



County of Prince William, Virginia

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2010

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Prepared by the Department of Finance

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BOARD OF COUNTY SUPERVISORS

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

December 14, 2010

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

We are pleased to present the *Comprehensive Annual Financial Report* of Prince William County (County) for the fiscal year ended June 30, 2010. The *Code of Virginia* requires that all general-purpose local governments publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with governmental auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

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

The County is located in Northern Virginia, approximately 35 miles southwest of Washington, D.C. and encompasses an area of 348 square miles, of which 18.8 percent is federally owned land. As of July 1, 2009, the U.S. Census Bureau reported the County's population at 379,166 persons. According to the Metropolitan Washington Council of Governments (MWCOC), Prince William's population constitutes 7.6 percent of the Washington-Metropolitan region's 5.234 million people. Prince William's location in Metropolitan Washington, D.C. and the availability of excellent transportation by way of regional, national and international airports, freight and passenger rail services and interstate and highway roadways is a catalyst for growth in the County, which continues to provide numerous economic advantages. Within the County's boundaries are the independent cities of Manassas and Manassas Park and the incorporated towns of Dumfries, Haymarket, Occoquan and Quantico. The towns elect their own mayors and councils, but rely on the County government for many of their services.

The County exercises local governing powers granted to it by the Virginia General Assembly. Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board of County Supervisors (Board). Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. An election was held on November 6, 2007 and the current board members took office in January 2008 and will serve until December 31, 2011.

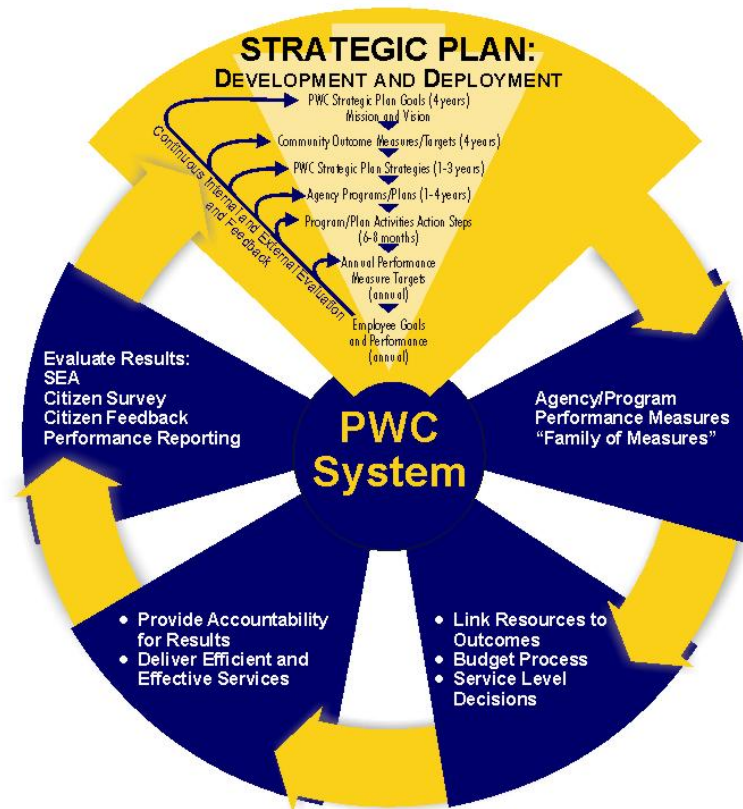
The County provides a full range of local government services including police, fire and rescue, court services, education, development administration, libraries, parks and recreational services, health and social services, public improvements, planning and general administration. The County's School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

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

After an extensive review and deliberation process and two public hearings to receive citizen input, the Board makes its decisions on the proposed Fiscal Plan and adopts the Fiscal Plan in mid-April.

The education component of the plan must be adopted on or before May 1, and the non-education component must be adopted before July 1 of each year in accordance with the *Code of Virginia*. The annual budget serves as an integral part of the County's System for Results-Oriented Government. Prince William County's model of effective and efficient government is shown below. The *County's Comprehensive Annual Financial Report* is required by its *Principles of Sound Financial Management* and the *Code of Virginia* and demonstrates accountability for results in this system.

Prince William County System for Results-Oriented Government



Local Economy

The Prince William County economy is an important segment of the Washington, D.C. metropolitan area economy, arguably one of the most dynamic in the world. The area's economy has proved more resilient than many other parts of the country over the last year, though certain aspects of the local economy, notably commercial real estate and unemployment rates, continue to perform below normal levels. Job growth in Prince William County showed modest gains, year-over-year, while declining in Northern Virginia and the state. Regional and state-wide job growth should improve, in part, as a result of robust federal spending, which accounts for about one-third of the region's economy. After several years of double-digit annual increases in home values during the first six years of the current decade, the local residential real estate market experienced a serious correction, in which home values declined on average by more than 50 percent by February 2009. In addition, the nation-wide crisis in sub-prime credit markets was reflected locally in the form of increased delinquent and defaulted homes. In calendar year 2006, for example, less than 300 homes were reported in foreclosure. This increased nearly ten fold in 2007 to more than 2,800 foreclosed properties. The number more than doubled the following year, with more than 6,500 homes in foreclosure in 2008. In 2009, a total of 3,490 foreclosures were recorded, still a high number by historic standards, but a 46 percent decrease from the previous year. In 2010, through June, a total of 1,108 foreclosures were recorded – on a pace of 2,216 for the year. That projected number would be the lowest annual total since 2007.

Further indications of stabilization in the local housing market appeared throughout 2010 to date, with the average home selling for \$289,704 in August 2010, a year-over-year increase of 12.5 percent and an increase of 41.7 percent since February 2009. If the number of foreclosures continues to drop, expectations are that the average home prices will

continue to rise – though a return to the prosperous days of double digit annual appreciation are not anticipated. The residential real estate outlook is for gradually improving conditions over the next several years.

The commercial real estate market in Prince William County continued to be troubled during 2010 -- particularly with respect to vacancy rates, but as the year progressed appears to have moderated -- notably in non-retail space. According to Costar Realty Group, a multiple listing service for commercial property, in the 3rd quarter 2010, a total of 45,097,520 square feet of commercial space (including retail) in 1,659 buildings was reported—an increase in commercial space of 4 percent year-over-year. The commercial inventory includes a total of 6.48 million square feet of office space, 4.86 million square feet of flex space, 12.75 million square feet of industrial space and 21.01 million square feet of retail space. A total of 4,588,070 square feet (10.2 percent) of vacant commercial space (including retail) was reported during the 3rd quarter—a 0.2 percent increase year-over-year. This includes 958,603 square feet of vacant office space (14.8 percent, down from 16.7 percent one year ago), 721,406 square feet of vacant flex space (14.8 percent, compared to 18.7 percent one year ago), 1,048,797 square feet of vacant industrial space (8.2 percent, down from 9.2 percent one year ago) and 1,859,264 square feet of vacant retail space (8.8 percent, compare to 6.3 percent one year ago). Expectations are that the commercial real estate market will gradually improve over the course of the next few years, as the local economy grows.

Prince William County's population is currently estimated at 379,166. Population growth has been at a much slower pace than in past years, in which annual increases approached 5 percent. Nevertheless, the County will continue to expand its population base, particularly as the real estate market recovers. The Metropolitan Washington Council of Governments predicts the County's population will grow by over 217,000 people or an increase of 61 percent between the years 2005 and 2040, while the region in total is expected to grow by only 36 percent. The County continues to be a young, family-oriented community, with approximately one-third of its households married with children. Despite progress in attracting jobs to the County, Prince William continues to export a little more than half of its labor force to jobs outside the County, accounting for the tenth longest commute in the United States. According to 2009 Census data, Metropolitan Washington ranked first in the United States for median household income, with 10 of the region's counties in the top 20 nationwide. The region's median household income of \$85,168 is 70 percent above the national median of \$50,221 and 44 percent above the state-wide median of \$59,330. Prince William County had the 11th highest median household income in the United States at \$89,785. This ranking further underscores Prince William County's continued status as a premier community.

Employment in the County grew rapidly in the first half of the current decade, but has moderated since 2007 -- largely the result of significant job losses in construction and other sectors related to real estate. In the five-year period from 1st quarter 2002 to 1st quarter 2007, Prince William County businesses increased by 37 percent, with financial, professional/business services and construction the fastest growing sectors. In the same period, employment in the County grew from 84,569 to 104,578, an increase of 24 percent. The fastest growing sectors for employment growth were Education/Health Services, Professional/Business Services and Construction. However, in the last three years (2007 to 2010), while businesses continued to grow by 10 percent, jobs declined by 1.7 percent. The impact of the housing downturn has been acutely felt in those industries related to housing. Construction employment, for example, declined in Prince William County by over 6,500 net jobs (-41 percent) between September 2005 and March 2010. Likewise, jobs in finance, insurance and real estate experienced a net loss of 660 jobs (-17.5 percent) since their respective peak months of the real estate boom. Clearly, businesses and jobs in construction and real estate-related services were high growth sectors during the recent booming real estate market. As that market slipped, those sectors closely associated with it were negatively impacted. Prince William County's unemployment rate was 5.6 percent in August 2010, a significant increase from August 2008 when it stood at 3.9 percent, but well below the statewide rate of 7.0 percent and the national rate of 9.6 percent in August 2010.

Since the prosperous days of 2001-2006, when home values were increasing at double digit rates in some years, the residential market in the County experienced a major downturn, though indications are the market is stabilizing and even growing – albeit modestly. Residential building permit activity, a leading indicator for housing construction, experienced a six-year boom from 2000 to 2005 in which more than 4,300 total residential permits were issued per year. Since 2005, however, the number of permits has sharply declined. In 2007, a total of 2,451 total residential permits were issued, including 1,305 single family detached, 580 townhouse and 566 condominium permits. This represented a 15 percent decline in total permits from the previous year and a 48 percent decrease from 2005. In 2008 the decline continued, as a total of 1,909 permits were issued, including 984 single family and 260 townhouses. In 2009, a total of 1,946 permits were issued, including 1,163 single family, 381 townhouses and 402 condominiums. In 2010 (January – September), a total of 1,381 permits have been issued, including 805 single family, 360 townhouses and 216 condominiums.

Recent increases in home building activity and modest increases in home prices in Prince William County are indicative of a recovering housing market. Home sale prices have improved during the summer selling season of 2010, giving rise to

optimism that the worst of the real estate crisis may be over. While it is too early to make this statement definitively, recent home sales numbers as reported by the Metropolitan Regional Information System (MRIS) support this sentiment. In December 2005, the peak of the market boom, the average sales price for homes in Prince William County was \$458,627. By February 2009, the average sales price for a home in the county was \$204,378 – a decrease of 55 percent. By August 2010, however, the average price of a sold home in Prince William County had climbed to \$289,704 – a 12.5 percent increase year-over-year and a 41.7 percent increase since February 2009. The total number of units sold in August 2010 was 543 and the average days on the market in August 2010 was 44 days for all homes sold in Prince William County.

About 78 percent of the County's real estate tax base consists of residential housing, approximately 21 percent is comprised of commercial, industrial and public service properties and less than 1 percent is undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors was responsive in adjusting the real estate tax rate dramatically, reducing the real estate tax rate from \$1.34 in fiscal year 2001 to \$0.758 per \$100 of assessed value in fiscal year 2007. In fiscal year 2008, in response to revenue shortfalls and expectations of continuation of vital County services, Prince William County adopted a real estate tax rate of \$0.97 effective for fiscal year 2009. For fiscal year 2010, the County adopted a real estate tax rate of \$1.212 in response to continued revenue shortfalls. For fiscal year 2011, the adopted real estate tax rate is \$1.236 per \$100 of assessed value. Despite recent challenges to the County's ability to provide services, strategic goal areas and critical service needs of the community continue to be the primary focus.

One of Prince William County's strategic goals is to maintain an economic development climate that will attract and foster the expansion of industries that create high-wage jobs, diversify the non-residential tax base, and encourage people to live in, work in and visit the County. In that regard, the County's Department of Economic Development works diligently with targeted industries to attract new businesses and foster expansion of existing businesses. Since January 1997, 331 new and expanding companies have announced their intention to invest more than \$3.59 billion and add more than 14,400 jobs to the Prince William County economy. Of these announcements, 248 (75 percent) were targeted industry businesses accounting for \$2.88 billion (80 percent) of the total investment and 10,982 (76 percent) of the total jobs.

Recognizing the particular strengths of Prince William County and seizing upon market demands, Prince William County has concentrated efforts within the life sciences, federal government agencies and contractors, and data center markets. These efforts have proven successful in generating significant capital investments and job opportunities in Prince William County.

Prince William County remains the focal point of the life sciences industry within Northern Virginia, despite the dip in investments within life science companies and the subsequent reduced market demand for life science space. Anchored by George Mason University's Life Sciences Campus, Prince William County has a growing concentration of life science companies.

The ground-breaking research coming from George Mason University creates community awareness and significant economic development opportunities. Currently there are 16 life science companies that have announced their intent to invest \$353.5 million and add more than 1,200 new jobs.

With Prince William County's proximity to Quantico Marine Corp Base, Ft. Belvoir, the National Reconnaissance Office (NRO), and Washington DC, along with the addition of the FBI Northern Virginia Resident Agency in the County, the federal government and contractors who support the missions of federal agencies remain a key industry for economic development. Since 1997, 78 government contractors or federal agencies have announced their intent to invest \$317.9 million and add 3,178 new jobs to the County.

Prince William County's competitive tax structure, electricity availability and rates, and fiber optic availability, make Prince William County an ideal location for data center clients seeking a location in the Mid-Atlantic region. Further strengthening Prince William County's position is the availability of large land parcels and minimal natural disaster threats, which allows clients to meet the high security standards that today's data market demands. Currently, there are ten companies that have announced their intent to invest \$1.86 billion and add 336 jobs in Prince William County.

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

Innovation Technology Park is anchored by George Mason University's Life Sciences Campus. It is home to a growing life sciences cluster that, in addition to George Mason University, includes American Type Culture Collection (ATCC), Mediatech, Inc., and the new Mason/NIH Biomedical Research Laboratory. Also present is an emerging forensic science/criminal justice cluster that includes: the FBI Northern Virginia Resident Agency, the Virginia Department of Forensic Science's Northern Laboratory, and the Prince William County Police Western District Station. Currently, there are 41 companies that have announced their intent to invest over \$473 million and add 1,799 new jobs in Innovation.

The Potomac Communities includes a number of new office developments that cater to the growing demand to provide companies greater access to the Northern Virginia labor market while maintaining close proximity to Washington, DC and nearby federal facilities – such as Quantico Marine Corps Base, Ft. Belvoir, and the Pentagon. With infrastructure improvements to local roadways and new commercial office space coming to market, the Potomac Communities provides several opportunities for those looking to locate or expand in the County.

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

Prince William County's close proximity to the federal government and affiliated contractor industries has largely insulated it from the severity of normal business cycle troughs. While the County is by no means immune from economic downturns, their depth and duration tend to be ameliorated by the fairly constant uptrend in federal spending and procurement. The County depends heavily on residential housing and consumer spending to maintain its prosperity and levels of local government services. These two sectors have fared extraordinarily well during the previous housing boom, but recent trends point to moderated consumer spending and slower housing price growth performance in the short term.

As Prince William County enters fiscal year 2011, the local economy continues to outperform the national economy but still has segments that remain troubled. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and Prince William County, both of which were major recipients of this good fortune.

Dramatic increases in real estate assessments allowed for reduced tax rates; and overall, the County practiced fiscal prudence that elevated it to the top tier of communities in the eyes of the nation's bond raters. The real estate downturn, however, seriously impacted the local economy and this impact is still apparent today. While local unemployment has increased during the recent economic downturn, Prince William County continues to enjoy lower unemployment rates than statewide or national averages. The County continues to be among the wealthiest in the nation, largely the result of the County's enviable position as part of the Northern Virginia economy and its proximity to Washington D.C. and the federal government.

The County's proximity to the nation's capital and its enviable participation in the Northern Virginia economy give it a resiliency to withstand challenges from other sectors. Expectations going forward are for moderate growth and longer-term prospects providing a more optimistic scenario.

Long-term Financial Planning

The County adopted *Principles of Sound Financial Management* in 1988 and from time to time updates and amends its *Principles* through the Board of County Supervisors. The *Principles* provide overarching guidance for prudent fiscal management.

Following these *Principles* has enhanced the County's image and credibility with the public, credit rating agencies, and investors. In 1989, the Board of County Supervisors 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.

A significant factor in the County's AAA bond rating from Fitch Ratings and Aaa bond rating from Moody's Investors Service is management's consistency in implementing and adhering to multi-year financial plans. As outlined in the *Financial Planning and Program Ordinance* and the *Principles of Sound Financial Management*, the County is to present to the Board a five-year revenue and expenditure projection during the annual budget process. This projection process helps the Board gauge the multi-year impacts of fiscal decisions and weigh the corresponding implications of tax rates and other

revenue sources. A five-year budget plan prepared by the Prince William County Schools is combined with the five-year budget plan prepared by the County to give a total picture of the General Fund requirements. The most recent five-year budget plan was approved by the Board in April 2010 for fiscal year 2011 to fiscal year 2015. Integral to establishment of five-year plans is the *County-School Revenue Sharing Agreement*, which was adopted by the Board of County Supervisors and the County School Board in 1998. The Agreement splits the County's General Revenues, with the exception of recordation taxes that are earmarked for roads, with the school system (currently 56.75 percent to the Schools and 43.25 percent to the County).

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

"Prince William County is a premier community where we treasure the richness of our past and the promise of our future. We are diverse and dynamic with a thriving economy where citizens and businesses grow and succeed together. We are a global business and technology leader for the 21st century."

In order to achieve this vision, the Board adopted four strategic goals in its 2012 Strategic Plan: Economic Development and Transportation; Education; Human Services, and Public Safety. The Fiscal Plan and Five-Year Budget Plan rely on input from the community to build a premier community as expressed in the Vision and to address each of these important goals.

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

The County's adopted policy documents, including the *Strategic Plan*, the *Comprehensive Plan*, and the *Principles of Sound Financial Management* guide the development of the CIP.

Capital improvement projects over the next six years total \$765 million. The major projects address education, transportation and public safety needs, all of which are key areas in the County's *Strategic Plan*, and which combined, total 93 percent of the CIP. The School Board's Capital Program is presented to the Board under separate cover and is integrated into the County's CIP.

Relevant Financial Policies

As outlined in the *Principles of Sound Financial Management*, the current expenditures will be funded with current revenues and other resources, such as turnback (the projected under expenditure of current budget appropriations). The County will not balance the current budget at the expense of meeting future years' expenditures; that is, the County will not accrue future years' revenues or roll over short-term debt to avoid planned retirement, nor shall undesignated General Fund balance be used to finance current operations, except in emergencies.

Major Initiatives

The County's major initiatives are focused on enhancing its strategic goals and building a premier community. Some of the initiatives of the four Strategic Goals are highlighted as follows:

Education – Education is one of the Board's Strategic Goals. The goal states that the County will provide a quality educational environment and opportunities, in partnership with the School Board, the education community, and businesses to provide our citizens with job readiness skills and/or the academic qualifications for post-secondary education and the pursuit of life long learning. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County, further evidenced by the school system's 87.2 percent satisfaction rating achieved in the recent 2010 Citizen Survey. The school system's Five-Year Budget Plan continues to focus resources on the most critical school needs, including accommodating a student membership increase of 10,557 over the five-year period, maintaining competitive salaries, construction of six elementary schools, one middle school and one high school, additions/expansions at 13 current schools; repair and renewals of older facilities, and funding for infrastructure for voice, data and video communications.

During fiscal year 2010, construction continued on the new eleventh high school (Patriot High School) and Triangle Elementary School, major renewals were completed on Coles, Enterprise, Neabsco, Sinclair and West Gate Elementary Schools and renewals were commenced on Rippon and Godwin Middle Schools. The school division remains committed to providing a world-class education to its students and is a state leader in producing better student achievement results at a lower taxpayer cost. As testament to the quality of education received by students in Prince William County, for the last five years running, *Newsweek Magazine* ranked Prince William County high schools among the top 5 percent of schools in the nation, 42 schools were named as "Schools of Excellence" and the Prince William County School system was one of 17 school divisions to receive the Virginia Board of Education Competence to Excellence Award for having met all state and federal benchmarks for the last two consecutive years. Finally, a new Regional Academic-Year Governor's Schools was opened for the 2010-2011 school year at Innovation Technology Park. This school is designed with a mission to engage students in rigorous academic study, challenge them to acquire knowledge, develop understanding, think reflectively and take intellectual and creative risks in problem solving for the benefit of the Earth.

Public Safety – Public Safety has also been one of the County's Strategic Goals since the *Strategic Plan* was first adopted. This goal calls for the County to continue to be a safe community, reduce criminal activity and prevent personal injury and loss of life and property. During FY 2010 construction was completed on the new Birchdale Fire Station located at the intersection of Dale Boulevard and Catalpa Court. This new 18,500 square foot station with expanded office space, sleeping quarters, fitness area and more suitable apparatus areas replaced the former Birchdale station located at Dale Boulevard and Birchdale Avenue. Construction continued on the final component of the Adult Detention Center – Phase II, renovation of the common areas. The FY 2011-2016 CIP includes funds to finalize construction of the River Oaks Fire Station, scheduled to open in FY 2011.

Opening the River Oaks station makes progress towards meeting strategic goals and response time standards set forth in the Comprehensive Plan. The CIP also includes funding for public safety technology improvements.

The new 800 MHZ radio system infrastructure allows for improved maintenance and security, future expansion and multiple equipment vendors and allows radios to be programmed on air. Locally, the County continues to update its Emergency Operations Plan and train for all known possible circumstances. Accordingly, the FY 2011 budget includes the addition of 26 new Fire and Rescue uniformed personnel for 24-hour engine staffing at the Gainesville Station, 24-hour staffing of the East End Ladder Truck and volunteer firefighter basic training using Fire Levy funds.

Economic Development and Transportation – The Economic Development and Transportation Strategic Goal calls for the County to create a community that will attract quality businesses that will bring high-paying jobs and investment by maintaining a strong economic development climate and creating necessary multi-modal transportation infrastructure that supports our citizens and our business community. The leadership and foresight of Prince William County to support business development to bring quality jobs to the citizens and provide strategies for sustained economic growth has enabled the County to become a strategic and vital component of the Northern Virginia economy, as well as that of the Commonwealth of Virginia. Towards that end, the County has made great strides in bringing businesses and jobs to the County, with more than \$100 million of the \$112 million capital investment in the County made by new businesses in fiscal year 2010 and CNN Money named Prince William County in the top 25 localities nationwide in its "Where the Jobs Are" list, an climb from number 23 last year to number 17 on the current list with a job growth rate of 32 percent from 2000 to 2009.

During FY 2010 the County celebrated the opening of the Hylton Performing Arts Center, the newest landmark on George Mason University's Prince William Campus. The center, which is named for the Cecil D. and Irene V. Hylton Foundation of Dale City, Virginia, is a partnership among Prince William County, George Mason, the City of Manassas, the Commonwealth of Virginia and individuals and businesses in the private sector. Modeled after the intimate European opera houses of the 19th century, Merchant Hall is a 1,121 seat multipurpose proscenium theater that includes 27 boxes that are divided among three levels. The Gregory Family Theater is a flexible 4,400-square foot, 270-seat space that can be configured for many different types of performances and events. In addition, the Didlake Grand Foyer, with its sweeping staircase, provides an ideal setting for community, corporate and social events. Providing an economic boost to the region, the center has created many new full- and part-time jobs and is expected to bring direct economic impact of nearly \$7 million annually. Also announced in FY 2010 is the planned location of a future national museum. The Wartime Museum will be a one-of-a-kind, world-class museum located on a 70-acre site near the intersection of Interstate 95 and Dale Boulevard. The \$50 million project will provide a new cultural, educational and recreational attraction to Prince William County and the Commonwealth of Virginia. An initial market study estimated the Museum will create 50 direct and 35 indirect jobs, attract more than 300,000 tourists each year and have an annual economic impact of \$10 to \$25 million per year at surrounding hotels, restaurants and other businesses.

Over the years, the County has worked to develop a transportation system that gets people to jobs, improves safety, reduces congestion, reduces travel time and enhances its economic development efforts. As the population of the region continues to grow, the County must find ways to fund and/or build the needed transportation projects within the community. As such, the County remains one of few localities to significantly fund transportation. Citizens have supported these efforts by approving bond referenda in 1988, 1990, 1994, 1998, 2002 and 2006 totaling \$556 million. The 2006 road bond referendum alone totaled \$300 million and was overwhelmingly approved by voters in November 2006. During FY 2010 road improvements were completed on Heathcote Boulevard, James Madison Highway, Linton Hall Road, Minnieville Road and Old Carolina Road.

After four years of declining satisfaction that bottomed out in 2005 with only 38 percent of citizens satisfied with the ease of getting around in the County, citizen satisfaction has improved significantly. In the 2010 Citizen Survey, 64.1 percent of citizens were satisfied, marking the fifth consecutive year of improvement. The FY 2011-2016 CIP aims to further advance the transportation strategic goals by including funding for new lane miles for Prince William Parkway (Hoadly Road to Old Bridge Road); Route 1 (Joplin Road to Bradys Hill Road); Route 28 (Linton Hall Road to Fitzwater Drive); and University Boulevard (Hornbaker Road to Sudley Manor Drive and Wellington Road to Rollins Ford Road).

Human Services – The Human Services Strategic Goal calls for services that protect the community from risk and help families in crisis by maximizing state and federal funding and effective public/private partnerships. The County continues to see demand for services to help the elderly, the intellectually disabled and mentally ill, those in need of medical services who have no insurance, and those facing difficulty sustaining their families due to economic difficulties. Even though significant cuts were made to the FY 2010 budget in response to the economic downturn, services that remain, although in some cases at a lesser level, include 4-H, housing counseling, environmental education, nutrition, senior centers, public health clinics, Women, Infants and Children (WIC), homeless shelters, benefits, employment and childcare, protective services, foster care, mental health and intellectual disability services and substance abuse services. For FY 2011, the County has adopted a 2.53 percent increase over the FY 2010 budgets of the combined Human Services agencies. This increase is aimed to replace lost Federal revenue to continue services in Child Welfare, Adult Services and Benefits, Employment and Child Care; replace lost State revenues to continue services at the Juvenile Detention Center, Juvenile Emergency Shelter and Outreach to Detention; provide additional funding and 11 full-time equivalent positions for Child Protective Services; and replace lost State revenue to continue intellectual disability supported living services.

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, 2009. This was the 29th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Prince William County received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning July 1, 2009. This was the 24th 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 fourth time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2009. 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,

A handwritten signature in black ink, reading "Melissa S. Peacor". The signature is fluid and cursive, with the first name being the most prominent.

Melissa S. Peacor
County Executive

A handwritten signature in black ink, reading "Steven A. Solomon". The signature is fluid and cursive, with the last name being the most prominent.

Steven A. Solomon
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Prince William
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Organization of Prince William County Government

Since 1972, The County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board. Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. The current board members took office in January 2008 and will serve until December 31, 2011.

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

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

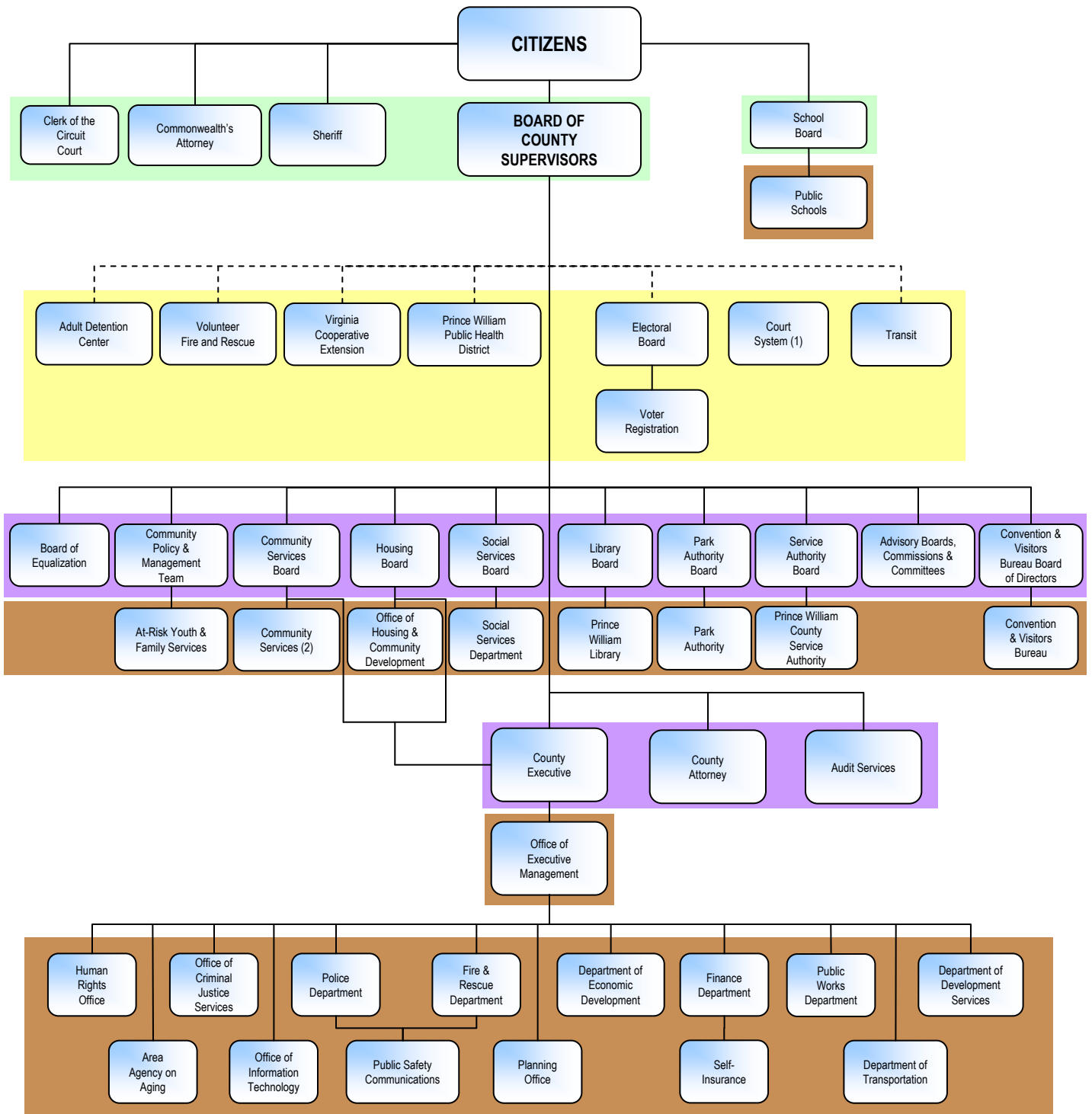
The Board also appoints the members of several separate boards and authorities to administer the operations of certain services. These services include parks and recreation, human services, and the public library system.

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

On November 6, 2007, elections were held in Prince William County for the Chairman of the Board and the Supervisors of the seven magisterial districts. The incumbent Chairman of the Board was re-elected. Six incumbent Supervisors were re-elected for another four-year term and one new Supervisor was elected. All re-elected and elected officials took the oath of office in January 2008.

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

Prince William County Government Reporting Entity



Notes:

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

Legend:

Elected Officials / Constitutional Officers

State and Local Services

Appointed by BOCS, Boards and Commissions

Agencies and Departments



Independent Auditor's Report

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

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the County's 2009 financial statements and, in our report dated December 4, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Self-Insurance Casualty Pool and the Self-Insurance Workers' Compensation Association were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing 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 control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows where applicable thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the County adopted Governmental Accounting Standards Board ("GASB") Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 requires that the financial statements of all prior periods be restated. We audited the adjustments necessary to restate the July 1, 2009 net asset balances provided in Note 1. In our opinion, such adjustments are appropriate and properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 17 through 30 and the Required Supplementary Information on page 99, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements, budgetary comparison schedules, introductory section statistical tables and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining supplementary information, budgetary comparison schedules and Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Greensboro, North Carolina
November 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

(amounts expressed in millions)

Prince William County's (the County) 2010 fiscal performance continues to demonstrate its successful implementation of its System for Results Oriented Government. This report provides accountability to the County's goals and objectives defined with its citizenry and adopted by the Board of County Supervisors. This section of the annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. All amounts in the discussion and analysis, unless otherwise indicated, are expressed in millions of dollars. Throughout this section of the report, the primary government is referred to as the "County" and the "total reporting entity" is the total of the County and component unit information. Due to the material relationship between the School Board component unit and the County, the total financial reporting entity information more accurately reflects the financial operations of Prince William County.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL HIGHLIGHTS

- The total reporting entity, which includes component units, has positive net assets of \$1,106 at June 30, 2010, which represents a 9 percent increase of \$95 over the prior year.
- The total cost of the County's programs decreased 7 percent to \$966 during fiscal year 2010, while the County's total revenues decreased 5 percent, to \$979.
- Net assets for governmental activities increased slightly from the prior year due to an overall decrease in program costs of 7 percent, most notably a 56 percent decrease in public works expenses, while revenues decreased by only 5 percent.
- At June 30, 2010, the County has \$869 of debt outstanding related to assets recorded by its component units and other entities. Accordingly, the County's governmental activities' liabilities at June 30, 2010 exceeded its assets by \$252 (net assets).
- Total net assets of the County's business-type activities increased 24 percent to \$36 due primarily to decreased transfers from the Landfill.
- At the end of the current year, the unreserved undesignated fund balance of \$64 in the general fund was 7.5 percent of total general fund revenues. The unreserved undesignated fund balance is down 5 percent from the prior year due to the \$43 decrease in total general fund revenues.
- General fund revenues exceeded the budget by \$4; in addition, expenditure savings of \$26 under the budget helped to provide additional available resources for future years' appropriations.
- As of January 1, 2009 (the assessment date pertinent to real estate taxes supporting fiscal year 2010) the assessed values of taxable property decreased by 25 percent compared to the prior year, with residential values falling 29 percent. This decrease was partially mitigated by an increase to the real estate tax rate of 25 percent. Real estate taxes contributed 52 percent of the total revenues for the primary government of the County during fiscal year 2010.

- 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 nonmajor governmental funds, internal service funds, agency funds and discretely presented component units, each of which are combined and presented in single columns in the basic financial statements. Comparative data is also included on select financial statements enabling the reader to make comparisons against the prior fiscal year.

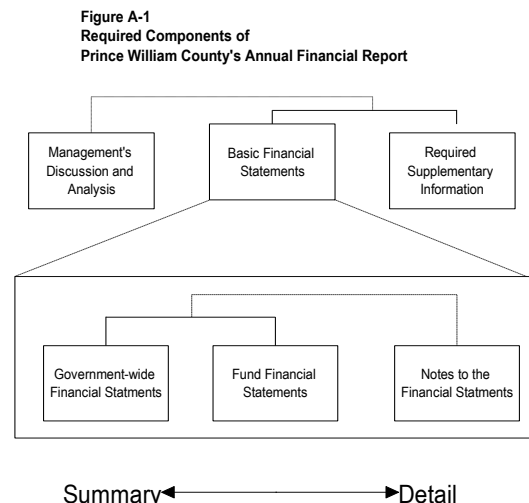


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each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

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

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

Government-wide Statements

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

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

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. The total financial reporting entity information more accurately reflects the financial operations of Prince William County.
- To assess the overall health of the County, one needs to consider additional factors, such as changes in the County's property tax base and the condition of the County's roads.

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

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

Fund Financial Statements

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

The County has three kinds of funds:

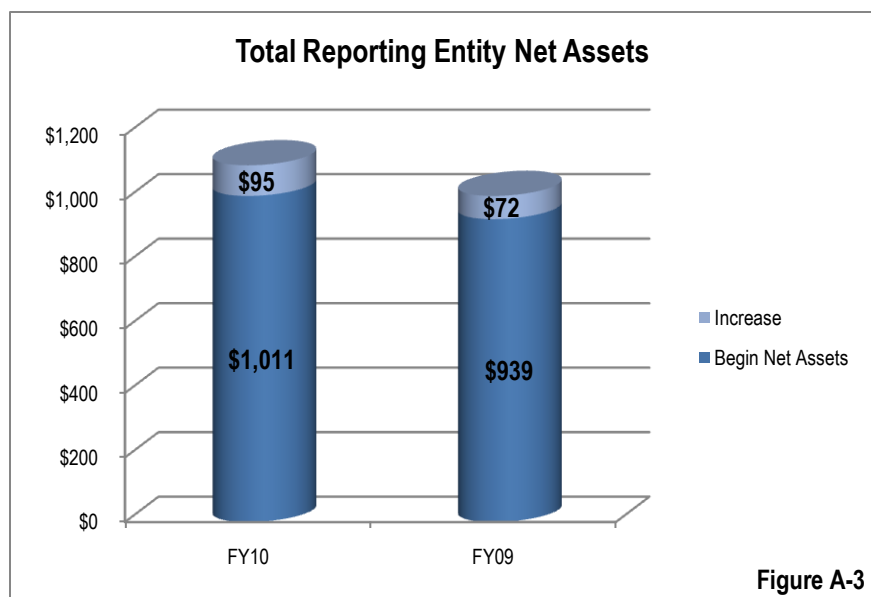
- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that indicates whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional *long-term* focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the statements.

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net assets

The total reporting entity net assets increased 9 percent to \$1,106 (see Table A-1 and Figure A-3). This increase in net assets demonstrates the continuing collaborative sound fiscal policies of the County as a whole, and is the most accurate reflection of the financial results of the current year, since it includes the activities of the County's component units, in addition to those of the primary government.



Governmental Activities

Net assets of the County's governmental activities increased 2 percent to (\$252). The County issues debt to finance capital projects which are donated to other entities. Therefore, while the debt is reflected as an obligation of the primary government of the County, the related assets are recorded by the entities to which the capital projects are donated. These donations are planned as part of the County's capital improvement program to further its education, transportation, public safety, and economic development strategic goals, and thereby improve the quality of life in Prince William County.

As of June 30, 2010, the County has \$869 of outstanding debt (compared with \$874 as of June 30, 2009) related to assets donated to other entities as follows:

- \$580, Prince William County School Board;
- \$215, Commonwealth of Virginia;
- \$35, Prince William County Adult Detention Center;
- \$23, Volunteer Fire & Rescue companies (various);
- \$8, Industrial Development Authority;
- \$8, Prince William County Park Authority;

The most significant activities of this nature for the current fiscal year were the issuance of \$80 of debt for school construction projects and \$30 of principal retirement related to the Prince William County Adult Detention Center. All of the debt listed above is used to finance the purchase or construction of assets recorded by other entities and result in a deficit in net assets of governmental activities of the County. This deficit is the result of having *long-term* commitments that are greater than currently available resources, and does not mean that the County is lacking the resources available to pay its bills next year or in future years.

Business-Type Activities

Net assets of the County's business-type activities increased \$7 during the current year, due principally to an increase in cash and investments. These amounts increased due to positive results of operations during the current fiscal year; Landfill revenues exceeded operating expenses by \$7, while Innovation Technology Park experienced a slight operating loss.

The \$36 net assets of the County's business-type activities will not be used to offset the net asset deficit in governmental activities. The County generally will only use these net assets to finance the continuing operations of the Landfill and Innovation Technology Park.

Table A-1
County Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)	
	2010	2009 (restated)	2010	2009	2010	2009 (restated)	2010	2009 (restated)
Current assets and other	\$ 751	773	33	29	784	802	1,161	1,169
Capital assets	336	328	30	29	366	357	1,469	1,400
Total assets	1,087	1,101	63	58	1,150	1,159	2,630	2,569
Other liabilities	304	311	6	6	310	317	412	427
Long-term liabilities	1,035	1,048	21	23	1,056	1,071	1,112	1,131
Total liabilities	1,339	1,359	27	29	1,366	1,388	1,524	1,558
Net assets:								
Invested in capital assets, net of related debt	259	252	24	22	283	274	838	778
Restricted	79	127	--	--	79	127	79	127
Unrestricted	(590)	(637)	12	7	(578)	(630)	189	106
Total net assets	\$ (252)	(258)	36	29	(216)	(229)	1,106	1,011

The aforementioned factors contributing to changes in the governmental net assets and the business-type net assets of the County combined to create an overall increase in net assets of the primary government of 5 percent between fiscal years 2010 and 2009. The assets of the primary government are less than the liabilities by \$216.

The component units (the Prince William County School Board, the Adult Detention Center and the Park Authority) are a significant portion of the total reporting entity, representing over 50 percent of the total reporting entity. Component unit net assets increased 7 percent to \$1,322 during 2010, principally resulting from increased investments in capital assets. The net assets of the primary government of (\$216) combined with the net assets of the component units of \$1,322 resulted in total net assets for the total reporting entity of \$1,106.

Changes in Net Assets

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

Table A-2
Prince William County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2010	2009 (restated)	2010	2009	2010	2009 (restated)	2010	2009 (restated)
Revenues:								
Program revenues:								
Charges for services	\$ 27	29	17	17	44	46	79	82
Operating grants and contributions	91	86	--	--	91	86	211	204
Capital grants and contributions	28	40	--	--	28	40	33	44
General revenues:								
Taxes:								
Real property	509	545	--	--	509	545	509	545
Personal property	68	81	--	--	68	81	68	81
Other taxes	100	101	--	--	100	101	100	101
Payment from Primary Government	--	--	--	--	--	--	544	539
Grants and Contributions not Restricted to specific Programs	83	82	--	--	83	82	407	405
Unrestricted Investment Earnings	32	27	1	1	33	28	38	35
Miscellaneous	22	24	1	1	23	25	25	28
Total revenues	960	1,015	19	19	979	1,034	2,014	2,064
Expenses:								
General government administration	38	41	--	--	38	41	38	41
Judicial administration	17	19	--	--	17	19	17	19
Public safety	198	210	--	--	198	210	198	210
Public works	55	124	--	--	55	124	55	124
Health and welfare	74	76	--	--	74	76	74	76
Education	441	435	--	--	441	435	441	435
Parks, recreational and cultural	38	36	--	--	38	36	38	36
Community development	50	49	--	--	50	49	50	49
Interest on long-term debt	44	42	--	--	44	42	44	42
Enterprise	--	--	11	12	11	12	11	12
Component Units	--	--	--	--	--	--	953	948
Total expenses	955	1,032	11	12	966	1,044	1,919	1,992
Increase (Decrease) in net assets before transfers	5	(17)	8	7	13	(10)	95	72
Transfers	1	5	(1)	(5)	--	--	--	--
Increase (Decrease) in Net assets	6	(12)	7	2	13	(10)	95	72
Net assets – beginning (restated)	(258)	(246)	29	27	(229)	(219)	1,011	939
Net assets – ending	\$ (252)	(258)	36	29	(216)	(229)	1,106	1,011

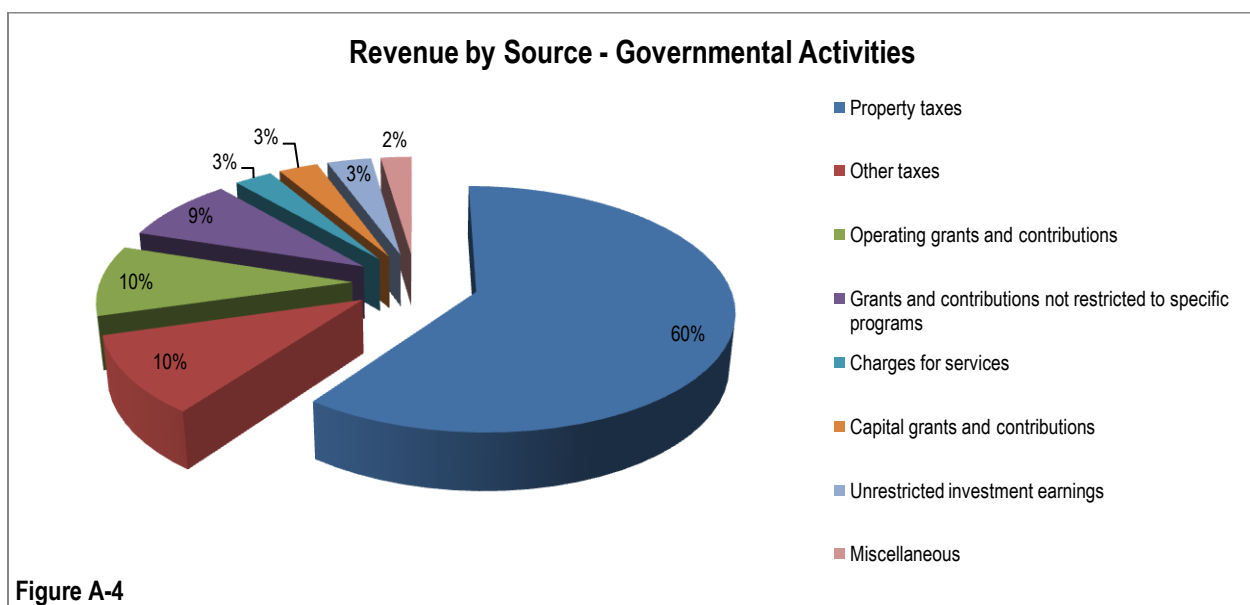
The total reporting entity net assets increased by \$95 in fiscal year 2010 as total revenues of \$2,014, 2 percent lower than fiscal year 2009, exceeded total expenses of \$1,919 which were 4 percent lower than fiscal year 2009.

