



County of Prince William, Virginia Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2015

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Prepared by the Department of Finance

**As of June 30, 2015*

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COUNTY OF PRINCE WILLIAM

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BOARD OF COUNTY SUPERVISORS

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Pete Candland
Jeanine Lawson
Michael C. May
Martin E. Nohe
John D. Jenkins
Frank J. Principi

Melissa S. Peacor
County Executive

Michelle L. Attreed
Director of Finance

December 31, 2015

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

We are pleased to present the *Comprehensive Annual Financial Report* of the County of Prince William (the “County”) for the fiscal year ended June 30, 2015. The report is designed to present fairly the financial position of the County, including its discretely presented component units in all material respects and demonstrate compliance with applicable legal and contractual provisions. This report consists of management’s representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. 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 are audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2015, 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 is a reasonable basis for rendering an unmodified opinion that the County’s financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The report of independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County is part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of major federal 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 % is federally owned land. As of April 1, 2010, the U.S. Census Bureau reported the County's population at 402,002 persons. According to the Metropolitan Washington Council of Governments (MWCOCG), Prince William's population constitutes 8.2 % of the Washington-Metropolitan region's five million people. Prince William's location in Metropolitan Washington, D.C. and the availability of excellent transportation by way of regional, national and international airports, freight and passenger rail services and interstate and highway roadways is a catalyst for growth in the County, which continues to provide numerous economic advantages. Within the County's boundaries are the independent cities of Manassas and Manassas Park and the incorporated towns of Dumfries, Haymarket, Occoquan and Quantico. The towns elect their own mayors and councils, but rely on the County government for many of their services.

The County exercises local governing powers granted to it by the Virginia General Assembly. Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board of County Supervisors (Board). Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. An election was held on November 8, 2011, and the current board members took office in January 2012 and will serve until December 31, 2015. Jeanine Lawson was elected to serve as the new Brentsville magisterial district Supervisor in a special election held on December 23, 2014. The Brentsville Supervisor vacancy was created as a result of the resignation of W.S. "Wally" Covington, III from his seat on September 19, 2014, in order to accept an appointment by the General Assembly as a Judge in the General District Court of Prince William County.

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

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

OMB in early December. The County Executive presents to the Board a proposed fiscal plan on or before March 1 of each year for the fiscal year beginning July 1.

After an extensive review and deliberation process and two public hearings to receive citizen input, the Board makes its decisions on the proposed Fiscal Plan and adopts the Fiscal Plan by April 30.

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 proved more resilient than many other parts of the country during the most recent recession as the federal government responded to the downturn with massive stimulus spending. However, recent signs suggest that as stimulus spending has been curbed, the area’s economy has been challenged to keep pace with a general broad-based expansion underway in the nation. Nevertheless, the Prince William County economy, with a few notable exceptions, continues to exhibit healthy signs. The residential real estate market continued to improve in terms of average sold price, number of sales and average days on the market, even as rates of growth have

slowed. Unemployment in the County continued to be well below the national rate, but is still high by recent standards. Foreclosures are on a downward pace, approaching levels recorded before the real estate downturn. In the first three months of 2015 an average of fewer than 40 foreclosures per month were reported in the county. This is a great improvement over the worst period of the downturn, when a record 18,000 foreclosures were recorded in years 2006 to 2010. Latest at-place employment data from the Virginia Employment Commission (4th Quarter 2014) indicate continued growth in establishments, employment and wages in the County. Prince William County's commercial inventory continues to be elevated in terms of historic vacancy rates but has shown steady improvement. The Prince William economy appears to be continuing its strengthening trend despite some weakness at the regional and national levels.

The local housing market, after a major downturn in 2007 and 2008, stabilized in 2010 and gained steady momentum through 2015. According to data from Metropolitan Regional Information Systems (MRIS), during June 2015, the average home in Prince William County sold for \$361,866. This represents a decrease of 1.1% year-over-year but a 78.9% increase since February 2009 when the market was beginning its recovery. The number of homes sold in Prince William County in June 2015 was 757 -- an increase of 10% from the 688 homes sold one year earlier. The ratio of homes on the market to homes sold was 2.60, compared to 2.57 one year earlier. Average "days on the market" stood at 40 in June 2015 compared to 36 in June 2014.

Residential building permit activity, a leading indicator for housing construction, experienced a six-year boom from 2000 to 2005 with more than 4,300 total residential permits issued per year and home values that were increasing at double digit rates. Since 2005, however, the number of permits has sharply declined:

<u>Calendar Year</u>	<u>Single Family</u>	<u>Townhouse</u>	<u>Condo/Apartment</u>	<u>Total</u>
2006	1,818	712	345	2,875
2007	1,305	580	366	2,451
2008	984	260	665	1,909
2009	1,152	381	402	1,935
2010	1,056	479	777	2,312
2011	842	349	316	1,507
2012	845	229	374	1,448
2013	756	349	538	1,643
2014	532	334	1,238	2,104
2015 (Jan-Jun)	250	187	486	923

In 2014, a total of 2,104 residential occupancy permits were issued for new homes: 532 single family homes, 334 townhouses and 1,238 multi-family units (including apartments). This represents an increase of 11.9% year-over-year and the best year since 2010's 2,312 total new units. The mix of housing types has shifted in six years, reflecting a changed market. In 2006, 63% of all permits issued were for single family detached, while 25% were for townhouses and 12% for condominiums/apartments. In 2014, by comparison, 25% of all permits issued were for single family detached, while 16% were for townhouses and 59% were for multi-family units. As the number of foreclosures continues to drop, expectations are that the average home prices will continue to rise -- though a return to the prosperous days of double digit annual appreciation are not anticipated in the near future. The residential real estate outlook is for continued modestly improving conditions over the next several years.

The Prince William County commercial inventory saw improving conditions during 2015 (through June); although vacancy rates continue to be elevated by historic trends and new construction continues at a generally reduced level. Insomuch as Prince William County's commercial inventory is a part of the region's inventory, it is affected by general conditions in the region's economy. Overbuilding during the last economic expansion was in part responsible for an oversupply of office and industrial inventory as the economy began to worsen. Furthermore, in certain types of product -- notably flex, which is often characterized by single large and specific uses, the movement of one or two tenants can greatly impact vacancy rates. Current conditions suggest that the Prince William County commercial real estate market, while generally improving, continues to be in an absorption phase (particularly in office product), meaning

product that was developed largely before the economic downturn is still not fully leased. In June 2015, according to Costar Realty Group (Costar), Prince William County commercial inventory included 44.6 million square feet (sq. ft.) of space in 1,962 buildings, with 3.17 million sq. ft. of vacant space -- a vacancy rate of 7.1%. Since 2011, some 1.62 million sq. ft. of commercial space has been added to the inventory, a growth rate of 3.8%. Expectations are that the commercial real estate market will improve over the course of the next few years, as the local economy grows.

About 78 % of the County's real estate tax base (including apartments) consists of residential housing, approximately 22 % is comprised of commercial, industrial, agricultural and public service properties and less than 1 % is undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors has been able to lower the real estate tax rate while maintaining the level and quality of services expected by residents. Below is a five-year history of the real estate tax rate:

- FY2012 - \$1.204 per \$100 of assessed value
- FY2013 - \$1.209 per \$100 of assessed value
- FY2014 - \$1.181 per \$100 of assessed value
- FY2015 - \$1.148 per \$100 of assessed value
- FY2016 - \$1.122 per \$100 of assessed value

Despite recent fiscal challenges to the County's ability to provide services, strategic goal areas and critical service needs of the community continue to be the primary focus. As the local economy continues to rebound, the Board of County Supervisors has made the decision to begin to re-invest in the community while still maintaining relatively low average tax bills.

Retail sales continued at a generally healthy pace during 2015, with 15 out of 16 past months (through May 2015) of positive monthly year-over-year growth. Sequestration and continued federal budget uncertainty notwithstanding, and despite some uneasiness during the previous summer, the economy and consumer confidence continue positively and retailers are hopeful of extended healthy retail activity.

Prince William County's population is currently estimated at 428,329 (as of June 30, 2015). Population growth has been at a slower pace than in past years, particularly before the economic downturn, when annual increases approached 5%. Nevertheless, the County will continue to expand its population base as the real estate market continues to strengthen. The Metropolitan Washington Council of Governments predicts the County's population will grow by over 217,000 people or an increase of 61% between the years 2005 and 2040, while the region in total is expected to grow by only 36%. The County continues to be a young, family-oriented community, with approximately one-third of its households married with children. Despite progress in attracting jobs to the County, Prince William continues to export nearly two-thirds (63.8%) of its labor force to jobs outside the County, accounting for the fifteenth longest commute in the United States. According to 2013 Census data, Metropolitan Washington ranked first in the United States for median household income, with nine of the region's counties in the top 20 nationwide. Prince William County's median household income of \$95,268 is 82% above the national median of \$52,250 and 52% above the state-wide median of \$62,666. Prince William County had the 12th highest median household income in the United States; six % higher than the metropolitan Washington D.C. median household income of \$90,149. This ranking further underscores Prince William County's continued status as a "Community of Choice".

According to data from the U.S. Department of Labor and the Virginia Employment Commission, Prince William County has outpaced regional, state and national economies in business and job growth over the last five years but has lagged behind the state and region for at-place average weekly wage growth since 2009. In 2014 (4th Quarter), there were 8,177 employment establishments reported in Prince William County, a growth rate of 3.7% year-over-year and 13.1% since 2009. By comparison, Northern Virginia establishments grew by 1.3% in one year and 5.5% since 2009; statewide, establishments grew by 1.2% in the last year and 3.6% since 2009.

At-place employment in Prince William County (120,921 in the 4th Quarter 2014) increased by 3.0% year-over-year and by 16.7% since 2009. By comparison, Northern Virginia employment increased by 0.5% in the last year and 4.4% since 2009. Employment in the Commonwealth grew by 0.6% in the last year, and increased by 3.9% since 2009.

The average weekly wage in Prince William County (\$888 in the 4th Quarter 2014) grew by 2.9% year-over-year and 4.5% since 2009. At-place average weekly wages in Northern Virginia (\$1,438) grew by 1.9% in the last year and 4.3% since 2009. In Virginia, weekly wages (\$1,057) grew by 2.8% year-over-year and 6.2% since 2009.

The impact of the housing market downturn continues to be felt in those industries related to housing; however, some ground has been regained in terms of at-place employment. Construction employment, for example, declined in Prince William County by over 7,000 jobs (-44.2%) between September 2005 and February 2010. Since that low point, Construction employment has increased by 3,939 jobs (44.0%) as of December 2014. Likewise, jobs in finance and insurance and real estate experienced a net loss of over 800 jobs (-22.2%) since their respective peak months of the real estate boom, but have increased by 657 jobs (22.3%) since that low point. Continued improvement in the local real estate market gives hope that employment in these sectors will continue to improve as well. Prince William County's unemployment rate was 4.6 % in June 2015, well below the statewide rate of 5.0 % and the national rate of 5.3 % in June 2015. By comparison, Prince William County's unemployment rate was 4.8 % in June 2014.

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. However, the regional economy, given ongoing fiscal austerity at the federal level, may be more challenged than in previous times to outperform the national economy. The County depends heavily on residential housing and consumer spending to maintain its prosperity and levels of local government services. These two sectors were impacted by the recent economic downturn; recent trends point to improving conditions in local consumer and real estate activity.

As Prince William County enters fiscal year 2016, the local economy continues to outperform the national economy but, in light of the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and Prince William County, both of which were major recipients of this good fortune. After a rather severe correction in the housing market, current conditions suggest that a market expansion is occurring again, though at a more moderate pace than during the previous housing market boom. In addition, the impact of defense-related drawdowns in the federal budget, as well as the prospect of long-term drawdown of federal resources in general, has yet to be fully ascertained. The impact of the federal government on the regional and local economy cannot be overlooked.

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

Long-term Financial Planning

The County adopted *Principles of Sound Financial Management* in 1988 and from time to time updates and amends its *Principles* through the Board of County Supervisors, the latest update being December 2012. The *Principles* provide overarching guidance for prudent fiscal management. In 1989, the Board of County Supervisors also codified the *Financial and Program Planning Ordinance*. The purpose of this ordinance was

to provide a framework for planning government services, allocating resources to those services, and providing accountability for achievement of budgeted service levels. Following these *Principles* and the *Ordinance* has enhanced the County's image and credibility with the public, investors and credit rating agencies.

