514	35,427	(67,514)	35,427	
Related to OPEB (as restated)	1,550	5,479	(1,550)	5,479	
Total	\$ 98,158	40,906	(72,311)	66,753	

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2018, are shown in Illustration 10-9.

Illustration 10-9				
Business-Type Activities – Changes in Deferred Outflow of Resources				
	Beginning Balance	Additions	Reductions	Ending Balance
Unamortized Deferred loss on refunding	\$ 479		(51)	428
Related to pensions	909	429	(909)	429
Related to OPEB (as restated)	21	83	(21)	83
Total	\$ 1,409	512	(981)	940

Changes in long-term liabilities of the component units for the year ended June 30, 2018, is shown in Illustration 10-10.

Illustration 10-10						
Component Units – Changes in Long-Term Liabilities						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
School Board:						
Capital Lease obligations	\$ 313	-	-	313	156	157
Compensated absences	33,381	10,631	(10,960)	33,052	21,769	11,283
Net pension liability	956,124	-	(141,982)	814,142	814,142	-
Net OPEB liability (as restated)	182,323	-	(12,064)	170,259	170,259	-
Pollution remediation	181	1,368	(1,056)	493	-	493
Claims liabilities	14,757	91,536	(90,851)	15,442	4,538	10,904
Total School Board component unit	1,187,079	103,535	(256,913)	1,033,701	1,010,864	22,837
Adult Detention Center:						
Compensated absences	3,408	217	(137)	3,488	3,228	260
Net pension liability	16,987	727	(3,489)	14,225	14,225	-
Net OPEB liability (as restated)	4,856	152	(605)	4,403	4,403	-
Total Adult Detention Center component unit	25,251	1,096	(4,231)	22,116	21,856	260

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, 2018, \$100,560 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, 2018, the County has outstanding debt of \$865,535 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, 2018, the County has outstanding debt of \$13,890 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, 2018.

Illustration 11-1 Fund Balances at June 30, 2018						
	Governmental Funds				Total Governmental Funds	ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental		
Nonspendable in the form of:						
Inventory	\$ 288	-	-	8	296	-
Prepaid expenditures	-	306	-	-	306	-
Restricted for:						
General government administration						
Defaulted subdivision	209	-	-	-	209	-
Public safety						
Police	526	-	-	153	679	-
Fire and rescue	3,948	-	44,284	-	48,232	-
E911 operations	4,458	-	-	-	4,458	-
EMS operations	-	-	-	5,259	5,259	-
Site development	-	-	-	6,582	6,582	-
Public works						
Stormwater management	-	-	-	5,940	5,940	-
Transportation	-	-	-	1,110	1,110	-
Community development						
Development services	-	-	-	1,239	1,239	-
Housing	-	-	-	6,666	6,666	-
Committed for:						
General government administration						
General government operations	10,598	-	-	-	10,598	-
Capital reserve	44,132	-	-	-	44,132	-
Revenue stabilization reserve	21,895	-	-	-	21,895	-
General government capital projects	-	14,791	-	-	14,791	-
Judicial administration						
Courthouse complex master plan	228	4,574	-	-	4,802	-
General district courtroom	-	-	-	-	-	-
Public safety						
Police operations	1	-	-	-	1	-
Fire and rescue	-	21,638	-	-	21,638	-
Public safety capital projects	-	699	-	-	699	-
Adult detention center	-	-	-	-	-	-
Public works						
Unspent bond proceeds	-	323	-	-	323	-
Street and roads projects	9,305	34,316	-	-	43,621	-
Public transit	-	-	-	-	-	-
Health and welfare						
Health and welfare projects	-	341	-	-	341	-

Illustration 11-1 (cont'd)
Fund Balances at June 30, 2018

	Governmental Funds					ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental	Total Governmental Funds	
Parks, recreational and cultural						
Current parks projects	34	10,269	-	-	10,303	-
Future parks projects	292	-	-	-	292	-
Libraries	93	3,221	-	-	3,314	-
Community development						
Economic development opportunity fund	3,537	8,430	-	-	11,967	-
Assigned for:						
General government administration	1,882	-	-	-	1,882	-
Judicial administration	81	-	-	-	81	-
Public safety	2,183	-	-	-	2,183	33,166
Public works	3,548	-	-	-	3,548	-
Health and welfare	1,102	-	-	-	1,102	-
Parks, recreational and cultural	1,739	-	-	-	1,739	-
Community development	1,561	-	-	-	1,561	-
Unassigned	82,107	-	-	-	82,107	(21,373)
Total	\$ 193,747	98,908	44,284	26,957	363,896	11,793

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

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

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

Committed Fund Balance. The County's highest level of decision-making authority is the Board of County Supervisors. The formal action required to establish, modify, or rescind a fund balance commitment is a resolution of the Board of County Supervisors. The Revenue Stabilization Fund Reserve established by the County's *Principles of Sound Financial Management* Number 1.10, provides there will be no less than two percent of each year's General Fund revenues in every fiscal year of the Five-Year Plan. This Reserve may only be used to cover a portion of local and regional economic shocks and/or unexpected decline in the County's share of General Fund revenues greater than three percent as compared to the current Adopted Budget and must be appropriated by the Board of County Supervisors. The balance as of June 30, 2018 is \$21,895.

Assigned Fund Balance. Assignment of fund balance occurs only through the encumbrance of funds for particular purposes for which there is no existing fund balance restriction or commitment. Department directors have the authority to approve such encumbrances; the County Executive has the authority to modify or rescind any fund balance assignment per §100.12(D)2. (a) of the County's Purchasing Regulations. Fund balance assignments resulting from the encumbrance of funds are governed through the County's Purchasing Regulations.

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

Net Position. The reporting entity reported \$130,576 of restricted net position at June 30, 2018. Of this amount, \$65,821 is restricted by enabling legislation.

Illustration 11-2 details the encumbrances of the County’s Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2018.

Illustration 11-2 Encumbrances at June 30, 2018						
Governmental Funds						
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental	Total Governmental Funds	ADC Component Unit
Encumbrances	\$ 12,096	107,133	4,821	723	124,773	33,166

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

In fiscal year 2018, the Landfill enterprise fund had no outstanding debt and there were no bond coverage requirements.

State and federal laws and regulations require the County to place a final cover on its Independent Hill landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$13,479 reported as landfill closure and post closure care liability at June 30, 2018, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill, and 24% of Phase II and III of the landfill for the closure, and 49% of the total landfill capacity for the southern portion of the landfill, including phases I, II and III for the post closure. The total maximum exposure liability for closure and post closure care for Phases II and III of the landfill is estimated at \$36,791 at June 30, 2018. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$23,312, 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 2018. The County expects to complete filling the southern portion of the landfill site in the year 2029 and to close the remaining phases of the southern portion of the landfill by 2033. The northern portion of the landfill is estimated to be closed around 2060. The total current cost of landfill closure and post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

NOTE (13) - DEFINED BENEFIT PENSION PLANS

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

Illustration 13-1
Prince William County's Defined Benefit Pension Plans
Net Pension Liability

	June 30, 2017 Pension Liabilities	June 30, 2017 Pension Assets	FY 2017 Employer Contributions	Change in Beginning FY 2017 Net position	FY 2018 Pension Expenditures / Expense:	Deferred Outflows due to actuarial changes or experience	Deferred Inflows due to actuarial changes or experience	June 30, 2018 Ending NPL
Virginia Retirement System	\$ 1,228,141	(1,059,440)	(30,826)	137,875	42,552	-	(10,851)	169,576
Supplemental Pension Plan	36,528	(36,656)	(1,199)	(1,327)	791	-	(160)	(696)
Length of Service Award Program	16,039	(15,412)	(811)	(184)	332	51	-	199
Total	\$ 1,280,708	(1,111,508)	(32,836)	136,364	43,675	51	(11,011)	169,079
Governmental Funds	\$ 1,108,646	(963,080)	(28,517)	117,049	37,926	51	(9,545)	145,481
Parks & Recreation	1,105	(953)	(28)	124	47	-	(12)	159
Landfill	15,106	(13,031)	(379)	1,696	494	-	(126)	2,064
Intra-County Services	50,231	(43,332)	(1,261)	5,638	1,668	-	(425)	6,881
Health Insurance	1,965	(1,695)	(49)	221	64	-	(16)	269
Total proprietary funds	68,407	(59,011)	(1,717)	7,679	2,273	-	(579)	9,373
Adult Detention Center	103,655	(89,417)	(2,602)	11,636	3,476	-	(887)	14,225
Total	\$ 1,280,708	(1,111,508)	(32,836)	136,364	43,675	51	(11,011)	169,079

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

Schools Component Unit* \$ 814,142

*Please see separately issued financial statements for details.

Illustration 13-2a represents contributions into plans after the measurement date.

Illustration 13-2a				
Prince William County's Defined Benefit Pension Plans				
Deferred Outflow Due to Contributions Made After June 30, 2017 Measurement Date				
FY 2018 Contributions to:		Beginning Deferred Outflow	Change in Deferred Outflow	Ending Deferred Outflow
Virginia Retirement System	\$	30,243	1,468	31,711
Supplemental Pension Plan		1,199	95	1,294
Length of Service Award Program		811	(13)	798
Total	\$	32,253	1,550	33,803
Governmental Funds	\$	28,016	1,502	29,518
Dept of Parks and Rec		27	8	35
Landfill		372	(4)	368
Intra-County Services		1,237	6	1,243
Health Insurance		48	-	48
Total proprietary funds		1,684	10	1,694
Adult Detention Center		2,553	38	2,591
Total	\$	32,253	1,550	33,803
Schools	\$	79,953	11,956	91,909

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

Illustration 13-2b represents changes in deferred outflow for fiscal year 2018.

Illustration 13-2b			
Prince William County's Defined Benefit Pension Plans			
Change in Deferred Outflow			
June 30, 2018	Beginning Deferred Outflow	Change in Deferred Outflow	Ending Deferred Outflow
Virginia Retirement System	\$ 38,603	(36,539)	2,064
Supplemental Pension Plan	2,862	(649)	2,213
Length of Service Award Program	516	20	536
Total	\$ 41,981	(37,168)	4,813
Governmental Funds	\$ 36,572	(32,037)	4,535
Dept of Parks and Rec	35	(33)	2
Landfill	475	(451)	24
Intra-County Services	1,579	(1,499)	80
Health Insurance	62	(59)	3
Total proprietary funds	2,151	(2,042)	109
Adult Detention Center	3,258	(3,089)	169
Total	\$ 41,981	(37,168)	4,813
Schools	\$ 152,948	(121,481)	31,467

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

Illustration 13-2c represents changes in deferred inflow for fiscal year 2018.

Illustration 13-2c				
Prince William County's Defined Benefit Pension Plans				
Change in Deferred Inflow				
June 30, 2018	Beginning Deferred Inflow	Change in Deferred Inflow	Ending Deferred Inflow	
Virginia Retirement System	\$ (13,942)	2,558	(11,384)	
Supplemental Pension Plan	(1,824)	(1,390)	(3,214)	
Length of Service Award Program	(199)	132	(67)	
Total	\$ (15,965)	1,300	(14,665)	
Governmental Funds	\$ (14,013)	885	(13,128)	
Dept of Parks and Rec	(12)	-	(12)	
Landfill	(171)	39	(132)	
Intra-County Services	(570)	124	(446)	
Health Insurance	(22)	5	(17)	
Total proprietary funds	(775)	168	(607)	
Adult Detention Center	(1,177)	247	(930)	
Total	\$ (15,965)	1,300	(14,665)	
Schools	\$ (30,881)	(62,511)	(93,392)	

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

Virginia Retirement System

Pensions:

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

Plan Description:

The County and the Adult Detention Center component unit contribute to the Virginia Retirement System (VRS), a multi-employer, agent defined benefit pension plan administered by the VRS.

Professional and non-professional employees of the School Board are also covered by the VRS. Professional employees participate in a VRS statewide teacher cost-sharing pool, and non-professional employees participate as a separate group in the multi-employer, agent retirement system. The Prince William County Public Schools retirement plans are reported separately in their audited financial statements. Copies of these financial statements may be obtained by writing to the School Board's Finance Division at P.O. Box 389, Manassas, Virginia 20108.

All full-time, salaried permanent (professional) employees of the School Board and employees of the County and the Adult Detention Center are automatically covered by VRS upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, 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 set out below:

VRS Plan 1:

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

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

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

Retirement Contributions. Employees contribute 5% 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 County makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and the County's contributions to provide funding for the future benefit payment.

Creditable Service. Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It 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 and the VRS Health Insurance Credit detailed in Note 14.

Vesting. Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for 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 their personal contributions into the Plan.

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

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

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

Normal Retirement Age. Normal Retirement Age for non-hazardous duty members is age 65; hazardous duty members is age 60.
Earliest Unreduced Retirement Eligibility. Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

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

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

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

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

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

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

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

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

VRS Plan 2:

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

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

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

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

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

Vesting. Vesting is the same as VRS Plan 1.

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

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

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

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

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

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

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

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

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

Disability Coverage. Members who are eligible and 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. Purchase of Prior Service is the same as VRS Plan 1.

The Hybrid Retirement Plan:

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

Retirement Contributions. A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the County to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and currently 1% are required from both the member and

the County. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the County is required to match those voluntary contributions according to specified percentages up to 4%.

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 the retirement benefit and the VRS Health Insurance Credit.

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

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

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

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

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

Distribution is not required by law until age 70½.

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

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

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

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

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

Service Multiplier Defined Contributions Component. Not applicable.

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

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

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

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

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

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

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

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

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

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

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

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

- Hybrid Retirement Plan members are ineligible for ported service.

Purchase of Prior Service Defined Contribution Component. Not applicable.

Employees Covered by Benefit Terms:

As of June 30, 2016 actuarial valuation, the following County employees and members were covered by benefit terms of the VRS:

Illustration 13-3	
Prince William County - Virginia Retirement System (VRS)	
Plan Membership as of June 30, 2016	
Inactive plan members or their beneficiaries currently receiving benefits	1,980
Inactive members:	
Vested inactive members	596
Non-vested inactive members	973
Inactive members active elsewhere in VRS	646
Total inactive members	4,195
Active employees	3,744
Total covered members	7,939

Contributions:

The VRS contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution was assumed by the County. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. The County opted to phase in over a period of five years as permitted by the *Code of Virginia* by providing a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the fiscal year ended June 30, 2018, was 12.55% of the covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS from the County were \$31,711 and \$30,243 for the years ended June 30, 2018, and June 30, 2017, respectively.

Pension Plan Data:

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

Net Pension Liability:

The County's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions:

The total pension liability for employees in the Prince William County's VRS plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Illustration 13-4	
Prince William County - Virginia Retirement System	
Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent closed
Remaining amortization period	27, 20, 19 and 18 years
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation*
Inflation	2.5%
Non-LEOS:	
Payroll Growth	3.5% - 5.35%, including inflation
Mortality Rates	14% of deaths service related
Mortality	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement
LEOS:	
Payroll Growth	3.5% - 4.75%, including inflation
Mortality Rates	60% of deaths service related
Mortality	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

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

Actuarial Assumptions – General Employees:

The total pension liability for General Employees in the County VRS Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service-related

All Others (Non 10 Largest) – Non-Hazardous Duty: 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% 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 Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 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:

Largest 10 – Non-Hazardous Duty:

Mortality Rates	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 20%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Same as above except

Line-of-Duty Disability	Increase rate from 14% to 15%
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Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits:

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County VRS Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service-related

All Others (Non 10 Largest) – Hazardous Duty: 45% 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 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; 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 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:

Largest 10 – Hazardous Duty:

Mortality Rates	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line-of-Duty Disability	Increase rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Same as above except

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
Line-of-Duty Disability	Decrease rate from 60% to 45%

Long-Term Expected Rate of Return:

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

Illustration 13-5				
Prince William County - Virginia Retirement System				
Long-Term Expected Rate of Return				
Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average	
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%	
	<u>100.00%</u>		<u>4.80%</u>	
		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 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 2.50%.

Discount Rate:

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that County’s VRS plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 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, 2019, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VRS plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Illustration 13-6			
Prince William County - Virginia Retirement System			
Sensitivity of Liability at June 30, 2017			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
County's net pension liability	\$ 330,705	\$ 168,701	\$ 34,048

Fiduciary Net Position:

Specific information about the County VRS plan's audited Fiduciary Net Position Report is located at <http://www.varetire.org/pdf/publications/gasb-68-schedule-political-subdivision-retirement-plans-2017.pdf>, page 7. Significant accounting policies of all plans and the fiduciary net positions are stated above.

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

Changes in Net Pension Liability:

Illustration 13-7			
Prince William County - Virginia Retirement System			
Changes in Net Pension Liability			
	Total Pension Liability	Plan Fiduciary Net Position- Increase (Decrease)	Net Pension Liability (NPL)
Balances at June 30, 2016	\$ 1,153,582	951,274	202,308
Changes for the year:			
Service cost	30,983	-	30,983
Interest	78,978	-	78,978
Changes in benefit terms	21,630		
Changes in assumptions	2,494		
Differences between expected and actual experience	(8,860)	-	(8,860)
Contributions - employer	-	30,826	(30,826)
Contributions - employee	-	12,645	(12,645)
Net investment income	-	116,129	(116,129)
Benefit payments, including refunds of employee contributions	(50,666)	(50,666)	-
Administrative expenses	-	(665)	665
Other changes	-	(103)	103
Net changes	74,559	108,166	(33,607)
Balances at June 30, 2017	\$ 1,228,141	1,059,440	168,701

The measurement date of the net pension liability was June 30, 2017, the date of the actuarial valuation on which the total pension liability is based was June 30, 2016, and update procedures were used to roll forward the total pension liability to the measurement date. Change since the measurement date is VRS investment performance increased over fiscal year 2018, which will result in a decrease in the pension liability for fiscal year 2018 once it is measured.

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

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

For the year ended June 30, 2018, the County recognized pension expense of \$42,552. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Illustration 13-8		
Prince William County - Virginia Retirement System		
Deferred Outflow and (Inflow) of Resources at June 30, 2018		
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 658	\$ (5,356)
Change in actuarial assumptions	1,405	-
Net difference between projected and actual earnings on pension plan investments	-	(6,027)
Subtotal	2,063	(11,383)
Employer contributions subsequent to the measurement date	31,711	-
Total	\$ 33,774	\$ (11,383)

\$31,711 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Illustration 13-9		
Prince William County - Virginia Retirement System		
Amortization of Deferred Outflow and (Inflow) of Resources		
Year ended June 30,		
2019		2,832
2020		(1,382)
2021		(10,770)
Total	\$	(9,320)

Pension Plan Data

Information about the County’s VRS Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the VRS’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

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

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

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

Illustration 13-10				
Summary of the Statement of Fiduciary Net Position				
Pension Plan Trust Fund at June 30, 2018				
		Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Plan Trust Funds
Assets				
Restricted cash	\$	625	-	625
Restricted Investments		38,704	16,172	54,876
Total assets		<u>39,329</u>	<u>16,172</u>	<u>55,501</u>
Liabilities				
Accounts Payable		-	3	3
Total liabilities		<u>-</u>	<u>3</u>	<u>3</u>
Fiduciary net position				
Restricted for pension benefits		39,329	16,169	55,498
Total fiduciary net position	\$	<u>39,329</u>	<u>16,169</u>	<u>55,498</u>

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

Illustration 13-11				
Summary of the Changes in Fiduciary Net Position				
Pension Plan Trust Funds For the Year Ended June 30, 2018				
		Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Plan Trust Funds
Additions				
Employee contributions	\$	1,294	-	1,294
Employer contributions		1,294	798	2,092
Total contributions		2,588	798	3,386
Investment income:				
Total investment income		2,558	464	3,022
Less investment expense		89	-	89
Net investment income		2,469	464	2,933
Total additions		5,057	1,262	6,319
Deductions				
Pension/post-employment benefit payments		2,192	447	2,639
Refund of members' contributions		102	-	102
Administrative expenses		90	58	148
Total deductions		2,384	505	2,889
Net increase in fiduciary net position		2,673	757	3,430
Fiduciary net position, beginning of year		36,656	15,412	52,068
Fiduciary net position, end of year	\$	39,329	16,169	55,498

Plan Description:

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

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

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

highest total, selected from the 120 calendar months immediately preceding actual retirement or termination, divided by 60 (or total months of service if less).

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

Illustration 13-12 reflects Plan membership.

Illustration 13-12	
Prince William County - Supplemental Pension Plan	
Plan Membership as of June 30, 2017	
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	762
Active employees	1,234
Total covered members	1,996

Contributions. These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the Plan’s Board of Trustees. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The County is not required to contribute the difference between the actuarially determined rate and the contribution rate of plan members to the Plan Trust Fund. For the year ended June 30, 2018, the average active member contribution rate was 1.44% of annual pay, and the County’s average contribution rate was 1.44% of annual payroll.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Plan from the County was \$1,294 and \$1,199 for the years ended June 30, 2018, and June 30, 2017, respectively.

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

Investments:

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

Fair value of investments is based on quoted market prices.

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

Illustration 13-13 was the Board’s adopted asset allocation policy as of June 30, 2018.

Illustration 13-13 Prince William County - Supplemental Pension Plan Statement of Investment Policy Concentrations at June 30, 2018		
Asset Class	Policy Percent	Target Range Percent
Supplemental Pension Plan Trust Fund Investments:		
Tactical	10%	5% - 15%
Equity	54%	50% - 58%
Real Assets	6%	2% - 10%
Fixed Income	30%	25% -35%
	100%	

Concentrations. At June 30, 2018, the Plan’s investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Rate of return. For the year ended June 30, 2018, and June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.8% and 11.75%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County:

The components of the net pension liability of the County at June 30, 2018, were as follows:

Illustration 13-14 Prince William County - Supplemental Pension Plan Net Pension Liability					
Fiscal Year Ending:		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Net Position as % of Total Pension Liability
June 30, 2018	\$	38,717	(39,329)	(612)	101.58%
June 30, 2017	\$	36,528	(36,656)	(128)	100.35%

The County’s net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. The June 30, 2018 measurement reflected above applies only to GASB 74 reporting of the Supplemental Pension Plan trust fund.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to the June 30, 2017 measurement, using the following actuarial assumptions, applied to all periods included in the actuarial measurement report.

Illustration 13-15 reflects the actuarial methods and assumptions as follows:

Illustration 13-15	
Prince William County - Supplemental Pension Plan	
Actuarial Valuation Methods and Assumptions	
Valuation Date	July 1, 2017
Actuarial Cost Method	Aggregate
Asset Valuation Method	Asset Smoothing Method over 5 year period
Investment Rate of Return	7.0% net of investment expense
Payroll Growth	4.5% including inflation
Inflation	3.00%
Mortality	RP-2000 Combined Healthy table with Blue Collar adjustment with generational projection by Scale AA

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, (see the discussion of the pension plan's investment policy) are summarized in Illustration 13-16.

Illustration 13-16			
Prince William County - Supplemental Pension Plan			
Asset Class, Index, Mean Expected Rate of Return at June 30, 2018			
Asset Class	Target Allocation	Benchmark Index	Long Term Real Annualized Return*
Diversified	10.0%	HFRI Fund of Funds	1.2%
Domestic Equity	30.0%	Russell 3000	5.0%
International Equity Developed	16.0%	Blended Developed	3.5%
International Equity Emerging	7.0%	MSCI Emerging Markets	7.9%
Private Equity	1.0%	Cambridge Private Equity	10.1%
Real Estate	6.0%	NCREIF NFI-ODCE	6.4%
Fixed Income International	15.0%	Citi World Government Bond	1.5%
Fixed Income US Investment Grade	15.0%	Barclays Aggregate	1.8%
Cash	0.0%		0.0%
	<u>100.0%</u>		
Real Return			3.7%

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

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Illustration 13-17			
Prince William County - Supplemental Pension Plan			
Sensitivity of Net Pension (Asset) / Liability			
Fiscal Year Ending:	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
June 30, 2018	\$ 1,973	\$ (612)	\$ (2,979)
June 30, 2017	\$ 2,398	\$ (128)	\$ (2,445)

Fiduciary Net Position.

Fiduciary Net Position is available on Schedule 28. Significant accounting policies of all plans and the fiduciary net positions are stated above.

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

Changes in Net Pension Liability.

Illustration 13-18			
Prince William County - Supplemental Pension Plan			
Changes in Net Pension Liability			
	Total Pension Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net Pension Liability (NPL)
Balances at June 30, 2016	\$ 35,826	33,037	2,789
Changes for the year:			
Service cost	1,946	-	1,946
Interest	2,417	-	2,417
Differences between expected and actual experience	(1,070)	-	(1,070)
Contributions - employer	-	1,199	(1,199)
Contributions - employee	-	1,199	(1,199)
Net investment income	-	3,905	(3,905)
Benefit payments, including refunds of employee contributions	(2,591)	(2,591)	-
Administrative expenses	-	(93)	93
Net changes	702	3,619	(2,917)
Balances at June 30, 2017	\$ 36,528	36,656	(128)

The measurement date of the County's net pension liability was June 30, 2017, the date of the actuarial valuation on which the total pension liability is based was July 1, 2015, and update procedures were used to roll forward the total pension liability to the measurement date. Change since the measurement date is that investment performance increased over fiscal year 2018, which will result in a decrease in the pension liability for fiscal year 2018 once it is measured.

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

For the year ended June 30, 2018, the County recognized pension expense of \$791. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Illustration 13-19			
Prince William County - Supplemental Pension Plan			
Deferred Outflow and (Inflow) of Resources at June 30, 2018			
		Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	-	\$ (1,447)
Net difference between projected and actual earnings on pension plan investments		2,213	(1,768)
Subtotal		2,213	(3,215)
Employer contributions subsequent to the measurement date		1,294	-
Total	\$	3,507	\$ (3,215)

\$1,294 reported as deferred outflows of resources related to pensions resulting from the County's contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Illustration 13-20			
Prince William County - Supplemental Pension Plan			
Amortization of Deferred Outflow and (Inflow) of Resources			
Year ended June 30,			
2019			326
2020			(207)
2021			(644)
2022			(323)
Thereafter			(154)
Total		\$	<u>(1,002)</u>

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

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

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

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

Illustration 13-21				
Summary of the Statement of Fiduciary Net Position				
Pension Plan Trust Fund at June 30, 2018				
		Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Plan Trust Funds
Assets				
Restricted cash	\$	625	-	625
Restricted Investments		38,704	16,172	54,876
Total assets		<u>39,329</u>	<u>16,172</u>	<u>55,501</u>
Liabilities				
Accounts Payable		-	3	3
Total liabilities		<u>-</u>	<u>3</u>	<u>3</u>
Fiduciary net position				
Restricted for pension benefits		39,329	16,169	55,498
Total fiduciary net position	\$	<u>39,329</u>	<u>16,169</u>	<u>55,498</u>

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

Illustration 13-22				
Summary of the Changes in Fiduciary Net Position				
Pension Plan Trust Funds For the Year Ended June 30, 2018				
		Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Plan Trust Funds
Additions				
Employee contributions	\$	1,294	-	1,294
Employer contributions		1,294	798	2,092
Total contributions		2,588	798	3,386
Investment income:				
Total investment income		2,558	464	3,022
Less investment expense		89	-	89
Net investment income		2,469	464	2,933
Total additions		5,057	1,262	6,319
Deductions				
Pension/post-employment benefit payments		2,192	447	2,639
Refund of members' contributions		102	-	102
Administrative expenses		90	58	148
Total deductions		2,384	505	2,889
Net increase in fiduciary net position		2,673	757	3,430
Fiduciary net position, beginning of year		36,656	15,412	52,068
Fiduciary net position, end of year	\$	39,329	16,169	55,498

Plan Description:

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

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

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

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

Illustration 13-23 reflects plan membership.

Illustration 13-23 Prince William County - LoSAP Plan Plan Membership at June 30, 2016	
Inactive plan members or their beneficiaries currently receiving benefits	163
Inactive members not currently receiving benefits:	
Vested inactive members	1,153
Total inactive members	1,316
Active participants	519
Total covered members	1,835

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

This rate was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the County was \$798 and \$811 for the years ended June 30, 2018, and June 30, 2017, respectively.

The Schedule of County Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 5B, presents multiyear trend information about yearly contributions into the Plan relative to actuarially determined contributions. There is no payroll associated with volunteer fire companies.

Investments:

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

Fair value of investments is based on quoted market prices.

Concentrations. At June 30, 2018, the LoSAP Trust Fund's investments were 100% invested in an insurance mutual fund and are subject to concentration of credit risk.

Rate of return. For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County:

The components of the net pension liability of the County at June 30, 2018, were as follows:

Illustration 13-24					
Prince William County - LoSAP Plan					
Net Pension Liability					
Fiscal Year Ending:		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Net Position as % of Total Pension Liability
June 30, 2018	\$	27,636	(16,172)	11,464	58.52%
June 30, 2017	\$	16,039	(15,412)	627	96.09%
Discount rate for 2018 measurement was decreased to 3%.					

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to the June 30, 2017 measurement, using the following actuarial assumptions, applied to all periods included in the actuarial measurement report. The June 30, 2018 measurement reflected above applies only to GASB 74 reporting of the LoSAP Plan trust fund.

Illustration 13-25 reflects the actuarial methods and assumptions as follows:

Illustration 13-25	
Prince William County- LoSAP Plan	
Actuarial Methods and Assumptions	
Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	6.0% per annum
Discount Rate	5.97%
Payroll Growth	N/A
Inflation	N/A
Mortality	RP2000 Mortality Table projected to 2016 using Scale AA

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

Discount rate. The discount rate used to measure the total pension liability at June 30, 2017 was 6.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution amount. This amount includes an additional 3% to compensate for the annuity investment rate of return of 3%. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until year 67, then a blend of the expected long term rate of return and a current municipal bond rate was used as the discount.

Although an asset load of 3.00% was contributed each year, the discount rate used to measure the total pension liability at June 30, 2018 was reduced to 3.00% to correct the investment rate of return, greatly increasing the net pension liability. The measurement for June 30, 2017 was used to calculate the County's liability at June 30, 2018. The June 30, 2018 measurement will be reflected in the County's CAFR for June 30, 2019.

Sensitivity of the net pension liability to changes in the discount rate. Illustration 13-26 presents the net pension liability (asset) of the County, calculated using the discount rate of 3.00% for 2018 and 5.97% for 2017 applied to all periods included in the measurement, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%/4.97%) or 1-percentage point higher (4.00%/6.97%) than the current rate:

Illustration 13-26				
Prince William County - LoSAP Plan				
Sensitivity of Net Pension (Asset) / Liability				
Fiscal Year Ending:		1% Decrease 2.00% / 4.97%	Current Discount Rate* 3.00% / 5.97%	1% Increase 4.00% / 6.97%
June 30, 2018	\$	17,591	11,464	6,804
June 30, 2017	\$	3,417	627	(1,577)
<p>*The discount rate used for valuing the Total Pension Liability (Asset) as of June 30, 2018, and as of June 30, 2017 was 3.00% and 5.97% respectively which is lower than the 6.00% investment return. This is due to a contribution policy calculated under on the Aggregate Funding Method which is not sufficient to cover all plan benefit payments as projected under GASB 67 & 68 accounting procedures.</p>				

Fiduciary Net Position.

Fiduciary Net Position is available on Schedule 26 of the Basic Financial Statements. Significant accounting policies of all plans and the fiduciary net positions are stated above.

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

Net Pension Liability.

Illustration 13-27			
Prince William County - LoSAP Plan			
Changes in Net Pension Liability			
	Total Pension Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net Pension Liability (NPL)
Balances at June 30, 2016	\$ 15,523	14,632	891
Changes for the year:			
Service cost	252	-	252
Interest	930	-	930
Differences between expected and actual experience	(291)	-	(470)
Changes of assumptions	22	-	70
Contributions - employer	-	811	(811)
Net investment income	-	428	(428)
Benefit payments, including refunds of employee contributions	(397)	(397)	-
Administrative expenses	-	(62)	62
Net changes	516	780	(264)
Balances at June 30, 2017	\$ 16,039	15,412	627

The measurement date of the net pension liability was June 30, 2017, the date of the actuarial valuation on which the total pension liability is based was July 1, 2016, and update procedures were used to roll forward the total pension liability to the measurement date.

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

For the year ended June 30, 2018, the County recognized pension expense of \$332. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Illustration 13-28			
Prince William County - LoSAP Plan			
Deferred Outflow and (Inflow) of Resources at June 30, 2018			
		Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	-	\$ (67)
Change in actuarial assumptions		5	-
Net difference between projected and actual earnings			
on pension plan investments		531	-
Subtotal		536	(67)
Employer contributions subsequent to the measurement date		798	-
Total	\$	<u>1,334</u>	<u>\$ (67)</u>
*Deferred inflow reclassification to combine investment experience with other pensions.			