The County's (Primary Government) total revenues decreased by 5 percent to \$979 (see Table A-2). Nearly 60 percent of the County's revenue comes from property taxes, and almost 70 percent of every dollar raised comes from some type of tax. Another 21 percent comes from local, state and federal aid. Charges for services are 4 percent and the remaining 5 percent is from investment earnings at 3 percent and from other sources at 2 percent.

The total cost of all County programs and services decreased by \$78 or 7 percent to \$966. The County's expenses cover a range of services, with 66 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

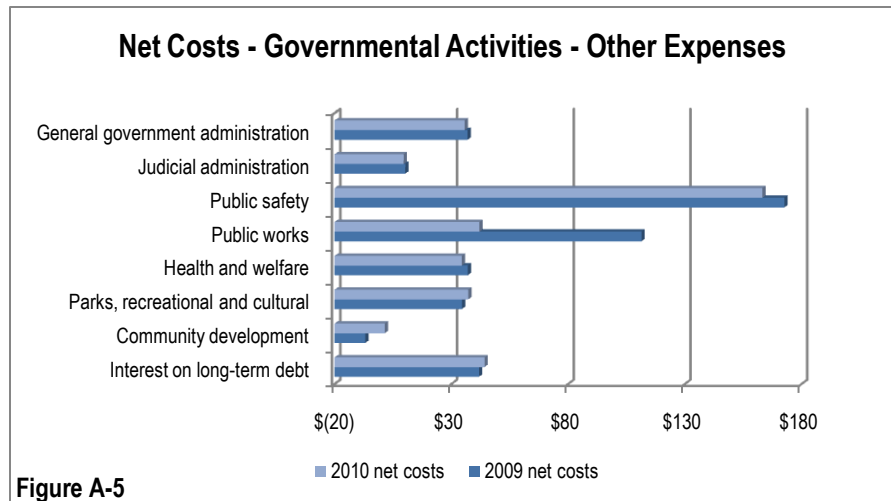
Governmental Activities

Revenues for the County's governmental activities decreased by 6 percent to \$960, while total expenses decreased 7 percent to \$955, which after considering the effect of transfers, resulted in a \$6 increase in net assets during the current year, compared to a \$12 decrease in the prior year. 71 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues decreased by \$49 or 8 percent, and were the result of a 25 percent decrease in total taxable assessed values as compared to the prior year. A 25 percent increase in the total direct tax rate helped to partially offset the aforementioned decrease in assessed values, and mitigated the impact of potential revenue reductions tied to those falling values on the County's ability to provide vital services.

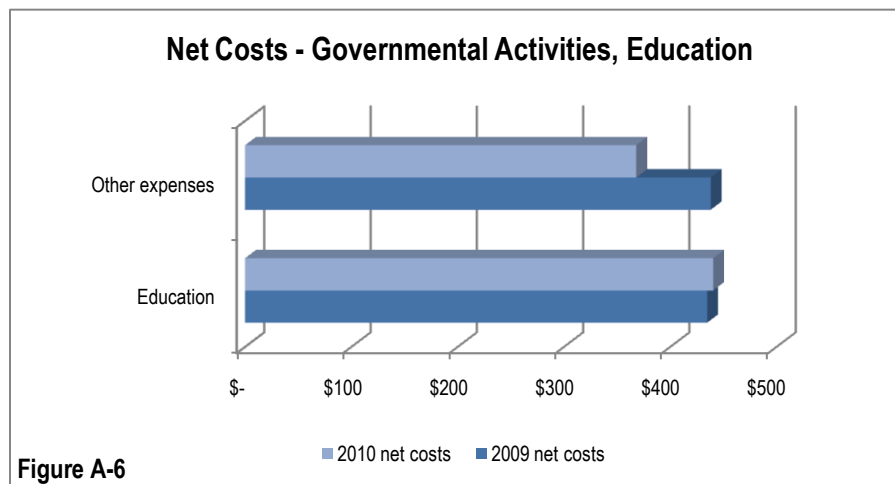


Nearly every major category of revenue experienced a decline or zero-growth during the year. These declines and lack of growth are attributable to a beleaguered real estate market in the County and the overall national economic struggles. Despite these declines, certain other revenue categories experienced some growth during the current fiscal year as compared to the prior year. For example, investment earnings experienced an increase of \$5 or 19 percent as the returns on the County's portfolio began to rebound from the troubled financial markets of the prior fiscal year. Additionally, revenue from the federal government increased \$6 or 16 percent, due in part to amounts received in connection with the American Recovery and Reinvestment Act (ARRA).

The most substantial decrease in expenses was in the area of public works, as the County delayed a portion of its previously planned capital projects spending in response to the overall declines in revenues. Public safety expenditures were \$12 lower than the previous year due to a reduction in transfers to the Adult Detention Center of \$3, as well as numerous cost reductions in other public safety agencies.



Education expenses remained relatively unchanged from the prior year, increasing \$6, or 1 percent. The net operating transfer to the School Board fell \$21, or 6 percent which is a function of the overall decline in general county revenues and the County-School Revenue Sharing agreement funding formula, while transfers to the School Construction fund for education-related capital projects expenditures increased \$27 or 48 percent.



Additionally, aside from these large variances, other functions and programs experienced minimal decreases, and in some cases increases from prior year levels due to concerted efforts to trim the County's budget in response to recent economic difficulties. The County realized savings from expense reductions in general government of \$3, or 7 percent during fiscal year 2010, while the costs of

judicial administration and health and welfare were trimmed from prior year levels by \$2 and \$2, respectively. While those savings were realized, the interest that the County paid on its long-term debt obligations increased \$2, or 5 percent from the prior year to \$44.

Figures A-5 and A-6 present the net cost (total cost less fees generated by the activities and intergovernmental aid) of each of the County's nine functions/programs. The net cost reflects the financial burden that was placed on the County's taxpayers by each of these functions. The net costs reflected in community development are minimal primarily as a result of developer donated infrastructure assets. Developer donated infrastructure assets, such as stormwater drains and ponds, amounted to \$11 in fiscal year 2010.

The cost of all *governmental* activities this year was \$955; however, the amount that our taxpayers paid for these activities through County general revenues was only \$677. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$27;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$119; and
- The \$132 balance of the expenses was partially paid for with other revenues such as investment earnings and unrestricted federal, state, and other local government aid.

Business-type Activities

Revenues of the County's business-type activities were unchanged from the prior year, while expenses decreased 8 percent to \$11 (refer to Table A-2). Factors contributing to these results include:

- Charges for services remained unchanged during the fiscal year as fewer land sales at Innovation Technology Park were offset by a small increase in charges for services of the landfill.
- Expenses of the landfill decreased \$1, or 8 percent from 2009 due primarily to a reduction in depreciation expense.
- Net assets increased from \$29 to \$36 as a result of revenues exceeding expenses by \$8 and transfers to the governmental funds of \$1.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a *combined* fund balance of \$357, a decrease of \$23 or 6 percent from the prior year. General Fund revenues declined at a rate of 5 percent to \$853, but were still sufficient to cover General Fund expenditures which remained relatively stable at \$846, \$4 less than the prior year. After considering the net effect of transfers in and out of other funds and other transactions, the General Fund remained unchanged at \$169. The Capital Projects fund balance decreased \$23 during the current year, due primarily to the County's decision to refrain from issuing any additional debt beyond the \$80 issued on behalf of the School Board. \$41 of capital projects expenditures were offset by just \$18 of revenues and net transfers, resulting in the \$23 decrease for the year. Fund balances for Other Governmental Funds remained relatively unchanged from the prior year. As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

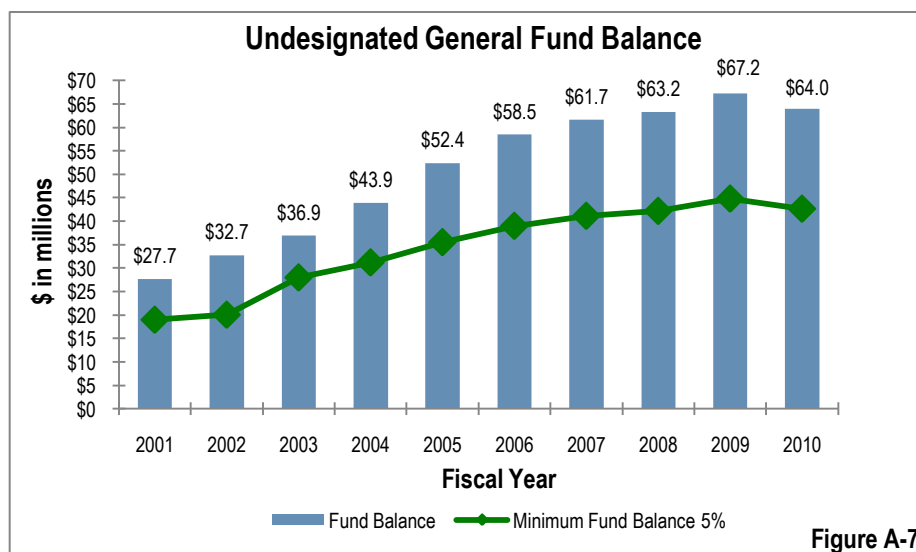


Figure A-7

Fund balances for Other Governmental Funds remained relatively unchanged from the prior year. As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County adopted *Principles of Sound Financial Management* in 1988 and amends its *Principles* through the Board of County Supervisors. Following these *Principles* has enhanced the County's image and credibility with the public, credit rating agencies, and investors. Prior to fiscal year 2003, the fund balance policy was to maintain an undesignated fund balance of not less than five percent of the average of the annual general revenues for the five

preceding fiscal years. Beginning in fiscal year 2003, Policy 1.04 was modified to require an undesignated fund balance of five percent of the current year's General Fund revenues. In recent years, management has aimed to maintain undesignated fund balance at 7.5 percent of the current year's General Fund revenues, although no formal modifications to the *Principles* have been made. However, in August, 2010 the Board of County Supervisors did resolve to maintain the fiscal year 2010 undesignated General Fund balance at 7.5 percent of General Fund revenues. The purpose of the undesignated fund balance is to provide the County with sufficient working capital and to maintain a margin of safety to address emergency needs or unexpected declines in revenue. The County has done an excellent job in achieving and maintaining its minimum balance policy requirement since its establishment, and has actually achieved the higher 7.5 percent balance. Figure A-7 shows the County's undesignated General Fund balance as compared to the policy requirement in effect at the time. Additions to the undesignated 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, *unreserved 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 remained unchanged in part as the result of favorable budget variances for General Fund revenues of \$4. Actual revenues exceeded the final budget primarily due to higher than anticipated returns on investments. Continued declines in overall real estate values in the County and the slumping economy did have a significant impact on other current year revenues, especially recordation taxes, which were under budget by \$5. Over \$26 of departmental expenditures savings were generated during the year in anticipation of future revenue shortfalls.
- The financial results detailed in governmental funds demonstrate the County's accountability to its strategic goal areas of public safety, education, and transportation.
 - Despite the necessary \$6 reduction in the current year, public safety expenditures continue to represent nearly 20 percent of total expenditures of governmental funds.
 - Part of the County's Transportation Goal is to alleviate congestion and is further defined in the second initiative in the Letter of Transmittal. The \$29 spent on the construction of various streets and roads are transferred to and become assets of the Commonwealth of Virginia upon completion.
 - The County increased its support to the County School Board by \$2 during 2010. This increase was primarily the result of increased transfers to the School Construction fund.
- Bond proceeds (including premiums) of \$83 for fiscal year 2010 are budgeted to be spent on two elementary schools for \$29, one middle school for \$14, one high school for \$37, as well as additions and maintenance to various schools for \$3. The \$56 in bond proceeds for fiscal year 2009 were budgeted to be spent on one elementary school replacement for \$24 as well as additions and maintenance to various elementary schools for \$32.

Proprietary funds

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

Unrestricted net assets of the Landfill at the end of the year were \$5, while unrestricted net assets amounted to \$7 for Innovation Technology Park. Unrestricted net assets of the Landfill increased from fiscal year 2009 as operating

revenues exceeded operating expenses by \$7, while Innovation Technology Park's unrestricted net assets remained unchanged from the prior year.

General Fund Budgetary Highlights

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

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

After these adjustments, actual expenditures were \$26 below final budget amounts while revenues exceeded the final budget by \$4. These two factors, combined with the effect of transfers to other funds, resulted in no change in the General Fund balance during the fiscal year. The most significant revenue variance was related to returns on investments of \$4. In addition, recordation taxes fell short of the final budget by \$5 due to the slumping real estate market. Other variances experienced in fiscal year 2010 included local sales taxes (\$3 higher than budget), business, professional, and occupational licenses taxes (\$1 higher than budget), and federal revenues (\$1 lower than budget).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the total reporting entity had invested \$1,469 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 \$69 or 5 percent, over fiscal year 2009. The County had invested \$366 in capital assets, net of accumulated depreciation, which represented a net increase of \$9 or 3 percent, over fiscal year 2009. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

Table A-3 County's Capital Assets				
	Total Primary Government		Total Reporting Entity	
	2010	2009 (restated)	2010	2009 (restated)
Land & Construction in Progress	\$82	73	\$274	276
Buildings and other capital assets, net of depreciation	\$284	284	\$1,195	1,124
Total	\$366	357	\$1,469	1,400

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

- Nearly \$7 was spent on the County's capital project related to the Adult Detention Center Renovation during 2010. The construction in progress balance as of the end of the current fiscal year was \$14.
- The total reporting entity capital assets increased by \$69; \$60 of this increase relates to component units, \$57 of which represents the growth of the School Board component unit's assets, and included continued construction and major renovations necessary to serve the continuing growth in student population.

Long-term debt and other obligations

At year-end the County had total debt and other obligations (excluding unamortized premiums) of \$1,015 of which bonded debt outstanding represented \$753. Of this amount, \$739 comprises debt backed by the full faith and credit of the government. The remainder of the County's bonded debt of \$14 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$736	706	--	--	736	706
Revenue bonds	8	9	6	8	14	17
State literary fund loans	3	4	--	--	3	4
Total bonded debt	747	719	6	8	753	727
Capital lease obligations	205	246	--	--	205	246
Notes payable	--	--	--	--	--	--
Unpaid losses and related liabilities	15	14	--	--	15	14
Compensated absences	25	25	--	--	25	25
Surplus distribution payable	2	2	--	--	2	2
OPEB obligation	--	--	--	--	--	--
Unamortized premiums	41	42	--	--	41	42
Accrued closure liability	--	--	15	15	15	15
Total long-term debt and other obligations	\$1,035	1,048	21	23	1,056	1,071

The County's total debt and obligations decreased to \$1,056 during the current fiscal year. The key components of the current year activities were the issuance of \$80 of debt on behalf of the School Board. Additionally, principal payments on existing debt totaled \$92 during 2010. More detailed information about the County's long-term debt is presented in Note 11 to the financial statements.

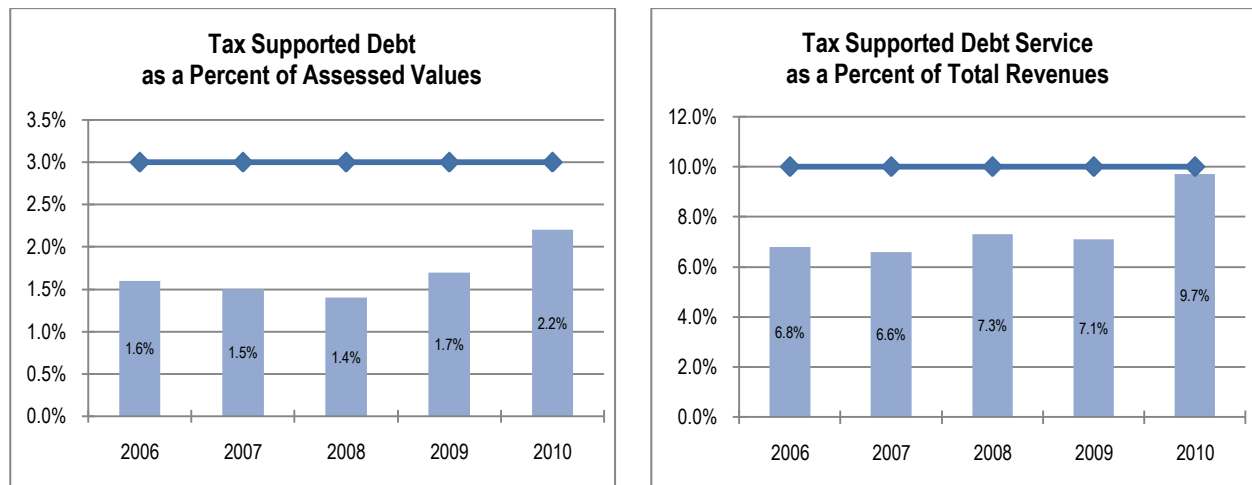
Bond Ratings

The County maintains an "AAA" rating from Fitch Ratings on its general obligation bonds. An "AAA" rating is the highest awarded by a credit rating agency and certifies the County's sound, consistent, and excellent financial management practices. The County also maintains a general obligation bond rating of "Aaa" from Moody's Investors Service, which is the highest rating awarded a local government.

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, 2010, the amount of tax-supported debt outstanding represented 2.2 percent of the total assessed valuation of taxable real and personal property of \$43 billion at January 1, 2009, which is the valuation date to determine fiscal year 2010 revenues. Debt service payments represented 9.7 percent of revenues based on the County's revenue policy. See Table 14 in the Statistical Section for further explanation of the calculations.

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



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County included the following:

- The Board of County Supervisors has increased the real estate tax rate 2.4 cents, or 2.0 percent for fiscal year 2011 to \$1.236 dollars per \$100 dollars assessed value.
- The real estate tax base has decreased from \$40.0 billion supporting fiscal year 2010 to \$39.0 billion for fiscal year 2011, which is a 2.5 percent decrease.
- The fiscal year 2011 General Fund budget is \$844.0, which is a slight decrease from fiscal year 2010.
- The ratio of employees per 1,000 residents for the Primary Government of the County has decreased over the last 10 years, from 9.19 in fiscal year 2001 to 8.52 per 1,000 residents in fiscal year 2010.
- The population in the County has grown at an average annual rate of 3.3 percent over the past decade and the vast majority of those County residents are employed.
- The Virginia Employment Commission estimated the County's at-place employment (jobs located in the County) was one hundred thousand during the first quarter of 2010.
- Throughout the past decade, the County's unemployment rates have mirrored the State and the U.S. rate trends. However, the County's rates have been at consistently lower levels. The County had an unemployment rate of 5.9 percent and a civilian labor force of two hundred fourteen thousand as of June 2010, according to the Virginia Employment Commission. This represents an increase in the unemployment rate from 5.7 in June 2009 and an increase in civilian labor force from two hundred twelve thousand in June 2009.
- The Census Bureau's 2009 American Community Survey indicates that the County's Median Household Income rose from \$66 thousand in 1999 to \$89 thousand in 2009.

The aforementioned factors were considered in preparing the County's budget for the 2011 fiscal year. Amounts available for appropriation in the General Fund budget are \$844, a slight decrease from the adopted 2010 budget. Real estate tax rates are higher as the Board attempts to offset decreases in assessed values to ensure that the County will be able to continue providing vital services to the community. Further details of the County's budget can be found in its Adopted 2011 Fiscal Plan.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
STATEMENT OF NET ASSETS
As of June 30, 2010
With Comparative Totals for June 30, 2009
(amounts expressed in thousands)

Exhibit 1
Page 1 of 2

	Primary Government				
	Governmental Activities	Business-Type Activities	Total		
			2010	2009 (restated)	
ASSETS					
Equity in pooled cash and investments (Note 2)	\$ 647,292	12,994	660,286	614,335	
Investments (Note 2)	12,396	--	12,396	12,221	
Property taxes receivable, net (Note 3)	5,795	--	5,795	6,949	
Investment in direct financing leases (Note 5)	31,234	--	31,234	33,811	
Accounts receivable, net (Note 5)	7,032	164	7,196	9,057	
Due from other governmental units (Notes 6 and 15)	23,437	554	23,991	21,673	
Internal balances (Note 7)	1,244	(1,244)	--	--	
Due from primary government (Note 8)	--	--	--	--	
Due from component units (Note 8)	13	--	13	--	
Inventory	429	4,808	5,237	5,324	
Deferred charges	8,193	--	8,193	8,538	
Prepaid items	444	69	513	413	
Deposits	--	--	--	--	
Net Pension Asset (Note 14)	201	--	201	464	
Restricted assets (Note 2):					
Temporarily restricted:					
Restricted cash and temporary investments	11,415	15,552	26,967	87,470	
Restricted investments	1,250	632	1,882	1,892	
Capital assets (Note 9):					
Land and construction in progress	60,761	21,265	82,026	73,292	
Buildings and other capital assets, net of depreciation	275,680	8,493	284,173	284,129	
Total assets	\$ 1,086,816	63,287	1,150,103	1,159,568	
LIABILITIES					
Accounts payable	\$ 20,192	362	20,554	26,422	
Wages and benefits payable	11,744	143	11,887	11,848	
Deposits and escrows	35,988	110	36,098	37,561	
Retainages	340	44	384	240	
Accrued interest	16,355	64	16,419	15,868	
Due to other governmental units (Notes 6 and 15)	1,383	723	2,106	2,489	
Due to component units (Note 8)	3,587	--	3,587	201	
Unearned revenue (Note 4)	213,273	4,288	217,561	221,561	
Noncurrent liabilities (Notes 11 and 14):					
Due within one year	72,126	6,304	78,430	71,644	
Due in more than one year	963,486	15,206	978,692	999,708	
Total liabilities	1,338,474	27,244	1,365,718	1,387,542	
NET ASSETS/(DEFICIT)					
Invested in Capital Assets, net of related debt	259,042	23,790	282,832	274,608	
Restricted for:					
Capital projects	8,550	--	8,550	55,992	
Special levy districts	58,822	--	58,822	54,896	
Other purposes	11,735	--	11,735	15,958	
Unrestricted	(589,807)	12,253	(577,554)	(629,428)	
Total net assets/(deficit)	\$ (251,658)	36,043	(215,615)	(227,974)	

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

Component Units		Total Reporting Entity		
2010	2009	2010	2009 (restated)	
252,906	247,441	913,192	861,776	ASSETS
--	--	12,396	12,221	Cash and pooled investments (Note 2)
--	--	5,795	6,949	Investments (Note 2)
--	--	31,234	33,811	Property taxes receivable, net (Note 3)
1,309	1,399	8,505	10,456	Investment in direct financing leases (Note 5)
22,456	21,594	46,447	43,267	Accounts receivable, net (Note 5)
--	--	--	--	Due from other governmental units (Notes 6 and 15)
3,587	201	3,587	201	Internal balances (Note 7)
--	--	13	--	Due from primary government (Note 8)
2,813	3,106	8,050	8,430	Due from component units (Note 8)
258	207	8,451	8,745	Inventory
2,748	2,685	3,261	3,098	Deferred charges
500	500	500	500	Prepaid items
--	--	201	464	Deposits
				Net Pension Asset (Note 14)
				Restricted assets (Note 2):
				Temporarily restricted:
90,969	88,880	117,936	176,350	Restricted cash and temporary investments
--	1,561	1,882	3,453	Restricted investments
				Capital assets (Note 9):
191,961	132,777	273,987	206,069	Land and construction in progress
910,844	909,117	1,195,017	1,193,246	Buildings and other capital assets, net of depreciation
1,480,351	1,409,468	2,630,454	2,569,036	Total assets
				LIABILITIES
8,619	13,069	29,173	39,491	Accounts payable
81,322	86,373	93,209	98,221	Wages and benefits payable
16	54	36,114	37,615	Deposits and escrows
4,106	2,796	4,490	3,036	Retainages
136	260	16,555	16,128	Accrued interest
1,395	1,360	3,501	3,849	Due to other governmental units (Notes 6 and 15)
--	--	3,587	201	Due to component units (Note 8)
7,768	7,356	225,329	228,917	Unearned revenue (Note 4)
				Noncurrent liabilities (Notes 11 and 14):
17,104	17,778	95,534	89,422	Due within one year
38,207	41,628	1,016,899	1,041,336	Due in more than one year
158,673	170,674	1,524,391	1,558,216	Total liabilities
				NET ASSETS/(DEFICIT)
1,087,841	1,021,548	838,280 ^A	777,478	Invested in Capital Assets, net of related debt
				Restricted for:
90,969	88,237	8,550 ^A	53,788	Capital projects
--	--	58,822	54,896	Special levy districts
--	2,204	11,735	18,162	Other purposes
142,868	126,805	188,676 ^A	106,496	Unrestricted
1,321,678	1,238,794	1,106,063	1,010,820	Total net assets/(deficit)

^A The sum of the columns does not equal the Total Reporting Entity column by a difference of \$623,362 because the debt related to the School Board Component Unit (\$580,200), the Park Authority Component Unit (\$8,337) and the ADC Component Unit (\$34,825) is reflected in the primary government's general governmental activities column reducing unrestricted net assets. The assets are reflected in the Component Unit column as Invested in Capital Assets, net of related debt. The Total Reporting Entity column matches the asset with the debt and reports the net amount on the Invested in Capital Assets, net of related debt line. The Invested in Capital Assets, net of related debt is increased by Schools, Parks and ADC unspent bond proceeds of \$90,969 with a corresponding decrease to the restricted capital projects.

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	
					Governmental	Business-Type
					Activities	Activities
Primary Government:						
Governmental activities:						
General government administration	\$ 37,503	558	672	568	(35,705)	--
Judicial administration	17,471	4,234	3,640	--	(9,597)	--
Public safety	197,928	6,027	19,354	9,301	(163,246)	--
Public works	54,892	4,958	76	7,826	(42,032)	--
Health and welfare	74,268	1,429	38,358	--	(34,481)	--
Education	440,443	--	--	--	(440,443)	--
Parks, recreational and cultural	38,347	520	569	--	(37,258)	--
Community development	49,524	9,564	27,860	10,576	(1,524)	--
Interest on long-term debt	44,253	--	--	--	(44,253)	--
Total governmental activities	954,629	27,290	90,529	28,271	(808,539)	--
Business-type activities:						
Landfill	10,724	16,244	--	177	--	5,697
Innovation Technology Park	49	7	--	--	--	(42)
Total business-type activities	10,773	16,251	--	177	--	5,655
Total primary government	\$ 965,402	43,541	90,529	28,448	(808,539)	5,655
Component Units:						
School Board	\$ 879,024	21,691	109,421	99	--	--
Adult Detention Center	44,635	477	11,361	--	--	--
Park Authority	29,754	12,780	--	4,764	--	--
Total component units	\$ 953,413	34,948	120,782	4,863	--	--
General revenues:						
Taxes:						
Real property					\$ 509,007	--
Personal Property					67,816	--
Local sales					46,155	--
Consumers Utility					12,840	--
Business, professional and occupational license (BPOL)					20,269	--
Recordation					7,813	--
Motor vehicle licenses					7,221	--
Transient occupancy					3,014	--
Short term rental, bank stock, public utility gross receipts					2,661	--
Payment from primary government					--	--
Grants and contributions not restricted to specific programs:						
Federal revenue					105	--
State revenue					75,452	--
Local revenue					7,325	--
Investment earnings					31,713	928
Miscellaneous					22,085	839
Transfers					810	(810)
Total general revenues and transfers					814,286	957
Change in net assets/(deficit)					5,747	6,612
Net assets/(deficit) - beginning, as restated, (Note 1.Q)					(257,405)	29,431
Net assets/(deficit) - ending					\$ (251,658)	36,043

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

Changes in Net Assets

Government		Component Units		Total Reporting Entity		Functions / Programs
Total	2009 (restated)	2010	2009	2010	2009 (restated)	
						Primary Government:
						Governmental activities:
(35,705)	(39,714)	--	--	(35,705)	(39,714)	General government administration
(9,597)	(10,379)	--	--	(9,597)	(10,379)	Judicial administration
(163,246)	(173,246)	--	--	(163,246)	(173,246)	Public safety
(42,032)	(111,502)	--	--	(42,032)	(111,502)	Public works
(34,481)	(37,022)	--	--	(34,481)	(37,022)	Health and welfare
(440,443)	(434,797)	--	--	(440,443)	(434,797)	Education
(37,258)	(34,662)	--	--	(37,258)	(34,662)	Parks, recreational and cultural
(1,524)	6,374	--	--	(1,524)	6,374	Community development
(44,253)	(41,868)	--	--	(44,253)	(41,868)	Interest on long-term debt
(808,539)	(876,816)	--	--	(808,539)	(876,816)	Total governmental activities
						Business-type activities:
5,697	3,545	--	--	5,697	3,545	Landfill
(42)	1,131	--	--	(42)	1,131	Innovation Technology Park
5,655	4,676	--	--	5,655	4,676	Total business-type activities
(802,884)	(872,140)	--	--	(802,884)	(872,140)	Total primary government
						Component Units:
--	--	(747,813)	(748,947)	(747,813)	(748,947)	School Board
--	--	(32,797)	(25,864)	(32,797)	(25,864)	Adult Detention Center
--	--	(12,210)	(14,543)	(12,210)	(14,543)	Park Authority
--	--	(792,820)	(789,354)	(792,820)	(789,354)	Total component units
						General revenues:
						Taxes:
509,007	545,021	--	--	509,007	545,021	Real property
67,816	80,642	--	--	67,816	80,642	Personal Property
46,155	45,055	--	--	46,155	45,055	Local sales
12,840	12,596	--	--	12,840	12,596	Consumers Utility
20,269	19,931	--	--	20,269	19,931	Business, professional and occupational license (BPOL)
7,813	10,669	--	--	7,813	10,669	Recordation
7,221	6,874	--	--	7,221	6,874	Motor vehicle licenses
3,014	3,189	--	--	3,014	3,189	Transient occupancy
2,661	2,220	--	--	2,661	2,220	Short term rental, bank stock, public utility gross receipts
--	--	544,019	538,853	544,019	538,853	Payment from primary government
105	85	39,305	1,153	39,410	1,238	Grants and contributions not restricted to specific programs:
75,452	75,418	282,247	318,997	357,699	394,415	Federal revenue
7,325	7,461	2,954	3,083	10,279	10,544	State revenue
32,641	27,796	5,367	6,856	38,008	34,652	Local revenue
22,924	25,503	1,812	2,130	24,736	27,633	Investment earnings
--	--	--	--	--	--	Miscellaneous
815,243	862,460	875,704	871,072	1,690,947	1,733,532	Transfers
12,359	(9,680)	82,884	81,718	95,243	72,038	Total general revenues and transfers
(227,974)	(218,294)	1,238,794	1,157,076	1,010,820	938,782	Change in net assets/(deficit)
(215,615)	(227,974)	1,321,678	1,238,794	1,106,063	1,010,820	Net assets/(deficit) - beginning, as restated, (Note 1.Q)
						Net assets/(deficit) - ending

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GOVERNMENTAL FUNDS
Balance Sheet
As of June 30, 2010
With Comparative Totals for June 30, 2009
(amounts expressed in thousands)

Exhibit 3

		Capital Projects				Total		
		Streets and Roads	Other	Education	Other Governmental Funds	Governmental Funds		
General						2010	2009	
ASSETS								
Equity in pooled cash and investments	\$	400,346	34,017	79,374	--	71,320	585,057	558,340
Restricted cash and temporary investments		1,130	7,386	2,899	--	--	11,415	71,259
Property taxes receivable, net		5,795	--	--	--	--	5,795	6,949
Investment in direct financing leases (Note 5)		31,234	--	--	--	--	31,234	33,811
Accounts receivable, net (Note 5)		4,623	1,130	483	--	553	6,789	8,553
Due from other governmental units (Note 6)		18,839	895	--	--	1,248	20,982	18,519
Due from other funds (Note 7)		1,244	--	--	--	--	1,244	1,314
Inventory		201	--	--	--	--	201	292
Prepays		--	23	11	--	--	34	34
Total assets	\$	463,412	43,451	82,767	--	73,121	662,751	699,071
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	\$	10,208	4,693	492	--	3,184	18,577	23,278
Wages and benefits payable		10,727	--	--	--	688	11,415	11,383
Deposits and escrows		35,955	--	19	--	14	35,988	37,486
Retainages		--	340	--	--	--	340	240
Due to other governmental units (Note 6)		867	--	516	--	--	1,383	1,710
Due to other funds (Note 7)		18	--	--	--	--	18	--
Deferred revenue (Note 4)		27,259	--	--	--	--	27,259	29,906
Unearned revenue (Note 4)		209,501	--	--	--	1,471	210,972	215,159
Total liabilities		294,535	5,033	1,027	--	5,357	305,952	319,162
FUND BALANCES: (Note 12)								
Reserved for:								
Inventory		201	--	--	--	--	201	292
Prepays		--	23	11	--	--	34	34
Courthouse security fees		--	--	--	--	--	--	289
Debt service		1,130	--	--	--	--	1,130	1,086
Developer default recoveries		191	--	--	--	--	191	184
Unreserved, reported in:								
General Fund:								
Designated for grants and special projects		7,399	--	--	--	--	7,399	6,887
Designated for encumbrances		3,780	--	--	--	--	3,780	4,311
Designated for future years' expenditures		92,228	--	--	--	--	92,228	88,645
Undesignated		63,948	--	--	--	--	63,948	67,187
Capital Projects:								
Designated for construction projects		--	27,508	41,105	--	--	68,613	80,528
Designated for encumbrances		--	10,887	1,129	--	--	12,016	22,321
Designated for future years' expenditures		--	--	19,000	--	--	19,000	22,800
Designated for capital reserve		--	--	20,495	--	--	20,495	17,445
Nonmajor Special Revenue Funds:								
Designated for grants and special projects		--	--	--	--	9,564	9,564	5,087
Designated for encumbrances		--	--	--	--	1,867	1,867	1,314
Designated for future years' expenditures		--	--	--	--	22,820	22,820	30,300
Undesignated		--	--	--	--	33,513	33,513	31,199
Total fund balances		168,877	38,418	81,740	--	67,764	356,799	379,909
Total liabilities and fund balances	\$	463,412	43,451	82,767	--	73,121	662,751	699,071

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 4

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

As of June 30, 2010

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3)	\$	356,799
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$7,026 related to Internal Service Fund assets, which is included in Internal Service Fund net assets below).		329,415
Other long-term assets are not available to pay for current-period expenditures:		
Deferred revenues		27,259
Pension benefit asset		201
Internal service funds are used by management to charge costs of certain activities such as insurance, fleet operations, and data processing to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets:		
Add internal service fund net assets		64,301
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(16,355)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note 11):		
Bonds payable	167,224	
School bonds payable	576,826	
Literary loans payable	3,374	
Capital lease obligations	204,843	
Compensated absences (excludes \$902 for Internal Service Fund)	24,412	
Operating settlement - Schools	3,587	
Deferred charge - underwriters' discount on bonds	(3,276)	
Deferred charge on refunding	(4,917)	
Premium on bonds issued	41,205	
Total long-term liabilities		(1,013,278)
Net assets/(deficit) of governmental activities	\$	(251,658)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 5

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	General	Capital Projects			Other Governmental Funds	Total	
		Streets and Roads	Other Capital Projects	Education		Governmental Funds	
						2010	2009
REVENUES:							
General property taxes	\$ 544,445	--	--	--	33,536	577,981	623,758
Other local taxes	99,973	--	--	--	--	99,973	100,534
Permits, privilege fees and regulatory licenses	1,625	--	--	--	8,992	10,617	11,374
Fines and forfeitures	2,866	--	--	--	--	2,866	2,759
From use of money and property	20,809	--	3,960	--	2,747	27,516	22,431
Charges for services	8,305	--	52	--	5,450	13,807	14,528
Intergovernmental revenues:							
Federal	19,544	351	88	--	27,218	47,201	40,735
State	128,282	5,587	23	--	84	133,976	137,289
Local	8,845	--	67	--	--	8,912	9,378
Donations and contributions	--	--	58	--	--	58	95
Miscellaneous	17,943	2,883	770	--	431	22,027	26,255
Total revenues	852,637	8,821	5,018	--	78,458	944,934	989,136
EXPENDITURES:							
Current:							
General government administration	33,982	--	--	--	126	34,108	35,712
Judicial administration	16,971	--	--	--	--	16,971	18,271
Public safety	169,226	--	--	--	32,970	202,196	207,920
Public works	25,266	--	--	--	279	25,545	29,218
Health and welfare	74,593	--	--	--	--	74,593	74,765
Education	354,042	--	430	82,585	--	437,057	434,596
Parks, recreational and cultural	29,684	141	6,660	--	--	36,485	34,549
Community development	6,404	--	--	--	37,985	44,389	43,107
Debt service:							
Principal retirement	92,223	--	--	--	--	92,223	61,753
Interest and other debt costs	43,148	25	166	--	--	43,339	41,029
Capital outlays	--	28,777	5,287	--	--	34,064	112,121
Total expenditures	845,539	28,943	12,543	82,585	71,360	1,040,970	1,093,041
Excess (deficiency) of revenues over (under) expenditures	7,098	(20,122)	(7,525)	(82,585)	7,098	(96,036)	(103,905)
OTHER FINANCING SOURCES (USES):							
Transfers in (Note 7)	15,498	12,031	8,505	--	2,999	39,033	47,880
Transfers out (Note 7)	(22,850)	--	(15,859)	--	(10,233)	(48,942)	(40,621)
Sale of lease participation certificates	--	--	--	--	--	--	37,945
Bonds, notes and capital leases	--	--	--	80,380	--	80,380	97,950
Premium on sale of bonds	--	--	--	2,205	--	2,205	8,976
Sale of surplus property	250	--	--	--	--	250	154
Total other financing sources (uses)	(7,102)	12,031	(7,354)	82,585	(7,234)	72,926	152,284
Net change in fund balances	(4)	(8,091)	(14,879)	--	(136)	(23,110)	48,379
FUND BALANCES/EQUITY, beginning of year	168,881	46,509	96,619	--	67,900	379,909	331,530
FUND BALANCES/EQUITY, end of year	\$ 168,877	38,418	81,740	--	67,764	356,799	379,909

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 6

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

For the Year Ended June 30, 2010

(amounts expressed in thousands)

Net change in fund balances--total governmental funds	\$	(23,110)
---	----	----------

Amounts reported for governmental activities in the statement of activities 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	13,775	
Add receipt of donated land and infrastructure assets	10,540	
Add donated equipment for Public Safety	259	
Add donated equipment for Community Development	36	
Subtract depreciation (excludes \$3,251 related to Internal Service Fund assets included in Internal Service Fund net assets below)	<u>(15,373)</u>	9,237

In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.