Credit ratings are tied strongly not only to the financial management of a local government, but also to the economic climate and to this end, the County continues to be viewed by rating agencies as a key economic engine in the Metropolitan area, and holds a AAA status from all three major credit rating agencies, a distinction only 46 counties hold nationwide and a measure that less than 1 % of the roughly 18,000 local governments throughout the country have achieved. The County's superior bond ratings and outstanding credit affirms its status as a fiscally responsible and sound local government.

A significant factor in the County's AAA bond rating from Fitch Ratings, Aaa bond rating from Moody's Investors Service and AAA bond rating by Standard and Poor's is management's consistency in implementing and adhering to multi-year financial plans. As outlined in the *Financial Planning and Program Ordinance* and the *Principles of Sound Financial Management*, the County is to present to the Board a five-year revenue and expenditure projection during the annual budget process. This projection process helps the Board gauge the multi-year impacts of fiscal decisions and weigh the corresponding implications of tax rates and other revenue sources. A five-year budget plan prepared by the Prince William County Schools is combined with the five-year budget plan prepared by the County to give a total picture of the General Fund requirements. The most recent five-year budget plan was approved by the Board in April 2015 for fiscal year 2016 to fiscal year 2020. Integral to establishment of five-year plans is the *County-School Revenue Sharing Agreement*, which was originally adopted by the Board of County Supervisors and the County School Board in 1998. The current Agreement splits the County's General Revenues, 57.23 % to the School System and 42.77 % to the County.

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

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

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

During the past several years, as Prince William County has addressed the impacts of the Great Recession, focus has been given to a comprehensive analysis of all County government programs and services, and funding the needs of the community through the County's capital and operating budgets. As such, the Board of County Supervisors has had to make tough decisions that were necessary to best position the County for the changing economic future. Throughout the country, local governments are dealing with the reality of a "New Normal" and here in Prince William County our governing body has balanced the needs and desires of the community with their willingness and ability to pay for those services. Decisions made by the Board and work done by staff to support those decisions have allowed for reinvestment in the County to ensure Prince William remains a community of choice. Prince William has the distinction of being named one of the 100 best communities in the nation for young people and 91% of the County's residents say their quality of life meets their expectations, 84% say Prince William County government can be trusted to do the right thing; 91% believe the County organization is efficient and effective and 86% say the value for the tax dollar meets or exceeds their expectations.

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

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

Capital improvement projects over the next six years totals approximately \$1.3 billion. The major projects address education, transportation, community development and public safety needs, all of which are key areas in the County's *Strategic Plan*, and which combined, account for 97.8 % of the CIP. The 2016-2021 Capital Improvement Program provides \$11.7 million for the completion of two new libraries; \$12.2 million for various parks and recreation projects, including improvements to sports fields, renovations to the children's pool at WaterWorks, trail development and other park improvements; \$28.6 million for a new fire station to serve mid-County residents and the reconstruction and renovation of three existing fire and rescue stations; \$27.8 million for a new central district police station and a rifle range for the Public Safety Training Center; \$45.3 million for a 204-bed expansion to the Adult Detention Center; and \$204.8 million for numerous road projects. In addition, the CIP includes \$39.4 million for various technology improvements to systems including the replacement of the County's financial management system; \$18.7 million for solid waste projects at the County's landfill; and \$20.9 million for watershed management and safety improvements to Silver Lake Dam. The School System's Capital Program totaling \$919.5 million for 2016 to 2021 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. The County will not balance the current budget at the expense of meeting future years' expenditures; that is, the County will not accrue future years' revenues or roll over short-term debt to avoid planned retirement, nor shall unassigned General Fund balance be used to finance current operations, except in emergencies.

Major Initiatives

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

Economic Development – The Economic Development Strategic Goal calls for the County to provide a robust, diverse economy with more quality jobs and an expanded commercial tax base. The leadership and foresight of Prince William County to support business development to bring quality jobs to the citizens and provide strategies for sustained economic growth has enabled the County to become a strategic and vital component of the Northern Virginia economy, as well as that of the Commonwealth of Virginia. In this regard, the County's Department of Economic Development works diligently with targeted industries to attract new businesses and foster expansion of existing businesses. Since the inclusion of economic development in the strategic goals of County (in the mid-1990s), 440 new and expanding companies have announced their intention to invest more than \$6.0 billion and add approximately 16,800 jobs to the Prince William County economy. Of these announcements, 339 (77%) were targeted industry businesses accounting for \$5.3 billion (88%) of the total investment and 12,829 (76%) of the total jobs.

Recognizing the particular strengths of Prince William County and seizing upon market demands, Prince William County has targeted the biotechnology, life sciences and medical network markets; federal government agencies and contractors; specialized supply and logistics; advanced manufacturing; data centers and technology markets and corporate headquarter facilities. These efforts have proven successful in generating significant capital investment and job opportunities in Prince William County. Calendar 2014 marked the County's second consecutive banner year for attracting new intended capital investment in the County at \$513 million and the fourth year in the 18-year history of the Department of Economic Development to exceed half a billion dollars. This success follows a record-setting calendar 2013 where the County attracted over \$1 billion in intended new capital investment, 95% of which will be on the ground by the end of calendar 2015. Total intended capital investment logged for the first six months of calendar 2015 also exceeds the half a billion mark at \$622 million.

Innovation Park, the County's premier business and technology park is home to a growing life sciences cluster and a number of information technology companies. Since its inception in 1998, the Park has attracted over 26 research institutions and companies employing over 2,300 people and bringing over \$827 million in private capital investment in the County. The Park is anchored by George Mason University's (GMU) newly-named "Science and Technology Campus", reflective of the University's desire to emphasize the cutting edge work that is being conducted at its Prince William campus. In April 2015, GMU opened its new Institute for Advanced Biomedical Research on the Science and Technology Campus. The building will house the Center for Applied Proteomics and Molecular Medicine (CAPMM) as well as a variety of research labs. Other prominent businesses and institutes located at Innovation Park include American Type Culture Collection (ATCC), Corning Mediatech, Inc., and the Mason/National Institutes of Health (NIH) Biomedical Research Laboratory. Also present is an emerging forensic science/criminal justice cluster that includes the Federal Bureau of Investigation (FBI) Northern Virginia Resident Agency and the Virginia Department of Forensic Science's Northern Laboratory.

The Prince William Science Accelerator located at Innovation Park is home to the only commercially available wet lab space in Northern Virginia. In operation just over a year, the Accelerator now houses three tenants - Ceres Nanosciences, Inc., ISOThrive, LLC and Virongy, LLC. Virongy located in the Accelerator in June 2015 and is a spin-off company formed as a result of research conducted at GMU. ISOThrive, LLC, the first tenant in the Accelerator, doubled its wet lab footprint at the Accelerator this year. The Virginia Simulation and Game Institute (VSIGI), also located at Innovation Park, is the only one of its kind on the east coast. The Institute is designed to support translational applied research in the areas of simulation, modeling and game design, rapid prototype development, high-value job creation and economic development. Since its opening in March 2014, the VSIGI is presently home to eight start-up businesses that have collectively created over 70 jobs, multiple patents, copyrights, innovative simulation and game solutions and generated over \$1 million in corporate support.

The worldwide demand to be increasingly more inter-connected, along with the County's prominent East Coast location has given rise to Prince William County's emergence as an important data center market in the Greater Washington, DC Metropolitan area. The County's competitive tax structure, affordable power and water supply, and fiber optic availability, make it an ideal location for data center clients seeking a location in the Mid-Atlantic region. Further strengthening Prince William County's position is the availability of large land parcels and minimal natural disaster threats, which allows clients to meet the high security standards that today's data market demands. In 2014, the County emerged as a major player in the data center industry by surpassing the two million square foot threshold. To date, there have been 24 projects involving the construction or expansion of data center facilities in the County. These projects have yielded announcements totaling nearly \$4.3 billion in capital investment and 706 new jobs.

The County's access to both Interstate 66 and 95 make the County a desirable location for shipping and transport companies in the specialized supply and logistics cluster. A new 168,000 square foot FedEx Ground shipping hub, located just off Balls Ford Road and Interstate 66 near Gainesville, is scheduled to be completed and operational by the end of 2015. The addition of this facility within the County solidifies the Prince William County's position as a location of choice for logistics and distribution companies servicing the Washington, DC Metropolitan area.

With Prince William County's proximity to Marine Corps Base Quantico, Fort Belvoir, the National Reconnaissance Office (NRO), and Washington, DC, along with the presence of the Federal Bureau of Investigation 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 2010, 36 economic development projects involving government contractors or federal agencies have delivered a cumulative announced intent to invest of over \$27 million and to create 922 new jobs in the County.

The Potomac Communities includes a number of office developments that cater to the growing demand to provide companies greater access to the Northern Virginia labor market while maintaining close proximity to Washington, DC and nearby federal facilities – such as Marine Corps Base Quantico, Fort Belvoir and the Pentagon. With infrastructure improvements to local roadways and new commercial office space coming to market, the Potomac Communities provides several opportunities for those looking to locate or expand in the County. Belmont Bay, a 300 acre mixed-use project adjacent to the Potomac River saw the groundbreaking of GMU’s new Potomac Science Center. The Center will house the school’s Potomac Environmental Research & Education Center in a waterfront building slated to open in the first quarter of 2016. The space will contain wet labs for teaching and research, lecture rooms, a library/resource center, offices and a spatial analysis laboratory further enhancing the pool of future workforce talent here in the County. Northern Virginia Community College’s (NOVA) Regional Workforce Development Center is also under construction and is scheduled to open in the first quarter of 2016. The facility is a 60,000 square foot state-of-the-art building with flexible space for training and a focus on information technology, cybersecurity, and advance manufacturing – all targeted industries for Prince William County. NOVA also announced its plans to invest over \$2.2 million in a new college-wide initiative to persuade more students to pursue Science, Technology, Engineering and Math (STEM) two- and four-year degrees. With two campuses and an educational center in the County, NOVA’s new STEM initiative will continue to strengthen Prince William County’s already robust talent pipeline with additional laboratory technicians, researchers, scientists and engineers. Overall, businesses looking to expand find that Prince William County’s pipeline of skilled and diverse labor, access to five of the Top Ten U.S. markets, coupled with the County’s proactive business approach gives Prince William County a competitive edge.

Another notable achievement of the County on the economic development front was the attraction of the Tiger Wood’s Foundation 2015 Quicken Loans Nationals Golf Tournament. The tournament was held at the top-rated Robert Trent Jones Golf Club in Haymarket during late July/early August 2015. The PGA event attracted over 100,000 spectators and brought the County world-wide television coverage broadcasted to millions of viewers.

Education – Education is one of the Board’s Strategic Goals. The goal states that the County will provide an educational environment rich in opportunities to increase educational attainment for workforce readiness, post-secondary education and lifelong learning. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County. The School System’s Five-Year Budget Plan continues to focus resources on the most critical school needs, including accommodating a student enrollment increase of 5,949 over the next five-year period; salary scale adjustments for employees as funding permits; \$212.6 million in funding for repairs and renewals of older facilities; funding for the debt service on \$501.8 million of construction bonds, start-up costs and operating costs for four new elementary schools, two high schools and one new alternative school that replaces three alternative/special schools, as well as additions and/or expansions at eight current schools and the replacement of one elementary school.

Prince William County Schools is the second largest of 132 school divisions in Virginia, the fourth largest in the Washington-Metropolitan area, and one of the 38 largest school divisions in the country, operating 92 schools and specialty centers for students in grades pre-kindergarten through twelve. The official September 2015 student enrollment count for Prince William County Schools is 87,253 students, up 1,044 students, or 1.2 % from fiscal year 2015 to 2016. To accommodate the growing student population since 2010, eight new schools and fourteen school additions have been constructed, adding more than 1 million square feet of space and seating for 10,387 students. Renewals were also completed at seven schools.

The School System remains committed to providing a world-class education to its students and is a state leader in producing better student achievement results at a lower taxpayer cost. As testament to the quality of education received by students in Prince William County, all of the County’s schools are accredited under the Commonwealth’s accreditation guidelines, with 92% of the schools receiving full accreditation for the 2015-2016 school year, based on performance during the 2014-2015 school year, or a three-year average, far surpassing the statewide average. All eleven high schools are fully accredited and rank among the top 10%

according to the *Washington Post's* list of "America's Most Challenging High Schools". The School System's on-time graduation rate of 91% exceeds the State average and is the 7th highest among the 50 largest U.S. School systems, with over one-half of graduates earning advanced studies diplomas.