\$798 reported as deferred outflows of resources related to pensions resulting from the County's contributions to LoSAP subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Illustration 13-29			
Prince William County - LoSAP Plan			
Amortization of Deferred Outflow and (Inflow) of Resources			
Year ended June 30,			
	2019		199
	2020		178
	2021		92
	Total	\$	<u>469</u>

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEBs, and OPEB expense, information about the fiduciary net position of the Prince William County's Defined Benefit OPEB Plans and the additions to/deductions from the Prince William County's Defined Benefit OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS) and Prince William County OPEB Master Trust Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Illustration 14-1

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

Net OPEB Liability (NOPEBL)

	June 30, 2017 OPEB Liabilities	June 30, 2017 OPEB Assets	FY 2017 Employer Contributions	Change in Beginning FY 2017 Net position	2018 Trust Contributions prior to measurement date	FY 2018 OPEB Expenditures / Expense:	Deferred Outflows due to actuarial changes or experience:	Deferred Inflows due to actuarial changes or experience:	June 30, 2018 Ending NOPEBL:
MEASUREMENT DATE 6/30/2017 - Virginia Retirement System (VRS)									
VRS Group Life Insurance cost sharing plan	\$ 39,889	(19,489)	(1,300)	19,100	-	239	-	(458)	18,881
VRS Health Insurance Credit	7,296	(3,500)	(411)	3,385	-	372	-	(47)	3,710
MEASUREMENT DATE 6/30/2018 - OPEB Master Trust Fund									
County Premium Plan	26,199	(13,496)	-	12,703	(1,954)	1,439	-	(4,580)	7,608
County Retiree Health Insurance Credit	34,311	(15,295)	-	19,016	(2,311)	1,938	-	(651)	17,992
County Line of Duty Plan	14,730	(10,944)	-	3,786	(1,476)	1,484	2,135	-	5,929
Total	\$ 122,425	(62,724)	(1,711)	57,990	(5,741)	5,472	2,135	(5,736)	54,120
Governmental Funds	\$ 105,954	(54,285)	(1,479)	50,190	(4,970)	4,732	1,849	(4,965)	46,836
Parks & Recreation	157	(81)	(2)	74	(8)	8	3	(8)	69
Landfill	1,623	(835)	(20)	768	(82)	77	31	(81)	713
Intra-County Services	4,580	(2,344)	(67)	2,169	(209)	203	77	(210)	2,030
Health Insurance	154	(78)	(3)	73	(6)	7	2	(7)	69
Total proprietary funds	6,514	(3,338)	(92)	3,084	(305)	295	113	(306)	2,881
Adult Detention Center	9,957	(5,101)	(140)	4,716	(466)	445	173	(465)	4,403
Total	\$ 122,425	(62,724)	(1,711)	57,990	(5,741)	5,472	2,135	(5,736)	54,120

Note: Amounts are allocated to the funds based on proportions of OPEB contributions paid.

Schools Component Unit*

\$ 170,259

*Please see separately issued financial statements for details.

Illustration 14-2a represents contributions into plans after the measurement date. Plans with June 30, 2018 measurement date reported in OPEB Master Trust Fund are not included in Deferred Outflows.

Illustration 14-2a				
Prince William County's Other Post-Employment Benefit (OPEB) Plans				
Deferred Outflow Due to Contributions Made After June 30, 2017 Measurement Date				
FY 2018 Contributions to:		Beginning Deferred Outflow	Change in Deferred Outflow	Ending Deferred Outflow
VRS Group Life Insurance cost sharing plan	\$	1,300	3,483	3,483
VRS Health Insurance Credit		411	437	437
Total (as restated)	\$	1,711	3,920	3,920
Governmental Funds	\$	1,479	1,912	3,391
Parks & Recreation		2	2	4
Landfill		20	25	45
Intra-County Services		67	87	154
Health Insurance		3	3	6
Total proprietary funds		92	117	209
Adult Detention Center		140	180	320
Total (as restated)	\$	1,711	2,209	3,920
Schools	\$	15,146	-	15,146

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

Illustration 14-2b represents changes in deferred outflow for fiscal year 2018.

Illustration 14-2b			
Prince William County's Other Post-Employment Benefit (OPEB) Plans			
Change in Deferred Outflow			
June 30,2018	Beginning Deferred Outflow	Change in Deferred Outflow	Ending Deferred Outflow
VRS Group Life Insurance cost sharing plan	\$ -	-	-
VRS Health Insurance Credit	-	-	-
County Premium Plan	-	-	-
County Retiree Health Insurance Credit	-	-	-
County Line of Duty Plan	-	2,135	2,135
Total	\$ -	2,135	2,135
Governmental Funds	\$ -	1,849	1,849
Dept of Parks and Rec	-	3	3
Landfill	-	31	31
Intra-County Services	-	77	77
Health Insurance	-	2	2
Total proprietary funds	-	113	113
Adult Detention Center	-	173	173
Total	\$ -	2,135	2,135
Schools	\$ -	2,059	2,059

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

Illustration 14-2c represents changes in deferred inflow for fiscal year 2018.

Illustration 14-2c				
Prince William County's Other Post-Employment Benefit (OPEB) Plans				
Change in Deferred Inflow				
June 30,2018		Beginning Deferred Inflow	Change in Deferred Inflow	Ending Deferred Inflow
VRS Group Life Insurance cost sharing plan	\$	-	(1,756)	(1,756)
VRS Health Insurance Credit		-	(196)	(196)
County Premium Plan		-	(4,580)	(4,580)
County Retiree Health Insurance Credit		-	(651)	(651)
County Line of Duty Plan		-	-	-
Total	\$	-	(7,183)	(7,183)
Governmental Funds	\$	-	(6,217)	(6,217)
Dept of Parks and Rec		-	(9)	(9)
Landfill		-	(97)	(97)
Intra-County Services		-	(267)	(267)
Health Insurance		-	(9)	(9)
Total proprietary funds		-	(382)	(382)
Adult Detention Center		-	(584)	(584)
Total	\$	-	(7,183)	(7,183)
Schools	\$	-	(6,976)	(6,976)

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

Virginia Retirement System Plans

1. Group Life Insurance:

Summary of Significant Accounting Policies

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program

OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description:

The County and the Adult Detention Center component unit contribute to the Virginia Retirement System (VRS), a multi-employer, agent defined benefit OPEB plan administered by the VRS.

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

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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 Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – 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"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option

Reduction in benefit Amounts

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.

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 \$8,111.

Contributions

The contribution requirements for the Group Life Insurance 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 Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2018, was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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. Contribution to the Group Life Insurance Program from the County were \$3,637 and \$2,654 for the years ended June 30, 2018, and June 30, 2017, respectively.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Illustration 14-3			
Virginia Retirement System (VRS) Group Life Insurance Program (GLI)			
Long-Term Expected Rate of Return			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average
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%
	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%
<p>* 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 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%.</p>			

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded 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.

Net GLI OPEB Liability

The net OPEB liability (NOPEBL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOPEBL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

Illustration 14-4				
Virginia Retirement System (VRS) Group Life Insurance Program (GLI)				
Net OPEB Liability				
Fiscal Year Ending:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability
June 30, 2017	\$ 39,889	(19,489)	20,400	48.86%

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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 entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s 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 OPEB liability.

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

Illustration 14-5				
Virginia Retirement System (VRS) Group Life Insurance Program (GLI)				
Sensitivity of Net OPEB (Asset) / Liability Discount Rate				
Fiscal Year Ending:	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%	
June 30, 2017	\$ 26,386	20,400	15,548	

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, 2018, the County reported a liability of \$18,881 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 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 Group Life Insurance Program for the year ended

June 30, 2017, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the County's proportion was 1.35566% as compared to 1.35184% at June 30, 2016.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of \$239. 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, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

Illustration 14-6			
Virginia Retirement System (VRS) Group Life Insurance Program (GLI)			
Deferred Outflow and (Inflow) of Resources at June 30, 2018			
		Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	-	\$ (452)
Change in actuarial assumptions		-	(593)
Net difference between projected and actual earnings on OPEB plan investments		-	(768)
Changes in Proportionate Share		-	57
Subtotal		-	(1,756)
Employer contributions subsequent to the measurement date		3,483	-
Total	\$	3,483	\$ (1,756)

\$3,483 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, 2019. 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 follows:

Illustration 14-7		
Virginia Retirement System (VRS) Group Life Insurance Program (GLI)		
Amortization of Deferred Outflow and (Inflow) of Resources		
Year ended June 30,		
2019		(458)
2020		(458)
2021		(458)
2022		(266)
Thereafter		(116)
Total	\$	(1,756)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5 percent
Salary increases, including inflation –	
General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.5 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	7.0 Percent, net of 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 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.

Mortality rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 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:

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 through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality rates – Teachers

Pre-Retirement:

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 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 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; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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 through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality rates – SPORS Employees

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.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality rates – VaLORS Employees

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.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality rates – JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Mortality rates – Largest Ten Locality Employers - General Employees

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

The actuarial assumptions used in the June 30, 2016 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:

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% to 20%

Mortality rates – Non-Largest Ten Locality Employers - General Employees

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.

The actuarial assumptions used in the June 30, 2016 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:

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% to 20%

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

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.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 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:

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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

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.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 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:

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%

2. County VRS Health Insurance Credit Program:

Summary of Significant Accounting Policies

The County VRS Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired County employees. The County VRS Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net County VRS Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the County VRS Health Insurance Credit Program OPEB, and the County VRS Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) County Health Insurance Credit Program; and the additions to/deductions from the County VRS Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

All full-time, salaried permanent employees of the County are automatically covered by the County VRS Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. 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.

The specific information about the County VRS Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

COUNTY HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees</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.</p> <p>Eligible employees of participating are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent salaried employees of the County who are covered under the VRS pension plan.
<p>Benefit Amounts</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">• At Retirement – For employees who retire, the monthly benefit is \$0.0015 per year of service per month with a maximum benefit of \$0.045 per month.• Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$0.045 per month.
<p>County VRS Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none">• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.• 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.• 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.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

Illustration 14-8 Virginia Retirement System (VRS) Health Insurance Credit Program Plan Membership as of June 30, 2016	
Inactive plan members or their beneficiaries currently receiving benefits	865
Inactive members:	
Vested inactive members	41
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	906
Active employees	3,399
Total covered members	4,305

Contributions

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 options provided to the County by the Virginia General Assembly. The County’s contractually required employer contribution rate for the year ended June 30, 2018, was 0.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 County VRS Health Insurance Credit Program were \$437 and \$411 for the years ended June 30, 2018 and June 30, 2017, respectively.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Illustration 14-9				
Virginia Retirement System (VRS) Health Insurance Credit Program				
Long-Term Expected Rate of Return				
Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average	
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%	
	<hr/> <hr/> 100.00%		<hr/> <hr/> 4.80%	
		Inflation	2.50%	
		*Expected arithmetic nominal return	7.30%	
<p>* 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 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%.</p>				

Discount Rate

The discount rate used to measure the total VRS HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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 entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VRS HIC OPEB’s 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.

VRS Health Insurance Credit Program Plan Data

Information about the County VRS Health Insurance Credit Program is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded 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.

Net VRS HIC OPEB liability

The County’s net VRS Health Insurance Credit OPEB liability was measured as of June 30, 2017. The total VRS Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Illustration 14-10					
Virginia Retirement System (VRS) Health Insurance Credit Program					
Net OPEB Liability					
Fiscal Year Ending:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability	
June 30, 2017	\$ 7,296	(3,500)	3,796	47.97%	

Sensitivity of the County VRS Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the County VRS Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the County’s net VRS HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Illustration 14-11				
Virginia Retirement System (VRS) Health Insurance Credit Program				
Sensitivity of Net OPEB (Asset) / Liability Discount Rate				
Fiscal Year Ending:	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%	
June 30, 2017	\$ 4,575	3,796	3,135	

Sensitivity of the County VRS Health Insurance Credit Net OPEB Liability to Changes in Healthcare Costs

There is no valuation health care cost trend assumption for the Prince William County VRS Health Credit Plan because the benefit provided to participants is not dependent on medical claims costs, but rather is equal to \$0.0015/month per year of service.

*Illustration 14-12 was removed.

Changes in Net VRS HIC OPEB Liability:

Illustration 14-13			
Virginia Retirement System (VRS) Health Insurance Credit Program			
Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability (NOPEBL)
Balances at June 30, 2016	\$ 7,134	3,056	4,078
Changes for the year:			
Service cost	161	-	161
Interest	487	-	487
Differences between expected and actual experience	-	-	-
Changes of assumptions	(149)	-	(149)
Contributions - employer	-	411	(411)
Contributions - employee	-	-	-
Net investment income	-	358	(358)
Benefit payments, including refunds of employee contributions	(337)	(337)	-
Administrative expenses	-	(6)	6
Other changes	-	18	(18)
Net changes	162	444	(282)
Balances at June 30, 2017	\$ 7,296	3,500	3,796

VRS Health Insurance Credit 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, 2018, the County recognized Health Insurance Credit Program OPEB expense of \$372. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to the County VRS Health Insurance Credit Program from the following sources:

Illustration 14-14			
Virginia Retirement System (VRS) Health Insurance Credit Program			
Deferred Outflow and (Inflow) of Resources at June 30, 2018			
		Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	-	\$ -
Change in actuarial assumptions		-	(111)
Net difference between projected and actual earnings on OPEB plan investments		-	(85)
Subtotal		-	(196)
Employer contributions subsequent to the measurement date		437	-
Total	\$	437	\$ (196)

\$437 reported as deferred outflows of resources related to the VRS HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net VRS HIC OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HIC OPEB will be recognized in the VRS HIC OPEB expense in future reporting periods as follows:

Illustration 14-15		
Virginia Retirement System (VRS) Health Insurance Credit Program		
Amortization of Deferred Outflow and (Inflow) of Resources		
Year ended June 30,		
2019		(48)
2020		(47)
2021		(48)
2022		(19)
Thereafter		(34)
Total	\$	(196)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5 percent
Salary increases, including inflation –	
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	7.0 Percent, net of 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 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.

Mortality rates – Largest Ten Locality Employers - General Employees

- 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

The actuarial assumptions used in the June 30, 2016 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:

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% to 20%

Mortality rates – Non-Largest Ten Locality Employers - General Employees

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.

The actuarial assumptions used in the June 30, 2016 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:

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% to 15%

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

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.

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

The actuarial assumptions used in the June 30, 2016, 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:

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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

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.

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

The actuarial assumptions used in the June 30, 2016, 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:

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%

Other Post-Employment Benefits (OPEB) Master Trust Fund

Trust Fund Description:

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

Contributions and earnings on the contributions to the OPEB Trust are irrevocable. All OPEB Trust plan assets are dedicated to providing OPEB benefits to plan members in accordance with benefit terms. Plan assets are dedicated to providing OPEB benefits to plan members in accordance to the benefit terms. Although OPEB Trust assets are pooled for investment purposes, plan assets from one employer cannot pay OPEB benefits or plan liabilities for the other employer and separate accounts are maintained for County and Schools so that each employer’s share of the pooled assets is legally available to pay benefits of only its employees. A portion of assets is accumulated solely for the payment of benefits to participants in each of the four plans: County Premium Plan,

County Retiree Health Insurance Credit Plan, County Line-of-Duty Plan or Schools Premium Plan. Four separate plan accounts are established so a portion of assets from one plan may not legally be used to pay benefits for participants of the other plans. OPEB plan assets are legally protected from the creditors of the County, Schools and the OPEB Trust Board and are legally protected from creditors of any plan members.

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

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

Benefits and benefit terms are established or may be amended by the Prince William County Board of County Supervisors or the Prince William County School Board. Please refer to Note 14 sections 3-5 below for individual descriptions of County OPEB plans participating in OPEB Master Trust Fund and refer to Prince William County Schools CAFR at <https://www.pwcs.edu/cms/One.aspx?portalId=340225&pageId=669092> writing to the School Board's Finance Division at P.O. Box 389, Manassas, Virginia 20108 for Schools plan. There are no automatic postemployment benefit changes, no automatic cost-of-living adjustments, and any ad hoc postemployment benefit changes cannot take effect without County or School Board's approval. Any benefit-related costs to inactive plan members are limited to 100% of published premium rates until ineligible or a premium rate differential for uncertified LODA participants.

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

The Line of Duty Act (LODA) is authorized by the Code of Virginia §9.1-400 et seq. On June 5, 2012, the Board of County Supervisors authorized Resolution No. 12-588, pursuant to paragraph B2 of Item 258 of the Commonwealth Appropriations Act, to make an irrevocable election not to participate in the Commonwealth Line of Duty Act Fund on July 1, 2012. The County has assumed all responsibility for existing, pending or prospective claims for benefits approved and associated administrative costs made by the State Comptroller of behalf of Prince William County. On June 17, 2014, the Board of County Supervisors authorized Resolution No. 14-391 establishing the Line of Duty Act sub-account to fund covered employees and authorized annual contributions to the OPEB Master Trust Fund. The beginning liability for fiscal year 2014 was also transferred to the OPEB Master Trust Fund. Assets accumulated for LODA benefits cannot be used to pay benefits for any other participating plans.

Employer Contribution Information:

Contribution requirements are under the authority of the County or School Board. Article X of the Trust Agreement also assigns to the Board of County Supervisors the authority to establish and amend contribution requirements of the County with 30 days' notice. Contribution amounts to the OPEB Master Trust are calculated for each participating plan on an actuarial basis. The County contributes the entire actuarially determined contribution yearly and invoices OPEB Master Trust for a refund of fiscal year claims-related costs. Schools contributes amounts up to their actuarially determined contribution calculation and pays inactive participants' ongoing claims-related costs. Both funding methods are allowable under the OPEB Master Trust document. The County and School Boards maintain the authority to establish or amend contribution requirements.

Summary of Significant Accounting Policies:

Information about the fiduciary net position of the OPEB Master Trust Fund and the additions to/deductions from the OPEB Master Trust Fund's net fiduciary position have been determined on the accrual basis of accounting. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fiduciary Net Position:

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

Illustration 14-16					
Summary of the Statement of Fiduciary Net Position					
OPEB Master Trust Fund at June 30, 2018					
		County		School Board	Total OPEB
		Premium Plan	County RHICP	LODA Plan	Master Trust
				Premium Plan	Fund
Assets					
Investments	\$	16,708	18,724	13,493	33,284
Total assets		16,708	18,724	13,493	33,284
Liabilities					
Accounts Payable		725	1,870	812	6
Total liabilities		725	1,870	812	6
Fiduciary net position					
Restricted for OPEB		15,983	16,854	12,681	33,278
Total fiduciary net position	\$	15,983	16,854	12,681	33,278

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

Illustration 14-17						
Summary of the Changes in Fiduciary Net Position						
OPEB Master Trust Fund For the Year Ended June 30, 2018						
		County Premium Plan	County RHICP	LODA Plan	School Board Premium Plan	Total OPEB Master Trust Fund
Additions						
Employer contributions	\$	1,954	2,311	1,476	1,000	6,741
Total contributions		1,954	2,311	1,476	1,000	6,741
Investment income:						
Total investment income		1,348	1,147	1,102	2,407	6,004
Less investment expense		38	32	31	67	168
Net investment income		1,310	1,115	1,071	2,340	5,836
Total additions		3,264	3,426	2,547	3,340	12,577
Deductions						
OPEB payments		777	1,867	810	-	3,454
Administrative expense		-	-	-	8	8
Total deductions		777	1,867	810	8	3,462
Net increase in fiduciary net position		2,487	1,559	1,737	3,332	9,115
Fiduciary net position, beginning of year		13,496	15,295	10,944	29,946	69,681
Fiduciary net position, end of year	\$	15,983	16,854	12,681	33,278	78,796

Investments: The OPEB Trust Board establishes and amends investment policy decisions and updates policies pertaining to asset allocation by voting on investment policy decisions during quarterly meetings. There are no investment policy changes for fiscal year 2018.

Concentrations:

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

Illustration 14-18			
OPEB Master Trust Fund			
Concentrations at June 30, 2018			
Asset Class	Policy Percent	Target Range Percent	Actual Percent
OPEB Master Trust Fund Investments:			
Domestic Equity	40%	20% - 60%	41.3%
International Equity	20%	0% - 40%	21.8%
Other Growth Assets	0%	0% - 20%	0.0%
Fixed Income	40%	20% - 60%	36.8%
Other Income Assets	0%	0% - 20%	0.0%
Real Return Assets	0%	0% - 20%	0.0%
Cash Equivalents	0%	0% - 20%	0.1%
	100%		100.0%
	100%		100.0%

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio. Private equity and publicly traded REITS will be categorized in the Other Growth Assets category. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. At June 30, 2018, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

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

The annual money-weighted rate of return on OPEB plan investments calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense, is 7.84%. This was calculated using arithmetic means. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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

Discount Rate:

The discount rate used to measure all OPEB Master Trust Fund participating plans was 7%. There was no change to the discount rate. Actuarial calculations assume full payment each year of actuarially determined contributions from employers. Claims payments, net of retiree and COBRA insured premiums, are invoiced to the Trust by the County for reimbursement of OPEB benefits provided. Schools has not requested any cash reimbursement for benefit payments from OPEB Master Trust. Investment earnings net of fees at June 30, 2018, were 7.84%. Based on the 60% Equity and 40% Fixed Income policy, target allocation of the OPEB Master Trust long-term 7% discount rate is realized. The discount rate does not include a municipal bond rate. The returns presented below are calculated using geometric return projections based on long-term capital Market assumptions. Based on those

assumptions, the OPEB Master Trust Fund’s 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 OPEB liability for the participating plans.

Illustration 14-19 details long-term expected rates of return as compared to the actual rates of return at June 30, 2018.

Illustration 14-19			
OPEB Master Trust Fund			
Long-term Expected ROR at June 30, 2018			
Asset Class	Target Allocation	Capital Market Assumptions	Expected Long-term Return (net of inflation)
OPEB Master Trust Fund Investments:			
Domestic Equity	40.00%	7.70%	5.20%
International Equity	15.00%	7.50%	5.20%
International Emerging Markets	5.00%	7.70%	5.20%
Core Fixed	20.00%	5.50%	3.00%
Investment Grade Corporate Debt	10.00%	6.25%	3.75%
Emerging Markets Debt	5.00%	7.25%	4.75%
High Yield	5.00%	6.75%	4.25%
	Long-Term Expected ROR	7.00%	

Plan Membership:

Illustration 14-20 summarizes the membership in the OPEB Master Trust for each participating OPEB plan as of July 1, 2018, the latest actuarial valuations for the County and July 1, 2016, the latest actuarial valuations for Schools.

Illustration 14-20				
Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans				
Membership Information as of January 1, 2018 (County) July 1 2016 (Schools)				
	County Premium Plan	County RHICP	County LODA Plan	School Board Premium Plan
Active plan members	2,945	3,750	2,223	7,011
Inactive plan members receiving benefits	232	1,096	38	388
Inactive plan members entitled to but not yet receiving benefit payments	-	-	-	-
Total	3,177	4,846	2,261	7,399

Additional information about the actuarial methods and assumptions, as of the latest actuarial valuations, is shown in Illustration 14-21 for each participating OPEB plan.

Illustration 14-21				
Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans				
Actuarial Methods and Assumptions				
	County Premium Plan	County RHICP	County LODA Plan	School Board Premium Plan
Valuation Date	January 1, 2018	January 1, 2018	January 1, 2018	July 1, 2016
Actuarial Cost Method	Projected Unit Cost	Projected Unit Cost	Projected Unit Cost	Entry Age Normal
Amortization Method	Level % of Projected Pay, closed	Level % of Projected Pay, closed	Level % of Projected pay, closed	Level % of Pay, closed
Remaining Amortization Period	20 years, closed	20 years, closed	25 years, closed	29 years
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Investment Rate of Return (net of expenses)	7.0%	7.0%	7.0%	7.0%
Payroll Growth	3.5%	3.5%	3.5%	2.5%
Inflation	2.2%	2.2%	2.2%	2.5%
Healthcare Cost Trend Rates	5.5% base, 3.9% ultimate, pre-Medicare, see Illustration 14-21a below for all rates.	This Plan does not depend on salary or healthcare cost trend rates, fixed \$5.50/mo/YOS.	5.5% base, 3.9% ultimate, pre-Medicare, see Illustration 14-21b below for all rates.	8.0% base, 5.0% ultimate *no other healthcare trend rates are available at this time.
	This Plan does not offer post-Medicare coverage.		5.4% base, 3.8% ultimate, post-Medicare, see Illustration 14-21c below for all rates.	

Illustration 14-21a
OPEB Master Trust Fund County Premium Plan
Actuarial Methods and Assumptions
Healthcare Cost Trend Rates

Pre-Medicare Medical and Drug	Base	Sensitivity
2018	5.50%	6.50%
2019	5.40%	6.40%
2020	5.30%	6.30%
2030	6.30%	7.30%
2040	6.00%	7.00%
2050	5.30%	6.30%
2060	5.00%	6.00%
2070	4.40%	5.40%
2080	4.00%	5.00%
2090	4.00%	5.00%
Ultimate	3.90%	4.90%

Illustration 14-21b
OPEB Master Trust Fund County LODA Plan
Actuarial Methods and Assumptions
Healthcare Cost Trend Rates

Pre-Medicare Medical and Drug	Base	Sensitivity
2018	5.50%	6.50%
2019	5.40%	6.40%
2020	5.30%	6.30%
2030	5.80%	6.80%
2040	5.60%	6.60%
2050	5.10%	6.10%
2060	4.80%	5.80%
2070	4.30%	5.30%
2080	3.90%	4.90%
2090	3.90%	4.90%
Ultimate	3.90%	4.90%

Illustration 14-21c
OPEB Master Trust Fund County LODA Plan
Actuarial Methods and Assumptions
Healthcare Cost Trend Rates

Post-Medicare Medical and Drug	Base	Sensitivity
2018	5.50%	6.50%
2019	5.40%	6.40%
2020	5.30%	6.30%
2030	5.20%	6.20%
2040	5.20%	6.20%
2050	4.80%	5.80%
2060	4.60%	5.60%
2070	4.20%	5.20%
2080	3.80%	4.80%
2090	3.80%	4.80%
Ultimate	3.80%	4.80%

County Sponsored Plans

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

Premium Plan Description:

The Prince William County Premium Plan is a single-employer defined benefit post-employment healthcare plan that covers eligible retired employees and Consolidated Omnibus Budget Reconciliation Act (COBRA) eligible employees of the County including all departments and agencies. The County Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. In order to receive the subsidy, the participant must be eligible to retire or eligible for COBRA coverage and have coverage under the medical plan prior to termination. All employees who are retiree eligible or COBRA eligible have access to medical coverage. Dependents, including surviving spouses, are permitted access to medical coverage. No access to medical coverage is permitted after age 65. Eligible employees must elect coverage immediately upon retirement. Employees who terminate prior to retirement eligibility are not eligible for the Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the County Premium Plan. Terminated plan members and beneficiaries are required to pay 100% of published blended premium rates to the County.

The County Premium Plan participates in the OPEB Master Trust Fund and does not issue a stand-alone financial report.

Contributions:

The County's actuarially determined contribution amount for the year ended June 30, 2018, was \$1,500. This rate was based on an actuarially determined rate from an actuarial valuation as of January 1, 2018. 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 OPEB Master Trust Fund were \$1,954 and \$1,884 for the years ended June 30, 2018, and June 30, 2017, respectively.

Net OPEB liability:

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

Illustration 14-22					
Prince William County - Premium Plan					
Net OPEB Liability					
Fiscal Year Ending:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability	
June 30, 2018	\$ 23,591	(15,983)	7,608	67.75%	

Sensitivity of the County Premium Plan Net OPEB Liability to Changes in the Discount Rate:

The following presents the County's net OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

Illustration 14-23				
Prince William County - Premium Plan				
Sensitivity of Net OPEB (Asset) / Liability Discount Rate				
Fiscal Year Ending:	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%	
June 30, 2018	\$ 9,819	7,608	5,638	

Sensitivity of the County Premium Plan Net OPEB Liability to Changes in the Healthcare Cost Trend Rate:

Sensitivity of Healthcare Cost Trend Rates as of June 30, 2018 is outlined in Illustration 14-24.

Illustration 14-24				
Prince William County - Premium Plan				
Sensitivity of Healthcare Cost Trend Rates - Ultimate Medical Trend				
Fiscal Year Ending:	1% Decrease 2.90%	Current Medical Trend Rate 3.90%	1% Increase 4.90%	
June 30, 2018	\$ 5,088	7,608	10,580	

Changes in Net OPEB liability:

Illustration 14-25			
Prince William County - Premium Plan			
Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability (NOPEBL)
Balances at June 30, 2017	\$ 26,199	13,496	12,703
Changes for the year:			
Service cost	1,285	-	1,285
Interest	1,785	-	1,785
Differences between expected and actual experience	(4,473)	-	(4,473)
Changes of assumptions	(428)	-	(428)
Contributions - employer	-	1,954	(1,954)
Contributions - employee	-	-	-
Net investment income	-	1,310	(1,310)
Benefit payments, including refunds of employee contributions	(777)	(777)	-
Administrative expenses	-	-	-
Net changes	(2,608)	2,487	(5,095)
Balances at June 30, 2018	\$ 23,591	15,983	7,608

County Premium Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to County Premium Plan OPEB:

For the year ended June 30, 2018, the County recognized County Premium Plan OPEB expense of \$1,439. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the County Premium Plan from the following sources:

Illustration 14-26		
Prince William County - Premium Plan		
Deferred Outflow and (Inflow) of Resources at June 30, 2018		
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	(3,914)
Change in actuarial assumptions	-	(375)
Net difference between projected and actual earnings on OPEB plan investments	-	(291)
Total	\$ -	(4,580)

\$0 is reported as deferred outflows of resources related to the County Premium Plan OPEB resulting from the County’s contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the County Premium Plan OPEB will be recognized in the County Premium Plan OPEB expense in future reporting periods as follows:

Illustration 14-27		
Prince William County - Premium Plan		
Amortization of Deferred Outflow and (Inflow) of Resources		
Year ended June 30,		
2019	\$	(685)
2020		(686)
2021		(685)
2022		(686)
2023		(613)
Thereafter		(1,225)
Total	\$	<u>(4,580)</u>

4. Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit Plan (County RHICP)

RHICP Plan Description:

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

The County RHICP participates in the OPEB Master Trust Fund and does not issue a stand-alone financial report.

Contributions:

The County’s actuarially determined contribution amount for the year ended June 30, 2018, was \$1,967. This rate was based on an actuarially determined rate from an actuarial valuation as of January 1, 2018. 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 OPEB Master Trust Fund were \$2,311 and \$2,267 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net OPEB liability:

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

Illustration 14-28					
Prince William County - Retiree Health Insurance Credit Plan (RHICP)					
Net OPEB Liability					
Fiscal Year Ending:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability	
June 30, 2018	\$ 34,846	(16,854)	17,992	48.37%	

Sensitivity of the County RHICP Net OPEB Liability to Changes in the Discount Rate:

The following presents the County's net OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

Illustration 14-29				
Prince William County - Retiree Health Insurance Credit Plan (RHICP)				
Sensitivity of Net OPEB (Asset) / Liability Discount Rate				
Fiscal Year Ending:	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%	
June 30, 2018	\$ 22,152	17,992	14,506	

Sensitivity of the County RHICP Net OPEB 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 \$0.0055/month per year of service. Illustration 14-30 was removed.

Changes in Net OPEB liability:

Illustration 14-31 Prince William County - Retiree Health Insurance Credit Plan (RHICP) Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability (NOPEBL)
Balances at June 30, 2017	\$ 34,311	15,295	19,016
Changes for the year:			
Service cost	755	-	755
Interest	2,335	-	2,335
Differences between expected and actual experience	(245)	-	(245)
Changes of assumptions	(443)	-	(443)
Contributions - employer	-	2,311	(2,311)
Contributions - employee	-	-	-
Net investment income	-	1,115	(1,115)
Benefit payments, including refunds of employee contributions	(1,867)	(1,867)	-
Administrative expenses	-	-	-
Net changes	535	1,559	(1,024)
Balances at June 30, 2018	\$ 34,846	16,854	17,992

County RHICP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to County RHICP OPEB:

For the year ended June 30, 2018, the County recognized County RHICP OPEB expense of \$1,938. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the County RHICP from the following sources:

Illustration 14-32 Prince William County - Retiree Health Insurance Credit Plan (RHICP) Deferred Outflow and (Inflow) of Resources at June 30, 2018		
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	(214)
Change in actuarial assumptions	-	(387)
Net difference between projected and actual earnings on OPEB plan investments	-	(50)
Total	\$ -	(651)

\$0 is reported as deferred outflows of resources related to the County RHICP OPEB resulting from the County's contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the County RHICP OPEB will be recognized in the County RHICP OPEB expense in future reporting periods as follows:

Illustration 14-33		
Prince William County - Retiree Health Insurance Credit Plan (RHICP)		
Amortization of Deferred Outflow and (Inflow) of Resources		
Year ended June 30,		
2019	\$	(98)
2020		(98)
2021		(99)
2022		(98)
2023		(86)
Thereafter		(172)
Total	\$	<u>(651)</u>

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

LODA Plan Description:

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

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

The County LODA Plan participates in the OPEB Master Trust Fund and does not issue a stand-alone financial report.

Contributions:

The County's actuarially determined contribution amount for the year ended June 30, 2018, was \$1,472. This rate was based on an actuarially determined rate from an actuarial valuation as of January 1, 2018. 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 OPEB Master Trust Fund were \$1,476 and \$1,424 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net OPEB liability:

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

Illustration 14-34 Prince William County - Line-of-Duty Act (LODA) Plan Net OPEB Liability					
Fiscal Year Ending:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability	
June 30, 2018	\$ 18,610	(12,681)	5,929	68.14%	

Sensitivity of the County LODA Plan Net OPEB Liability to Changes in the Discount Rate:

The following presents the County's net OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

Illustration 14-35 Prince William County - Line-of-Duty Act (LODA) Plan Sensitivity of Net OPEB (Asset) / Liability Discount Rate				
Fiscal Year Ending:	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%	
June 30, 2018	\$ 8,410	5,929	3,893	

Sensitivity of the County LODA Plan Net OPEB Liability to Changes in the Healthcare Cost Trend Rate:

Sensitivity of Healthcare Cost Trend Rates as of June 30, 2018, is outlined in Illustration 14-36.