(1,022)

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

Add amortized premium		2,531
Add current year's deferred revenue related to financing activities and uncollectible tax billings (Note 4)	27,259	
Subtract prior year's deferred revenue related to financing activities and uncollectible tax billings	<u>(29,906)</u>	(2,647)
Add current year's pension benefit asset	201	
Subtract prior year's pension benefit asset	<u>(464)</u>	(263)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets (Note 11):

Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Add debt principal repayment	92,223	
Subtract debt proceeds	(80,380)	
Subtract premium on debt	(2,205)	
Add underwriter's discount-deferred charge	<u>346</u>	9,984

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

Amortized deferred charge		(691)
Add prior year operating settlement - School Board	201	
Subtract current year operating settlement - School Board	<u>(3,587)</u>	(3,386)
Add prior year's compensated absences liability (excludes \$963 for Internal Service Fund)	24,530	
Subtract current year's compensated absences liability (excludes \$902 for Internal Service Fund)	<u>(24,412)</u>	118
Add prior year's accrued interest liability	15,786	
Subtract current year's accrued interest liability	<u>(16,355)</u>	(569)

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 assets		<u>15,565</u>
--	--	---------------

Change in net assets of governmental activities	<u>\$</u>	<u>5,747</u>
---	-----------	--------------

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009
(amounts expressed in thousands)

Exhibit 7
Page 1 of 5

	Budget Amounts		2010	Variance with Final Budget	2009
	Original	Final	Actual	Positive (Negative)	Actual
REVENUES:					
FROM LOCAL SOURCES:					
GENERAL PROPERTY TAXES:					
Real property taxes	\$ 456,243	456,243	460,110	3,867	492,731
Real and personal property taxes of public service corporations	17,123	17,123	16,519	(604)	14,275
Personal property taxes	119,000	64,700	62,486	(2,214)	74,544
Penalties and interest	4,707	4,888	5,330	442	6,098
Total general property taxes	597,073	542,954	544,445	1,491	587,648
OTHER LOCAL TAXES:					
Short term rental tax	164	164	185	21	201
Local sales taxes	43,430	43,430	46,155	2,725	45,055
Consumer's utility taxes	12,700	12,700	12,840	140	12,596
Bank stock taxes	640	640	1,240	600	794
Motor vehicle licenses	6,870	6,870	7,221	351	6,874
Taxes on recordation and wills	12,930	12,930	7,813	(5,117)	10,669
Business, professional and occupational license tax	19,150	19,150	20,269	1,119	19,931
Public utility gross receipts tax	1,150	1,150	1,236	86	1,225
Transient occupancy tax	3,375	3,325	3,014	(311)	3,189
Total other local taxes	100,409	100,359	99,973	(386)	100,534
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:					
Animal licenses	46	46	98	52	82
Development permits and licenses	--	--	--	--	8
Fire protection permits	319	318	317	(1)	320
Health protection permits	152	151	126	(25)	75
Cable franchise fees	805	805	884	79	792
Permits and other licenses	39	38	200	162	106
Total permits, privilege fees and regulatory licenses	1,361	1,358	1,625	267	1,383
FINES AND FORFEITURES	2,511	2,511	2,866	355	2,759
FROM USE OF MONEY AND PROPERTY:					
Use of money - interest	12,096	15,411	19,889	4,478	13,635
Use of property	799	813	920	107	948
Total revenue from use of money and property	12,895	16,224	20,809	4,585	14,583

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GENERAL FUND

Exhibit 7
Page 2 of 5

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		2010	Variance with Final Budget Positive (Negative)	2009
	Original	Final	Actual		Actual
CHARGES FOR SERVICES:					
Court costs	3,801	3,800	4,111	311	4,585
Correction and detention	909	673	749	76	709
Commonwealth's Attorney	55	55	123	68	110
Community maintenance	--	--	--	--	20
Mental health and mental retardation	531	531	698	167	718
Welfare and social services	721	751	605	(146)	1,057
Library	494	494	516	22	523
Planning and community development	36	35	32	(3)	32
Public safety	699	697	913	216	1,015
Other charges	860	696	558	(138)	681
Total charges for services	8,106	7,732	8,305	573	9,450
Total revenues from local sources	722,355	671,138	678,023	6,885	716,357
FROM OTHER GOVERNMENTS:					
THE FEDERAL GOVERNMENT:					
Payments in lieu of taxes	119	119	105	(14)	85
Categorical aid grants:					
Aging programs	321	438	468	30	288
USDA	72	82	71	(11)	96
Welfare programs	15,713	15,245	13,340	(1,905)	12,433
Mental health/retardation and substance abuse programs	2,442	2,821	2,822	1	2,397
Homeland Security Grants	832	600	598	(2)	419
Police federal forfeitures and grant programs	41	178	290	112	299
Expenditure reimbursement for social services	330	330	330	--	501
Other	541	743	1,520	777	722
Total revenue from the federal government	20,411	20,556	19,544	(1,012)	17,240
THE COMMONWEALTH:					
NONCATEGORICAL AID:					
PPTRA revenue	--	54,300	54,288	(12)	54,288
Communications sales and use tax	21,500	21,500	20,282	(1,218)	20,198
Anti-Annexation public safety	10,063	10,063	9,042	(1,021)	9,909
Mobile home tax	46	46	38	(8)	38
Rental car tax	805	805	752	(53)	792
Rolling stock tax	83	83	92	9	101
Total noncategorical aid	32,497	86,797	84,494	(2,303)	85,326
SHARED EXPENDITURES:					
Commonwealth's Attorney	1,204	1,204	1,452	248	1,487
Sheriff	1,791	1,791	719	(1,072)	1,370
Director of Finance	680	680	672	(8)	819
Registrar	110	110	94	(16)	196
Clerk of the Court	505	505	317	(188)	442
Total shared expenditures	4,290	4,290	3,254	(1,036)	4,314

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009
(amounts expressed in thousands)

Exhibit 7
Page 3 of 5

	Budgeted Amounts		2010	Variance with Final Budget Positive (Negative)	2009
	Original	Final	Actual		Actual
CATEGORICAL AID:					
Public safety	533	13,401	13,869	468	16,372
Fire programs	967	966	1,079	113	1,026
Library	584	584	569	(15)	594
Public assistance and welfare administration	10,380	10,076	10,324	248	10,343
Public health	28	28	547	519	346
Total categorical aid	12,492	25,055	26,388	1,333	28,681
OTHER CATEGORICAL AID:					
Aging program	192	242	272	30	240
Office on Youth	--	--	2	2	--
Community services	9,338	10,166	9,837	(329)	8,993
Juvenile detention	1,973	1,914	1,914	--	2,020
Criminal justice services	935	935	1,201	266	721
Communications	43	43	40	(3)	44
Police extraditions	32	32	41	9	46
Sheriff extraditions	30	30	27	(3)	8
Victim/witness program	156	174	174	--	160
Other	867	925	638	(287)	818
Total other categorical aid	13,566	14,461	14,146	(315)	13,050
Total revenues from the Commonwealth	62,845	130,603	128,282	(2,321)	131,371
LOCAL GOVERNMENTS:					
City of Manassas	5,143	5,140	5,148	8	5,099
City of Manassas Park	1,929	1,929	1,898	(31)	1,859
Potomac/Rappahannock Transportation Commission	1,520	1,520	1,520	--	1,521
Other localities	403	3	279	276	503
Total revenues from local governments	8,995	8,592	8,845	253	8,982
MISCELLANEOUS:					
Expenditure refunds	104	81	197	116	309
Donations - Proffers	5,917	17,274	17,274	--	21,124
Donations - Other	165	305	302	(3)	312
Insurance recoveries	3	3	40	37	81
Other	77	64	130	66	47
Total miscellaneous	6,266	17,727	17,943	216	21,873
Total revenues	820,872	848,616	852,637	4,021	895,823

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009
(amounts expressed in thousands)

Exhibit 7
Page 4 of 5

	Budgeted Amounts		2010	Variance with Final Budget Positive (Negative)	2009
	Original	Final	Actual		Actual
EXPENDITURES:					
GENERAL GOVERNMENTAL ADMINISTRATION:					
Board of Supervisors	3,411	2,656	2,541	115	2,730
County Attorney	3,154	3,408	3,393	15	3,280
Office of Executive Management	7,416	6,865	6,684	181	7,374
Technology and Support Services	13,106	7,493	4,910	2,583	5,617
Finance	13,841	13,907	13,586	321	13,427
Board of Equalization	53	55	42	13	42
Human Rights	523	547	543	4	602
Board of Registration/Elections	1,318	1,349	1,187	162	1,447
Mailroom and Print Shop	995	966	949	17	980
Contingency Reserve	850	468	--	468	--
Unemployment Insurance Reserves	634	634	147	487	85
Total general governmental administration	45,301	38,348	33,982	4,366	35,584
JUDICIAL ADMINISTRATION:					
Commonwealth Attorney	4,512	4,662	4,477	185	4,515
Sheriff	8,295	8,266	7,773	493	7,988
Juvenile and Domestic Relations Court	78	76	68	8	59
Clerk of Court/Judges Chambers	4,617	4,654	4,103	551	5,145
General District Court	247	250	217	33	236
Magistrates	190	191	191	--	191
Law Library	144	145	142	3	137
Total judicial administration	18,083	18,244	16,971	1,273	18,271
PUBLIC SAFETY:					
Public Works - Development	2,794	2,780	2,478	302	2,520
Police	74,172	76,185	74,318	1,867	75,869
Juvenile Court Services Unit	1,180	1,226	1,139	87	1,178
Adult Detention Center	20,936	20,976	20,976	--	23,548
Correction and Detention of Youth	4,798	5,004	4,906	98	6,092
Criminal Justice Services	2,892	3,057	2,937	120	2,965
Public Safety Communications	8,803	8,725	8,379	346	9,330
Fire Service	57,329	57,316	53,593	3,723	52,115
Northern Virginia Criminal Justice Training Academy	--	500	500	--	514
Total public safety	172,904	175,769	169,226	6,543	174,131
PUBLIC WORKS:					
Public Works	28,478	23,828	22,356	1,472	25,981
Transportation	2,644	2,483	2,194	289	2,372
Property and Miscellaneous Insurance	5,883	1,434	289	1,145	221
Upper Occoquan Sewage Authority	427	427	427	--	427
Total public works	37,432	28,172	25,266	2,906	29,001
HEALTH AND WELFARE:					
Social Services	30,920	32,791	30,510	2,281	30,472
Public Health	4,367	4,230	4,068	162	4,784
Community Services Board	29,021	30,754	29,647	1,107	29,253
At-Risk Youth and Family Services	8,153	8,013	6,935	1,078	6,454
Office on Aging	3,054	3,407	3,030	377	3,381
Office on Youth	--	--	--	--	91
School Age Child Care	454	459	403	56	330
Total health and welfare	75,969	79,654	74,593	5,061	74,765

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009
(amounts expressed in thousands)

Exhibit 7
Page 5 of 5

	Budgeted Amounts		2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
	Original	Final			
EDUCATION:					
Schools	407,613	354,042	354,042	--	378,823
PARKS, RECREATIONAL AND CULTURAL:					
Parks	15,228	15,228	14,864	364	16,794
Library	13,716	14,932	14,820	112	14,912
Total parks, recreational and cultural	28,944	30,160	29,684	476	31,706
COMMUNITY DEVELOPMENT:					
Office of Planning	2,442	2,606	2,406	200	2,462
Economic and Community Development	3,522	3,294	2,804	490	3,008
Extension and Continuing Education	860	952	865	87	1,407
Transportation	329	329	329	--	327
Total community development	7,153	7,181	6,404	777	7,204
DEBT SERVICE:					
Principal retirement	24,909	92,746	92,223	523	61,753
Interest and other debt costs	25,909	47,318	43,148	4,170	38,632
Total debt service	50,818	140,064	135,371	4,693	100,385
Total expenditures	844,217	871,634	845,539	26,095	849,870
Excess (deficiency) of revenues over (under) expenditures	(23,345)	(23,018)	7,098	30,116	45,953
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN:					
Special Revenue Funds	9,213	9,365	9,365	--	8,510
Capital Projects Funds	4,800	4,995	4,995	--	1,880
Enterprise Funds	810	810	810	--	4,877
Internal Service Funds	--	328	328	--	3,882
Total transfers in	14,823	15,498	15,498	--	19,149
TRANSFERS OUT:					
Special Revenue Funds	(2,196)	(2,378)	(2,378)	--	(6,726)
Capital Projects Funds	(10,834)	(19,190)	(19,190)	--	(20,075)
Internal Service Funds	(1,700)	(1,282)	(1,282)	--	(1,500)
Total transfers out	(14,730)	(22,850)	(22,850)	--	(28,301)
NON-REVENUE RECEIPTS:					
Sale of surplus property	174	204	250	46	154
Total non-revenue receipts	174	204	250	46	154
Total other financing sources (uses)	267	(7,148)	(7,102)	46	(8,998)
Net change in fund balance	(23,078)	(30,166)	(4)	30,162	36,955
FUND BALANCE, beginning of year	168,881	168,881	168,881	--	131,926
FUND BALANCE, end of year	\$ 145,803	138,715	168,877	30,162	168,881

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 PROPRIETARY FUNDS
 Statement of Fund Net Assets
 As of June 30, 2010
 (amounts expressed in thousands)

Exhibit 8

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Totals	
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 10,470	2,524	12,994	62,235
Restricted cash and temporary investments (Note 2)	15,552	--	15,552	--
Investments	--	--	--	12,396
Accounts receivable, net	157	7	164	243
Due from other governmental units (Notes 6 and 15)	554	--	554	--
Due from other funds (Note 7)	--	--	--	2,494
Due from component units	--	--	--	13
Inventory	8	4,800	4,808	228
Prepaid items	69	--	69	410
Total current assets	26,810	7,331	34,141	78,019
Noncurrent assets:				
Restricted investments (Note 2)	632	--	632	1,250
Capital assets (Note 9):				
Land and construction in progress	20,992	273	21,265	149
Buildings and other capital assets, net of depreciation	8,493	--	8,493	6,877
Total noncurrent assets	30,117	273	30,390	8,276
Total assets	56,927	7,604	64,531	86,295
LIABILITIES				
Current liabilities:				
Accounts payable	362	--	362	1,615
Wages and benefits payable	143	--	143	329
Deposits and escrows	110	--	110	--
Retainages	44	--	44	--
Accrued interest	64	--	64	--
Unpaid losses, related liabilities and IBNR (Note 18)	--	--	--	1,690
Due to other governmental units (Notes 6 and 15)	723	--	723	--
Due to other funds (Note 7)	1,244	--	1,244	21
Unearned revenue (Note 4)	4,288	--	4,288	2,301
Current portion of surplus distribution payable	--	--	--	631
Current portion of bonds payable	1,590	--	1,590	--
Current accrued closure liability (Note 13)	4,698	--	4,698	--
Compensated absences	16	--	16	37
Total current liabilities	13,282	--	13,282	6,624
Noncurrent liabilities:				
Accrued closure liability (Note 13)	10,456	--	10,456	--
Unpaid losses, related liabilities and IBNR (Note 18)	--	--	--	13,423
Surplus distribution payable	--	--	--	1,082
Bonds payable, net of current portion	4,378	--	4,378	--
Compensated absences	372	--	372	865
Total noncurrent liabilities	15,206	--	15,206	15,370
Total liabilities	28,488	--	28,488	21,994
NET ASSETS				
Invested in Capital Assets, net of related debt	23,517	273	23,790	7,026
Restricted for self-insurance funds	--	--	--	2,602
Unrestricted	4,922	7,331	12,253	54,673
Total net assets	\$ 28,439	7,604	36,043	64,301

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 9

PROPRIETARY FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Assets

For the Year Ended June 30, 2010

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Innovation Technology			Activities - Internal Service
	Landfill	Park	Totals	Funds
OPERATING REVENUES:				
Charges for services	\$ 16,244	7	16,251	60,453
Revenue from the Commonwealth	--	--	--	40
Miscellaneous	839	--	839	3,971
Total operating revenues	17,083	7	17,090	64,464
OPERATING EXPENSES:				
Personal services	3,938	--	3,938	7,939
Contractual services	2,627	10	2,637	9,639
Utilities/materials/supplies	3,012	4	3,016	5,408
Depreciation (Note 9)	601	--	601	3,251
Other	36	35	71	1,382
Claims and Premiums	--	--	--	28,009
OPEB cost, net of claims paid	--	--	--	4,044
Losses and loss adjustment expenses	--	--	--	2,366
Total operating expenses	10,214	49	10,263	62,038
Operating income/(loss)	6,869	(42)	6,827	2,426
NONOPERATING REVENUES (EXPENSES):				
Interest income	842	86	928	1,666
Interest and other debt costs	(490)	--	(490)	--
Loss on sale of capital assets	(20)	--	(20)	(4)
Total nonoperating revenues (expenses)	332	86	418	1,662
Income before transfers	7,201	44	7,245	4,088
Transfers in (Note 7)	--	--	--	11,047
Transfers out (Note 7)	(810)	--	(810)	(328)
Capital contributions	177	--	177	758
Change in net assets	6,568	44	6,612	15,565
NET ASSETS, beginning of year, as restated (Note 1.Q)	21,871	7,560	29,431	48,736
NET ASSETS, end of year	\$ 28,439	7,604	36,043	64,301

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended June 30, 2010
 (amounts expressed in thousands)

Exhibit 10
 Page 1 of 2

	Business - type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Innovation Technology			
	Landfill	Park	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 17,135	7	17,142	--
Cash received from County agencies	--	--	--	46,958
Cash received from employees/retirees	--	--	--	3,466
Cash received from other entities	--	--	--	9,730
Payments for claims	--	--	--	(31,343)
Payments to suppliers for goods and services	(5,822)	(49)	(5,871)	(16,250)
Payments to employees for services	(3,902)	--	(3,902)	(8,008)
Payments of closure expenses	(324)	--	(324)	--
Net cash provided (used) by operating activities	7,087	(42)	7,045	4,553
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Surplus distributions paid	--	--	--	(72)
Transfers in	--	--	--	11,047
Transfers out	(810)	--	(810)	(320)
Net cash provided (used) by non-capital financing activities	(810)	--	(810)	10,655
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,640)	--	(1,640)	(1,864)
Proceeds from sale of assets	35	--	35	4
Principal paid on bonds, leases and other debt	(1,650)	--	(1,650)	--
Interest paid on bonds, leases and other debt	(362)	--	(362)	--
Net cash used by capital and related financing activities	(3,617)	--	(3,617)	(1,860)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from maturities of investments	--	--	--	23,487
Purchases of investments	--	--	--	(23,515)
Interest and dividends received on investments	947	91	1,038	1,599
Net cash provided by investing activities	947	91	1,038	1,571
Net increase in cash and cash equivalents	3,607	49	3,656	14,919
CASH AND CASH EQUIVALENTS, beginning of year	22,415	2,475	24,890	47,316
CASH AND CASH EQUIVALENTS, end of year	\$ 26,022	2,524	28,546	62,235

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended June 30, 2010
 (amounts expressed in thousands)

Exhibit 10
 Page 2 of 2

	Business - type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Totals	
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 6,869	(42)	6,827	2,426
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	601	--	601	3,251
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable, net of accrued interest	26	--	26	(594)
Due from other governmental units	(154)	--	(154)	1
Due from other funds	--	--	--	128
Inventory	(4)	--	(4)	39
Prepaid items	--	--	--	(200)
Increase (decrease) in:				
Accounts payable and accrued liabilities, net of accrued interest	60	--	60	(1,263)
Retainages	43	--	43	--
Unpaid losses and related expenses	--	--	--	688
Accrued closure liability	(324)	--	(324)	--
Due to other governmental units	(56)	--	(56)	--
Due to related parties	--	--	--	(84)
Unearned revenue	26	--	26	161
Total adjustments	218	--	218	2,127
Net cash provided (used) by operating activities	\$ 7,087	(42)	7,045	4,553
NONCASH CAPITAL AND FINANCING ACTIVITIES:				
Change in fair value of investments during the fiscal year ended June 30, 2010	\$ --	--	--	147

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 11

FIDUCIARY FUNDS

Statement of Fiduciary Net Assets

As of June 30, 2010

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement	Private Purpose Trust Fund Innovation Owners' Association	Other Post-Employment Benefits (OPEB) Master Trust Fund	Agency Funds
ASSETS				
Equity in pooled cash and investments	\$ --	757	--	762
Restricted cash	419	--	3	--
Accounts receivable	--	27	--	--
Total cash and receivables	419	784	3	762
Restricted investments, at fair value:				
Money market mutual funds	31	--	17,816	--
Bond mutual funds	7,614	--	--	--
Equity mutual funds	14,369	--	--	--
Total investments	22,014	--	17,816	--
Total assets	22,433	784	17,819	762
LIABILITIES				
Due to other funds	--	--	2,455	--
Deposits and escrows	--	--	--	762
Total liabilities	--	--	2,455	762
NET ASSETS				
Held in trust for pension benefits	22,433	--	--	--
Held in trust for OPEB benefits	--	--	15,364	--
Held in trust for other purposes	--	784	--	--
Total net assets	\$ 22,433	784	15,364	--

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 12

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2010

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement Plan	Private Purpose Trust Fund Innovation Owners' Association	Other Post-Employment Benefits (OPEB) Master Trust Fund
ADDITIONS			
Contributions:			
Member	\$ 826	84	--
Employer	827	--	6,461
Total contributions	1,653	84	6,461
Investment income:			
Interest and dividends	493	25	33
Net appreciation in fair value of investments	1,528	--	164
Total investment income	2,021	25	197
Less: investment expense	18	--	--
Net investment income	2,003	25	197
Total additions	3,656	109	6,658
DEDUCTIONS			
Pension/post-employment benefit payments	1,475	--	2,455
Refund of members' contributions	200	--	--
Administrative expenses	137	45	--
Total deductions	1,812	45	2,455
Change in net assets	1,844	64	4,203
NET ASSETS, beginning of year	20,589	720	11,161
NET ASSETS, end of year	\$ 22,433	784	15,364

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 13

COMPONENT UNITS

Combining Statement of Net Assets

As of June 30, 2010

With Comparative Totals for June 30, 2009

(amounts expressed in thousands)

	School Board	Adult Detention Center	Park Authority	Totals	
				2010	2009
ASSETS					
Equity in pooled cash and investments	\$ 218,930	20,950	13,026	252,906	247,441
Accounts receivable (Note 5)	1,216	--	93	1,309	1,399
Due from other governmental units (Note 6)	22,306	150	--	22,456	21,594
Due from primary government (Note 8)	3,587	--	--	3,587	201
Inventory	2,780	--	33	2,813	3,106
Deferred charge	--	--	258	258	207
Prepaid items	2,677	--	71	2,748	2,685
Deposits	500	--	--	500	500
Restricted assets:					
Restricted cash and temporary investments (Note 2)	88,347	2,622	--	90,969	88,880
Restricted investments	--	--	--	--	1,561
Capital assets (Note 9):					
Land and construction in progress	165,152	31	26,778	191,961	132,777
Buildings and other capital assets, net of depreciation	808,515	67,304	35,025	910,844	909,117
Total assets	1,314,010	91,057	75,284	1,480,351	1,409,468
LIABILITIES					
Accounts payable	6,228	773	1,618	8,619	13,069
Wages and benefits payable	79,045	1,039	1,238	81,322	86,373
Deposits and escrows	--	--	16	16	54
Accrued interest	--	--	136	136	260
Retainages	3,858	248	--	4,106	2,796
Due to other governmental units (Note 6)	889	506	--	1,395	1,360
Unearned Revenue (Note 4)	6,662	--	1,106	7,768	7,356
Noncurrent liabilities (Note 11):					
Due within one year	15,692	115	1,297	17,104	17,778
Due in more than one year	20,633	2,839	14,735	38,207	41,628
Total liabilities	133,007	5,520	20,146	158,673	170,674
NET ASSETS					
Investment in capital assets, net of related debt	973,667	67,335	46,839	1,087,841	1,021,548
Restricted for capital projects and other purposes	88,347	2,622	--	90,969	90,441
Unrestricted	118,989	15,580	8,299	142,868	126,805
Total net assets	\$ 1,181,003	85,537	55,138	1,321,678	1,238,794

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 COMPONENT UNITS
 Combining Statement of Activities
 For the Year Ended June 30, 2010
 With Comparative Totals for the Year Ended June 30, 2009
 (amounts expressed in thousands)

Exhibit 14
 Page 1 of 2

Functions / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board
School Board					
Instruction	\$ 589,549	3,128	96,013	99	(490,309)
Support Services	289,464	18,563	13,096	--	(257,805)
School Age Child Care	11	--	312	--	301
Adult Detention Center	44,635	477	11,361	--	--
Park Authority	29,754	12,780	--	4,764	--
Total component units	\$ 953,413	34,948	120,782	4,863	(747,813)
General revenues:					
Payment from primary government					501,378
Federal revenue					39,305
State revenue					282,247
Local revenue					--
Investment earnings					4,793
Miscellaneous					1,720
Total general revenues					829,443
Change in net assets					81,630
Net assets - beginning					1,099,373
Net assets - ending					\$ 1,181,003

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

Revenue and Changes in Net Assets				
Adult Detention Center	Park Authority	Totals		Functions / Programs
		2010	2009	
--	--	(490,309)	(497,113)	School Board
--	--	(257,805)	(251,834)	Instruction
--	--	301	--	Support Services
(32,797)	--	(32,797)	(25,864)	School Age Child Care
--	(12,210)	(12,210)	(14,543)	Adult Detention Center
(32,797)	(12,210)	(792,820)	(789,354)	Park Authority
				Total component units
				General revenues:
20,976	21,665	544,019	538,853	Payment from primary government
--	--	39,305	1,153	Federal revenue
--	--	282,247	318,997	State revenue
2,954	--	2,954	3,083	Local revenue
392	182	5,367	6,856	Investment earnings
92	--	1,812	2,130	Miscellaneous
24,414	21,847	875,704	871,072	Total general revenues
(8,383)	9,637	82,884	81,718	Change in net assets
93,920	45,501	1,238,794	1,157,076	Net assets - beginning
85,537	55,138	1,321,678	1,238,794	Net assets - ending

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



NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(amounts expressed in thousands)

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Prince William, Virginia (the County) prepares its financial statements in conformity with accounting principles generally accepted in the United States (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the County applies all applicable GASB pronouncements to its proprietary funds, and has elected to apply only those Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. 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, 2010.

A. Principles Used to Determine the Reporting Entity

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

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

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

**Illustration 1-1
Potential Component Units**

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Prince William Parkway District	Exercise the powers and duties enumerated in the <i>Code of Virginia</i> related to the transportation improvement district.	Financial benefit/burden relationship exists; Two Boards are relatively the same.	Component Unit Blended in the Special Revenue Funds
Route 234 Bypass District	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Set the appropriate tax rate to fund improvements within the district and act on transportation matters within the district.	Financial benefit/burden relationship exists; Two Boards are relatively the same.	Component Unit Blended in the Special Revenue Funds
Self-Insurance Group Casualty Pool	Authorized by the <i>Code of Virginia</i> and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective casualty insurance protection for participating members.	Majority of Board is appointed by County; Financial benefit/burden relationship exists.	Component Unit Blended in the Internal Service Funds
Self-Insurance Group Workers' Compensation Association	Authorized by the <i>Code of Virginia</i> and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective workers' compensation insurance protection for participating members.	Majority of Board is appointed by County; Financial benefit/burden relationship exists.	Component Unit Blended in the Internal Service Funds
Adult Detention Center (ADC)	Authorized by the <i>Code of Virginia</i> . Establish policy for operation of regional adult detention center, providing care and confinement for all County and adjoining city prisoners.	Majority of Board is appointed by County; County is able to impose its will; financial benefit/burden relationship exists.	Discretely Presented Component Unit

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Park Authority	Established by Board resolution. Acquire, develop, maintain and operate park and recreation areas according to Authority and Board comprehensive plans.	Majority of Board is appointed by County; Financial benefit/burden relationship exists; Authority provides services to the County.	Discretely Presented Component Unit
School Board	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Make policies governing school division.	Board is separately elected; Fiscal dependency exists – School Board cannot issue bonded debt; Two Boards are not the same; School Board does not provide services to the County.	Discretely Presented Component Unit
District Home Board	Agreement between the five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria) pursuant to the <i>Code of Virginia</i> . Establishes policy for operations of 2 district homes.	None	Jointly Governed Organization
Northern Virginia Health Center Commission	Board resolution created a commission for the operation of a nursing home pursuant to the <i>Code of Virginia</i> . Develops and establishes policies for the operation of a nursing home. Service agreement between five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria).	None	Jointly Governed Organization
Northern Virginia Special Education Regional Program	Agreement between the public schools of Prince William County, Manassas City and Manassas Park to foster cooperation in the development and delivery of special education programs and other appropriate educational services.	None	Jointly Governed Organization
Peumansend Creek Regional Jail Authority (Note 10)	Governmental entity formed to construct and operate a regional correctional facility on property conveyed by U.S. Department of the Army pursuant to Public Law 102-25 and 102-484.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Upper Occoquan Sewage Authority (UOSA) (Note 16)	Authorized by the <i>Code of Virginia</i> and established by interjurisdictional agreement. Acquire, finance, construct and maintain facilities for abatement of pollution resulting from sewage in Occoquan watershed above its confluence with Bull Run.	None	Jointly Governed Organization; Note Disclosure
Potomac & Rappahannock Transportation Commission (PRTC) (Note 10)	Consider and make recommendation and oversight regarding activities pertaining to jurisdictional transportation issues.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Prince William County/Manassas Convention and Visitors' Bureau, Inc. (CVB)	Established by Board resolution. Promote and market the County and Manassas area as a tourism destination for the benefit of the tourism industry and the citizens of the County and the City of Manassas.	None	Related Organization
Industrial Development Authority (IDA) (Note 16)	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 16)	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

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 Criminal Justice Training Academy (NVCJTA) (Note 16)	Established by Board resolution. Construct an Emergency Vehicle Operations Center in which the County has a 30% interest.	None	Related Organization; Note Disclosure

The School Board, a discretely presented component unit of the County, issues separately audited financial statements. Copies of these financial statements may be obtained by writing to the School Board's Finance Division, P.O. Box 389, Manassas, Virginia 20108.

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

The Park Authority, a discretely presented component unit of the County, issues separately audited financial statements. Copies of these financial statements may be obtained by writing to the Park Authority's Finance Division, 14420 Bristow Road, Manassas, Virginia 20112.

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

All accounts of the County and its component units are reported as of and for the year ended June 30, 2010.

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The County's enterprise funds, presented in the proprietary fund financial statements, are presented using the economic resources measurement focus and the accrual basis of accounting. As certain of the County's enterprise funds use the services of the internal service funds, reconciliations are presented which briefly explain the adjustments necessary to reconcile the proprietary fund financial statements to the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

The following major funds are used by the County:

Governmental Funds:

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

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

Proprietary Funds:

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

- Landfill Fund – The Prince William County Landfill provides refuse disposal services.
- Innovation Technology Park Fund – Innovation Technology Park provides land for economic development purposes.

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

- Internal service funds – The County operates a construction crew, a data processing center, and a vehicle maintenance facility. In addition, the County operates four self-insurance funds – two for risk management services that provide insurance for workers' compensation, general liability, and other insurance needs of the County, Park Authority, and Adult Detention Center and one that provides health insurance for eligible participating County employees. The effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenues or expenses for the fund are allocated to the appropriate functional activity. The internal service funds are included in governmental activities column for government-wide reporting purposes. Interfund services that are provided and used are not eliminated in the process of consolidation.
- Pension trust fund – The County accounts for a defined benefit trust to provide supplemental retirement benefits to uniformed police officers and fire fighters.
- Private purpose trust funds – The County accounts for the operations of a business and industrial park owners' association.
- 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.
- Agency funds – The County accounts for receipts and disbursements of monies for certain County welfare, mental health service, and federal self-sufficiency program recipients.

C. Basis of Accounting

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

Accrual Basis of Accounting

Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year. Budgets for all governmental funds of the Primary Government and Discretely Presented Component Units of the County are adopted by the Board on an annual basis consistent with GAAP. Project length financial plans are adopted for all capital projects funds. In late February, the County Executive submits to the Board, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

The Board holds work sessions to review the proposed budget and conducts two public hearings to obtain taxpayer comments. Prior to May 1, the budget is legally adopted by the Board.

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

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

The budget is controlled at certain legal as well as administrative levels. The *Code of Virginia (1950), as amended (Code of Virginia)* requires the County to annually adopt a balanced budget. The Board's Annual Adopted Budget Resolution places legal restrictions on expenditures at the department level (i.e., the level at which expenditures may not legally exceed appropriations). Management approves budget transfers of any amount between major expenditure categories within departments and in certain limited cases these are reviewed by the Board. Budget transfers of twenty thousand dollars or more between departments are approved by the Board. The Board approves resolutions for supplemental appropriations that increase or decrease (amend) the original budget. Only the Board can amend the budget. All budgets and appropriations lapse at the end of each fiscal year.

Annual transfers out are appropriated in the General and Special Revenue Funds and for the Component Units of the County. Expenditures in all governmental funds of the County were within authorized budget limitations.

Where required, the governmental fund financial statements provide budgetary comparison schedules that demonstrate compliance at the legal level of budgetary control. The Historic Preservation Foundation and the Library Donation Special Revenue Funds do not have legally adopted budgets. Therefore, no schedules of budgetary comparison are presented in the financial statements.

E. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other commitments for the expenditure of monies to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds. Encumbrances outstanding at year-end are reported as unreserved designations of fund balance, since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by Board resolution.

F. Cash and Investments

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

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

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

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

G. Inventories

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

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

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

I. Compensated Absences

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

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

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

K. Capital Assets

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

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

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

In accordance with GASB Statement No. 34 and GASB Statement No. 51, the County's infrastructure and commercial "off-the-shelf" software have been capitalized retroactively to 1980. Of the \$146 million in infrastructure capitalized at June 30, 2010, approximately \$97 million was valued using actual historical cost records; approximately \$49 million was estimated using current replacement cost for a similar asset and deflating this cost through the use of price indices to the acquisition year. \$33 million of intangible software capitalized at June 30, 2010 was valued using project costing models. The County does not capitalize streets and roads as these are transferred to and become property of the Commonwealth of Virginia upon completion.

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

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

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

Details of the School Board and Park Authority component units' depreciation methods and estimated useful lives are discussed in their separately issued financial statements.

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

L. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent the County's managerial plans for future use of financial resources.

M. Leases

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

N. Deferred Loss on Debt Refundings

Losses resulting from advance or current refundings of debt in proprietary funds are deferred and amortized over the shorter of the life of the new debt or the remaining life of the old debt. The amount is deferred and reported as an unamortized deferred charge and is amortized and reported as a component of interest expense.

O. Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by type of activity or fund-type. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's statements for the year ended June 30, 2009, from which the summarized information was derived.

Q. Prior Period Adjustments

In the financial statements for the year ended June 30, 2010, as part of the implementation of GASB Statement No. 51, software that was not internally generated and still in use in the County since 1980 was reflected in the financial statements as intangible capital assets.

Government-Wide Financial Statements:

	Buildings and other capital assets, net of depreciation	Invested in capital assets, net of related debt	Net assets (deficit)
<u>Governmental Activities</u>			
Beginning balances, as previously reported, July 1, 2009	\$ 269,898	246,994	(262,999)
Add: Intangible software acquired after 1980	5,594	5,594	5,594
Beginning balances, as restated, July 1, 2010	<u>\$ 275,492</u>	<u>252,588</u>	<u>(257,405)</u>
	Buildings and other capital assets, net of depreciation	Invested in capital assets, net of related debt	Net assets (deficit)
<u>Primary Government</u>			
Beginning balances, as previously reported, July 1, 2009	\$ 278,535	269,014	(233,568)
Add: Intangible software acquired after 1980	5,594	5,594	5,594
Beginning balances, as restated, July 1, 2010	<u>\$ 284,129</u>	<u>274,608</u>	<u>(227,974)</u>

Proprietary Funds:

	Capital assets, net of accumulated depreciation	Invested in capital assets, net of related debt	Net assets (deficit)
<u>Internal Service Funds – Intra-County Services</u>			
Beginning balances, as previously reported, July 1, 2009	\$ 2,065	2,065	43,142
Add: Intangible software acquired after 1980	5,594	5,594	5,594
Beginning balances, as restated, July 1, 2010	<u>\$ 7,659</u>	<u>7,659</u>	<u>48,736</u>

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

The County implemented the following GASB pronouncements during the fiscal year ended June 30, 2010.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* – This Statement establishes standards of accounting and financial reporting for intangible assets for all state and local governments requiring that all intangible assets within the scope of GASB Statement No. 51 be classified as capital assets.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* – This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies* – This Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

The GASB has issued the following statements with effective implementation dates later than June 30, 2010. The statements deemed to have a future impact on the County are as follows:

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

NOTE (2) - CASH AND INVESTMENTS

A. Cash Deposits

All cash of the County is maintained in accounts collateralized in accordance with the Virginia Security for Public Disclosures Act (the Act), Sec. 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral were inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the collateral pool. Collateral is not specifically identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. With the ability to make additional assessments, the multiple bank collateral pool functions similar to depository insurance. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The Commonwealth Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act. Funds deposited in accordance with the requirements of the Act are considered fully secured and are not subject to custodial credit risk.

B. Investments

County Investments

Code of Virginia Sec. 2.2-4501 through 2.2-4513 authorizes the County to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth or political subdivisions thereof; obligations of other states not in default; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank, the African Development Bank; "prime quality" commercial paper; negotiable certificates of deposits, negotiable bank notes and corporate notes rated AA or better by Standard & Poor's, Inc. and Aa or better by Moody's Investors Service, Inc; banker's acceptances; overnight, term and open repurchase agreements; money market mutual funds; the State Treasurer's Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP). However, in some instances, the County's own investment policy is more stringent as to authorized investments as discussed below.

Certain bond covenants require that the County's bond proceeds be invested in accordance with the *Code of Virginia* requirements or the County's own investment policy or as specified in the bond covenants themselves.

The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Sec. 2.1-234.7 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized for the LGIP are the same as those authorized for local governments in Sec. 2.2-4501 through 2.2-4513 of the *Code of Virginia*.

In accordance with State Corporation Commission of Virginia (SCC) Regulations for the licensing of the Prince William County Self-Insurance Group Workers' Compensation Association and Casualty Pool, the Association and the Pool are required to deposit securities with the State Treasurer. As of June 30, 2010, the Self-Insurance Workers' Compensation Association had \$1,018, at fair value, in a Federal National

Mortgage Association bond deposited with the State Treasurer to comply with the \$750 requirement, with \$250 serving as a security deposit in lieu of a surety bond. The remainder serves as additional collateral because the Association does not maintain aggregate excess insurance. As of June 30, 2010, the Casualty Pool had \$805, at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$500 requirement since the Pool does not maintain aggregate excess insurance. While these securities are held by the State Treasurer, they are in the name of the Association and the Pool and are included in the investments of those funds.

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

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the County's investment policy states that no more than 50% of the total investment portfolio shall be placed in securities maturing in more than three (3) years and the average maturity of the portfolio may not exceed seven (7) years. Further, the County may not directly invest in securities maturing in more than ten years from the date of purchase.

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

Illustration 2-1 reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2010. WAM expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all of its investments will be held to maturity. The illustration also presents the fair value of the Park Authority Component Unit's investments at June 30, 2010.

Illustration 2-1
Fair Value and Weighted Average Maturity of Investments at June 30, 2010

	Fair Value	Weighted Average Maturity (Years)
PRIMARY GOVERNMENT, SCHOOL BOARD, ADC, AND PARK AUTHORITY		
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	\$ 168,372	0.003
State Non-Arbitrage Program (SNAP)	100,666	0.003
PFM Asset Management	140,221	0.003
Other Money Markets and Money Market Mutual Funds	4,064	0.003
NOW Accounts	77,640	0.003
Certificate of Deposits	43,806	0.699
U.S. Government Agency Securities	396,693	5.764
Corporate Bonds	63,202	4.655
Municipal Bonds	19,474	4.786
Treasury Securities	<u>24,410</u>	8.978
Total Primary Government, School Board, ADC, and Park Authority	1,038,548	2.817
PARK AUTHORITY COMPONENT UNIT:		
Money Market Mutual Funds	4,232	0.003
Local Government Investment Pool	3,502	0.003
Overnight Repurchase Agreements	<u>1,044</u>	0.003
Total Park Authority Investments	<u>8,778</u>	0.003
Total Reporting Entity Investments	\$ <u>1,047,326</u>	2.793

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

Fitch Investor's Services within its rating of F1 or by their corporate successors, provided that at the time of any such investment the issuing corporation has a net worth of at least \$50,000 and the net income of the issuing corporation has averaged \$3,000 per year for the previous five years and all existing senior bonded indebtedness of the issuer is rated AAA or its equivalent by at least two of the following: Moody's Investor's Services, Standard & Poor's or Fitch Investor's Services; and domestic and foreign banker's acceptances provided that the bank's assets exceed \$500,000 or \$1,000,000, respectively.

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

It is PWSIG policy to invest in obligations issued or guaranteed by the U.S. government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs); repurchase agreements collateralized by obligations issued or guaranteed by the U.S. Government, an agency thereof, or GSEs; non-negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act; negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of not lower than P-1 by Moody's Investor's Services and A-1 by Standard and Poor's; bankers acceptances with major U.S. banks and domestic offices of international banks with a rating of not lower than Aaa by Moody's Investor's Service and AAA by Standard & Poor's; commercial paper issued by domestic corporations rated not lower than P-1 by Moody's Investor's Services and A-1 by Standard & Poors; short-term corporate notes of domestic corporations with a minimum rating of Aaa by Moody's Investor's Services and AAA by Standard & Poor's or short-term ratings of P-1 and A-1 respectively; all money market, mutual funds or the LGIP with a minimum credit rating of AAA by at least one nationally recognized statistical rating organization and all GSEs with a minimum rating of AAA by at least one nationally recognized statistical rating organization.

During the year, the County made investments in money market mutual funds, LGIP, SNAP, PFM Asset Management, U.S. Government Agency Securities, NOW Accounts, Certificates of Deposit, Corporate Bonds, Municipal Bonds, and Treasury Securities.

The County's investment ratings as of June 30, 2010 are presented in Illustration 2-2.

Illustration 2-2 County, School Board, ADC, and Park Authority Investment Credit Risk at June 30, 2010		
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	16.21%
State Non-Arbitrage Program(SNAP)	AAA	9.69%
PFM Asset management	AAA	13.50%
Other Money Markets and Money Market Mutual Funds	AAA	0.39%
NOW Accounts	Not applicable	7.48%
Certificate of Deposits	Not applicable	4.22%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AAA	38.19%
Corporate Bonds:	AA or Higher	6.09%
Municipal Bonds:	AA or Higher	1.88%
Treasury Securities:	AAA	2.35%
		<u>100.00%</u>

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

Concentration of Credit Risk – To minimize credit risk, the County's investment policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument at the time of purchase as follows: 35% for "prime quality" commercial paper (not to exceed 5% in the debt of any one issuer); 20% for corporate notes (not to exceed 5% for any one issuer); 40% for banker's acceptances (not to exceed 5% for any one issuer); 10% for U.S. Treasury Certificates; 40% for certificates of deposit (not to exceed 15% for any one issuer); 100% for U.S. Agency Obligations (not to exceed 25% for any one agency); 60% for money market funds (not to exceed 20% in any one money market fund); 30% for repurchase agreements (not to exceed 30% with the County's primary bank and 10% with any other institution/dealer) and up to 100% for U.S. Government Obligations (not to exceed 25% for any one issuer).

The PWSIG investment policy seeks to diversify its portfolio by security type and by issuer by limiting the percentage of the portfolio that may be invested at the time of purchase in any one type of instrument as follows:

100% for U.S. Treasury and Agency securities; 50% for repurchase agreements (not to exceed 20% per issuer); 80% for money market funds (not to exceed 40% per money market fund); 40% for bankers acceptances; negotiable certificates of deposit and/or negotiable bank deposit notes; 35% for commercial paper; 5% for non-negotiable certificates of deposit and 25% for corporate notes.

More than 5% of the County's and PWSIG's combined investments are in Federal Home Loan Bank (FHLB) 9.69%, Federal National Mortgage Association (FNMA) 13.98% and Federal Home Loan Mortgage Corporation (FHLMC) 9.77%.

Supplemental Retirement Plan Investments

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

The County's Supplemental Retirement Plan's investments are subject to interest rate, credit and concentration of credit risk as described below:

Interest Rate Risk – In accordance with state statute and the policy of the Supplemental Retirement Plan, investments of the Supplemental Retirement Plan are diversified so as to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so. The Supplemental Retirement Plan contains primarily mutual fund type assets of varying characteristics. The specific content of each fund can change daily and is managed by the director/manager of each fund. Consequently, the ability to quantify interest rate risk at the Supplemental Retirement Plan level is not possible.

Illustration 2-3 reflects the fair value and the duration of the County's Supplemental Retirement Plan fixed income investments as of June 30, 2010. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

Illustration 2-3
Supplemental Retirement Plan Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2010

	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Supplemental Retirement Plan Pension Trust Fund:		
Money Market Mutual Funds	\$ 31	.088 (a)
Bond Mutual Funds		
PIMCO Total Return Fund	\$ 2,552	5.01 (b)
Vanguard Inflation Protection Securities Fund	1,433	3.90 (b)
Brandywine Global Bond Fund	2,420	7.69 (b)
World Asset Management Aggregate Bond Fund	1,209	4.30 (b)
Total Bond Mutual Funds	7,614	5.54 (b)
Equity Mutual Funds	14,369	Not applicable
Total Supplemental Retirement Plan Pension Trust Fund Investments	\$ 22,014	

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

The Supplemental Retirement Plan's investments' rating as of June 30, 2010 is presented in Illustration 2-4.

Illustration 2-4
Supplemental Retirement Plan Credit Risk at June 30, 2010

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Retirement Plan Pension Trust Fund Investments:		
Money Market Mutual Funds	AAA	.14%
Bond Funds		
PIMCO Total Return Fund	AA-	11.59%
Vanguard Inflation Protection Securities Fund	AAA	6.51%
Brandywine Global Bond Fund	A	11.00%
World Asset Management Aggregate Bond Fund	AA+	5.49%
Equity Mutual Funds	Not applicable	65.27%
		<u>100.00%</u>

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

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

Permissible asset classes, shown with target investment percentages, include: domestic all capitalization equity (8.75%); domestic large-capitalization value equity (1.25%); domestic large-growth equity (5%); domestic large-quality equity (5%); international large-mid-capitalization equity (19.5%); international small-capitalization equity (2%); international emerging markets equity (4.5%); private equity/special situations (5%); domestic fixed income (15%); global fixed income (10%); hedge funds (10%); domestic inflation protected securities (6%); Real Assets (8%). For Domestic Equity, International Equity & REITs, the maximum weighting, on a market value basis, in any one company for active Investment Managers is 5% of the portfolio value. For Domestic Fixed Income, International Fixed Income, Hedge Funds & Cash Equivalents the maximum weighting, on a market value basis, in any one security for active Investment Managers is 2% of the portfolio value. This does not apply to U.S. government and agency issues. The plan is rebalanced in the event any individual asset class differs from policy by more than 20% of the target weight, but with a minimum deviation threshold of 2% of the total portfolio value. At June 30, 2010, the Supplemental Retirement Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2010 is shown in Illustration 2-7.

Other Post Employment Benefits (OPEB) Master Trust Investments

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

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

Illustration 2-5 reflects the fair value of the County's Other Post Employment Benefits Master Trust fixed income investments as of June 30, 2010. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type.

Illustration 2-5
Other Post Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2010

	Fair Value	Weighted-Average Maturity
Other Post Employment Benefits Master Trust Fund:		
Money Market Mutual Funds	\$ 17,816	.134
Total Other Post Employment Benefits Trust Fund Investments	\$ 17,816	

The Other Post Employment Benefits Master Trust's rating and credit exposure as of June 30, 2010 is presented in Illustration 2-6.

Illustration 2-6
Other Post Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2010

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Other Post Employment Benefits Master Trust Fund Investments:		
Money Market Mutual Funds	AAA	100.00%
		100.00%

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2010 is shown in Illustration 2-7.

Illustration 2-7
Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2010

Total Primary Government and Component Units				\$ 1,047,326	
Supplemental Retirement System Pension Trust Fund				22,014	
Other Post Employment Benefits Master Trust				17,816	
Total Investments					1,087,156
Add: Cash on Hand					68
Deposits					9,248
Total Cash and Investments					1,096,472
Less: Supplemental Retirement System Pension Trust Fund's cash and investments					(22,433)
Other Post Employment Benefits Master Trust (OPEB)					(17,819)
Innovation Owners' Association Private Purpose Trust Fund's equity in pooled cash and investments					(757)
Agency Funds' equity in pooled cash and investments					(762)
School Board Agency Funds' cash and investments					(9,295)
Total Reporting Entity Cash and Investments					\$ 1,045,406
	Governmental Activities	Business- Type Activities	Total	Component Units	Total Reporting Entity
Primary Government:					
Equity in Pooled Cash and Investments	\$ 647,292	12,994	660,286	252,906	913,192
Investments	12,396	--	12,396	--	12,396
Restricted Cash and Temporary Investments	11,415	15,552	26,967	90,969	117,936
Restricted Investments	1,250	632	1,882	--	1,882
Total Reporting Entity Cash and Investments	\$ 672,353	29,178	701,531	343,875	1,045,406

Restricted cash and investments consist of amounts required by bond financing terms to be segregated in a debt service reserve account, a closure fund required by the Virginia Resource Authority (VRA) for the Landfill Revenue Bonds, capitalized interest accounts required to be used for debt service, unspent debt proceeds required to be used for capital projects, and retainages as depicted in Illustration 2-8.