Human Services – The Human Services Strategic Goal calls for services to individuals and families most at risk, through innovative and effective leveraging of state and federal funds and community partnerships. The County continues to see demand for services to help the elderly, the intellectually disabled and mentally ill, those in need of medical services who have no insurance, and those facing difficulty sustaining their families due to economic difficulties. The 2016 Fiscal Plan includes additional staffing at the Juvenile Detention Center to maintain compliance with the Prison Rape Elimination Act and support for Birmingham Green, the interjurisdictional nursing home for the County's most vulnerable population.

Public Safety – Public Safety has also been one of the County's Strategic Goals since the *Strategic Plan* was first adopted. This goal calls for the County to maintain safe neighborhoods and business areas and provide prompt responses to emergencies. The CIP for fiscal years 2016-2021 includes funds to continue the design and construction of the Bacon Race Fire & Rescue Station and the Central District Police Station as well as funding for the construction of a 204-bed expansion of the Adult Detention Center. The FY 2016 operating budget provides for an increase in Police staffing by 25 officers and three civilian positions and an increase in Fire and Rescue staffing by 23 uniform positions – thirteen for the Bacon Race medic unit, seven for a daytime ladder truck unit at Linton Hall and three for health and safety. The FY 2016 budget also includes six new telecommunicator positions in Public Safety Communications to fully staff the Central District police channel, two Sheriff's deputies, a law clerk to support a new state-funded judgeship and two nurse positions to support the existing jail population at the Adult Detention Center are also funded in FY 2016.

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

Prince William County is a member of the Northern Virginia Transportation Authority (NVTA), an authority created by the General Assembly in 2002. This nine member authority; made up of the counties of Prince William, Arlington, Fairfax, and Loudoun as well as the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park; offers a common voice for Northern Virginia on transportation and other issues that confront the region. The NVTA is tasked with preparing an unconstrained long-range regional transportation plan (the most recent is the TransAction 2040 Plan) for Planning District 8, including transportation improvements of regional significance. As a result of new fees and taxes imposed by House Bill 2313 (HB 2313), legislation passed by the General Assembly in April 2013, the NVTA receives earmarked revenue for projects dedicated to relieving congestion in Northern Virginia and Prince William County is privy to a portion of the revenues and benefits. NVTA transportation funding to Prince William County is split into two categories -- projects with regional congestion relief benefits constitute 70% of the NVTA funds and the remaining 30% of NVTA funds are transferred directly to the County for urban or secondary road construction, capital improvements that reduce congestion, projects included in TransAction 2040 or its future updates and/or for public transportation purposes. In the FY 2016-2021 CIP, the 30% funding, totaling \$67.5 million, has been programmed to the Minnieville Road (Spriggs to Route 234) and Route 1 (Neabsco Mills Road to Featherstone Road) projects.

The \$204.8 million CIP for fiscal years 2016-2021 aims to further advance the transportation strategic goals by including \$47.8 million for the widening of Route 28 from Linton Hall Road to Infantry Lane (Phase I) and from Infantry Lane to Fitzwater Drive (Phase II); \$30 million for the widening of Minnieville Road from Spriggs Road to Route 234; \$29.2 million for improvements to Route 1; \$15 million for a new Potomac Town Center commuter parking garage; \$2.6 million to construct an extension to the U.S. Marine Corp Heritage Center

Parkway and turn lane onto Route 1; \$3 million for removal of the median at Minnieville Road and the Prince William County Parkway to improve flow through traffic and the addition of a turn lane; \$3.2 million to widen Fuller Road, the entrance serving the Quantico Marine Corps Base, the Town of Quantico, and the communities adjacent to the military base; \$1.8 million to realign a portion of Logmill Road; \$1 million for the Kettle Run Road sidewalk project; and \$1.3 to realign the entrance/exit road to George S. Hellwig Memorial Park.

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, 2014. This was the 34th 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, 2014. This was the 29th 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 ninth time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2014. 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.

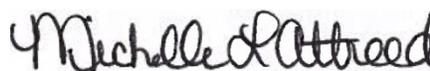
Many professional staff members in the Financial Reporting and Control Division prepared this report. Their hard work, professional dedication and continuing efforts to improve the quality of this report are a direct benefit to all that read and use it. We would also like to acknowledge the cooperation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



Melissa S. Peacor
County Executive



Michelle L. Attreed
Director of Finance



Government Finance Officers Association

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

Presented to

**County of Prince William
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Organization of Prince William County Government

Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board. Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. The current board members took office in January 2012 and will serve until December 31, 2015. A special election was held on December 23, 2014, to fill a vacancy for the Brentsville magisterial district created by the resignation of the Brentsville Supervisor, W.S. "Wally" Covington III who accepted an appointment by the General Assembly as a Judge in the General District Court of Prince William County.

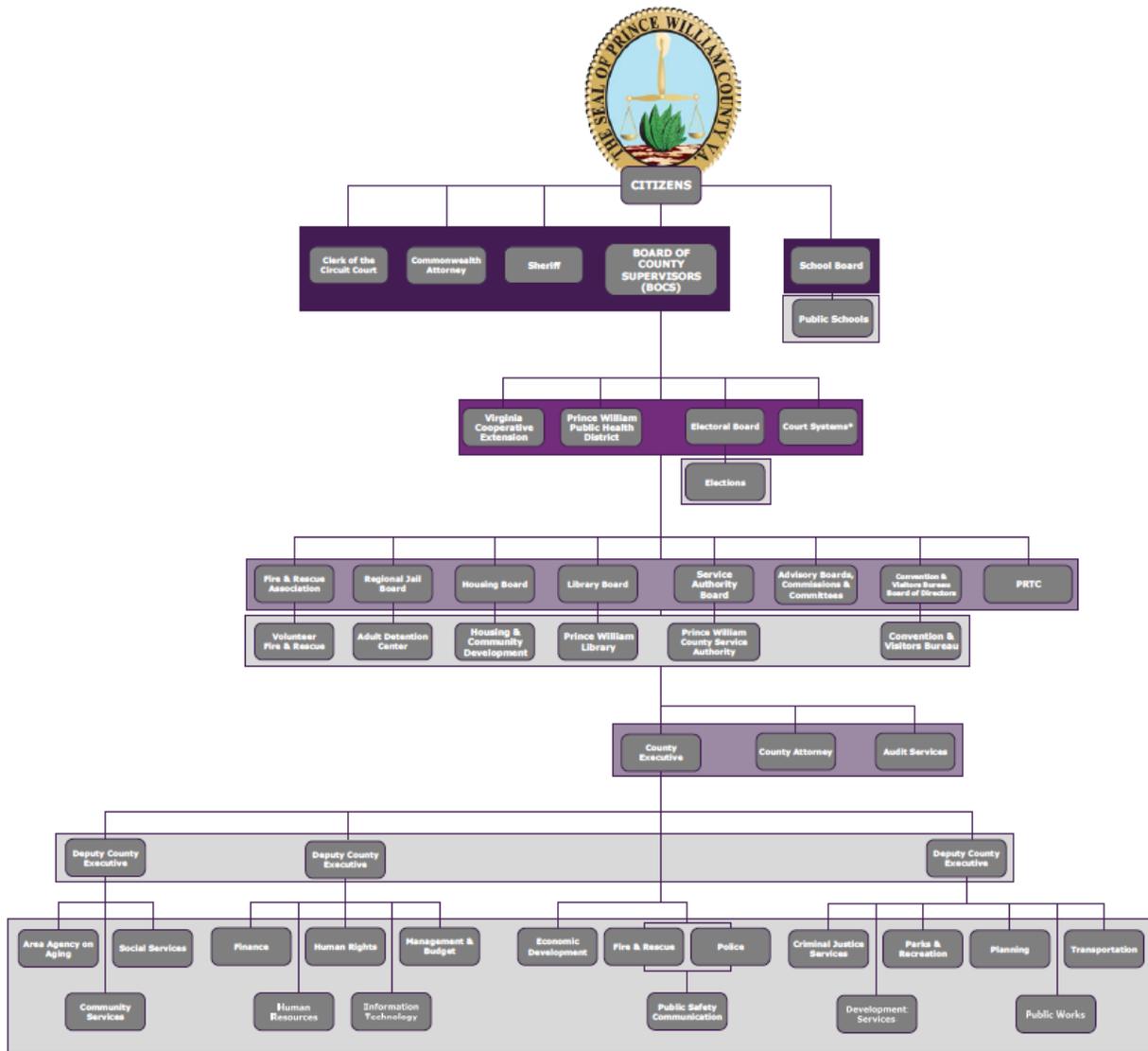
The Board appoints a County Executive to act as the County government's chief administrative officer. The County Executive serves at the pleasure of the Board, implements its policies, provides organizational leadership for addressing major issues, directs business and administrative procedures, and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

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

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

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

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.



NOTE:

- * Circuit Court Judges, General District Court, Juvenile & Domestic Relations Court, Juvenile Court Services, Law Library, and Magistrate
- Dotted lines are state and local services not directly accountable to the BOCS

Legend

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



Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Prince William County/Manassas Convention and Visitors Bureau (the "CVB"), which represents .01%, .03% and .11%, respectively of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they related to the amounts included for the CVB, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of the CVB were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States or the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note (1)Q to the basic financial statements, the County implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, during the year ended June 30, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Tysons Corner, Virginia
December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(amounts expressed in millions)

Prince William County's (the County) 2015 fiscal performance continues to demonstrate the successful implementation of its *System for Results Oriented Government*. This report provides accountability to the County's goals and objectives defined with its citizenry and adopted by the Board of County Supervisors. This section of the annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. All amounts in the discussion and analysis, unless otherwise indicated, are expressed in millions of dollars. Throughout this section of the report, the primary government is referred to as the "County" and the "Total Reporting Entity" is the total of the County and component units. Due to the material relationship between the School Board component unit and the County, the total financial reporting entity information more accurately reflects the financial operations of Prince William County.

OVERVIEW OF THE FINANCIAL STATEMENTS

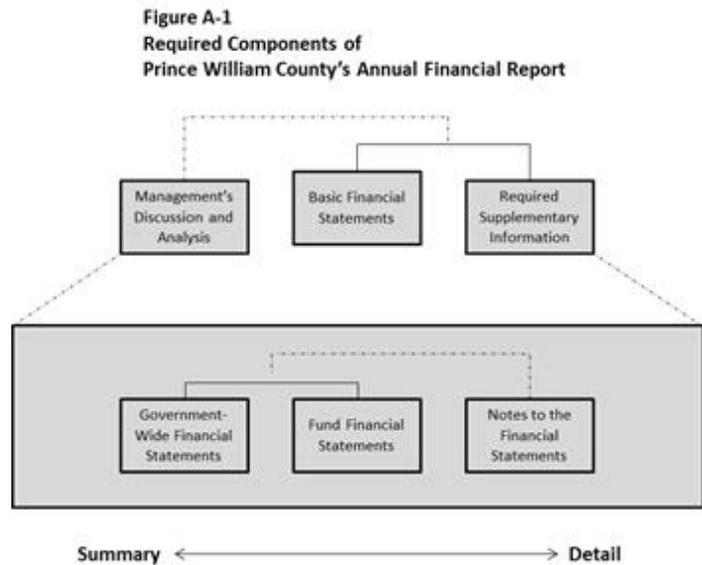
The financial section of this annual report consists of four parts – *Management's Discussion & Analysis (MD&A)*, the *Basic Financial Statements*, other *Required Supplementary Information*, and an optional section that presents combining statements for non-major governmental funds, internal service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

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

FINANCIAL HIGHLIGHTS

- The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*. As a result of this change, the net position balances as of June 30, 2014 have been restated to reflect the cumulative effect of recording the pension expense recalculated on GASB Statement No. 68 related to prior years. GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)* - improves financial reporting by state and local governments in their first year of implementing GASB Statement No. 68.
- The total reporting entity, which includes component units, has positive net position of \$558 at June 30, 2015, which represents 21 percent increase of \$96 from the prior year primarily due to GASB Statement No. 68 changes.
- The total cost of the County's programs increased 5 percent to \$1,150 during fiscal year 2015. The County's total revenues also increased by 5 percent, to \$1,159.
- Net position of governmental activities increased 7 percent from the prior year due to revenues exceeding costs by \$10. Program revenues increased by 3%, while general revenues grew by 5 percent; these two factors contributed to overall average revenue growth of 5 percent. The County's total costs also increased 5 percent from the prior year.
- At June 30, 2015, the County has \$847 of debt outstanding related to assets recorded by its component units and other entities. Accordingly, liabilities and deferred inflows of the County's governmental activities at June 30, 2015 exceeded its assets and deferred outflows by \$135 (net position).
- Total net position of the County's business-type activities decreased 3 percent to \$38 due primarily to the increase in expenditures over the increase in revenues.
- At the end of the current year, the unassigned fund balance of \$73 in the general fund was maintained at 7.5 percent of total general fund revenues. The unassigned fund balance increased 4 percent from the prior year. The increase is primarily attributed to expenditure savings at the end of the fiscal year.
- General fund revenues exceeded the budget by \$8; alternatively, expenditure savings of \$32 under the budget helped to provide additional available resources for future years' appropriations.
- As of January 1, 2014 (the assessment date pertinent to real estate taxes supporting fiscal year 2015) the total assessed values of taxable property increased by 7 percent compared to the prior year, with increases in residential values accounting for 80 percent of the total rise in values. This increase was partially offset by a decrease in real estate tax rates from 1.181 to 1.148. Real estate taxes contributed 52 percent of the total revenues for the primary government of the County during fiscal year 2014.