Illustration 14-36 Prince William County - Line-of-Duty Act (LODA) Plan Sensitivity of Healthcare Cost Trend Rates - Ultimate Medical Trend				
Fiscal Year Ending:	1% Decrease 2.90%	Current Medical Trend Rate 3.90%	1% Increase 4.90%	
June 30, 2018	\$ 3,372	5,929	9,111	

Changes in Net OPEB liability:

Illustration 14-37			
Prince William County - Line-of-Duty Act (LODA) Plan			
Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability (NOPEBL)
Balances at June 30, 2017	\$ 14,729	10,944	3,785
Changes for the year:			
Service cost	1,087	-	1,087
Interest	1,002	-	1,002
Differences between expected and actual experience	907	-	907
Changes of assumptions	1,695	-	1,695
Contributions - employer	-	1,476	(1,476)
Net investment income	-	1,071	(1,071)
Benefit payments, including refunds of employee contributions	(810)	(810)	-
Administrative expenses	-	-	-
Net changes	3,881	1,737	2,144
Balances at June 30, 2018	\$ 18,610	12,681	5,929

County LODA Plan Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to County LODA Plan OPEB:

For the year ended June 30, 2018, the County recognized County LODA Plan OPEB expense of \$1,484. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the County LODA Plan from the following sources:

Illustration 14-38		
Prince William County - Line-of-Duty Act (LODA) Plan		
Deferred Outflow and (Inflow) of Resources at June 30, 2018		
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 831	-
Change in actuarial assumptions	1,554	-
Net difference between projected and actual earnings on OPEB plan investments	(250)	-
Total	\$ 2,135	-

\$0 is reported as deferred outflows of resources related to the County LODA Plan OPEB resulting from the County’s contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the County RHICP OPEB will be recognized in the County RHICP OPEB expense in future reporting periods as follows:

Illustration 14-39			
Prince William County - Line-of-Duty Act (LODA) Plan			
Amortization of Deferred Outflow and (Inflow) of Resources			
Year ended June 30,			
2019		\$	154
2020			154
2021			154
2022			155
2023			217
Thereafter			1,301
Total		\$	2,135

Component Unit Sponsored Plans

6. Prince William County Public Schools Retiree Medical Program (School Board Premium Plan)

The Prince William County Public Schools Retiree Medical Program (Schools Premium Plan) is sponsored and administered by the School Board and reported separately in their audited financial statements. Copies of these financial statements may be obtained at <https://www.pwcs.edu/cms/One.aspx?portalId=340225&pageId=669092> writing to the School Board’s Finance Division at P.O. Box 389, Manassas, Virginia 20108.

For GASB 74 purposes, OPEB Master Trust Fund reports the following information for Schools:

Contributions:

The Schools’ actuarially determined contribution amount for the year ended June 30, 2018, was \$6,356. This rate was based on an actuarially determined rate from an actuarial valuation as of July 1, 2016. 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 OPEB Master Trust Fund were \$1,000 and \$1,000 for the years ended June 30, 2018, and June 30, 2017, respectively.

Net OPEB liability:

The Schools Premium Plan’s net OPEB liability was measured as of June 30, 2018. The total Schools Premium Plan OPEB liability was determined by an actuarial valuation performed as of January 1, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Illustration 14-40					
Prince William County - School Board Premium Plan					
Net OPEB Liability					
Fiscal Year Ending:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability	
June 30, 2018	\$ 73,054	(33,278)	39,776	45.55%	

Sensitivity of the Schools Premium Plan Net OPEB Liability to Changes in the Discount Rate:

The following presents the Schools' net OPEB liability using the discount rate of 7.00%, as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Illustration 14-41				
Prince William County - School Board Premium Plan				
Sensitivity of Net OPEB (Asset) / Liability Discount Rate				
Fiscal Year Ending:		1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
June 30, 2018	\$	47,160	39,776	33,387

Sensitivity of the Schools Premium Plan Net OPEB Liability to Changes in the Healthcare Cost Trend Rate:

Sensitivity of Healthcare Cost Trend Rates as of June 30, 2018, is outlined in Illustration 14-42.

Illustration 14-42				
Prince William County - School Board Premium Plan				
Sensitivity of Healthcare Cost Trend Rates - Ultimate Medical Trend				
Fiscal Year Ending:		1% Decrease 7.00%	Current Medical Trend Rate 8.00%	1% Increase 9.00%
June 30, 2018	\$	31,361	39,776	33,387

Changes in Net OPEB liability:

Illustration 14-43				
Prince William County - School Board Premium Plan				
Changes in Net OPEB Liability				
		Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability (NOPEBL)
Balances at June 30, 2017	\$	68,361	29,946	38,415
Changes for the year:				
Service cost		2,756	-	2,756
Interest		4,978	-	4,978
Differences between expected and actual experience		-	-	-
Changes of assumptions		-	-	-
Contributions - employer		-	1,000	(1,000)
Contributions - employee		-	-	-
Net investment income		-	2,332	(2,332)
Benefit payments, including refunds of employee contributions		(3,041)	-	(3,041)
Administrative expenses		-	-	-
Net changes		4,693	3,332	1,361
Balances at June 30, 2018	\$	73,054	33,278	39,776

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 pre-65 retirees with over 15 years of service and permanent employees are eligible to enroll in one of three health insurance plans and a dental plan. All three health insurance plans include comprehensive medical, preventive care, vision, and prescription drug coverage. Three of the health insurance plans are self-insured with a \$225 specific individual stop loss limit. The dental plan is also self-insured. The basis for estimating incurred but not reported (IBNR) claims at year-end is an annual analysis performed by the plan's administrator. The County also offers an HMO option to limited employees. The County expended \$47,762 for claims and administration in fiscal year 2018.

The County's Self-Insurance Group Casualty Pool, Workers' Compensation and Other Self-Insurance plans are fully funded. Losses are charged to operations as incurred. The liability for unpaid losses for self-insurance is determined using case-basis evaluations and a provision for incurred but not reported losses that is based upon actuarial projections. Actuarial projections of ultimate losses are based on a composite of the self-insurance members' experience and property and casualty insurance industry data, which is used to supplement the limited historical experience and includes the effects of inflation and other factors. Claims liabilities include allocated loss adjustment expenses and are reported net of estimated claims. Due to the limited historical experience of the Prince

William Self-Insurance Group Casualty Pool, Workers' Compensation and Other Self-Insurance, there exists a significant range of variability around the best estimate of the ultimate cost of settling all unpaid claims. Accordingly, the amount of the liability for unpaid losses and related expenses and the related provisions included in financial statements may be more or less than the actual cost of settling all unpaid claims. Adjustments to claim liabilities are made continually, based on subsequent developments and experience, and are included in operations as made.

Illustration 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).

Illustration 15-1					
Prince William County Self-Insurance					
Other Self Insurance, Casualty Pool, Workers' Compensation Association and Health Insurance					
Changes in the Aggregate Liabilities for Claims					
		Other Self- Insurance	Casualty Pool	Workers' Compensation Association	Health Insurance*
Unpaid claims June 30, 2015	\$	234	552	13,771	4,340
Total claims incurred, fiscal year 2016		28	267	3,834	38,049
Total claims paid, fiscal year 2016		(11)	(325)	(3,490)	(37,984)
Unpaid claims June 30, 2016	\$	251	494	14,115	4,405
Total claims incurred, fiscal year 2017		-	330	7,311	43,694
Total claims paid, fiscal year 2017		(73)	(357)	(4,557)	(43,404)
Unpaid claims June 30, 2017	\$	178	467	16,869	4,695
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	\$	<u>274</u>	<u>586</u>	<u>15,817</u>	<u>4,704</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 \$245 and \$0 respectively at June 30, 2018.

NOTE (17) - RELATED ORGANIZATIONS

A. Industrial Development Authority

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

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

B. Service Authority

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

The Prince William County Service Authority operates the sewer system in the County, including the portion of its system located in the UOSA service area. In 1992, the Service Authority contractually assumed the obligation to pay the amounts due from the County to UOSA under a Service Agreement, subject to an annual contribution to those payments by the County which declines over a period of years to zero in 2021. On December 11, 2012, the County and the Service Authority modified this agreement whereby the Service Authority assumed full responsibility for funding the County's obligation to UOSA in the future. Furthermore, the Service Authority granted and formally acknowledged a non-cash credit of \$13,782 to the County equivalent to payments the County made under the prior agreement. The County may use this credit to purchase sewer and water availability or any Service Authority asset offered for sale. The non-cash credit will be reduced by such value of any purchase of sewer and water availability or asset. The balance of the County's unused portion of the credit at June 30, 2018, is \$11,791.

C. Upper Occoquan Sewage Authority

The Upper Occoquan Sewage Authority (UOSA) was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance and operates the regional sewage treatment facility mandated by the Occoquan policy for the upper portion of the Occoquan Watershed. UOSA is a joint venture formed on March 3, 1971, by a concurrent resolution of the governing bodies of the Counties of Fairfax and Prince William and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-person Board of Directors consisting of two members appointed to four year terms by the governing body of each jurisdiction. The County has an ongoing financial responsibility for its share of UOSA's operating costs and construction costs.

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

The Northern Virginia Criminal Justice Training Academy (NVCJTA) was re-chartered by the Commonwealth of Virginia in 1997. It was originally established in 1965 as the Northern Virginia Police Academy. NVCJTA embodies the Counties of Prince William, Loudoun, and Arlington, and the City of Alexandria. The four participating jurisdictions are responsible for the debt service on the Emergency Vehicle Operation Center (EVOC), and the operating and capital expenditures are charged to the jurisdictions on a pro rata share basis.

The Industrial Development Authority of Loudoun County VA issued \$18,650 of Lease Revenue Bonds on November 21, 2006, to finance the construction and equipping of the EVOC. Prince William County is responsible for debt service on 30% of the total issue, or \$5,505. On September 24, 2015, the Northern Virginia Criminal Justice Training Academy (NVCJTA) issued the 2015 Bond, a private placement bond, in the amount of \$9,613 to advance refund the Series 2006 Lease Revenue Bonds outstanding balance of 11,990. The lease revenue bonds were originally issued in November 2006 by the NVCJTA through the Loudoun County Industrial Development Authority in the total amount of \$18,650 to finance the Emergency Vehicle Operations Center (EVOC) located at the Public Safety Training Center. The County participated in the Series 2006 financing by committing to pay a share of the debt service on the bonds and the County will continue to participate in a proportionate share of the refunding savings. The County's payment for fiscal year 2018 was \$372. The County's General Fund committed share of the NVCJTA's remaining debt service (including interest), which approximates 30% of total NVCJTA principal and interest requirements as of June 30, 2018, is shown in Illustration 17-1.

Illustration 17-1		
County's Share of NVCJTA Debt Service Requirements		
Year Ending June 30:		
2019	\$	359
2020		352
2021		344
2022		337
2023		330
2024 thru 2026		931
Total	\$	<u><u>2,653</u></u>

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

E. Northern Virginia Transportation Authority (NVTA)

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

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

NOTE (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.

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.

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

Virginia Railway Express

In May 2005, NVTC and PRTC entered into a capitalized lease obligation on behalf of VRE in the amount of \$25,100 for the acquisition of 11 cab cars. As of June 30, 2018, the outstanding balance on the capitalized lease was approximately \$11,452.

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, 2018, was \$46,640.

The County, through its membership in the PRTC, has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the VRE. Each jurisdiction's share is determined by a formula set out in the Master Agreement. It is estimated the County's share of this cost will be approximately \$5,364 annually and will be provided by a direct transfer of funding in the Northern Virginia Transportation Authority (NVTA) 30% funds to the VRE.

NOTE (20) – SUBSEQUENT EVENTS

Prince William County, Virginia (the "County") is contracting with a financial institution ("Bank") following a competitive solicitation process to provide tax-exempt, rate, direct loan ("Loan") in the amount of approximately \$21,153. The proceeds of the loan will finance a portion of the expansion of the County's Adult Detention Center (ADC) and will pay the costs of issuance associated with the Loan. The loan will be issued through the Prince William County Industrial Development Authority (the "IDA"). The obligation of the IDA or the County to pay debt service on the Loan is subject to appropriation by the Prince William Board of County Supervisors. The County plans to finance the remaining costs of the expansion of the ADC with a cash contribution from the County of approximately \$5 million and approximately \$20,326 of proceeds from publicly sold bonds to be issued around the mid-point of construction of the facility, which is estimated to occur in FY 2019. The County anticipates that the Commonwealth of Virginia will reimburse the County for \$20,326, plus certain interest expenses, for the project through the Virginia Public Building Authority's jail projects reimbursement process, as described in §2.1-234.12 and §§_53.1-80 through 53.1-82 of the Code of Virginia of 1950 as amended.

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
BUDGETARY REVENUES:				
FROM LOCAL SOURCES:				
GENERAL PROPERTY TAXES:				
Real property taxes	\$ 613,543	613,543	610,916	(2,627)
Real and personal property taxes of public service corporations	20,255	20,255	20,706	451
Personal property taxes	171,336	117,036	129,094	12,058
Penalties and interest	6,102	6,265	8,104	1,839
Total general property taxes	811,236	757,099	768,820	11,721
OTHER LOCAL TAXES:				
Short term rental tax	194	194	485	291
Local sales taxes	64,260	64,260	64,566	306
Consumer's utility taxes	14,520	14,520	14,417	(103)
Bank stock taxes	1,500	1,500	2,075	575
Motor vehicle licenses	8,580	8,580	8,845	265
Taxes on recordation and wills	10,840	10,840	9,839	(1,001)
Business, professional and occupational license tax	25,795	25,795	26,554	759
Public utility gross receipts tax	1,518	1,518	1,542	24
Transient occupancy tax	3,500	3,500	4,025	525
Total other local taxes	130,707	130,707	132,348	1,641
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:				
Animal licenses	141	196	247	51
Fire protection permits	1,481	141	157	16
Health protection permits	177	177	152	(25)
Cable franchise fees	1,480	1,480	1,379	(101)
Permits and other licenses	70	70	122	52
Total permits, privilege fees and regulatory licenses	3,349	2,064	2,057	(7)
FINES AND FORFEITURES:				
	3,096	3,096	3,050	(46)
FROM USE OF MONEY AND PROPERTY:				
Use of money	9,534	10,323	12,202	1,879
Use of property	1,227	1,296	1,301	5
Total revenue from use of money and property	10,761	11,619	13,503	1,884
CHARGES FOR SERVICES:				
Court costs	2,026	2,026	1,678	(348)
Correction and detention	1,101	1,101	961	(140)
Commonwealth's Attorney	-	-	17	17
Parks and recreation	8,422	7,727	7,750	23
Mental health and mental retardation	740	740	996	256
Welfare and social services	232	192	184	(8)
Library	663	663	552	(111)
Planning and community development	172	172	-	(172)
Public safety	668	668	922	254
Other charges	389	389	495	106
Total charges for services	14,413	13,678	13,555	(123)
Total revenue from local sources	973,562	918,263	933,333	15,070

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
THE FEDERAL GOVERNMENT:				
Payments in lieu of taxes	70	70	77	7
Categorical aid grants:				
Aging programs	1,113	1,117	828	(289)
USDA	110	110	93	(17)
Welfare programs	12,087	12,907	14,755	1,848
Mental health/retardation and substance abuse programs	2,731	2,727	2,731	4
Homeland Security Grants	-	747	649	(98)
Police federal forfeitures and grant programs	-	242	261	19
Expenditure reimbursement for social services	330	330	-	(330)
Other	1,748	1,806	2,247	441
Total revenue from the federal government	18,189	20,056	21,641	1,585
THE COMMONWEALTH:				
NONCATEGORICAL AID:				
PPTRA revenue	-	54,300	54,288	(12)
Communications sales and use tax	18,450	18,450	17,712	(738)
Anti-Annexation public safety	9,398	9,398	9,484	86
Mobile home tax	35	35	44	9
Rental car tax	970	970	1,184	214
Rolling stock tax	90	90	92	2
Total noncategorical aid	28,943	83,243	82,804	(439)
SHARED EXPENDITURES:				
Commonwealth's Attorney	1,717	1,732	1,941	209
Sheriff	1,759	1,759	1,836	77
Director of Finance	560	560	697	137
Registrar	83	83	88	5
Clerk of the Court	1,488	1,517	1,886	369
Total shared expenditures	5,607	5,651	6,448	797
CATEGORICAL AID:				
Public safety	935	983	1,763	780
Fire programs	1,356	1,360	1,703	343
Library	524	524	561	37
Public assistance and welfare administration	14,090	14,366	12,857	(1,509)
Public health	228	228	435	207
Total categorical aid	17,133	17,461	17,319	(142)
OTHER CATEGORICAL AID:				
Aging program	386	412	399	(13)
Community services	16,963	20,461	18,754	(1,707)
Juvenile detention	2,077	2,230	2,233	3
Criminal justice services	1,029	1,041	1,056	15
Police extraditions	30	30	34	4
Sheriff extraditions	25	25	9	(16)
Victim/witness program	194	194	97	(97)
Other	618	1,030	1,015	(15)
Total other categorical aid	21,322	25,423	23,597	(1,826)
Total revenue from the Commonwealth	73,005	131,778	130,168	(1,610)

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
LOCAL GOVERNMENTS:				
City of Manassas	5,307	5,307	5,608	301
City of Manassas Park	1,956	1,956	2,053	97
Total revenues from local governments	7,263	7,263	7,661	398
MISCELLANEOUS:				
Expenditure refunds	858	1,170	1,034	(136)
Donations - proffers	837	9,714	9,714	-
Donations - other	864	205	269	64
Other	164	2,554	505	(2,049)
Total miscellaneous revenues	2,723	13,643	11,522	(2,121)
Total budgetary revenues	1,074,742	1,091,003	1,104,325	13,322
BUDGETARY EXPENDITURES:				
GENERAL GOVERNMENTAL ADMINISTRATION:				
Board of County Supervisors	3,748	3,929	3,503	426
County Attorney	3,757	3,814	3,812	2
Office of Executive Management	8,016	9,409	9,348	61
Finance	19,986	22,340	19,924	2,416
Audit services	774	695	649	46
Human Rights	668	778	761	17
Board of Registration/Elections	1,718	1,746	1,928	(182)
Mailroom and print shop	500	766	766	-
Fleet expenditures	2,700	1,490	1,475	15
Contingency reserve	2,075	69	45	24
Unemployment insurance reserves	125	151	89	62
Total general governmental administration	44,067	45,187	42,300	2,887
JUDICIAL ADMINISTRATION:				
Commonwealth Attorney	6,179	6,192	5,784	408
Sheriff	10,523	10,560	10,268	292
Juvenile and Domestic Relations Court	109	110	94	16
Clerk of Court/Judges chambers	4,763	4,878	4,502	376
General District Court	277	258	209	49
Magistrates	133	134	113	21
Law library	119	126	82	44
Total judicial administration	22,103	22,258	21,052	1,206
PUBLIC SAFETY:				
Public Works - development	2,753	2,645	2,514	131
Police	100,945	103,411	102,587	824
Juvenile Court Services Unit	864	897	895	2
Adult Detention Center	26,188	26,693	26,457	236
Correction and detention of youth	7,264	7,333	7,233	100
Criminal Justice Services	4,213	4,233	3,969	264
Public Safety Communications	10,978	10,938	10,333	605
Fire service	87,948	89,975	85,950	4,025
Northern Virginia Criminal Justice Training Academy	372	372	372	-
Total public safety	241,525	246,497	240,310	6,187

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS:				
Public works	28,044	29,061	28,330	731
Transportation	2,772	2,786	2,636	150
Property and miscellaneous insurance	7,007	1,338	776	562
Total public works	37,823	33,185	31,742	1,443
HEALTH AND WELFARE:				
Social Services	43,373	45,322	44,976	346
Public health	3,397	3,408	3,287	121
Community Services Board	44,172	44,975	43,046	1,929
Office on aging	5,980	5,998	5,646	352
Total health and welfare	96,922	99,703	96,955	2,748
EDUCATION:				
Schools	551,936	464,252	464,197	55
PARKS, RECREATIONAL AND CULTURAL:				
Parks, recreation and tourism	31,228	32,080	30,114	1,966
Library	17,447	17,581	17,046	535
Total parks, recreational and cultural	48,675	49,661	47,160	2,501
COMMUNITY DEVELOPMENT:				
Office of Planning	3,685	3,944	3,902	42
Economic and community development	5,733	6,084	6,067	17
Extension and continuing education	820	845	800	45
Total community development	10,238	10,873	10,769	104
DEBT SERVICE:				
Principal retirement	26,207	93,220	93,220	-
Interest and other debt costs	14,677	49,189	48,688	501
Total debt service	40,884	142,409	141,908	501
Total budgetary expenditures	1,094,173	1,114,025	1,096,393	17,632
Excess (deficiency) of budgetary revenues over (under) budgetary expenditures	(19,431)	(23,022)	7,932	30,954
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN:				
Fire & rescue levy fund	21,787	21,822	21,822	-
Special revenue funds	6,969	6,977	6,977	-
Capital projects funds	12,640	10,365	10,365	-
Enterprise funds	1,931	1,800	1,800	-
Total transfers in	43,327	40,964	40,964	-
TRANSFERS OUT:				
Special revenue funds	(4,220)	(6,851)	(6,851)	-
Capital projects funds	(14,925)	(29,589)	(29,415)	174
Internal service funds	-	(332)	(332)	-
Enterprise funds	(1,614)	(1,790)	(1,790)	-
Total transfers out	(20,759)	(38,562)	(38,388)	174

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
NON-REVENUE RECEIPTS:				
Claims and judgment recoveries	-	-	26	26
Sale of surplus property	174	174	259	85
Total non-revenue receipts	174	174	285	111
Total other financing sources (uses)	22,742	2,576	2,861	285
Net change in budgetary fund balance	3,311	(20,446)	10,793	31,239
BUDGETARY FUND BALANCE, beginning of year, as restated	207,869	207,869	207,869	-
BUDGETARY FUND BALANCE, end of year	\$ 211,180	187,423	218,662	31,239
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 1)	\$ 9,535	9,535	13,503	3,968
Current year fair value adjustment	-	-	(9,563)	(9,563)
Use of money and property (Exhibit 5)	9,535	9,535	3,940	(5,595)
Cumulative fair value adjustments of prior periods	-	-	(15,352)	-
BUDGETARY FUND BALANCE, end of year, as restated	211,180	187,423	218,662	31,239
Total adjustments	-	-	(24,915)	(9,563)
FUND BALANCE, end of year	\$ 211,180	187,423	193,747	21,676

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 2

SPECIAL REVENUE FUND - Fire & Rescue Levy

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

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
General property taxes	\$ 45,190	45,190	44,583	(607)
From use of money and property	1,000	1,000	1,268	268
Miscellaneous	1,000	-	121	121
Total budgetary revenues	47,190	46,190	45,972	(218)
BUDGETARY EXPENDITURES:				
Public safety - Fire & Rescue	30,179	39,529	24,417	15,112
Total budgetary expenditures	30,179	39,529	24,417	15,112
OTHER FINANCING SOURCES (USES):				
Transfers out:				
General fund	(21,787)	(21,822)	(21,822)	-
Special revenue funds	(5,100)	(5,100)	(5,100)	-
Internal service funds	(98)	(98)	(98)	-
Sale of surplus property	-	-	14	14
Total other financing sources (uses)	(26,985)	(27,020)	(27,006)	14
Net change in budgetary fund balance	(9,974)	(20,359)	(5,451)	14,908
BUDGETARY FUND BALANCE, beginning of year	52,120	52,120	52,120	-
BUDGETARY FUND BALANCE, end of year	\$ 42,146	31,761	46,669	14,908
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 2)	\$ 1,000	1,000	1,268	268
Current year fair value adjustment	-	-	(1,239)	(1,239)
Use of money and property (Exhibit 5)	1,000	1,000	29	(971)
Cumulative fair value adjustments of prior periods	-	-	(1,146)	(1,146)
BUDGETARY FUND BALANCE, end of year	42,146	31,761	46,669	14,908
Total adjustments	-	-	(2,385)	(2,385)
FUND BALANCE, end of year	\$ 42,146	31,761	44,284	12,523

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

Virginia Retirement System - All Plans										
Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$ 30,983	29,376	28,708	28,205						
Interest	78,978	75,010	71,222	67,389						
Changes of benefit terms	21,630	-	-	-						
Differences between expected and actual experience	2,494	1,128	(757)	-						
Changes of assumptions	(8,860)	-	-	-						
Benefit payments including refunds of member contributions	(50,666)	(47,001)	(43,108)	(38,578)						
Net change in total pension liability	74,559	58,513	56,065	57,016						
Total pension liability - beginning	<u>1,153,582</u>	<u>1,095,069</u>	<u>1,039,004</u>	<u>981,988</u>						
Total pension liability - ending (a)	<u>\$ 1,228,141</u>	<u>1,153,582</u>	<u>1,095,069</u>	<u>1,039,004</u>						
Plan fiduciary net position										
Contributions - employer	\$ 30,826	32,010	30,571	30,488						
Contributions - member	12,645	12,336	11,628	11,385						
Net investment income	116,130	16,623	41,324	122,481						
Benefit payments, including refunds of member contributions	(50,666)	(47,001)	(43,108)	(38,578)						
Administrative expense	(665)	(579)	(558)	(651)						
Other	(104)	(8)	(8)	7						
Net change in plan fiduciary net position	108,166	13,381	39,849	125,132						
Plan fiduciary net position - beginning	<u>951,274</u>	<u>937,893</u>	<u>898,044</u>	<u>772,912</u>						
Plan fiduciary net position - ending (b)	<u>\$ 1,059,440</u>	<u>951,274</u>	<u>937,893</u>	<u>898,044</u>						
County's net pension liability - ending (a)-(b)	\$ 168,701	202,308	157,176	140,960						
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)	86.26%	82.46%	85.65%	86.43%						
Covered-employee payroll	\$ 255,547	242,735	242,757	230,499						
County's net pension liability as a percentage of covered-employee payroll	66.02%	83.35%	64.75%	61.15%						
Expected average remaining service years of all participants	n/a	n/a	n/a	n/a						
See Note 13 Illustration 13-5 for expected arithmetic nominal rate of return	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 assumptions. There are no changes in actuarial assumptions reflected in the current schedule. Multiplier increase for Hazardous Duty positions in effect.

Based on GASB 73 regarding changes in calculating covered payroll to pensionable earnings, covered payroll for FY 2014 was corrected.

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

		Virginia Retirement System - All Plans									
		Schedule of County Contributions - Last 10 Fiscal Years									
Fiscal Year		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
		<i>Information for FY 2013 and earlier is not available.</i>									
Actuarially determined contribution	\$	30,826	32,010	30,571	30,488						
Contributions in relation to the actuarially determined contribution		30,826	32,010	30,571	30,488						
Contribution deficiency (excess)	\$	-	-	-	-						
Covered-employee payroll	\$	255,547	242,735	242,757	230,499						
Contributions as a percentage of covered employee payroll ¹		12.06%	13.19%	12.59%	13.23%						

¹ 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	27, 20, 19 and 18 years
Asset valuation method	5-year smoothed market value
Investment rate of return	7.0%
Salary increases	3.5% - 5.35%
Inflation	2.5%
Cost-of-living adjustments	2.25% - 2.5%
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement based on RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years Post-retirement based on RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year Post-disablement based on RP-2000 Disabled Mortality Table Projected with Scale AA to 2020 with males set back 3 years and no provision for future mortality improvement

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

Notes to Schedule:

Benefit changes. None

Projected benefit payments. Calculations assume that the County will continue to make all required actuarially determined contributions.

Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
 Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 4B

Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel (Supplemental Pension Plan)											
Schedule of County Contributions - Last 10 Fiscal Years											
Fiscal Year		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
							<i>Information for FY 2013 and earlier is not available.</i>				
Actuarially determined contribution	\$	1,087	1,007	1,137	1,083	1,000					
Contributions in relation to the actuarially determined contribution		1,294	1,199	1,137	1,083	1,007					
Contribution deficiency (excess)	\$	(207)	(192)	-	-	(7)					
Covered-employee payroll	\$	89,833	83,241	78,968	75,229	73,505					
Contributions as a percentage of covered employee payroll ¹		1.44%	1.44%	1.44%	1.44%	1.37%					

¹The rates shown are as a percentage of pensionable covered employee payroll. Contribution rates are set and contributed based on pensionable earnings only. These amounts were recalculated for prior fiscal years to pensionable earnings per GASB 73.

Notes to Schedule:

Valuation date. Actuarially determined contribution rates are calculated as of the beginning of the fiscal year (July 1) for the two years immediately following the fiscal year. Actuarial valuations are performed every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Aggregate
Remaining amortization period	The benefits are funded as a level percent of payroll over the expected future working lifetime of current active participants
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.5%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Rates based on RP2000 tables for males and females with generational mortality improvements by Scale AA

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

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

Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years

Fiscal Year	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	\$ 235	252	286	290	308					
Interest	958	930	911	885	821					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience	(168)	(291)	(471)	(392)	-					
Changes of assumptions	11,019	22	70	-	-					
Benefit payments, including refunds of member contributions	(447)	(397)	(362)	(345)	(338)					
Net change in total pension liability	11,597	516	434	438	791					
Total pension liability - beginning	16,039	15,523	15,089	14,651	13,860					
Total pension liability - ending (a)	\$ 27,636	16,039	15,523	15,089	14,651					
Plan fiduciary net position										
Contributions - employer	\$ 798	811	853	940	2,115					
Contributions - member	-	-	-	-	-					
Net investment income	463	428	409	372	354					
Benefit payments, including refunds of member contributions	(447)	(397)	(362)	(345)	(338)					
Administrative expense	(57)	(62)	(37)	(34)	(61)					
Other	-	-	-	-	-					
Net change in plan fiduciary net position	757	780	863	933	2,070					
Plan fiduciary net position - beginning	15,412	14,632	13,769	12,836	10,766					
Plan fiduciary net position - ending (b)	\$ 16,169	15,412	14,632	13,769	12,836					
County's net pension liability - ending (a)-(b)	\$ 11,467	627	891	1,320	1,815					
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	58.51%	96.09%	94.26%	91.25%	87.61%					
* Covered-employee payroll	\$ -	-	-	-	-					
County's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A					
Expected average remaining service years of all participants	2.41	2.60	2.97	3.39	N/A					
Annual money-weighted rate of return	3.00%	2.97%	2.97%	2.95%	2.95%					

Notes to Schedule:

Benefit changes. None.

Projected benefit payments. Calculations assume that all members and the County will continue to make all required actuarially determined

Changes of assumptions. Discount rate for measurement was decreased to 3%.

* All volunteer fire and rescue personnel are not compensated.

COUNTY OF PRINCE WILLIAM, VIRGINIA
 Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 5B

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)											
Schedule of County Contributions - Last 10 Fiscal Years											
Fiscal Year		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
						<i>Information for FY 2013 and earlier is not available.</i>					
Actuarially determined contribution	\$	798	853	940	2,115						
Contributions in relation to the actuarially determined contribution		798	853	940	2,115						
Contribution deficiency (excess)	\$	-	-	-	-						
Covered-employee payroll		N/A	N/A	N/A	N/A						
Contributions as a percentage of covered employee payroll		N/A	N/A	N/A	N/A						

Notes to Schedule:

Valuation date. Actuarially determined contribution rates are calculated as of the beginning of each fiscal year (July 1). Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate, level dollar
Amortization method	Aggregate, level dollar
Remaining amortization period	The benefits are funded as a level dollar amount over the expected future working lifetime of current active participants
Asset valuation method	Fair market value
Inflation	Not Applicable
Salary increases	Not Applicable
Investment rate of return	6.00% (3.00% return and 3.00% added contribution to asset load)
Retirement age	100% at age 60
Mortality	Rates based on RP2000 Mortality Table projected to 2014 using Scale AA

Schedule 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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	<i>Information for FY 2016 and earlier is not available.</i>									
Prince William County's Proportion of the Net GLI OPEB Liability (Asset)	1.35566%									
Prince William County's Proportionate Share of the Net GLI OPEB Liability (Asset) \$	20,400									
Employer's Covered Payroll	255,547									
Prince William County's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.98%									
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%									

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 - Group Life Insurance Plan									
		Schedule of County Contributions - Last 10 Fiscal Years									
Fiscal Year		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$	1,300	1,288	1,223	1,197	1,144	926	902	738	743	790
Contributions in relation to the contractually required contribution		1,300	1,288	1,223	1,197	1,144	926	902	738	743	790
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	\$	250,061	242,930	230,688	225,905	215,901	210,486	205,037	153,878	206,447	197,433
Contributions as a percentage of covered employee payroll ¹		0.52%	0.53%	0.53%	0.53%	0.53%	0.44%	0.44%	0.48%	0.36%	0.40%

¹Contribution rates are set and contributed based on pensionable earnings only.

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	<i>Information for FY 2016 and earlier is not available.</i>									
Total OPEB liability										
Service cost	\$	161								
Interest on total OPEB liability		487								
Changes of benefit terms		-								
Differences between expected and actual experience		-								
Changes of assumptions		(149)								
Benefit payments		(337)								
Net change in total OPEB liability		162								
Total OPEB liability - beginning		7,134								
Total OPEB liability - ending (a)	\$	<u>7,296</u>								
Plan fiduciary net position										
Contributions - employer	\$	411								
Contributions - member		-								
Net investment income		358								
Benefit payments, including refunds of member contributions		(337)								
Asset adjustment		-								
Administrative expense		(6)								
Other		18								
Net change in plan fiduciary net position		444								
Plan fiduciary net position - beginning		3,056								
Plan fiduciary net position - ending (b)	\$	<u>3,500</u>								
County's net OPEB liability - ending (a)-	\$	3,796								
Plan fiduciary net position as a percentage of the total OPEB liability (b) / (a)		47.97%								
Covered-employee payroll	\$	255,547								
County's net OPEB liability as a percentage of covered-employee payroll		1.49%								
Expected average remaining service years of all participants		n/a								
See Note 13 Illustration 13-5 for weighted average rate of return		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.