Illustration 2-8
Restricted Cash and Investments at June 30, 2010

	Restricted Cash & Temporary Investments	Restricted Investments
PRIMARY GOVERNMENT		
General Fund:		
IDA Lease Revenue Bonds	\$ 1,130	\$ --
Total General Fund	1,130	--
Capital Projects Funds:		
General Obligation Bonds	4,524	--
Certificates of Participation	2,346	--
VRA Lease Revenue Bonds	3,075	--
Retainages	340	--
Total Capital Projects Funds	10,285	--
Enterprise Funds:		
Revenue Bond Funds	354	632
VRA Closure Fund	15,154	--
Retainages	44	--
Total Enterprise Funds	15,552	632
Internal Service Funds:		
Insurance Pool Collateral	--	1,250
Total Internal Service Funds	--	1,250
Total Primary Government	26,967	1,882
COMPONENT UNITS		
Adult Detention Center		
Certificates of Participation	2,374	--
Retainages	248	--
Total Adult Detention Center	2,622	--
School Board:		
School Bonds	88,347	--
Total Reporting Entity	\$ 117,936	\$ 1,882

NOTE (3) - PROPERTY TAXES RECEIVABLE

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

Assessed values are established at 100% of appraised market value. The personal property tax is limited to vehicles and all business property. A valuation of all property is completed annually. The assessed value of real and personal property at January 1, 2009, upon which the July 1, 2009, levy was based, was approximately \$43.4 billion.

Current tax collections for the year ended June 30, 2010, were 99.1% of the July 1, 2009, 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, 2010, related to property taxes due on July 15 of the following fiscal year are recorded as deferred revenues at June 30, 2010.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2010, is detailed in Illustration 3-1.

Illustration 3-1
Property Taxes Receivable at June 30, 2010

	Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	\$ 5,703	2,145	3,558
Personal property taxes	7,672	5,435	2,237
Total	\$ 13,375	7,580	5,795

NOTE (4) – DEFERRED/UNEARNED REVENUE

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

Illustration 4-1
Unearned Revenue at June 30, 2010

PRIMARY GOVERNMENT		
Unearned Lease Revenues – amounts due in connection with direct financing leases	\$	8,620
Prepaid Taxes – Taxes due subsequent to June 30, 2010, but paid in advance by taxpayers		176,689
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other unearned revenue		32,252
Total Primary Government		217,561
COMPONENT UNITS		
School Board		6,662
Adult Detention Center		---
Park Authority		1,106
Total Reporting Entity	\$	225,329

Unavailable revenue (deferred revenue), as shown in Illustration 4-2, represents amounts for which asset recognition criteria and revenue recognition criteria were met, but which were not available to finance expenditures of the current period under the modified accrual basis of accounting.

Illustration 4-2
Deferred Revenue at June 30, 2010

PRIMARY GOVERNMENT		
Deferred Taxes – Uncollected tax billings not available to fund current expenditures	\$	4,645
Deferred Lease Revenues – Uncollected revenues associated with direct financing leases		22,614
Total Reporting Entity	\$	27,259

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 operating within the County. Under the terms of these financing arrangements, the County obtains leasehold interests in specific properties of certain volunteer fire and rescue companies, and uses those leasehold interests as collateral to obtain financing from the Virginia Resources Authority (VRA). The County uses the proceeds from these VRA financings to reimburse the volunteer fire and rescue companies for capital expenses related to the renovation of existing fire stations and/or the construction of new fire stations. In separate-but-related agreements, the County subleases the original leasehold interests and any existing and future improvements back to the volunteer fire and rescue companies; each sublease contains a clause which transfers title of the properties, as well as any existing and future improvements of the properties back to the volunteer fire and rescue companies at the time the debt is fully extinguished.

Illustration 5-1 shows the investment in direct financing leases related to each volunteer fire and rescue company.

Illustration 5-1 Investment in Direct Financing Leases at June 30, 2010							
	Yorkshire	Nokesville	OWL	Dumfries- Triangle	Gainesville	Birchdale	Total
Total minimum lease payments to be received	\$ 4,327	5,991	2,612	5,971	6,208	6,125	31,234
Less: Unearned revenue	1,002	1,601	531	1,829	1,759	1,898	8,620
Net investment in direct financing leases	\$ 3,325	4,390	2,081	4,142	4,449	4,227	22,614

Illustration 5-2 shows the scheduled minimum lease payments for each volunteer fire and rescue company as of June 30, 2010.

Illustration 5-2 Scheduled Minimum Lease Payments at June 30, 2010							
	Yorkshire	Nokesville	OWL	Dumfries- Triangle	Gainesville	Birchdale	Total
FY 2011	333	528	345	445	471	410	2,532
FY 2012	331	514	340	434	459	402	2,480
FY 2013	334	500	311	422	446	394	2,407
FY 2014	331	485	164	410	433	386	2,209
FY 2015	333	470	160	399	416	378	2,156
Thereafter	2,665	3,494	1,292	3,861	3,983	4,155	19,450
Total minimum lease payments	\$ 4,327	5,991	2,612	5,971	6,208	6,125	31,234

Accounts receivable, as shown in Illustration 5-3, are recorded at gross value except for enterprise operations which are recorded net of allowance for uncollectible accounts.

Illustration 5-3 Accounts Receivable at June 30, 2010					
	Primary Government	Component Units			Total
		School Board	ADC	Park Authority	
Accrued interest	\$ 2,536	295	--	--	2,831
Enterprise operations (net)	85	--	--	--	85
Utility/Consumption taxes	1,544	--	--	--	1,544
Transient occupancy taxes	898	--	--	--	898
Stormwater management fee	78	--	--	--	78
Cable franchise tax	223	--	--	--	223
Premiums due from pool participants	83	--	--	--	83
Other	1,749	921	--	93	2,763
Total	\$ 7,196	1,216	--	93	8,505

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, 2010			
PRIMARY GOVERNMENT			
General Fund:			
From other localities	\$	929	
From the Commonwealth			
Local sales taxes		8,391	
Other		7,180	
From the Federal Government		2,339	
Total General Fund			\$ 18,839
Capital Projects Fund:			
From the Commonwealth			895
Nonmajor Governmental Funds:			
From the Federal Government			1,248
Internal Service Funds:			
From the OPEB Master Trust			2,455
Landfill Enterprise Fund:			
From other localities			554
Total Primary Government			23,991
COMPONENT UNITS			
School Board:			
From the Commonwealth		11,259	
From the Federal Government		11,047	
Total School Board			22,306
Adult Detention Center:			
From other localities		123	
From the Federal Government		27	
Total Adult Detention Center			150
Total Reporting Entity			\$ 46,447

Illustration 6-2 details the amounts due to other governmental units at June 30, 2010.

Illustration 6-2 Due to Other Governmental Units at June 30, 2010			
PRIMARY GOVERNMENT			
General Fund:			
To other localities	\$	855	
To the Commonwealth		12	
Total General Fund			867
Other - Capital Projects Fund:			
To the Federal Government			516
Landfill Enterprise Fund:			
To other localities			723
Total Primary Government			2,106
COMPONENT UNITS			
School Board:			
To the Federal Government			889
Adult Detention Center:			
To other localities			506
Total Reporting Entity		\$	3,501

NOTE (7) - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances and transfers are generally made for the purpose of providing operational support for the receiving fund. During the year ended June 30, 2010, the County did not make any significant interfund transfers that were not routine and not consistent with the activities of the fund making the transfer.

Illustration 7-1 details the amounts due from and due to other funds at June 30, 2010.

Illustration 7-1 Due From and Due To Other Funds at June 30, 2010			
		Due from Other Funds	Due to Other Funds
General Fund	\$	1,244	18
Major Enterprise Fund – Landfill		--	1,244
Internal Service Fund – Self-Insurance Casualty Pool		21	--
Internal Service Fund – Self-Insurance Workers Compensation Association		18	21
Total	\$	1,283	1,283

Illustration 7-2 details the transfers between funds for the year ended June 30, 2010.

Illustration 7-2
Interfund Transfers for the Year Ended June 30, 2010

Transfer to General Fund from:			Transfer from General Fund to:		
Streets and Roads – Capital Projects Fund	\$	-- 11,293	Streets and Roads – Capital Projects Fund		
Other Capital Projects Fund		4,995 7,897	Other Capital Projects Fund		
Major Enterprise Fund – Landfill		810 2,378	Nonmajor Governmental Funds		
Nonmajor Governmental Funds		9,365 1,282	Internal Service Funds		
Internal Service Funds		328			
Total General Fund Transfers In		15,498 22,850	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		11,293	General Fund		
Other Capital Projects Fund		738	Other Capital Projects Fund		
Total Streets and Roads – Capital Projects Fund Transfers In		12,031	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		7,897 4,995	General Fund		
Other Capital Projects Fund		-- 738	Streets and Roads – Capital Projects Fund		
Nonmajor Governmental Funds		608 621	Nonmajor Governmental Funds		
		9,505	Internal Service Fund		
Total Other Capital Projects Fund Transfers In		8,505 15,859	Total Other Capital Projects Fund Transfers Out		
Transfer to Nonmajor Governmental Funds from:			Transfer from Nonmajor Governmental Funds to:		
General Fund		2,378 9,365	General Fund		
Other Capital Projects Fund		621 608	Other Capital Projects Fund		
		260	Internal Service Fund		
Total Nonmajor Governmental Funds Transfers In		2,999 10,233	Total Nonmajor Governmental Fund Transfers Out		
Transfers to Landfill Enterprise Fund from:			Transfers from Landfill Enterprise Fund to:		
		810	General Fund		
Total Landfill Enterprise Fund Transfers In		810	Total Landfill Enterprise Fund Transfers Out		
Transfers to Internal Service Funds from:			Transfers from Internal Service Funds to:		
General Fund		1,282 328	General Fund		
Special Revenue Fund		260			
Other Capital Projects Fund		9,505			
Total Internal Service Funds Transfers In		11,047 328	Total Internal Service Funds Transfers Out		
Total Primary Government Transfers In	\$	50,080 50,080	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, 2010.

Illustration 8-1
Due From Primary Government/Due to Component Units at June 30, 2010

	Due From Primary Government	Due to Component Unit
PRIMARY GOVERNMENT		
General Fund	\$ --	3,587
COMPONENT UNITS		
School Board	3,587	--
Total Reporting Entity	\$ 3,587	3,587

NOTE (9) - CAPITAL ASSETS

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2010.

Illustration 9-1 Governmental Activities – Changes in Capital Assets					
	June 30, 2009	Additions	Deletions	Transfers	June 30, 2010
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 46,385	305	(20)	--	46,670
Construction in progress	6,982	7,250	--	(141)	14,091
Total capital assets not being depreciated	53,367	7,555	(20)	(141)	60,761
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	169,290	94	(594)	10,136	178,926
Equipment	43,959	4,293	(883)	(9,464)	37,905
Vehicles	30,039	2,167	(2,225)	(418)	29,563
Infrastructure	135,707	10,465	--	--	146,172
Intangibles*	32,816	--	--	--	32,816
Library collections	23,720	1,909	(1,575)	--	24,054
Total buildings and other capital assets being depreciated	435,531	18,928	(5,277)	254	449,436
Less accumulated depreciation for:					
Buildings and improvements to sites	(47,513)	(4,568)	370	(223)	(51,934)
Equipment	(26,525)	(4,660)	842	--	(30,343)
Vehicles	(22,435)	(3,038)	2,153	190	(23,130)
Infrastructure	(18,740)	(3,055)	--	--	(21,795)
Intangibles*	(27,222)	(1,224)	--	--	(28,446)
Library collections	(17,604)	(2,079)	1,575	--	(18,108)
Total accumulated depreciation	(160,039)	(18,624)	4,940	(33)	(173,756)
Buildings and other capital assets, net	275,492	304	(337)	221	275,680
Governmental activities capital assets, net	\$ 328,859	7,859	(357)	80	336,441

*Includes prior period restatement due to first year implementation of GASB Statement No. 51, which requires capitalization of all externally generated software acquired after 1980, still in use by the County. Such items are included in the financial statements as intangible assets and reflect depreciation to date.

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

General government	\$ 2,521
Judicial administration	854
Public safety	4,541
Public works	584
Health and welfare	180
Parks, recreational and cultural	2,599
Community development	4,094
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets	3,251
Total	\$ 18,624

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2010.

Illustration 9-2
Business-Type Activities – Changes in Capital Assets

	June 30, 2009	Additions	Deletions	Transfers	June 30, 2010
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 19,144	--	--	--	19,144
Construction in progress	781	1,340	--	--	2,121
Total capital assets not being depreciated	19,925	1,340	--	--	21,265
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	19,854	257	--	--	20,111
Equipment	325	35	--	--	360
Vehicles	5,598	--	(533)	294	5,359
Total buildings and other capital assets being depreciated	25,777	292	(533)	294	25,830
Less accumulated depreciation for:					
Buildings and improvements to sites	(13,820)	44	--	8	(13,768)
Equipment	(201)	(26)	--	--	(227)
Vehicles	(3,119)	(619)	513	(117)	(3,342)
Total accumulated depreciation	(17,140)	(601)	513	(109)	(17,337)
Buildings and other capital assets, net	8,637	(309)	(20)	185	8,493
Business-type activities capital assets, net	\$ 28,562	1,031	(20)	185	29,758

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

Landfill	<u>\$ 601</u>
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Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2010.

Illustration 9-3 Adult Detention Center Component Unit – Changes in Capital Assets					
	June 30, 2009	Additions	Deletions	Transfers	June 30, 2010
Adult Detention Center:					
Capital assets not being depreciated:					
Land	\$ 31	--	--	--	31
Total capital assets not being depreciated	31	--	--	--	31
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	77,434	--	--	(546)	76,888
Equipment	176	27	--	--	203
Vehicles	480	45	(21)	137	641
Total buildings and other capital assets being depreciated	78,090	72	(21)	(409)	77,732
Less accumulated depreciation for:					
Buildings and improvements to sites	(8,026)	(1,964)	--	222	(9,768)
Equipment	(107)	(18)	--	--	(125)
Vehicles	(430)	(45)	21	(81)	(535)
Total accumulated depreciation	(8,563)	(2,027)	21	141	(10,428)
Buildings and other capital assets, net	69,527	(1,955)	--	(268)	67,304
Adult Detention Center capital assets, net	\$ 69,558	(1,955)	--	(268)	67,335

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

Public safety	\$ 2,027
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Illustration 9-4 summarizes the construction in progress at June 30, 2010.

Illustration 9-4 Construction in Progress at June 30, 2010			
	Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT			
Adult Detention Center Renovations	\$ 14,293	6,767	7,526
McCoart Backfill Project	4,017	3,028	989
Fleet Fueling Site	387	30	357
Real Estate Assessment System Upgrade	700	9	691
Human Resource Information System Upgrade	544	75	469
Land Development Information System Upgrade	250	65	185
Bull Run Library Canopy	9	8	1
Nokesville Library Garden Patio	9	7	2
Potomac Library Patio	84	80	4
Ben Lomond Historic Site	1,334	197	1,137
Brentsville Courthouse Restoration	3,333	1,804	1,529
Bristoe Station Battlefield Heritage Park	289	50	239
Bennett School Renovation	618	618	--
Rippon Lodge Restoration	4,097	1,234	2,863
Williams Ordinary	119	119	--
Total	\$ 30,083	14,091	15,992

The \$2,121 construction in progress balance of business-type activities represents capital improvements at the landfill complex, including the construction and installation of landfill liners and caps to improve the landfill and protect public health, groundwater and the environment and is recorded in the Landfill enterprise fund.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2010.

Illustration 9-5 School Board Component Unit – Changes in Capital Assets				
	June 30, 2009	Additions/Transfers	Deletions/Transfers	June 30, 2010
School Board:				
Capital assets not being depreciated:				
Land	\$ 59,863	4,146	--	64,009
Construction in progress	50,124	78,054	(27,035)	101,143
Total capital assets not being depreciated	109,987	82,200	(27,035)	165,152
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	974,785	27,043	(1,676)	1,000,152
Library books	3,795	672	(977)	3,490
Equipment	25,863	2,094	(166)	27,791
Vehicles	70,672	279	(659)	70,292
Total buildings and other capital assets being depreciated	1,075,115	30,088	(3,478)	1,101,725
Less accumulated depreciation for:				
Buildings and improvements to sites	(221,644)	(19,978)	837	(240,785)
Library books	(2,381)	(698)	977	(2,102)
Equipment	(9,808)	(2,198)	144	(11,862)
Vehicles	(34,040)	(5,073)	652	(38,461)
Total accumulated depreciation	(267,873)	(27,947)	2,610	(293,210)
Buildings and other capital assets, net	807,242	2,141	(868)	808,515
School Board capital assets, net	\$ 917,229	84,341	(27,903)	973,667

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

Instruction	
Regular	\$ 20,110
Special	168
Other	24
Support Services	
General administration	976
Student services	9
Curricular/staff development	9
Pupil transportation	5,341
Operations	52
Maintenance	90
Central business services	1,145
Food service	23
Total	<u>\$ 27,947</u>

Illustration 9-6 summarizes the changes in capital assets of the Park Authority component unit for the year ended June 30, 2010.

Illustration 9-6 Park Authority Component Unit – Changes in Capital Assets				
	June 30, 2009	Additions/Transfers	Deletions/Transfers	June 30, 2010
Park Authority:				
Capital assets not being depreciated:				
Land	\$ 19,356	2,642	--	21,998
Construction in progress	3,403	8,224	(6,847)	4,780
Total capital assets not being depreciated	22,759	10,866	(6,847)	26,778
Buildings and other capital assets, being depreciated:				
Land improvements	42,455	3,698	--	46,153
Buildings and recreational structures	41,951	2,558	--	44,509
Equipment	6,405	199	(35)	6,569
Vehicles	2,361	60	(52)	2,369
Total buildings and other capital assets being depreciated	93,172	6,515	(87)	99,600
Less accumulated depreciation for:				
Land improvements	(27,952)	(1,586)	--	(29,538)
Buildings and improvements to sites	(26,758)	(1,364)	--	(28,122)
Equipment	(4,528)	(617)	35	(5,110)
Vehicles	(1,586)	(256)	37	(1,805)
Total accumulated depreciation	(60,824)	(3,823)	72	(64,575)
Buildings and other capital assets, net	32,348	2,692	(15)	35,025
Park Authority capital assets, net	\$ 55,107	13,558	(6,862)	61,803

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

Parks, recreational and cultural	\$ 2,641
Golf courses	889
Water parks	293
Total	<u>\$ 3,823</u>

NOTE (10) - JOINT VENTURES

A. Potomac and Rappahannock Transportation Commission

The Potomac and Rappahannock Transportation Commission (PRTC), was created in fiscal year 1987 to levy a 2% Motor Fuel Tax authorized by the Commonwealth. The PRTC is a joint venture of the contiguous jurisdictions of Prince William and Stafford Counties and the Cities of Manassas, Manassas Park, and Fredericksburg and was established to improve transportation systems, composed of transit facilities, public highways and other modes of transport. While each jurisdiction effectively controls PRTC's use of Motor Fuel Tax proceeds from that jurisdiction, they do not have an explicit, measurable equity interest in PRTC.

The governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The Commission has fifteen members, including three from the General Assembly and one ex-officio representative from the Virginia Department of Transportation (VDOT).

The PRTC issued \$9,405 in Transportation Facilities Lease Revenue Bonds on March 1, 1991, at interest rates ranging from 5.6% to 6.7% annually and maturity dates from March 1, 1995, to March 1, 2011. Proceeds were used to finance the construction of commuter rail stations in Prince William County. The PRTC owns the stations and leases the facilities to the County pursuant to a lease agreement between PRTC and Prince William County (See Note 11).

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

In addition to lease payments to be made to PRTC, the County is also required to fund its share of PRTC's administrative expenses, certain costs of the commuter rail operations, and operating deficits of the County's commuter bus service. Funding sources include the motor fuel tax proceeds and other appropriated County resources. The County did not appropriate resources to be paid to PRTC in FY 2010. The motor fuel tax proceeds were sufficient to cover all costs.

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

B. Peumansend Creek Regional Jail Authority

The Peumansend Creek Regional Jail Authority (the Authority) was created in fiscal year 1994 to construct and operate a 336 prisoner regional correctional facility. The Authority is a joint venture of the jurisdictions of Arlington, Caroline, Loudoun and Prince William Counties and the Cities of Alexandria and Richmond. The formation of the Authority was enabled by Public Law 102-25 and 102-484 that conveyed 150 acres at Fort A.P. Hill from the U.S. Department of the Army to Caroline County on the condition that Caroline County and at least three other jurisdictions named in the legislation construct and operate a regional correctional facility on the site. The City Manager, County Manager or County Executive of the member jurisdictions forms the Authority. The Authority has six member jurisdictions. The Authority employs a Superintendent who is responsible for the operation of the Jail. Each jurisdiction pays the per diem charge for the number of guaranteed beds set forth in the Service Agreement.

The County and the other participating jurisdictions have no explicit, measurable equity interest in the Authority, but do have an ongoing financial responsibility for their share of the Authority's operating costs. The County made payments to the Authority in FY 2010 of \$822 to pay its share of the Authority's operating costs.

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

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

NOTE (11) - LONG-TERM DEBT

A. Bonds Payable

The following bonds were issued in fiscal year 2010:

- On March 16, 2010, the Board of County Supervisors approved Resolution No. 10-207 authorizing the issuance of General Obligation Bonds of the County not to exceed \$84,700. These bonds were sold in two series on May 13, 2010 to the Virginia Public School Authority (VPSA) and will provide funds for certain capital projects for school purposes. The first Series 2010A was sold in the amount of \$23,935 and the second Series 2010B Taxable Build America Bonds was sold in the amount of \$56,445.

The majority of the County's bonds payable are general obligations of the County and are secured by its full faith and credit. Bonds are subject to arbitrage, and as such, actuarial calculations are made and liabilities are recorded annually. A portion of the bonds, however, are intended to be repaid from specific revenue sources as follows:

- The outstanding IDA Lease Revenue Refunding Bond, Series 2005, of \$9,680, is a limited obligation of the IDA, payable solely from a pledge of rent and receipts to be derived from a financing lease between the IDA and the County and certain funds held under an indenture of trust, including a debt service reserve account. The balance in this account at June 30, 2010, was \$1,130 and is included in the restricted cash balance shown in Illustration 2-8.

- The outstanding Landfill enterprise fund Revenue Bonds of \$280 and Refunding Bonds of \$6,015 are secured by revenues from the Landfill.
- The County entered into a lease agreement with the PRTC in fiscal year 1992 for the construction of Transportation Facilities within the County. The PRTC issued a Lease Revenue Bond of \$9,405 and, in accordance with the lease agreement, initially made available \$5,500 to the County for the cost of acquiring land, constructing and maintaining two commuter railway stations – Broad Run and Rippon. The lease payments which are equal to the bond debt service, related fees and expenses are to be paid from the County's share of the 2% Motor Fuel Tax. The lease term is equivalent to the life of the bonds and ownership of the constructed facilities reverts to the County at the end of the lease term. The balance of this obligation at June 30, 2010, is \$511.
- On March 16, 2010 the Board of County Supervisors authorized Resolution No. 10-208 authorizing the issuance of Park Facilities County Contribution Revenue Bonds by the Prince William Park Authority and approved and authorized the execution and delivery of a contributions agreement with the Prince William County Park Authority in which the County agrees to make debt service payments on the bonds for the purpose of refunding the 1999 Park Authority Bonds. The bonds were sold on June 21, 2010. The balance of this obligation at June 30, 2010, is \$13,285.

The Commonwealth imposes no legal debt limitation on counties. It requires a referendum be approved by the voters prior to the issuance of general obligation bonds. The County established a self-imposed limit on its total bonded debt of 3% of the net assessed valuation of taxable property. The County includes general obligation bonds, appropriation debt supported by tax revenue, and School Board bonds and literary fund loans in its determination of total bonded debt. As of June 30, 2010, the County's total bonded debt, as defined above, was \$349,037 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, 2010, including interest payments, are shown in Illustration 11-1. Refer to Schedule 18 for information related to maturity dates and interest rates for these obligations.

Illustration 11-1
Governmental Activities – Debt Service Requirements – General Obligation and Revenue Bonds

	Principal	Interest	Total
Designated for Roads, Parks & Other General County Projects			
Year Ending June 30:			
2011	\$ 15,709	6,404	22,113
2012	14,421	5,822	20,243
2013	12,787	5,290	18,077
2014	12,761	4,781	17,542
2015	12,740	4,269	17,009
2016 thru 2020	47,305	15,061	62,366
2021 thru 2025	38,900	6,507	45,407
2026 thru 2030	12,601	951	13,552
Subtotal	167,224	49,085	216,309
Designated for School Board Projects			
Year Ending June 30:			
2011	36,545	26,661	63,206
2012	40,248	26,002	66,250
2013	39,808	24,017	63,825
2014	39,580	22,009	61,589
2015	38,900	20,014	58,914
2016 thru 2020	183,330	69,861	253,191
2021 thru 2025	136,680	30,178	166,858
2026 thru 2030	61,080	7,396	68,476
2031	4,029	112	4,141
Subtotal	580,200	226,250	806,450
Total	\$ 747,424	275,335	1,022,759

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2010, including interest payments, are shown in Illustration 11-2.

Illustration 11-2
Business-type Activities – Debt Service Requirements – Revenue Bonds

	Principal	Interest	Total
Year Ending June 30:			
2011	\$ 1,700	229	1,929
2012	1,470	159	1,629
2013	1,535	91	1,626
2014	1,590	28	1,618
Subtotal	6,295	507	6,802
Add: unamortized premium on refunding of revenue bonds	198		
Less: unamortized deferred cost on refunding	525		
Total	\$ 5,968		

B. Operating and Capital Leases

The County leases real estate and equipment under operating and capital leases expiring at various dates through 2019. 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, 2010. Total rental expense under operating leases of the primary government for the year ended June 30, 2010, was \$5,702. Illustration 11-3 summarizes the minimum lease commitments under the County's operating leases.

Illustration 11-3
Minimum Lease Commitments – Operating Leases

	Primary Government
Year Ending June 30:	
2011	\$ 4,816
2012	4,259
2013	3,852
2014	3,457
2015	3,454
2016 thru 2019	8,007
Total minimum payments	\$ 27,845

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

Illustration 11-4
Assets Acquired Through Capital Lease Obligations

	Governmental Activities	ADC
Other capital assets:		
Buildings	\$ 91,537	6,459
Improvements	12,367	105
Machinery and Equipment	1,933	--
Vehicles	20	--
Less: Accumulated Depreciation	(22,450)	(3,178)
Total assets acquired through capital lease	\$ 83,407	3,386

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

Illustration 11-5 Minimum Lease Commitments – Capital Lease Obligations	
	Primary Government
Year Ending June 30:	
2011	\$ 23,090
2012	21,442
2013	20,846
2014	20,092
2015	19,587
2016 thru 2020	88,340
2021 thru 2025	64,805
2026 thru 2030	24,759
Total minimum payments	282,961
Less: Interest	(78,118)
Present value of future minimum payments	\$ 204,843

C. Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended June 30, 2010 are shown in Illustration 11-6.

Illustration 11-6 Governmental Activities – Changes in Long-Term Liabilities						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in more than one year	Due Within One Year
General obligation and revenue bonds:						
Designated for Roads, Parks and Other						
General County projects	\$ 182,996	--	(15,772)	167,224	151,515	15,709
Designated for School Board projects	535,564	80,380	(35,744)	580,200	543,655	36,545
Subtotal	718,560	80,380	(51,516)	747,424	695,170	52,254
Capital lease obligations	245,368	--	(40,525)	204,843	190,851	13,992
Notes Payable	182	--	(182)	--	--	--
Unpaid losses and related liabilities (Note 18)	14,455	32,001	(31,343)	15,113	13,423	1,690
Surplus distribution payable	2,416	--	(703)	1,713	1,082	631
Compensated absences	25,493	9,221	(9,400)	25,314	24,286	1,028
Unamortized Premium	41,531	2,205	(2,531)	41,205	38,674	2,531
Total	\$ 1,048,005	123,807	(136,200)	1,035,612	963,486	72,126

Long-term liabilities of governmental activities are generally liquidated by the General Fund. Funds of the Intra-County Services internal service fund are used to liquidate approximately 3.5% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2010 are shown in Illustration 11-7.

Illustration 11-7
Business-Type Activities – Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
Revenue bonds	\$ 7,945	--	(1,650)	6,295	4,595	1,700
Unamortized premium on issuance of revenue bonds	263	--	(65)	198	132	66
Unamortized deferred loss on refunding	(704)	--	179	(525)	(349)	(176)
Revenue bonds, net	7,504	--	(1,536)	5,968	4,378	1,590
Compensated absences	365	411	(388)	388	372	16
Accrued closure liability (Note 13)	15,478	--	(324)	15,154	10,456	4,698
Total	\$ 23,347	411	(2,248)	21,510	15,206	6,304

Changes in long-term liabilities of the component units for the year ended June 30, 2010 is shown in Illustration 11-8.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
School Board:						
Compensated absences	\$ 26,129	8,454	(7,734)	26,849	18,726	8,123
Pollution remediation	1,006	573	(1,012)	567	--	567
Claims liabilities	7,867	58,472	(57,430)	8,909	1,907	7,002
Total School Board component unit	35,002	67,499	(66,176)	36,325	20,633	15,692
Adult Detention Center:						
Compensated absences	2,851	1,197	(1,094)	2,954	2,839	115
Total Adult Detention Center component unit	2,851	1,197	(1,094)	2,954	2,839	115
Park Authority:						
Capital leases	2,800	--	(546)	2,254	1,689	565
Notes payable	376	--	(146)	230	78	152
Compensated absences	1,054	968	(955)	1,067	965	102
Revenue bonds, net	17,323	12,991	(17,833)	12,481	12,003	478
Total Park Authority component unit	21,553	13,959	(19,480)	16,032	14,735	1,297
Total	\$ 59,406	82,655	(86,750)	55,311	38,207	17,104

D. Defeasance of Long-Term Debt

In prior years the County defeased certain bonds, some of which have been called and repaid. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the County's financial statements. At June 30, 2010, all previously defeased bonds have been called and paid off leaving no outstanding defeased County bonds.

E. Component Unit Debt

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

Therefore, the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2010, the County has outstanding debt of \$580,200 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net assets of the County.

Similarly, assets of the Adult Detention Center and Park Authority are included in the component unit column, while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2010, the County has outstanding debt of \$34,825 and \$8,337 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net assets of the County, respectively.

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

NOTE (12) – FUND BALANCES / NET ASSETS

Illustration 12-1 details the reserved fund balances at June 30, 2010. Developer default recoveries represent monies drawn on developer escrows for incomplete projects. Inventories of supplies in governmental funds are reflected as assets and are equally offset by fund balance reserves in order to indicate that they do not constitute available expendable resources, even though they are a component of current assets. The reserve for debt service represents the accumulation of resources required by bond indentures to pay principal and interest on bonds. The reserve for courthouse security fees represents state revenues that are restricted for courthouse security.

Illustration 12-1 Reserved Fund Balances at June 30, 2010					
	Primary Government				Component Unit ADC
	General Fund	Capital Projects Funds	Other Governmental Funds	Total Primary Government	
Reserved for:					
Inventory	\$ 201	--	--	201	--
Prepaid expenses	--	34	--	34	--
Courthouse security fees	--	--	--	--	--
Debt service	1,130	--	--	1,130	--
Developer default recoveries	191	--	--	191	--
Total	\$ 1,522	34	--	1,556	--

Illustration 12-2 details the designated fund balances at June 30, 2010. Designations for encumbrances and future years' expenditures include the reappropriation of portions of the FY 2010 budget and the appropriation of undesignated fund balance for utilization in a future period. Encumbrances are not included in current-year expenditures or liabilities but represent commitments for future expenditures.

Illustration 12-2 Designated Fund Balances at June 30, 2010					
	Primary Government				Component Unit ADC
	General Fund	Capital Projects Funds	Other Governmental Funds	Total Primary Government	
Designated for:					
Grants and special projects	\$ 7,399	--	9,564	16,963	--
Encumbrances	3,780	12,016	1,867	17,663	1,720
Future years' expenditures	92,228	19,000	22,820	134,048	--
Capital reserve/construction projects	--	89,108	--	89,108	6,730
Total	\$ 103,407	120,124	34,251	257,782	8,450

Net Assets. The government-wide statement of net assets reports \$79,107 of restricted net assets at June 30, 2010. Of this amount, \$63,805 is restricted by enabling legislation.

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

At the end of fiscal year 2010, the Landfill enterprise fund has generated sufficient revenue to maintain the Solid Waste Reserve in the General Fund for future bond coverage requirements. A total of \$7,031, including interest earnings, is designated in the General Fund's fund balance for future landfill needs.

State and federal laws and regulations require the County to place a final cover on its Independent Hill landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$15,154 reported as landfill closure and post closure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 95% of the Phase I landfill and 33% of the total landfill capacity for the southern portion of the landfill, including Phases I, II and III. The total maximum exposure liability for closure and post closure care for all County solid waste facilities during the life of the landfill, as reported to the Virginia Department of Environmental Quality in December 2009, is \$25,969. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$41,667 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 2010. The County expects to close the southern portion of the landfill site in the year 2031 and the entire landfill in 2060. Actual cost may be higher due to inflation, changes in technology, or changes in applicable laws or regulations.

NOTE (14) - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFIT PLANS

A. Virginia Retirement System

Plan Description:

The County, as well as the Adult Detention Center and Park Authority component units contribute to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS.

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating local law enforcement officers and firefighters, and sheriffs) or at age 50 with 30 years of service for participating employers (age 50 with 25 years of service for participating local law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Sheriffs and participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

As of June 30, 2009, the date of the most recent actuarial valuation, there were 3,389 active participants and 1,213 retirees and beneficiaries receiving benefits on that date. In addition, there were 399 vested and 866 non-vested inactive participants entitled to receive future benefits from the Plan.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of that report is available on the VRS web site at <http://www.varetire.org/Pdf/Publications/2009-annual-report.pdf> or obtained by writing to VRS, Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy and Annual Pension Cost:

Plan members are required by Title 51.1 of the *Code of Virginia* to contribute 5% of their annual reported compensation to the VRS. The County has assumed this 5% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County contribution rate for the fiscal year ended June 30, 2010 was 8.81% of annual covered payroll.

The required contributions for the County were determined as part of the previous actuarial valuation performed as of June 30, 2007 using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases that range between 3.50% and 5.60%, depending on the member's service and classification, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County assets is equal to the modified market value of the assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2007, was 20 years for the County.

Trend information:

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

Illustration 14-1 Virginia Retirement System Three Year Trend Information for Prince William County					
Fiscal Year Ending:	Annual Pension Cost (APC)		Percentage of APC Contributed		Net Pension Obligation (NPO)
	Employer Portion	Employee Portion paid by Employer			
June 30, 2008	\$ 16,781	9,513	100%	\$	--
June 30, 2009	\$ 17,502	9,932	100%	\$	--
June 30, 2010	\$ 17,373	9,860	100%	\$	--

Funded Status and Funding Progress:

As of June 30, 2009, the most recent actuarial valuation date, the pension plan was 84.83% funded. The actuarial accrued liability for benefits was \$770,028 and the actuarial value of assets was \$653,184 resulting in an unfunded actuarial accrued liability (UAAL) of \$116,844. The covered payroll (annual payroll of active employees of covered by the plan) was \$205,468, and the ratio of the UAAL to the covered payroll was 56.87%.

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

B. County Supplemental Retirement Plan

Plan Description:

The Prince William County Supplemental Retirement Plan is a single employer defined benefit retirement plan administered by the Plan's Board of Trustees. The plan became effective July 1, 1985, and was most recently amended on February 3, 2009.

Each police officer and salaried Fire and Rescue Department employee employed by Prince William County prior to July 1, 1985, is eligible to participate in the Plan as of July 1, 1985, if they were covered by and participating in the VRS and elected to participate in the Plan. Each police officer and salaried Fire and Rescue Department employee, hired after June 30, 1985, becomes a participant on his or her date of employment. The Plan provides retirement and death benefits to plan members and beneficiaries. As of July 1, 2009, the date of the most recent actuarial valuation, there were 948 active participants and 149 retirees and beneficiaries receiving benefits on that date. The latter number does not include retirees for whom all future payments will be offset by VRS benefits. In addition, as of July 1, 2009, there were 106 vested and 29 non-vested inactive participants entitled to receive future benefits from the Plan.

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

Participants shall vest 100% in the benefit provided under the Plan upon attainment of the participant's normal retirement date. Participants are considered vested and eligible for early retirement after 20 years of credited service, but the benefits are reduced ½% for each month the commencement date precedes the normal retirement date. As an alternative, the member may elect a temporary annuity of \$0.32 thousand per month for 15 years, multiplied by the ratio of the number of completed years of service at early retirement date to 25 or the withdrawal benefit. Any participant or spouse receiving a monthly benefit for at least one year is eligible for the pension increase each July 1st. The benefit will be increased by 100% of the first 3% increase in the cost-of-living index plus 50% of the increase in the cost-of-living index in excess of 3%. Increases in the cost-of-living index in excess of 7% are not recognized. Increases do not apply to supplemental benefits or early retirement pensions.

Effective July 1, 2007, contributions from both the employee and the County cease when an active employee attains the latter of age 50 and 25 years of service. These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the Plan's Board of Trustees.

The plan does not issue a publicly available financial report.

Funding Policy and Annual Pension Cost:

The funding policy of the Plan provides for periodic employer contributions at actuarially determined rates which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The Board of Trustees has fixed the annual contribution rate at 1.37% based on the actuarially recommended rate in the July 1, 1999 valuation report. Biennially calculated actuarial contribution percentages are used as a guide to determine changes in the fixed contribution percentage. Contribution rates are developed using the aggregate actuarial cost method. Under this funding method, there is no unfunded actuarial accrued liability. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of June 30, 2009. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, (c) rate of increase in Consumer Price Index of 3% per year compounded annually, and (d) post-retirement benefit increases of 3% per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the Plan's assets is equal to the market value of the assets. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the plan. For terminating employees under 20 years, a refund of employee contributions including 4% interest per annum can be issued, if formally requested, but they are not entitled to future benefits. For the same group with 20 plus years, they can either receive a refund of all contributions including interest, or future benefits, but not both.

For the year ended June 30, 2010, the County's annual pension cost based on the actuarially determined contribution was \$1,278 (\$639 employer and \$639 employee) which was less than the actual contribution of \$1,653 (\$827 employer and \$826 employee) resulting in a negative net pension obligation (net pension asset). Employer contributions in fiscal year 2010 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.06%. Employee contributions in fiscal year 2010 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.06%.

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

Trend information:

Illustration 14-2 summarizes the three-year trend information for the County's employer portion.

Illustration 14-2 County Supplemental Retirement Plan Three Year Trend Information for Prince William County Employer Portion						
Fiscal Year Ending:	Percentage Annual Pension Cost (APC)	Annual Pension Cost (APC)	Contributions 1.37%	Percentage APC Contributed	Interest on NPO/NPA	Net Pension Obligation (Asset) NPO/(NPA)
June 30, 2008	1.13%**	\$ 624**	\$ 757	129%**	\$ 10	\$ (143)**
June 30, 2009	1.06%	\$ 621	\$ 802	137%	\$ 10	\$ (191)
June 30, 2010	1.06%	\$ 639	\$ 827	130%	\$ 13	\$ (201)

**Previous year restated to correct percentage used to calculate APC.

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

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

Fiscal Year Ending:	Percentage Annual Pension Cost (APC)	Annual Pension Cost (APC)	Contributions 1.37%	Percentage APC Contributed	Interest on NPO/NPA	Net Pension Obligation (Asset) NPO/(NPA)
June 30, 2008	1.13%**	\$ 624**	\$ 757	129%**	\$ 10	\$ (143)**
June 30, 2009	1.06%	\$ 621	\$ 802	137%	\$ 10	\$ (191)
June 30, 2010	1.06%	\$ 639	\$ 826	129%	\$ 13	\$ (200)

**Previous year restated to correct percentage used to calculate APC.

Funded Status and Funding Progress:

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

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

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

Concentrations:

Permissible asset classes, shown with target investment percentages, include: domestic small-capitalization equity (8.75%); domestic large-capitalization value equity (1.25%); domestic large-growth equity (5%); domestic large-quality equity (5%); international large-mid-capitalization equity (19.5%); international small-capitalization equity (2%); international emerging markets equity (4.5%); private equity/special situations (5%); domestic fixed income (15%); global fixed income (10%); hedge funds (10%); domestic inflation protected securities (6%); Real Assets (8%). For Domestic Equity, International Equity & REITs, the maximum weighting, on a market value basis, in any one company for active Investment Managers is 5% of the portfolio value. For Domestic Fixed Income, International Fixed Income, Hedge Funds & Cash Equivalents the maximum weighting, on a market value basis, in any one security for active Investment Managers is 2% of the portfolio value. This does not apply to U.S. government and agency issues. The plan is rebalanced in the event any individual asset class differs from policy by more than 20% of the target weight, but with a minimum deviation threshold of 2% of the total portfolio value. At June 30, 2010, the Supplemental Retirement Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

C. OPEB Master Trust Fund

Plan Description:

The Prince William County Other Post Employment Benefits (OPEB) Master Trust Fund is a single agent multiple employer defined benefit postemployment benefits trust fund. The OPEB Master Trust was established by the Prince William County Board of County Supervisors on June 23, 2009 by BOCS Resolution No. 09-544 to provide funding for benefit payments on behalf of retiree and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. On June 30, 2009, funds were transferred into three separate trust fund sub-accounts for County, Park Authority and Schools. Although the assets of the Trust fund are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance to the terms of the Trust Agreement.

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

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

Summary of Significant Accounting Policies:

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

Method Used to Value Investments. Investments are reported at fair value, which for OPEB Master Trust is determined by the mean and most recent bid and asked prices as obtained from dealers that make market in such securities. Securities for which market quotations are not readily available are valued at fair value as determined by the custodian under the direction of the OPEB Master Trust Fund Finance Board (Trustees) with assistance of a valuation service. As of June 30, 2010, Trust funds were invested in the Local Government Investment Pool (LGIP).

Contribution Information:

Illustration 14-4 summarizes the membership in the OPEB Master Trust of each plan as of July 1, 2008, the latest actuarial valuations.

Illustration 14-4 OPEB Master Trust Fund Membership Information					
	County		Park Authority		School Board
	Premium Plan	RHCP	Premium Plan	RHCP	Premium Plan
Active plan members	2,732	3,665	160	211	10,214
Retirees and beneficiaries receiving benefits	156	600	3	22	486
Terminated plan members entitled to but not yet receiving benefits	9	20	21	2	--

Funded Status and Funding Progress – OPEB Plans

The funded status and Employer contributions of all plans (Illustration 14-5) as of the most recent actuarial valuation date are as follows:

Illustration 14-5 Other Post Employment Benefits – All Plans Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2007	\$ --	\$ 89,790	\$ 89,790	0%	\$ 666,078	13.5%
July 1, 2008	\$ --	\$ 84,438	\$ 84,438	0%	\$ 690,758	12.2%
July 1, 2009	\$ 13,753	\$ 89,331	\$ 75,578	15.4%	\$ 702,491	10.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions in Illustration 14-6, presents trend information about the amounts contributed to all plans by employers in comparison to the annual required contribution (ARC), an amount that is actuarially determined in accordance to the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Illustration 14-6
Other Post Employment Benefits – All Plans
Schedule of Employer Contributions

Fiscal Year Ending:	Total Annual Required Contribution	Percentage Contributed
June 30, 2008	\$ 9,087	0%
June 30, 2009	\$ 9,877	100%
June 30, 2010	\$ 9,558	100%

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

County and Parks Premium Plans		County and Parks RHCP	Schools
Valuation Date	July 1, 2008	July 1, 2008	July 1, 2008
Actuarial Cost Method	Projected Unit Cost	Projected Unit Cost	Projected Unit Cost
Amortization Method	Level % of Projected Pay, open	Level % of Projected Pay, open	Level % of Pay, open
Remaining Amortization Period	28 years	28 years	28 years
Asset Valuation Method	None, n/a at time of valuation	None, n/a at time of valuation	None, n/a
Investment Rate of Return	7.5%	7.5%	7.0%
Healthcare Cost Trend Rate	9.0% base, 10.0% sensitivity, initial 4.2% base, 5.2% sensitivity, ultimate	n/a n/a	9.0% initial 5.0% ultimate

D. Other Post Employment Benefit Plans

County Sponsored Plans

Plan Descriptions:

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

Plan Description. The Prince William County Premium Plan is a single-employer defined benefit postemployment healthcare plan that covers eligible retired employees and COBRA eligible employees of the County including all departments and agencies. The County Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. In order to receive the subsidy, the participant must be eligible to retire or eligible for COBRA coverage and have coverage under the medical plan prior to termination. All employees who are retiree eligible or COBRA eligible have access to medical coverage. Dependents, including surviving spouses, are permitted access to medical coverage. No access to medical coverage is permitted after age 65. Eligible employees must elect coverage immediately upon retirement. Employees who terminate prior to retirement eligibility are not eligible for the Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the County Premium Plan. As of the end of the current fiscal year, there were 358 retirees and 31 post-employed under COBRA option who participated in the County's group insurance plans.