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



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

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

Figure A-2 Major Features of the County’s Government-wide and Fund Financial Statements				
Government-Wide		Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County’s component units	The activities of the County that are not proprietary or fiduciary, such as police, fire, and community development	Activities the County operates similar to private businesses such as, the Landfill, Innovation Technology Park, and Parks & Recreation	Instances in which the County is the trustee or agent for someone else’s resources, such as the retirement plan for County employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Deferred outflow and inflow asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County’s funds do not currently contain capital assets although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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

- *Proprietary funds*—*Services for which the County charges customers a fee are generally reported in proprietary funds.*

- The County's enterprise funds are the same as its business-type activities, but provide more detail and additional information.
- The County uses internal service funds to report activities that provide supplies and services for the County's other programs and activities—such as the County's Intra-County Services Fund.

- *Fiduciary funds*—*The County is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets through a trust arrangement that can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements, because the County cannot use these assets to finance its operations.*

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The total reporting entity net position increased 21 percent to \$558 (see Figure A-3). This increase in net position demonstrates the continuing collaborative sound fiscal policies of the County as a whole.

Governmental Activities

Net position of the County's governmental activities increased by, 7 percent to (\$135). The County's net position in fiscal year 2014 was restated to (\$145). The County also issues debt to finance capital projects which are donated to other entities. Therefore, while the debt is reflected as an obligation of the primary government of the County, the related assets are recorded by the entities to which the capital projects are donated. These donations are

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

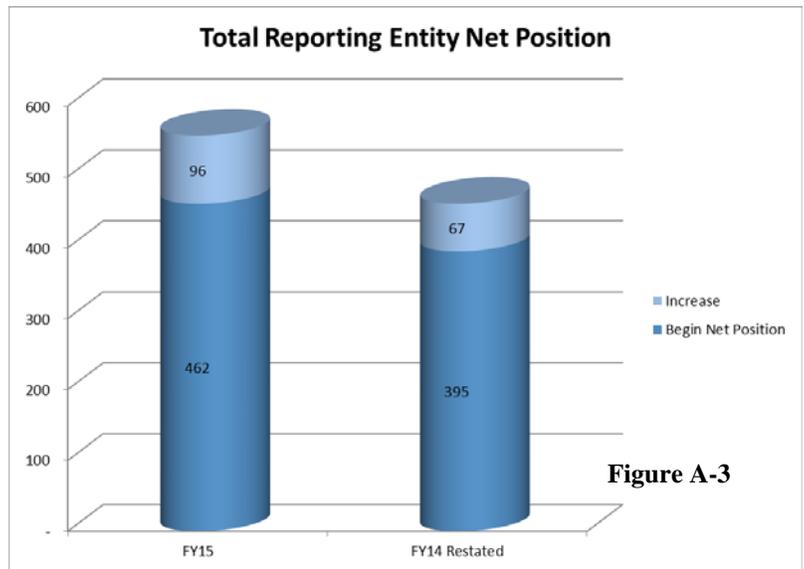


Figure A-3

As of June 30, 2015, the County has \$847 of outstanding debt (compared with \$834 as of June 30, 2014) related to assets donated to other entities as follows:

- \$631, Prince William County School Board;
- \$178, Commonwealth of Virginia;
- \$20, Prince William County Adult Detention Center;
- \$15, Volunteer Fire & Rescue companies (various);
- \$3, Industrial Development Authority;

This represents 94 percent of the County's Total General Obligation, Capital Leases and other Long-Term debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net position and represents a less favorable picture as compared to governments that do not extensively fund the capital assets of other entities.

The most significant activities of this nature for the current fiscal year were the issuance of \$83 of debt for school construction projects and \$48 of principal retirement. All of the debt listed above is used to finance the purchase or construction of assets recorded by other entities and result in a deficit in net position of governmental activities of the County. This deficit is the result of having *long-term* commitments that are greater than currently available resources, and does not mean that the County is lacking the resources available to pay its bills next year or in future years.

Additionally, revenues and expenses of the County's governmental activities increased by 5 percent compared to those of the prior year. The County issued \$83 of debt to support school construction projects during fiscal year 2015. The conveyance of these funds to the Prince William County School Board is recorded as an Education expense, and thus, the increase in debt issuances in the current year, combined with the modest revenue increases of the general fund offset by \$48 of principal retirement were the major factors that resulted in a \$52 increase in Education expense for the current year.

Business-Type Activities

The net position of the County's business-type activities decreased \$1 during the current year, due principally to increased expenditures. The County's Landfill posted positive results of operations of \$1 during the current fiscal year, while Parks & Recreation experienced negative results of operations of \$2 collectively, primarily attributed to golf course services provided.

The \$38 net position of the County's business-type activities will not be used to offset the net position deficit in governmental activities. The County generally uses the positive net position to finance the continuing operations of the Landfill, Innovation Technology Park, and Parks & Recreation.

Table A-1								
County Net Position								
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)	
	2015	2014	2015	2014	2015	2014	2015	2014
Current assets and other	\$819	\$828	21	27	\$840	855	1,171	1,186
Capital assets	515	480	54	48	569	528	1,896	1,776
Total assets	1,334	1,308	75	75	1,409	1,383	3,067	2,962
Deferred Outflows of Resources	53	21	1	--	54	21	131	21
Other liabilities	243	224	12	13	255	237	398	377
Long-term liabilities	1,042	932	26	20	1,068	952	1,880	979
Total liabilities	1,285	1,156	38	33	1,323	1,189	2,278	1,356
Deferred Inflows of Resources	237	221	--	--	237	221	362	221
Net position:								
Net Investment								
In capital assets	460	432	44	38	504	470	1,222	1,121
Restricted	159	140	--	--	159	140	183	169
Unrestricted	(754)	(620)	(6)	4	(760)	(616)	(847)	116
Cumulative Effect of change in accounting principle (GASB 68)	--	(97)	--	(3)	--	(100)	--	(944)
Total net position	(\$135)	(\$145)	38	39	(97)	(106)	558	462

The aforementioned factors contributing to changes in the governmental net position and the business-type net position of the County combined to create an overall increase in net position of the primary government of \$9 between fiscal years 2015 and 2014. The assets and deferred outflow of resources of the primary government are less than the liabilities and deferred inflows of resources by \$97.

The component units (the Prince William County School Board, the Adult Detention Center and the Prince William County/Manassas Convention Visitors Bureau) are a significant portion of the total reporting entity, the assets of which represent over 50 percent of the total reporting entity. Component unit net position increased 15 percent to \$655 during 2015, principally resulting from the issuance of debt which was used to increase investments in capital assets. The net position of the primary government of (\$97) combined with the net position of the component units of \$655 resulted in total net position for the total reporting entity of \$558.

Changes in Net Position

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues:								
Program revenues:								
Charges for services	\$49	49	31	30	80	79	104	102
Operating grants and contributions	80	80	--	--	80	80	238	230
Capital grants and contributions	49	43	--	--	49	43	49	43
General revenues:								
Taxes:								
Real property	600	572	--	--	600	572	600	572
Personal property	104	96	--	--	104	96	104	96
Other taxes	122	116	--	--	122	116	122	116
Payment from primary Government		--	--	--		--	616	560
Grants and contributions not restricted to specific programs	82	82	--	--	82	82	455	442
Unrestricted investment earnings	21	26	--	--	21	26	24	29
Miscellaneous	20	12	1	1	21	13	24	21
Total revenues	1,127	1,076	32	31	1,159	1,107	2,336	2,211
Expenses:								
General government administration	35	35	--	--	35	35	35	35
Judicial administration	20	20	--	--	20	20	20	20
Public safety	244	239	--	--	244	239	244	239
Public works	89	92	--	--	89	92	89	92
Health and welfare	82	77	--	--	82	77	82	77

Table A-2

Prince William County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2015	2014	2015	2014	2015	2014	2015	2014
Education	513	461	--	--	513	461	513	461
Parks, recreational and cultural	37	36	--	--	37	36	37	36
Community development	65	59	--	--	65	59	65	59
Interest on long-term debt	45	48	--	--	45	48	45	48
Pension	(13)	--	--	--	(13)	--	(13)	--
Enterprise	--	--	33	32	33	32	33	32
Component Units	--	--	--	--	--	--	1,090	1,045
Total expenses	1,117	1,067	33	32	1,150	1,099	2,240	2,144
Increase (Decrease) in net position before transfers	10	9	(1)	(1)	9	8	96	67
Transfers	--	(6)	--	6	--	--	--	--
Increase (Decrease) in Net position	10	3	(1)	5	9	8	96	67
Net position— beginning	(\$145)	(51)	39	37	(106)	(14)	462	1,339
Cumulative Effect of change in accounting principle (GASB 68)	--	(97)	--	(3)	--	(100)	--	(944)
Net position – ending	(\$135)	(\$145)	38	39	(97)	(106)	558	462

The total reporting entity net position increased by \$96 in fiscal year 2015 as total revenues of \$2,336, 6 percent higher than fiscal year 2014, exceeded total expenses of \$2,240, which were 4 percent higher than expenses of the prior year.

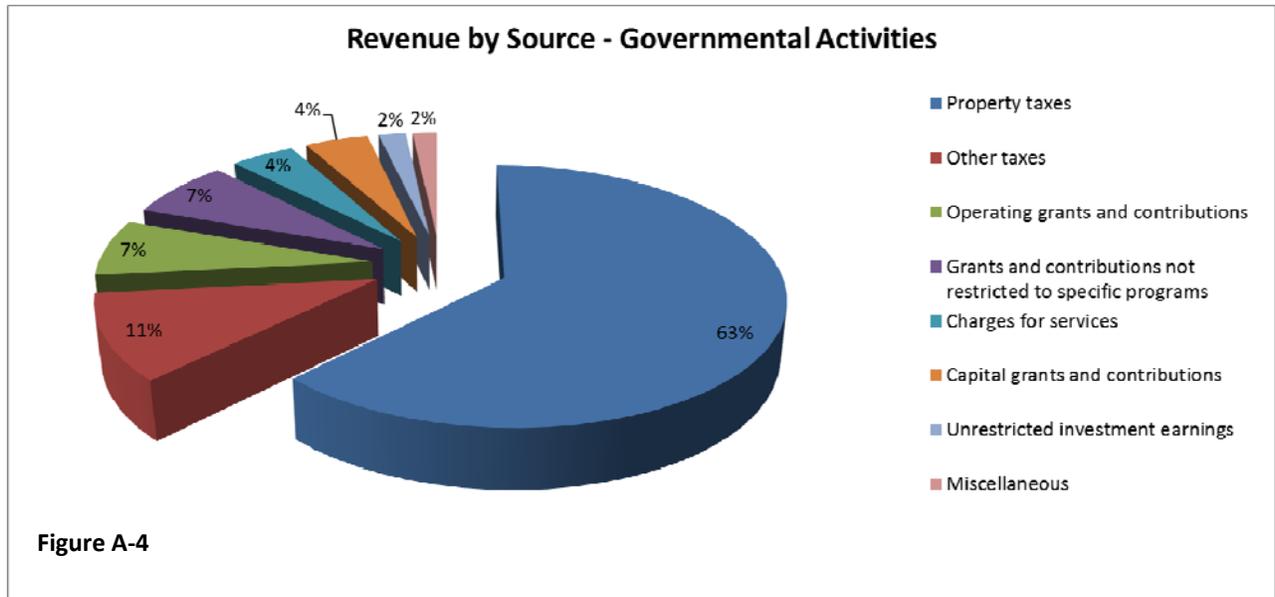
The County's (Primary Government) total revenues increased 5 percent to \$1,159 (see Table A-2). Over 60 percent of the County's revenue comes from ad valorem taxes, nearly 71 percent of every dollar raised comes from some type of tax. Nearly 18 percent of revenues come from local, state and federal aid. Charges for services are 7 percent and the remaining 4 percent is from other sources.