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

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

		Virginia Retirement System - Health Insurance Credit Plan									
		Schedule of County Contributions - Last 10 Fiscal Years									
	Fiscal Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$	411	376	357	371	363	378	368	552	557	647
Contributions in relation to the actuarially determined contribution		411	376	357	371	363	378	368	552	557	647
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	\$	255,547	220,911	212,264	204,740	198,448	191,157	184,120	204,285	205,458	201,955
Contributions as a percentage of covered employee payroll ¹		0.16%	0.17%	0.17%	0.18%	0.18%	0.20%	0.20%	0.27%	0.27%	0.32%

¹ Contribution rates are set and contributed based on pensionable earnings only.

Notes to Schedule:

Benefit changes. None.

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2016
Actuarial cost method	Entry age normal,
Amortization method	Level percent of projected pay, closed
Remaining amortization period	18-27 years
Asset valuation method	Market Value of Assets
Investment rate of return	7.0%, net of investment expense
Payroll growth rate	3.0%
Inflation	2.5%
Healthcare cost trend rate	Not provided by VRS. \$1.50 per year of service Health Insurance Credit cannot exceed employee premiums
Mortality	Pre-retirement based on RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years Post-retirement based on RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year Post-disablement based on RP-2000 Disabled Mortality Table Projected with Scale AA to 2020 with males set back 3 years and no provision for future mortality improvement

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	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	\$	1,285	1,234								
Interest on total OPEB liability		1,785	1,673								
Changes of benefit terms		-	-								
Differences between expected and actual experience		(4,473)	34								
Changes of assumptions		(428)	-								
Benefit payments		(777)	(1,261)								
Net change in total OPEB liability		(2,608)	1,680								
Total OPEB liability - beginning		26,199	24,519								
Total OPEB liability - ending (a)	\$	<u>23,591</u>	<u>26,199</u>								
Plan fiduciary net position											
Contributions - employer	\$	1,954	1,884								
Contributions - member		-	-								
Net investment income		1,310	1,282								
Benefit payments, including refunds of member contributions		(777)	(1,261)								
Asset adjustment		-	(1,609)								
Administrative expense		-	-								
Other		-	-								
Net change in plan fiduciary net position		2,487	296								
Plan fiduciary net position - beginning		13,496	13,200								
Plan fiduciary net position - ending (b)	\$	<u>15,983</u>	<u>13,496</u>								
County's net OPEB liability - ending (a)-(b)	\$	7,608	12,703								
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)		67.75%	51.51%								
Covered-employee payroll	\$	251,691	292,195								
County's net OPEB liability as a percentage of covered-employee payroll		3.02%	4.35%								
Expected average remaining service years of all participants		8	8								
Annual money-weighted rate of return		7.84%	10.17%								

Notes to Schedule:

Benefit changes. None

Projected benefit payments. Calculations assume that the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
 Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)

Schedule 8B

Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

OPEB Master Trust Fund - County Premium Plan Schedule of County Contributions - Last 10 Fiscal Years											
Fiscal Year		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$	1,500	1,884	1,623	1,567	2,085	2,072	3,543	3,417	2,660	3,039
Contributions in relation to the actuarially determined contribution		1,954	1,884	1,623	1,567	2,085	2,072	3,543	3,417	2,660	5,249
Contribution deficiency (excess)	\$	(454)	-	-	-	-	-	-	-	-	(2,210)
Covered-employee payroll	\$	251,691	292,195	280,308	256,956	258,704	247,366	237,034	220,389	221,201	221,537
Contributions as a percentage of covered employee payroll ¹		0.78%	0.64%	0.58%	0.61%	0.81%	0.84%	1.49%	1.55%	1.20%	2.37%

¹ The rates shown are as a percentage of total covered employee payroll.

Notes to Schedule:

Benefit changes. None.

Changes of assumptions. For the FY 2018 actuarially determined calculation, the decrements (retirement, disability, and termination) were updated to be consistent with those used by the Virginia Retirement System. The medical trend was also updated.

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2005
<i>Information for FY 2016 and earlier is not available.</i>											
Total OPEB liability											
Service cost	\$	755	755								
Interest on total OPEB liability		2,335	2,254								
Changes of benefit terms		-	-								
Differences between expected and actual experience		(245)	(163)								
Changes of assumptions		(443)	-								
Benefit payments		(1,867)	(1,647)								
Net change in total OPEB liability		535	1,199								
Total OPEB liability - beginning		34,311	33,112								
Total OPEB liability - ending (a)	\$	<u>34,846</u>	<u>34,311</u>								
Plan fiduciary net position											
Contributions - employer	\$	2,311	2,267								
Contributions - member		-	-								
Net investment income		1,115	1,479								
Benefit payments, including refunds of member contributions		(1,867)	(1,647)								
Asset adjustment		-	1,609								
Administrative expense		-	-								
Other		-	-								
Net change in plan fiduciary net position		1,559	3,708								
Plan fiduciary net position - beginning		15,295	11,587								
Plan fiduciary net position - ending (b)	\$	<u>16,854</u>	<u>15,295</u>								
County's net OPEB liability - ending (a)-(b)	\$	17,992	19,016								
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)		48.37%	44.58%								
Covered-employee payroll	\$	251,691	292,195								
County's net OPEB liability as a percentage of covered-employee payroll		7.15%	6.51%								
Expected average remaining service years of all participants		8	8								
Annual money-weighted rate of return		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 assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 9B

OPEB Master Trust Fund - County Retiree Health Insurance Credit Plan
Schedule of County Contributions - Last 10 Fiscal Years

Fiscal Year		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$	1,967	2,267	2,061	2,023	2,107	2,082	1,844	1,811	1,746	2,144
Contributions in relation to the actuarially determined contribution		2,311	2,267	2,061	2,023	2,107	2,082	1,844	1,811	1,746	3,642
Contribution deficiency (excess)	\$	(344)	-	-	-	-	-	-	-	-	(1,498)
Covered-employee payroll	\$	251,691	292,195	280,308	256,956	258,704	247,366	237,034	220,389	221,201	221,537
Contributions as a percentage of covered employee payroll ¹		0.92%	0.78%	0.74%	0.79%	0.81%	0.84%	0.78%	0.82%	0.79%	1.64%

¹The rates shown are as a percentage of total covered employee payroll.

Notes to Schedule:

Benefit changes. None.

Changes of assumptions.

For the FYE2018 actuarially determined calculation, the decrements (retirement, disability, and termination) were updated to be consistent with those used by the Virginia Retirement System.

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	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	\$ 1,087	1,044								
Interest on total OPEB liability	1,002	920								
Changes of benefit terms	-	-								
Differences between expected and actual experience	907	45								
Changes of assumptions	1,695	-								
Benefit payments	(810)	(815)								
Net change in total OPEB liability	3,881	1,194								
Total OPEB liability - beginning	14,729	13,535								
Total OPEB liability - ending (a)	\$ 18,610	14,729								
Plan fiduciary net position										
Contributions - employer	\$ 1,476	1,424								
Contributions - member	-	-								
Net investment income	1,071	1,169								
Benefit payments, including refunds of member contributions	(810)	(815)								
Asset adjustment	-	-								
Administrative expense	-	-								
Other	-	-								
Net change in plan fiduciary net position	1,737	1,778								
Plan fiduciary net position - beginning	10,944	9,166								
Plan fiduciary net position - ending (b)	\$ 12,681	10,944								
County's net OPEB liability - ending (a)-(b)	\$ 5,929	3,785								
Plan fiduciary net position as a percentage of the total OPEB liability (b) / (a)	68.14%	74.30%								
Covered-employee payroll	\$ 106,195	83,241								
County's net OPEB liability as a percentage of covered-employee payroll	5.58%	4.55%								
Expected average remaining service years of all participants	12	12								
Annual money-weighted rate of return	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 assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
 Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

OPEB Master Trust Fund - County Line of Duty Act Plan Schedule of County Contributions - Last 10 Fiscal Years											
Fiscal Year		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$	1,472	1,424	1,529	1,474	3,165	5,312	<i>Information for FY 2012 and earlier is not available.</i>			
Contributions in relation to the actuarially determined contribution		1,476	1,424	1,529	1,474	7,778	-				
Contribution deficiency (excess)	\$	(4)	-	-	-	(4,613)	5,312				
Covered-employee payroll	\$	106,195	83,241	79,081	95,795	86,476	105,805				
Contributions as a percentage of covered employee payroll ¹		1.39%	1.71%	1.93%	1.54%	8.99%	0.00%				

¹The rates shown are as a percentage of total covered employee payroll.

Notes to Schedule:

Benefit changes. None.

Changes of assumptions.

For the FY2018 actuarially determined calculation, the decrements (retirement, disability, and termination) were updated to be consistent with those used by the Virginia Retirement System. The medical trend was also updated.

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, and 3.8% post-Medicare

Changes in Net OPEB Liability and Related Ratios - Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

OPEB Master Trust Fund - Schools Board Premium 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	\$ 2,756	2,624								
Interest on total OPEB liability	4,978	4,691								
Changes of benefit terms	-	-								
Differences between expected and actual experience	-	-								
Changes of assumptions	-	-								
Benefit payments/refunds	(3,041)	(3,329)								
Net change in total OPEB liability	4,693	3,986								
Total OPEB liability - beginning	68,361	64,375								
Total OPEB liability - ending (a)	\$ 73,054	68,361								
Plan fiduciary net position										
Contributions - employer	\$ 1,000	1,000								
Contributions - member	-	-								
Net investment income	2,340	2,619								
Benefit payments, including refunds of member contributions	-	-								
Administrative expense	(8)	-								
Other	-	-								
Net change in plan fiduciary net position	3,332	3,619								
Plan fiduciary net position - beginning	29,946	26,327								
Plan fiduciary net position - ending (b)	\$ 33,278	29,946								
County's net OPEB liability - ending (a)-(b)	\$ 39,776	38,415								
Plan fiduciary net position as a percentage of the total OPEB liability (b) / (a)	45.55%	43.81%								
Covered-employee payroll	\$ 599,822	576,721								
County's net OPEB liability as a percentage of covered-employee payroll	6.63%	6.66%								
Expected average remaining service years of all participants	8	8								
Annual money-weighted rate of return	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 assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
 Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 11B

OPEB Master Trust Fund - Schools Premium Plan
 Schedule of County Contributions - 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>									
Actuarially determined contribution	\$ 6,356	5,000								
Contributions in relation to the actuarially determined contribution	1,000	1,000								
Other contributions in relation to the actuarially determined contribution	3,329	3,329								
Contribution deficiency (excess)	\$ 2,027	671								
Covered-employee payroll	\$ 599,822	576,721								
Contributions as a percentage of covered employee payroll ¹	0.72%	0.75%								

¹ The rates shown are as a percentage of total covered employee payroll.

Notes to Schedule:

Benefit changes. None.

Changes of assumptions. None.

Methods and assumptions used to determine contribution rates:

Valuation Date	7/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of projected pay, closed
Remaining amortization period	20 years
Asset valuation method	Fair market value
Investment rate of return	7.0%, net of OPEB Trust investment expense
Payroll growth rate	2.5%
Inflation	2.5%
Healthcare cost trend rate	8.0% base, 5.0% sensitivity

Nonmajor Governmental Funds

Special Revenue Funds

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

The Transportation Districts receive their revenues from special tax levies, user fees, and interest earnings. These revenues are used primarily to pay debt service payments incurred in construction of streets and roads.

The Stormwater Management District and Gypsy Moth Levy receive its revenues from permits and development fees, charges for services, Federal and State grants, interest earnings and special tax levies. Expenditures consist of the cost of promoting storm water drainage and construction projects, maintaining water quality and protecting the environment.

Development Fee Services receive revenues from permits, privilege fees, and regulatory licenses related to land and building development. Expenditures consist primarily of the cost of conducting review, inspection, and planning services.

Housing receives its revenue primarily from Federal housing grants that are used to develop affordable housing opportunities for County residents.

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 receives its revenue from ambulatory transport charges associated with fire and rescue emergency services delivery.

Other special revenue funds consists of revenues received for the benefit of the Animal Shelter, such as fees for animal-friendly license plates.

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018
(amounts expressed in thousands)

Schedule 12

	Transportation Districts	Stormwater Management District/Gypsy Moth and Forest Pest Management	Development Fee Services	Housing	Community Development Authorities	Emergency Medical Services	Other	Totals
ASSETS								
Equity in pooled cash and investments	\$ 1,370	9,340	8,334	5,334	505	4,681	154	29,718
Restricted cash and temporary investments	-	-	-	39	-	-	-	39
Property taxes receivable, net	3	3	-	-	-	-	-	6
Accounts receivable, net	7	57	36	1,473	-	394	1	1,968
Due from other governmental units	-	-	-	9	-	227	-	236
Inventory	-	8	-	-	-	-	-	8
Total assets	<u>1,380</u>	<u>9,408</u>	<u>8,370</u>	<u>6,855</u>	<u>505</u>	<u>5,302</u>	<u>155</u>	<u>31,975</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES:								
Accounts payable	27	76	18	63	4	15	2	205
Wages and benefits payable	-	143	518	76	-	28	-	765
Due to other governmental units	-	20	-	-	-	-	-	20
Unearned revenue	-	2,663	13	11	-	-	-	2,687
Retainage	-	-	-	39	-	-	-	39
Total liabilities	<u>27</u>	<u>2,902</u>	<u>549</u>	<u>189</u>	<u>4</u>	<u>43</u>	<u>2</u>	<u>3,716</u>
DEFERRED INFLOW OF RESOURCES								
Prepaid taxes	243	556	-	-	501	-	-	1,300
Unavailable taxes	-	2	-	-	-	-	-	2
Total deferred inflows of resources	<u>243</u>	<u>558</u>	<u>-</u>	<u>-</u>	<u>501</u>	<u>-</u>	<u>-</u>	<u>1,302</u>
FUND BALANCES:								
Non-spendable	-	8	-	-	-	-	-	8
Restricted	1,110	5,940	7,821	6,666	-	5,259	153	26,949
Total fund balances	<u>1,110</u>	<u>5,948</u>	<u>7,821</u>	<u>6,666</u>	<u>-</u>	<u>5,259</u>	<u>153</u>	<u>26,957</u>
Total liabilities and fund balances	<u>\$ 1,380</u>	<u>9,408</u>	<u>8,370</u>	<u>6,855</u>	<u>505</u>	<u>5,302</u>	<u>155</u>	<u>31,975</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018
(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	Other	Totals
REVENUES:								
General property taxes	\$ 689	1,415	-	-	2,850	-	-	4,954
Permits, privilege fees and regulatory licenses	-	236	16,848	-	-	-	-	17,084
From use of money and property	2	18	25	1	-	(9)	-	37
Charges for services	9	8,229	875	4,111	-	5,783	-	19,007
Intergovernmental revenues:								
Federal	-	-	-	29,358	-	-	-	29,358
State	-	51	-	-	-	14	1	66
Miscellaneous	-	16	1	2	-	-	50	69
Total revenues	700	9,965	17,749	33,472	2,850	5,788	51	70,575
EXPENDITURES:								
Public safety - Public Works	-	-	13,780	-	-	1,246	13	15,039
Public works - Public Works	321	-	-	-	-	-	-	321
Community development - Housing	-	-	-	32,471	-	-	-	32,471
Community development - Public Works	-	7,055	5,795	-	-	-	-	12,850
Community development authority	-	-	-	-	2,842	-	-	2,842
Total expenditures	321	7,055	19,575	32,471	2,842	1,246	13	63,523
OTHER FINANCING SOURCES (USES):								
Transfers in:								
General fund	-	-	4,289	2,562	-	-	-	6,851
Special revenue funds	-	71	-	-	-	-	-	71
Capital projects funds	-	-	-	-	-	-	-	-
Internal service funds	-	-	-	-	-	-	-	-
Transfers out:								
General fund	(324)	(1,057)	(1,612)	(149)	(8)	(3,827)	-	(6,977)
Internal service funds	-	(35)	(367)	-	-	-	-	(402)
Capital projects funds	-	(4,742)	(300)	-	-	-	-	(5,042)
Special revenue funds	-	-	(71)	-	-	-	-	(71)
Sale of surplus property	-	4	5	-	-	-	-	9
Total other financing sources (uses)	(324)	(5,759)	1,944	2,413	(8)	(3,827)	-	(5,561)
Net change in fund balances	55	(2,849)	118	3,414	-	715	38	1,491
FUND BALANCE, beginning of year	1,055	8,797	7,703	3,252	-	4,544	115	25,466
FUND BALANCE, end of year	\$ 1,110	5,948	7,821	6,666	-	5,259	153	26,957

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, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
General property taxes	\$ 682	689	689	-
From use of money and property	7	27	27	-
Charges for services	-	9	9	-
Total budgetary revenues	689	725	725	-
BUDGETARY EXPENDITURES:				
Public works - Public Works	366	322	321	1
Total budgetary expenditures	366	322	321	1
OTHER FINANCING SOURCES (USES):				
Transfers out:				
General fund	(324)	(324)	(324)	-
Total other financing sources (uses)	(324)	(324)	(324)	-
Net change in budgetary fund balance	(1)	79	80	1
BUDGETARY FUND BALANCE, beginning of year	1,111	1,111	1,111	-
BUDGETARY FUND BALANCE, end of year	\$ 1,110	1,190	1,191	1
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 14)	\$ 7	27	27	-
Current year fair value adjustment	-	-	(25)	(25)
Use of money and property (Schedule 13)	7	27	2	(25)
Cumulative fair value adjustments of prior periods	-	-	(56)	(56)
BUDGETARY FUND BALANCE, end of year	1,110	1,190	1,191	1
Total adjustments	-	-	(81)	(81)
FUND BALANCE, end of year	\$ 1,110	1,190	1,110	(80)

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, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget
	Original	Final		Positive (Negative)
BUDGETARY REVENUES:				
General property taxes	\$ 1,437	1,437	1,415	(22)
Permits, privilege fees and regulatory licenses	200	200	236	36
From use of money and property	130	130	204	74
Charges for services	7,846	7,846	8,229	383
Intergovernmental revenues:				
State	-	-	51	51
Miscellaneous	-	-	16	16
Total budgetary revenues	9,613	9,613	10,151	538
BUDGETARY EXPENDITURES:				
Community development - Public Works	8,031	8,615	7,055	1,560
Total budgetary expenditures	8,031	8,615	7,055	1,560
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Special revenue funds	-	71	71	-
Transfers out:				
General fund	(1,057)	(1,057)	(1,057)	-
Internal service funds	(35)	(35)	(35)	-
Capital projects funds	(4,742)	(4,742)	(4,742)	-
Sale of surplus property	-	-	4	4
Total other financing sources (uses)	(5,834)	(5,763)	(5,759)	4
Net change in budgetary fund balance	(4,252)	(4,765)	(2,663)	2,102
BUDGETARY FUND BALANCE, beginning of year	9,026	9,026	9,026	-
BUDGETARY FUND BALANCE, end of year	\$ 4,774	4,261	6,363	2,102
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 15)	\$ 130	130	204	74
Current year fair value adjustment	-	-	(186)	(186)
Use of money and property (Schedule 13)	130	130	18	(112)
Cumulative fair value adjustments of prior periods	-	-	(229)	(229)
BUDGETARY FUND BALANCE, end of year	4,774	4,261	6,363	2,102
Total adjustments	-	-	(415)	(415)
FUND BALANCE, end of year	\$ 4,774	4,261	5,948	1,687

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, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
Permits, privilege fees and regulatory licenses	\$ 16,882	16,882	16,848	(34)
From use of money and property	55	55	95	40
Charges for services	1,072	1,072	875	(197)
Miscellaneous	268	268	1	(267)
Total budgetary revenues	18,277	18,277	17,819	(458)
BUDGETARY EXPENDITURES:				
Public safety - Public Works	14,712	14,888	13,780	1,108
Community development - Public Works	6,127	6,189	5,795	394
Total budgetary expenditures	20,839	21,077	19,575	1,502
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General fund	4,199	4,289	4,289	-
Transfers out:				
General fund	(1,612)	(1,612)	(1,612)	-
Internal service funds	(367)	(367)	(367)	-
Capital projects funds	(300)	(300)	(300)	-
Special revenue funds	-	(71)	(71)	-
Sale of surplus property	-	(71)	5	(76)
Total other financing sources (uses)	1,920	1,868	1,944	(76)
Net change in budgetary fund balance	(642)	(932)	188	968
BUDGETARY FUND BALANCE, beginning of year	7,748	7,748	7,748	-
BUDGETARY FUND BALANCE, end of year	\$ 7,106	6,816	7,936	1,120
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 16)	\$ -	-	95	40
Current year fair value adjustment	-	-	(70)	(70)
Use of money and property (Schedule 13)	-	-	25	(30)
Cumulative fair value adjustments of prior periods	-	-	(45)	(45)
BUDGETARY FUND BALANCE, end of year	7,106	6,816	7,936	1,120
Total adjustments	-	-	(115)	(115)
FUND BALANCE, end of year	\$ 7,106	6,816	7,821	1,005

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, 2018

(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
From use of money and property	\$ -	-	1	1
Charges for services	7,887	7,787	4,111	(3,676)
Intergovernmental revenues:				
Federal	27,797	30,646	29,358	(1,288)
Miscellaneous	145	145	2	(143)
Total budgetary revenues	35,829	38,578	33,472	(5,106)
BUDGETARY EXPENDITURES:				
Community development - Housing	35,702	38,547	32,471	6,076
Total budgetary expenditures	35,702	38,547	32,471	6,076
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General fund	21	2,562	2,562	-
Transfers out:				
General fund	(149)	(149)	(149)	-
Total other financing sources (uses)	(128)	2,413	2,413	-
Net change in budgetary fund balance	(1)	2,444	3,414	970
BUDGETARY FUND BALANCE, beginning of year	3,252	3,252	3,252	-
BUDGETARY FUND BALANCE, end of year	\$ 3,251	5,696	6,666	970

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, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
General property taxes	\$ 2,855	2,855	2,850	(5)
Total budgetary revenues	2,855	2,855	2,850	(5)
BUDGETARY EXPENDITURES:				
Community development authority	2,855	2,847	2,842	5
Total budgetary expenditures	2,855	2,847	2,842	5
OTHER FINANCING SOURCES (USES):				
Transfers out:				
General fund	-	(8)	(8)	-
Total other financing sources (uses)	-	(8)	(8)	-
Net change in budgetary fund balance	-	-	-	-
BUDGETARY FUND BALANCE, beginning of year	-	-	-	-
BUDGETARY FUND BALANCE, end of year	\$ -	-	-	-

Note to Schedule:

GAAP basis equals Budgetary basis

COUNTY OF PRINCE WILLIAM, VIRGINIA
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, 2018
(amounts expressed in thousands)

Schedule 19

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
From use of money and property	\$ -	-	83	83
Charges for services	5,582	5,582	5,783	201
Intergovernmental revenues:				
State	-	-	14	14
Total budgetary revenues	5,582	5,582	5,880	298
BUDGETARY EXPENDITURES:				
Public safety - Public Works	1,556	1,813	1,246	567
Total budgetary expenditures	1,556	1,813	1,246	567
OTHER FINANCING SOURCES (USES):				
Transfers out:				
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	199	(58)	807	865
BUDGETARY FUND BALANCE, beginning of year	4,630	4,630	4,630	-
BUDGETARY FUND BALANCE, end of year	\$ 4,829	4,572	5,437	865
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 19)	\$ -	-	83	83
Current year fair value adjustment	-	-	(92)	(92)
Use of money and property (Schedule 13)	-	-	(9)	(9)
Cumulative fair value adjustments of prior periods	-	-	(86)	(86)
BUDGETARY FUND BALANCE, end of year	-	4,572	5,437	865
Total adjustments	-	-	(178)	(178)
FUND BALANCE, end of year	\$ -	4,572	5,259	687

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, 2018

(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
From use of money and property	\$ -	-	2	(2)
Intergovernmental revenues:				
State	-	10	1	9
Miscellaneous	-	43	50	7
Total budgetary revenues	-	53	53	14
BUDGETARY EXPENDITURES:				
Public safety - Public Works	-	53	13	40
Total budgetary expenditures	-	53	13	40
Net change in budgetary fund balance	-	-	40	40
BUDGETARY FUND BALANCE, beginning of year	117	117	117	-
BUDGETARY FUND BALANCE, end of year	\$ 117	117	157	40
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 20)	\$ -	-	2	(2)
Current year fair value adjustment	-	-	(2)	(2)
Use of money and property (Schedule 13)	-	-	-	(4)
Cumulative fair value adjustments of prior periods	-	-	(2)	(2)
BUDGETARY FUND BALANCE, end of year	117	117	157	40
Total adjustments	-	-	(4)	(4)
FUND BALANCE, end of year	\$ 117	117	153	36

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided on a cost-reimbursement basis by one department or agency to other departments or agencies of the County. The County has the following internal service funds:

Intra-County Services

The Construction Crew provides roads and sidewalk construction and maintenance on County property; Data Processing provides computer operations and software applications; and Vehicle Maintenance provides fleet operations services.

Self-insurance

Three self-insurance programs provide the County with liability, property damage, casualty and workers' compensation insurance.

Health Insurance

The Health Insurance Fund provides self-insurance medical and dental coverage for employees, and fully insured vision coverage. Flexible spending benefits and an additional insurance credit for retirees is also a component of this fund.

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS
Combining Statement of Net Position
June 30, 2018
(amounts expressed in thousands)

Schedule 21

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 25,541	82	-	-	30,900	56,523
Restricted cash and temporary investments	-	-	1,889	3,520	-	5,409
Investments	-	-	1,069	24,440	-	25,509
Accounts receivable, net	31	300	6	188	3,672	4,197
Inventory	422	-	-	-	-	422
Prepays	225	-	77	8	1	311
Total current assets	26,219	382	3,041	28,156	34,573	92,371
Non-current assets:						
Restricted investments	-	-	500	750	-	1,250
Capital assets:						
Land and construction in progress	542	-	-	-	-	542
Buildings and other capital assets, net of	4,208	-	-	-	-	4,208
Total non-current assets	4,750	-	500	750	-	6,000
Total assets	30,969	382	3,541	28,906	34,573	98,371
Deferred outflow of resources						
Deferred outflows related to OPEB	231	-	-	-	8	239
Deferred outflows related to pensions	1,323	-	-	-	51	1,374
Total deferred outflow of resources	1,554	-	-	-	59	1,613
LIABILITIES						
Current liabilities:						
Accounts payable	2,584	-	53	126	2,366	5,129
Wages and benefits payable	464	-	-	-	-	464
Unpaid losses, related liabilities and IBNR	-	274	387	2,182	4,704	7,547
Unearned revenue	-	-	-	-	42	42
Current portion of surplus distribution payable	-	-	450	1,500	-	1,950
Compensated absences	110	-	-	-	-	110
Total current liabilities	3,158	274	890	3,808	7,112	15,242
Non-current liabilities:						
Unpaid losses, related liabilities and IBNR	-	-	199	13,635	-	13,834
Surplus distribution payable	-	-	888	3,120	-	4,008
Net OPEB liability	2,030	-	-	-	69	2,099
Net pension liability	6,881	-	-	-	269	7,150
Compensated absences	1,604	-	-	-	-	1,604
Total non-current liabilities	10,515	-	1,087	16,755	338	28,695
Total liabilities	13,673	274	1,977	20,563	7,450	43,937
Deferred inflows of resources:						
Deferred inflows from OPEB	267	-	-	-	9	276
Deferred inflows from pension contributions	446	-	-	-	17	463
Total deferred inflows of resources	713	-	-	-	26	739
NET POSITION						
Net investment in capital assets	4,750	-	-	-	-	4,750
Restricted for self-insurance funds	-	-	500	2,202	1	2,703
Unrestricted	13,387	108	1,064	6,141	27,155	47,855
Total net position	\$ 18,137	108	1,564	8,343	27,156	55,308

INTERNAL SERVICE FUNDS

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

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
OPERATING REVENUES:						
Charges for services	\$ 40,045	-	1,597	5,623	56,248	103,513
Miscellaneous	1,610	300	-	-	3,937	5,847
Total operating revenues	41,655	300	1,597	5,623	60,185	109,360
OPERATING EXPENSES:						
Personal services	14,559	-	-	-	687	15,246
Contractual services	13,122	-	470	689	4,478	18,759
Materials/supplies	9,899	-	-	-	-	9,899
Depreciation	1,694	-	-	-	-	1,694
Other	96	-	-	-	77	173
Claims and premiums	66	-	512	417	46,429	47,424
OPEB cost	-	-	-	-	5,222	5,222
Losses and loss adjustment expenses	-	212	474	2,389	9	3,084
Total operating expenses	39,436	212	1,456	3,495	56,902	101,501
Operating income/(loss)	2,219	88	141	2,128	3,283	7,859
NON-OPERATING REVENUES/(EXPENSES):						
Interest income	(92)	-	26	78	116	128
Gain/(loss) on sale of capital assets	5	-	-	-	-	5
Declaration of surplus distribution	-	-	(1,092)	(2,610)	-	(3,702)
Total non-operating revenues/(expenses)	(87)	-	(1,066)	(2,532)	116	(3,569)
Income before transfers and capital contributions	2,132	88	(925)	(404)	3,399	4,290
TRANSFERS:						
Transfers in:						
General fund	331	1	-	-	-	332
Special revenue funds	402	-	-	-	-	402
Fire & rescue levy funds	-	-	-	-	98	98
Total transfers	733	1	-	-	98	832
Change in net position	2,865	89	(925)	(404)	3,497	5,122
NET POSITION, beginning of year, as restated (Footnote 1R)	15,272	19	2,489	8,747	23,659	50,186
NET POSITION, end of year	\$ 18,137	108	1,564	8,343	27,156	55,308

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS

Schedule 23

Combining Statement of Cash Flows
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from County agencies	\$ 40,045	-	1,291	4,788	56,504	102,628
Cash received from other entities	1,704	-	-	-	265	1,969
Payments for claims and premiums	-	(116)	(868)	(3,921)	(46,429)	(51,334)
Payments to suppliers for goods and services	(24,035)	-	(426)	(641)	(8,456)	(33,558)
Payments to employees for services	(14,612)	-	-	-	(548)	(15,160)
Net cash provided (used) by operating activities	3,102	(116)	(3)	226	1,336	4,545
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Surplus distributions paid	-	-	(102)	-	-	(102)
Transfers in	733	1	-	-	98	832
Net cash provided (used) by non-capital financing activities	733	1	(102)	-	98	730
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(607)	-	-	-	-	(607)
Proceeds from the sale of capital assets	5	-	-	-	-	5
Net cash provided (used) by capital and related financing activities	(602)	-	-	-	-	(602)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from maturities of investments	-	-	-	2,706	-	2,706
Purchases of investments	-	-	-	(2,463)	-	(2,463)
Interest and dividends received on investments	(92)	-	48	459	116	531
Net cash provided (used) by investing activities	(92)	-	48	702	116	774
Net increase (decrease) in cash and cash equivalents	3,141	(115)	(57)	928	1,550	5,447
CASH AND CASH EQUIVALENTS, beginning of year	22,400	197	1,946	2,592	29,350	56,485
CASH AND CASH EQUIVALENTS, end of year	\$ 25,541	82	1,889	3,520	30,900	61,932
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income	\$ 2,219	88	141	2,128	3,283	7,859
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,694	-	-	-	-	1,694
Dividends applied to premiums	-	-	(306)	(835)	-	(1,141)
Deferred outflows of resources - OPEB	(231)	-	-	-	(8)	(239)
Deferred outflows of resources - pensions	1,493	-	-	-	59	1,552
Deferred inflows from OPEB	267	-	-	-	9	276
Deferred inflows from pensions	(124)	-	-	-	(5)	(129)
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	94	(300)	48	(16)	265	91
Inventory	5	-	-	-	-	5
Prepaid items	-	-	-	21	365	386
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	(866)	96	(5)	(20)	965	170
Unpaid losses and related expenses	-	-	119	(1,052)	-	(933)
Unearned revenue	-	-	-	-	(3,681)	(3,681)
Long term obligations	(1,449)	-	-	-	84	(1,365)
Total adjustments	883	(204)	(144)	(1,902)	(1,947)	(3,314)
Net cash provided (used) by operating activities	\$ 3,102	(116)	(3)	226	1,336	4,545

Fiduciary & Agency Funds

Fiduciary 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.

Private 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.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Special Welfare Fund, the Community Service Board Payees Fund, the Housing FSS Recipients Fund, and the 2% Transient Occupancy Tax Fund, are used to account for receipts and disbursements of monies for certain County welfare, mental health services, Federal Self-Sufficiency (FSS) program recipients and 2% Transient Occupancy Tax Fund is used to account for receipts of monies disbursed to Northern Virginia Transportation Authority.