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

Contributions. Article X of the Trust Agreement also assigns to the Board of County Supervisors the authority to establish and amend contribution requirements of the County with 30 days notice. Retired plan members and beneficiaries are required to pay 100% of published blended premium rates to the County, which totaled \$1,691. The County may contribute to the Trust such amounts as it deems appropriate to pre-fund and/or pay benefits provided under a Plan it sponsors. The County is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the County has made a formal commitment to provide the contributions.

The required contribution rate was actuarially determined. For FY 2010, the County Premium Plan ARC amounts were contributed by the County to the OPEB Master Trust of \$2,558. When \$3,191 of the benefits paid on behalf of retirees and COBRA insured by the County were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$1,500.

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

Plan Description. The County RHICP is a single-employer defined benefit postemployment healthcare plan that covers eligible employees or former employees of the County including all departments and agencies. The RHICP provides \$5.50 per month, per year of service (maximum 30 years) paid for life towards the purchase of a medical insurance plan, benefit referred to as the Retiree Health Insurance Credit Plan (RHICP). Disabled employees receive the full 30-year allowance. However, employees disabled in-service, where the state pays the entire cost of insurance, do not receive the subsidy. The medical insurance plan can be the County Premium Plan or any health plan of the retiree's choosing. In order to receive the subsidy, the retiree must have 15 years of service with the County and must be receiving a pension payment from the VRS or the County Supplemental Retirement Plan. Terminated vested employees are allowed. The health insurance credit cannot be used for spousal coverage. The retirees are granted the option to participate by paying 100 percent of their monthly health insurance premium towards the County Premium Plan less \$5.50 times years of service for a maximum health insurance credit of \$165 from the County. For the year ended June 30, 2010, the County paid \$927 to 625 eligible retirees for the retiree health insurance credit plan.

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

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

The required contribution rate was actuarially determined. For FY2010, the County RHICP ARC amounts were contributed by the County to the OPEB Master Trust of \$1,746. When \$927 of the benefits paid on behalf of the County's retirees and COBRA insured were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$927.

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

Plan Description. The Park Authority Premium Plan is a single-employer defined benefit postemployment healthcare plan that covers eligible retired employees and COBRA eligible employees of the Park Authority including all departments and agencies. The Parks Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. In order to receive the subsidy, the participant must be eligible to retire or eligible for COBRA coverage and have coverage under the medical plan prior to termination. All employees who are retiree eligible or COBRA eligible have access to medical coverage. Dependents, including surviving spouses, are permitted access to medical coverage. No access to medical coverage is permitted after age 65. Eligible employees must elect coverage immediately upon retirement.

Employees who terminate prior to retirement eligibility are not eligible for the Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the Parks Premium Plan.

The Parks Premium Plan is administered by Prince William County Premium Plan, and its results of operations are included in the Health Insurance Internal Service Fund. However, OPEB Trust activity is separated to identify net assets designated for Parks' benefit payments.

The Parks Premium Plan does not issue a stand-alone financial report.

Contributions. Article X of the Trust Agreement also assigns to the Board of County Supervisors the authority to establish and amend contribution requirements of the Park Authority with 30 days notice. Retired plan members and beneficiaries are required to pay 100 percent of published blended premium rates to the Park Authority, which totaled \$24. The Park Authority may contribute to the Trust such amounts as it deems appropriate to pre-fund and/or pay benefits provided under a Plan it sponsors. The Park Authority is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the Park Authority has made a formal commitment to provide the contributions.

The required contribution rate was actuarially determined. For FY 2010, the Parks Premium Plan ARC, adjustments, interest and prior year liability amounts contributed by the Park Authority to the OPEB Master Trust were \$102. When \$51 of the benefits paid on behalf of Parks' retirees and COBRA insured were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$27.

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

The Prince William County Post-Retirement Medical Benefits Credit Plan (Parks RHICP) is administered by the Park Authority and reported separately in their audited financial statements. Copies of these financial statements may be obtained by writing to the Park Authority's Finance Division at 14420 Bristow Road, Manassas, Virginia 20112.

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

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

Funding Policy:

The OPEB Master Trust Fund was established as of June 30, 2009, and the County and Parks contributed the ARC amounts for the County Premium Plan, County RHICP and Parks Premium Plan of \$4,406. Plan members received \$4,169 benefits and contributed \$1,714 premiums, resulting in \$2,455 net benefits paid by the County. The County currently pays these benefits on a pay-as-you-go basis and seeks reimbursement from the OPEB Master Trust Fund according to the Trust Agreement at year end.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the County (ARC), and amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For the year ended June 30, 2010, the County's annual OPEB cost for County and Park Authority health insurance plans and the County's Retiree Health Insurance Credit Plan (RHICP), based on the actuarial annual required contribution (ARC) for OPEB funding was \$4,406 (\$2,363 amortization, \$2,043 actuarial normal cost, funded) which was equal to the actual OPEB payment of \$4,406. The Park Authority's RHICP separate pass-through OPEB contribution to the Trust Fund of \$55 was included. As a result, the County recognizes a total net negative OPEB obligation (asset) of -0-.

OPEB costs for retiree and COBRA claims and claims administration, net of premiums paid, of \$2,455, which were fully accrued in the OPEB Master Trust Fund statements and Health Insurance Internal Service Fund statements, and were billed according to the Trust Agreement to the OPEB Master Trust Fund for reimbursement, are not included.

Illustration 14-7 shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County's net OPEB obligations for all County sponsored plans:

<p style="text-align: center;">Illustration 14-7 Other Post Employment Benefits – Net OPEB Obligation Prince William County, including ADC Component Unit and Park Authority Premium Plan</p>									
Fiscal Year Ending:	Annual Required Contribution (ARC)	Less NOO Amortization and Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost	County Contribution to Trust Fund	Pay-as-you- go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) beginning	Net OPEB Obligation (Asset) (NOO) ending
June 30, 2008	\$ 5,442	--	--	5,442	--	(1,817)	3,625	--	\$ 3,625
June 30, 2009	\$ 4,762	(198)	273	4,837*	(8,735)	--	(3,898)	3,625	\$ (273)
June 30, 2010	\$ 4,406	--	--	4,406*	(4,406)	--	--	--	\$ --

* This includes \$236 and \$417, respectively allocated to ADC Component Unit based on proportion of ADC premiums paid and RHICP budget.

Illustration 14-8 summarizes the Net OPEB Obligation for the County's other post employment benefits.

<p style="text-align: center;">Illustration 14-8 Other Post Employment Benefits – Percentage of Annual OPEB Cost Prince William County, including ADC Component Unit and Park Authority Premium Plan</p>			
Fiscal Year Ending:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) ending
June 30, 2008	\$ 5,442	33.4%	\$ 3,625
June 30, 2009	\$ 4,837*	180.6%	\$ (273)
June 30, 2010	\$ 4,406*	100%	\$ --

* This includes \$236 and \$417, respectively allocated to ADC Component Unit based on proportion of ADC premiums paid and RHICP budget.

Funded Status and Funding Progress:

The funded status of County plans as of July 1, 2009, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was \$44,937 and the actuarial value of assets was \$6,297, resulting in an unfunded actuarial accrued liability (UAAL) \$38,640. The covered payroll (annual payroll of active employees covered by the plans) was \$228,407, and the ratio of the UAAL to the covered payroll was 16.9 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2010 was 28 years.

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

Actuarial Methods and Assumptions:

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

Biennially calculated actuarial required contributions (ARC) are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2008.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) 50% of employees elect insurance coverage and 100% of employees assumed to elect health insurance credit at retirement or non-line-of-duty disability at retirement, (b) current marital status and elected insurance coverage assumed to continue into retirement, (c) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) rate of increase in medical insurance claims from 9% decreasing each year to an ultimate rate of 4.2% per year, (f) mortality based on RP 2000 Combined Healthy and Disabled Tables, (g) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables, (h) assumed cost and retiree contributions computed using FY 2008 premium rates by current enrollment, and (i) gross claims weighted and projected using paid medical and prescription claims for employees pre age 65 retirees from September 1, 2007 to August 31, 2008 with a 10% annual increase for FY 2009.

VRS Health Insurance Credit Program

Plan Description:

Retirees of the County, as well as the Adult Detention Center and Park Authority component units, who have rendered at least fifteen years of total creditable service under the VRS, are granted the option to participate in the VRS Health Insurance Credit Program by paying 100 percent of their monthly health insurance premium less a \$1.50 times years of service for a maximum credit of \$45 from the VRS. Title 51.1 of the *Code of Virginia* assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. As of the end of the current fiscal year, there were 607 retirees that received the VRS health insurance credit. The health insurance credit is financed by payments from the County to the VRS. For the year ended June 30, 2010, the County paid \$552, of which \$19 is related to the Park Authority retirees for which the County was reimbursed. The surplus funds are not considered advance funded because the County, its employees, and retirees have no vested rights to access the excess funds. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. As of June 30, 2009, the date of the most recent actuarial valuation, there were 2,971 active participants and 639 retirees receiving benefits on that date.

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

Funding Policy and Annual Benefit Contribution:

In accordance with Title 51.1 of the *Code of Virginia* the County is required to contribute an actuarial percentage of its employees' annual reported compensation to the VRS to fund the VRS Health Insurance Credit Program. The County's contribution rate for the fiscal year ended June 30, 2010 was 0.27% of annual covered payroll.

The required contributions for the County were determined as part of an actuarial valuation performed as of June 30, 2008 using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.50% investment rate of return, and (b) projected payroll growth rate of 3.00%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County assets is equal to the market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at June 30, 2009, was 27 years for the County.

Trend information:

Illustration 14-9 summarizes the required three-year trend information for the County.

Illustration 14-9 Virginia Retirement System – Health Insurance Credit Program Three Year Trend Information for Prince William County					
Fiscal Year Ending:		Annual Benefit Cost (ABC)		Percentage of ABC Contributed	Net Benefit Obligation (NBO)
		Employer Portion			
June 30, 2008		\$	647	100%	\$ --
June 30, 2009		\$	557	100%	\$ --
June 30, 2010		\$	552	100%	\$ --

Funded Status and Funding Progress:

As of June 30, 2009, the most recent actuarial valuation date, the VRS health insurance credit program was 24.6% funded. The actuarial accrued liability for benefits was \$5,031 and the actuarial value of assets was \$1,239, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,792. The covered payroll (annual payroll of active employees of covered by the plan) was \$205,468, and the ratio of the UAAL to the covered payroll was 1.85%.

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

NOTE (15) - 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 \$554 and \$723 respectively at June 30, 2010.

NOTE (16) - RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

A. Industrial Development Authority

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

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

B. Service Authority

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

C. Upper Occoquan Sewage Authority

The Upper Occoquan Sewage Authority (UOSA) was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance and operate the regional sewage treatment facility mandated by the Occoquan policy for the upper portion of the Occoquan Watershed. UOSA is a jointly governed organization formed on March 3, 1971, by a concurrent resolution of the governing bodies of the Counties of Fairfax and Prince William and the Cities of Manassas and Manassas Park.

The Prince William County Service Authority operates the sewer system in the County, including the portion of its system located in the UOSA service area. In 1992 the Service Authority contractually assumed the obligation to pay the amounts due from the County to UOSA under a Service Agreement, subject to an annual contribution to those payments by the County which declines over a period of years to zero in 2021.

UOSA has various sewage system revenue bonds outstanding with the annual debt service funded by each of the participating jurisdictions. Based on the agreement between the County and the Service Authority, effective in 1992 the County makes an annual fixed payment to fund UOSA debt service, with the Service Authority paying the balance. The County's payment for FY 2010 was \$427. As of June 30, 2010, the County's General Fund committed share of UOSA's remaining debt service (including interest), which approximates two percent of total UOSA principal and interest requirements, is shown in Illustration 16-1.

Illustration 16-1 County's Share of UOSA's Debt Service Requirements		
Year Ending June 30:		
2011	\$	427
2012		427
2013		427
2014		427
2015		427
2016 thru 2020		2,135
2021		427
Total	\$	4,697

D. Northern Virginia Criminal Justice Training Academy

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

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

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

The County's share of both operating and debt service expenditures has been set at 30 percent per the Memorandum of Understanding between NVCJTA and the County and approved by the Board of County Supervisors via resolution number 05-770 on September 6, 2005.

The Industrial Development Authority of Loudoun County VA issued \$18,650 of Lease Revenue Bonds on November 21, 2006, to finance the construction and equipping of the EVOC. Prince William County is responsible for debt service on 30 percent of the total issue, or \$5,505. The County's payment for FY 2010 was \$500. The County's General Fund committed share of the NVCJTA's remaining debt service (including interest), which approximates 30 percent of total NVCJTA principal and interest requirements as of June 30, 2010 is shown in Illustration 16-2.

Illustration 16-2
County's Share of NVCJTA Debt Service Requirements

Year Ending June 30:		
2011	\$	488
2012		476
2013		465
2014		453
2015		442
2016 thru 2020		2,033
2021 thru 2026		2,026
Total	\$	6,383

NOTE (17) - COMMITMENTS AND CONTINGENCIES

A. Virginia Railway Express

In January 1990, the Northern Virginia Transportation District Commission (NVTC) entered into a bond purchase agreement with certain underwriters for the sale of \$79,350 of its bonds. The bonds were issued in February 1990. The proceeds of the issue were used to finance certain costs associated with the establishment of commuter rail service, the Virginia Railway Express (VRE) in the northern Virginia area surrounding Washington, D.C. In July 1993, \$37,625 of refunding bonds were issued to advance refund a portion of the 1990 bonds. In April 1998, \$31,700 of refunding bonds were issued to advance refund the remaining 1990 bonds. As of June 30, 2010, the amount of outstanding NVTC bonds issued for the Virginia Railway Express was \$29,490.

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, 2010, the outstanding balance on the capitalized lease was approximately \$20,776.

In June 2002, VRE entered into a borrowing with SunTrust Bank in the amount of \$900 to refinance a previous borrowing used to purchase the VRE offices. The amount outstanding at June 30, 2010 was \$440. In FY 2008 VRE entered into an agreement with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars. The first fourteen of a series of promissory notes were authorized by the end of fiscal year 2010; when all funds have been borrowed, the individual notes will be combined into a single note. The notes are secured by the revenues of VRE and the railcars. The amount of notes outstanding at June 30, 2010 was \$63,750.

The County, through its membership in the PRTC, has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the VRE. Each jurisdiction's share is determined by a formula set out in the Master Agreement. It is estimated the County's share of this cost will be approximately \$6,700 annually and will be paid with the 2% Motor Fuel Tax collected by the PRTC or the County's General Fund if fuel tax revenues are not sufficient.

NOTE (18) – SELF INSURANCE

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

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

The County's pre-65 retirees with over 15 years of service and permanent employees are eligible to enroll in one of three health insurance plans and a dental plan. All three health insurance plans include comprehensive medical, preventive care, vision, and prescription drug coverage. Three of the health insurance plans are self-insured up to an aggregate stop loss of 125% of total projected claims with a \$175 specific individual stop loss limit. The basis for estimating incurred but not reported (IBNR) claims at year-end is an annual analysis performed by the plan's administrator. The County also offers an HMO option to limited employees and a dental option which are fully insured. The County expended \$28,410 for claims, administration and premiums in fiscal year 2010.

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 18-1 presents a reconciliation of the changes in the aggregate liabilities for claims for the current and prior fiscal years. These claims liabilities are included in accrued liabilities in the accompanying statement of net assets (Exhibit 8).

<p style="text-align: center;">Illustration 18-1 Prince William County Self-Insurance Other Self Insurance, Casualty Pool and Workers' Compensation Association, Health Insurance Changes in the Aggregate Liabilities for Claims</p>					
	Other Self- Insurance	Casualty Pool	Workers' Compensation Association	Health Insurance*	
Unpaid claims June 30, 2007	\$ 127	1,024	11,157	2,865	
Total claims incurred, fiscal year 2008	301	273	1	18,539	
Total claims paid, fiscal year 2008	(78)	(349)	(1,583)	(18,615)	
Unpaid claims June 30, 2008	\$ 350	948	9,575	2,789	
Total claims incurred, fiscal year 2009	--	329	2,218	22,662	
Total claims paid, fiscal year 2009	(11)	(535)	(1,413)	(22,457)	
Unpaid claims June 30, 2009	\$ 339	742	10,380	2,994	
Total claims incurred, fiscal year 2010	--	725	2,648	28,628	
Total claims paid, fiscal year 2010	(31)	(790)	(1,740)	(28,782)	
Unpaid claims June 30, 2010	\$ 308	677	11,288	2,840	

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

NOTE (19) – SUBSEQUENT EVENTS

On May 4, 2010, the Board of County Supervisors approved Resolution No. 10-394 authorizing the sale of General Obligation School Bonds in an amount not to exceed \$9,800 for the purpose of financing certain projects, including but not limited to, energy efficiency improvements and renovations as well as renewable energy projects for public school buildings. On July 8, 2010, the County sold General Obligation School Direct Payment Qualified School Construction Bonds Series 2010-1 in the amount of \$9,685 for multiple school building energy projects.

On June 1, 2010, the Board of County Supervisors approved Resolution No. 10-459 authorizing the sale of General Obligation Public Improvement Bonds in an amount not to exceed \$19,150 for capital improvement road projects and General Obligation Refunding Bonds in an amount not to exceed \$50,000 for debt service savings. In July 29, 2010 the County sold General Obligation Public Improvements Bonds Series 2010A in the amount of \$56,990 and General Obligation Public Improvement Taxable Build America Bonds Series 2010B in the amount of \$10,670. Of the total \$67,660 General Obligation debt sold, \$50,000 are to refund certain prior General Obligation debt and the remaining \$17,660 are to provide funds for capital improvement road projects.

On September 14, 2010, the Board of County Supervisors approved Resolution No. 10-675 authorizing the sale of Refunding Lease Participation Certificates in an amount not to exceed \$18,500 for debt service savings. On October 6, 2010 the County sold Lease Participation Certificates Series 2010 in the amount of \$16,025 to refund certain prior Certificate of Participation and Lease Participation debt.

On October 26, 2010, the Board of County Supervisors approved Resolution No. 10-803 authorizing the sale of Refunding Bonds in an amount not to exceed \$22.0 million to refund existing Virginia Resources Authority bonds. On November 2, 2010 the VRA sold bonds on behalf of the County in the amount of \$18,125 to refund previously issued debt related to the Yorkshire Volunteer Fire Station, the Nokesville/Linton Hall Volunteer Fire Station, and the Western District Police Station, resulting in net present value savings of \$794.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):
(amounts expressed in thousands)

Virginia Retirement System Schedule of Funding Progress

Virginia Retirement System – Pension Plan Schedule of Funding Progress for Prince William County								
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll		
June 30, 2004	\$ 429,575	\$ 479,643	\$ 50,068	89.6%	\$ 163,078	30.70%		
June 30, 2005	\$ 452,581	\$ 526,900	\$ 74,319	85.9%	\$ 160,806	46.22%		
June 30, 2006	\$ 492,099	\$ 564,959	\$ 72,860	87.1%	\$ 173,003	42.12%		
June 30, 2007	\$ 564,007	\$ 640,238	\$ 76,231	88.1%	\$ 184,569	41.30%		
June 30, 2008	\$ 630,911	\$ 711,015	\$ 80,104	88.7%	\$ 201,955	39.66%		
June 30, 2009	\$ 653,184	\$ 770,028	\$ 116,844	84.8%	\$ 205,468	56.87%		

Supplemental Retirement Plan Schedule of Funding Progress

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

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

Other Post Employment Benefits (OPEB) Schedule of Funding Progress

Other Post Employment Benefits – County Sponsored Plans Schedule of Funding Progress for Prince William County								
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll		
July 1, 2008	\$ --	\$ 44,937	\$ 44,937	0%	\$ 229,140	19.6%		
July 1, 2009	\$ 6,297	\$ 44,937	\$ 38,640	14.0%	\$ 228,407	16.9%		

Virginia Retirement System – Health Insurance Credit Program Schedule of Funding Progress for Prince William County								
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll		
June 30, 2007	\$ 794	\$ 6,667	\$ 5,873	11.9%	\$ 184,569	3.18%		
June 30, 2008	\$ 1,186	\$ 5,554	\$ 4,368	21.4%	\$ 201,955	2.16%		
June 30, 2009	\$ 1,239	\$ 5,031	\$ 3,792	24.6%	\$ 205,468	1.85%		



SUPPLEMENTARY INFORMATION



Nonmajor Governmental Funds

Special Revenue Funds

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

The Fire and Rescue Levy accounts for fire and rescue services provided to specific County districts. Revenues are principally derived from special tax levies and interest earnings. Expenditures consist of the cost of delivering fire and rescue services.

The Transportation Districts receive their revenues from special tax levies, user fees, and interest earnings. These revenues are used primarily to pay debt service payments incurred in construction of streets and roads.

The Stormwater Management District and Gypsy Moth Levy receive its revenues from permits and development fees, charges for services, Federal and State grants, interest earnings and special tax levies. Expenditures consist of the cost of promoting storm water drainage and construction projects, maintaining water quality and protecting the environment.

Development Fee Services receive revenues from permits, privilege fees, and regulatory licenses related to land and building development. Expenditures consist primarily of the cost of conducting review, inspection, and planning services.

Housing receives its revenue primarily from Federal housing grants that are used to develop affordable housing opportunities for County residents.

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Balance Sheet
As of June 30, 2010
With Comparative Totals for June 30, 2009
(amounts expressed in thousands)

Schedule 1
Page 1 of 2

	Fire and Rescue Levy	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services	Housing
ASSETS					
Equity in pooled cash and investments	\$ 53,332	877	8,441	3,925	4,317
Accounts receivable	339	9	106	65	33
Due from other governmental units	--	--	--	--	1,248
Total assets	\$ 53,671	886	8,547	3,990	5,598
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 2,547	91	43	13	486
Wages and benefits payable	--	--	150	443	95
Deposits and escrows	1	--	--	--	13
Unearned revenue	--	--	1,450	--	21
Total liabilities	2,548	91	1,643	456	615
FUND BALANCES:					
Unreserved in special revenue funds:					
Designated for grants and special projects	5,215	--	--	--	4,349
Designated for encumbrances	1,074	18	141	--	634
Designated for future years' expenditures	22,190	118	309	163	--
Total designated	28,479	136	450	163	4,983
Undesignated	22,644	659	6,454	3,371	--
Total fund balances	51,123	795	6,904	3,534	4,983
Total liabilities and fund balances	\$ 53,671	886	8,547	3,990	5,598

Historic Preservation Foundation	Library Donations	Total Nonmajor Governmental Funds		
		2010	2009	
				ASSETS
40	388	71,320	71,437	Equity in pooled cash and investments
--	1	553	799	Accounts receivable
--	--	1,248	1,171	Due from other governmental units
40	389	73,121	73,407	Total assets
				LIABILITIES AND FUND BALANCE
				LIABILITIES:
--	4	3,184	3,207	Accounts payable and accrued liabilities
--	--	688	655	Wages and benefits payable
--	--	14	10	Deposits and escrows
--	--	1,471	1,635	Unearned revenue
--	4	5,357	5,507	Total liabilities
				FUND BALANCES:
				Unreserved in special revenue funds:
--	--	9,564	5,087	Designated for grants and special projects
--	--	1,867	1,314	Designated for encumbrances
40	--	22,820	30,300	Designated for future years' expenditures
40	--	34,251	36,701	Total designated
--	385	33,513	31,199	Undesignated
40	385	67,764	67,900	Total fund balances
40	389	73,121	73,407	Total liabilities and fund balances

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2010
With Comparative Totals for the Year Ended June 30, 2009
(amounts expressed in thousands)

Schedule 2
Page 1 of 2

	Fire and Rescue Levy	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services	Housing
REVENUES:					
General property taxes	\$ 29,745	2,791	1,000	--	--
Permits, privilege fees and regulatory licenses	--	--	2	8,990	--
Revenue from use of money and property	2,009	98	324	185	118
Charges for services	--	6	4,898	146	396
Intergovernmental revenue:					
Federal	--	--	--	--	27,218
State	--	--	37	18	29
Donations and Contributions	--	--	--	--	--
Miscellaneous	39	--	--	258	3
Total revenues	31,793	2,895	6,261	9,597	27,764
EXPENDITURES:					
General government - Administration	--	--	--	--	--
Public safety - Fire and Rescue	25,044	--	--	--	--
Public safety - Public Works	--	--	--	7,926	--
Public works - Public Works	--	279	--	--	--
Community development - Housing	--	--	--	--	28,520
Community development - Public Works	--	--	5,089	4,376	--
Total expenditures	25,044	279	5,089	12,302	28,520
Excess (deficiency) of revenues over (under) expenditures	6,749	2,616	1,172	(2,705)	(756)
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General Fund	250	--	--	2,061	67
Special Revenue Fund ^a	--	--	40	--	--
Capital Projects Funds	621	--	--	--	--
Transfers out:					
General Fund	(3,164)	(2,888)	(862)	(2,191)	(260)
Special Revenue Fund ^a	--	--	--	(40)	--
Capital Projects Funds	--	--	(608)	--	--
Internal Service Funds	--	--	--	(260)	--
Total other financing sources (uses)	(2,293)	(2,888)	(1,430)	(430)	(193)
Net change in fund balances	4,456	(272)	(258)	(3,135)	(949)
FUND BALANCES, beginning of year	46,667	1,067	7,162	6,669	5,932
FUND BALANCES, end of year	\$ 51,123	795	6,904	3,534	4,983

^a - Transfers between Special Revenue Funds, \$40 for FY 2010, are eliminated from the total for "Other Governmental Funds".

Historic Preservation Foundation	Library Donations	Total Nonmajor Governmental Funds		
		2010	2009	
--	--	33,536	36,110	REVENUES:
--	--	8,992	9,991	General property taxes
1	12	2,747	3,096	Permits, privilege fees and regulatory licenses
4	--	5,450	5,078	Revenue from use of money and property
--	--	27,218	23,124	Charges for services
--	--	84	87	Intergovernmental revenue:
--	--	--	95	Federal
5	126	431	311	State
				Donations and Contributions
				Miscellaneous
10	138	78,458	77,892	Total revenues
24	102	126	128	EXPENDITURES:
--	--	25,044	24,196	General government - Administration
--	--	7,926	9,593	Public safety - Fire and Rescue
--	--	279	217	Public safety - Public Works
--	--	28,520	26,810	Public works - Public Works
--	--	9,465	9,093	Community development - Housing
				Community development - Public Works
24	102	71,360	70,037	Total expenditures
(14)	36	7,098	7,855	Excess (deficiency) of revenues over (under) expenditures
--	--	2,378	6,726	OTHER FINANCING SOURCES (USES):
--	--	--	--	Transfers in:
--	--	621	222	General Fund
--	--	(9,365)	(8,510)	Special Revenue Fund ^a
--	--	--	--	Capital Projects Funds
--	--	(608)	(611)	Transfers out:
--	--	(260)	--	General Fund
				Special Revenue Fund ^a
				Capital Projects Funds
				Internal Service Funds
--	--	(7,234)	(2,173)	Total other financing sources (uses)
(14)	36	(136)	5,682	Net change in fund balances
54	349	67,900	62,218	FUND BALANCES, beginning of year
40	385	67,764	67,900	FUND BALANCES, end of year

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 3

SPECIAL REVENUE FUND - Fire & Rescue Levy

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

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Budgeted Amounts		2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
	Original	Final			
REVENUES:					
General property taxes	\$ 29,360	29,360	29,745	385	31,741
From use of money and property:					
Use of money - interest	--	--	2,009	2,009	2,159
Miscellaneous	--	36	39	3	--
Total revenues	29,360	29,396	31,793	2,397	33,900
EXPENDITURES:					
Public safety - Fire & Rescue	50,352	27,095	25,044	2,051	24,196
Total expenditures	50,352	27,095	25,044	2,051	24,196
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General Fund	250	250	250	--	307
Capital Projects Funds	621	621	621	--	--
Transfers out:					
General Fund	(3,164)	(3,164)	(3,164)	--	(3,065)
Total other financing sources (uses)	(2,293)	(2,293)	(2,293)	--	(2,758)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(23,285)	8	4,456	4,448	6,946
FUND BALANCE, beginning of year	46,667	46,667	46,667	--	39,721
FUND BALANCE, end of year	\$ 23,382	46,675	51,123	4,448	46,667

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 4

SPECIAL REVENUE FUND - Transportation Districts

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

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Budgeted Amounts		2010 Actual	Variance with Final Budget	2009 Actual
	Original	Final		Positive (Negative)	
REVENUES:					
General property taxes	\$ 2,757	2,756	2,791	35	3,037
From use of money and property:					
Use of money - interest	13	13	98	85	123
Charges for services	--	--	6	6	--
Total revenues	2,770	2,769	2,895	126	3,160
EXPENDITURES:					
Public works - Public Works	284	279	279	--	217
Total expenditures	284	279	279	--	217
OTHER FINANCING USES:					
Transfers out:					
General Fund	(2,888)	(2,888)	(2,888)	--	(2,753)
Capital Projects Funds	--	--	--	--	(4)
Total other financing uses	(2,888)	(2,888)	(2,888)	--	(2,757)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(402)	(398)	(272)	126	186
FUND BALANCE, beginning of year	1,067	1,067	1,067	--	881
FUND BALANCE, end of year	\$ 665	669	795	126	1,067

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 5

SPECIAL REVENUE FUND - Stormwater Management District / Gypsy Moth Levy

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

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Budgeted Amounts		2010 Actual	Variance with Final Budget Positive (Negative)	2009
	Original	Final			Actual
REVENUES:					
General property taxes	\$ 1,457	1,457	1,000	(457)	1,332
Permits, privilege fees and regulatory licenses	--	--	2	2	5
From use of money and property:					
Use of money - interest	328	328	324	(4)	342
Charges for services	4,757	4,757	4,898	141	4,644
Intergovernmental revenue:					
State	--	--	37	37	69
Miscellaneous	--	--	--	--	7
Total revenues	6,542	6,542	6,261	(281)	6,399
EXPENDITURES:					
Community development - Public Works	5,181	6,152	5,089	1,063	4,228
Total expenditures	5,181	6,152	5,089	1,063	4,228
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General Fund	--	--	--	--	157
Special Revenue Fund	--	40	40	--	--
Capital Projects Funds	--	--	--	--	222
Transfers out:					
General Fund	(588)	(862)	(862)	--	(594)
Capital Projects Funds	(608)	(608)	(608)	--	(607)
Total other financing sources (uses)	(1,196)	(1,430)	(1,430)	--	(822)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	165	(1,040)	(258)	782	1,349
FUND BALANCE, beginning of year	7,162	7,162	7,162	--	5,813
FUND BALANCE, end of year	\$ 7,327	6,122	6,904	782	7,162

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 6

SPECIAL REVENUE FUND - Development Fee Services

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

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Budgeted Amounts		2010 Actual	Variance with Final Budget Positive (Negative)	2009 Actual
	Original	Final			
REVENUES:					
Permits, privilege fees and regulatory licenses	\$ 8,502	8,509	8,990	481	9,986
From use of money and property:					
Use of money - interest	235	236	185	(51)	221
Charges for services	9	8	146	138	25
Intergovernmental revenue:					
State	3	3	18	15	6
Miscellaneous	211	211	258	47	298
Total revenues	8,960	8,967	9,597	630	10,536
EXPENDITURES:					
Public Safety - Public Works	9,540	8,375	7,926	449	9,593
Community Development - Public Works	4,266	4,376	4,376	--	4,865
Total expenditures	13,806	12,751	12,302	449	14,458
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General Fund	1,935	2,061	2,061	--	5,995
Transfers out:					
General Fund	(2,466)	(2,191)	(2,191)	--	(2,032)
Special Revenue Fund	--	(40)	(40)	--	--
Internal Service Funds	--	(260)	(260)	--	--
Total other financing sources (uses)	(531)	(430)	(430)	--	3,963
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(5,377)	(4,214)	(3,135)	1,079	41
FUND BALANCE, beginning of year	6,669	6,669	6,669	--	6,628
FUND BALANCE, end of year	\$ 1,292	2,455	3,534	1,079	6,669

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 7

SPECIAL REVENUE FUND - Housing

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

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Budgeted Amounts		2010 Actual	Variance with Final Budget Positive (Variance)	2009 Actual
	Original	Final			
REVENUES:					
Charges for services	\$ 1,696	1,702	396	(1,306)	406
Intergovernmental revenue:					
Federal	34,387	28,388	27,218	(1,170)	23,124
State	12	14	29	15	12
Miscellaneous	10	3	3	--	--
From use of money and property:					
Use of money - interest	--	--	118	118	235
Total revenues	36,105	30,107	27,764	(2,343)	23,777
EXPENDITURES:					
Community development - Housing	36,300	30,668	28,520	2,148	26,810
Total expenditures	36,300	30,668	28,520	2,148	26,810
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General Fund	11	67	67	--	267
Transfers out:					
General Fund	(108)	(260)	(260)	--	(66)
Total other financing sources (uses)	(97)	(193)	(193)	--	201
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(292)	(754)	(949)	(195)	(2,832)
FUND BALANCE, beginning of year	5,932	5,932	5,932	--	8,764
FUND BALANCE, end of year	\$ 5,640	5,178	4,983	(195)	5,932

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided on a cost-reimbursement basis by one department or agency to other departments or agencies of the County. The County has the following internal service funds:

Intra-County Services Fund

Comprised of the Construction Crew, which provide roads and sidewalk construction and maintenance on County property; Data Processing, which provides computer operations and software applications; and Vehicle Maintenance, which provides fleet operations services.

Self-insurance Funds

Three self-insurance programs provide the County with liability, property damage, casualty and workers' compensation insurance.

Health Insurance

The County established a Health Insurance Fund to self-insure for medical coverage for employees, to provide fully insured dental, vision, and flexible spending benefits, and to provide an additional insurance credit for retirees.

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 8

INTERNAL SERVICE FUNDS

Combining Statement of Net Assets

As of June 30, 2010

With Comparative Totals for June 30, 2009

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2010	2009
ASSETS							
CURRENT ASSETS:							
Equity in pooled cash and investments	\$ 24,562	309	2,132	12,435	22,797	62,235	47,316
Investments	--	--	2,488	9,908	--	12,396	12,221
Accounts receivable	35	--	8	74	126	243	255
Due from other governmental units	--	--	--	--	--	--	25
Due from other funds	--	--	21	18	2,455	2,494	2,729
Due from component units	--	--	--	13	--	13	--
Inventory	228	--	--	--	--	228	228
Prepaid items	--	--	114	21	275	410	278
Total current assets	24,825	309	4,763	22,469	25,653	78,019	63,052
NONCURRENT ASSETS:							
Restricted investments	--	--	500	750	--	1,250	1,250
Capital assets (net of accumulated depreciation)	7,026	--	--	--	--	7,026	7,659
Total noncurrent assets	7,026	--	500	750	--	8,276	8,909
Total assets	31,851	309	5,263	23,219	25,653	86,295	71,961
LIABILITIES							
CURRENT LIABILITIES:							
Accounts payable	687	--	34	123	771	1,615	2,805
Wages and benefits payable	327	--	--	--	2	329	336
Unpaid losses, related liabilities and IBNR	--	--	347	1,343	--	1,690	1,678
Due to other funds	--	--	--	21	--	21	111
Unearned revenue	--	--	--	--	2,301	2,301	2,139
Current portion of surplus distribution payable	--	--	303	328	--	631	630
Current portion of compensated absences	37	--	--	--	--	37	37
Total current liabilities	1,051	--	684	1,815	3,074	6,624	7,736
LONG-TERM LIABILITIES:							
Unpaid losses, related liabilities and IBNR	--	308	330	9,945	2,840	13,423	12,777
Surplus distribution payable	--	--	754	328	--	1,082	1,786
Compensated absences, net of current portion	865	--	--	--	--	865	926
Total long-term liabilities	865	308	1,084	10,273	2,840	15,370	15,489
Total liabilities	1,916	308	1,768	12,088	5,914	21,994	23,225
NET ASSETS							
Invested in capital assets, net of related debt	7,026	--	--	--	--	7,026	7,659
Restricted for self-insurance funds	--	--	500	2,102	--	2,602	2,481
Unrestricted	22,909	1	2,995	9,029	19,739	54,673	38,596
Total net assets	\$ 29,935	1	3,495	11,131	19,739	64,301	48,736

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 9

INTERNAL SERVICE FUNDS

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

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2010	2009
OPERATING REVENUES:							
Charges for services	\$ 23,322	--	1,539	4,004	31,588	60,453	60,669
Revenue from the Commonwealth	40	--	--	--	--	40	7
Miscellaneous	1,316	--	--	--	2,655	3,971	3,046
Total operating revenues	24,678	--	1,539	4,004	34,243	64,464	63,722
OPERATING EXPENSES:							
Personal services	7,891	--	--	--	48	7,939	8,662
Contractual services	7,308	--	--	--	2,331	9,639	11,080
Materials/supplies	5,408	--	--	--	--	5,408	5,074
Depreciation	3,251	--	--	--	--	3,251	1,852
Other	382	--	451	549	--	1,382	1,464
Claims and premiums	--	--	501	226	27,282	28,009	29,010
OPEB cost	--	--	--	--	4,044	4,044	5,265
Losses and loss adjustment expenses	--	--	101	2,419	(154)	2,366	2,753
Total operating expenses	24,240	--	1,053	3,194	33,551	62,038	65,160
Operating income (loss)	438	--	486	810	692	2,426	(1,438)
NONOPERATING REVENUES (EXPENSES):							
Interest income	322	8	83	496	757	1,666	2,280
Loss on sale of capital assets	(4)	--	--	--	--	(4)	(59)
Declaration of surplus distribution	--	--	--	--	--	--	(1,892)
Total nonoperating revenues (expenses)	318	8	83	496	757	1,662	329
Income (loss) before transfers	756	8	569	1,306	1,449	4,088	(1,109)
TRANSFERS:							
Transfers in:							
General Fund	--	--	--	--	1,282	1,282	1,500
Special Revenue Fund	260	--	--	--	--	260	--
Capital Projects Fund	9,505	--	--	--	--	9,505	--
Transfers out:							
General Fund	(320)	(8)	--	--	--	(328)	(3,882)
Total transfers	9,445	(8)	--	--	1,282	10,719	(2,382)
Capital contributions	758	--	--	--	--	758	419
Change in net assets	10,959	--	569	1,306	2,731	15,565	(3,072)
NET ASSETS, beginning, as restated	18,976	1	2,926	9,825	17,008	48,736	51,808
NET ASSETS, ending	\$ 29,935	1	3,495	11,131	19,739	64,301	48,736

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2010
(amounts expressed in thousands)

Schedule 10
Page 1 of 2

	Intra- County Services	Other Self- Insurance	Self- Insurance Casualty Pool	Self- Insurance Workers' Compensation Association	Health Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from County agencies	\$ 23,130	--	1,236	3,581	19,011	46,958
Cash received from employees	--	--	--	--	3,466	3,466
Cash received from other entities	198	--	--	--	9,532	9,730
Payments for claims and premiums	--	(31)	(790)	(1,740)	(28,782)	(31,343)
Payments to suppliers for goods and services	(13,061)	--	(327)	(482)	(2,380)	(16,250)
Payments to employees for services	(7,960)	--	--	--	(48)	(8,008)
Net cash provided (used) by operating activities	2,307	(31)	119	1,359	799	4,553
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Surplus distributions paid	--	--	(72)	--	--	(72)
Transfers in	9,765	--	--	--	1,282	11,047
Transfers out	(320)	--	--	--	--	(320)
Net cash provided (used) by noncapital financing activities	9,445	--	(72)	--	1,282	10,655
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(1,864)	--	--	--	--	(1,864)
Proceeds from sale of capital assets	4	--	--	--	--	4
Net cash used by capital and related financing activities	(1,860)	--	--	--	--	(1,860)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from maturities of investments	--	--	4,100	19,387	--	23,487
Purchases of investments	--	--	(5,171)	(18,344)	--	(23,515)
Interest and dividends received on investments	322	--	62	376	839	1,599
Net cash provided (used) by investing activities	322	--	(1,009)	1,419	839	1,571
Net increase (decrease) in cash and cash equivalents	10,214	(31)	(962)	2,778	2,920	14,919
CASH AND CASH EQUIVALENTS, beginning of year	14,348	340	3,094	9,657	19,877	47,316
CASH AND CASH EQUIVALENTS, end of year	\$ 24,562	309	2,132	12,435	22,797	62,235

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2010
(amounts expressed in thousands)

Schedule 10
Page 2 of 2

	Intra- County Services	Other Self- Insurance	Self- Insurance Casualty Pool	Self- Insurance Workers' Compensation Association	Health Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income	\$ 438	--	486	810	692	2,426
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	3,251	--	--	--	--	3,251
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	(37)	--	(303)	(313)	59	(594)
Due from other governmental units	1	--	--	--	--	1
Due from other funds	--	--	(21)	(7)	156	128
Inventory	1	--	39	(1)	--	39
Prepaid items	--	(30)	--	--	(170)	(200)
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	(1,347)	--	1	28	55	(1,263)
Unpaid losses and related expenses	--	(1)	(65)	908	(154)	688
Unearned revenue	--	--	--	--	161	161
Due to related parties	--	--	(18)	(66)	--	(84)
Total adjustments	1,869	(31)	(367)	549	107	2,127
Net cash provided (used) by operating activities	\$ 2,307	(31)	119	1,359	799	4,553
NONCASH CAPITAL AND FINANCING ACTIVITIES:						
Change in fair value of investments	\$ --	--	23	124	--	147



Fiduciary & Agency Funds

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

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 11

FIDUCIARY FUNDS

Statement of Fiduciary Net Assets - OPEB Master Trust Fund

As of June 30, 2010

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) Park Authority Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-employment Benefits (OPEB) Master Trust Fund
ASSETS				
Restricted cash	1	1	1	3
Total cash and receivables	1	1	1	3
Restricted investments, at fair value:				
Money market mutual funds	\$ 10,311	434	7,071	17,816
Total investments	10,311	434	7,071	17,816
Total assets	\$ 10,312	435	7,072	17,819
LIABILITIES				
Due to other funds	2,428	27	--	2,455
Total liabilities	\$ 2,428	27	--	2,455
NET ASSETS				
Held in trust for pension benefits and other purposes	7,884	408	7,072	15,364
Total net assets	\$ 7,884	408	7,072	15,364

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 12

FIDUCIARY FUNDS

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

For the Year Ended June 30, 2010

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) Park Authority Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ADDITIONS				
Contributions:				
Employer	\$ 4,304	157	2,000	6,461
Total contributions	4,304	157	2,000	6,461
Investment income:				
Interest and dividends	19	1	13	33
Net appreciation in fair value of investments	101	4	59	164
Total investment income	120	5	72	197
Total additions	4,424	162	2,072	6,658
DEDUCTIONS				
Other Post-Employment Benefit payments	2,428	27	--	2,455
Total deductions	2,428	27	--	2,455
Change in net assets	1,996	135	2,072	4,203
NET ASSETS, beginning of year	5,888	273	5,000	11,161
NET ASSETS, end of year	\$ 7,884	408	7,072	15,364

COUNTY OF PRINCE WILLIAM, VIRGINIA
 AGENCY FUNDS
 Combining Statement of Fiduciary Net Assets
 As of June 30, 2010
 (amounts expressed in thousands)

Schedule 13

	Special Welfare	Community Services Board Payees	Housing FSS Recipients	Total
ASSETS				
Equity in pooled cash and investments	\$ 45	146	571	762
Total assets	\$ 45	146	571	762
LIABILITIES				
Deposits and escrows	\$ 45	146	571	762
Total liabilities	\$ 45	146	571	762

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 14

AGENCY FUNDS

Combining Statement Of Changes In Assets And Liabilities

For the Year Ended June 30, 2010

(amounts expressed in thousands)

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
SPECIAL WELFARE				
Assets				
Equity in pooled cash and investments	\$ 156	251	362	45
Liabilities				
Accounts payable and accrued liabilities	\$ 156	251	362	45
COMMUNITY SERVICES BOARD PAYEES				
Assets				
Equity in pooled cash and investments	\$ 128	676	658	146
Liabilities				
Accounts payable and accrued liabilities	\$ 128	676	658	146
HOUSING FSS RECIPIENTS				
Assets				
Equity in pooled cash and investments	\$ 575	72	76	571
Total assets	\$ 575	72	76	571
Liabilities				
Accounts payable and accrued liabilities	\$ 575	72	76	571
TOTAL AGENCY FUNDS				
Assets				
Equity in pooled cash and investments	\$ 859	999	1,096	762
Total assets	\$ 859	999	1,096	762
Liabilities				
Accounts payable and accrued liabilities	\$ 859	999	1,096	762



DISCRETELY PRESENTED COMPONENT UNITS

Adult Detention Center

The Adult Detention Center derives revenues from the County and charges for services. The Adult Detention Center statement includes revenues and expenditures for the general operation and capital projects of the Adult Detention Center.