The total cost of all County programs and services, increased by \$51 or 5 percent to \$1,150. The County's expenses cover a range of services, with 66 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

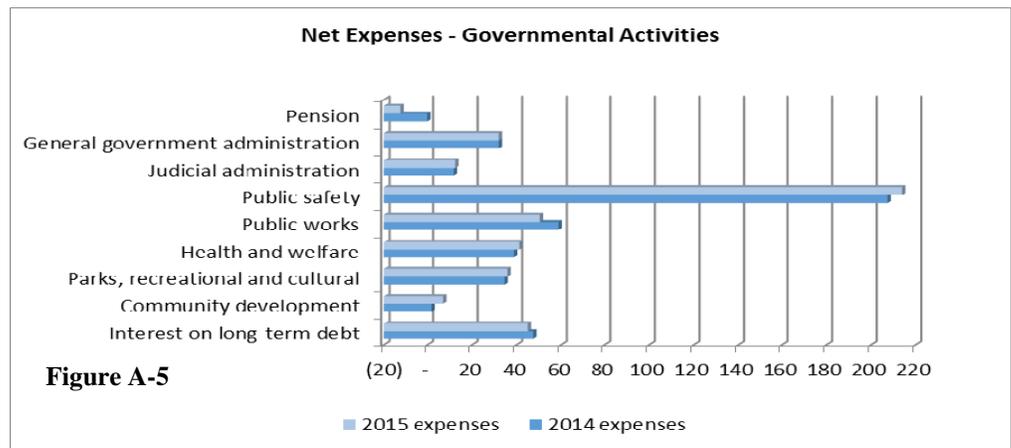
Governmental Activities

Revenues for the County's governmental activities increased 5 percent to \$1,127, while total expenses also increased 5 percent to \$1,117, which, after considering the effect of transfers, resulted in a \$10 increase in net position during the current year, compared to a \$3 increase in the prior year. 74 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues increased by \$36 or 5 percent, due mainly to an increase in

real estate tax revenues from \$572 in fiscal year 2014 to \$600 in fiscal year 2015. A 5 percent increase in the total taxable assessed value of real estate in the County, coupled with a 3 percent decrease in the total direct tax rate helped to push real estate tax revenues slightly higher, and offset a flat level of support received from both the state and federal government; these revenue outcomes mitigated the impact of the rising cost of vital services provided by the County.



Property tax revenues, which are largely tied to the performance of the real estate market, experienced encouraging levels of growth during the year (up 5 percent from the prior year) and, local sales tax revenues produced a similar 6 percent increase from \$57 in fiscal year 2014 to \$60 in fiscal year 2015. These outcomes are attributable to a more positive real



estate market than the County has experienced over the past few fiscal years, with residential real estate values showing an increase of 7 percent and commercial and industrial values showing an increase of 6 percent. Charges for services and operating grants and contributions remained the same from fiscal year 2014 to fiscal year 2015. Additionally, investment gains of \$21 were realized in fiscal year 2015 versus an increase of \$26 in fiscal year 2014, mostly due to favorable valuation of investment at year end. Miscellaneous revenues also increased to \$20 in fiscal year 2015 from \$13 in fiscal year 2014.

Education remains the biggest expense for governmental activities. The School Board receives 57.23 percent of general revenues per the revenue sharing agreement with the county. Student enrollment is currently growing at a rate of 2.4% per year while the total county population is growing at 1.5% per year. The increase in enrollment adds \$20 million in operation costs and \$6.6 million in debt service cost per year.

Public Safety expense increased by \$5 or 2 percent compared to fiscal year 2014. The Adult Detention Center and Fire & Rescue represent over 50 percent of the Public Safety Budget. Inmate population growth has increased both capital and operating costs as planning for future housing needs includes considering additional capacity and replacement/renovation of existing facilities. During FY015, \$7.5 in bonds issued for the construction of New Department

of Fire & Rescue Stations. The issuance of bonds accounted for five of the eight new Fire & Rescue stations needed per the Comprehensive Plan Level of service standards.

Additionally, other functions and programs experienced significant changes from prior year levels. Community Development increased \$6 from FY2014. Community development includes funding for Public Works, Transportation, Economic Development, Planning, Libraries, and the Department of Parks & Recreation. Major projects under construction for FY2015 were the Montclair and Gainesville community libraries. The net costs reflected in community

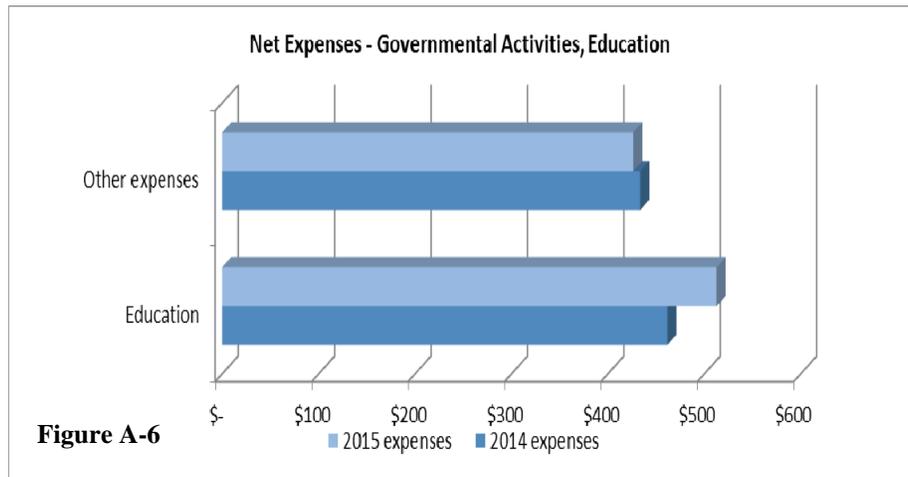


Figure A-6

development were minimal during FY2014 primarily as a result of developer donated infrastructure assets such as storm water drains and ponds, amounted to \$9 in fiscal year 2014. Parks and Recreation expenses grew 3 percent from the prior year, increasing \$1 as the County continues to attract new business and developments.

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

The cost of all *governmental* activities this year was \$1,117; however, the amount that our taxpayers paid for these activities through County general revenues was only \$826. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$49;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$129; and
- The \$113 balance of the expenses was partially paid for with other revenues such as developer proffers and unrestricted federal, state, and other local government aid, and investment earnings.

Business-type Activities

Revenues of the County's business-type activities increased from the prior year by 3 percent, as did expenses of \$33, 3% increase from the prior year (refer to Table A-2). Factors contributing to these results include:

- Charges for services the County Landfill increased by \$1 compared to prior year. Parks & Recreation charges for services remained relatively the same from the prior year.
- Expenses of the landfill were \$17, primarily due to closure costs as the cells at maximum capacity are capped.
- Expenses for Parks & Recreation were \$14, primarily attributable to the maintenance of the facilities for services provided to County citizens.
- Net position decreased from \$39 to \$38 as a result of total expenses exceeding total revenues and transfers by \$1.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a *combined* fund balance of \$335, a decrease of \$12 or 3 percent from the prior year. General Fund revenues grew at a rate of 5 percent to \$974, while General Fund expenditures increased by \$33 or 4 percent to \$947. After considering the net effect of transfers in and out of other

funds and other transactions, the General Fund balance increased \$27. The Capital Projects funds balances decreased slightly by \$46 during the current year, due to a variety of factors. During the fiscal year, the County expended \$58 on Streets & Roads projects, but also received \$28 of support from the State and Federal government. Additionally, the capital projects funds received funds from the general fund, special levy district, and various other capital projects. General fund transfers for streets and roads projects decreased in comparison to fiscal year 2014 by \$27. The Fire and Rescue Levy Special Revenue Fund continues to be a major fund since fiscal year 2013. Fund balance for the Fire and Rescue Levy Fund increased 11 percent. Fund balances for Other Governmental Funds decreased 9 percent from the prior year. The increase in the Fire Rescue Levy Fund is mainly due to the increase in property tax revenues, which increased by 5 percent from \$34 in the prior year, to \$35 in fiscal 2015 coupled with a \$3 increase in expenditures. Increase in expenditures is due to an increase in public safety from \$18 in the prior year to \$21 for fiscal year 2015. 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 2010, the fund balance policy was to maintain an unassigned fund balance of not less than five percent of the average of the annual general revenues for the five preceding fiscal years with compliance updates with the Board. Beginning in fiscal year 2010, Policy 1.04 was modified to require an unassigned fund balance of 7.5 percent of the current year's General Fund revenues. In fiscal year 2006,

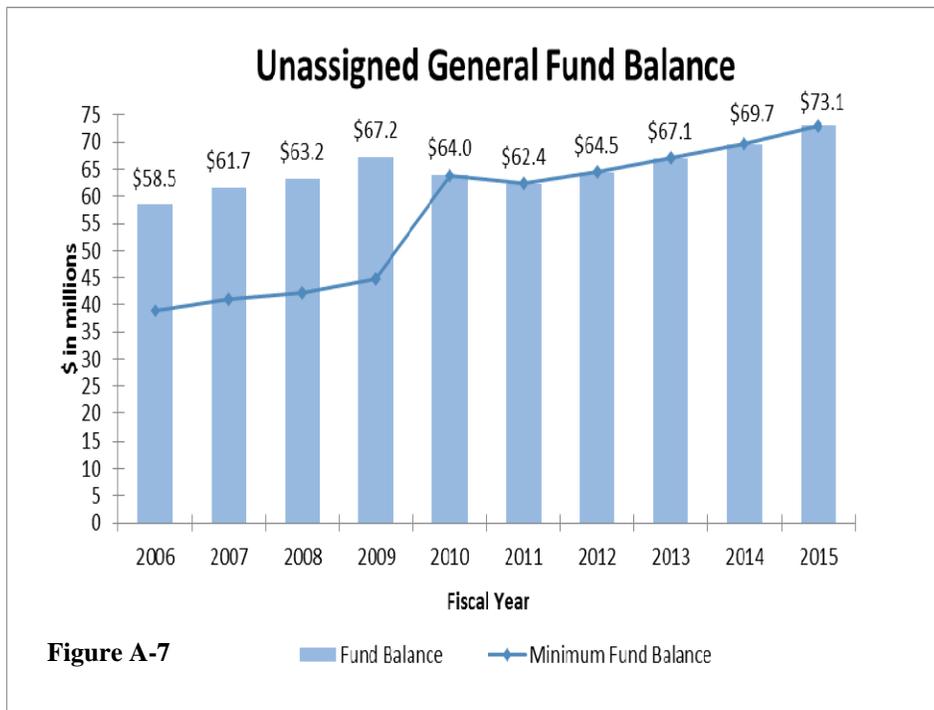


Figure A-7

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

Governmental Funds

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

- The County's General Fund balance increased \$27 or 18 percent due to favorable actual revenues of 5% and actual expenditure increases of 4%. Actual revenues exceeded the final budget primarily due to higher than anticipated property tax revenues, which experienced growth as a result of a 7 percent increase in the taxable assessed value of

real estate during fiscal year 2015. However, departmental expenditures increased \$50 or 5% from the prior year primarily in the areas of education and public safety.

- The financial results as detailed in the governmental funds demonstrate the County's accountability to its five strategic goal areas of economic development, public safety, human services, education, and transportation aligned to address the impact of population growth and increased needs of the community.
 - The County has continued to increase its investment in public safety during the current year, increasing expenditures by \$5 or 2% from the prior year; public safety expenditures continue to represent approximately 22 percent of total expenditures of governmental funds.
 - Part of the County's transportation goal of alleviating congestion is further defined as one of the initiatives in the Letter of Transmittal. The \$58 spent on the construction of various streets and roads, upon completion, will be transferred to and become assets of the Commonwealth of Virginia.
 - The County's operating support to the School Board increased by \$17 during 2015. This slight uptick was the result of growth in general County revenues, per the Revenue-Sharing Agreement. Additionally, the support for school construction projects increased from the prior year, as the County issued \$23 more debt during the fiscal year 2015, and therefore, conveyed the increase in funding related to capital projects.
- Bond proceeds of \$83 for fiscal year 2015 were conveyed to the Prince William County School Board through the sale of general obligation bonds to the VPSA and, are budgeted to be spent on part of the costs of constructing additions on various capital school improvement projects including renovations, additions and replacement to 13 elementary schools, two middle schools and three high schools.