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Pension and OPEB Trust Funds

June 30, 2018

(amounts expressed in thousands)

	Pension Trust Funds	Other Post-Employment Benefits (OPEB) Master Trust Fund	Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds
ASSETS			
Restricted cash	\$ 625	-	625
Restricted Investments			
Money market mutual funds	540	63	603
Tactical asset allocation funds	3,759	-	3,759
US Government Agency Securities	893	-	893
US Treasury Notes	2,920	-	2,920
Corporate bonds	1,577	-	1,577
Equity mutual funds	20,501	51,964	72,465
Real assets	2,458	-	2,458
Bond mutual funds	5,551	30,182	35,733
Life insurance annuity	16,172	-	16,172
Common stock	505	-	505
Total investments	54,876	82,209	137,085
Total assets	55,501	-	137,710
LIABILITIES			
Accounts payable	3	3,413	3,416
Total liabilities	3	3,413	3,416
NET POSITION			
Net position restricted for pensions	55,498	-	55,498
Net position restricted for OPEB	-	78,796	78,796
Total net position	\$ 55,498	78,796	134,294

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Pension Trust Funds	Other Post-Employment Benefits (OPEB) Master Trust Fund	Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds
ADDITIONS			
Contributions:			
Member	\$ 1,294	-	1,294
Employer	2,092	6,741	8,833
Total Contributions	<u>3,386</u>	<u>6,741</u>	<u>10,127</u>
Investment income:			
Interest and dividends	1,267	1,818	3,085
Net appreciation (depreciation) in fair value of investments	1,755	4,186	5,941
Total investment income	<u>3,022</u>	<u>6,004</u>	<u>9,026</u>
Less investment expense	89	168	257
Net investment income	<u>2,933</u>	<u>5,836</u>	<u>8,769</u>
Total additions	<u>6,319</u>	<u>12,577</u>	<u>18,896</u>
DEDUCTIONS			
Pension/post-employment benefit payments	2,639	3,454	6,093
Refund of members' contributions	102	-	102
Administrative expenses	148	8	156
Total deductions	<u>2,889</u>	<u>3,462</u>	<u>6,351</u>
Change in net position	3,430	9,115	12,545
NET POSITION, beginning of year	<u>52,068</u>	<u>69,681</u>	<u>121,749</u>
NET POSITION, end of year	<u>\$ 55,498</u>	<u>78,796</u>	<u>134,294</u>

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Pension Funds

June 30, 2018

(amounts expressed in thousands)

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Trust Funds
ASSETS			
Restricted cash	\$ 625	-	625
Restricted Investments			
Money market mutual funds	540	-	540
US Government Agency Securities	3,759	-	3,759
US Treasury Notes	893	-	893
Corporate bonds	2,920	-	2,920
Tactical asset allocation funds	1,577	-	1,577
Equity mutual funds	20,501	-	20,501
Real assets	2,458	-	2,458
Bond mutual funds	5,551	-	5,551
Life insurance	-	16,172	16,172
Common stock	505	-	505
Total investments	38,704	16,172	54,876
Total assets	39,329	16,172	55,501
LIABILITIES			
Accounts payable	-	3	3
Total liabilities	-	3	3
NET POSITION			
Net position restricted for pensions	39,329	16,169	55,498
Total net position	\$ 39,329	16,169	55,498

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position - Pension Funds

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Member	\$ 1,294	-	1,294
Employer	1,294	798	2,092
Total contributions	2,588	798	3,386
Investment income:			
Interest and dividends	803	464	1,267
Net appreciation in fair value of investments	1,755	-	1,755
Total investment income	2,558	464	3,022
Less investment expense	89	-	89
Net investment income	2,469	464	2,933
Total additions	5,057	1,262	6,319
DEDUCTIONS			
Pension payments	2,192	447	2,639
Refund of members' contributions	102	-	102
Administrative expenses	90	58	148
Total deductions	2,384	505	2,889
Change in net position	2,673	757	3,430
NET POSITION, beginning of year	36,656	15,412	52,068
NET POSITION, end of year	\$ 39,329	16,169	55,498

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - OPEB Master Trust Fund

June 30, 2018

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Premium Plan Trust Fund	Other Post-Employment Benefits (OPEB) Retirees Health Insurance Credit Plan (RHICP) Trust Fund	Other Post-Employment Benefits (OPEB) County LODA Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ASSETS					
Restricted investments, at fair value	\$ 16,708	18,724	13,493	33,284	82,209
Total assets	16,708	18,724	13,493	33,284	82,209
LIABILITIES					
Accounts payable	725	1,870	812	6	3,413
Total liabilities	725	1,870	812	6	3,413
NET POSITION					
Restricted for OPEB	15,983	16,854	12,681	33,278	78,796
Total net position	\$ 15,983	16,854	12,681	33,278	78,796

Statement of Changes in Fiduciary Net Position - OPEB Master Trust Fund
 For the Year Ended June 30, 2018
 (amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Premium Plan Trust Fund	Other Post-Employment Benefits (OPEB) Retirees Health Credit Plan (RHICP) Trust Fund	Other Post-Employment Benefits (OPEB) County LODA Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ADDITIONS					
Contributions:					
Employer	\$ 1,954	2,311	1,476	1,000	6,741
Investment income:					
Interest and dividends	407	348	336	727	1,818
Net appreciation in fair value of investments	941	799	766	1,680	4,186
Total investment income	1,348	1,147	1,102	2,407	6,004
Less investment expense	38	32	31	67	168
Net investment income	1,310	1,115	1,071	2,340	5,836
Total additions	3,264	3,426	2,547	3,340	12,577
DEDUCTIONS					
Other post-employment benefit payments	777	1,867	810	-	3,454
Administrative expenses	-	-	-	8	8
Total deductions	777	1,867	810	8	3,462
Change in net position	2,487	1,559	1,737	3,332	9,115
NET POSITION, beginning of year	13,496	15,295	10,944	29,946	69,681
NET POSITION, end of year	\$ 15,983	16,854	12,681	33,278	78,796

Statement of Fiduciary Net Position - Private Purpose Trust Funds

June 30, 2018

(amounts expressed in thousands)

	Private Purpose Trust Funds						Total
	Innovation	Historic			Animal	Liberty	
	Owners' Association	Preservation Foundation	Library Donations	Police Donations	Donations	Donations	
ASSETS							
Equity in pooled cash and investments	\$ 433	78	321	26	20	89	967
Accounts receivable, net	58	-	1	-	-	-	59
Total assets	491	78	322	26	20	89	1,026
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
NET POSITION							
Net position restricted for other purposes	\$ 491	78	322	26	20	89	1,026

FIDUCIARY FUNDS

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

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Private Purpose Trust Funds						Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	Police Donations	Animal Donations	Liberty Donations	
Donations	\$ 82	33	197	-	15	-	327
Investment income:							
Interest and dividends	1	-	-	-	-	-	1
Net investment income	1	-	-	-	-	-	1
Total additions	83	33	197	-	15	-	328
DEDUCTIONS							
Administrative expenses	73	1	113	-	10	-	197
Total deductions	73	1	113	-	10	-	197
Change in net position	10	32	84	-	5	-	131
NET POSITION, beginning of year, as restated	481	46	238	26	15	89	895
NET POSITION, end of year	\$ 491	78	322	26	20	89	1,026

COUNTY OF PRINCE WILLIAM, VIRGINIA
 AGENCY FUNDS
 Combining Statement of Fiduciary Net Position
 June 30, 2018
 (amounts expressed in thousands)

Schedule 32

	Special Welfare	Community Services Board Payees	Housing FSS Recipients	2% Transient Occupancy Tax	Total
ASSETS					
Equity in pooled cash and investments	\$ 31	-	632	-	663
Cash in outside banks	-	41	-	-	41
Total assets	\$ 31	41	632	-	704
LIABILITIES					
Deposits and escrows	31	41	632	-	704
Total liabilities	\$ 31	41	632	-	704

COUNTY OF PRINCE WILLIAM, VIRGINIA
 AGENCY FUNDS

Schedule 33

Combining Statement of Changes In Assets and Liabilities

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
SPECIAL WELFARE				
Equity in pooled cash and investments	\$ 6	155	130	31
Total assets	\$ 6	155	130	31
Deposits and escrows	\$ 6	155	130	31
Total liabilities	\$ 6	155	130	31
COMMUNITY SERVICES BOARD PAYEES				
Client cash in outside banks	\$ 63	437	459	41
Total assets	\$ 63	437	459	41
Deposits and escrows	\$ 63	437	459	41
Total liabilities	\$ 63	437	459	41
HOUSING FSS RECIPIENTS				
Equity in pooled cash and investments	\$ 633	208	209	632
Total assets	\$ 633	208	209	632
Deposits and escrows	\$ 633	208	209	632
Total liabilities	\$ 633	208	209	632
2% TRANSIENT OCCUPANCY TAX				
Equity in pooled cash and investments	\$ -	1,608	1,608	-
Total assets	\$ -	1,608	1,608	-
Deposits and escrows	\$ -	1,608	1,608	-
Total liabilities	\$ -	1,608	1,608	-
TOTAL AGENCY FUNDS				
Equity in pooled cash and investments	\$ 639	1,971	1,947	663
Client cash in outside banks	63	437	459	41
Total assets	\$ 702	2,408	2,406	704
Deposits and escrows	\$ 702	2,408	2,406	704
Total liabilities	\$ 702	2,408	2,406	704

DISCRETELY PRESENTED
COMPONENT UNIT
Adult Detention Center

The Adult Detention Center derives revenues from the County and charges for services. The Adult Detention Center statement includes revenues and expenditures for the general operation and capital projects of the Adult Detention Center.

COUNTY OF PRINCE WILLIAM, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER
Combining Balance Sheet

Schedule 34

June 30, 2018

(amounts expressed in thousands)

	<u>General Operating</u>	<u>Capital Projects</u>	<u>Totals</u>
ASSETS			
Equity in pooled cash and investments	\$ 11,375	-	11,375
Restricted cash and temporary investments	-	238	238
Accounts receivable, net	1	-	1
Due from other governmental units	1,872	-	1,872
Due from other funds	3,152	-	3,152
Total assets	<u>\$ 16,400</u>	<u>238</u>	<u>16,638</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 375	107	482
Wages and benefits payable	973	-	973
Due to other funds	-	3,152	3,152
Retainage	-	238	238
Total liabilities	<u>1,348</u>	<u>3,497</u>	<u>4,845</u>
FUND BALANCES:			
Assigned	180	32,986	33,166
Unassigned	14,872	(36,245)	(21,373)
Total fund balances	<u>15,052</u>	<u>(3,259)</u>	<u>11,793</u>
Total liabilities and fund balances	<u>\$ 16,400</u>	<u>238</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.	67,176
GASB 68 requires that deferred inflow and outflows of resources be reported	
Deferred outflow from OPEB	493
Deferred outflow from pensions	2,760
Deferred inflows from OPEB	(584)
Deferred inflows from pensions	(930)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Current year net pension liability	(14,225)
Current year net OPEB liability	(4,403)
Compensated absences	(3,488)
Net position of governmental activities	<u>\$ 58,592</u>

DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

(amounts expressed in thousands)

	Governmental Fund Types		Totals
	General Operating	Capital Projects	
REVENUES:			
From use of money and property	\$ (34)	-	(34)
Charges for services	476	-	476
Intergovernmental revenues:			
Federal	117	-	117
State	11,512	-	11,512
Local	31,023	-	31,023
Miscellaneous	162	-	162
Total revenues	43,256	-	43,256
EXPENDITURES:			
Public safety	41,174	5,480	46,654
Total expenditures	41,174	5,480	46,654
Excess (deficiency) of revenues over (under) expenditures	2,082	(5,480)	(3,398)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	44	44
Transfers out	(44)	-	(44)
Total other financing sources (uses)	(44)	44	-
Net change in fund balances	2,038	(5,436)	(3,398)
FUND BALANCES, beginning of year	13,014	2,177	
FUND BALANCES, end of year	\$ 15,052	(3,259)	

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	5,550
Subtract depreciation expense	(2,361)
GASB 68 requires reporting deferred inflows and outflow of resources	
Add current year's deferred outflow of resources-OPEB	493
Add current year's deferred outflow of resources-pension	2,760
Deduct deferred outflow from pensions from prior year	(5,811)
Subtract current year's deferred inflow or resources-OPEB	(584)
Subtract current year's deferred inflow or resources-pension	(930)
Add deferred inflows from pensions from prior year	1,177
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Subtract current year's other long term liabilities-OPEB	(4,403)
Subtract current year's other long term liabilities-pension	(14,225)
Add prior year's other long term liabilities-pension	16,987
Add prior year's compensated absences liability	3,408
Subtract current year's compensated absences liability	(3,488)
Cumulative effect due to change in accounting principal (GASB 75)	4,716
Change in Adult Detention Center net position	\$ (109)

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, 2018

(amounts expressed in thousands)

	Budgeted Amounts		2018 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From use of money and property	\$ -	-	(34)	(34)
Charges for services	663	663	476	(187)
Intergovernmental revenues:				
Federal	383	383	117	(266)
State	9,968	9,969	11,512	1,543
From other localities:				
Manassas	3,430	3,430	3,949	519
Manassas Park	476	476	852	376
Prince William County	26,188	26,188	26,222	34
Miscellaneous	57	57	162	105
Total revenues	41,165	41,166	43,256	2,090
EXPENDITURES:				
Public safety - Adult Detention	41,121	42,842	41,174	1,668
Total expenditures	41,121	42,842	41,174	1,668
OTHER FINANCING SOURCES (USES):				
Transfers out:				
Capital projects funds	(44)	(44)	(44)	-
Total other financing sources (uses)	(44)	(44)	(44)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(1,720)	2,038	3,758
FUND BALANCE, beginning of year	13,014	13,014	13,014	-
FUND BALANCE, end of year	\$ 13,014	11,294	15,052	3,758

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, 2018
(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2018					Total Outstanding (Not Matured) at June 30, 2018	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	
General Obligation Bonds:													
2002 Referendum	\$ 20,710	15,755	6-Aug-08	--	788	--	--	--	788	4.00	788	2019	788
		4,955	29-Jul-10	--	1,100	--	--	--	1,100	5.00	550	2019	550
										3.00	550	2020	550
Total 2002 Referendum	<u>\$ 20,710</u>	<u>20,710</u>		<u>--</u>	<u>1,888</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,888</u>				
2006 Referendum	\$ 68,495	31,175	6-Aug-08	--	1,342	--	220	--	1,562	4.00	1,562	2019	1,562
		3,775	29-Jul-10	--	840	--	--	--	840	5.00	420	2019	420
		28,635	31-Jul-13	--	20,028	--	2,867	--	22,895	3.00	420	2020	420
										5.00	1,435	2019 thru 2021	4,305
										5.00	1,430	2022 thru 2024	4,290
										3.00	1,430	2025	1,430
										4.00	1,430	2026 thru 2027	2,860
										3.63	1,430	2028	1,430
										4.50	1,430	2029 thru 2031	4,290
										4.00	1,430	2032	1,430
										4.50	1,430	2033 thru 2034	2,860
	67,565	61,805	29-Jul-15	21,692	28,922	--	5,006	--	55,620	5.00	3,090	2019 thru 2026	24,720
										3.00	3,090	2027 thru 2028	6,180
										4.00	3,090	2029 thru 2030	6,180
										3.00	3,090	2031	3,090
										3.50	3,090	2032 thru 2034	9,270
										3.75	3,090	2035 thru 2036	6,180
Taxable - Local Build America Bonds		10,670	29-Jul-10	--	10,670	--	--	--	10,670	3.68	1,000	2021	1,000
										4.28	960	2022	960
										4.28	965	2023 thru 2026	3,860
										5.31	970	2027 thru 2031	4,850
Total 2006 Referendum	<u>\$ 136,060</u>	<u>136,060</u>		<u>21,692</u>	<u>61,802</u>	<u>--</u>	<u>8,093</u>	<u>--</u>	<u>91,587</u>				
Revenue Bonds	\$ 30,985	23,355	1-Mar-16	21,015	--	--	--	--	21,015	3.00	1,170	2019	1,170
										5.00	1,170	2020	1,170
										3.00	1,170	2021 thru 2022	2,340
										5.00	1,170	2023 thru 2027	5,850
										5.00	1,165	2028	1,165
										4.00	1,165	2029 thru 2033	5,825
										3.50	1,165	2034 thru 2036	3,495
Total Revenue Bonds	<u>\$ 30,985</u>	<u>23,355</u>		<u>21,015</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>21,015</u>				
General Obligation (cont'd): School Bonds	9,850	9,850	30-Apr-99	--	--	--	--	490	490	5.10	490	2019	490
	11,930	11,930	13-May-99	--	--	--	--	1,190	1,190	5.23	595	2019 thru 2020	1,190
	33,650	33,650	18-May-00	--	--	--	--	5,040	5,040	5.60	1,680	2019 thru 2021	5,040
	48,175	48,175	17-May-01	--	--	--	--	9,620	9,620	5.10	2,405	2019 thru 2022	9,620
	52,660	52,660	16-May-02	--	--	--	--	13,150	13,150	5.10	2,630	2019 thru 2023	13,150
	80,675	80,675	15-May-03	--	--	--	--	24,185	24,185	5.10	4,035	2019	4,035
										5.10	4,030	2020 thru 2021	8,060
										4.60	4,030	2022 thru 2024	12,090
	48,795	48,795	13-May-04	--	--	--	--	17,075	17,075	5.10	2,440	2019 thru 2024	14,640
										5.10	2,435	2025	2,435
	62,320	62,320	12-May-05	--	--	--	--	24,920	24,920	5.10	3,115	2019	3,115
										4.10	3,115	2020	3,115
										5.10	3,115	2021 thru 2025	15,575
										4.35	3,115	2026	3,115
	61,605	61,605	11-May-06	--	--	--	--	27,720	27,720	5.10	3,080	2019 thru 2021	9,240
										4.48	3,080	2022	3,080

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2018

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2018										Interest Rate (%)	Maturing Annually		
	Authorized	Issued	Date Issued	General County Related Debt	Adult			School Board Related Debt	Total Outstanding (Not Matured) at June 30, 2018			Amount	Fiscal Year	
					Road Related Debt	Detention Center Related Debt	Park Related Debt							
											4.60	3,080	2023 thru 2026	12,320
											5.10	3,080	2027	3,080
	64,975	64,975	10-May-07	--	--	--	--	32,475	32,475		5.10	3,250	2019 thru 2020	6,500
											4.10	3,250	2021	3,250
											5.10	3,250	2022 thru 2023	6,500
											4.48	3,245	2024	3,245
											4.50	3,245	2025 thru 2026	6,490
											5.10	3,245	2027 thru 2028	6,490
	45,890	45,890	15-May-08	--	--	--	--	25,235	25,235		5.10	2,295	2019 thru 2027	20,655
											5.10	2,290	2028	2,290
											4.60	2,290	2029	2,290
	51,020	51,020	15-May-09	--	--	--	--	30,600	30,600		5.05	2,550	2019	2,550
											4.05	2,550	2020	2,550
											5.05	2,550	2021 thru 2025	12,750
											4.05	2,550	2026	2,550
											5.05	2,550	2027	2,550
											4.30	2,550	2028	2,550
											5.05	2,550	2029	2,550
											4.25	2,550	2030	2,550
	51,200	46,445	4-Aug-11	--	--	--	--	20,895	20,895		5.00	2,325	2019	2,325
											3.00	2,325	2020	2,325
											5.00	2,325	2021	2,325
											2.75	2,320	2022	2,320
											3.00	2,320	2023	2,320
											3.00	2,320	2024	2,320
											3.50	2,320	2028	2,320
											4.00	2,320	2031 thru 2032	4,640
	79,600	65,675	1-Aug-12	--	--	--	--	22,980	22,980		5.00	3,285	2019 thru 2022	13,140
											4.50	3,280	2031 thru 2033	9,840
General Obligation (cont'd): School Bonds	69,280	59,990	31-Jul-13	--	--	--	--	32,990	32,990		5.00	3,000	2019 thru 2024	18,000
											4.50	3,000	2030 thru 2032	9,000
											4.50	2,995	2033 thru 2034	5,990
	91,910	82,545	23-Sep-14	--	--	--	--	70,155	70,155		5.00	4,130	2019 thru 2024	24,780
											5.00	4,125	2025	4,125
											3.00	4,125	2026	4,125
											2.50	4,125	2027	4,125
											3.00	4,125	2028	4,125
											3.25	4,125	2029 thru 2030	8,250
											3.50	4,125	2031	4,125
											3.00	4,125	2032	4,125
											3.50	4,125	2033	4,125
											3.00	4,125	2034 thru 2035	8,250
	108,990	98,485	29-Jul-15	--	--	--	--	88,635	88,635		5.00	4,925	2019 thru 2026	39,400
											3.00	4,925	2027 thru 2031	24,625
											3.13	4,925	2032	4,925
											3.50	4,925	2033	4,925
											3.50	4,920	2034	4,920
											3.75	4,920	2035 thru 2036	9,840
	139,480	120,220	29-Mar-16	--	--	--	--	114,205	114,205		5.00	6,015	2019 thru 2021	18,045
											5.00	6,010	2022 thru 2030	54,090
											3.00	6,010	2031 thru 2037	42,070
	219,695	77,660	9-Mar-17	--	--	--	--	73,775	73,775		5.00	3,885	2019 thru 2027	34,965
											4.00	3,885	2028 thru 2029	7,770
											3.00	3,880	2030 thru 2031	7,760
											3.13	3,880	2032 thru 2034	11,640
											3.25	3,880	2035 thru 2036	7,760
											3.38	3,880	2037	3,880
	245,340	115,895	24-May-18	--	--	--	--	115,895	115,895		5.00	5,790	2019	5,790
											5.00	5,795	2020 thru 2030	63,745
											4.00	5,795	2031 thru 2033	17,385
											3.13	5,795	2034 thru 2035	11,590
											3.38	5,795	2036 thru 2038	17,385

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2018
(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2018					Total Outstanding (Not Matured) at June 30, 2018	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	
Taxable - Local Build America Bonds	60,765	56,445	13-May-10	--	--	--	--	52,410	52,410	4.22	4,035	2019	4,035
										4.42	4,035	2020	4,035
										4.52	4,035	2021	4,035
										4.72	4,035	2022	4,035
										4.82	4,030	2023	4,030
										4.97	4,030	2024	4,030
										5.07	4,030	2025	4,030
										5.17	4,030	2026	4,030
										5.56	4,030	2027 thru 2031	20,150
Taxable-Direct Payment Qualified School Construction Bonds ^A	9,800	9,685	8-Jul-10	--	--	--	--	5,130	5,130	-	570	2019 thru 2027	5,130
Total School Bonds	\$ 1,647,605	1,304,590		--	--	--	--	808,770	808,770				
General Obligation (cont'd): Refunding Bonds	\$ 47,175	47,175	1-Sep-04	355	--	--	--	635	990	4.13	990	2021	990
	50,000	48,260	29-Jul-10	--	24,040	--	2,160	2,000	28,200	5.00	6,190	2019	6,190
										3.00	5,895	2020	5,895
										4.00	710	2020	710
										2.75	4,845	2021	4,845
										4.00	1,700	2022	1,700
										5.00	3,100	2022	3,100
										5.00	3,830	2023	3,830
										5.00	1,930	2024	1,930
	59,000	35,550	29-Feb-12	--	34,135	--	1,415	--	35,550	4.00	1,650	2020	1,650
										4.00	3,295	2021	3,295
										4.00	3,275	2022	3,275
										4.00	3,695	2023	3,695
										5.00	5,590	2024	5,590
										5.00	6,610	2025	6,610
										5.00	3,695	2026	3,695
										5.00	3,690	2027	3,690
										5.00	2,025	2028 thru 2029	4,050
	115,000	50,940	29-Mar-16	--	--	--	--	50,940	50,940	5.00	3,210	2023	3,210
										5.00	2,940	2024	2,940
										5.00	8,275	2025	8,275
										5.00	8,310	2026	8,310
										5.00	8,350	2027	8,350
										5.00	6,055	2028	6,055
										5.00	8,385	2029	8,385
										5.00	5,415	2030	5,415
	3,015	2,935	1-Mar-16	1,810	--	--	--	--	1,810	3.00	580	2019	580
										5.00	600	2020	600
										5.00	630	2021	630
Taxable Bonds	26,000	16,035	29-Feb-12	--	632	--	148	3,190	3,970	1.73	2,010	2019	2,010
										1.93	1,960	2020	1,960
Total General Obligation and Revenue Bonds	\$ 2,135,550	1,685,610		44,872	122,497	--	11,816	865,535	1,044,720				
Capital Leases:													
2008 VRA - Roads	6,255	6,255	19-Jun-08	--	315	--	--	--	315	4.72	315	2019	315
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	225	--	--	--	--	225	4.71	225	2019	225
2009 VRA - Roads	37,945	37,945	19-Jun-08	--	3,795	--	--	--	3,795	5.13	1,900	2019	1,900
										5.13	1,895	2020	1,895
Refunding LPC - Judicial Center	18,500	16,025	6-Oct-10	6,525	--	--	--	--	6,525	3.50	2,770	2019	2,770
										5.00	500	2019	500
										5.00	3,255	2021	3,255
Refunding VRA - Yorkshire Fire Station	3,000	2,780	2-Nov-10	1,425	--	--	--	--	1,425	3.11	260	2019	260
										5.10	270	2020	270
										5.10	285	2021	285
										3.53	300	2022	300
										5.10	310	2023	310
Refunding VRA - Western District Police	16,000	13,165	2-Nov-10	6,745	--	--	--	--	6,745	3.14	1,230	2019	1,230
										5.10	1,280	2020	1,280
										5.10	1,350	2021	1,350

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2018

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2018									Interest Rate (%)	Maturing Annually		
	Authorized	Issued	Date Issued	General County Related Debt	Adult			Total Outstanding (Not Matured) at June 30, 2018	Amount		Fiscal Year		
					Road Related Debt	Detention Center Related Debt	Park Related Debt				School Board Related Debt		
										3.54	1,410	2022	1,410
										5.10	1,475	2023	1,475
Refunding VRA - Nokesville Fire Station	3,000	2,180	2-Nov-10	1,290	--	--	--	--	1,290	5.10	215	2019 thru 2024	1,290
Refunding VRA - Spriggs Road	10,100	10,095	27-Jun-12	--	7,995	--	--	--	7,995	5.13	1,005	2019	1,005
										5.13	1,000	2020 thru 2024	5,000
										4.83	995	2025	995
										4.82	995	2026	995
Refunding VRA - Nokesville Fire Station	900	880	27-Jun-12	510	--	--	--	--	510	5.13	85	2019 thru 2024	510
Refunding COP	50,000	35,205	26-Mar-13	13,580	--	13,890	235	--	27,705	4.00	3,575	2019	3,575
										4.00	3,535	2020	3,535
										5.00	3,510	2021	3,510
										5.00	3,500	2022	3,500
										5.00	3,495	2023	3,495
										5.00	3,500	2024	3,500
										5.00	3,510	2025	3,510
										5.00	1,540	2026 thru 2027	3,080
Refunding VRA - Spricer Fire Station	880	880	5-Nov-14	675	--	--	--	--	675	5.13	95	2019 thru 2020	190
										4.44	95	2021	95
										5.13	95	2022	95
										5.13	100	2023	100
										3.81	100	2024	100
										5.13	95	2025	95
Capital Leases (cont'd):													
Refunding VRA - River Oaks Fire Station	2,330	2,330	5-Nov-14	2,095	--	--	--	--	2,095	5.13	235	2019 thru 2020	470
										4.42	235	2021	235
										5.13	235	2022 thru 2023	470
										3.87	230	2024	230
										5.13	230	2025 thru 2026	460
										4.82	230	2027	230
Refunding VRA - Antioch Fire Station	2,215	2,215	5-Nov-14	2,215	--	--	--	--	2,215	5.13	250	2019 thru 2020	500
										4.43	245	2021	245
										5.13	245	2022 thru 2023	490
										3.88	245	2024	245
										5.13	245	2025 thru 2026	490
										4.84	245	2027	245
Refunding VRA - Roads	6,245	6,245	5-Nov-14	--	6,245	--	--	--	6,245	5.13	700	2019 thru 2020	1,400
										4.42	695	2021	695
										5.13	695	2022	695
										5.13	690	2023	690
										3.91	690	2024	690
										5.13	690	2025 thru 2026	1,380
										4.82	695	2027	695
Refunding VRA - Birchdale Fire Station	2,140	2,140	5-Nov-14	2,140	--	--	--	--	2,140	5.13	220	2020	220
										4.43	215	2021	215
										5.13	215	2022 thru 2023	430
										3.90	215	2024	215
										5.13	215	2025 thru 2026	430
										4.84	210	2027 thru 2029	630
Refunding VRA - Roads	3,010	3,010	5-Nov-14	--	3,010	--	--	--	3,010	5.13	310	2020	310
										4.42	305	2021	305
										5.13	300	2022 thru 2023	600
										3.87	300	2024	300
										5.13	300	2025 thru 2026	600

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2018
 (amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2018					Total Outstanding (Not Matured) at June 30, 2018	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	
									4.81	300	2027	300	
									4.83	300	2028	300	
									4.84	295	2029	295	
Refunding VRA - Roads	29,925	18,855	5-Nov-14	--	18,845	--	--	--	18,845	5.13	5	2019 thru 2020	10
										4.42	1,890	2021	1,890
										5.13	1,885	2022	1,885
										5.13	1,895	2023	1,895
										3.90	1,885	2024	1,885
										5.13	1,880	2025	1,880
										5.13	1,885	2026	1,885
										4.83	1,885	2027	1,885
										4.82	1,885	2028	1,885
										4.82	1,880	2029	1,880
										3.43	1,865	2030	1,865
Total Capital Leases	<u>\$ 196,900</u>	<u>164,660</u>		<u>37,425</u>	<u>40,205</u>	<u>13,890</u>	<u>235</u>	<u>--</u>	<u>91,755</u>				
Total General Obligation, Capital Leases and Other Long-Term Debt	<u>\$ 2,332,450</u>	<u>1,850,270</u>		<u>82,297</u>	<u>162,702</u>	<u>13,890</u>	<u>12,051</u>	<u>865,535</u>	<u>1,136,475</u>				

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, 2018

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2018						Total Outstanding (Not Matured) at June 30, 2018	Interest Rate (%)	Maturing Annually	
	Authorized	Issued	Date Issued	Landfill	Parks & Recreation				Amount	Fiscal Year
Revenue Bonds										
Refunding Bonds	\$ 19,000	13,285	14-Apr-10	--	8,725	8,725	4.00	650	2019	
							4.00	680	2020	
							3.50	715	2021	
							3.75	730	2022	
							3.88	760	2023	
							4.00	790	2024	
							4.00	815	2025	
							4.00	850	2026	
							4.00	880	2027	
							4.00	910	2028	
							4.13	945	2029	
Total Revenue Bonds	<u>\$ 19,000</u>	<u>13,285</u>		<u>--</u>	<u>8,725</u>	<u>8,725</u>				
Total Long-Term Debt	<u>\$ 19,000</u>	<u>\$ 13,285</u>		<u>\$ --</u>	<u>\$ 8,725</u>	<u>\$ 8,725</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.

Contents	Page
Financial Trends	244
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity	254
These schedules contain information to help the reader assess the County’s most significant local revenue source, the real estate tax, as well as other revenue sources.	
Debt Capacity	262
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information	269
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	
Operating Information	272
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	
Other Statistical Tables	278
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)

	2009	2010	2011	2012 ^c	2013
Governmental activities:					
Net Investment in capital assets	\$ 252,588	\$ 308,128	\$ 309,109	\$ 370,247	\$ 405,803
Restricted	126,792	79,067	102,590	103,323	116,177
Unrestricted	(637,188)	(586,903)	(540,498)	(513,067)	(572,683)
Total governmental activities net position	\$ (257,808)	\$ (199,708)	\$ (128,799)	\$ (39,497)	\$ (50,703)
Business-type activities:					
Net Investment in capital assets	\$ 22,020	\$ 23,790	\$ 28,333	\$ 37,030	\$ 36,810
Unrestricted	7,411	12,253	9,506	5,675	(146)
Total business-type activities net position	\$ 29,431	\$ 36,043	\$ 37,839	\$ 42,705	\$ 36,664
Primary government:					
Net Investment in capital assets	\$ 274,608	\$ 331,918	\$ 337,442	\$ 407,277	\$ 442,613
Restricted	126,792	79,067	102,590	103,323	116,177
Unrestricted	(629,777)	(574,650)	(530,992)	(507,392)	(572,829)
Total primary government net position	\$ (228,377)	\$ (163,665)	\$ (90,960)	\$ 3,208	\$ (14,039)
Component units:^a					
Net Investment in capital assets	\$ 1,021,548	\$ 1,087,841	\$ 1,161,881	\$ 1,149,459	\$ 1,195,075
Restricted	90,441	90,969	39,134	34,791	43,091
Unrestricted	126,805	146,002	139,408	111,523	114,809
Total component units net position	\$ 1,238,794	\$ 1,324,812	\$ 1,340,423	\$ 1,295,773	\$ 1,352,975
Total reporting entity:					
Net Investment in capital assets ^b	\$ 777,478	\$ 887,366	\$ 928,973	\$ 975,195	\$ 1,051,232
Restricted ^b	126,792	79,067	118,527	115,407	139,850
Unrestricted	106,147	194,714	201,963	212,308	147,854
Total reporting entity net position	\$ 1,010,417	\$ 1,161,147	\$ 1,249,463	\$ 1,302,910	\$ 1,338,936

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

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

^c The 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.

^d FY 2016 figures were adjusted and restated in FY 2017. FY 2017 figures were restated in FY 2018.