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 15

DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

Combining Balance Sheet

As of June 30, 2010

With Comparative Totals for June 30, 2009

(amounts expressed in thousands)

	Governmental Fund Types		Total		
	General	Capital	2010	2009	
	Operating	Projects			
ASSETS					
Equity in pooled cash and investments	\$	14,687	6,263	20,950	22,268
Restricted cash		--	2,622	2,622	6,333
Due from other governmental units		150	--	150	173
Total assets	\$	14,837	8,885	23,722	28,774
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$	371	402	773	154
Wages and benefits payable		1,039	--	1,039	999
Retainages		--	248	248	--
Due to other governmental units		506	--	506	408
Total liabilities		1,916	650	2,566	1,561
FUND BALANCES:					
Unreserved reported in:					
General Fund:					
Designated for encumbrances		215	--	215	--
Undesignated		12,706	--	12,706	12,350
Capital Projects:					
Designated for encumbrances		--	1,505	1,505	6,410
Designated for construction projects		--	6,730	6,730	8,453
Total fund balances		12,921	8,235	21,156	27,213
Total liabilities and fund balances	\$	14,837	8,885		
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				67,335	69,558
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.				(2,954)	(2,851)
Net assets of governmental activities	\$			85,537	93,920

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 16

DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Governmental Fund Types		Total	
	General	Capital		
	Operating	Projects	2010	2009
REVENUES:				
From use of money and property	\$ 378	14	392	656
Charges for services	477	--	477	461
Intergovernmental revenue:				
Federal	8,438	--	8,438	3,907
State	2,923	--	2,923	7,247
Local	23,930	--	23,930	26,334
Miscellaneous	92	--	92	99
Total revenues	36,238	14	36,252	38,704
EXPENDITURES:				
Public safety	35,628	--	35,628	35,356
Capital projects	--	6,682	6,682	3,758
Total expenditures	35,628	6,682	42,310	39,114
Excess (deficiency) of revenue over (under) expenditures	610	(6,668)	(6,058)	(410)
OTHER FINANCING SOURCES (USES)				
Transfers in	--	40	40	40
Transfers out	(40)	--	(40)	(40)
Sale of surplus property	1	--	1	1
Total other financing sources (uses)	(39)	40	1	1
Net change in fund balances	571	(6,628)	(6,057)	(409)
FUND BALANCES, beginning of year	12,350	14,863		
FUND BALANCES, end of year	\$ 12,921	8,235		
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			72	3,344
Subtract depreciation expense			(2,027)	(1,340)
Subtract net book value of assets removed from service			(268)	(17)
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.				
OPEB obligation was funded by the Health Insurance Internal Service Fund and increases net assets of the ADC component unit			--	297
Add prior year's compensated absences liability			2,851	2,499
Subtract current year's compensated absences liability			(2,954)	(2,851)
Change in Adult Detention Center net assets			\$ (8,383)	1,523

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 17

DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

GENERAL OPERATING FUND

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

For the Year Ended June 30, 2010

With Comparative Totals for the Year Ended June 30, 2009

(amounts expressed in thousands)

	Budgeted Amounts		2010	Variance with	2009
	Original	Final	Actual	Final Budget Positive (Negative)	Actual
REVENUES:					
FROM USE OF MONEY AND PROPERTY:					
Use of money - interest	\$ --	378	378	--	466
CHARGES FOR SERVICES:					
For correction and detention	652	652	461	(191)	448
Other charges	11	11	16	5	13
Total charges for services	663	663	477	(186)	461
INTERGOVERNMENTAL REVENUE:					
From the Federal government:					
Federal prisoner per diem	183	183	167	(16)	190
Other	300	300	8,271	7,971	3,717
Total revenue from the Federal government	483	483	8,438	7,955	3,907
From the Commonwealth:					
Reimbursement shared expenses	9,637	9,637	2,923	(6,714)	7,247
From other localities:					
Manassas	2,606	2,606	2,560	(46)	2,336
Manassas Park	376	376	394	18	450
Prince William County	20,936	20,976	20,976	--	23,548
Total revenue from other localities	23,918	23,958	23,930	(28)	26,334
MISCELLANEOUS:					
Expenditure refunds	57	57	92	35	99
Total revenues	34,758	35,176	36,238	1,062	38,514
EXPENDITURES:					
Public safety	35,268	36,117	35,628	(489)	35,356
Total expenditures	35,268	36,117	35,628	(489)	35,356
OTHER FINANCING SOURCES (USES):					
Transfers out	(40)	(40)	(40)	--	(40)
Sale of surplus property	--	--	1	1	1
Total other financing sources (uses)	(40)	(40)	(39)	1	(39)
Net change in fund balance	(550)	(981)	571	1,552	3,119
FUND BALANCE, beginning of year	12,350	12,350	12,350	--	9,231
FUND BALANCE, end of year	\$ 11,800	11,369	12,921	1,552	12,350

DEBT OBLIGATIONS

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

Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt
As of June 30, 2010
(amounts expressed in thousands)

Total Outstanding at June 30, 2010													
Description	Authorized	Issued	Date Issued	General		Adult	Park	School	Total	Interest Rate (%)	Maturing Annually		
				County Related Debt	Road Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2010		Amount	Fiscal Year	
General Obligation and Revenue Bonds:													
Park Authority Bonds	5,080	5,080	15-Apr-03	--	--	--	3,550	--	3,550	3.50	255	2011	
										4.00	255	2012	
										3.25	255	2013	
										4.00	255	2014 thru 2015	
										3.75	255	2016 thru 2017	
										4.00	255	2018 thru 2019	
										4.10	255	2020	
										4.20	250	2021	
										4.25	250	2022	
										4.38	250	2023	
										4.50	250	2024	
1998 Referendum:	34,850	545	15-Oct-01	--	305	--	--	--	305	4.00	30	2011	
										4.00	25	2012	
										4.10	25	2013	
										4.20	25	2014	
										4.30	25	2015	
										4.50	25	2016	
										4.60	25	2017	
										4.50	25	2018	
										4.75	25	2019 thru 2022	
		12,510	15-Apr-03		8,752	--	--	--	8,752	3.50	625	2011	
										4.00	625	2012	
										3.25	625	2013	
										4.00	625	2014 thru 2015	
										3.75	625	2016 thru 2017	
										4.00	625	2018 thru 2019	
										4.10	625	2020	
										4.20	625	2021	
										4.25	625	2022	
										4.38	625	2023	
										4.50	627	2024	
		10,350	8-Jun-04		7,750	--	--	--	7,750	5.00	520	2011 thru 2014	
										5.25	520	2015	
										5.25	515	2016	
										4.50	515	2017	
										4.63	515	2018 thru 2019	
										4.75	515	2020 thru 2021	
										4.88	515	2022	
										5.00	515	2023 thru 2025	
		11,445	9-Nov-04		8,593	--	--	--	8,593	4.00	573	2011 thru 2012	
										5.00	573	2013 thru 2014	
										5.00	573	2015	
										4.00	573	2016 thru 2023	
										4.75	572	2024 thru 2025	
1998 Referendum Total		34,850	34,850	--		25,400	--	--	--	25,400			
2002 Referendum:	86,700	3,000	15-Apr-03	--	2,098	--	--	--	2,098	3.50	150	2011	
										4.00	150	2012	
										3.25	150	2013	
										4.00	150	2014 thru 2015	
										3.75	150	2016 thru 2017	
										4.00	150	2018 thru 2019	
										4.10	150	2020	
										4.20	150	2021	
										4.25	150	2022	
										4.38	150	2023	
										4.50	148	2024	
		10,000	8-Jun-04		7,500	--	--	--	7,500	5.00	500	2011 thru 2014	
										5.25	500	2015 thru 2016	
										4.50	500	2017	
										4.63	500	2018 thru 2019	
	4.75									500	2020 thru 2021		
	4.88									500	2022		
	5.00									500	2023 thru 2025		

Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt
As of June 30, 2010
(amounts expressed in thousands)

Total Outstanding at June 30, 2010																				
Description	Authorized	Issued	Date Issued	General	Road	Adult	Park	School	Total	Interest Rate (%)	Maturing Amount	Annually Fiscal Year								
				County Related Debt	Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2010											
General Obligation and Revenue Bonds (cont'd):																				
2002 Referendum (cont'd):	26,555	9-Nov-04	--	19,927	--	--	--	--	19,927	4.00	1,332	2011 thru 2012								
										5.00	1,332	2013 thru 2014								
										5.00	1,328	2015								
										4.00	1,328	2016 thru 2022								
										4.75	1,325	2023 thru 2024								
										4.75	1,325	2025								
										22,085	12-Jun-07	--	18,771	--	--	--	18,771	4.25	1,106	2011 thru 2013
																		5.00	1,106	2014 thru 2017
																		4.63	1,106	2018 thru 2019
																		4.75	1,102	2020 thru 2025
																		5.00	1,102	2026
																		5.00	1,103	2027
	15,755	6-Aug-08	--	14,967	--	--	--	14,967	4.00	788	2011									
									3.25	788	2012									
									5.00	788	2013									
									3.38	788	2014									
									3.50	789	2015									
									3.75	788	2016 thru 2017									
									4.00	788	2018 thru 2019									
									5.00	789	2020									
									4.00	788	2021									
									5.00	788	2022									
	4.13	788	2023																	
	4.25	789	2024																	
	4.38	786	2025																	
	5.00	787	2026																	
	4.38	787	2027																	
	4.50	786	2028 thru 2029																	
2002 Referendum Total	86,700	77,395	--	63,263	--	--	--	63,263												
2006 Referendum:	369,550	10,370	12-Jun-07	--	8,814	--	--	--	8,814	4.25	519	2011 thru 2013								
										5.00	519	2014 thru 2017								
										4.63	519	2018 thru 2019								
										4.75	518	2020 thru 2025								
										5.00	518	2026								
										5.00	517	2027								
										31,175	6-Aug-08	--	25,478	--	4,135	--	29,613	4.00	1,562	2011
																		3.25	1,562	2012
																		5.00	1,562	2013
																		3.38	1,562	2014
																		3.50	1,562	2015
																		3.75	1,562	2016 thru 2017
	4.00	1,562	2018 thru 2019																	
	5.00	1,562	2020																	
	4.00	1,557	2021																	
	5.00	1,557	2022																	
	4.13	1,557	2023																	
	4.25	1,557	2024																	
	4.38	1,553	2025																	
	5.00	1,553	2026																	
	4.38	1,553	2027																	
	4.50	1,553	2028 thru 2029																	
	2006 Referendum Total	369,550	41,545	--	34,292	--	4,135	--	38,427											
	School Bonds	6,544	6,544	31-Jul-91	--	--	--	--	770	770	6.60	380	2011							
											6.60	390	2012							
		7,100	7,100	29-Apr-93	--	--	--	--	775	775	5.50	285	2011							
											5.50	265	2012							
											5.50	225	2013							
13,150		13,150	5-May-94	--	--	--	--	2,700	2,700	6.23	675	2011 thru 2013								
										6.30	675	2014								
25,760		25,760	1-May-95	--	--	--	--	7,710	7,710	5.80	1,285	2011								
										5.85	1,285	2012								
										5.90	1,285	2013 thru 2014								
										5.98	1,285	2015 thru 2016								

Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt
As of June 30, 2010
(amounts expressed in thousands)

				Total Outstanding at June 30, 2010								
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Authority Related Debt	School Board Related Debt	Total Outstanding (Not Matured) at June 30, 2010	Interest Rate (%)	Maturing Amount	Annually Fiscal Year
Description	Authorized	Issued	Date Issued									
General Obligation and Revenue Bonds (cont'd):												
School Bonds (cont'd)	19,900	19,900	1-Apr-97	--	--	--	--	7,960	7,960	5.48	995	2011 thru 2012
										5.60	995	2013 thru 2018
	9,850	9,850	30-Apr-99	--	--	--	--	4,410	4,410	5.23	490	2011
										5.10	490	2012
										5.23	490	2013
										4.98	490	2014 thru 2015
										5.10	490	2016 thru 2019
	11,930	11,930	13-May-99	--	--	--	--	5,950	5,950	4.48	595	2011
										4.60	595	2012 thru 2013
										4.73	595	2014 thru 2015
										5.10	595	2016 thru 2018
										5.23	595	2019 thru 2020
	33,650	33,650	18-May-00	--	--	--	--	18,485	18,485	5.60	1,685	2011
										5.23	1,680	2012
										5.60	1,680	2013 thru 2021
	48,175	48,175	17-May-01	--	--	--	--	28,895	28,895	5.60	2,410	2011 thru 2012
										4.85	2,410	2013
										5.10	2,410	2014 thru 2017
										5.10	2,405	2018 thru 2022
	10,000	10,000	15-Oct-01	--	--	--	--	6,000	6,000	4.00	500	2011 thru 2012
										4.10	500	2013
										4.20	500	2014
										4.30	500	2015
										4.50	500	2016
										4.60	500	2017
										4.50	500	2018
4.75	500	2019 thru 2022										
	52,660	52,660	16-May-02	--	--	--	--	34,215	34,215	5.60	2,635	2011 thru 2013
										5.10	2,635	2014 thru 2015
										5.10	2,630	2016 thru 2023
	80,675	80,675	15-May-03	--	--	--	--	56,465	56,465	5.10	4,035	2011 thru 2016
										4.10	4,035	2017
										5.10	4,035	2018 thru 2019
										5.10	4,030	2020 thru 2021
4.60	4,030	2022 thru 2024										
	48,795	48,795	13-May-04	--	--	--	--	36,595	36,595	5.10	2,440	2011 thru 2024
										5.10	2,435	2025
	62,320	62,320	12-May-05	--	--	--	--	49,840	49,840	3.10	3,115	2011
										5.10	3,115	2012 thru 2019
										4.10	3,115	2020
										5.10	3,115	2021 thru 2025
										4.35	3,115	2026
	61,605	61,605	11-May-06	--	--	--	--	52,360	52,360	5.10	3,080	2011 thru 2021
										4.48	3,080	2022
										4.60	3,080	2023 thru 2026
										5.10	3,080	2027
	64,975	64,975	10-May-07	--	--	--	--	58,475	58,475	5.10	3,250	2011 thru 2020
										4.10	3,250	2021
										5.10	3,250	2022 thru 2023
										4.48	3,245	2024
										4.50	3,245	2025 thru 2026
5.10	3,245	2027 thru 2028										
	45,890	45,890	15-May-08	--	--	--	--	43,595	43,595	4.10	2,295	2011
										5.10	2,295	2012 thru 2027
										5.10	2,290	2028
										4.60	2,290	2029

Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt
As of June 30, 2010
(amounts expressed in thousands)

Total Outstanding at June 30, 2010																					
Description	Authorized	Issued	Date Issued	General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Authority Related Debt	School Board Related Debt	Total Outstanding (Not Matured) at June 30, 2010	Interest Rate (%)	Maturing Annually										
											Amount	Fiscal Year									
General Obligation and Revenue Bonds (cont'd):																					
School Bonds (cont'd)	51,020	51,020	15-May-09	--	--	--	--	51,020	51,020	5.05	2,555	2011									
										4.05	2,555	2012 thru 2013									
										5.05	2,555	2014									
										5.05	2,550	2015 thru 2019									
										4.05	2,550	2020									
										5.05	2,550	2021 thru 2025									
										4.05	2,550	2026									
										5.05	2,550	2027									
										4.30	2,550	2028									
										5.05	2,550	2029									
										4.25	2,550	2030									
										23,935	23,935	13-May-10	--	--	--	--	23,935	23,935	3.05	3,985	2012
																			4.05	3,990	2013
																			5.05	3,990	2014 thru 2016
																			3.05	3,990	2017
Taxable - Local Build America Bonds	60,765	56,445	13-May-10	--	--	--	--	56,445	56,445	3.85	4,035	2018									
										4.22	4,035	2019									
										4.42	4,035	2020									
										4.52	4,035	2021									
										4.72	4,035	2022									
										4.82	4,030	2023									
										4.97	4,030	2024									
										5.07	4,030	2025									
										5.17	4,030	2026									
										5.56	4,030	2027 thru 2031									
										Total School Bonds	738,699	734,379		--	--	--	--	546,600	546,600		
Refunding Bonds	18,985	18,985	23-Feb-99	--	3,275	--	--	--	3,275	4.20	1,650	2011									
										4.30	1,625	2012									
	67,165	67,165	15-Apr-03	2,598	15,059	--	157	1,121	18,935	3.50	3,930	2011									
										4.00	2,500	2012									
										3.25	3,520	2013									
										4.00	3,455	2014									
										4.00	3,395	2015									
										3.75	740	2016									
										3.75	710	2017									
										4.00	685	2018									
	47,175	47,175	1-Sep-04	7,465	--	--	--	29,105	36,570	5.00	4,765	2011 thru 2012									
										5.00	3,685	2013 thru 2014									
										5.00	3,690	2015									
										5.00	3,685	2016									
										5.00	3,665	2017									
										5.00	3,645	2018									
										4.00	2,000	2019									
										4.00	1,995	2020									
										4.13	990	2021									
										State Literary Fund Loans:											
Garfield High	2,499	2,499	15-Jul-91	--	--	--	--	124	124	4.00	124	2011									
Benton Middle School	5,000	5,000	1-Jul-02	--	--	--	--	3,250	3,250	4.00	250	2011 thru 2023									
IDA Lease Revenue Bond - Refunding																					
American Type Culture Collection (ATCC) Building	10,690	10,690	10-May-05	8,030	--	--	--	--	8,030	3.75	870	2011									
										3.75	900	2012									
										4.00	935	2013									
										3.75	970	2014									
										5.00	1,010	2015									
										5.25	1,055	2016									
										5.25	1,115	2017									
										5.25	1,175	2018									
Total General Obligation and Revenue Bonds	1,386,393	1,044,763		18,093	141,289	--	7,842	580,200	747,424												

Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt
As of June 30, 2010
(amounts expressed in thousands)

Total Outstanding at June 30, 2010												
Description	Authorized	Issued	Date Issued	General		Adult	Park	School	Total	Interest Rate (%)	Maturing Amount	Annually Fiscal Year
				County Related Debt	Road Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2010			
Capital Lease Obligations:												
Commuter Rail Capital Lease	5,500	5,500	1-Mar-91	511	--	--	--	--	511	6.70	511	2011
2002 LPC - Judicial Center, Juvenile Detention Home & Owens Building Expansion	30,965	30,965	1-Jun-02	18,935	--	--	--	--	18,935	4.00	1,580	2011 thru 2012
										4.13	1,600	2013
										4.25	1,575	2014
										5.25	1,575	2015 thru 2019
										4.75	1,575	2020
									5.00	1,575	2021 thru 2022	
2003 VRA - Yorkshire Fire Station	4,500	4,500	1-May-03	3,285	--	--	--	--	3,285	3.35	200	2011
										3.48	205	2012
										3.60	215	2013
										3.73	220	2014
										3.80	230	2015
										3.90	240	2016
										4.10	250	2017
										4.10	260	2018
										4.20	270	2019
										4.30	280	2020
									4.35	290	2021	
									4.40	305	2022	
									4.48	320	2023	
2003 VRA - Western District Police Station	21,475	21,475	1-May-03	15,655	--	--	--	--	15,655	3.35	955	2011
										3.48	985	2012
										3.60	1,020	2013
										3.73	1,060	2014
										3.80	1,095	2015
										3.90	1,140	2016
										4.10	1,185	2017
										4.10	1,230	2018
										4.20	1,280	2019
										4.30	1,335	2020
									4.35	1,395	2021	
									4.40	1,455	2022	
									4.48	1,520	2023	
2004 VRA - Nokesville Fire Station	6,345	6,345	4-Dec-03	4,445	--	--	--	--	4,445	4.51	320	2011
										4.54	320	2012
										4.27	320	2013
										4.65	320	2014
										4.69	320	2015
										4.73	320	2016
										5.10	320	2017
										4.80	315	2018
									5.10	315	2019 thru 2024	
2005 VRA - Spicer Fire Station	3,300	3,300	8-Jun-05	2,070	--	--	--	--	2,070	3.58	265	2011
										3.48	270	2012
										3.58	250	2013
										3.62	110	2014
										4.86	110	2015
										4.69	110	2016
										4.93	110	2017
										4.61	110	2018
										4.81	105	2019
										4.10	105	2020 thru 2021
									4.14	105	2022	
									4.23	105	2023	
									4.26	105	2024	
									4.31	105	2025	
2006 VRA - Transportation	21,240	21,240	7-Dec-05	--	16,970	--	--	--	16,970	4.79	1,065	2011 thru 2012
										4.79	1,060	2013 thru 2016
										4.83	1,060	2017 thru 2018
										4.87	1,060	2019 thru 2020
										4.91	1,060	2021
									4.94	1,060	2022 thru 2026	

Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt
As of June 30, 2010
(amounts expressed in thousands)

				Total Outstanding at June 30, 2010								
Description	Authorized	Issued	Date Issued	General		Adult	Park	School	Total	Interest Rate (%)	Maturing Annually	
				County Related Debt	Road Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2010		Amount	Fiscal Year
Capital Lease Obligations (cont'd):												
2005 LPC - Phase III Facility, Land Acquisition & PW Golf Course expansion	38,645	38,645	21-Sep-05	28,480	--	--	495	--	28,975	3.63	1,935	2011
										3.75	1,935	2012
										4.00	1,935	2013 thru 2014
										5.00	1,935	2015
										5.00	1,930	2016 thru 2022
										4.13	1,930	2023
2006 VRA - River Oaks Fire Station	5,000	5,000	29-Nov-06	4,250	--	--	--	--	4,250	4.25	1,930	2024 thru 2025
										4.65	250	2011 thru 2013
										4.66	250	2014 thru 2016
										4.70	250	2017 thru 2018
										4.74	250	2019 thru 2020
										4.78	250	2021 thru 2024
2006 Bull Run Mountain Lease	1,300	1,300	20-Jul-06	--	512	--	--	--	512	5.98	196	2011
										5.98	207	2012
										5.98	109	2013
2006A COP - Adult Detention Center	34,505	34,505	1-Aug-06	--	--	29,325	--	--	29,325	4.25	1,725	2011 thru 2015
										4.00	1,725	2016
										4.50	1,725	2017
										5.00	1,725	2018 thru 2025
										4.50	1,725	2026 thru 2027
2006B COP - Adult Detention Center	33,500	33,500	1-Aug-06	--	--	5,500	--	--	5,500	variable variable	1,040 2,230	2025 2026 thru 2027
2007 VRA - Roads	14,795	14,795	7-Jun-07	--	12,570	--	--	--	12,570	4.10	745	2011
										4.72	745	2012
										4.62	745	2013
										4.72	745	2014
										4.50	745	2015
										4.49	740	2016
										4.72	740	2017
										4.10	740	2018
										4.79	740	2019 thru 2020
										4.83	735	2021 thru 2022
										4.87	735	2023
										4.35	735	2024 thru 2025
										4.39	735	2026 thru 2027
										2007 VRA - Antioch Fire Station	5,275	5,275
4.79	270	2012 thru 2014										
4.80	265	2015 thru 2017										
4.10	260	2018										
4.79	260	2019 thru 2020										
4.83	260	2021 thru 2022										
4.87	260	2023										
4.35	260	2024 thru 2025										
4.39	260	2026 thru 2027										
2008 VRA - Roads	6,255	6,255	19-Jun-08	--	5,940	--	--	--	5,940	3.30	315	2011
										3.45	315	2012
										3.80	315	2013
										3.10	315	2014
										3.87	315	2015
										4.61	315	2016
										4.65	315	2017
										4.69	315	2018
										4.72	315	2019
										4.80	315	2020
										4.81	310	2021 thru 2022
										4.85	310	2023 thru 2024
										4.88	310	2025 thru 2026
										4.92	310	2027 thru 2029

Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt
As of June 30, 2010
(amounts expressed in thousands)

Total Outstanding at June 30, 2010												
Description	Authorized	Issued	Date Issued	General		Adult	Park	School	Total	Interest Rate (%)	Maturing Annually	
				County Related Debt	Road Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2010		Amount	Fiscal Year
Capital Lease Obligations (cont'd):												
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	4,230	--	--	--	--	4,230	3.31	225	2011
										3.46	225	2012
										3.79	225	2013
										3.10	225	2014
										3.87	225	2015
										4.59	225	2016
										5.63	225	2017
										4.67	225	2018
										4.71	225	2019
										4.79	225	2020
										4.81	220	2021 thru 2022
										4.84	220	2023 thru 2024
										4.88	220	2025 thru 2026
										4.92	220	2027 thru 2029
2009 VRA - Roads	37,945	37,945	19-Jun-08	--	37,945	--	--	--	37,945	4.83	1,900	2011 thru 2013
										4.78	1,900	2014
										5.13	1,900	2015 thru 2019
										5.13	1,895	2020 thru 2021
										4.83	1,895	2022 thru 2025
										4.86	1,895	2026
										4.90	1,895	2027
										4.94	1,895	2028
										4.98	1,895	2029
										4.69	1,895	2030
Refunding LPC	15,550	15,550	19-Oct-05	9,250	--	--	--	--	9,250	4.00	1,535	2011
										3.50	920	2012
										3.70	925	2013
										3.80	940	2014
										4.00	950	2015
										4.00	965	2016
										4.00	555	2017
										4.13	580	2018
										4.00	600	2019
										4.25	625	2020
										4.25	655	2021
Total Capital Lease Obligations	290,550	290,550		95,586	73,937	34,825	495	--	204,843			
Total General Obligation, Capital Leases and Other Long-Term Debt												
1,676,943	1,335,313		113,679	215,226	34,825	8,337	580,200	952,267				

STATISTICAL SECTION

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

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Contents	Page
Financial Trends	139
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	148
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	156
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	163
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	165
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	168
These schedules present other information useful to certain readers of the County's financial statements.	



COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 1 - Net Assets by Component

Last Nine Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008 ^c	2009	2010
Governmental activities:									
Invested in capital assets, net of related debt	\$ 70,329	\$ 129,691	\$ 157,675	\$ 157,297	\$ 181,314	\$ 176,505	\$ 228,235	\$ 252,588	\$ 259,042
Restricted	58,494	31,218	63,091	97,966	80,734	127,405	97,879	126,846	79,107
Unrestricted	(308,244)	(368,887)	(416,413)	(448,523)	(456,297)	(557,172)	(571,991)	(636,839)	(589,807)
Total governmental activities net assets	\$ (179,421)	\$ (207,978)	\$ (195,647)	\$ (193,260)	\$ (194,249)	\$ (253,262)	\$ (245,877)	\$ (257,405)	\$ (251,658)
Business-type activities:									
Invested in capital assets, net of related debt	\$ 12,068	\$ 13,665	\$ 15,597	\$ 16,580	\$ 19,534	\$ 20,316	\$ 21,238	\$ 22,020	\$ 23,790
Unrestricted	11,375	13,187	10,709	10,879	5,246	1,784	6,345	7,411	12,253
Total business-type activities net assets	\$ 23,443	\$ 26,852	\$ 26,306	\$ 27,459	\$ 24,780	\$ 22,100	\$ 27,583	\$ 29,431	\$ 36,043
Primary government:									
Invested in capital assets, net of related debt	\$ 82,397	\$ 143,356	\$ 173,272	\$ 173,877	\$ 200,848	\$ 196,821	\$ 249,473	\$ 274,608	\$ 282,832
Restricted	58,494	31,218	63,091	97,966	80,734	127,405	97,879	126,846	79,107
Unrestricted	(296,869)	(355,700)	(405,704)	(437,644)	(451,051)	(555,388)	(565,646)	(629,428)	(577,554)
Total primary government net assets	\$ (155,978)	\$ (181,126)	\$ (169,341)	\$ (165,801)	\$ (169,469)	\$ (231,162)	\$ (218,294)	\$ (227,974)	\$ (215,615)
Component units:^a									
Invested in capital assets, net of related debt	\$ 435,749	\$ 508,244	\$ 600,839	\$ 673,971	\$ 760,726	\$ 849,253	\$ 959,640	\$ 1,021,548	\$ 1,087,841
Restricted	77,489	110,929	99,225	91,563	93,803	150,427	111,676	90,441	90,969
Unrestricted	27,659	44,598	34,938	68,448	85,543	105,568	85,760	126,805	142,868
Total component units net assets	\$ 540,897	\$ 663,771	\$ 735,002	\$ 833,982	\$ 940,072	\$ 1,105,248	\$ 1,157,076	\$ 1,238,794	\$ 1,321,678
Total reporting entity:									
Invested in capital assets, net of related debt ^b	\$ 206,963	\$ 367,027	\$ 460,590	\$ 492,349	\$ 573,997	\$ 611,788	\$ 728,795	\$ 777,478	\$ 838,280
Restricted ^b	135,983	43,471	65,261	100,150	82,939	131,009	98,617	126,846	79,107
Unrestricted	41,973	72,147	39,810	75,682	113,667	131,289	111,370	106,496	188,676
Total reporting entity net assets	\$ 384,919	\$ 482,645	\$ 565,661	\$ 668,181	\$ 770,603	\$ 874,086	\$ 938,782	\$ 1,010,820	\$ 1,106,063

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

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

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

TABLE 2 - Changes in Net Assets

Last Nine Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government:									
Expenses									
Governmental activities:									
General government administration	\$ 26,253	\$ 30,119	\$ 28,187	\$ 34,046	\$ 38,274	\$ 38,612	\$ 40,417	\$ 41,598	\$ 37,503
Judicial administration	14,053	15,064	15,518	15,661	17,130	18,097	19,260	19,004	17,471
Public safety	104,747	111,177	137,522	146,097	176,300	247,862	194,468	210,257	197,928
Public works	34,215	31,400	32,207	58,200	73,149	90,004	94,042	124,491	54,892
Health and welfare	51,702	55,111	59,249	63,111	65,580	70,062	75,112	75,163	74,268
Education	302,203	328,645	310,767	360,258	386,995	413,349	403,396	434,797	440,443
Parks, recreational and cultural	25,397	27,501	30,277	28,904	31,479	36,114	37,291	35,793	38,347
Community development	11,483	36,862	47,136	48,079	50,363	45,225	45,474	49,100	49,524
Interest on long-term debt	20,787	24,200	27,432	31,923	33,684	40,074	41,526	41,868	44,253
Total governmental activities expenses	<u>590,840</u>	<u>660,079</u>	<u>688,295</u>	<u>786,279</u>	<u>872,954</u>	<u>999,399</u>	<u>950,986</u>	<u>1,032,071</u>	<u>954,629</u>
Business-type activities:									
Landfill	7,896	11,259	11,683	13,919	13,885	14,461	14,955	12,181	10,724
Sanitary/Service Districts	217	112	--	--	--	--	--	--	--
Innovation Technology Park	130	946	129	877	157	949	209	242	49
Total business-type activities expenses	<u>8,243</u>	<u>12,317</u>	<u>11,812</u>	<u>14,796</u>	<u>14,042</u>	<u>15,410</u>	<u>15,164</u>	<u>12,423</u>	<u>10,773</u>
Total primary government expenses	<u>\$ 599,083</u>	<u>\$ 672,396</u>	<u>\$ 700,107</u>	<u>\$ 801,075</u>	<u>\$ 886,996</u>	<u>\$ 1,014,809</u>	<u>\$ 966,150</u>	<u>\$ 1,044,494</u>	<u>\$ 965,402</u>
Program Revenues									
Governmental activities:									
Charges for services:									
General government administration	\$ 425	\$ 456	\$ 377	\$ 487	\$ 520	\$ 543	\$ 572	\$ 681	\$ 558
Judicial administration	3,699	4,887	5,628	6,558	7,213	5,577	4,796	4,695	4,234
Public safety	2,838	2,770	3,481	4,317	4,630	6,002	6,412	5,783	6,027
Public works	6,517	7,048	7,274	7,447	6,692	6,851	8,796	4,669	4,958
Health and welfare	1,448	1,281	1,473	1,666	1,619	1,751	2,000	1,850	1,429
Parks, recreational and cultural	324	358	441	590	575	553	517	526	520
Community development	12,458	14,980	17,374	17,527	17,216	11,121	11,624	10,457	9,564
Operating grants and contributions	43,980	62,448	67,689	68,901	69,496	74,152	76,200	86,411	90,529
Capital grants and contributions	25,610	26,950	23,364	20,346	26,259	37,673	31,514	40,183	28,271
Total governmental activities program revenues	<u>97,299</u>	<u>121,178</u>	<u>127,101</u>	<u>127,839</u>	<u>134,220</u>	<u>144,223</u>	<u>142,431</u>	<u>155,255</u>	<u>146,090</u>
Business-type activities:									
Charges for services:									
Landfill	10,742	11,845	12,543	13,305	13,296	14,567	14,948	15,840	16,244
Sanitary/Service Districts	92	4	--	--	--	--	--	--	--
Innovation Technology Park	48	3,454	474	3,098	1,416	7,812	2,168	1,373	7
Capital grants and contributions	--	--	--	--	--	--	--	27	177
Total business-type activities program revenues	<u>10,882</u>	<u>15,303</u>	<u>13,017</u>	<u>16,403</u>	<u>14,712</u>	<u>22,379</u>	<u>17,116</u>	<u>17,240</u>	<u>16,428</u>
Total primary government program revenues	<u>\$ 108,181</u>	<u>\$ 136,481</u>	<u>\$ 140,118</u>	<u>\$ 144,242</u>	<u>\$ 148,932</u>	<u>\$ 166,602</u>	<u>\$ 159,547</u>	<u>\$ 172,495</u>	<u>\$ 162,518</u>
Net (Expense)/Revenue									
Governmental activities	\$ (493,541)	\$ (538,901)	\$ (561,194)	\$ (658,440)	\$ (738,734)	\$ (855,176)	\$ (808,555)	\$ (876,816)	\$ (808,539)
Business-type activities	2,639	2,986	1,205	1,607	670	6,969	1,952	4,817	5,655
Total primary government net (expense)/revenue	<u>\$ (490,902)</u>	<u>\$ (535,915)</u>	<u>\$ (559,989)</u>	<u>\$ (656,833)</u>	<u>\$ (738,064)</u>	<u>\$ (848,207)</u>	<u>\$ (806,603)</u>	<u>\$ (871,999)</u>	<u>\$ (802,884)</u>

TABLE 2 - Changes in Net Assets

Last Nine Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Real property	\$ 263,815	\$ 304,326	\$ 340,470	\$ 388,216	\$ 418,990	\$ 461,230	\$ 484,368	\$ 545,021	\$ 509,007
Personal property	37,335	44,195	51,285	52,625	62,368	75,030	77,509	80,642	67,816
Local sales	33,444	35,224	40,721	43,857	46,649	47,921	46,155	45,055	46,155
Consumers utility	19,247	20,257	22,870	25,452	26,295	18,522	12,354	12,596	12,840
Telecommunications sales and use tax	--	--	--	--	--	9,533	22,230	20,198	--
Cable franchise tax	3,150	2,700	3,262	3,252	3,431	2,021	--	--	--
Business, professional and occupational license	13,385	14,836	17,564	19,534	23,071	22,809	21,173	19,931	20,269
Recordation	5,854	8,572	10,713	19,491	22,741	15,143	11,528	10,669	7,813
Motor vehicle licenses	5,142	5,441	5,829	6,275	6,641	6,534	6,651	6,874	7,221
Public safety E-911	1,873	3,022	3,047	2,957	2,931	1,536	--	--	--
Transient occupancy	2,135	2,137	2,357	2,793	3,026	3,294	3,389	3,189	3,014
Short term rental, bank stock, public utility gross receipts	1,616	1,582	1,764	1,803	2,151	2,044	1,990	2,220	2,661
Payment from School Board	28,462	--	--	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	47,854	52,230	57,450	59,608	67,359	62,227	62,580	62,765	82,882
Investment earnings	9,279	7,574	5,234	13,916	20,833	31,504	35,381	26,793	31,713
Gain/(loss) on disposition of capital assets	--	--	--	--	--	--	(170)	--	--
Miscellaneous	9,638	7,552	8,105	19,141	26,434	24,854	24,774	24,458	22,085
Transfers	(3,191)	696	2,831	1,736	4,825	11,961	(789)	4,877	810
Total governmental activities	<u>479,038</u>	<u>510,344</u>	<u>573,502</u>	<u>660,656</u>	<u>737,745</u>	<u>796,163</u>	<u>809,123</u>	<u>865,288</u>	<u>814,286</u>
Business-type activities:									
Taxes									
General property taxes-pledged	166	91	--	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	--	--	144	--	--	--	--	1	--
Investment earnings	639	437	213	637	712	1,272	1,228	1,003	928
Gain/(loss) on disposition of capital assets	--	--	--	--	--	--	--	(141)	--
Miscellaneous	(734)	591	746	816	764	1,040	1,514	1,045	839
Transfers	3,191	(696)	(2,831)	(1,736)	(4,825)	(11,961)	789	(4,877)	(810)
Total business-type activities	<u>3,262</u>	<u>423</u>	<u>(1,728)</u>	<u>(283)</u>	<u>(3,349)</u>	<u>(9,649)</u>	<u>3,531</u>	<u>(2,969)</u>	<u>957</u>
Total primary government	<u>\$ 482,300</u>	<u>\$ 510,767</u>	<u>\$ 571,774</u>	<u>\$ 660,373</u>	<u>\$ 734,396</u>	<u>\$ 786,514</u>	<u>\$ 812,654</u>	<u>\$ 862,319</u>	<u>\$ 815,243</u>
Change in Net Assets									
Governmental activities	\$ (14,503)	\$ (28,557)	\$ 12,308	\$ 2,216	\$ (989)	\$ (59,013)	\$ 568	\$ (11,528)	\$ 5,747
Business-type activities	5,901	3,409	(523)	1,324	(2,679)	(2,680)	5,483	1,848	6,612
Total primary government	<u>\$ (8,602)</u>	<u>\$ (25,148)</u>	<u>\$ 11,785</u>	<u>\$ 3,540</u>	<u>\$ (3,668)</u>	<u>\$ (61,693)</u>	<u>\$ 6,051</u>	<u>\$ (9,680)</u>	<u>\$ 12,359</u>
Component Units:									
Expenses									
School Board	\$ 467,267	\$ 521,985	\$ 568,664	\$ 647,871	\$ 709,940	\$ 797,465	\$ 854,175	\$ 879,594	\$ 879,024
Adult Detention Center	18,756	20,410	22,150	25,259	26,265	30,075	36,428	37,479	44,635
Park Authority	21,306	23,099	24,945	26,558	27,806	29,401	31,416	30,749	29,754
Convention & Visitors Bureau	680	--	--	--	--	--	--	--	--
Total component unit expenses	<u>\$ 508,009</u>	<u>\$ 565,494</u>	<u>\$ 615,759</u>	<u>\$ 699,688</u>	<u>\$ 764,011</u>	<u>\$ 856,941</u>	<u>\$ 922,019</u>	<u>\$ 947,822</u>	<u>\$ 953,413</u>
Program Revenues									
Charges for services	\$ 30,669	\$ 30,902	\$ 27,590	\$ 30,618	\$ 31,784	\$ 33,552	\$ 35,946	\$ 36,270	\$ 34,948
Operating grants and contributions	64,777	65,760	74,567	86,295	93,688	103,107	109,227	117,803	120,782
Capital grants and contributions	1,653	881	902	904	1,598	990	4,540	4,395	4,863
Total component unit program revenues	<u>\$ 97,099</u>	<u>\$ 97,543</u>	<u>\$ 103,059</u>	<u>\$ 117,817</u>	<u>\$ 127,070</u>	<u>\$ 137,649</u>	<u>\$ 149,713</u>	<u>\$ 158,468</u>	<u>\$ 160,593</u>
General Revenues and Other Changes in Net Assets									
Payment from primary government	\$ 322,386	\$ 388,246	\$ 375,493	\$ 435,390	\$ 476,726	\$ 575,240	\$ 505,409	\$ 538,853	\$ 544,019
Grants and contributions not restricted to specific programs	168,747	187,352	203,673	238,381	257,076	293,972	307,491	323,233	324,506
Investment earnings	3,310	2,193	1,698	2,965	5,994	10,772	9,389	6,856	5,367
Loss on disposition of capital assets	372	--	--	3	--	--	(17)	--	--
Miscellaneous	3,033	13,034	3,067	4,112	3,235	4,484	1,862	2,130	1,812
Total general revenues and other changes in net assets	<u>\$ 497,848</u>	<u>\$ 590,825</u>	<u>\$ 583,931</u>	<u>\$ 680,851</u>	<u>\$ 743,031</u>	<u>\$ 884,468</u>	<u>\$ 824,134</u>	<u>\$ 871,072</u>	<u>\$ 875,704</u>
Total component unit change in net assets	<u>\$ 86,938</u>	<u>\$ 122,874</u>	<u>\$ 71,231</u>	<u>\$ 98,980</u>	<u>\$ 106,090</u>	<u>\$ 165,176</u>	<u>\$ 51,828</u>	<u>\$ 81,718</u>	<u>\$ 82,884</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years

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

	2001	2002	2003	2004	2005*
General Fund:					
Reserved for:					
Encumbrances	\$ 5,279	\$ 4,421	\$ 4,957	\$ 7,033	\$ --
Inventory	292	299	253	270	288
Prepays	--	--	--	--	377
Courthouse security fees	--	--	--	--	--
Debt service	1,344	1,329	1,329	1,326	1,299
Developer default recoveries	171	186	139	140	154
Noncurrent receivables	329	105	90	75	60
Total reserved	<u>7,415</u>	<u>6,340</u>	<u>6,768</u>	<u>8,844</u>	<u>2,178</u>
Unreserved, reported in:					
Designated for grants and special projects	989	1,236	1,545	1,341	2,993
Designated for encumbrances	--	--	--	--	5,358
Designated for future years' expenditures	42,769	50,550	51,966	50,414	73,883
Undesignated	27,734	32,734	36,939	43,939	52,351
Total unreserved	<u>71,492</u>	<u>84,520</u>	<u>90,450</u>	<u>95,694</u>	<u>134,585</u>
Total general fund	<u>\$ 78,907</u>	<u>\$ 90,860</u>	<u>\$ 97,218</u>	<u>\$ 104,538</u>	<u>\$ 136,763</u>
Capital Projects:					
Reserved for:					
Encumbrances	\$ 26,687	\$ 22,533	\$ 13,893	\$ 36,328	\$ --
Prepays	--	--	--	--	--
Total reserved	<u>26,687</u>	<u>22,533</u>	<u>13,893</u>	<u>36,328</u>	<u>--</u>
Unreserved, reported in:					
Designated for construction projects	5,388	18,939	57,673	52,835	31,445
Designated for grants and special projects	--	1,000	--	--	--
Designated for encumbrances	--	--	--	--	71,304
Designated for future years' expenditures	1,000	--	--	2,150	1,277
Designated for capital reserve	2,025	5,718	2,962	--	--
Undesignated	(6,936)	(8,315)	--	5,739	4,570
Total unreserved	<u>1,477</u>	<u>17,342</u>	<u>60,635</u>	<u>60,724</u>	<u>108,596</u>
Total capital projects	<u>\$ 28,164</u>	<u>\$ 39,875</u>	<u>\$ 74,528</u>	<u>\$ 97,052</u>	<u>\$ 108,596</u>
Non-major Special Revenue Funds:					
Reserved for:					
Encumbrances	\$ 97	\$ --	\$ 999	\$ 1,983	\$ --
HUD administrative fee	--	759	160	160	--
Total reserved	<u>97</u>	<u>759</u>	<u>1,159</u>	<u>2,143</u>	<u>--</u>
Unreserved, reported in:					
Designated for grants and special projects	2,266	2,243	2,243	139	394
Designated for encumbrances	--	--	--	--	789
Designated for future years' expenditures	3,741	7,312	8,315	12,497	19,446
Undesignated	11,527	13,803	16,864	15,897	18,003
Total unreserved	<u>17,534</u>	<u>23,358</u>	<u>27,422</u>	<u>28,533</u>	<u>38,632</u>
Total non-major special revenue funds	<u>\$ 17,631</u>	<u>\$ 24,117</u>	<u>\$ 28,581</u>	<u>\$ 30,676</u>	<u>\$ 38,632</u>

* - The substantial decrease in reserved fund balance and the corresponding increase in unreserved fund balance between 2004 and 2005 is primarily the result of the reclassification of encumbered fund balance between categories.