Proprietary Funds

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

Unrestricted net position of the Landfill at the end of the year was \$1, while unrestricted net position amounted to \$7 for Innovation Technology Park. Unrestricted net position of the Landfill decreased by \$3 from fiscal year 2014 as the County funded capital needs with cash in the prior year; while Innovation Technology Park's unrestricted net position stayed about the same. The Parks and Recreation enterprise fund ended the fiscal year with a deficit unrestricted net position of (\$14).

General Fund Budgetary Highlights

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

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

After these adjustments, budgetary expenditures were \$32 lower than the final budget amounts while budgetary revenues were more than the final budget by \$8. These two factors, combined with the effect of transfers to other funds, resulted in an increase in the fund balance of the General Fund, on a budgetary basis, of \$24 during the fiscal year. The most significant revenue variances were related to general property taxes (\$4 higher than final budget), other local taxes (\$2 higher than the final budget) and charges for services (\$1 higher than the final budget). Revenue from the use of money and property was substantially the same as the final budget based on the expected returns on investments, while support from the Commonwealth of Virginia fell short of expectations by \$3.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the total reporting entity had invested \$1,896 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 \$120 or 7 percent, over fiscal year 2014. The County had invested \$569 in capital assets, net of accumulated depreciation, which represented a net increase of \$41 or 8 percent, over fiscal year 2014. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

	Total Primary Government		Total Reporting Entity	
	2015	2014	2015	2014
Land & Construction in Progress	\$200	170	\$393	\$290
Buildings and other capital assets, net of depreciation	369	358	1,503	1,486
Total	\$569	\$528	\$1,896	\$1,776

Major Capital Asset Additions

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

- Over \$9 was spent on the County's capital project related to the Phase III, Land Site Development (Wetlands) and Hazardous Household Waste (HHW) Building at the County Landfill during 2015. Completion on Landfill Phase III and HHW Building resulted in an increase of \$9.7 in building and improvement. Additionally, expenditures related to construction of Gainesville Library, Montclair Library were \$6.8 and \$8.2 respectively. System implementation and replacement, including ERP-Financial Information Management System, Computer-Aided Dispatch (CAD) and Record Management Systems (RMS) totaled \$14.6 on County's capital project related to technology. The construction in progress balance as of the end of the current fiscal year was \$61 in governmental activities and \$4 in business-type activities.
- The total reporting entity capital assets increased by \$120; \$79 of this increase relates to component units. The growth of the School Board component unit's assets increased \$73 for construction in progress of two new schools and continued construction of three schools from the prior year. In addition, there is other ongoing major additions and renovations performed at various schools. The School board also made major capital asset purchase, including trucks and school buses. On the other hand, \$2 of the component unit asset decrease related to the Adult Detention Center due to depreciation. The remaining increase has been explained in detail in the preceding paragraph.

Long-term Debt and Other Obligations

At year-end the County's governmental activities had total debt and other obligations of \$1,136 of which bonded debt outstanding represented \$769. Of this amount, \$764 comprises debt backed by the full faith and credit of the government. The remainder of the County's bonded debt of \$5 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations increased to \$1,165 during the current fiscal year. The key components of the current year activities were the issuance of \$83 of debt on behalf of the School Board and principal payments on existing debt totaling \$48 during the fiscal year. More detailed information about the County's long-term debt is presented in Note 11 to the financial statements.

Bond Ratings

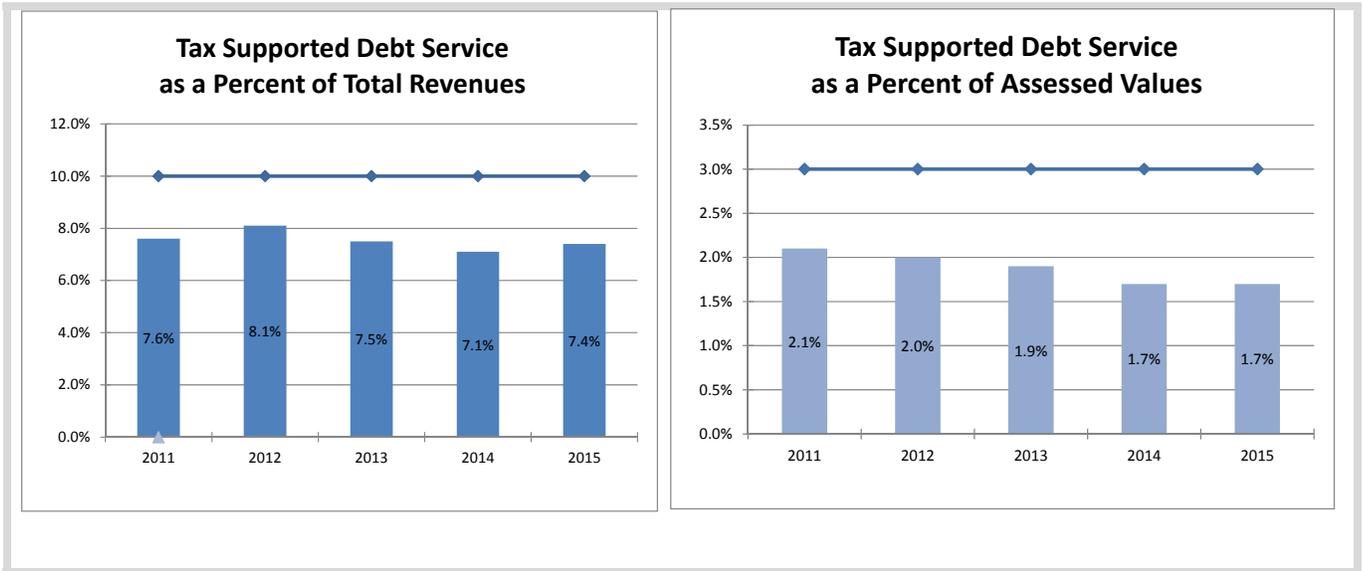
The County maintains ratings of AAA from Fitch Ratings, Aaa from Moody's Investors Service, and AAA from Standard and Poor's. These ratings are the highest ratings awarded to a local government.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$764	745	--	--	764	745
Revenue bonds	3	4	11	11	14	15
Deferred loss on Refunding	--	--	(1)	(1)	(1)	(1)
State literary fund loans	2	2	--	--	2	2
Total bonded debt	\$769	751	10	10	779	761
Capital lease obligations	131	145	--	1	131	146
Unpaid losses and related liabilities	19	17	--	--	19	17
Net Pension Obligation	101	2	3	1	104	3
Compensated absences	32	31	1	1	33	32
Surplus distribution payable	4	5	--	--	4	5
Unamortized premiums	80	73	--	--	80	73
Accrued closure liability	--	--	15	13	15	13
Total long-term debt and other obligations	\$1,136	\$1,024	29	26	1,165	1,050

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, 2015, the amount of tax-supported debt outstanding represented 1.7 percent of the total assessed valuation of taxable real and personal property of \$54 billion at January 1, 2014, which is the valuation date to determine fiscal year 2014 revenues. Debt service payments represented 7.4 percent of revenues in compliance with the County's Principles of Sound Financial Management. See Table 14 in the Statistical Section for further explanation of the calculations.

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



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County included the following:

- The Board of County Supervisors has decreased the real estate tax rate 0.026 cents, or 2.26 percent for fiscal year 2016 to \$1.122 dollars per \$100 dollars of assessed value.
- The real estate tax base has increased from \$50.017 billion supporting fiscal year 2014 to \$53.713 billion for fiscal year 2015, which is a 7.39 percent increase.
- The fiscal year 2016 General Fund budget is \$1,026.9, which is a 3.8 percent increase from fiscal year 2015.
- The ratio of employees per 1,000 residents for the Primary Government of the County has decreased from 8.97. In fiscal year 2004 to 8.79 per 1,000 residents in fiscal year 2015.
- The population in the County has grown at an average annual rate of 3.01 percent over the past decade and the vast majority of those County residents are gainfully employed.
- The Virginia Employment Commission estimated the County's at-place employment (jobs located in the County) to be 116 thousand during the first quarter of 2014.
- Throughout the past decade, the County's unemployment rates have mirrored State and U.S. trends. However, the County's rates have been at consistently lower levels. The County had an unemployment rate of 4.4 percent and a civilian labor force of 233,000 as of June 2015, according to Virginia Employment Commission data, representing slight improvements in both categories. As of June 2014, the County's unemployment rate was 4.8 percent and its civilian labor force stood at 235,000.
- The Census Bureau's 2013 American Community Survey indicates that the County's Median Household Income rose from \$66,000 in 2001 to \$98,000 in 2014.

The aforementioned factors were considered in preparing the County's budget for the 2016 fiscal year. Real estate tax rates are slightly lower as the Board attempts to balance the impact of changes affecting real estate assessments on its

citizens, while still providing the funding required to ensure that the County has the resources necessary to continue to provide vital services to the community. Further details of the County's budget can be found in its Adopted 2015 Fiscal Plan.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
Statement of Net Position
As of June 30, 2015
(amounts expressed in thousands)

Exhibit 1

	Primary Government			Component Units	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total		
ASSETS					
Equity in pooled cash and investments	\$ 670,242	10,712	680,954	245,512	926,466
Investments	21,218	-	21,218	-	21,218
Property taxes receivable, net	5,109	-	5,109	-	5,109
Investment in direct financing leases	16,520	-	16,520	-	16,520
Accounts receivable, net	10,842	378	11,220	1,393	12,613
Notes receivable	-	144	144	-	144
Due from other governmental units	27,632	384	28,016	34,506	62,522
Due from primary government	-	-	-	327	327
Internal balances	12,041	(12,041)	-	-	-
Net OPEB asset	-	-	-	2,467	2,467
Inventory	498	3,999	4,497	3,756	8,253
Prepaid items	389	90	479	50	529
Deposits	-	-	-	4	4
Note Receivable	-	1,281	1,281	-	1,281
Restricted assets:					
Temporarily restricted:					
Restricted cash and temporary investments	39,553	16,157	55,710	42,745	98,455
Restricted investments	1,250	-	1,250	-	1,250
Deposits	-	-	-	548	548
Water and sewer availability credit	13,280	-	13,280	-	13,280
Capital assets:					
Land and construction in progress	171,913	28,127	200,040	193,340	393,380
Buildings and other capital assets, net of depreciation	343,437	25,888	369,325	1,133,347	1,502,672
Total assets	1,333,924	75,119	1,409,043	1,657,995	3,067,038
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	23,555	578	24,133	-	24,133
Deferred outflows related to pensions	29,328	740	30,068	77,338	107,406
Total deferred outflows of resources	52,883	1,318	54,201	77,338	131,539
LIABILITIES					
Accounts payable	37,140	2,195	39,335	16,474	55,809
Wages and benefits payable	6,556	475	7,031	90,445	97,476
Deposits and escrows	30,388	50	30,438	-	30,438
Retainages	1,425	583	2,008	5,650	7,658
Accrued interest	16,887	119	17,006	-	17,006
Due to other governmental units	536	-	536	191	727
Due to component units	327	-	327	-	327
Unearned revenue	54,847	5,427	60,274	9,590	69,864
Noncurrent liabilities:					
Due within one year	94,580	2,592	97,172	20,874	118,046
Due in more than one year	1,041,841	26,456	1,068,297	811,764	1,880,061
Total liabilities	1,284,527	37,897	1,322,424	954,988	2,277,412
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	221,589	-	221,589	-	221,589
Deferred lease revenue	3,188	-	3,188	-	3,188
Deferred inflows related to pensions	12,551	327	12,878	124,760	137,638
Total deferred inflows of resources	237,328	327	237,655	124,760	362,415
NET POSITION					
Net Investment in Capital Assets	459,442	44,021	503,463	1,326,687	1,222,302 ^A
Restricted for:					
Capital projects	26,802	-	26,802	37,781	21,838 ^A
Special levy districts	95,574	-	95,574	-	95,574
Other purposes					
Development fee services	5,847	-	5,847	-	5,847
Housing	1,962	-	1,962	-	1,962
Internal service fund	2,677	-	2,677	-	2,677
Public safety	11,929	-	11,929	-	11,929
Debt service	204	-	204	-	204
Developer default recoveries	1,091	-	1,091	-	1,091
Water and sewer availability credit- UOSA	13,280	-	13,280	-	13,280
Education	-	-	-	29,101	29,101
Unrestricted	(753,856)	(5,808)	(759,664)	(737,984)	(847,055) ^A
Total net position	\$ (135,048)	38,213	(96,835)	655,585	558,750