^e FY 2017 figures were not adjusted and restated for Convention and Visitors Bureau since the merger occurred July 1, 2018.

2014	2015	2016 as restated ^d	2017 as restated ^{d,e}	2018	
\$ 432,016	\$ 459,442	\$ 442,098	\$ 485,264	\$ 505,044	Governmental activities:
140,516	159,366	170,299	140,373	95,769	Net Investment in capital assets
(620,271)	(753,856)	(885,739)	(994,204)	(1,010,760)	Restricted
					Unrestricted
\$ <u>(47,739)</u>	\$ <u>(135,048)</u>	\$ <u>(273,342)</u>	\$ <u>(368,567)</u>	\$ <u>(409,947)</u>	Total governmental activities net position
					Business-type activities:
\$ 37,943	\$ 44,021	\$ 32,870	\$ 40,381	\$ 38,545	Net Investment in capital assets
3,818	(5,808)	6,280	9,522	12,147	Unrestricted
\$ <u>41,761</u>	\$ <u>38,213</u>	\$ <u>39,150</u>	\$ <u>49,903</u>	\$ <u>50,692</u>	Total business-type activities net position
					Primary government:
\$ 469,959	\$ 503,463	\$ 474,968	\$ 525,645	\$ 543,589	Net Investment in capital assets
140,516	159,366	170,299	140,373	95,769	Restricted
(616,453)	(759,664)	(879,459)	(984,682)	(998,613)	Unrestricted
\$ <u>(5,978)</u>	\$ <u>(96,835)</u>	\$ <u>(234,192)</u>	\$ <u>(318,664)</u>	\$ <u>(359,255)</u>	Total primary government net position
					Component units: ^a
\$ 1,247,771	\$ 1,326,687	\$ 1,416,258	\$ 1,522,452	\$ 1,572,907	Net Investment in capital assets
50,515	66,882	198,106	173,810	231,206	Restricted
114,162	(737,984)	(700,164)	(860,881)	(823,297)	Unrestricted
\$ <u>1,412,448</u>	\$ <u>655,585</u>	\$ <u>914,200</u>	\$ <u>835,381</u>	\$ <u>980,816</u>	Total component units net position
					Total reporting entity:
\$ 1,121,735	\$ 1,222,302	\$ 1,891,226	\$ 1,367,824	\$ 2,215,208	Net Investment in capital assets ^b
168,908	183,503	368,405	163,665	130,578	Restricted ^b
115,827	(847,055)	(1,579,623)	(1,014,772)	(1,724,225)	Unrestricted
\$ <u>1,406,470</u>	\$ <u>558,750</u>	\$ <u>680,008</u>	\$ <u>516,717</u>	\$ <u>621,561</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)

	2009	2010	2011	2012	2013	2014	2015	2016 as restated ^b	2017 as restated ^b	2018
Primary Government:										
Expenses										
Governmental activities:										
General government administration	\$ 41,470	\$ 37,377	\$ 45,435	\$ 40,151	\$ 37,932	\$ 34,857	\$ 34,865	\$ 40,258	\$ 50,059	\$ 47,002
Judicial administration	19,004	17,471	18,157	18,222	19,524	20,060	20,581	21,960	22,458	21,557
Public safety	210,257	197,928	205,341	215,366	234,880	238,965	243,870	270,610	295,806	292,517
Public works	124,491	54,892	48,819	55,538	72,924	91,874	88,390	96,977	81,479	112,634
Health and welfare	75,163	74,268	76,664	75,217	75,909	76,638	81,711	88,726	92,898	95,658
Education	434,797	440,443	368,236	406,022	463,154	461,676	513,087	672,297	554,522	589,737
Parks, recreational and cultural	35,793	38,347	33,728	54,934	34,077	36,059	37,150	78,278	50,250	49,000
Community development	49,100	49,524	50,227	52,318	53,726	59,129	64,674	37,307	66,559	71,037
Interest on long-term debt	41,868	44,253	44,095	43,242	43,086	47,553	45,104	47,263	54,176	51,305
Pension	--	--	--	--	--	--	(12,502)	--	--	--
Total governmental activities expenses	1,031,943	954,503	890,702	961,010	1,035,212	1,066,811	1,116,930	1,353,676	1,268,207	1,330,447
Business-type activities:										
Landfill	12,181	10,724	15,804	16,734	15,832	17,327	17,337	16,613	16,195	14,745
Parks and Recreation	--	--	--	15,927	19,729	14,793	14,865	6,427	6,445	6,943
Innovation Technology Park	242	49	48	48	60	75	405	340	458	268
Total business-type activities expenses	12,423	10,773	15,852	32,709	35,621	32,195	32,607	23,380	23,098	21,956
Total primary government expenses	\$ 1,044,366	\$ 965,276	\$ 906,554	\$ 993,719	\$ 1,070,833	\$ 1,099,006	\$ 1,149,537	\$ 1,377,056	\$ 1,291,305	\$ 1,352,403
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 678	\$ 554	\$ 554	\$ 597	\$ 590	\$ 571	\$ 568	\$ 2,263	\$ 1,969	\$ 1,996
Judicial administration	4,695	4,234	4,160	4,548	4,929	4,079	4,238	1,939	1,982	1,695
Public safety	5,783	6,027	6,646	11,105	12,220	13,177	13,249	11,113	24,005	14,572
Public works	4,669	4,958	5,038	5,054	8,248	8,237	8,725	8,796	8,523	8,533
Health and welfare	1,850	1,429	1,287	1,381	1,345	1,113	1,477	6,635	977	1,332
Parks, recreational and cultural	526	520	562	1,807	548	641	580	8,695	8,992	8,302
Community development	10,457	9,564	10,461	15,234	18,973	20,708	20,194	15,527	12,164	18,382
Operating grants and contributions	86,411	90,529	88,851	101,066	77,104	80,159	79,740	85,699	89,962	96,631
Capital grants and contributions	40,183	28,271	46,890	37,115	29,758	42,952	49,288	74,430	56,574	80,726
Total governmental activities program revenues	155,252	146,086	164,449	177,907	153,715	171,637	178,059	215,097	205,148	232,169
Business-type activities:										
Charges for services:										
Landfill	15,840	16,244	17,696	17,213	17,556	18,008	18,805	19,660	19,568	19,879
Parks and Recreation	--	--	--	13,228	10,904	11,783	11,927	5,472	5,222	4,654
Innovation Technology Park	1,373	7	--	990	--	--	64	1,132	4,312	978
Capital grants and contributions	27	177	66	57	27	20	--	--	--	--
Total business-type activities program revenues	17,240	16,428	17,762	31,488	28,487	29,811	30,796	26,264	29,102	25,511
Total primary government program revenues	\$ 172,492	\$ 162,514	\$ 182,211	\$ 209,395	\$ 182,202	\$ 201,448	\$ 208,855	\$ 241,361	\$ 234,250	\$ 257,680
Net (Expense)/Revenue	\$ (876,691)	\$ (808,417)	\$ (726,253)	\$ (783,103)	\$ (881,497)	\$ (895,174)	\$ (938,871)	\$ (1,138,579)	\$ (1,063,059)	\$ (1,098,278)
Business-type activities	4,817	5,655	1,910	(1,221)	(7,134)	(2,384)	(1,811)	2,884	6,004	3,555
Total primary government net (expense)/revenue	\$ (871,874)	\$ (802,762)	\$ (724,343)	\$ (784,324)	\$ (888,631)	\$ (897,558)	\$ (940,682)	\$ (1,135,695)	\$ (1,057,055)	\$ (1,094,723)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Real property	\$ 545,021	\$ 509,007	\$ 508,761	\$ 526,885	\$ 551,951	\$ 571,847	\$ 599,802	\$ 628,960	\$ 650,851	\$ 679,762
Personal property	80,642	67,816	72,641	78,338	85,515	96,013	104,060	114,750	128,280	137,198
Local sales	45,055	46,155	49,554	52,003	55,169	56,511	59,709	60,551	63,022	64,566
Consumers utility	12,596	12,840	13,190	13,075	13,490	13,766	13,974	13,977	14,196	14,417
Telecommunications sales and use tax	20,198	--	--	--	--	--	--	--	--	--
Business, professional and occupational license	19,931	20,269	20,965	21,725	22,913	23,772	24,744	25,065	25,341	26,554
Recordation	10,669	7,813	7,562	8,014	10,277	7,879	8,868	10,613	11,149	9,839
Motor vehicle licenses	6,874	7,221	7,504	7,591	7,877	7,907	8,053	8,260	8,409	8,845
Transient occupancy	3,189	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	2,220	2,661	3,208	3,080	2,973	3,226	3,292	3,350	3,733	4,102
Grants and contributions not restricted to specific programs	62,765	82,882	82,422	81,503	81,785	81,878	82,278	85,327	81,728	81,058
Investment earnings	26,777	31,700	11,754	20,222	(1,558)	26,049	20,548	26,736	11,123	13,727
Insurance claims and recoveries	--	--	--	66	100	9	10	2,197	61	26
Gain/(loss) on disposition of capital assets	--	--	--	--	--	--	--	17	649	161
Miscellaneous	24,357	21,954	14,876	10,348	37,530	12,522	19,304	12,480	24,112	8,322
Special item - transfer of volunteer fire and rescue operations	--	--	--	--	--	--	--	2,929	13,026	--
Transfers	4,877	810	1,556	1,527	(376)	(6,337)	465	792	(4,377)	4,010
Total governmental activities	865,171	814,142	797,162	827,651	871,015	898,138	948,532	999,725	1,035,333	1,056,612

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016 as restated ^b	2017 as restated ^b	2018
Business-type activities:										
Taxes										
Grants and contributions not restricted to specific programs	1	--	--	--	--	--	--	--	--	--
Investment earnings	1,003	928	343	513	(99)	307	389	533	--	57
Gain/(loss) on disposition of capital assets	(141)	--	--	--	--	--	--	--	--	--
Miscellaneous	1,045	839	1,099	794	816	837	979	933	1,215	1,187
Transfers	(4,877)	(810)	(1,556)	(1,527)	376	6,337	(465)	(792)	4,377	(4,010)
Total business-type activities	(2,969)	957	(114)	(220)	1,093	7,481	903	674	5,592	(2,766)
Total primary government	\$ 862,202	\$ 815,099	\$ 797,048	\$ 827,431	\$ 872,108	\$ 905,619	\$ 949,435	\$ 1,000,399	\$ 1,040,925	\$ 1,053,846
Change in Net Position										
Governmental activities	\$ (11,520)	\$ 5,725	70,909	\$ 44,548	\$ (10,482)	\$ 2,964	\$ 9,661	\$ (138,854)	\$ (27,726)	\$ (41,666)
Cumulative effect of restatement- Gov't Activities	--	--	--	--	--	--	(96,970)	--	(15,068)	--
Business-type activities	1,848	6,612	1,796	(1,441)	(6,041)	5,097	(908)	3,558	11,596	789
Cumulative effect of restatement - Business-type Activities	--	--	--	--	--	--	(2,640)	--	--	--
Total primary government	\$ (9,672)	\$ 12,337	\$ 72,705	\$ 43,107	\$ (16,523)	\$ 8,061	\$ (90,857)	\$ (135,296)	\$ (31,198)	\$ (40,877)
Component Units: ^a										
Expenses										
School Board	\$ 879,594	\$ 879,024	\$ 885,979	\$ 945,026	\$ 982,546	\$ 998,911	\$ 1,046,510	\$ 1,059,657	\$ 1,149,263	\$ 1,163,792
Adult Detention Center	37,479	44,635	30,816	39,719	46,030	44,629	42,366	48,241	44,712	43,365
Park Authority	30,749	29,754	29,517	--	--	--	--	--	--	--
Convention & Visitors Bureau	--	--	--	1,183	1,253	1,188	1,288	1,275	1,178	--
Total component unit expenses	\$ 947,822	\$ 953,413	\$ 946,312	\$ 985,928	\$ 1,029,829	\$ 1,044,728	\$ 1,090,164	\$ 1,109,173	\$ 1,195,153	\$ 1,207,157
Program Revenues										
Charges for services	\$ 36,270	\$ 34,948	\$ 35,144	\$ 23,551	\$ 24,230	\$ 24,087	\$ 23,795	\$ 24,429	\$ 25,735	\$ 26,138
Operating grants and contributions	117,803	120,782	144,496	144,394	146,617	149,565	158,349	168,110	179,935	182,304
Capital grants and contributions	4,395	4,863	209	98	113	108	116	124	119	123
Total component unit program revenues	\$ 158,468	\$ 160,593	\$ 179,849	\$ 168,043	\$ 170,960	\$ 173,760	\$ 182,260	\$ 192,663	\$ 205,789	\$ 208,565
General Revenues and Other										
Changes in Net Position										
Payment from primary government	\$ 538,853	\$ 544,019	\$ 469,759	\$ 497,540	\$ 556,524	\$ 560,412	\$ 615,939	\$ 783,479	\$ 672,345	\$ 717,067
Grants and contributions not restricted to specific programs	323,233	324,506	306,261	324,278	354,051	359,939	373,325	381,856	401,967	419,099
Investment earnings	6,856	5,367	4,358	3,287	1,892	3,261	3,125	3,489	2,603	2,700
Loss on disposal of capital assets	--	--	--	--	--	--	4	(1)	--	--
Miscellaneous	2,130	1,812	1,696	2,758	3,604	6,829	3,216	3,734	5,523	5,447
Total general revenues and other changes in net position	\$ 871,072	\$ 875,704	\$ 782,074	\$ 827,863	\$ 916,071	\$ 930,441	\$ 995,609	\$ 1,172,557	\$ 1,082,438	\$ 1,144,313
Cumulative effect of restatement	--	--	--	--	--	--	(844,568)	--	--	--
Total component unit change in net position	\$ 81,718	\$ 82,884	\$ 15,611	\$ 9,978	\$ 57,202	\$ 59,473	\$ (756,863)	\$ 256,047	\$ 93,074	\$ 145,721

^a 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

^b 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)

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

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

^bFY 2016 figures were adjusted and restated in FY 2017.

		2016			
2014	2015	as restated ^b	2017	2018	
\$ 222	\$ 178	\$ 142	\$ 178	\$ 288	General Fund:
3,693	13,224	8,366	10,350	9,941	Non-spendable
67,735	58,692	127,058	92,852	89,315	Restricted
6,442	29,847	7,775	9,123	12,096	Committed
69,669	73,055	75,674	79,769	82,107	Assigned
<u>147,761</u>	<u>174,996</u>	<u>219,015</u>	<u>192,272</u>	<u>193,747</u>	Unassigned
					Total general fund
240	232	331	331	306	Capital Projects:
--	--	--	--	--	Non-spendable
102,106	56,783	148,995	136,717	98,602	Restricted
<u>102,346</u>	<u>57,015</u>	<u>149,326</u>	<u>137,048</u>	<u>98,908</u>	Committed
					Total capital projects
77,831	86,617	59,127	50,974	44,284	Fire & Rescue Levy:
<u>77,831</u>	<u>86,617</u>	<u>59,127</u>	<u>50,974</u>	<u>44,284</u>	Restricted
					Total fire & rescue levy funds
--	--	2,167	--	8	Non-major Special Revenue Funds:
18,472	16,766	20,055	25,466	26,949	Non-spendable
<u>18,472</u>	<u>16,766</u>	<u>22,222</u>	<u>25,466</u>	<u>26,957</u>	Restricted
\$ 18,472	\$ 16,766	\$ 22,222	\$ 25,466	\$ 26,957	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)

	2009	2010	2011	2012	2013 ^a
REVENUES:					
General property taxes	\$ 623,758	\$ 577,981	\$ 583,220	\$ 605,896	\$ 636,789
Other local taxes	120,732	99,973	105,152	108,762	116,068
Permits, privilege fees and regulatory licenses	11,374	10,617	11,495	13,836	16,354
Fines and forfeitures	2,759	2,866	3,241	3,435	3,260
From use of money and property	22,431	27,489	7,547	13,870	(6,422)
Charges for services	14,528	13,803	13,972	21,226	27,240
Intergovernmental revenues:					
Federal	40,735	47,201	62,154	50,986	49,644
State	117,091	133,976	126,233	122,949	118,507
Local	9,378	8,912	8,473	6,661	6,884
Donations and contributions	95	61	70	142	20
Miscellaneous	26,255	21,893	15,706	10,206	27,284
Total revenues	<u>989,136</u>	<u>944,772</u>	<u>937,263</u>	<u>957,969</u>	<u>995,628</u>
EXPENDITURES:					
General government administration	35,712	33,982	35,296	38,897	36,788
Judicial administration	18,271	16,971	17,505	17,593	18,388
Public safety	207,920	202,196	198,402	210,461	228,769
Public works	29,218	25,545	27,736	30,408	30,522
Health and welfare	74,765	74,593	76,896	75,014	75,066
Education	434,596	437,057	361,447	416,071	463,652
Parks, recreational and cultural	34,549	36,485	29,849	35,801	26,550
Community development	43,107	44,389	45,183	47,280	48,555
Debt service:					
Principal retirement	61,753		66,811	74,760	69,858
Interest and other debt costs	41,029		43,817	42,803	41,991
Capital outlays	112,121	34,063	26,914	33,283	53,426
Total expenditures	<u>1,093,041</u>	<u>905,281</u>	<u>929,856</u>	<u>1,022,371</u>	<u>1,093,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(103,905)</u>	<u>39,491</u>	<u>7,407</u>	<u>(64,402)</u>	<u>(97,937)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	47,880	39,033	32,677	59,039	58,513
Transfers out	(40,621)	(48,942)	(32,486)	(88,907)	(62,825)
Sale of lease participation certificates	37,945	--	--	--	--
Bonds, notes and capital leases	97,950	80,380	29,085	46,445	65,675
Refunding bonds	--	--	82,410	51,585	46,180
Premium on sale of bonds	8,976	2,205	1,069	2,236	12,301
Premium from refunding bonds	--	--	9,757	9,690	9,048
Payments to escrow agent	--	--	(91,667)	(60,921)	(54,689)
Insurance recoveries	--	--	--	--	100
Sale of surplus property	154	250	188	298	252
Total other financing sources (uses)	<u>152,284</u>	<u>72,926</u>	<u>31,033</u>	<u>19,531</u>	<u>74,555</u>
Net change in fund balances	<u>\$ 48,379</u>	<u>\$ 112,417</u>	<u>\$ 38,440</u>	<u>\$ (44,871)</u>	<u>\$ (23,382)</u>
Debt service as a percentage of noncapital expenditures	9.49%	0.00%	12.00%	11.62%	10.37%

^a Beginning in FY2013, the Park Authority Component Unit merged its functions into the County Government by creating a new Prince

^b FY 2016 figures were adjusted and restated in FY 2017.

	2014	2015	2016 as restated ^b	2017	2018	
						REVENUES:
\$	667,497	\$ 703,097	\$ 703,952	\$ 780,642	\$ 818,357	General property taxes
	116,157	122,065	125,537	129,880	132,348	Other local taxes
	17,389	17,057	2,295	19,867	19,141	Permits, privilege fees and regulatory licenses
	3,252	3,168	2,952	2,732	3,050	Fines and forfeitures
	14,434	12,456	14,702	1,477	4,112	From use of money and property
	27,886	28,806	14,379	33,420	32,621	Charges for services
						Intergovernmental revenues:
	51,378	48,313	19,322	65,147	54,902	Federal
	137,111	141,743	122,798	153,173	137,416	State
	7,435	9,679	7,302	6,947	47,101	Local
	1,897	1,723	--	731	--	Donations and contributions
	11,592	18,083	14,038	23,819	12,011	Miscellaneous
	<u>1,056,028</u>	<u>1,106,190</u>	<u>1,027,277</u>	<u>1,217,835</u>	<u>1,261,059</u>	Total revenues
						EXPENDITURES:
	34,966	37,651	39,108	44,340	42,300	General government administration
	19,190	19,681	20,174	21,292	21,052	Judicial administration
	232,492	241,360	188,460	272,018	279,766	Public safety
	31,441	30,857	31,420	31,269	32,063	Public works
	76,549	80,840	85,237	89,166	96,955	Health and welfare
	466,249	508,016	425,142	551,880	591,463	Education
	28,507	31,085	43,943	44,186	47,160	Parks, recreational and cultural
	53,185	53,879	10,503	58,165	58,932	Community development
						Debt service:
	72,969	76,750	77,784	86,849	93,220	Principal retirement
	42,546	42,476	45,231	47,888	48,688	Interest and other debt costs
	76,086	85,565	--	94,440	122,321	Capital outlays
	<u>1,134,180</u>	<u>1,208,160</u>	<u>967,002</u>	<u>1,341,493</u>	<u>1,433,920</u>	Total expenditures
	<u>(78,152)</u>	<u>(101,970)</u>	<u>60,275</u>	<u>(123,658)</u>	<u>(172,861)</u>	Excess (deficiency) of revenues over (under) expenditures
						OTHER FINANCING SOURCES (USES):
	73,278	54,852	120,687	85,749	91,372	Transfers in
	(93,780)	(54,508)	(149,036)	(90,895)	(88,194)	Transfers out
	--	--	--	--	--	Sale of lease participation certificates
	88,625	82,545	--	77,660	115,895	Bonds, notes and capital leases
	--	35,675	2,935	--	--	Refunding bonds
	10,309	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
	9	10	12	61	26	Insurance recoveries
	851	422	2,094	599	282	Sale of surplus property
	<u>79,292</u>	<u>90,954</u>	<u>(26,187)</u>	<u>79,728</u>	<u>130,752</u>	Total other financing sources (uses)
\$	<u>1,140</u>	<u>\$ (11,016)</u>	<u>\$ 34,088</u>	<u>(43,930)</u>	<u>\$ (42,109)</u>	Net change in fund balances
	10.35%	10.12%	13.24%	10.33%	10.32%	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)

	2009	2010	2011	2012	2013
Additions					
Member contributions	\$ 802	\$ 826	\$ 839	\$ 909	\$ 946
Employer contributions	802	827	839	909	946
Investment income (net of expenses)	<u>(4,577)</u>	<u>2,003</u>	<u>4,983</u>	<u>(559)</u>	<u>2,449</u>
Total additions to plan net position	<u>(2,973)</u>	<u>3,656</u>	<u>6,661</u>	<u>1,259</u>	<u>4,341</u>
Deductions					
Benefit payments	1,291	1,475	1,763	1,742	1,981
Refunds	37	200	86	78	84
Administrative expenses	<u>127</u>	<u>137</u>	<u>105</u>	<u>92</u>	<u>57</u>
Total deductions to plan net position	<u>1,455</u>	<u>1,812</u>	<u>1,954</u>	<u>1,912</u>	<u>2,122</u>
Change in net position	<u>\$ (4,428)</u>	<u>\$ 1,844</u>	<u>\$ 4,707</u>	<u>\$ (653)</u>	<u>\$ 2,219</u>

	2014	2015	2016	2017	2018	
						Additions
\$	1,007	\$ 1,083	\$ 1,137	\$ 1,199	\$ 1,294	Member contributions
	1,007	1,083	1,137	2,010	2,092	Employer contributions
	4,438	(339)	119	4,341	2,933	Investment income (net of expenses)
	<u>6,452</u>	<u>1,827</u>	<u>2,393</u>	<u>7,550</u>	<u>6,319</u>	Total additions to plan net position
						Deductions
	1,810	1,883	2,004	2,837	2,639	Benefit payments
	95	97	144	151	102	Refunds
	109	83	116	163	148	Administrative expenses
	<u>2,014</u>	<u>2,063</u>	<u>2,264</u>	<u>3,151</u>	<u>2,889</u>	Total deductions to plan net position
\$	<u>4,438</u>	<u>(236)</u>	<u>129</u>	<u>4,399</u>	<u>3,430</u>	Change in net position

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 6 - General Governmental Revenues by Source^a

Last Ten Fiscal Years

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

Fiscal Year	Taxes ^b	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property ^d	Charges for Services
2009	\$ 744,490	\$ 11,374	\$ 2,759	\$ 31,019	\$ 36,836
2010	\$ 677,954	\$ 10,617	\$ 2,866	\$ 33,903	\$ 34,877
2011	\$ 688,372	\$ 11,495	\$ 3,241	\$ 12,406	\$ 34,953
2012	\$ 714,658	\$ 13,836	\$ 3,435	\$ 17,909	\$ 43,295
2013	\$ 752,856	\$ 16,354	\$ 3,260	\$ (3,386)	\$ 50,179
2014	\$ 783,654	\$ 17,389	\$ 3,252	\$ 18,762	\$ 50,964
2015	\$ 825,162	\$ 17,057	\$ 3,168	\$ 16,747	\$ 51,847
2016	\$ 869,840	\$ 18,039	\$ 2,953	\$ 21,495	\$ 49,818
2017	\$ 910,522	\$ 19,867	\$ 2,732	\$ 6,471	\$ 57,324
2018	\$ 950,705	\$ 19,141	\$ 3,050	\$ 9,539	\$ 57,256
Change 2009 - 2018	27.70%	68.29%	10.55%	-69.25%	55.43%

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

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

^c Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 61.5% for fiscal year 2007 through 2008. The reimbursement for fiscal year 2017 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

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

TABLE 6A - General Governmental Tax Revenues by Source

Last Ten Fiscal Years

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

Fiscal Year	Real Estate	Personal Property ^a	Public Service	Total General ^b Property Taxes	Sales Tax
2009	\$ 530,120	\$ 75,986	\$ 15,156	\$ 621,262	\$ 45,055
2010	\$ 494,299	\$ 63,666	\$ 17,518	\$ 575,483	\$ 46,155
2011	\$ 492,738	\$ 68,792	\$ 19,207	\$ 580,737	\$ 49,554
2012	\$ 510,053	\$ 74,567	\$ 18,776	\$ 603,396	\$ 52,003
2013	\$ 533,024	\$ 81,783	\$ 19,511	\$ 634,318	\$ 55,169
2014	\$ 553,875	\$ 92,370	\$ 18,809	\$ 665,054	\$ 56,511
2015	\$ 581,640	\$ 100,093	\$ 18,650	\$ 700,383	\$ 59,709
2016	\$ 610,844	\$ 110,676	\$ 19,954	\$ 741,474	\$ 60,551
2017	\$ 632,422	\$ 123,696	\$ 21,204	\$ 777,322	\$ 63,022
2018	\$ 660,476	\$ 131,700	\$ 22,101	\$ 814,277	\$ 64,566
Change 2009 - 2018	24.59%	73.32%	45.83%	31.07%	43.30%

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

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

Inter-Governmental ^c						
PPTRA	All Others	Miscellaneous	Total	Fiscal Year		
\$ 54,288	\$ 614,146	\$ 29,052	\$ 1,523,964	2009		
\$ 54,288	\$ 641,187	\$ 24,416	\$ 1,480,108	2010		
\$ 54,288	\$ 656,758	\$ 18,130	\$ 1,479,643	2011		
\$ 54,288	\$ 627,418	\$ 13,816	\$ 1,488,655	2012		
\$ 54,288	\$ 690,633	\$ 30,632	\$ 1,594,816	2013		
\$ 54,288	\$ 722,269	\$ 17,826	\$ 1,668,403	2014		
\$ 54,288	\$ 757,092	\$ 23,207	\$ 1,748,568	2015		
\$ 54,288	\$ 801,685	\$ 18,945	\$ 1,837,063	2016		
\$ 54,288	\$ 857,810	\$ 31,588	\$ 1,940,602	2017		
\$ 54,288	\$ 878,004	\$ 17,773	\$ 1,989,756	2018		
				Change	2009 - 2018	
0.00%	42.96%	-38.82%	30.56%			

BPOL						
Utility Taxes	Tax	All Other ^b	Total	Fiscal Year		
\$ 12,596	\$ 19,931	\$ 45,646	\$ 744,490	2009		
\$ 12,840	\$ 20,269	\$ 23,207	\$ 677,954	2010		
\$ 13,190	\$ 20,965	\$ 23,926	\$ 688,372	2011		
\$ 13,075	\$ 21,725	\$ 24,459	\$ 714,658	2012		
\$ 13,490	\$ 22,913	\$ 26,966	\$ 752,856	2013		
\$ 13,766	\$ 23,772	\$ 18,458	\$ 777,561	2014		
\$ 13,974	\$ 24,744	\$ 26,352	\$ 825,162	2015		
\$ 13,977	\$ 25,065	\$ 28,773	\$ 869,840	2016		
\$ 14,196	\$ 25,341	\$ 30,641	\$ 910,522	2017		
\$ 14,417	\$ 26,554	\$ 30,891	\$ 950,705	2018		
				Change	2009 - 2018	
14.46%	33.23%	-32.32%	27.70%			

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 7 - Assessed Value and Actual Value of Taxable Real Property

Last Ten Fiscal Years

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

Fiscal Year	Residential ^a	Apartments ^a	Commercial & Industrial ^a	Public Service ^a	Vacant Land & Other ^a	Total Taxable Assessed Value	Total Direct Tax Rate ^b	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2009	\$41,980,642	\$1,904,868	\$7,595,528	\$1,471,669	\$273,037	\$53,225,744	\$1.03220	\$51,665,113	103.02%
2010	\$29,888,134	\$1,801,532	\$6,726,623	\$1,360,944	\$214,673	\$39,991,906	\$1.28910	\$47,228,010	84.68%
2011	\$30,434,819	\$1,451,944	\$5,722,158	\$1,466,645	\$180,505	\$39,256,071	\$1.31460	\$48,535,035	80.88%
2012	\$32,477,281	\$1,642,125	\$5,899,244	\$1,472,610	\$163,184	\$41,654,444	\$1.28060	\$49,533,872	84.09%
2013	\$33,769,506	\$1,911,766	\$6,210,947	\$1,521,977	\$170,032	\$43,584,228	\$1.28590	\$50,810,494	85.78%
2014	\$35,821,828	\$2,185,291	\$6,597,590	\$1,501,931	\$171,126	\$46,277,765	\$1.25620	\$57,109,671	81.03%
2015	\$39,073,111	\$2,525,672	\$6,802,104	\$1,531,397	\$161,172	\$50,093,457	\$1.22120	\$57,663,419	86.87%
2016	\$41,983,238	\$2,856,819	\$7,179,333	\$1,678,330	\$166,961	\$53,864,681	\$1.19360	\$60,222,753	89.44%
2017	\$43,393,628	\$3,020,162	\$7,406,620	\$1,782,650	\$161,469	\$55,764,529	\$1.19500	\$61,527,421	90.63%
2018	\$44,665,855	\$3,047,465	\$8,185,594	\$1,826,020	\$166,147	\$57,891,082	\$1.20670	\$62,461,608	92.68%

^a Net of tax-exempt property:

2009 - \$3,722,543	2014 \$3,705,018
2010 - \$3,451,863	2015 \$3,761,235
2011 - \$3,119,173	2016 \$3,901,930
2012 \$3,183,169	2017 \$4,113,361
2013 \$3,316,592	2018 \$4,323,692

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

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

Last Ten Fiscal Years

(dollars expressed in millions)

Fiscal	Commercial as a Percent of Total Taxable		New Construction ^a				Bank Deposits ^b
	Commercial to Total	Commercial & Public Service to Total	Residential		Non-Residential		
			Permits	Value	Permits	Value	
2009	14.3%	17.0%	1,782	\$ 270	203	\$ 195	\$ 3,135
2010	16.8%	20.2%	1,996	\$ 297	152	\$ 92	\$ 3,322
2011	14.6%	18.3%	1,377	\$ 242	99	\$ 53	\$ 3,531
2012	14.2%	17.7%	1,398	\$ 278	161	\$ 94	\$ 3,866
2013	14.3%	17.7%	1,542	\$ 282	233	\$ 233	\$ 4,082
2014	14.3%	17.5%	1,396	\$ 290	193	\$ 236	\$ 4,201
2015	13.4%	16.3%	1,401	\$ 261	225	\$ 145	\$ 4,378
2016	13.3%	16.4%	1,295	\$ 224	136	\$ 137	\$ 4,492
2017	13.3%	16.5%	1,399	\$ 339	177	\$ 546	\$ 4,535
2018	14.1%	17.3%	1,310	\$ 245	125	\$ 124	\$ 4,625

^a Building Development Division, Department of Public Works.