2006	2007	2008	2009	2010	
					General Fund:
\$ --	\$ --	\$ --	\$ --	\$ --	Reserved for:
292	351	309	292	201	Encumbrances
351	--	--	--	--	Inventory
27	34	232	289	--	Prepays
1,347	1,395	1,452	1,086	1,130	Courthouse security fees
160	168	177	184	191	Debt service
45	30	15	--	--	Developer default recoveries
<u>2,222</u>	<u>1,978</u>	<u>2,185</u>	<u>1,851</u>	<u>1,522</u>	Noncurrent receivables
					Total reserved
4,910	4,642	5,344	6,887	7,399	Unreserved, reported in:
5,947	8,378	7,331	4,311	3,780	Designated for grants and special projects
62,403	63,429	53,838	88,645	92,228	Designated for encumbrances
58,462	61,666	63,228	67,187	63,948	Designated for future years' expenditures
<u>131,722</u>	<u>138,115</u>	<u>129,741</u>	<u>167,030</u>	<u>167,355</u>	Undesignated
					Total unreserved
\$ <u>133,944</u>	\$ <u>140,093</u>	\$ <u>131,926</u>	\$ <u>168,881</u>	\$ <u>168,877</u>	Total general fund
					Capital Projects:
\$ --	\$ --	\$ --	\$ --	\$ --	Reserved for:
--	--	23	34	34	Encumbrances
<u>--</u>	<u>--</u>	<u>23</u>	<u>34</u>	<u>34</u>	Prepays
					Total reserved
49,511	57,913	61,199	80,528	68,613	Unreserved, reported in:
--	--	--	--	--	Designated for construction projects
71,515	72,389	43,869	22,321	12,016	Designated for grants and special projects
2,384	1,000	1,500	22,800	19,000	Designated for encumbrances
--	--	30,795	17,445	20,495	Designated for future years' expenditures
11,355	33,693	--	--	--	Designated for capital reserve
<u>134,765</u>	<u>164,995</u>	<u>137,363</u>	<u>143,094</u>	<u>120,124</u>	Undesignated
					Total unreserved
\$ <u>134,765</u>	\$ <u>164,995</u>	\$ <u>137,386</u>	\$ <u>143,128</u>	\$ <u>120,158</u>	Total capital projects
					Non-major Special Revenue Funds:
\$ --	\$ --	\$ --	\$ --	\$ --	Reserved for:
--	--	--	--	--	Encumbrances
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	HUD administrative fee
					Total reserved
--	1,126	8,603	5,087	9,564	Unreserved, reported in:
2,828	2,047	1,220	1,314	1,867	Designated for grants and special projects
19,936	11,703	32,941	30,300	22,820	Designated for encumbrances
16,549	33,002	19,454	31,199	33,513	Designated for future years' expenditures
<u>39,313</u>	<u>47,878</u>	<u>62,218</u>	<u>67,900</u>	<u>67,764</u>	Undesignated
					Total unreserved
\$ <u>39,313</u>	\$ <u>47,878</u>	\$ <u>62,218</u>	\$ <u>67,900</u>	\$ <u>67,764</u>	Total non-major special revenue funds

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 4 - Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

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

	2001	2002	2003	2004	2005
REVENUES:					
General property taxes	\$ 281,012	\$ 301,735	\$ 347,248	\$ 390,802	\$ 440,822
Other local taxes	75,665	82,696	91,071	104,865	126,063
Permits, privilege fees and regulatory licenses	16,608	19,123	21,552	23,480	20,418
Fines and forfeitures	2,044	2,020	1,880	2,329	2,392
From use of money and property	14,982	8,869	7,076	4,258	12,494
Charges for services	8,119	9,716	11,048	13,501	15,133
Intergovernmental revenues:					
Federal	17,804	23,431	39,251	43,909	44,354
State	61,872	87,716	83,945	86,794	88,567
Local	5,869	6,297	7,097	7,333	8,085
Donations and contributions	--	130	91	113	147
Miscellaneous	7,543	9,482	7,138	7,957	18,994
Total revenues	<u>491,518</u>	<u>551,215</u>	<u>617,397</u>	<u>685,341</u>	<u>777,469</u>
EXPENDITURES:					
General government administration	22,502	26,594	28,098	29,981	33,176
Judicial administration	11,354	11,638	12,709	14,679	14,589
Public safety	86,180	96,844	113,988	132,761	144,058
Public works	17,024	16,987	21,857	19,854	22,296
Health and welfare	48,614	52,011	55,020	59,572	61,534
Education	251,613	273,741	323,263	314,193	357,726
Parks, recreational and cultural	10,959	25,500	26,769	28,197	27,600
Community development	15,264	19,177	37,726	43,447	43,805
Debt service:					
Principal retirement	11,007	27,179	31,236	35,615	40,323
Interest and other debt costs	7,668	20,294	24,200	25,493	30,029
Intergovernmental - arbitrage rebate	116	(238)	52	(126)	71
Capital outlays	19,824	44,660	30,548	33,759	61,804
Total expenditures	<u>502,125</u>	<u>614,387</u>	<u>705,466</u>	<u>737,425</u>	<u>837,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,607)</u>	<u>(63,172)</u>	<u>(88,069)</u>	<u>(52,084)</u>	<u>(59,542)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	13,795	43,703	22,240	38,058	33,756
Transfers out	12,667	(47,538)	(24,660)	(35,151)	(31,785)
Sale of lease participation certificates	--	--	--	6,345	3,300
Bonds, notes and capital leases	8,385	94,170	127,918	69,233	100,320
Refunding of lease participation certificates	--	--	--	--	--
Refunding bonds	--	--	67,165	--	57,865
Payments to refunded lease participation certificates escrow agent	--	--	--	--	--
Payments to refunded bond escrow agent	--	--	(71,478)	--	(61,292)
Premium on sale of bonds	42	2,265	11,107	4,346	5,003
Premium from refunding bonds	--	--	--	--	3,841
Premium on sale of lease participation certificates	--	293	--	328	54
Premiums from refunding lease participation certificates	--	--	--	--	--
Insurance recoveries	403	--	--	35	--
Non-revenue receipts	--	--	--	--	--
State literary fund proceeds	--	--	854	--	--
Sale of easements	--	--	--	--	--
Sale of surplus property	319	429	398	829	205
Total other financing sources (uses)	<u>35,611</u>	<u>93,322</u>	<u>133,544</u>	<u>84,023</u>	<u>111,267</u>
Net change in fund balances	<u>\$ 25,004</u>	<u>\$ 30,150</u>	<u>\$ 45,475</u>	<u>\$ 31,939</u>	<u>\$ 51,725</u>
Debt service as a percentage of noncapital expenditures	3.80%	8.13%	8.33%	8.50%	8.58%

	2006	2007	2008	2009	2010	
						REVENUES:
\$	482,075	\$ 535,367	\$ 560,637	\$ 623,758	\$ 577,981	General property taxes
	136,936	129,357	125,470	120,732	99,973	Other local taxes
	18,793	14,596	13,607	11,374	10,617	Permits, privilege fees and regulatory licenses
	2,469	2,767	2,664	2,759	2,866	Fines and forfeitures
	18,213	27,476	30,579	22,431	27,516	From use of money and property
	17,203	15,035	18,446	14,528	13,807	Charges for services
						Intergovernmental revenues:
	43,677	44,802	46,133	40,735	47,201	Federal
	102,420	99,511	96,842	117,091	133,976	State
	8,289	10,095	10,307	9,378	8,912	Local
	129	119	107	95	58	Donations and contributions
	26,285	24,735	25,656	26,255	22,027	Miscellaneous
	<u>856,489</u>	<u>903,860</u>	<u>930,448</u>	<u>989,136</u>	<u>944,934</u>	Total revenues
						EXPENDITURES:
	35,685	34,649	35,838	35,712	34,108	General government administration
	16,180	17,599	18,182	18,271	16,971	Judicial administration
	171,717	244,659	191,061	207,920	202,196	Public safety
	23,567	27,738	30,188	29,218	25,545	Public works
	64,880	70,596	75,562	74,765	74,593	Health and welfare
	388,718	416,114	403,396	434,596	437,057	Education
	29,922	32,828	36,097	34,549	36,485	Parks, recreational and cultural
	47,938	44,123	42,353	43,107	44,389	Community development
						Debt service:
	47,955	52,455	60,162	61,753	92,223	Principal retirement
	33,171	37,675	39,990	41,029	43,339	Interest and other debt costs
	217	1,060	147	--	--	Intergovernmental - arbitrage rebate
	104,042	89,033	74,601	112,121	34,064	Capital outlays
	<u>963,992</u>	<u>1,068,529</u>	<u>1,007,577</u>	<u>1,093,041</u>	<u>1,040,970</u>	Total expenditures
						Excess (deficiency) of revenues over
	<u>(107,503)</u>	<u>(164,669)</u>	<u>(77,129)</u>	<u>(103,905)</u>	<u>(96,036)</u>	(under) expenditures
						OTHER FINANCING SOURCES (USES):
	72,779	73,392	54,079	47,880	39,033	Transfers in
	(67,675)	(60,932)	(58,921)	(40,621)	(48,942)	Transfers out
	59,885	93,075	10,710	37,945	--	Sale of lease participation certificates
	61,605	98,730	45,890	97,950	80,380	Bonds, notes and capital leases
	15,550	--	--	--	--	Refunding of lease participation certificates
	--	--	--	--	--	Refunding bonds
						Payments to refunded lease participation
	(15,289)	--	--	--	--	certificates escrow agent
	--	--	--	--	--	Payments to refunded bond escrow agent
	2,353	3,905	3,343	8,976	2,205	Premium on sale of bonds
	--	--	--	--	--	Premium from refunding bonds
	2,164	1,368	457	--	--	Premium on sale of lease participation certificates
	17	--	--	--	--	Premiums from refunding lease participation certificates
	--	--	--	--	--	Insurance recoveries
	--	--	--	--	--	Non-revenue receipts
	--	--	--	--	--	State literary fund proceeds
	--	--	--	--	--	Sale of easements
	145	75	135	154	250	Sale of surplus property
	<u>131,534</u>	<u>209,613</u>	<u>55,693</u>	<u>152,284</u>	<u>72,926</u>	Total other financing sources (uses)
\$	<u>24,031</u>	<u>\$ 44,944</u>	<u>\$ (21,436)</u>	<u>\$ 48,379</u>	<u>\$ (23,110)</u>	Net change in fund balances
						Debt service as a percentage of
	8.93%	8.74%	10.03%	9.49%	13.20%	noncapital expenditures

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 5 - Changes in Net Assets, Supplemental Retirement Plan^a

Last Ten Fiscal Years

(amounts expressed in thousands)

	2001	2002	2003	2004	2005
Additions					
Member contributions	\$ 314	\$ 462	\$ 504	\$ 558	\$ 593
Employer contributions	228	462	504	558	593
Investment income (net of expenses)	15	(50)	1,035	2,590	2,278
Total additions to plan net assets	<u>\$ 557</u>	<u>\$ 874</u>	<u>\$ 2,043</u>	<u>\$ 3,706</u>	<u>\$ 3,464</u>
Deductions					
Benefit payments	\$ 317	\$ 417	\$ 590	\$ 853	\$ 834
Refunds	29	37	56	63	19
Administrative expenses	113	95	68	51	79
Change in net assets	<u>\$ 98</u>	<u>\$ 325</u>	<u>\$ 1,329</u>	<u>\$ 2,739</u>	<u>\$ 2,532</u>

^a All information through 2001 taken from CAFR Exhibit 7; all information from 2002 forward taken from CAFR Exhibit 12.

	2006	2007	2008	2009	2010	
						Additions
\$	669	\$ 722	\$ 757	\$ 802	\$ 826	Member contributions
	669	722	757	802	827	Employer contributions
	<u>2,066</u>	<u>3,479</u>	<u>(603)</u>	<u>(4,577)</u>	<u>2,003</u>	Investment income (net of expenses)
\$	<u>3,404</u>	<u>4,923</u>	<u>911</u>	<u>(2,973)</u>	<u>3,656</u>	Total additions to plan net assets
						Deductions
\$	1,002	\$ 1,089	\$ 1,121	\$ 1,291	\$ 1,475	Benefit payments
	75	34	149	37	200	Refunds
	<u>73</u>	<u>69</u>	<u>73</u>	<u>127</u>	<u>137</u>	Administrative expenses
\$	<u>2,254</u>	<u>3,731</u>	<u>(432)</u>	<u>(4,428)</u>	<u>1,844</u>	Change in net assets

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 6 - General Governmental Revenues by Source^a

Last Ten Fiscal Years

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

Fiscal Year	Taxes ^b	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property	Charges for Services
2001	\$ 356,677	\$ 16,608	\$ 2,044	\$ 21,933	\$ 23,811
2002	\$ 384,431	\$ 19,123	\$ 2,020	\$ 12,399	\$ 27,854
2003	\$ 438,410	\$ 21,552	\$ 1,880	\$ 9,774	\$ 29,581
2004	\$ 495,667	\$ 23,480	\$ 2,329	\$ 7,470	\$ 34,373
2005	\$ 566,885	\$ 20,418	\$ 2,392	\$ 16,486	\$ 35,983
2006	\$ 619,011	\$ 18,793	\$ 2,469	\$ 26,200	\$ 38,476
2007	\$ 664,724	\$ 14,596	\$ 2,767	\$ 42,906	\$ 37,528
2008	\$ 686,107	\$ 13,607	\$ 2,664	\$ 43,952	\$ 39,947
2009	\$ 744,490	\$ 11,374	\$ 2,759	\$ 31,019	\$ 36,836
2010	\$ 677,954	\$ 10,617	\$ 2,866	\$ 33,903	\$ 34,877
Change 2001 - 2010	90.08%	-36.07%	40.22%	54.58%	46.47%

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

^b Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 27.5% for fiscal year 2000, 47.5% for fiscal year 2001, 70.0% for fiscal years 2002 through 2006, and 61.5% for fiscal year 2007 through 2008. The reimbursement for fiscal year 2010 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

TABLE 6A - General Governmental Tax Revenues by Source

Last Ten Fiscal Years

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

Fiscal Year	Real Estate	Personal Property ^a	Public Service	Total General ^b Property Taxes	Sales Tax
2001	\$ 223,922	\$ 42,636	\$ 12,452	\$ 279,010	\$ 31,603
2002	\$ 248,430	\$ 38,675	\$ 12,286	\$ 299,391	\$ 33,444
2003	\$ 287,517	\$ 45,739	\$ 11,757	\$ 345,013	\$ 35,224
2004	\$ 329,073	\$ 48,368	\$ 11,679	\$ 389,120	\$ 40,721
2005	\$ 375,345	\$ 49,645	\$ 14,227	\$ 439,217	\$ 43,857
2006	\$ 410,127	\$ 59,075	\$ 12,131	\$ 481,333	\$ 46,649
2007	\$ 452,553	\$ 71,290	\$ 9,627	\$ 533,470	\$ 47,921
2008	\$ 474,398	\$ 73,311	\$ 10,682	\$ 558,391	\$ 46,155
2009	\$ 531,882	\$ 75,986	\$ 13,394	\$ 621,262	\$ 45,055
2010	\$ 496,297	\$ 63,666	\$ 15,520	\$ 575,483	\$ 46,155
Change 2001 - 2010	121.64%	49.32%	24.64%	106.26%	46.05%

^a Starting in fiscal year 2000, the personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act. See Note "b" of Table 10 for a complete listing of the amounts received each year from the Commonwealth.

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

Inter-Governmental ^b							
PPTRA		All Others		Miscellaneous		Total	Fiscal Year
\$	26,814	\$	280,942	\$	8,548	\$ 737,377	2001
\$	41,144	\$	311,322	\$	11,015	\$ 809,308	2002
\$	45,426	\$	372,912	\$	16,563	\$ 936,098	2003
\$	50,625	\$	403,194	\$	8,198	\$ 1,025,336	2004
\$	52,350	\$	461,853	\$	19,184	\$ 1,175,551	2005
\$	59,994	\$	495,108	\$	26,463	\$ 1,286,514	2006
\$	54,274	\$	618,695	\$	26,591	\$ 1,462,081	2007
\$	54,288	\$	574,967	\$	28,013	\$ 1,443,545	2008
\$	54,288	\$	614,146	\$	28,953	\$ 1,523,865	2009
\$	54,288	\$	661,024	\$	24,324	\$ 1,499,853	2010
							Change
102.46%		135.29%		184.56%		103.40%	2001 - 2010

Utility Taxes	BPOL Tax	All Other ^b	Total	Fiscal Year	
\$ 17,806	\$ 11,806	\$ 16,452	\$ 356,677	2001	
\$ 19,247	\$ 13,385	\$ 18,964	\$ 384,431	2002	
\$ 20,257	\$ 14,836	\$ 23,080	\$ 438,410	2003	
\$ 22,870	\$ 17,564	\$ 25,392	\$ 495,667	2004	
\$ 25,452	\$ 19,534	\$ 38,825	\$ 566,885	2005	
\$ 26,295	\$ 23,071	\$ 42,663	\$ 620,011	2006	
\$ 18,522	\$ 22,810	\$ 42,002	\$ 664,725	2007	
\$ 12,354	\$ 21,173	\$ 48,034	\$ 686,107	2008	
\$ 12,596	\$ 19,931	\$ 45,646	\$ 744,490	2009	
\$ 12,840	\$ 20,269	\$ 23,207	\$ 677,954	2010	
-27.89%	71.68%	41.06%	90.08%	Change 2001 - 2010	

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
2001	\$12,227,393	\$665,512	\$2,473,855	\$877,768	\$378,120	\$16,622,648	\$1.34	\$18,984,250	87.56%
2002	\$13,995,425	\$770,902	\$2,797,878	\$887,526	\$337,530	\$18,789,261	\$1.38	\$23,422,264	80.22%
2003	\$17,609,310	\$895,236	\$3,135,552	\$901,202	\$249,277	\$22,790,577	\$1.31	\$28,546,061	79.84%
2004	\$22,066,665	\$1,036,502	\$3,279,611	\$945,931	\$227,277	\$27,555,986	\$1.24	\$33,941,300	81.19%
2005	\$27,573,301	\$1,190,201	\$3,868,984	\$1,249,775	\$257,786	\$34,140,047	\$1.14	\$45,520,808	75.00%
2006	\$36,143,674	\$1,338,215	\$4,721,938	\$1,253,506	\$282,495	\$43,739,828	\$0.97	\$60,203,453	72.65%
2007	\$48,617,154	\$1,588,255	\$5,667,015	\$1,355,894	\$428,530	\$57,656,848	\$0.81	\$64,002,474	90.09%
2008	\$48,185,629	\$1,759,043	\$6,592,385	\$1,448,737	\$305,617	\$58,291,411	\$0.84	\$61,439,875	94.88%
2009	\$41,980,642	\$1,904,868	\$7,595,528	\$1,471,669	\$273,037	\$53,225,744	\$1.03	\$64,776,004	82.17%
2010	\$29,888,134	\$1,801,532	\$6,726,623	\$1,360,944	\$214,673	\$39,991,906	\$1.29	\$47,152,506	84.81%

^a Net of tax-exempt property:

2001 - \$1,466,410	2006 - \$2,567,585
2002 - \$1,529,681	2007 - \$3,049,599
2003 - \$1,646,501	2008 - \$3,867,736
2004 - \$1,695,543	2009 - \$3,722,543
2005 - \$2,223,993	2010 - \$3,451,863

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

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

Last Ten Fiscal Years

(dollars expressed in millions)

Fiscal Year	Commercial as a		New Construction ^a					Bank Deposits ^b
	Percent of Total Taxable	Commercial & Public Service to Total	Residential		Non-Residential			
			Permits	Value	Permits	Value		
2001	14.9%	20.2%	4,049	\$ 469	65	\$ 160	\$ 1,285	
2002	14.9%	19.6%	4,528	\$ 502	83	\$ 132	\$ 1,433	
2003	13.8%	17.7%	5,141	\$ 723	200	\$ 495	\$ 1,694	
2004	11.9%	15.3%	4,938	\$ 654	217	\$ 320	\$ 2,007	
2005	11.3%	15.0%	5,249	\$ 718	219	\$ 477	\$ 2,319	
2006	10.8%	13.7%	3,871	\$ 552	299	\$ 576	\$ 2,681	
2007	9.8%	12.2%	2,744	\$ 397	301	\$ 379	\$ 2,864	
2008	11.3%	13.8%	1,568	\$ 228	259	\$ 183	\$ 2,863	
2009	14.3%	17.0%	1,782	\$ 270	203	\$ 195	\$ 3,135	
2010	16.8%	20.2%	1,996	\$ 297	152	\$ 92	\$ 3,322	

^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. 2001-2010, 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	2001	2002	2003	2004	2005
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$ 1.34000	\$ 1.30000	\$ 1.23000	\$ 1.16000	\$ 1.07000
Fire and Rescue Levy (Countywide)	--	\$ 0.07280	\$ 0.07280	\$ 0.07280	\$ 0.06600
Gypsy Moth Levy (Countywide)	\$ 0.00280	\$ 0.00400	\$ 0.00400	\$ 0.00400	\$ 0.00400
Total Direct Tax Rate	\$ 1.34280	\$ 1.37680	\$ 1.30680	\$ 1.23680	\$ 1.14000
<i>Special District Levies^a:</i>					
Fire and Rescue Levies -					
Dumfries (Fire)	\$ 0.04000	--	--	--	--
Dumfries (Rescue)	\$ 0.03000	--	--	--	--
Occoquan	\$ 0.05770	--	--	--	--
Neabsco	\$ 0.07410	--	--	--	--
Stonewall Jackson	\$ 0.03870	--	--	--	--
Coles	\$ 0.09250	--	--	--	--
Yorkshire	\$ 0.10000	--	--	--	--
Lake Jackson	\$ 0.09210	--	--	--	--
Gainesville	\$ 0.06070	--	--	--	--
Evergreen	\$ 0.07860	--	--	--	--
Nokesville	\$ 0.09840	--	--	--	--
Buckhall	\$ 0.09630	--	--	--	--
Wellington	\$ 0.09800	--	--	--	--
Sanitary District Levy					
Bull Run	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Occoquan Forest	\$ 0.16000	\$ 0.16000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Service District Levies -					
Bull Run	\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.10000
Lake Jackson	\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000
Circuit Court	--	--	--	\$ 0.28000	\$ 0.28000
Transportation District Levies -					
Prince William Parkway	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000
234-Bypass	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000
Foremost Court Service	\$ 0.23000	\$ 0.23000	\$ 0.23000	\$ 0.23000	\$ 0.22000
Woodbine Forest Service	\$ 0.14000	\$ 0.14000	\$ 0.07000	--	--
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.12420
Town of Haymarket	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000
Town of Occoquan	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000
Town of Quantico	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000

^a All special levies are assessed on real estate only.

2006	2007	2008	2009	2010	Type of Tax
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
\$ 0.91000	\$ 0.75800	\$ 0.78700	\$ 0.97000	\$ 1.21200	Real Estate - General Fund
\$ 0.05600	\$ 0.04660	\$ 0.04840	\$ 0.05970	\$ 0.07460	Fire and Rescue Levy (Countywide)
\$ 0.00250	\$ 0.00250	\$ 0.00250	\$ 0.00250	\$ 0.00250	Gypsy Moth Levy (Countywide)
<u>\$ 0.96850</u>	<u>\$ 0.80710</u>	<u>\$ 0.83790</u>	<u>\$ 1.03220</u>	<u>\$ 1.28910</u>	Total Direct Tax Rate
<i>Special District Levies^a:</i>					
Fire and Rescue Levies -					
--	--	--	--	--	Dumfries (Fire)
--	--	--	--	--	Dumfries (Rescue)
--	--	--	--	--	Occoquan
--	--	--	--	--	Neabsco
--	--	--	--	--	Stonewall Jackson
--	--	--	--	--	Coles
--	--	--	--	--	Yorkshire
--	--	--	--	--	Lake Jackson
--	--	--	--	--	Gainesville
--	--	--	--	--	Evergreen
--	--	--	--	--	Nokesville
--	--	--	--	--	Buckhall
--	--	--	--	--	Wellington
Sanitary District Levy					
\$ 0.00001	--	--	--	--	Bull Run
\$ 0.00001	--	--	--	--	Occoquan Forest
Service District Levies -					
\$ 0.10000	\$ 0.12000	\$ 0.12000	\$ 0.13800	\$ 0.19900	Bull Run
\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.12300	\$ 0.17200	Lake Jackson
\$ 0.23000	\$ 0.19000	\$ 0.19000	\$ 0.15000	--	Circuit Court
Transportation District Levies -					
\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	Prince William Parkway
\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	234-Bypass
--	--	--	--	--	Foremost Court Service
--	--	--	--	--	Woodbine Forest Service
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
\$ 0.13000	\$ 0.18000	\$ 0.18000	\$ 0.18000	\$ 0.35330	Town of Dumfries
\$ 0.14000	\$ 0.12000	\$ 0.12800	\$ 0.16400	\$ 0.16400	Town of Haymarket
\$ 0.05000	\$ 0.08500	\$ 0.08500	\$ 0.10000	\$ 0.10000	Town of Occoquan
\$ 0.15000	\$ 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	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value ^a	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value ^a
VA Electric & Power Company	\$ 667,953	1	1.67%	\$ 410,719	1	2.47%
Potomac Mills Operating Co., LLC	459,135	2	1.15%	54,784	10	0.33%
Northern Virginia Electric Co-op	249,171	3	0.62%	157,947	3	0.95%
Verizon South, Inc.	141,946	4	0.35%	-	-	-
WNH Limited Partnership	96,152	5	0.24%	62,889	6	0.38%
Washington Gas Light Company	92,745	6	0.23%	59,462	8	0.36%
Stellar Chatsworth LLC	92,637	7	0.23%	-	-	0.00%
Dominion Country Club, LP	88,512	8	0.22%	-	-	-
Lee Carolina LLC	85,219	9	0.21%	-	-	-
Kir Smoketown Station LP	83,937	10	0.21%	-	-	-
Washington Outlet Mall, Ltd.	-	-	-	192,584	2	1.16%
GTE South, Inc.	-	-	-	136,738	4	0.82%
AOL LLC	-	-	-	71,065	5	0.43%
Manassas Mall LLC	-	-	-	61,474	7	0.37%
Hylton Irene Trust	-	-	-	57,915	9	0.35%
	<u>\$ 2,057,407</u>		<u>5.14%</u>	<u>\$ 1,265,577</u>		<u>7.61%</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	Total Adjusted Tax Levy ^a	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Percentage of Levy Collected	Penalties on Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy	Amount				Percentage of Levy	
2001	\$ 235,721	\$ 232,407	98.6%	\$ 2,745	99.8%	\$ 860	\$ 236,012	100.1%	
2002	\$ 258,953	\$ 256,934	99.2%	\$ 1,709	99.9%	\$ 1,134	\$ 259,777	100.3%	
2003	\$ 298,674	\$ 296,421	99.2%	\$ 1,849	99.9%	\$ 1,050	\$ 299,320	100.2%	
2004	\$ 340,760	\$ 338,870	99.4%	\$ 1,746	100.0%	\$ 1,221	\$ 341,837	100.3%	
2005	\$ 388,254	\$ 386,367	99.5%	\$ 1,694	100.0%	\$ 1,367	\$ 495,970	100.8%	
2006	\$ 420,203	\$ 418,111	99.5%	\$ 1,973	100.0%	\$ 1,507	\$ 421,591	100.3%	
2007	\$ 461,108	\$ 458,438	99.4%	\$ 2,505	100.0%	\$ 1,748	\$ 462,691	100.3%	
2008	\$ 484,124	\$ 481,069	99.4%	\$ 2,717	99.9%	\$ 1,905	\$ 485,691	100.3%	
2009	\$ 544,909	\$ 541,235	99.3%	\$ 2,706	99.8%	\$ 2,065	\$ 546,006	100.2%	
2010	\$ 510,988	\$ 508,264	99.5%	\$ --	99.5%	\$ 1,698	\$ 509,962	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)

	2001	2002	2003	2004	2005
Primary Government					
<i>Governmental Activities:</i>					
General Obligation Bonds ^a					
General Government	\$ 100,205	\$ 92,272	\$ 96,668	\$ 108,292	\$ 140,039
School Board-Related	257,943	305,091	367,341	395,333	432,562
Park Authority-Related	3,060	2,888	9,699	9,531	7,000
IDA Lease Revenue Bonds	13,920	13,410	12,875	12,315	11,970
Literary Fund Loans	6,452	6,093	6,209	5,713	5,316
Real Property Capital Leases					
General Government	26,140	55,245	78,590	80,645	79,025
Adult Detention Center	--	--	--	--	--
Park Authority	--	--	--	--	--
Commuter Rail Capital Leases**	3,895	3,608	3,301	2,977	2,629
Equipment Capital Leases	--	--	562	527	381
Installment Notes Payable	1,264	1,158	1,045	924	795
Internal Service Funds Leases and Notes	35	24	12	--	--
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	\$ 21,885	\$ 20,119	\$ 18,327	\$ 17,179	\$ 13,920
Sanitary District Bonds**	480	--	--	--	--
Taxable Revenue Notes	5,100	1,100	250	250	250
Total Primary Government	\$ 440,379	\$ 501,008	\$ 594,879	\$ 633,686	\$ 693,887
Percentage of Personal Income ^b	3.94%	4.31%	4.80%	4.62%	4.63%
Per Capita ^b	1,549	1,683	1,919	1,971	2,079
Component Units					
<i>Park Authority Component Unit^c:</i>					
Series 1999 Revenue Bonds**	21,120	20,780	20,425	19,112	18,795
Equipment Capital Leases**	549	527	2,003	1,833	1,353
Installment Notes Payable** / ^d	210	2,087	1,718	1,023	904
Total Component Units	21,879	23,394	24,146	21,968	21,052
Total Reporting Entity Outstanding Debt	462,258	524,402	619,025	655,654	714,939
Less: Self-Supporting Revenue and Other Bonds	48,139	47,121	45,774	42,124	37,601
Net Tax-Supported Debt	\$ 414,119	\$ 477,281	\$ 573,251	\$ 613,530	\$ 677,338

* Not available

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

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

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

^c The Park Authority Component Unit debt for fiscal years prior to 2004 is shown on a calendar year basis, with amounts shown as of December 31.

^d Restated in fiscal year 2003.

2006	2007	2008	2009	2010	
					Primary Government
					<i>Governmental Activities:</i>
					General Obligation Bonds ^a
\$ 128,525	\$ 149,362	\$ 136,200	\$ 165,649	\$ 151,352	General Government
467,363	502,453	515,486	531,815	576,826	School Board-Related
6,267	5,537	4,810	8,477	7,842	Park Authority-Related
11,140	10,430	9,680	8,870	8,030	IDA Lease Revenue Bonds
4,918	4,520	4,124	3,749	3,374	Literary Fund Loans
					Real Property Capital Leases
132,825	150,189	151,039	179,298	169,012	General Government
--	68,005	66,275	64,550	34,825	Adult Detention Center
--	594	561	528	495	Park Authority
2,258	1,863	1,442	992	511	Commuter Rail Capital Leases**
228	68	--	--	--	Equipment Capital Leases
657	509	351	182	--	Installment Notes Payable
--	--	--	--	--	Internal Service Funds Leases and Notes
					<i>Business-Type Activities:</i>
\$ 12,550	\$ 11,065	\$ 9,535	\$ 7,945	\$ 6,295	Solid Waste System Revenue Bonds**
--	--	--	--	--	Sanitary District Bonds**
3,250	3,250	--	--	--	Taxable Revenue Notes
<u>\$ 769,981</u>	<u>\$ 907,845</u>	<u>\$ 899,503</u>	<u>\$ 972,055</u>	<u>\$ 958,562</u>	Total Primary Government
4.80%	5.36%	5.12%	5.13%	*	Percentage of Personal Income ^b
2,226	2,573	2,494	2,655	2,528	Per Capita ^b
					Component Units
					Park Authority Component Unit ^c :
18,459	18,101	17,725	17,323	13,285	Series 1999 Revenue Bonds**
2,249	1,710	3,116	2,800	2,254	Equipment Capital Leases**
780	651	517	376	230	Installment Notes Payable** / ^d
<u>21,488</u>	<u>20,462</u>	<u>21,358</u>	<u>20,499</u>	<u>15,769</u>	Total Component Units
791,469	928,307	920,861	992,554	974,331	Total Reporting Entity Outstanding Debt
<u>36,296</u>	<u>33,390</u>	<u>32,335</u>	<u>29,436</u>	<u>22,575</u>	Less: Self-Supporting Revenue and Other Bonds
<u>\$ 755,173</u>	<u>\$ 894,917</u>	<u>\$ 888,526</u>	<u>\$ 963,118</u>	<u>\$ 951,756</u>	Net Tax-Supported Debt

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 12 - Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

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

Fiscal Year		General Obligation Bonds ^a	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Sanitary District Bonds	Total	Percentage of Actual Taxable Value of Property ^b	Per Capita ^c
2001	\$	361,208	13,920	21,885	480	397,493	2.09%	1,398
2002	\$	400,251	13,410	20,119	--	433,780	1.85%	1,457
2003	\$	473,708	12,875	18,327	--	504,910	1.77%	1,628
2004	\$	513,156	12,315	17,179	--	542,650	1.60%	1,688
2005	\$	579,601	11,970	13,920	--	605,491	1.33%	1,814
2006	\$	602,155	11,140	12,550	--	625,845	1.04%	1,810
2007	\$	657,352	10,430	11,065	--	678,847	1.06%	1,924
2008	\$	656,496	9,680	9,535	--	675,711	1.10%	1,874
2009	\$	705,941	8,870	7,945	--	722,756	1.12%	1,974
2010	\$	736,020	8,030	6,295	--	750,345	1.59%	1,979

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

^b See Table 7 for property value data.

^c See Table 16 for population data.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 13 - Direct and Overlapping Governmental Activities Debt

As of June 30, 2010

(amounts expressed in thousands)

	Outstanding on June 30, 2010	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ^b
Direct:				
Net Tax Supported Debt ^a	\$ 951,756	100.00%	\$ 951,756	2.3799%
Overlapping:				
Town of Dumfries	1,739	100.00%	1,739	0.0043%
Town of Quantico	241	100.00%	241	0.0006%
Town of Haymarket	2,264	100.00%	2,264	0.0057%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 A and B	2,014	100.00%	2,014	0.0050%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	12,419	100.00%	12,419	0.0311%
Northern Virginia Transportation Commission - Virginia Railway Express ^c	114,455	37.69%	43,142	0.1079%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ^c	16,325	28.39%	4,635	0.0116%
Upper Occoquan Sewage Authority (UOSA) ^c	225,177	2.09%	4,697	0.0117%
Total Overlapping Governmental Activities Debt	\$ 374,634	18.99%	\$ 71,151	0.1779%
Total Direct and Overlapping Governmental Activities Debt	\$ 1,326,390	77.12%	\$ 1,022,907	2.5578%

^a From Table 11.

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 14 - Debt Ratio Information

Last Ten Fiscal Years

(amounts expressed in thousands)

The issuance of bonds by Virginia counties is not subject to statutory limitation. However, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority. The County has \$341,630 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2010. These authorized bonds are for the construction of roads, road improvements, parks, libraries, and schools.

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

	2001	2002	2003	2004	2005
General Government ^a					
Principal	25,370	26,892	30,929	35,165	39,975
Interest ^b	18,195	20,035	23,959	25,247	29,849
Internal Service Fund Debt Service ^c	24	11	12	12	--
Debt Service on Net Tax-Supported Debt	43,589	46,938	54,900	60,424	69,824
Total Government Expenditures ^d	672,002	744,959	845,342	925,866	1,033,382
Ratio of Debt Service to Expenditures	6.5%	6.3%	6.5%	6.5%	6.8%
Total Revenues ^e	716,538	775,222	820,465	956,529	1,089,605
Ratio of Debt Service to Revenues	6.1%	6.1%	6.7%	6.3%	6.4%
Net Tax-Supported Debt ^f	414,119	477,281	573,251	613,530	677,338
Assessed Value of Taxable Property ^g	18,668,856	21,202,151	25,551,796	30,498,825	37,138,437
Ratio of Net Tax-Supported Debt to Assessed Value	2.2%	2.3%	2.2%	2.0%	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 (excluding the Fire & Rescue Levy Fund) and the School Board and Adult Detention Center Component Units for all years through fiscal year 2002. Beginning in fiscal year 2003 the Fire & Rescue Levy Fund is included.

^f From Table 11.

^g From Table 7 and Table 21.

2006	2007	2008	2009	2010	
					General Government ^a
47,584	52,060	59,741	61,303	91,742	Principal
32,995	37,524	39,865	41,032	43,272	Interest ^b
--	--	--	--	--	Internal Service Fund Debt Service ^c
80,579	89,584	99,606	102,335	135,014	Debt Service on Net Tax-Supported Debt
1,125,453	1,310,566	1,325,488	1,331,692	1,386,901	Total Government Expenditures ^d
7.2%	6.8%	7.5%	7.7%	9.7%	Ratio of Debt Service to Expenditures
1,188,320	1,360,579	1,364,972	1,441,690	1,392,237	Total Revenues ^e
6.8%	6.6%	7.3%	7.1%	9.7%	Ratio of Debt Service to Revenues
755,173	894,917	888,526	963,118	951,756	Net Tax-Supported Debt ^f
47,160,546	61,267,297	62,011,351	56,999,051	43,359,775	Assessed Value of Taxable Property ^g
1.6%	1.5%	1.4%	1.7%	2.2%	Ratio of Net Tax-Supported Debt to Assessed Value

COUNTY OF PRINCE WILLIAM, VIRGINIA

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	System Revenues ^a	Operating Expenses and Transfers ^b	Closure Payment ^c	Net Revenue Available for Debt Service	Debt Service Payments ^d		Total	Coverage ^f
					Principal ^e	Interest		
2001	\$ 13,042	\$ 7,454	\$ 912	\$ 4,676	\$ 1,368	\$ 1,636	\$ 3,004	1.56
2002	\$ 11,622	\$ 6,893	\$ --	\$ 4,729	\$ 1,766	\$ 1,222	\$ 2,988	1.58
2003	\$ 12,724	\$ 8,027	\$ 1,244	\$ 3,453	\$ 1,793	\$ 1,187	\$ 2,980	1.16
2004	\$ 13,606	\$ 7,013	\$ 1,798	\$ 4,795	\$ 1,148	\$ 1,162	\$ 2,310	2.08
2005	\$ 14,715	\$ 10,090	\$ 1,752	\$ 2,873	\$ 1,323	\$ 1,114	\$ 2,437	1.18
2006	\$ 14,653	\$ 9,615	\$ 2,594	\$ 2,444	\$ 1,370	\$ 501	\$ 1,871	1.31
2007	\$ 16,535	\$ 9,970	\$ 2,199	\$ 4,366	\$ 1,485	\$ 562	\$ 2,047	2.13
2008	\$ 17,342	\$ 10,651	\$ 3,015	\$ 3,676	\$ 1,530	\$ 504	\$ 2,034	1.81
2009	\$ 17,795	\$ 15,027	\$ --	\$ 2,768	\$ 1,590	\$ 435	\$ 2,025	1.37
2010	\$ 17,925	\$ 10,423	\$ --	\$ 7,502	\$ 1,650	\$ 362	\$ 2,012	3.73

^a Includes "Total Operating Revenues" (exclusive of fees collected on behalf of the Park Authority), "Grants from the Commonwealth," and "Interest and Miscellaneous Income" from the Statement of Revenues, Expenses and Changes in Fund Net Assets.

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

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

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

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

^f Required coverage is 1.15.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 16 - Demographic and Economic Statistics

Last Ten Years

Year	Population ^a	Personal Income ^b (in thousands)	Per Capita Income ^b	Fall School Enrollment ^c	Average Civilian Labor Force ^d	Average Unemployment Rate ^d
2001	284,301	\$11,175,436	\$32,515	54,646	160,420	2.5%
2002	297,738	\$11,619,339	\$32,570	57,397	168,053	3.6%
2003	310,048	\$12,402,464	\$33,643	59,835	174,911	3.9%
2004	321,537	\$13,703,067	\$35,908	62,691	183,258	3.1%
2005	333,786	\$14,986,283	\$38,053	65,541	192,173	3.0%
2006	345,852	\$16,056,949	\$40,158	67,708	199,579	2.6%
2007	352,828	\$16,932,501	\$41,607	70,195	203,050	2.5%
2008	360,610	\$17,566,024	\$42,620	72,186	207,262	3.3%
2009	366,092	\$18,937,687	\$43,877	73,918	211,979	5.7%
2010	379,166	*	*	76,874	213,955	5.9%

* Not available

^a US Census Bureau, Population Estimates Program (data as of July 1, 2009).

^b Bureau of Economic Analysis, U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of April, 2008).
2009 data estimated based upon ten-year growth rates on BEA data from 1999 through 2008.

^c Fall Membership by Division, by Grade, Virginia Department of Education; Prince William County Public Schools, as of August 12, 2010.

^d Virginia Employment Commission., LAUS data (data are annual averages with the exception of the most recent monthly data)

TABLE 16A - Comparative Demographic Statistics

1990 & 2000 U.S. Census

	1990 Census	2000 Census			
	Prince William County	Prince William County	Washington MSA	Virginia	United States
Population:					
Median Age	29.0	31.9	34.9	35.7	35.3
Percent School Age	21.2%	24.4%	20.8%	20.8%	21.8%
Percent Working Age	65.1%	62.3%	63.7%	61.5%	58.9%
Percent 65 and over	3.0%	4.8%	9.1%	11.2%	12.4%
Education:					
High School or Higher	87.8%	88.8%	*	81.5%	80.4%
Bachelor's Degree or Higher	27.6%	31.5%	*	29.5%	24.4%
Income:					
Median Family Income	\$52,078	\$71,622	*	*	*
Percent Below Poverty Level	3.2%	4.4%	*	9.6%	12.4%
Housing:					
Number Persons / Household	3.0	2.9	2.6	2.5	2.6
Percent Owner Occupied	71.0%	71.0%	64.0%	68.1%	66.2%
Owner Occupied Median Value	\$138,500	\$149,600	*	\$125,400	\$119,600

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 17 - Principal Employers

Current Year and Nine Years Ago

Employer ^a	2010			2001		
	Ownership	Rank	Number of Employees ^b	Ownership	Rank	Number of Employees ^b
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
U.S. Department of Defense	Federal Government	2	1000 and over	Federal Government	3	1000 and over
County of Prince William	Local Government	3	1000 and over	Local Government	2	1000 and over
Wal Mart	Private	4	1000 and over			
Potomac Hospital Corporation	Private	5	1000 and over	Private	5	500 to 999
Morale Welfare and Recreation	Federal Government	6	1000 and over	Federal Government	9	500 to 999
Wegmans Store #07	Private	7	500 to 999			
Target Corp	Private	8	500 to 999			
Northern Virginia Community College	State Government	9	500 to 999	State Government	10	500 to 999
Minnieland Private Day School	Private	10	500 to 999			
Temporary Solutions				Private	4	1000 and over
S.W. Rogers Corporation				Private	7	500 to 999
Giant Food				Private	8	500 to 999
The Home Depot				Private	6	500 to 999

^a All data provided by the Virginia Employment Commission (1st Quarter, 2010 & 2001).