The sum of the columns does not equal the Total Reporting Entity column by a difference of \$650,593 because the debt related to the School Board

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

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary
					Activities	Business-Type Activities
Primary Government:						
Governmental activities:						
General government administration	\$ 34,865	568	2,187	-	(32,110)	-
Judicial administration	20,581	4,238	3,774	-	(12,569)	-
Public safety	243,870	13,249	7,701	8,908	(214,012)	-
Public works	88,390	8,725	880	28,809	(49,976)	-
Health and welfare	81,711	1,477	38,860	-	(41,374)	-
Education	513,087	-	-	-	(513,087)	-
Parks, recreational and cultural	37,150	580	510	38	(36,022)	-
Community development	64,674	20,194	25,828	11,533	(7,119)	-
Interest on long-term debt	45,104	-	-	-	(45,104)	-
Pension	(12,502)	-	-	-	12,502	-
Total governmental activities	1,116,930	49,031	79,740	49,288	(938,871)	-
Business-type activities:						
Landfill	17,337	18,805	-	-	-	1,468
Parks & Recreation	14,865	11,927	-	-	-	(2,938)
Innovation Technology Park	405	64	-	-	-	(341)
Total business-type activities	32,607	30,796	-	-	-	(1,811)
Total primary government	\$ 1,149,537	79,827	79,740	49,288	(938,871)	(1,811)
Component Units:						
School Board	\$ 1,046,510	23,262	147,692	116	-	-
Adult Detention Center	42,366	533	10,657	-	-	-
Convention & Visitors' Bureau	1,288	-	-	-	-	-
Total component units	\$ 1,090,164	23,795	158,349	116	-	-
General revenues:						
Taxes:						
Real property				\$ 599,802	-	-
Personal Property				104,060	-	-
Local sales				59,709	-	-
Consumers Utility				13,974	-	-
Business, professional and occupational license (BPOL)				24,744	-	-
Recordation				8,868	-	-
Motor vehicle licenses				8,053	-	-
Transient occupancy				3,425	-	-
Short term rental, bank stock, public utility gross receipts				3,292	-	-
Payment from primary government				-	-	-
Grants and contributions not restricted to specific programs:						
Federal revenue				85	-	-
State revenue				74,742	-	-
Local revenue				7,451	-	-
Investment earnings				20,548	-	389
Gain (Loss) on disposal of capital assets				-	-	-
Insurance claims and recoveries				10	-	-
Miscellaneous				19,304	-	979
Special item - gain (loss) on sale of assets				-	-	-
Transfers				465	-	(465)
Total general revenues and transfers				948,532		903
Change in net position				9,661		(908)
Net position- beginning				(47,739)		41,761
Cumulative effect of change in accounting principle (GASB 68)				(96,970)		(2,640)
Net position- end of year				\$ (135,048)		38,213

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

and Changes in Net Position

Government Total	Component Unit	Total Reporting Entity	Functions / Programs
			Primary Government:
			Governmental activities:
(32,110)	-	(32,110)	General government administration
(12,569)	-	(12,569)	Judicial administration
(214,012)	(31,176)	(245,188)	Public safety
(49,976)	-	(49,976)	Public works
(41,374)	-	(41,374)	Health and welfare
(513,087)	(875,440)	(1,388,527)	Education
(36,022)	-	(36,022)	Parks, recreational and cultural
(7,119)	(1,288)	(8,407)	Community development
(45,104)	-	(45,104)	Interest on long-term debt
12,502	-	12,502	Pension
(938,871)	(907,904)	(1,846,775)	Total governmental activities
			Business-type activities:
1,468	-	1,468	Landfill
(2,938)	-	(2,938)	Parks and Recreation
(341)	-	(341)	Innovation Technology Park
(1,811)	-	(1,811)	Total business-type activities
(940,682)	(907,904)	(1,848,586)	Total primary government
			Component Units:
-	(875,440)	(875,440)	School Board
-	(31,176)	(31,176)	Adult Detention Center
-	(1,288)	(1,288)	Convention & Visitors' Bureau
-	(907,904)	(907,904)	Total component units
			General revenues:
			Taxes:
599,802	-	599,802	Real property
104,060	-	104,060	Personal Property
59,709	-	59,709	Local sales
13,974	-	13,974	Consumers Utility
24,744	-	24,744	Business, professional and occupational lic
8,868	-	8,868	Recordation
8,053	-	8,053	Motor vehicle licenses
3,425	-	3,425	Transient occupancy
3,292	-	3,292	Short term rental, bank stock, public utility
-	615,939	615,939	Payment from primary government
			Grants and contributions not restricted to sp
85	2,212	2,297	Federal revenue
74,742	366,078	440,820	State revenue
7,451	5,035	12,486	Local revenue
20,937	3,125	24,062	Investment earnings
-	(11)	(11)	Gain (Loss) on disposal of capital assets
10	-	10	Insurance claims and recoveries
20,283	3,216	23,499	Miscellaneous
-	15	15	Special item - gain (loss) on sale of assets
-	-	-	Transfers
949,435	995,609	1,945,044	Total general revenues and transfers
8,753	87,705	96,458	Change in net position
(5,978)	1,412,448	1,406,470	Net position- beginning
			Cumulative effect of change in accounting principle (GASB 68)
(99,610)	(844,568)	(944,178)	
(96,835)	655,585	558,750	Net position- end of year

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA
GOVERNMENTAL FUNDS**

**Exhibit 3
Page 1 of 2**

Balance Sheet

As of June 30, 2015

(amounts expressed in thousands)

	General	Capital Projects		
		Streets and Roads	Other Capital Projects	Education
ASSETS				
Equity in pooled cash and investments	\$ 462,580	5,241	30,313	-
Restricted cash and temporary investments	1,106	26,244	766	-
Property taxes receivable, net	5,109	-	-	-
Accounts receivable, net	5,842	273	111	-
Due from other funds	12,041	-	-	-
Due from other governmental units	18,872	7,988	219	-
Investment in direct financing leases	16,520	-	-	-
Inventory	158	-	-	-
Prepaid items	20	221	11	-
Total assets	\$ 522,248	39,967	31,420	-
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 19,355	10,285	2,525	-
Wages and benefits payable	5,767	-	-	-
Deposits and escrows	30,387	-	-	-
Due to other governmental units	264	224	38	-
Retainages	14	594	706	-
Unearned revenue	49,398	-	-	-
Total liabilities	105,185	11,103	3,269	-
DEFERRED INFLOW OF RESOURCES				
Prepaid taxes	221,589	-	-	-
Unavailable taxes	3,958	-	-	-
Unavailable lease revenues	16,520	-	-	-
Total deferred inflows of resources	242,067	-	-	-
FUND BALANCES				
Non-spendable	178	221	11	-
Restricted	13,224	-	-	-
Committed	58,692	28,643	28,140	-
Assigned	29,847	-	-	-
Unassigned	73,055	-	-	-
Total fund balances	174,996	28,864	28,151	-
Total liabilities, deferred inflows of resources and fund balances	\$ 522,248	39,967	31,420	-

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

Fire & Rescue Levy	Other Governmental Funds	Total Governmental Funds	
86,938	18,955	604,027	ASSETS
-	-	28,116	Equity in pooled cash and investments
-	-	5,109	Restricted cash and temporary investments
338	331	6,895	Property taxes receivable, net
-	-	12,041	Accounts receivable, net
-	549	27,628	Due from other funds
-	-	16,520	Due from other governmental units
-	-	158	Investment in direct financing leases
-	-	252	Inventory
-	-	252	Prepaid items
<u>87,276</u>	<u>19,835</u>	<u>700,746</u>	Total assets
			LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE
			LIABILITIES
658	304	33,127	Accounts payable
-	486	6,253	Wages and benefits payable
1	-	30,388	Deposits and escrows
-	10	536	Due to other governmental units
-	-	1,314	Retainages
-	2,269	51,667	Unearned revenue
<u>659</u>	<u>3,069</u>	<u>123,285</u>	Total liabilities
			DEFERRED INFLOW OF RESOURCES
-	-	221,589	Prepaid taxes
-	-	3,958	Unavailable taxes
-	-	16,520	Unavailable lease revenues
<u>-</u>	<u>-</u>	<u>242,067</u>	Total deferred inflows of resources
			FUND BALANCES
-	-	410	Non-spendable
86,617	16,766	116,607	Restricted
-	-	115,475	Committed
-	-	29,847	Assigned
<u>-</u>	<u>-</u>	<u>73,055</u>	Unassigned
<u>86,617</u>	<u>16,766</u>	<u>335,394</u>	Total fund balances
<u>87,276</u>	<u>19,835</u>	<u>700,746</u>	Total liabilities, deferred inflows of resources and fund balances

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

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

As of June 30, 2015

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3) \$ 335,394

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$46,508, related to Internal Service Fund assets, which is included in Internal Service Fund net position below.) 468,842

Deferred outflow of resources that are not financial resources and, therefore are not reported in the funds

Deferred loss on bond refunding 23,555
 Deferred outflows of pension contributions 28,037

Deferred inflow of resources are not available to pay for current-period expenditures:

Deferred inflows of resources - Unavailable taxes 3,958
 Deferred inflows of resources - Unavailable lease revenue 13,332
 Deferred inflows of pension contributions (11,996)

Internal Service Funds are used by management to charge costs of certain activities such as insurance, fleet operations, and data processing to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 114,806

Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due. (16,887)

Sewer and water availability credit is not recognized in the governmental funds, but rather, is recognized as an expenditure when used. 13,280

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):

Other long term obligations (96,012)
 Bonds payable (138,853)
 School bonds payable (628,637)
 Literary loans payable (2,000)
 Capital lease obligations (131,462)
 Compensated absences (excludes \$1,710 for Internal Service Fund) (30,458)
 Operating settlement - Schools (327)
 Premium on bonds issued (79,620)
 Total long-term liabilities (1,107,369)

Net position of governmental activities (Exhibit 1) \$ (135,048)

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



COUNTY OF PRINCE WILLIAM, VIRGINIA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015
(amounts expressed in thousands)

Exhibit 5
Page 1 of 2

	Capital Projects			
	General	Streets and Roads	Other Capital Projects	Education
REVENUES:				
General property taxes	\$ 663,564	-	-	-
Other local taxes	122,065	-	-	-
Permits, privilege fees and regulatory licenses	2,493	-	-	-
Fines and forfeitures	3,167	-	-	-
From use of money and property	9,081	198	1,168	-
Charges for services	15,252	-	30	-
Intergovernmental revenues:				
Federal	20,041	2,683	15	-
State	117,031	22,919	964	-
Local	7,451	1,701	527	-
Donations and contributions	-	1,627	96	-
Miscellaneous	13,916	3,660	30	-
Total revenues	974,061	32,788	2,830	-
EXPENDITURES:				
Current:				
General government administration	37,651	-	-	-
Judicial administration	19,681	-	-	-
Public safety	208,385	-	-	-
Public works	30,520	-	-	-
Health and welfare	80,840	-	-	-
Education	412,007	-	6,217	89,792
Parks, recreational and cultural	31,085	-	-	-
Community development	7,861	-	-	-
Debt service:				
Principal retirement	76,648	-	-	-
Interest and other debt costs	42,225	-	-	-
Capital outlays	-	57,317	28,248	-
Total expenditures	946,903	57,317	34,465	89,792
Excess (deficiency) of revenues over (under) expenditures	27,158	(24,529)	(31,635)	(89,792)
OTHER FINANCING SOURCES (USES):				
Transfers in	28,470	11,359	10,010	-
Transfers out	(29,090)	(8,566)	(1,970)	-
Bonds, notes and capital leases	-	-	-	82,545
Proceeds from refundings	35,675	-	-	-
Premium on sale of bonds	-	-	-	7,247
Premium on refundings	6,219	-	-	-
Payments to escrow agent	(41,508)	-	-	-
Insurance claims and recoveries	10	-	-	-
Sale of surplus property	301	-	-	-
Total other financing sources (uses)	77	2,793	8,040	89,792
Net change in fund balances	27,235	(21,736)	(23,595)	-
FUND BALANCE, beginning of year	147,761	50,600	51,746	-
FUND BALANCE, end of year	\$ 174,996	28,864	28,151	-