^b Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2009-2018, 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	2009	2010	2011	2012	2013
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$0.97000	\$1.21200	\$1.23600	\$1.20400	\$1.20900
Fire and Rescue Levy (Countywide)	\$0.05970	\$0.07460	\$0.07610	\$0.07410	\$0.07440
Mosquito & Forest Pest Management (Countywide)	\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250
Total Direct Tax Rate	<u>\$1.03220</u>	<u>\$1.28910</u>	<u>\$1.31460</u>	<u>\$1.28060</u>	<u>\$1.28590</u>
<i>Service District Levies -</i>					
Bull Run	\$0.13800	\$0.19900	\$0.20100	\$0.20100	\$0.20100
Lake Jackson	\$0.12300	\$0.17200	\$0.17500	\$0.17500	\$0.17500
Circuit Court	\$0.15000	--	--	--	--
<i>Transportation District Levies -</i>					
Prince William Parkway	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000
234-Bypass	\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.18000	\$0.35330	\$0.33350	\$0.33330	\$0.27733
Town of Haymarket	\$0.16400	\$0.16400	\$0.16400	\$0.16400	\$0.16400
Town of Occoquan	\$0.10000	\$0.10000	\$0.10000	\$0.10000	\$0.10000
Town of Quantico	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000

2014	2015	2016	2017	2018	Type of Tax
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
\$1.18100	\$1.14800	\$1.12200	\$1.12200	\$1.12500	Real Estate - General Fund
\$0.07270	\$0.07070	\$0.06910	\$0.07050	\$0.07920	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Mosquito & Forest Pest Management (Countywide)
<u>\$1.25620</u>	<u>\$1.22120</u>	<u>\$1.19360</u>	<u>\$1.19500</u>	<u>\$1.20670</u>	Total Direct Tax Rate
Service District Levies -					
\$0.18300	\$0.14710	\$0.13770	\$0.13770	\$0.13110	Bull Run
\$0.16500	\$0.16500	\$0.16500	\$0.16500	\$0.16500	Lake Jackson
--	--	--	--	--	Circuit Court
Transportation District Levies -					
\$0.20000	\$0.20000	--	--	--	Prince William Parkway
\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000	234-Bypass
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
\$0.27330	\$0.23330	\$0.18990	\$0.18990	\$0.18990	Town of Dumfries
\$0.13900	\$0.13900	\$0.12900	\$0.14600	\$0.14600	Town of Haymarket
\$0.11000	\$0.11000	\$0.11000	\$0.01200	\$0.01200	Town of Occoquan
\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000	Town of Quantico

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 9 - Principal Real Property Tax Payers

Current Year and Nine Years Ago

(amounts expressed in thousands)

Taxpayer	2018				2009			
	Taxable Assessed		Percentage of Total County Taxable Assessed		Taxable Assessed		Percentage of Total County Taxable Assessed	
	Value	Rank	Value ^a		Value	Rank	Value ^a	
VA Electric & Power Company	\$ 885,355	1	1.53%		\$ 711,528	1	1.34%	
Mall at Potomac Mills, LLC	505,752	2	0.87%		482,954	2	0.91%	
Northern Virginia Electric Co-op	324,481	3	0.56%		270,426	3	0.51%	
Verizon South, Inc.	159,398	4	0.28%		160,499	4	0.30%	
Porpoise Ventures, LLC	145,130	5	0.25%		-		-	
Washington Gas Light Company	140,508	6	0.24%		99,454	10	0.19%	
Powerloft @ Innovation I LLC	134,863	7	0.23%		-		-	
JBG/Woodbridge Retail LLC	126,017	8	0.22%		-		-	
Rolling Brook Windsor LLC	117,766	9	0.20%		-		-	
KIR Smoketown Station LP	106,994	10	0.18%		-		-	
Dominion Country Club, LP	-		-		130,069	5	0.24%	
WNH Limited Partnership	-		-		113,684	6	0.21%	
Deutsche Bank National Trust Co.	-		-		108,748	7	0.20%	
Stellar Chatsworth LLC	-		-		107,566	8	0.20%	
Brookfield Morris LLC	-		-		105,961	9	0.20%	
	<u>\$ 2,646,264</u>		<u>4.56%</u>		<u>\$ 2,290,889</u>		<u>4.30%</u>	

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 10 - Real Property Tax Levies and Collections

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Total Adjusted Tax Levy ^a	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy Collected
2009	\$ 544,909	\$ 541,235	99.3%	\$ 3,263	\$ 544,498	99.9%
2010	\$ 510,988	\$ 508,264	99.5%	\$ 2,513	\$ 510,777	100.0%
2011	\$ 511,316	\$ 509,154	99.6%	\$ 1,871	\$ 511,025	99.9%
2012	\$ 527,838	\$ 525,737	99.6%	\$ 1,516	\$ 527,253	99.9%
2013	\$ 553,424	\$ 551,222	99.6%	\$ 1,651	\$ 552,873	99.9%
2014	\$ 573,203	\$ 571,425	99.7%	\$ 1,393	\$ 572,818	99.9%
2015	\$ 603,171	\$ 601,267	99.7%	\$ 1,487	\$ 602,754	99.9%
2016	\$ 630,485	\$ 629,017	99.8%	\$ 935	\$ 629,952	99.9%
2017	\$ 653,759	\$ 651,883	99.7%	\$ 1,018	\$ 652,901	99.9%
2018	\$ 682,368	\$ 681,108	99.8%	\$ --	\$ 681,108	99.8%

^a 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)

	2009	2010	2011	2012	2013
Primary Government					
<i>Governmental Activities:</i>					
General Obligation Bonds ^a					
General Government	\$ 165,649	\$ 151,352	\$ 156,520	\$ 139,782	\$ 127,400
School Board-Related	531,815	576,826	549,775	556,747	579,969
Park Related	8,477	7,842	7,210	7,126	6,651
IDA Lease Revenue Bonds	8,870	8,030	7,160	6,260	5,325
Literary Fund Loans	3,749	3,374	3,000	2,750	2,500
Real Property Capital Leases					
General Government	179,298	169,012	156,854	145,695	133,415
Adult Detention Center	64,550	34,825	33,100	25,875	23,405
Park Related	528	495	462	429	385
Commuter Rail Capital Leases**	992	511	--	--	--
Equipment Capital Leases	--	--	485	398	1,456
Installment Notes Payable	182	--	--	--	--
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	7,945	6,295	4,595	3,004	1,590
Parks & Recreation Revenue Bonds	--	--	--	--	11,031
Parks & Recreation Equipment Capital Leases	--	--	--	--	889
Total Primary Government	\$ 972,055	\$ 958,562	\$ 919,161	\$ 888,066	\$ 894,016
Percentage of Personal Income ^b	4.81%	4.48%	4.04%	3.78%	3.81%
Per Capita ^b	2,474	2,384	2,239	2,124	2,099
Component Units					
Park Authority Component Unit ^c :					
Series 1999 Revenue Bonds **	\$ 17,323	12,481	\$ 12,008	\$ 11,528	\$ --
Equipment Capital Leases**	2,800	2,254	1,689	2,793	--
Installment Notes Payable**	376	230	78	--	--
Total Component Units	20,499	14,965	13,775	14,321	--
Total Reporting Entity Outstanding Debt	992,554	973,527	932,936	902,387	894,016
Less: Self-Supporting Revenue and Other Bonds	29,436	21,771	18,370	17,325	13,510
Net Tax-Supported Debt	\$ 963,118	\$ 951,756	\$ 914,566	\$ 885,062	\$ 880,506

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

^a Includes general obligation bonds associated with School Board-related Debt and Park related debt;

See Exhibit 1.

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

^c 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.

2014	2015	2016	2017	2018	
					Primary Government
					<i>Governmental Activities:</i>
					General Obligation Bonds ^a
\$ 140,032	\$ 126,438	\$ 197,564	\$ 181,934	\$ 167,369	General Government
594,188	628,638	793,235	815,195	865,535	School Board-Related
9,746	9,069	14,421	13,606	11,816	Park Related
4,355	3,345	2,290	1,175	--	IDA Lease Revenue Bonds
2,250	2,000	--	--	--	Literary Fund Loans
					Real Property Capital Leases
122,609	110,324	96,720	86,026	77,630	General Government
21,680	19,955	18,230	15,596	13,890	Adult Detention Center
352	644	395	268	235	Park Related
--	--	--	--	--	Commuter Rail Capital Leases**
951	539	110	--	--	Equipment Capital Leases
--	--	--	--	--	Installment Notes Payable
					<i>Business-Type Activities:</i>
--	--	--	--	--	Solid Waste System Revenue Bonds**
10,525	10,555	9,965	9,355	8,725	Parks & Recreation Revenue Bonds ^c
596	295	99	--	--	Parks & Recreation Equipment Capital Leases
<u>\$ 907,284</u>	<u>\$ 911,802</u>	<u>1,133,029</u>	<u>\$ 1,123,155</u>	<u>\$ 1,145,200</u>	Total Primary Government
3.72%	3.56%	4.21%	4.17%	4.25%	Percentage of Personal Income ^b
2,092	2,065	2,566	2,497	2,511	Per Capita ^b
					Component Units
					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
907,284	911,802	1,133,029	1,123,155	1,145,200	Total Reporting Entity Outstanding Debt
11,121	10,850	10,064	9,355	8,725	Less: Self-Supporting Revenue and Other Bonds
<u>\$ 896,163</u>	<u>\$ 900,952</u>	<u>\$ 1,122,965</u>	<u>\$ 1,113,800</u>	<u>\$ 1,136,475</u>	Net Tax-Supported Debt

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 12 - Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds ^a	Solid Waste System Revenue Bonds	Total	Percentage of Estimated Actual Taxable Value of Property ^b	Per Capita ^c
2009	\$ 705,941	7,945	713,886	1.38%	1,817
2010	\$ 736,020	6,295	742,315	1.57%	1,847
2011	\$ 713,505	4,595	718,100	1.48%	1,750
2012	\$ 703,655	3,004	706,659	1.43%	1,690
2013	\$ 714,020	1,590	715,610	1.41%	1,681
2014	\$ 743,966	--	743,966	1.30%	1,716
2015	\$ 764,145	--	764,145	1.33%	1,730
2016	\$ 1,005,220	--	1,005,220	1.67%	2,234
2017	\$ 1,010,735	--	1,010,735	1.64%	2,216
2018	\$ 1,044,720	--	1,044,720	1.67%	2,269

^a Includes general obligation bonds associated with School Board-related and Parks-related debt; excludes Literary Fund loan of \$2,000. See also Table 11.

^b See Table 7 for property value data.

^c See Table 16 for population data.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 13 - Direct and Overlapping Governmental Activities Debt (based on assessed values)

June 30, 2018

(amounts expressed in thousands)

	Outstanding on June 30, 2018	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ^b
Direct:				
Net Tax Supported Debt ^a	\$ 1,136,475	100.00%	\$ 1,136,475	1.9631%
Overlapping:				
Town of Dumfries	9,435	100.00%	9,435	0.0163%
Town of Quantico	123	100.00%	123	0.0002%
Town of Haymarket	n/a ^d	100.00%		0.0000%
Town of Occoquan	2	100.00%	2	0.0000%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	993	100.00%	993	0.0017%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	8,835	100.00%	8,835	0.0153%
Cherry Hill Community Development Authority Special Assessment Bonds Series 2015	30,000	100.00%	30,000	0.0518%
Northern Virginia Transportation Commission - Virginia Railway Express ^c	63,982	32.32%	20,679	0.0357%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ^c	7,062	33.97%	2,399	0.0041%
Total Overlapping Governmental Activities Debt	\$ 120,433	60.17%	\$ 72,466	0.1252%
Total Direct and Overlapping Governmental Activities Debt	\$ 1,256,908	96.18%	\$ 1,208,941	2.0883%

^a From Table 11.

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

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

^d Information not available at time of 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.

	2009	2010	2011	2012	2013
General Government ^a					
Principal	\$ 61,303	\$ 91,742	\$ 66,299	\$ 74,760	\$ 69,858
Interest ^b	41,032	43,272	43,783	42,803	41,991
Debt Service on Net Tax-Supported Debt	\$ 102,335	\$ 135,014	\$ 110,082	\$ 117,563	\$ 111,849
Total Government Expenditures ^d	\$ 1,331,692	\$ 1,386,901	\$ 1,337,189	\$ 1,427,543	\$ 1,461,112
Ratio of Debt Service to Expenditures	7.7%	9.7%	8.2%	8.2%	7.7%
Total Revenues ^e	\$ 1,441,690	\$ 1,392,237	\$ 1,439,786	\$ 1,460,245	\$ 1,493,495
Ratio of Debt Service to Revenues	7.1%	9.7%	7.6%	8.1%	7.5%
Net Tax-Supported Debt ^f	\$ 963,118	\$ 951,756	\$ 914,566	\$ 885,062	\$ 880,506
Assessed Value of Taxable Property ^g	56,999,051	43,359,775	42,750,432	45,413,737	47,672,172
Ratio of Net Tax-Supported Debt to Assessed Value	1.7%	2.2%	2.1%	1.9%	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%.

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

^b Excludes bond issuance and other costs.

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

^d Total expenditures excluding capital projects from Table 22.

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

^f From Table 11.

^g From Table 7 and Table 21.

2014	2015	2016	2017	2018	
\$ 72,969	\$ 76,750	\$ 78,093	\$ 86,849	\$ 93,220	General Government ^a
42,546	42,476	46,072	47,888	48,688	Principal
\$ 115,515	\$ 119,226	\$ 124,165	\$ 134,737	\$ 141,908	Interest ^b
\$ 1,491,793	\$ 1,557,703	\$ 1,610,616	\$ 1,734,264	\$ 1,731,969	Debt Service on Net Tax-Supported Debt
7.7%	7.7%	7.7%	7.8%	8.2%	Total Government Expenditures ^d
\$ 1,636,801	\$ 1,611,230	\$ 1,496,700	\$ 1,649,319	\$ 1,802,191	Ratio of Debt Service to Expenditures
7.1%	7.4%	8.3%	8.2%	7.9%	Total Revenues ^e
\$ 896,163	\$ 900,952	\$ 1,122,965	\$ 1,113,800	\$ 1,136,475	Ratio of Debt Service to Revenues
50,601,567	54,623,176	58,394,400	61,335,721	63,755,919	Net Tax-Supported Debt ^f
1.8%	1.6%	1.9%	1.8%	1.8%	Assessed Value of Taxable Property ^g
					Ratio of Net Tax-Supported Debt to Assessed Value

COUNTY OF PRINCE WILLIAM, VIRGINIA

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	System Revenues ^a	Operating Expenses and Transfers ^b	Closure Payment ^c	Net Revenue Available for Debt Service	Debt Service Payments ^d			Coverage ^e
					Principal	Interest	Total	
2009	\$ 17,795	\$ 15,027	\$ --	\$ 2,768	\$ 1,590	\$ 435	\$ 2,025	1.37
2010	\$ 17,925	\$ 10,423	\$ --	\$ 7,502	\$ 1,650	\$ 362	\$ 2,012	3.73
2011	\$ 18,861	\$ 11,694	\$ 749	\$ 6,418	\$ 1,700	\$ 295	\$ 1,995	3.22
2012	\$ 18,064	\$ 12,031	\$ 1,503	\$ 4,530	\$ 1,470	\$ 226	\$ 1,696	2.67
2013	\$ 18,339	\$ 10,735	\$ 1,749	\$ 5,855	\$ 1,535	\$ 156	\$ 1,691	3.46
2014	\$ 18,820	\$ 5,623	\$ 3,775	\$ 9,422	\$ 1,590	\$ --	\$ 1,590	5.93
2015	\$ 19,735	\$ 12,673	\$ 2,386	\$ 4,676	\$ --	\$ --	\$ --	n/a ^f
2016	\$ 20,455	\$ 11,200	\$ 1,484	\$ 7,771	\$ --	\$ --	\$ --	n/a ^f
2017	\$ 20,416	\$ 12,710	\$ 1,951	\$ 5,755	\$ --	\$ --	\$ --	n/a ^f
2018	\$ 21,033	\$ 12,870	\$ 657	\$ 7,506	\$ --	\$ --	\$ --	n/a ^f

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

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

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

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

^e Required coverage is 1.15.

^f 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 ^a	Personal Income ^b (in thousands)	Per Capita Income ^b	Fall School Enrollment ^c	Average Civilian Labor Force ^d	Average Unemployment Rate ^d
2009	392,900	\$20,209,890	\$46,006	73,917	210,313	5.5%
2010	402,002	\$21,375,534	\$46,562	76,861	219,350	6.1%
2011	410,454	\$22,755,668	\$47,994	79,358	225,335	5.7%
2012	418,107	\$23,464,178	\$48,234	81,937	229,856	5.3%
2013	425,681	\$23,468,904	\$47,296	83,551	232,925	5.2%
2014	433,621	\$24,377,908	\$48,545	85,055	233,785	4.8%
2015	441,627	\$25,621,125	\$50,315	86,641	233,333	4.4%
2016	449,864	\$26,935,423	\$52,546	87,823	236,379	3.7%
2017	456,126	\$28,317,142	\$53,969	89,378	241,811	3.5%
2018	460,457	\$29,405,835	\$54,754	90,595	246,627	2.9%

^a 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>)

^b Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of March 2016).
2016 and 2017 data estimated based upon ten-year growth rates on BEA data from 2006 through 2015.

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

^d 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
Population^a:					
Median age	31.9	33.5	33.8	37.5	37.2
Percent school age	24.4%	23.1%	15.1%	19.7%	20.4%
Percent working age	62.3%	61.9%	68.1%	61.8%	60.0%
Percent 65 and over	4.8%	6.8%	11.5%	12.2%	13.1%
Education^b:					
High school or higher	88.8%	87.6%	89.6%	86.5%	85.6%
Bachelor's degree or higher	31.5%	36.9%	46.8%	34.2%	28.2%
Income^b:					
Median family income	\$71,622	\$102,117	\$100,921	\$72,476	\$60,609
Percent below poverty level	4.4%	4.4%	5.4%	7.7%	11.3%
Housing:					
Number persons / household ^a	2.9	3.1	2.1	2.5	2.6
Percent owner occupied ^b	71.0%	73.2%	42.0%	67.2%	65.1%
Owner occupied median value ^b	\$149,600	\$316,600	\$376,200	\$249,100	\$179,900

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 17 - Principal Employers

Current Year and Nine Years Ago

Employer ^a	2018			2009		
	Ownership	Rank	Number of Employees ^b	Ownership	Rank	Number of Employees ^b
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
County of Prince William	Local Government	2	1000 and over	Local Government	3	1000 and over
U.S. Department of Defense	Federal Government	3	1000 and over	Federal Government	2	1000 and over
Wal Mart	Private	4	1000 and over	Private	5	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	6	500 to 999
Sentara Healthcare/Potomac Hospital Corporation	Private	6	1000 and over	Private	4	1000 and over
Wegmans Store #07	Private	7	500 to 999	Private	7	500 to 999
Northern Virginia Community College	State Government	8	500 to 999	State Government	9	500 to 999
Target Corporation	Private	9	500 to 999	Private	8	500 to 999
M J Morgan Group	Private	10	500 to 999			
Prince William County Park Authority				Local Government	10	500 to 999

^a All data provided by the Virginia Employment Commission (1st Quarter, 2018 & 2009).

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 18 - Full-Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Board of Supervisors	17.00	19.00	18.00	22.00	25.00	25.00	25.00	25.00	25.00	26.00
County Attorney	27.00	25.00	24.00	25.00	27.00	27.00	27.00	27.00	28.00	28.00
Audit Services	--	--	7.00	7.00	7.00	1.00	1.00	1.00	1.00	--
Office of Executive Management ^b	61.98	54.95	49.95	24.00	24.00	25.00	25.00	26.00	26.00	26.00
Office of Management & Budget ^b	--	--	--	11.00	11.00	11.00	11.00	12.00	13.00	13.00
Human Resources ^b	--	--	--	18.50	18.50	23.50	23.50	23.50	26.50	26.50
Technology and Support Services	85.53	77.53	77.53	77.00	79.00	79.00	87.88	88.88	91.88	91.88
Finance	144.80	145.00	147.00	149.00	155.00	156.00	156.00	158.00	159.00	161.00
Human Rights	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00
Board of Registration/Elections	11.00	11.00	11.00	11.00	11.00	13.00	13.00	14.00	14.00	14.00
Judicial Administration										
Commonwealth Attorney	41.00	41.00	41.00	42.00	43.00	44.00	44.00	44.00	45.00	50.00
Sheriff	89.00	87.00	89.00	91.50	94.50	94.50	94.50	96.50	100.50	102.50
Juvenile and Domestic Relations Court	9.00	9.00	8.00	8.00	8.00	8.00	8.00	6.00	6.00	6.00
Clerk of Court/Judges Chambers	60.00	57.00	55.00	55.00	55.00	55.00	55.00	56.00	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	1.00
Public Safety										
Police	758.40	750.20	747.20	751.00	763.00	792.00	820.00	847.00	854.00	871.00
Criminal Justice Services	37.90	37.60	37.60	37.60	39.60	39.60	39.60	39.60	42.60	43.60
Public Safety Communications	98.00	98.00	98.00	103.00	103.00	103.00	103.00	109.00	113.00	112.00
Fire Service	493.50	484.50	514.50	529.50	549.70	574.70	589.70	614.70	662.70	722.70
Public Works										
Public Works	320.68	219.29	225.61	227.79	232.31	234.45	238.54	237.17	241.76	247.72
Transportation	56.80	53.80	53.80	52.80	50.80	50.80	50.80	42.80	43.80	44.80
Solid Waste	57.39	57.39	57.71	58.72	59.72	59.72	59.72	60.72	60.72	60.72
Fleet Management	34.12	34.15	34.15	35.15	35.15	35.15	35.15	35.15	35.15	35.15
Small Project Construction	23.75	25.11	19.80	18.86	17.34	17.20	15.11	14.98	14.39	14.43
Health & Welfare										
Social Services	313.31	298.36	307.99	309.39	309.39	307.46	306.46	322.26	331.26	352.26
Public Health	9.96	6.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Community Services Board	265.11	265.38	264.88	266.88	279.88	286.71	294.21	293.96	316.26	331.76
At-Risk Youth and Family Services	2.00	2.00	2.00	4.60	4.60	5.00	6.00	--	--	--
Office on Aging	35.13	28.21	30.07	31.40	32.14	32.14	32.14	32.14	32.28	32.28
Office on Youth	8.00	--	--	--	--	--	--	--	--	--
Parks, Recreational and Cultural										
Library	184.94	168.39	164.33	163.33	163.33	163.86	179.51	208.48	208.16	208.16
Parks & Recreation	--	--	--	--	377.00	382.07	391.68	396.58	408.57	411.16
Tourism ^a	--	--	--	--	--	--	--	--	--	8.47
Planning/Community Development										
Development Services	--	87.50	86.50	85.50	88.50	95.50	107.00	112.00	112.00	113.00
Office of Planning	58.50	33.05	32.05	32.50	32.50	33.50	29.00	29.00	29.00	29.00
Economic and Community Development	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Housing & Community Development	29.00	29.00	29.00	28.00	27.00	27.00	24.00	24.00	24.00	24.00
Extension and Continuing Education	9.92	7.02	7.69	7.81	7.81	7.14	7.14	7.14	6.87	6.87
Total Primary Government	3,363.72	3,232.03	3,263.96	3,308.43	3,754.37	3,832.60	3,923.24	4,028.16	4,154.00	4,296.56
Component Units										
School Board	9,801.25	9,656.00	9,641.00	10,070.80	10,237.30	10,337.00	10,562.00	10,713.65	11,008.73	11,354.30
Adult Detention Center	337.00	337.00	337.00	337.00	337.00	339.00	348.40	349.40	351.20	377.40
Park Authority ^a	390.00	369.00	372.00	344.00	--	--	--	--	--	--
Convention & Visitors Bureau ^a	--	--	--	--	8.00	9.00	8.00	8.00	7.00	--
Total Reporting Entity	13,891.97	13,594.03	13,613.96	14,060.23	14,336.67	14,517.60	14,841.64	15,099.21	15,520.93	16,028.26

Sources: Primary Government and ADC data taken from the PWC Adopted Fiscal Plan; School Board and Park Authority data is obtained directly from each organization. (Note: ^aThe Park Authority was dissolved and became County Department of Parks & Recreation effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013, but was dissolved and incorporated into the Parks & Recreation department in FY 2018.)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 19 - Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Judicial Administration										
Land Records Instruments Recorded	88,932	79,665	78,794	84,067	102,141	73,107	73,232	76,868	96,302	82,909
Civil Cases Concluded	4,269	3,521	4,335	3,762	3,018	7,198	9,161	2,760	2,841	2,641
Criminal Cases Concluded	4,347	4,606	4,159	4,377	5,163	5,505	5,825	5,023	4,905	4,853
Public Safety										
<u>Fire & Rescue:</u>										
Fire Incidents	5,440	5,293	5,639	5,937	5,513	5,826	6,142	6,263	8,070	*
EMS Incidents	24,707	25,479	26,201	31,332	26,188	26,299	27,423	28,925	29,532	*
<u>Police:</u>										
Criminal Arrests	14,307	13,973	14,289	14,369	13,392	*	12,532	11,408	8,610	*
Calls for Service Handled	238,376	236,426	231,557	226,292	224,977	214,050	226,520	225,850	217,306	*
<u>Jail:</u>										
Inmate Population	840	905	850	870	977	1,043	1,060	965	1,040	1,061
Public Works										
Facilities Constructed	2	--	2	2	--	--	--	2	--	2
Health & Welfare										
Total CSB Clients Served	7,904	6,829	7,661	8,295	8,041	8,818	8,949	9,506	9,762	9832
At-Risk Youth & Family Service										
Residential Placements	143	131	130	132	110	108	95	104	118	139
Parks, Recreational and Cultural										
Participant Visits	3,621	3,693	3,798	3,622	3,390	3,490	3,398	3,399	3,255	3654
Library Patrons (Library Card Holders)	298,829	264,930	288,752	310,343	332,700	324,826	314,723	318,175	337,904	346,268
Planning/Community Development										
Non-residential Permits	1,340	1,074	1,034	1,200	1,470	1,394	1,350	1,355	1,228	1,202
Residential Permits	4,771	5,325	4,547	4,464	4,542	4,649	4,605	5,224	5,163	5,203

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 20 - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administrative buildings	4	4	4	4	4	4	4	4	4	4
Judicial Administration										
Courthouse complex	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police stations	2	2	2	2	2	2	2	2	2	3
Fire stations	19	19	20	21	21	21	21	21	21	21
Public Works										
Fleet/fuel facilities	3	3	3	3	3	3	3	3	4	4
Health & Welfare										
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	4	6	6	6	5	5	5	5
Parks, Recreational and Cultural										
Athletic fields ^a	282	291	298	277	277	277	301	281	283	288
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)	16	29	29	33	33	33	43	43	45	45
Indoor gymnasiums ^a	58	68	69	69	69	69	36	69	69	69
Indoor ice rinks	2	2	2	2	2	2	2	2	2	2
Marinas	2	2	2	2	2	2	2	2	2	2
Miniature golf courses	2	2	2	2	2	2	2	2	2	2
Nature areas	4	5	5	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	9	11	17	18
Picnic shelters	63	63	63	63	63	63	63	68	78	77
Playgrounds	33	36	36	36	36	36	36	37	37	37
Regulation golf courses	4	4	4	4	4	4	4	4	4	4
Skateboard/BMX courses	2	2	2	3	3	3	3	3	3	3
Tennis & racquetball courts	33	32	30	28	28	28	28	29	29	29
Waterparks	2	2	2	2	2	2	2	2	2	2
Regional and community libraries	4	4	4	4	4	4	4	6	6	6
Neighborhood libraries	6	6	6	6	6	6	6	5	5	5

Sources: Various county departments.

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

^a 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^a

Last Ten Fiscal Years

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

	2009	2010	2011	2012	2013
Personal Property Tax Rates					
Personal Property Class:					
General Class	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Heavy Equipment and Machinery	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Computer Equipment	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000
Farmers Machinery and Tools	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 0.97000	\$ 1.21200	\$ 1.23600	\$ 1.20400	\$ 1.20900
Research & Development	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Van Pool Vans	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Emergency Volunteer Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Auxiliary Volunteer Fire Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Vehicles Modified for Disabled	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Recreation Use Only	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Weighing 5 tons or more	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Camping Trailers and Motor Homes Owned by Certain Elderly and Handicapped Persons	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Personal Property Assessments^c					
Locally Assessed Value	\$ 3,769,937	\$ 3,365,319	\$ 3,492,204	\$ 3,754,050	\$ 4,083,424
Public Service Value ^b	\$ 3,370	\$ 2,550	\$ 2,157	\$ 5,243	\$ 4,520
Total Personal Property Assessments	\$ 3,773,307	\$ 3,367,869	\$ 3,494,361	\$ 3,759,293	\$ 4,087,944

^a 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).

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

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

2014	2015	2016	2017	2018	
Personal Property Tax Rates					
Personal Property Class:					
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	General Class
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	Heavy Equipment and Machinery
\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	Computer Equipment
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Farmers Machinery and Tools
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (small scheduled)
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (all other aircraft)
\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	Mining & Manufacturing Tools
\$ 1.18100	\$ 1.14800	\$ 1.12200	\$ 1.12200	\$ 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
\$ 4,320,401	\$ 4,526,613	\$ 4,986,744	\$ 5,568,159	\$ 5,861,397	Locally Assessed Value
\$ 3,401	\$ 3,106	\$ 3,536	\$ 3,033	\$ 3,440	Public Service Value ^b
<u>\$ 4,323,802</u>	<u>\$ 4,529,719</u>	<u>\$ 4,990,280</u>	<u>\$ 5,571,192</u>	<u>\$ 5,864,837</u>	Total Personal Property Assessments

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 22 - General Governmental Expenditures by Function^a

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2009	\$ 35,712	\$ 18,271	\$ 219,728	\$ 29,218	\$ 74,765	\$ 773,560
2010	\$ 34,108	\$ 16,971	\$ 236,685	\$ 25,545	\$ 74,593	\$ 782,563
2011	\$ 35,296	\$ 17,505	\$ 212,478	\$ 27,736	\$ 76,896	\$ 781,618
2012	\$ 38,897	\$ 17,593	\$ 226,137	\$ 30,408	\$ 75,014	\$ 838,850
2013	\$ 36,788	\$ 18,388	\$ 244,577	\$ 30,522	\$ 75,066	\$ 868,818
2014	\$ 34,966	\$ 19,190	\$ 251,009	\$ 31,441	\$ 76,549	\$ 881,432
2015	\$ 37,651	\$ 19,681	\$ 257,076	\$ 30,857	\$ 80,840	\$ 927,408
2016	\$ 39,122	\$ 20,175	\$ 276,656	\$ 31,633	\$ 85,237	\$ 945,468
2017	\$ 44,340	\$ 21,292	\$ 311,046	\$ 31,269	\$ 89,166	\$ 1,000,063
2018	\$ 42,300	\$ 21,052	\$ 254,657	\$ 32,063	\$ 96,955	\$ 1,036,942

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

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

TABLE 22A - Capital Projects Expenditures by Function^a

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Education	Parks, Recreation & Culture
2009	\$ 2,349	\$ 384	\$ 15,786	\$ 95,094	\$ 98,117	\$ 716
2010	\$ 1,365	\$ 35	\$ 7,815	\$ 28,960	\$ 88,332	\$ 1,325
2011	\$ 648	\$ 33	\$ 3,845	\$ 21,413	\$ 104,311	\$ 2,935
2012	\$ 848	\$ --	\$ 2,020	\$ 25,420	\$ 75,643	\$ 3,692
2013	\$ 642	\$ --	\$ 2,955	\$ 42,080	\$ 83,232	\$ 6,263
2014	\$ 812	\$ 2	\$ 1,559	\$ 60,125	\$ 90,892	\$ 11,767
2015	\$ 379	\$ 142	\$ 3,502	\$ 57,318	\$ 128,605	\$ 22,370
2016	\$ 147	\$ 11	\$ 10,409	\$ 64,141	\$ 133,195	\$ 18,743
2017	\$ 3,511	\$ 365	\$ 34,487	\$ 47,833	\$ 155,581	\$ 3,885
2018	\$ 1,324	\$ 632	\$ 25,707	\$ 80,010	\$ 96,351	\$ 6,459

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

	Parks, Recreation & Culture	Community Development	Capital Projects	Debt Service ^b	Total	Fiscal Year
\$	34,549	\$ 43,107	\$ 213,996	\$ 102,782	\$ 1,545,688	2009
\$	36,485	\$ 44,389	\$ 129,078	\$ 135,562	\$ 1,515,979	2010
\$	29,849	\$ 45,183	\$ 134,160	\$ 110,628	\$ 1,471,349	2011
\$	35,801	\$ 47,280	\$ 108,942	\$ 117,563	\$ 1,536,485	2012
\$	26,550	\$ 48,555	\$ 136,658	\$ 111,849	\$ 1,597,771	2013
\$	28,507	\$ 53,185	\$ 166,978	\$ 115,515	\$ 1,658,772	2014
\$	31,085	\$ 53,879	\$ 214,170	\$ 119,226	\$ 1,771,873	2015
\$	34,797	\$ 53,363	\$ 229,154	\$ 124,165	\$ 1,839,770	2016
\$	44,186	\$ 58,165	\$ 251,255	\$ 134,737	\$ 1,985,519	2017
\$	47,160	\$ 58,932	\$ 219,906	\$ 141,908	\$ 1,951,875	2018

	Community Development	Health & Welfare	Total	Fiscal Year
\$	1,550	\$ --	\$ 213,996	2009
\$	1,246	\$ --	\$ 129,078	2010
\$	975	\$ --	\$ 134,160	2011
\$	1,319	\$ --	\$ 108,942	2012
\$	1,486	\$ --	\$ 136,658	2013
\$	1,821	\$ --	\$ 166,978	2014
\$	1,854	\$ --	\$ 214,170	2015
\$	2,508	\$ --	\$ 229,154	2016
\$	5,538	\$ 55	\$ 251,255	2017
\$	7,829	\$ 360	\$ 218,672	2018

COUNTY OF PRINCE WILLIAM, VIRGINIA**TABLE 23 - Miscellaneous Statistical Data**June 30, 2018

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the Code of Virginia)
Area:	348 Square Miles
Services of Primary Government:	
Fire protection:	
Number of career employees	662
Number of volunteers	607
Police protection:	
Number of police officers	686
Public Safety Communications:	
Number of employees	112
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,251
Tourism	
Tourist information center visitors	17,807
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	83
Number of public high schools	12
Fall Membership, fiscal year 2017	90,595
Number of personnel (full-time equivalent)	11,354
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	950
Capacity of work-release center	58
Number of personnel (full-time equivalent)	353
Other statistical data:	
Elections:	
Registered voters at last general election	271,707
Number of votes cast in last general election	109,142
Percent voting in last general election	40%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,236
Miles of sanitary sewer mains	1,097