^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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Board of Supervisors	12.12	12.12	12.12	12.12	12.12	17.00	17.00	17.00	17.00	19.00
County Attorney	20.00	21.00	24.00	26.00	26.00	27.00	29.00	27.00	27.00	25.00
Office of Executive Management	47.90	50.90	54.90	57.40	59.40	61.40	62.38	59.98	61.98	54.95
Technology and Support Services	88.53	85.53	89.53	90.53	92.53	97.53	97.53	85.53	85.53	77.53
Finance	122.33	130.33	132.33	133.80	134.80	139.55	142.80	139.80	144.80	145.00
Human Rights	5.80	5.80	5.80	7.00	6.00	6.00	6.00	6.00	6.00	5.00
Board of Registration/Elections	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Judicial Administration										
Commonwealth Attorney	36.00	38.00	39.00	39.00	39.00	41.00	41.00	41.00	41.00	41.00
Sheriff	69.00	69.00	73.00	74.00	79.00	82.00	87.00	87.00	89.00	87.00
Juvenile and Domestic Relations Court	2.00	3.00	5.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00
Clerk of Court/Judges Chambers	56.70	57.70	58.70	60.70	61.00	61.00	62.00	62.00	60.00	57.00
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	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police	558.67	578.67	604.07	628.07	655.40	673.40	701.40	725.40	758.40	750.20
Criminal Justice Services	20.65	23.86	23.86	25.58	25.95	31.00	32.50	35.50	37.90	37.60
Public Safety Communications	87.20	88.00	88.00	89.00	92.00	95.00	95.00	98.00	98.00	98.00
Fire Service	259.00	277.00	299.00	328.00	357.00	374.00	415.50	445.50	493.50	484.50
Public Works										
Public Works	241.61	263.75	240.48	272.34	292.63	340.07	364.54	332.69	320.68	219.29
Transportation			39.24	41.24	42.24	44.26	62.00	53.00	56.80	53.80
Solid Waste	45.71	47.71	47.71	49.05	51.05	55.38	57.38	57.38	57.39	57.39
Fleet Management	30.08	30.08	30.08	31.08	31.08	33.12	33.12	33.12	34.12	34.15
Small Project Construction	22.55	23.79	23.79	23.79	22.36	23.36	24.20	23.75	23.75	25.11
Health & Welfare										
Social Services	297.80	312.80	323.45	307.95	314.22	315.69	319.31	309.81	313.31	298.36
Public Health	14.96	8.96	9.96	9.96	9.96	9.96	9.96	9.96	9.96	6.60
Community Services Board	227.03	233.46	234.86	223.36	232.53	240.77	248.11	260.11	265.11	265.38
At-Risk Youth and Family Services	--	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Office on Aging	41.57	41.25	42.52	42.09	44.26	44.62	44.56	43.53	35.13	28.21
Office for Women	1.10	--	--	--	--	--	--	--	--	--
Office on Youth	3.00	3.00	2.80	3.00	3.00	7.00	7.00	7.00	8.00	--
School Age Child Care	5.00	5.00	5.00	5.00	4.00	--	--	--	--	--
Parks, Recreational and Cultural										
Library	192.31	191.25	191.25	189.68	188.68	188.65	187.74	185.94	184.94	168.39
Planning/Community Development										
Development Services	--	--	--	--	--	--	--	--	--	87.50
Office of Planning	44.00	48.00	51.00	55.00	56.00	61.50	63.50	58.50	58.50	33.05
Economic and Community Development	11.00	12.00	12.00	12.00	12.50	12.50	13.00	13.00	13.00	13.00
Housing & Community Development	26.60	27.60	31.80	33.80	33.80	34.00	35.00	29.00	29.00	29.00
Extension and Continuing Education	8.32	8.32	9.08	9.65	9.65	9.65	9.94	9.92	9.92	7.02
Total Primary Government	<u>2,612.04</u>	<u>2,711.88</u>	<u>2,818.33</u>	<u>2,901.19</u>	<u>3,010.16</u>	<u>3,148.41</u>	<u>3,290.47</u>	<u>3,278.42</u>	<u>3,363.72</u>	<u>3,232.03</u>
Component Units										
Education										
School Board	6,288.00	6,994.00	7,439.00	8,490.00	8,632.00	9,511.00	9,443.00	9,720.00	9,801.25	9,656.00
Public Safety										
Adult Detention Center	217.00	217.00	225.00	230.00	232.00	244.80	261.80	308.00	337.00	337.00
Parks, Recreational and Cultural										
Park Authority ^a	334.00	363.00	396.00	389.00	380.00	388.00	384.00	389.00	390.00	369.00
Total Reporting Entity	<u>9,451.04</u>	<u>10,285.88</u>	<u>10,878.33</u>	<u>12,010.19</u>	<u>12,254.16</u>	<u>13,292.21</u>	<u>13,379.27</u>	<u>13,695.42</u>	<u>13,891.97</u>	<u>13,594.03</u>

Sources: Primary Government and ADC data taken from the PWC Annual Budget Book; School Board and Park Authority data is obtained directly from each organization.

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 19 - Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Judicial Administration										
Land Records Instruments Recorded	88,126	132,405	178,717	199,588	188,985	186,802	131,269	93,435	88,932	79,665
Civil Cases Concluded	3,157	3,223	4,089	3,828	3,666	3,649	3,701	3,721	4,269	3,521
Criminal Cases Concluded	3,062	3,067	3,265	3,338	3,317	3,278	4,112	4,509	4,347	4,606
Public Safety										
<u>Fire & Rescue:</u>										
Fire Incidents	6,069	6,458	6,083	6,405	5,766	6,810	6,180	5,761	5,440	*
EMS Incidents	20,382	21,991	22,238	23,509	23,881	25,173	25,568	24,439	24,707	*
<u>Police:</u>										
Criminal Arrests	13,652	12,362	12,304	12,579	12,761	13,374	13,979	14,405	14,307	*
Calls for Service Handled	197,298	192,147	196,352	200,389	208,668	222,818	228,785	238,651	238,376	*
<u>Jail:</u>										
Inmate Population	622	664	658	684	698	719	734	737	840	905
Public Works										
Facilities Constructed	1	3	1	1	--	1	3	--	2	--
Health & Welfare										
Total CSB Clients Served	7,109	7,255	7,490	7,009	6,781	7,234	7,767	7,438	7,904	6,829
At-Risk Youth & Family Service Residential Placements	58	100	151	151	140	118	147	151	143	131
Parks, Recreational and Cultural										
Participant Visits	*	*	*	*	3,341	3,502	3,702	3,657	3,621	3,713
Library Patrons (Library Card Holders)	132,127	164,864	189,930	205,591	232,448	256,496	263,371	277,077	298,829	264,930
Planning/Community Development										
Non-residential Permits	2,942	3,054	3,673	4,122	4,862	2,871	2,364	1,616	1,340	1,075
Residential Permits	14,330	15,074	16,679	17,807	15,860	10,584	7,375	5,142	4,771	5,325

Sources: Various county departments.

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

^a Data is compiled on a calendar year basis, therefore the most recent data will be shown in the prior year column.

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 20 - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Administrative Buildings	3	3	3	3	3	3	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	3	3	3	3
Fire Stations	17	17	18	18	19	19	19	19	19	19
Public Works										
Fleet/Fuel Facilities	2	2	2	3	3	3	3	3	3	3
Health & Welfare										
Senior Centers	2	2	2	2	2	2	2	2	2	2
Group Homes/Clinics	3	3	3	3	3	3	4	4	5	5
Housing/Shelters	4	4	4	4	4	4	4	4	4	4
Parks, Recreational and Cultural										
Athletic Fields ^a	290	304	304	304	304	304	274	304	282	291
Aquatics & Fitness Center	2	2	2	2	2	2	2	2	2	2
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Community Centers	3	3	3	3	3	3	3	3	3	3
Hiking and Fitness Trails (in miles)	10	10	10	10	10	10	17	15	16	29
Indoor Gymnasiums ^a	49	59	59	59	59	59	59	59	58	68
Indoor Ice Rinks	2	2	2	2	2	2	2	2	2	2
Marinas	2	2	2	2	2	2	2	2	2	2
Miniature Golf Courses	2	2	2	2	2	2	2	2	2	2
Multi-use Courts	*	*	*	*	*	*	*	*	*	*
Nature Areas	3	3	3	3	3	3	3	3	4	5
Outdoor Basketball Courts	23	23	23	23	25	25	27	27	27	27
Outdoor Swimming Pools	6	6	6	6	6	6	6	4	4	4
Outdoor Volleyball Courts	11	11	11	11	11	11	9	9	9	9
Picnic Shelters	63	63	63	63	63	63	62	63	63	63
Playgrounds	29	29	29	29	30	30	32	31	33	36
Regulation Golf Courses	4	4	4	4	4	4	4	4	4	4
Skateboard/BMX Courses	2	2	2	2	2	2	2	2	2	2
Tennis & Racquetball Courts	51	51	51	51	53	53	33	47	33	32
Waterparks	*	*	*	*	*	*	2	2	2	2
Regional and Community Libraries	4	4	4	4	4	4	4	4	4	4
Neighborhood Libraries	6	6	6	6	6	6	6	6	6	6

Sources: Various county departments.

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

^a Includes Prince William County Public School facilities programmed by the Park Authority.

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 21 - Personal Property Tax Rates and Assessments^a

Last Ten Fiscal Years

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

	2001	2002	2003	2004	2005
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	\$ 1.50000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000
Farmers Machinery and Tools	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 1.34000	\$ 1.30000	\$ 1.23000	\$ 1.16000	\$ 1.07000
Research & Development	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Van Pool Vans	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Emergency Volunteer Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Auxiliary Volunteer Fire Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Vehicles Modified for Disabled	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Recreation Use Only	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Weighing 5 tons or more	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Camping Trailers and Motor Homes	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Owned by Certain Elderly and Handicapped Persons	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Personal Property Assessments^c					
Locally Assessed Value	\$ 2,044,228	\$ 2,410,777	\$ 2,758,620	\$ 2,939,510	\$ 2,997,032
Public Service Value ^b	\$ 1,980	\$ 2,113	\$ 2,599	\$ 3,329	\$ 1,358
Total Personal Property Assessments	\$ 2,046,208	\$ 2,412,890	\$ 2,761,219	\$ 2,942,839	\$ 2,998,390

^a Fiscal year values represent the assessed value for the prior January 1

(e.g. fiscal year 2010 values are based on the January 1, 2009 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.

2006	2007	2008	2009	2010	
					Personal Property Tax Rates
					Personal Property Class:
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	General Class
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	Heavy Equipment and Machinery
\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	Computer Equipment
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Farmers Machinery and Tools
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (small scheduled)
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (all other aircraft)
\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	Mining & Manufacturing Tools
\$ 0.91000	\$ 0.76700	\$ 0.78700	\$ 0.97000	\$ 1.21200	Mobile Homes
\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	Research & Development
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Van Pool Vans
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Emergency Volunteer Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Auxiliary Volunteer Fire Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Vehicles Modified for Disabled
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Recreation Use Only
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Weighing 5 tons or more
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Camping Trailers and Motor Homes
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Owned by Certain Elderly and Handicapped Persons
\$ 3,419,461	\$ 3,608,756	\$ 3,717,730	\$ 3,769,937	\$ 3,365,319	Locally Assessed Value
\$ 1,257	\$ 1,693	\$ 2,210	\$ 3,370	\$ 2,550	Public Service Value ^b
<u>\$ 3,420,718</u>	<u>\$ 3,610,449</u>	<u>\$ 3,719,940</u>	<u>\$ 3,773,307</u>	<u>\$ 3,367,869</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
2001	\$ 22,502	\$ 11,354	\$ 101,695	\$ 17,024	\$ 48,614	\$ 399,766
2002	\$ 26,594	\$ 11,638	\$ 107,171	\$ 16,987	\$ 52,011	\$ 438,646
2003	\$ 28,098	\$ 12,709	\$ 122,480	\$ 21,968	\$ 55,020	\$ 485,084
2004	\$ 29,981	\$ 14,679	\$ 142,827	\$ 19,854	\$ 59,572	\$ 526,327
2005	\$ 33,176	\$ 14,589	\$ 154,481	\$ 22,296	\$ 61,534	\$ 605,478
2006	\$ 35,685	\$ 16,180	\$ 174,926	\$ 23,567	\$ 64,880	\$ 651,012
2007	\$ 34,649	\$ 17,599	\$ 257,753	\$ 27,738	\$ 70,596	\$ 734,090
2008	\$ 35,838	\$ 18,182	\$ 206,623	\$ 30,188	\$ 75,562	\$ 780,346
2009	\$ 35,712	\$ 18,271	\$ 219,728	\$ 29,218	\$ 74,765	\$ 773,560
2010	\$ 34,108	\$ 16,971	\$ 236,685	\$ 25,545	\$ 74,593	\$ 782,563

^a Includes expenditures of the General Fund, Special Revenue Funds, Capital Projects Funds and the School Board and Adult Detention Component Units excluding inter-entity expenditures between primary government and component units.

^b The expenditures prior to fiscal year 2002 have not been restated to a GASB 34 reporting basis, such as for General Fund support to an enterprise component unit.

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

TABLE 22A - Capital Projects Expenditures by Function^a

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2001	\$ 1,335	\$ 854	\$ 3,073	\$ 12,421	\$ 61	\$ 73,867
2002	\$ 2,005	\$ 1,407	\$ 17,406	\$ 17,577	\$ 558	\$ 69,544
2003	\$ 3,292	\$ 8,316	\$ 8,499	\$ 9,143	\$ 22	\$ 69,244
2004	\$ 524	\$ 4,916	\$ 12,003	\$ 14,321	\$ --	\$ 84,974
2005	\$ 3,254	\$ 1,203	\$ 18,620	\$ 34,391	\$ 1,367	\$ 76,889
2006	\$ 5,642	\$ 2,221	\$ 12,514	\$ 61,826	\$ 445	\$ 90,689
2007	\$ 4,774	\$ 194	\$ 34,488	\$ 69,951	\$ --	\$ 68,049
2008	\$ 2,145	\$ 1,116	\$ 30,801	\$ 64,771	\$ --	\$ 95,188
2009	\$ 2,349	\$ 384	\$ 15,786	\$ 95,094	\$ --	\$ 98,117
2010	\$ 1,365	\$ 35	\$ 7,815	\$ 28,960	\$ --	\$ 88,332

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

Parks, Recreation & Culture ^b	Community Development	Capital Projects	Debt Service ^c	Total	Fiscal Year
\$ 10,959	\$ 15,264	\$ 93,916	\$ 44,824	\$ 765,918	2001
\$ 25,500	\$ 19,177	\$ 114,319	\$ 47,235	\$ 859,278	2002
\$ 26,769	\$ 37,726	\$ 100,188	\$ 55,488	\$ 945,530	2003
\$ 28,197	\$ 43,447	\$ 121,045	\$ 60,982	\$ 1,046,911	2004
\$ 27,600	\$ 43,805	\$ 139,999	\$ 70,423	\$ 1,173,381	2005
\$ 29,922	\$ 47,938	\$ 195,638	\$ 81,343	\$ 1,321,091	2006
\$ 32,828	\$ 44,123	\$ 187,592	\$ 91,190	\$ 1,498,158	2007
\$ 36,097	\$ 42,353	\$ 196,173	\$ 100,299	\$ 1,521,661	2008
\$ 34,549	\$ 43,107	\$ 213,996	\$ 102,782	\$ 1,545,688	2009
\$ 36,485	\$ 44,389	\$ 129,078	\$ 135,562	\$ 1,515,979	2010

Parks, Recreation & Culture	Community Development	Total	Fiscal Year
\$ 119	\$ 2,186	\$ 93,916	2001
\$ 39	\$ 5,783	\$ 114,319	2002
\$ 451	\$ 1,221	\$ 100,188	2003
\$ 1,489	\$ 2,818	\$ 121,045	2004
\$ 1,109	\$ 3,166	\$ 139,999	2005
\$ 2,204	\$ 20,097	\$ 195,638	2006
\$ 7,855	\$ 2,281	\$ 187,592	2007
\$ 1,548	\$ 604	\$ 196,173	2008
\$ 716	\$ 1,550	\$ 213,996	2009
\$ 1,325	\$ 1,246	\$ 129,078	2010

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 23 - Miscellaneous Statistical Data

June 30, 2010

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	422
Number of volunteers	835
Police protection:	
Number of police officers	564
Public Safety Communications:	
Number of employees	98
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	77
Number of public high schools	10
Membership as of September 30, 2009 (FY10)	76,874
Number of personnel (full-time equivalent)	9,656
Recreation (Park Authority Component Unit):	
Acres developed or reserved for County parks	3,880
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	402
Capacity of central jail	200
Capacity of work-release center	65
Number of personnel (full-time equivalent)	337
Other statistical data:	
Elections:	
Registered voters at last general election	216,037
Number of votes cast in last general election	75,123
Percent voting in last general election	35%
Water and Wastewater Treatment (provided by Prince William County Service Authority):	
Miles of water mains	1,135
Miles of sanitary sewer mains	1,052

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, 2010

Travelers Casualty & Surety Company

Crime/Faithful Performance of Duty Blanket Bond	\$1,000,000
<i>(Insured: Prince William County, Prince William County Park Authority, Prince William County - Manassas Regional Adult Detention Center)</i>	
Honesty Blanket Bond	\$1,000,000
<i>(Insured: Same as Above)</i>	
Public Official Bond - Steven A. Solomon, Director of Finance	\$4,000,000
Public Official Bond - Rick Perez, Interim Director of Social Services	\$100,000
Public Official Bond - Melissa S. Peacor, County Executive	\$25,000

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

Surety Bond - Steven A. Solomon, Director of Finance	\$1,000,000
Surety Bond - Michèle McQuigg, Clerk of the Court	\$103,000
Surety Bond - Glendell Hill, Sheriff	\$30,000
Surety Bond - Peter Meletis, Jail Superintendent	\$30,000



COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2010
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
OFFICE OF NATIONAL DRUG CONTROL POLICY:			
* Pass-Through Payments from University of Maryland: High Intensity Drug Trafficking Area (HIDTA) Project	07.000	not available	\$ 687
Total Office of National Drug Control Policy			<u>\$ 687</u>
DEPARTMENT OF AGRICULTURE:			
* Direct Payments:			
Child & Adult Care Food Program	10.558	not applicable	\$ 23
Child Nutrition Cluster ¹			
* Summer Food Service Program for Children	10.559 ⁴	not applicable	87
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Distance Learning - Forest Service	10.000	not available	88
Food Donation - Commodities	10.550	not available	3
Fresh Fruit and Vegetable Program	10.582	17901-40599	96
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program	10.561 ⁴	45213-90303 45213-90304 46003-90103 46003-90104 46003-90403 46003-90404 46006-90223 46006-90224 46006-90703 46006-90704	2,158
ARRA - State Administrative Matching Grant for Food Stamp Program	10.561		90
Child Nutrition Cluster ¹			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 ²	not available	1,715
* Department of Education:			
School Breakfast Program	10.553 ³	17901-40591	1,821
National School Lunch Program	10.555 ²	17901-40623	8,429
* Department of Juvenile Justice:			
School Breakfast Program	10.553 ³	36001-00000	20
National School Lunch Program	10.555 ²	36001-00000 36003-00000	49
Total Department of Agriculture			<u>\$ 14,579</u>
DEPARTMENT OF DEFENSE:			
* Direct Payments:			
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment or Closure of a Military Installation	12.607	not applicable	\$ 286
Junior ROTC Program	12.000	not applicable	599
Total Department of Defense			<u>\$ 885</u>

¹ Child Nutrition Cluster Total \$14,282

² CFDA 10.555 Total \$10,193

³ CFDA 10.553 Total \$1,821

⁴ CFDA 10.559 Total \$87

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
* Direct Payments:			
Housing Counseling Assistance Program	14.169	not applicable	\$ 62
Community Development Block Grants / Entitlement Grants	14.218 ⁵	not applicable	4,451
Emergency Shelter Grants Program	14.231	not applicable	88
Supportive Housing Program	14.235	not applicable	444
HOME Investment Partnerships Program	14.239	not applicable	599
Section 8 Housing Choice Vouchers	14.871	not applicable	21,547
Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253 ⁵	not applicable	6
Homelessness Prevention and Rapid Re-Housing Program ARRA	14.257	not applicable	197
* Pass-Through Payments from Northern Virginia Planning District Commission:			
Housing Opportunities for Persons with AIDS	14.241	not available	308
Total Department of Housing and Urban Development			<u>\$ 27,702</u>
DEPARTMENT OF THE INTERIOR:			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	\$ 105
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Historic Resources:			
American Battlefield Protection	15.926	not available	131
Save America's Treasures	15.929	not available	14
Total Department of the Interior			<u>\$ 250</u>
DEPARTMENT OF JUSTICE:			
* Direct Payments:			
Criminal Forfeitures	16.000	not applicable	\$ 77
ARRA Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	not applicable	80
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	39001-56500 39001-66500	63
* Pass-Through Payments from Loudoun County:			
Gang Response and Intervention Team	16.542	not available	
Gang Free Schools and Communities-Community-Based Gang Intervention	16.544	not available	44
Congressionally Recommended Awards	16.753	not available	150
Total Department of Justice			<u>\$ 414</u>
DEPARTMENT OF TRANSPORTATION:			
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	60507-59276 60507-50330	\$ 151
Highway Planning and Construction	20.205 ⁶	not available	181
ARRA Highway Planning and Construction	20.205 ⁶	not available	171
State & Community Highway Safety (Section 402)	20.600	60507-58103 60507-50202	42
* Pass-Through Payments from The Metropolitan Washington Council of Government:			
New Freedom Program	20.521	not applicable	59
Total Department of Transportation			<u>\$ 604</u>

⁵ CFDA 14.218 & 14.253 Total \$4,457

⁶ CFDA 20.205 Total \$352

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2010
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION:			
* Direct Payments:			
Impact Aid	84.041	not applicable	\$ 994
Fund for the Improvement of Education	84.215	not applicable	260
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program	84.002	17901-42801 17901-61380	381
Title I Grants to Local Educational Agencies	84.010 ⁷	17901-42901 17109-42935 17901-42892 18102-86604	6,264
Title I Program for Neglected & Delinquent Children	84.013	17901-42948 17901-42931	63
Vocational Education - Basic Grants to States	84.048	17901-61095 18101-86650 18101-86653 18101-86654 19928-86650 19928-86655 19928-86656	878
Safe & Drug-Free Schools & Communities - State Grants	84.186	17901-60511	144
Education for Homeless Children and Youth	84.196	not available	25
State Grants for Innovative Programs	84.298	17901-49005 18102-86609	78
Education Technology State Grants	84.318	17901-61600 17901-61750	67
Reading First State Grants	84.357	17901-60655 17105-60695	123
English Language Acquisition Grants	84.365	17901-60512	1,596
Title II Part A Improving Teacher Quality State Grants	84.367	17901-61480 18101-86731 19928-86739	1,716
School Improvement Grants	84.377	17901-43040	86
Education Technology State Grants ARRA	84.386	17901-60897	126
Title I Grants to Local Educational Agencies ARRA	84.389 ⁷	17901-42913 17901-42934	2,040
State Fiscal Stabilization Fund (SFSF) - Education State Grants ARRA	84.394 ⁹	17901-62532	38,311
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397 ⁹	not applicable	8,321
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181 ⁸	44507-43072 44507-43073	445
Special Education - Grants for Infants and Families ARRA	84.393 ⁸	17901-60511	163

⁷ Title I Part A Cluster Total \$8,304

⁸ Early Intervention Services (IDEA) Cluster Total \$608

⁹ State Fiscal Stabilization Fund Cluster Total \$46,632

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2010
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* State Council of Higher Education for Virginia Gaining Early Awareness and Readiness for Undergrad Program	84.334	17117-00000	38
Special Education Cluster ¹⁰			
* Department of Education: Special Education - Grants to States	84.027	17901-43071 17901-61234 18201-87138	11,644
Special Education - Preschool Grants	84.173	17901-62521	344
Special Education Grants to State - Recovery Act	84.391	not applicable	2,591
Special Education - Preschool Grants ARRA	84.392	17901-61247	290
* Pass-Through Payments from College of William and Mary Education for Homeless Children and Youth ARRA	84.387	not available	2
Total Department of Education			<u>\$ 76,990</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
* Direct Payments:			
Head Start Cluster ¹¹			
Head Start	93.600	not applicable	\$ 2,234
ARRA - Head Start	93.708	not applicable	717
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Aging:			
Special Programs for the Aging - Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect and Exploitation (Elder Abuse Prevention)	93.041	45506-44409	
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	45504-45000 45504-45009	2
Special Programs for the Aging Title IV and Title II Discretionary	93.048	not applicable	5
National Family Caregiver Support, Title III, Part E	93.052	45504-44110 45504-46009	101
Centers for Medicare & Medicaid Services Research, Demonstrations, & Evaluations	93.779	45504-60008 45504-60009 45504-62005	34
* Department of Mental Health, Mental Retardation & Substance Abuse: Projects for Assistance in Transition from Homelessness (PATH)	93.150	44506-50931 44506-50932	71
Block Grants for Community Mental Health Services	93.958	44506-50139	74
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	44501-50149	1,053
Promoting Safe & Stable Families	93.556	46006-90249 46901-90358 46901-90359 46901-90360 46901-90361	142

¹⁰ Special Education Cluster Total \$14,869

¹¹ Head Start Cluster Total \$2,951

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd)			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services:			
Temporary Assistance for Needy Families	93.558	45201-90601 45201-90603 45212-90365 45212-90366 45212-90377 45212-90621 45805-49415 46003-90109 46003-90110 46003-90111 46003-90112 46006-90229 46006-90230 46006-90231 46006-90232 46006-90247 46003-90409 46003-90410 46003-90411 46003-90412	1,978
Refugee & Entrant Assistance - State Administered Programs	93.566	46003-90113 46003-90413 46006-90233 46006-90713 49102-90623	57
* Department of Social Services (cont'd):			
Low-Income Home Energy Assistance	93.568	46003-90114 46003-90115 46006-90234 46006-90235	63
Chafee Education and Training Vouchers Program (ETV)	93.599	46901-90353	5
Adoption Incentive Payments	93.603	46903-90651	1
Child Welfare Services State Grants	93.645	46006-90251	6
Foster Care - Title IV-E ¹²	93.658	46003-90105 46003-90106 46003-90107 46003-90209 46003-90405 46003-90406 46003-90407 46006-90225 46006-90226 46006-90227 46006-90258 46006-90705 46006-90706 46006-90707 46006-90733 46006-90738 46901-90047 46901-90636 46901-90639	1,203
Foster Care - Title IV-E, Recovery Act ¹²	93.658	46901-90636 46901-90639	22
Adoption Assistance ¹³	93.659	46003-90108 46003-90408 46006-90228 46006-90708 46903-90606 46903-90627	368
Adoption Assistance, Recovery Act ¹³	93.659	46903-90606	34

¹² Foster Care - Title IV-E Cluster Total \$1,225

¹³ Adoption Assistance Cluster Total \$402

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd)			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
Social Services Block Grant	93.667	46003-90120 46003-90122 46003-90123 46003-90124 46003-90125 46003-90126 46006-90240 46006-90242 46006-90243 46006-90244 46006-90245 46006-90246 46006-90262 46802-90313 46802-90332 46802-90340 46802-90379	571
Chafee Foster Care Independence Program	93.674	46006-90253 46006-90254 46006-90733 46901-90356	38
Children's Health Insurance Program	93.767	46003-90102 46003-90402 46006-90222 46006-90702	108
Medical Assistance Program	93.778	46003-90101 46003-90146 46003-90210 46003-90212 46003-90213 46003-90401 46003-90446 46006-90221 46006-90266 46006-90701 46006-90743	1,803
Aging Cluster ¹⁴			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B	93.044	45504-44119 45504-44120	55
Grants for Supportive Services and Senior Centers			
Special Programs for the Aging - Title III, Part C	93.045	45701-44120 45701-44129 45703-44130 45703-44139	164
Nutrition Services			
Nutrition Services Incentive Program	93.053	45701-40570 45701-40579	40
Aging Home-Delivered Nutrition Services for States ARRA	93.705	45703-69998	2
Aging Congregate Nutrition Services for States ARRA	93.707	45701-69997	5
Child Care Cluster ¹⁵			
* Department of Social Services:			
Child Care & Development Block Grant	93.575	45215-90544 45215-90545	1,654
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	45214-90517 45214-90529 45214-90540 45214-90541 45215-90378 45215-90521 46003-90116 46003-90117 46003-90118 46006-90236 46006-90237 46006-90238 46006-90239	2,284
ARRA - Child Care and Development Block Grant	93.713	45214-90540 45214-90541 45214-90517 45214-90529 45215-90521 45215-90545	663

¹⁴ Aging Cluster Total \$266

¹⁵ Child Care Cluster Total \$4,601

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2010
 (amounts expressed in thousands)

<u>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd)			
* Pass-Through Payments from Virginia Commonwealth University: Injury Prevention and Control Research and State and Community Based Programs	93.136	not applicable	1
Total Department of Health and Human Services			<u>\$ 15,558</u>
DEPARTMENT OF HOMELAND SECURITY:			
* Direct Payments: Buffer Zone Protection Program (BZPP)	97.078	not applicable	\$ 27
* Pass-Through Payments from Commonwealth of Virginia: * Department of Emergency Management:			
Urban Areas Security Initiative	97.008	not available	297
Emergency Management Performance Grants	97.042	77501-52747	10
State Homeland Security Program (SHSP)	97.073	not applicable	81
* Pass-Through Payments from Northern Virginia Regional Commission Homeland Security Grant: Homeland Security Grant Program	97.067	not applicable	192
Total Department of Homeland Security			<u>\$ 607</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 138,276</u>

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



NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010
(amounts expressed in thousands)

NOTE (1) – SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal grant operations of the County of Prince William, Virginia (the County) are included in the scope of the OMB Circular A-133 audit (the Single Audit). The County's reporting entity is defined in Note 1, Part A of the County's Basic Financial Statements. Testing of compliance requirements was performed for major federal programs. These federal programs, as shown in Illustration 1-1, cover approximately 67% of total expenditures of federal awards.

Illustration 1-1 Major Federal Programs		
10.553, 10.555 & 10.559 – Child Nutrition Cluster	\$	12,101
14.218 & 14.253 – Community Development Block Grant		4,457
84.010, 84.013 & 84.389 – Title I		8,367
84.027, 84.173, 84.391 & 84.392 – Special Education Cluster		14,869
84.394 & 84.397 – State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act		46,632
93.575, 93.596 & 93.713 – Child Care Cluster		4,601
93.600 & 93.708 – Head Start Cluster		2,951
Total	\$	93,978

Illustration 1-2 presents the reconciliation of the County's Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 17 and the School Board's separately issued CAFR Exhibit 5 to the Schedule of Expenditures of Federal Awards (SEFA). A copy of the County's CAFR may be obtained through the County's website at www.pwcgov.org. School Board's CAFR may be obtained through the School's website at www.pwcs.edu.

Illustration 1-2 Reconciliation of Comprehensive Annual Financial Statements to the Schedule of Expenditures of Federal Awards		
County's Total Federal Revenue per Exhibit 5 and Schedule 17	\$	55,639
School's Total Federal Revenue per Exhibit 5		83,959
Items not subject to Single Audit:		
U. S. Marshals/I.N.S. purchase of service agreement		(1,002)
Other purchase of services agreements		(320)
Total Federal Expenditures per SEFA	\$	138,276

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 2010. This schedule has been prepared on the modified accrual basis of accounting, as defined in Note 1, Part C of the County's Basic Financial Statements.

NOTE (4) – NONCASH FEDERAL AWARDS EXPENDED

The value of food distribution - commodities received by the County during fiscal year 2010 was \$3. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2010, the County received and expended \$1,715 in surplus food commodities from the federal government. At year end, \$314 of food commodities received from the federal government have been included in inventories and recorded as deferred revenue.

NOTE (5) – SUBRECIPIENTS

The amount of federal awards provided to sub-recipients during fiscal year 2010 totaled \$5,050 of which \$4,451 related to Catalog of Federal Domestic Assistance (CFDA) No. 14.218 and \$599 related to CFDA No. 14.239.

**Independent Auditor's Report
on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

We have audited the basic financial statements of the governmental activities, the business-type activities, 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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 24, 2010. Our report included an emphasis of a matter related to a change in accounting method. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Prince William's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Prince William's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-1 to 10-3.

The County's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, members of County of Prince William's Board of Supervisors, and federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Greensboro, North Carolina
November 24, 2010

**Independent Auditor's Report
on Compliance With Requirements
That Could Have a Direct and Material Effect
on Each Major Federal Program
and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

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

Compliance

We have audited the County of Prince William, Virginia's compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the County of Prince William's major federal programs for the year ended June 30, 2010. The County of Prince William's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Prince William's management. Our responsibility is to express an opinion on the County of Prince William's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Prince William's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Prince William's compliance with those requirements.

In our opinion, the County of Prince William complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-4 to 10-7.

Internal Control over Compliance

Management of the County of Prince William is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Prince William's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Prince William's internal control over compliance.

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, others within the organization, members of the County of Prince William's Board of Supervisors, and federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Greensboro, North Carolina
November 24, 2010

County of Prince William, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ X _____ Yes	_____	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____	No

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____	None Reported

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

Unqualified

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

_____ X _____ Yes _____ No

Identification of major federal programs:

Program Name

CFDA

Child Nutrition Cluster	10.553, 10.555, 10.559
State Fiscal Stabilization Fund (SFSF)	84.394, 84.397
Child Care Cluster	93.575, 93.596, 93.713
Head Start	93.600, 93.708
Title 1	84.010, 84.013, 84.389
Special Education	84.027, 84.173, 84.391, 84.392
Community Development Block Grant (CDBG)	14.218, 14.253

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

_____ \$ 3,000 _____

Auditee qualified as low-risk auditee

_____ X _____ Yes _____ No

County of Prince William, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section II - Financial Statement Findings

Finding 10-1

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

Criteria: All counties and cities receive funding under the Comprehensive Services Act (CSA) for At-Risk Youth and Families, Chapter 52 of Title 2.2 (Section 2.2-5200 et. seq.) of the Code of Virginia. The auditor is required to select a sample of program participants from the vouchers supporting the Pool Reimbursement Requests. For each participant selected, the auditor is required to determine whether the individual is classified on the Reimbursement Request as part of the mandated or non-mandated population, as stated in Section 3-12 of the Audit of Public Accounts.

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

Effect: The County is not in compliance with Comprehensive Service Act for At-Risk Youth and Families. The incorrect coding of an expenditure to the wrong child resulted in an overstatement of expenditures for the non-mandated population and an understatement of expenditures for the mandated population. Because reimbursements from the state depend on the proper classification of each child, and each CSA child has a unique classification for reporting purposes, it is imperative that the County ensure there are controls in place to identify each expenditure is being charged to the correct child.

Cause: The County did not match the check register with the supporting documentation. The supporting documentation listed the child's name for the services rendered, but the information did not agree to the information listed on the check to be paid to the vendor.

Recommendation: We recommend that the County implement a control to match each check copy to the supporting documentation to ensure the expenditure is for the correct child, which will ensure the expenditure is included in the proper population for reporting purposes.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. This finding was identified during preparation for the audit and corrected prior to the audit. A general review of other records determined that this error was unique. The system for processing provider invoices and matching them to applicable purchase orders is automated and is in place as recommended.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section II - Financial Statement Findings

Finding 10-2

COMPLIANCE WITH SECTION 53.1-127.1 of the Code of Virginia

Criteria: The County offers commissary services to the inmates of the Adult Detention Center (ADC). Any profits from the operations of the commissary must benefit the inmates in the custody of the ADC, in accordance with Section 53.1-127.1 of the Code of Virginia. The ADC is required to ensure the commissary funds are managed properly in accordance with these standards.

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

Effect: The ADC is not managing the commissary funds properly to ensure that all payments authorized for vendor services have not been previously issued. These errors in payments caused overpayments to vendors.

Cause: The ADC accounting software used for commissary services (Quickbooks) lacks the ability to enter invoices into the accounts payable module with a unique identifier. This can result in invoices being entered into the system multiple times, which can cause duplicate payments. In addition, there are no manual controls in place to verify if payments had already been made to the vendor for the same service.

Recommendation: It is recommended that the ADC implement a manual control to detect duplicate payments to vendors.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. As a result of the finding and to formalize the process, the ADC has implemented an invoice log, sorted by invoice number, to ensure that duplicate payments are not processed. The staff responsible for accounts payable and the supervisor of the section review the invoice numbers previously recorded in Quickbooks prior to check processing. Management has final approval of invoice payments and will ensure that new procedures are followed.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section II - Financial Statement Findings

Finding 10-3

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL

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

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

Effect: Overstatement of intra-County accounts receivable and revenue by \$329,198 in the County's Internal Service Fund.

Cause: Management did not perform an analytical review prior to preparing the audit schedules. A comparison to the prior year would have shown a significant increase in the Accounts Receivable balance. In addition, the individual recording the entry did not properly review supporting documentation prior to recording the receivable.

Recommendation: The Finance Department should perform an analytical review, using budgetary data or the prior year for comparison. This should be performed for each fund, at the general ledger account level, to help detect any possible misstatements. This will enable the Finance Department to investigate any fluctuations and record any corrective journal entries if necessary.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Due to staff turnover in the Financial Reporting and Control Division, preliminary analytical review of the receivable balance was not completed prior to the preparation of the audit schedules. A subsequent review of other accounts revealed this instance is isolated. The analytical review of account balances to prior year's balances and budgetary data, to identify fluctuations that may result in possible misstatements of the financial statements, is typically performed during the audit cycle and will be completed earlier in the future with adequate staffing.

County of Prince William, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section III - Findings and Questioned Costs for Federal Awards

Finding 10-4

Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 - Child Care Cluster
Category: Allowable Costs and Eligibility

Criteria: Under the Virginia Department of Social Services Division of Child Care and Early Childhood Development manual, section VI (I) requires that an eligibility determination be performed every 12 months for Child Care cases. This re-determination may be performed either in person or over the phone. The eligibility criteria states that the recipient must be working in order to receive child care benefits.

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

Questioned Costs: \$5,000 in assistance payments for the months of December 2009 to March 2010 for daycare services for the ineligible children.

Effect: The Prince William County Department of Social Services overpaid a vendor for services that the recipient was not eligible to receive.

Cause: The Department of Social Services staff followed up with the client in order to comply with requirements regarding eligibility re-determination; however, since the client did not comply with the requests, the case should have been closed. Because the case was transferred between two case workers during the time frame for re-determination, the case was overlooked for closure.

Recommendation: It is recommended that any time a case is in the process of being transferred between two case workers that has missing information or follow up action by the new case worker, a notation should be made in the file for the new worker. An overall review of case files and eligibility determinations should be made by a supervisor, to ensure only the proper recipients are receiving benefits. This will ensure these requests are met and no overpayments are made for ineligible clients.

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

County of Prince William, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section III - Findings and Questioned Costs for Federal Awards

Finding 10-5

Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 - Child Care Cluster
Category: Eligibility

Criteria: Under the Virginia Department of Social Services Division of Child Care and Early Childhood Development manual, section VI (J) requires that a Notice of Action be maintained in each child's case file. Any changes, re-determinations, closures of file, or updates to the case file would warrant a Notice of Action to be sent to the recipient.

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

Questioned Costs: None

Effect: The Prince William County Department of Social Services is not in compliance with the requirements set forth in the Virginia Child Care Assistance Manual.

Cause: Case files are maintained in different programs within the Child Care Department and as such some of the documentation sent to the Department of Social Services may not get filed properly or updated to reflect changes with the recipient, due to staff limitations and caseloads for each worker.

Recommendation: It is recommended that any time a Notice of Action is required to be filed with the recipient, or changes are made in a case file, that this information is appropriately documented in the recipient's case file. An analysis of caseload per case worker may be helpful in reassigning some of the work within the department.

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

County of Prince William, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section III - Findings and Questioned Costs for Federal Awards

Finding 10-6

Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 - Child Care Cluster
Category: Eligibility

Criteria: Under the Virginia Department of Social Services Division of Child Care and Early Childhood Development manual, section VI (H) requires that income documentation and eligibility information must be clearly identified in the file.

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

Questioned Costs: None

Effect: Improper benefit payments could potentially occur if the income information obtained was entered incorrectly.

Cause: Case files are maintained in different programs within the Child Care Department and as such some of the documentation sent to the Department of Social Services may not get filed properly or updated to reflect changes with the recipient, due to staff limitations and caseloads for each worker.

Recommendation: It is recommended that any time a recipient is determined eligible or is redetermined for eligibility that the income information is appropriately documented in the recipient's case file. An analysis of caseload per case worker may be helpful in reassigning some of the work within the department.

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

County of Prince William, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section III - Findings and Questioned Costs for Federal Awards

Finding 10-7

Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 - Child Care Cluster
Category: Eligibility

Criteria: Under the Virginia Department of Social Services Division of Child Care and Early Childhood Development manual, section VI (J(3(C))) requires that a Notice of Action for Termination of assistance must be sent to the client at least 60 days prior to the termination.

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

Questioned Costs: For recipient selected, \$1,500 in assistance payments were made on behalf of the recipient which should not have been made if the Notice of Action had been filed 60 days prior to the date of termination.

Effect: A vendor was overpaid for services that the recipient was not eligible to receive.

Cause: Each case worker has numerous case files to maintain, some of which are maintained in different programs within the Child Care Department. Some of the case loads are heavy for one individual case worker.

Recommendation: It is recommended that a system be maintained for each case worker to easily identify when any of their recipients are close to being terminated in the system. In addition, an electronic notification would be helpful so the case worker can clearly identify what types of actions are coming up for each of their recipients.

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2010

Financial Statement Findings

Finding 10-1: Compliance with Comprehensive Services Act Chapter 52 TITLE 2.2 Section 2.2-5200 et. Seq. of the Code of Virginia

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

Corrective Action:

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

Proposed Completion Date: Immediately

Finding 10-2: Compliance with Section 53.1-127.1 of the Code of Virginia

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

Corrective Action:

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

Proposed Completion Date: Immediately

Finding 10-3: Significant Deficiency in Internal Control

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

Corrective Action:

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

Proposed Completion Date: Immediately

COUNTY OF PRINCE WILLIAM, VIRGINIA

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2010

Federal Award Findings

Finding 10-4:
Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 – Child Care Cluster
Category: Allowable Costs and Eligibility

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

Corrective Action:

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

Proposed Completion Date: Immediately

Finding 10-5:
Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 – Child Care Cluster
Category: Eligibility

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

Corrective Action:

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

Proposed Completion Date: Immediately

Finding 10-6:
Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 – Child Care Cluster
Category: Eligibility

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

Corrective Action:

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

Proposed Completion Date: Immediately

COUNTY OF PRINCE WILLIAM, VIRGINIA

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2010

Federal Award Findings (continued)

Finding 10-7:
Department of Health and Human Services
CFDA: 93.575, 93.596, 93.713 – Child Care Cluster
Category: Eligibility

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

Corrective Action:

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

Proposed Completion Date: Immediately



COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended June 30, 2010

Financial Statement Findings

Finding 09-1: Financial Statement Finding - Capital Asset Inventories

Summary of Finding: The Finance Department identified the need to proactively conduct a physical inventory and reconcile to the financial system. As a result of five new FTE's approved for the FY2009 budget, the Finance Department filled an accountant position dedicated to capital assets. This led to the discovery of assets disposed of in prior years that should have been removed from the capital asset ledger in prior years.

Corrective Action Taken: The Management for the County has implemented procedures to ensure that a physical inventory count and verification of capital assets will be conducted and reconciled to the financial system on an annual basis as long as staffing resources exist. Each department will be responsible for conducting an annual physical inventory count and verification of assets in their Department with periodic random sampling checks performed by the Finance Department. The Finance Department will reconcile the results of this annual inventory to the financial system. The Finance Department will train department staff to implement the existing policies and procedures regarding capital asset disposal.

Finding 09-2: Financial Statement Finding - Segregation of Duties

Summary of Finding: Certain key duties were not properly segregated related to the purchasing and payment functions related to administration of certain contract provisions within a Division of the County's Internal Service Fund. Lack of segregation of duties allowed the same employee to purchase and approve payment under a specific contract.

Corrective Action Taken: The County has reviewed the role of the persons involved and changes to the procurement process has been made within the Office of Information Technology. The County has also reviewed all other Departments' approval segregation within the procurement system to ensure that no one individual has the ability to initiate, approve, process and record transactions without proper supervisory review.

Finding 09-3: Financial Statement Finding - County Contract Provisions

Summary of Finding: The County included a provision related to task order request procedures in a certain contract for services – "As County projects become known, the County will issue a task order request to each qualified Contractor". Due to alleged acts of certain employees in the Office of Information Technology (OIT), the County failed to comply with issuing certain task order requests to each qualified Contractor related to the administration of certain software development.

Corrective Action Taken: The County proactively reviewed the role of the persons involved and conducted an audit of the procurement process. The audit confirmed that County's failure to comply with the specific provision did not materially affect the financial statements of the County. The OIT employees involved in the alleged wrong-doing have been separated from County employment and the key employees have been criminally charged and are awaiting trial. Remaining OIT employees have been retrained in the correct procurement process and the County has reissued to all County employees information about how to anonymously report internal abuse of County regulations.

COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010

Financial Statement Findings (continued)

Finding 09-4: Financial Statement Finding - State Statutes

Summary of Findings: The County is required to comply with the provisions of The State and Local Government Conflict of Interests Act, which is contained in Chapter 31 (§ 2.2-3100 et.seq.) Title 2.2 of the Code of Virginia. The Act requires the County to obtain annual disclosure statements of personal interests by January 15th of each year or within two weeks of a Board member's election to office. The County failed to detect and correct some discrepancies and/or deficiencies contained with the annual required disclosure statement of personal interests that members of the Board of County Supervisors are required to file.

- One Board member failed to file one of the three required forms;
- Once Board member failed to sign two of the three required forms;
- One Board member improperly dated one of the three required forms, noting the year 2008 instead of 2009.

Corrective Action Taken: All of the deficiencies and discrepancies identified have been corrected and the County is currently in compliance with The State and Local Government Conflict of Interests Act. County staff have implemented procedures to assist in tracking data related to the distribution of notices to file, generating follow up reminders and recording the date that disclosures statements are filed and verification of forms received to ensure that the appropriate information and signatures are present.

Federal Award Finding

None