Gas, electricity and telephone are furnished by private corporations. Water and sewage treatment for serviceable areas not covered by the Service Authority is provided by other private corporations.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 24 - Schedule of Surety Bonds

June 30, 2018

Travelers Casualty & Surety Company

Crime/Faithful Performance of Duty Blanket Bond

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

Honesty Blanket Bond

(Insured: Same as Above)

Public Official Bond - Michelle L. Attreed, Director of Finance

Public Official Bond - Courtney Tierney, Director of Social Services

Public Official Bond - Christopher E. Martino, County Executive

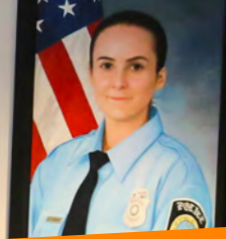
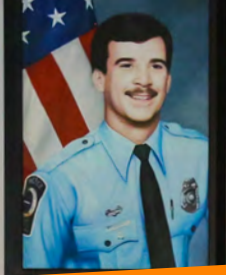
Travelers Casualty & Surety Company *(Provided by the Commonwealth of Virginia for Constitutional Officers)*

Surety Bond - Michelle L. Attreed, Director of Finance

Surety Bond - Jacqueline C. Smith, Clerk of the Court

Surety Bond - Glendell Hill, Sheriff

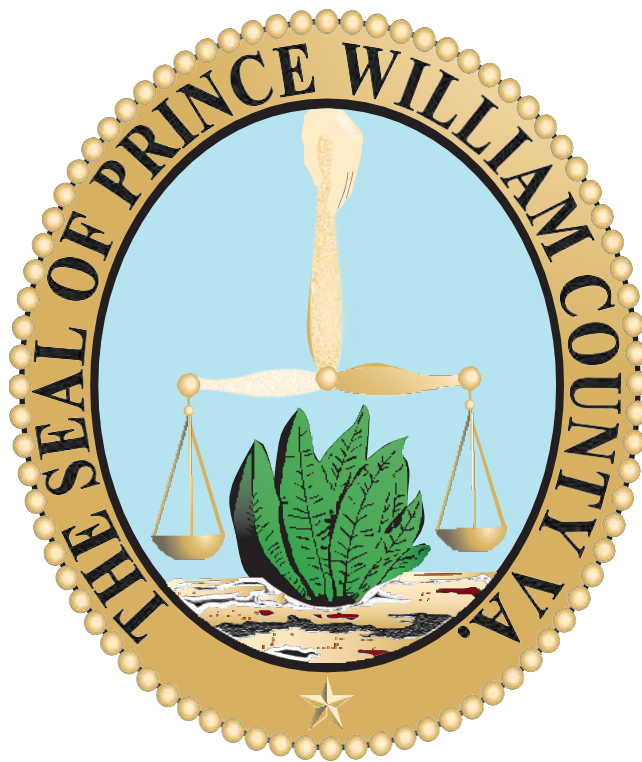
Surety Bond - Peter Meletis, Jail Superintendent



Compliance Section

Schedule of Expenditures of Federal Awards
Notes to Schedule of Expenditures of Federal Awards
Report of Independent Auditors
Schedule of Findings and Questioned Costs
Corrective Action Plan
Schedule of Prior Audit Findings





Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
OFFICE OF NATIONAL DRUG CONTROL POLICY:			
* Pass-Through Payments from University of Maryland: High Intensity Drug Trafficking Area (HIDTA) Project	07.000	not available	\$ 535
Total Office of National Drug Control Policy			535
DEPARTMENT OF AGRICULTURE:			
* Direct Payments:			
Distance Learning - Forest Service - Conservation Education	10.000	not applicable	47
Child & Adult Care Food Program	10.558	not applicable	209
Distance Learning - Forest Reserve	10.665	not applicable	79
Team Nutrition Grant	10.574	not applicable	1
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	179001-40599	468
Cooperative Forestry Assistance	10.664	not available	10
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program	10.561	452013-90303 460010-90212 460010-91103 460010-91104 460010-91403 460010-91404	3,768
* Child Nutrition Cluster ¹			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 ²	not available	2,047
* Department of Education:			
School Breakfast Program	10.553 ³	179001-40591	6,666
National School Lunch Program	10.555 ²	179001-40623	19,058
* Department of Juvenile Justice:			
School Breakfast Program	10.553 ³	36001-00000	40
National School Lunch Program	10.555 ²	360001-00000 360003-00000	48
Total Department of Agriculture			32,441

¹ Child Nutrition Cluster Total \$27,859

² CFDA 10.555 Total \$21,153

³ CFDA 10.553 Total \$6,706

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF COMMERCE:			
* Direct Payments:			
Science, Technology, Business and/or Education Outreach	11.620	not applicable	7
Total Department of Commerce			<u>7</u>
DEPARTMENT OF DEFENSE:			
* Direct Payments:			
Junior ROTC Program	12.000	not applicable	680
Student Achievement at Military-Connected Schools	12.556	not applicable	275
Total Department of Defense			<u>955</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
* Direct Payments:			
Community Development Block Grants / Entitlement Grants	14.218	not applicable	3,901
Supportive Housing Program	14.235	not applicable	479
Emergency Solutions Grant Program	14.231	not applicable	53
HOME Investment Partnerships Program	14.239	not applicable	245
* Section 8 Housing Choice Vouchers Cluster			
Section 8 Housing Choice Vouchers	14.871	not applicable	24,481
* Pass-Through Payments from Northern Virginia Planning District Commission:			
Housing Opportunities for Persons with AIDS	14.241	not available	348
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Housing and Community Development:			
Emergency Solutions Grant Program	14.231	458005-45551	162
* Pass-Through Payments from Virginia Housing Development Authority:			
Housing Counseling Assistance Program	14.169	182100-65100	49
Total Department of Housing and Urban Development			<u>29,718</u>
DEPARTMENT OF THE INTERIOR:			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	77
Total Department of the Interior			<u>77</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE:			
* Direct Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not applicable	25
Equitable Sharing Program	16.922	not applicable	260
Missing Children's Assistance	16.543	not applicable	42
* 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	390001-67000	52
Violence Against Women Formula Grants	16.588	390001-76516 390001-56517	31
Crime Victim Assistance	16.575	390001-86015 390001-76016	302
Total Department of Justice			<u>712</u>
DEPARTMENT OF TRANSPORTATION:			
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	605007-57128 605007-58166	80
Highway Planning and Construction	20.205	not available	2,255
State and Community Highway Safety	20.600	600507-54283 605007-57128 605007-57129 605007-57296 605007-57330 605007-58155 605007-58166 605007-58170 605007-58178	138
* Pass-Through Payments from The Metropolitan Washington Council of Governments:			
Department of Aging:			
New Freedom Program	20.521	not available	87
Total Department of Transportation			<u>2,560</u>
DEPARTMENT OF THE TREASURY:			
* Direct Payments:			
Equitable Sharing Agreement	21.000	not applicable	59
Total Department of the Treasury			<u>59</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF VETERANS AFFAIRS:			
* Direct Payments:			
Veterans Medical Care Benefits	64.009	not applicable	276
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
GI Bill	64.027	not available	4
Total Department of Veterans Affairs			280
DEPARTMENT OF ENVIROMENTAL PROTECTION:			
* Direct Payments:			
Environmental Education Grant Program	66.951	not applicable	9
Total Department of Environmental Protection			9
DEPARTMENT OF EDUCATION:			
* Direct Payments:			
Impact Aid	84.041	not applicable	484
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program	84.002 ⁶	179001-61380	113
Title I Grants to Local Educational Agencies	84.010 ⁴	179001-42901 179001-42935	11,144
Title I Program for Neglected & Delinquent Children	84.013	179001-42948	1
Vocational Education - Basic Grants to States	84.048	179001-61095	875
Twenty-First Century Community Learning Centers	84.287	179001-60565	750
English Language Acquisition Grants	84.365	179001-60512	1,665
Title II Part A Improving Teacher Quality State Grants	84.367	179001-61480	1,355
Preschool Development Grants	84.419	179001-40002	3,098
School Improvement Grants	84.377	179001-43040	309
Safe & Drug-Free Schools & Communities - State Grants	84.186	179001-60511	132

⁴Title I Part A Cluster Total \$11,144

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Mental Health, Mental Retardation & Substance Abuse: Special Education - Grants for Infants & Families with Disabilities	84.181	445007-43080 445007-43081	404
* Special Education Cluster ⁵			
* Department of Education: Special Education - Grants to States	84.027	179001-43071	15,269
Special Education - Preschool Grants	84.173	179001-62521	262
* Pass-Through Payments from College of William and Mary Education for Homeless Children and Youth	84.196	not available	21
* Pass-Through Payments from Fairfax County Adult Education - State Grant Program	84.002 ⁶	not available	496
Total Department of Education			<u>36,378</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
* 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	48
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	455006-43717 455006-43718	2
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	455004-42418	2
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	499033-44418	5
National Family Caregiver Support, Title III, Part E	93.052	455004-42517 455004-42518	56
Nutrition Services Incentive Program	93.053	457001-42717 457001-42718	34
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	455006-43615 455006-43617 455006-43618	13

⁵ Special Education Cluster Total \$15,531

⁶ Adult Education Total \$609

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Aging: (cont'd)			
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	93.734	455004-45818	9
Expanding Live Well, Virginia: Implementing, Embedding, and Sustaining A Matter of Balance	93.761	499003-45620	4
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	445006-50996 445006-50997	85
Block Grants for Community Mental Health Services	93.958	445001-50197 445006-50127	246
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	445001-50167 445001-50197 445006-50997	1,056
State Targeted Response to the Opioid Crisis Grants	93.788	445001-51011	28
* Department of Social Services:			
Temporary Assistance for Needy Families	93.558	452001-90603 452012-90366 452012-90367 452012-90377 460010-91109 460010-91110 460010-91111 460010-91112 460010-91127	1,758
Low-Income Home Energy Assistance	93.568	460010-91114	184
Promoting Safe & Stable Families	93.556	469002-90359 469002-90360 469002-90361 460010-91129	171
Refugee & Entrant Assistance - State Administered Programs	93.566	460010-91113 491002-90623	89
Chafee Education and Training Vouchers Program (ETV)	93.599	469002-90353	3
Child Welfare Services State Grants	93.645	460010-91131	5

See accompanying notes to the Schedule of Expenditures of Federal Awards

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
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 469001-90635 469001-90636 469001-90637 469001-90639 469001-90640 469001-90655 469001-90657 469001-90658 469002-90047	1,840
Adoption Assistance	93.659	460010-90214 460010-91108 460010-91408 469003-90606 469003-90607 469003-90627	887
Social Services Block Grant	93.667	460010-91120 460010-91122 460010-91123 460010-91124 460010-91125 460010-91126 460010-91142 468002-90308 468002-90340 468002-90379 469002-90351 469002-90357 469002-90358 469003-90648	1,117
Chafee Foster Care Independence Program	93.674	460010-91134 469002-90356	20

See accompanying notes to the Schedule of Expenditures of Federal Awards

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Children's Health Insurance Program	93.767	460010-90161 460010-91102 460010-91402	152
* Medical Assistance Program Cluster			
Medical Assistance Program	93.778	460010-90160 460010-90213 460010-91101 460010-91146 460010-91150 460010-91401 460010-91446 460010-91450	4,245
* Aging Cluster ⁷			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	455004-42017 455004-42018	216
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	457001-42217 457001-42218 457003-42317 457003-42318	187
* Child Care Cluster			
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	263
* Department of Health:			
Assistance Programs for Chronic Disease Prevention & Control	93.945	not available	54
Total Department of Health and Human Services			<u>16,433</u>

⁷Aging Cluster Total \$403

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY:			
* Direct Payments:			
Homeland Security Grant Program	97.067 ⁸	not applicable	337
* Pass-Through Payments from Metropolitan Washington Council of Governments:			
Homeland Security Grant Program	97.067 ⁸	not available	132
* Pass-Through Payments from Department of Emergency Management:			
State Homeland Security Program (SHSP)	97.042 ⁸	775001-110273 775001-112485	65
Total Department of Homeland Security			<u>534</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY:			
* Pass-Through Payments from Department of Emergency Management:			
Flood Mitigation Assistance	97.029	not available	222
Disaster Grants - Public Assistance & Hazard Mitigation (Presidentially Declared Disasters)	97.036	776002-16799	345
Total Federal Emergency Management Agency			<u>567</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 121,265</u>

⁸ Homeland Security Grant Program Total \$534

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018
(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 36.24% of total expenditures of federal awards.

Illustration 1-1		Major Federal Programs	
10.553& 10.555	Child Nutrition Cluster	\$	27,859
14.871	Section 8 Housing Choice Vouchers Cluster		24,481
93.558	TANF Cluster		1,758
93.600	Head Start		3,654
93.778	Medical Assistance Program Cluster		4,245
84.419	Preschool Development Grant		<u>3,098</u>
	Total	\$	<u><u>65,095</u></u>

Illustration 1-2 presents the reconciliation of the County's Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 35 and the School Board's separately issued CAFR Exhibit 5 to the Schedule of Expenditures of Federal Awards (SEFA). A copy of the County's CAFR may be obtained through the County's website at www.pwccgov.org. A copy of the School Board's CAFR may be obtained through the School's website at www.pwcc.edu.

Illustration 1-2		Reconciliation of Comprehensive Annual Financial Statements to the Schedule of Expenditures of Federal Awards	
County's Total Federal Revenue per Exhibit 5 and Schedule 35		\$	55,019
School's Total Federal Revenue per Exhibit 5			<u>69,707</u>
			124,726
Items expended from Restricted Fund Balance:			
Cooperative Forestry Assistance			10
Highway Planning and Construction			(1,703)
Criminal Forfeitures (Treasury)			59
Criminal Forfeitures (Justice)			241
Section 8 Housing Choice Vouchers			(203)
Items not subject to Single Audit:			
U. S. Marshals/I.N.S. purchase of service agreement			(125)
Other purchase of services agreements			<u>(1,740)</u>
Total Federal Expenditures per SEFA		\$	<u><u>121,265</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 2018. 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 2018 was \$5 and the value of equipment received by the County during fiscal year 2018 was \$217. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2018, the County received and expended \$3,000 in surplus food commodities from the federal government. At year end, \$631 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2018.

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 2018-001.

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 2018-005, 2018-006, and 2018-007.

County's Response to Findings

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

Purpose of this Report

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

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

Tysons Corner, Virginia
December 21, 2018

Report of Independent Auditor on Compliance for Each Federal Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Supervisors
County of Prince William, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Prince William, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Medicaid

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.778 Medicaid as described in finding 2018-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Medicaid

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Medicaid* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid program for the year ended June 30, 2018.

Basis for Qualified Opinion on Temporary Assistance for Needy Families Cluster

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.558 Temporary Assistance for Needy Families Cluster (“TANF”) as described in finding 2018-003 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 Temporary Assistance for Needy Families Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on TANF* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the TANF program for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

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 accompanying schedule of findings and questioned costs as finding 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

The County’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of 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 accompanying schedule of findings and questioned costs as findings 2018-002 and 2018-003, that we consider to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Cherry Bekant LLP

Tysons Corner, Virginia
December 21, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 x yes no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

 yes x none reported

Noncompliance material to financial statements noted?

 yes x no

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified?

 x yes no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

 yes x none reported

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

Qualified for Medicaid and Temporary Assistance for Needy Families Cluster
Unmodified for other major programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 x yes no

Identification of major programs:

Name of Program or Cluster	CFDA Number
Child Nutrition Cluster	10.553; 10.555
Housing Voucher Cluster	14.871
Temporary Assistance for Needy Families Cluster	93.558
Head Start	93.600
Medicaid Cluster	93.778
Preschool Development Grant	84.419

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?

 yes x no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

2018-001: Material Weakness in Internal Control over Financial Reporting – Capital Assets

Criteria: In order to prepare financial statements in accordance with generally accepted accounting principles (GAAP), accurate and complete records must be maintained to support the ownership, existence and valuation of assets to ensure an accurate presentation of the financial position of the County at the end of the year.

Condition: 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 \$18,728 on the County's books in prior years without the County having the proper named titles to those assets. Additionally, software of \$2,441 was not timely capitalized when placed into service. This resulted in a net overstatement of capital asset, construction in progress, and net position.

Cause: Internal controls were not properly designed and no review procedures in place to ensure the ownership and accuracy of capital assets, including construction in progress.

Effect: These items resulted in a restatement of prior year reported balances. This net restatement resulted in a reduction of construction in progress of \$4,438, reduction of capital assets of \$14,290, a reduction of accumulated depreciation of \$3,660 and a reduction of net position of \$15,068. Note: amounts are in 000s).

Recommendation: We recommend that the internal controls for managing capital assets be strengthened to ensure that the County has satisfactory title to all capital assets recorded, construction in progress is properly capitalized when placed in service and an appropriate review process be implemented.

Views of responsible officials and planned corrective action: 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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.

Section III – Findings and Questioned Costs Relating to Federal Awards

Finding 2018-002: Material Weakness and Compliance Qualification - Eligibility for Medicaid Program Assistance (CFDA 93.778)

Criteria: Per the 42 CFR sections 435.907, 435.913, 435.948, and 435.914, participants in the Medicaid program must meet specified eligibility criteria to receive program assistance. The agency must require a written or electronic application from the application or an authorized representative that is signed under penalty of perjury. The agency must also verify financial eligibility (income). Additionally, for participants in the program longer than one year, the agency must re-determine the eligibility of these beneficiaries at least every 12 months.

Condition/Context: Of the sixty (60) participants selected for testing, 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.

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 Cost: 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 2017-002 in the Fiscal Year 2017 County CAFR).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Repeat Finding: Yes, this is a repeat finding. See finding 2017-002 in the Fiscal Year 2017 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*.

View of Responsible Officials and Planned Corrective Action: 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.

Finding 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)

Criteria: 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.

Condition/Context: 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.

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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Questioned Cost: Undeterminable. TANF representatives are unaware of the costs incurred by each participant until claims are filed or costs are processed by the state, which can occur up to 18 months after the date of TANF services being provided. 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 2017-004 in the Fiscal Year 2017 County CAFR).

Repeat Finding: Yes, this is a repeat finding. See finding 2017-004 in the Fiscal Year 2017 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*.

View of Responsible Officials and Planned Corrective Action: 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, 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.

Finding 2018-004: Non-Material Noncompliance - Office of Housing & Community Development – Eligibility and Special Tests for Section 8 Housing Choice Voucher Cluster (CFDA 14.871)

Criteria: 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,

COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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.

Condition/Context: 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.

Cause: Internal Controls are not operating effectively to ensure the re-determination of eligibility is being completed timely (at least every 12 months), HUD-50058 Forms are being accurately completed and support for the amounts within the Form are properly maintained. Additionally, the controls 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: Immaterial less than \$5 (note: amount is in 000s).

Prevalence and Consequence of the Audit Finding: Systemic

Repeat Finding: This is a repeat finding regarding income verification and calculation. See finding 20017-003 in the Fiscal Year 2017 County CAFR.

Recommendation: The County should implement a corrective action plan aimed at enhancing internal controls related to participant eligibility to ensure that accurate and complete documentation supporting all participant eligibility determination is prepared, maintained and reported, in accordance with the County and federal record retention requirements.

View of Responsible Officials and Planned Corrective Action: 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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 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.

Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding 2018-005: 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/Context: Of the twenty-five (25) participants selected for testing, we noted 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.

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 2017-006 in the Fiscal Year 2017 County CAFR.

Recommendation: Local Department of Social Services 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 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Finding 2018-006: Non-Material Noncompliance - Conflict of Interests

Criteria: Section 2.2-3115 of the Code of Virginia requires local government officials to file a statement of economic interest with the local body annually by February 1st.

Condition: We noted four (4) instances where local government officials did not accurately complete the filed statement of economic interest.

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 2017-007 in the Fiscal Year 2017 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 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 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.

Finding 2018-007: Non-Material Noncompliance - Procurement

Criteria: 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.

Condition/Context: Of the ten (10) procurement bids selected for testing, we noted one (1) request for proposal that did not have supporting documentation of the public notice for the Request for Proposal.

Cause: Lack of controls over the Procurement process to ensure all bids are in compliance with the Code of Virginia.

Effect: Non-compliance could result in action by the Commonwealth of Virginia

COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Repeat Finding: No

Recommendation: The Procurement Department should ensure that all bids are in compliance with the Code of Virginia.

View of Responsible Officials and Planned Corrective Action: 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. 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.



COUNTY OF PRINCE WILLIAM

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(703) 792-6000 Metro 631-1703 FAX (703) 792-7484

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COUNTY OF PRINCE WILLIAM, VIRGINIA

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2018

Financial Statement Findings

2018-001: Material Weakness in Internal Control over Financial Reporting – Capital Assets

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

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.

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2018

Proposed Completion Date: Immediately

Finding 2018-002: Material Weakness and Compliance Qualification - Eligibility for Medicaid Program Assistance (CFDA 93.778)

Name of Contact Person: Courtney S. Tierney, Director of Department of Social Services (DSS)

Corrective Action:

Management concurs with Finding 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.

Proposed Completion Date: Immediately

Finding 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)

Name of Contact Person: Courtney S. Tierney, Director of Department of Social Services (DSS)

Corrective Action:

Management concurs with Finding 2018-003. 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, 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

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2018

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.

Proposed Completion Date: Immediately

Finding 2018-004: Non-Material Noncompliance - Office of Housing & Community Development –Eligibility for the Section 8 Housing Choice Voucher Cluster (CFDA 14.871)

Name of Contact Person: Bill J. Lake, Office of Housing & Community Development (OHCD) Director

Corrective Action:

Management concurs with Finding 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 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.

Proposed Completion Date: Immediately

Finding 2018-005: 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 PLAN

For the Year Ended June 30, 2018

Corrective Action:

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.

Proposed Completion Date: Immediately

Finding 2018-006: Non-Material Noncompliance – Conflict of Interests

Name of Contact Person: Lee Ann Henderson Green, Acting Clerk to Board of County Supervisors (BOCS)

Corrective Action:

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 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.

Proposed Completion Date: Immediately

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2018

Finding 2018-007: Non-Material Noncompliance - Procurement

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

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. 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.

Proposed Completion Date: Immediately

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

Financial Statement Findings

**Finding 2017-001 Material Weakness in Internal Controls-
For Prince William County Public Schools (“PWCS”) Component Unit**

Summary of Finding: Internal control processes were not properly designed or implemented for community use rentals. During the audit, it was noted that there have been instances of sharing of login information. Additionally, each login has the same system capabilities. The Community Use Bookkeeper data is overwritten weekly with new and changing information. As a result, no historical data is kept. The policies and procedures, to include systems, are not properly designed to ensure the accurate and complete recording and reporting of community use events.

Corrective Action Taken: Risk Management will ensure each user is assigned their own unique login as well as the appropriate level of system access. Prior to being issued a login, the user will be required to attend the required training. Risk Management will investigate options available in the software used for Community Use functions to track changes to invoices. This will maintain historical data as well as an audit trail. Risk Management will update the Regulation to require segregation of duties. Area associates will ensure the segregation of duties requirement is met. Risk Management will ensure the Regulation is followed in relation to the prepayment of events. Area associates will ensure the prepayment requirement is met.

Findings and Questioned Costs for Federal Awards

2017-002: 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. Thirty three (33) participant case files did not include evidence of an annual eligibility redetermination being completed by the 12 month renewal date. Additionally, of the sixty participants tested, nine (9) of the case files did not properly verify participant’s citizenship or immigration status. Finally, one (1) of the case files selected was missing a signed renewal application.

Corrective Action Taken: Strategies are in place to address the areas of concern. The 33 case files that did not include evidence of an eligibility redetermination have been corrected, and cases were closed if applicable. Staff will participate in mandatory training to ensure citizenship and immigration status verification is being conducted correctly, and applications and renewal applications are signed and dated.

Repeat Finding: This is a repeat finding in FY 2018. Please see Finding 2018-002.

2017-003: Non-Material Noncompliance - Office of Housing & Community Development –Eligibility for the Section 8 Housing Choice Voucher Cluster (CFDA 14.871)

Summary of Finding: A sample of 60 tenants were selected for third party income verification. One (1) instance existed where the calculation of the family’s annualized income was completed incorrectly.

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

Corrective Action Taken: For the Housing Program Specialist employee that had the audit finding, 20% of recertifications and 100% of new move-in files will be Quality Control (QC) reviewed by the Housing Program Specialist Supervisor. For those employees that did not have audit findings related to their files, 10% of all recertifications and 100% of all new move-in files will have QC reviews performed by the Housing Program Specialist Supervisor.

In addition to QC reviews, supplemental training will be provided to staff to reinforce the correct procedures. OHCD has experienced staff, with the majority having at least 10 years' experience. A week of training was provided to all staff by Nan McKay Consultants on the Housing Choice Voucher Program.

Repeat Finding: This is a repeat finding regarding income verification and calculation in FY 2018. Please see Finding 2018-003.

2017-004: Material Weakness and Compliance Qualification - U.S. Department of Health and Human Services- Eligibility for the Temporary Assistance for Needy Families Cluster (CFDA 93.558)

Summary of Finding: Per the 45 CFR sections 261.13, 261.14, 261.15, 261.56, 261.57, 263.11, 263.20, 264.10, participants in the TANF program must meet specified eligibility criteria to receive program assistance. The agency must require a written or electronic application from the application or an authorized representative that is signed under a penalty of perjury. Additionally, for participants in the program longer than one year, the agency must redetermine the eligibility of these beneficiaries at least every 12 months. Of the forty (40) participants selected for testing, fifteen (15) participant case files did not comply with the Commonwealth's requirements of eligibility to receive program assistance. Of the twenty-five (25) participant case files provided and tested: two (2) had no evidence of a minor child in the participant's care or living in the participant's household; three (3) received assistance from Federal TANF funds for a period of greater than 60 months; twenty-one (21) were missing an application where the participant certifies they have not been convicted in Federal or State court of making a fraudulent statement or representation about their place of residence, or they are not fleeing to avoid prosecution or violating probation for felony charges, or have not been convicted of a felony involving a controlled substance; two (2) participant's case files contained no evidence of their financial need; three (3) applications were not signed by the applicant or guardian; three (3) had no evidence of review of their TANF eligibility on an annual basis; three (3) had no evidence of review of the DSS Quality Assurance Manager. Twenty-four (24) of the forty (40) participant's case files contained audit findings as some participant's case files mentioned above contained multiple audit findings.

Corrective Action Taken: After a detailed review of the audit findings, the Benefits Employment and Child Care (BECC) division determined that errors occurred due to a lack of documentation, attention to policy and application detail, and due to a lack of consistent and quality case record filing practices. All deficiencies noted in the TANF audit will be corrected within 60 days of submitting the management response and corrective action plan.

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

Additionally, the following processes will be implemented immediately to prevent repeat findings:

- All TANF records will be electronically scanned and stored to prevent the division from misplacing applications and provide Managers with the ability to perform weekly/monthly quality assurance reviews of case record.
- Staff training will be provided to address TANF policy and process compliance issues highlighted in the audit.
- Effective immediately, the TANF supervisor will perform a monthly quality assurance case review of each TANF worker, address any noted deficiencies with the responsible worker, and report systemic issues to the BECC management team.

Repeat Finding: This is a repeat finding in FY 2018. Please see Finding 2018-004

2017-005: Non-Material Noncompliance - Office of Housing & Community Development –Special Test and Provisions for the Section 8 Housing Choice Voucher Cluster Income Verification (CFDA 14.871)

Summary of Finding: Per the 24 CFR sections 982.1589(d) and 982.405(b), units leased to a family must be inspected at least annually to determine if the unit meets Housing Quality Standards (HQS) and the public housing agencies (PHAs) must prepare a unit inspection report. During the audit testing of 40 samples, there was one instance in which the failed an inspection and was not re-inspected within 30 calendar days' time period.

Corrective Action Taken: The Office of Housing & Community Development has established a process so that all inspections are now received and assigned by the Housing Program Inspector Supervisor who reviews the PIC and HAPPY software systems to ensure there are no discrepancies. If discrepancies are found, corrections are made to the HAPPY system thus ensuring that inspections are completed in the time period required. This also ensures that all failed inspections can be certain to be re-inspected within the 30-day period. Utilizing the new process, the Supervisor has discovered overdue inspection and immediately scheduled the re-inspection.

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 40 participants were selected for verification of selection of Activity and Service Plan that details the supportive services needed by the individual to comply with program requirements eligibility to receive program assistance. Fourteen (14) participants did not have an Activity and Service Plan detailing the supportive services that were provided.

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

Corrective Action Taken: DSS agrees with the finding regarding adding end dates to the Activity and Service plans in VaCMS. To ensure end dates are properly added in VaCMS, the following actions will be put in place effective immediately:

- When assigning the Employed component (full or part-time), VIEW case managers will indicate a six-month end date in the "Planned End Date" section on the Activity and Service Plan in VaCMS in accordance with VIEW policy requirements.
- Staff will continue documenting and updating case records, including key employment dates (beginning and end dates) and activities, which will assist with determining if disbursements are covered by the service plan period in question.
- Supervisors and Program Managers will perform monthly quality assurance checks on Service Plans and Activities in VaCMS.

DSS agrees with the finding regarding documenting support services on the participant's Activity and Service Plan. To ensure support services are properly documented, the following actions will be put in place effective immediately.

- Staff will immediately begin documenting support services by checking all appropriate boxes under the "Supportive Transitional Services" categories on the Service Plan.
- The Employment Service Supervisor will begin monitoring and auditing cases on a monthly basis and will provide direction and feedback to staff. In addition, the Employment Service Supervisor will develop a training plan to ensure documentation on service plans are clearly linked to a support service activity that is represented on the current Activity and Service Plan.
- The Program Manager will perform quarterly monitoring of case documentations (i.e. car repair estimates, utilities and past due amounts, transportation, dental/medical, etc.)
- Any support services other than Child Care, Transportation, TET, and VTP will be detailed by checking the "Other" box with a description of the service.
- Staff will continue to document the case record detailing support services and payments according to policy allowances.

Repeat Finding: This is a repeat finding in FY 2018. Please see Finding 2018-005.

Finding 2017-007: Conflicts of Interest

Summary of Finding: There were five (5) instances where local government officials did not accurately complete the filed statement of economic interest. There was one instance where a constitutional officer failed to file the June 15 disclosure and the clerk failed to notify the Commonwealth Attorney of this violation.

Corrective Action Taken: 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

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

staff to review for completeness and timeliness of filings. Four Statement of Economic Interest forms filed by Constitutional Officers were not completed accurately. Of the four Statement of Economic Interest forms filed, one did not file disclosure forms before assuming office. In addition, another Constitutional Officer failed to file the disclosure forms and failed to notify the Commonwealth Attorney of this violation.

County staff will continue to send oral and written notifications to the County staff and government officials reminding them to submit their Statement of Economic Interest forms completely, accurately, and on time. One Statement of Economic Interest form filed by a government official was not completed accurately. A question box did not have a check mark on the form. As part of the due diligence work performed by staff, every Statement of Economic Interest form submitted by Prince William County employees are timestamped and reviewed.

Repeat Finding: This is a repeat finding with regards to County instances in FY 2018. Please see Finding 2018-006.

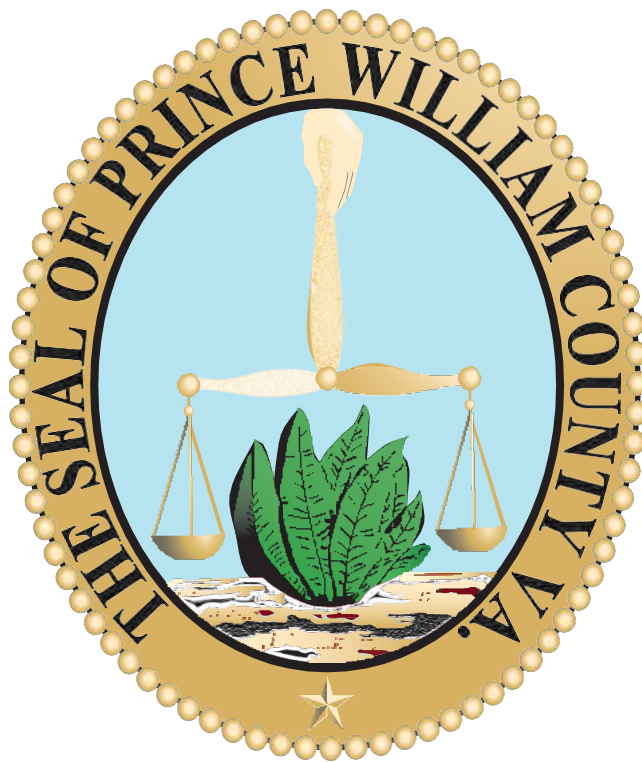
Finding 2017-008: Property Taxes and Property Taxes Receivable

Summary of Finding: A sample of forty exoneration forms were selected for testing to determine whether they have been properly approved. There were four (4) instances in which there was no formal documentation of approval. There was one (1) instance in which the assessment books were not corrected for the exoneration.

Corrective Action Taken: The tax relief forms application has been modified to include the approval. The application was posted to the website and is currently in use by the Finance Department.

Reduction in assessment: Although database does not permit changing the assessment, the assessment can be changed in the billing database, RevenueOne.

New and renewal applications for disabled veterans will be formally approved with a signature. New applications for all tax relief programs will include formal approval documentation by a supervisor.





Prince William County, Virginia

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