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

Fire & Rescue Levy	Other Governmental Funds	Total Governmental Funds	
35,315	4,218	703,097	REVENUES:
-	-	122,065	General property taxes
-	14,564	17,057	Other local taxes
-	1	3,168	Permits, privilege fees and regulatory licenses
1,667	342	12,456	Fines and forfeitures
-	13,524	28,806	From use of money and property
-	25,574	48,313	Charges for services
-	829	141,743	Intergovernmental revenues:
-	-	9,679	Federal
-	-	1,723	State
80	397	18,083	Local
37,062	59,449	1,106,190	Donations and contributions
			Miscellaneous
			Total revenues
			EXPENDITURES:
			Current:
-	-	37,651	General government administration
-	-	19,681	Judicial administration
21,009	11,966	241,360	Public safety
-	337	30,857	Public works
-	-	80,840	Health and welfare
-	-	508,016	Education
-	-	31,085	Parks, recreational and cultural
-	46,018	53,879	Community development
102	-	76,750	Debt service:
251	-	42,476	Principal retirement
-	-	85,565	Interest and other debt costs
21,362	58,321	1,208,160	Capital outlays
			Total expenditures
			Excess (deficiency) of revenues over
			(under) expenditures
			OTHER FINANCING SOURCES (USES):
583	4,430	54,852	Transfers in
(7,570)	(7,312)	(54,508)	Transfers out
-	-	82,545	Bonds, notes and capital leases
-	-	35,675	Proceeds from refundings
-	-	7,247	Premium on sale of bonds
-	-	6,219	Premium on refundings
-	-	(41,508)	Payments to escrow agent
-	-	10	Insurance claims and recoveries
73	48	422	Sale of surplus property
(6,914)	(2,834)	90,954	Total other financing sources (uses)
8,786	(1,706)	(11,016)	Net change in fund balances
77,831	18,472	346,410	FUND BALANCE, beginning of year
86,617	16,766	335,394	FUND BALANCE, end of year

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

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

For the Year Ended June 30, 2015
(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5) \$ (11,016)

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Add capital acquisitions	30,116	
Add receipt of donated land and infrastructure assets	11,533	
Add donated equipment for parks, recreational & cultural	38	
Subtract depreciation (excludes \$4,213 related to Internal Service Fund assets included in Internal Service Fund net position below)	<u>(18,722)</u>	22,965

In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold. (78)

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

Subtract revenue recognized for the water and sewer availability credit used		(502)
Add amortized premium		6,578
Add current year's deferred inflows of resources related to financing activities and uncollectible tax billings (Note 4)	17,290	
Subtract prior year's deferred inflows of resources related to financing activities and uncollectible tax billings	<u>(18,450)</u>	(1,160)
Add current year's net pension benefit asset	-	
Subtract prior year's net pension benefit asset	<u>(8)</u>	(8)

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

Add debt principal repayment	76,750	
Add payment to escrow agent for refunding	36,680	
Subtract debt proceeds	(118,220)	
Subtract premium on debt	<u>(13,466)</u>	(18,256)

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

Add current year refunding		4,783
Amortized bond refunding loss		(2,543)
Subtract prior year operating settlement - School Board	(4,744)	
Subtract current year operating settlement - School Board	<u>(327)</u>	(5,071)
Add prior year's compensated absences liability (excludes \$1,592 for Internal Service Fund)	29,106	
Subtract current year's compensated absences liability (excludes \$1,710 for Internal Service Fund)	<u>(30,458)</u>	(1,352)
Add prior year's net pension benefit accrual	1,936	
Subtract current year's net pension reduction	<u>12,502</u>	14,438
Add prior year's accrued interest liability	16,847	
Subtract current year's accrued interest liability	<u>(16,887)</u>	(40)

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

Add internal service funds' change in net position		<u>923</u>
--	--	------------

Change in net position of governmental activities (Exhibit 2) \$ 9,661

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
PROPRIETARY FUNDS
Statement of Fund Net Position
As of June 30, 2015
(amounts expressed in thousands)

Exhibit 7

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 7,382	3,330	-	10,712	66,215
Restricted cash and temporary investments	15,854	-	303	16,157	11,437
Investments	-	-	-	-	21,218
Accounts receivable, net	185	7	186	378	3,947
Note receivable	144	-	-	144	-
Due from other governmental units	384	-	-	384	4
Inventory	3	3,922	74	3,999	340
Prepays	-	-	90	90	137
Total current assets	23,952	7,259	653	31,864	103,298
Non-current assets:					
Restricted investments	-	-	-	-	1,250
Note receivable	1,281	-	-	1,281	-
Capital assets:					
Land and construction in progress	21,292	1,084	5,751	28,127	30,719
Buildings and other capital assets, net of depreciation	17,083	-	8,805	25,888	15,789
Total non-current assets	39,656	1,084	14,556	55,296	47,758
Total assets	63,608	8,343	15,209	87,160	151,056
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	578	578	-
Deferred outflows related to pensions	399	-	341	740	1,291
Total deferred outflows of resources	399	-	919	1,318	1,291
LIABILITIES					
Current liabilities:					
Accounts payable	1,771	-	424	2,195	4,013
Wages and benefits payable	90	-	385	475	303
Deposits and escrows	-	50	-	50	-
Retainages	583	-	-	583	111
Accrued interest	31	-	88	119	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	6,706
Due to other funds	1,221	-	10,820	12,041	-
Unearned revenue	4,203	-	1,224	5,427	3,180
Current portion of surplus distribution payable	-	-	-	-	865
Current portion of bonds payable	-	-	591	591	-
Current accrued closure liability	1,756	-	-	1,756	-
Current other long term liabilities	-	-	196	196	-
Compensated absences	24	-	25	49	86
Total current liabilities	9,679	50	13,753	23,482	15,264
Non-current liabilities:					
Accrued closure liability	12,730	-	-	12,730	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	12,191
Surplus distribution payable	-	-	-	-	3,249
Bonds payable, net of current portion	-	-	9,981	9,981	-
Other long term liabilities	1,479	-	1,343	2,822	4,658
Compensated absences	446	-	477	923	1,624
Total non-current liabilities	14,655	-	11,801	26,456	21,722
Total liabilities	24,334	50	25,554	49,938	36,986
Deferred Inflows of Resources					
Deferred inflows related to pensions	178	-	149	327	555
	178	-	149	327	555
NET POSITION					
Net investment in capital assets	38,375	1,084	4,562	44,021	46,508
Restricted for self-insurance funds	-	-	-	-	2,677
Unrestricted	1,120	7,209	(14,137)	(5,808)	65,621
Total net position (deficit)	\$ 39,495	8,293	(9,575)	38,213	114,806

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

Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Year Ended June 30, 2015
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
OPERATING REVENUES:					
Charges for services	\$ 18,805	64	11,927	30,796	85,644
Miscellaneous	930	24	25	979	3,681
Total operating revenues	19,735	88	11,952	31,775	89,325
OPERATING EXPENSES:					
Personal services	4,306	-	7,436	11,742	12,952
Contractual services	3,374	352	3,930	7,656	13,904
Materials/supplies	3,037	-	1,863	4,900	7,226
Depreciation	4,198	-	1,150	5,348	4,213
Closure expense	2,386	-	-	2,386	-
Other	42	53	10	105	1,409
Claims and premiums	-	-	-	-	41,006
OPEB cost	-	-	-	-	4,614
Losses and loss adjustment expenses	-	-	-	-	4,720
Total operating expenses	17,343	405	14,389	32,137	90,044
Operating income/(loss)	2,392	(317)	(2,437)	(362)	(719)
NON-OPERATING REVENUES/(EXPENSES):					
Interest income	510	62	(183)	389	1,514
Interest and other debt costs	-	-	(476)	(476)	-
Gain on sale of capital assets	6	-	-	6	7
Total non-operating revenues/(expenses)	516	62	(659)	(81)	1,521
Income/(loss) before transfers	2,908	(255)	(3,096)	(443)	802
TRANSFERS:					
Transfers in:					
General fund	-	35	1,627	1,662	2,786
Special revenue funds	-	-	-	-	336
Fire & Rescue Levy funds	-	-	-	-	98
Transfers out:					
General fund	(1,914)	-	(213)	(2,127)	(2,763)
Special revenue funds	-	-	-	-	(61)
Capital projects funds	-	-	-	-	(275)
Total transfers	(1,914)	35	1,414	(465)	121
Change in net position	994	(220)	(1,682)	(908)	923
NET POSITION, beginning of the year	39,937	8,513	(6,689)	41,761	118,380
Cumulative effect of change in accounting principle (GASB 68)	(1,436)	-	(1,204)	(2,640)	(4,497)
NET POSITION, end of the year	\$ 39,495	8,293	(9,575)	38,213	114,806

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2015
(amounts expressed in thousands)

Exhibit 9

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 18,448	90	11,913	30,451	69,503
Cash received from County agencies	-	-	-	-	-
Cash received from employees	-	-	-	-	15,756
Cash received from other entities	568	-	-	568	3,138
Payments for claims and premiums	-	-	-	-	(50,497)
Payments to suppliers for goods and services	(5,122)	(355)	(4,218)	(9,695)	(18,925)
Payments to employees for services	(4,427)	-	(7,507)	(11,934)	(13,241)
Payments of closure expenses	(1,367)	-	-	(1,367)	-
Net cash provided (used) by operating activities	8,100	(265)	188	8,023	5,734
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Surplus distributions paid	-	-	-	-	(325)
Proceeds from notes receivable	156	-	-	156	-
Capital grants to other entities	-	-	-	-	-
Transfers in	-	35	1,627	1,662	3,220
Transfers out	(1,914)	-	(213)	(2,127)	(3,099)
Net cash provided (used) by non-capital financing activities	(1,758)	35	1,414	(309)	(204)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(10,676)	-	(219)	(10,895)	(16,705)
Proceeds from the sale of capital assets	6	-	-	6	7
Principal paid on bonds, leases, and other debt	-	-	(882)	(882)	-
Interest paid on bonds, leases, and other debt	-	-	(437)	(437)	-
Net cash provided (used) by capital and related financing activities	(10,670)	-	(1,538)	(12,208)	(16,698)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from maturities of investments	-	-	-	-	13,181
Purchases of investments	-	-	-	-	(10,327)
Interest and dividends received on investments	452	62	(159)	355	1,499
Net cash provided (used) by investing activities	452	62	(159)	355	4,353
Net decrease in cash and cash equivalents	(3,876)	(168)	(95)	(4,139)	(6,815)
CASH AND CASH EQUIVALENTS, beginning of year	27,112	3,498	398	31,008	84,467
CASH AND CASH EQUIVALENTS, end of year	\$ 23,236	3,330	303	26,869	77,652
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income/(loss)	\$ 2,392	(317)	(2,437)	(362)	(719)
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:					
Depreciation	4,198	-	1,150	5,348	4,213
Change in assets, deferred outflow of resources and liabilities:					
(Increase) decrease in:					
Accounts receivable, net of accrued interest	27	2	(53)	(24)	(1,258)
Due from other governmental units	(356)	-	-	(356)	-
Inventory	8	-	3	11	(24)
Prepaid items	-	-	-	-	1,458
Deferred refunding	-	-	-	-	(1,291)
Deferred outflows of pensions	(399)	-	(341)	(740)	-
Increase (decrease) in:					
Accounts payable and accrued liabilities, net of accrued interest	846	-	(70)	776	746
Retainages	519	-	-	519	-
Unpaid losses and related expenses	-	-	-	-	1,601
Accrued closure liability	1,019	-	-	1,019	-
Due to other governmental units	15	-	1,733	1,748	-
Unearned revenue	(390)	-	14	(376)	291
Deposits and escrow	-	50	-	50	-
Other long term liabilities	43	-	40	83	162
Deferred inflows from pensions	178	-	149	327	-
Total adjustments	5,708	52	2,625	8,385	1,685
Net cash provided (used) by operating activities	\$ 8,100	(265)	188	8,023	5,734

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

Statement of Fiduciary Net Position

As of June 30, 2015

(amounts expressed in thousands)

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Other Post-Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS					
Equity in pooled cash and investments	\$ -	-	-	799	504
Restricted cash	590	-	-	-	-
Restricted investments	-	-	-	-	-
Accounts receivable, net					
Employer	-	-	-	-	-
Innovation Owners Association	-	-	-	-	-
Interest and dividends	-	-	-	16	-
Total accounts receivables	-	-	-	16	-
Restricted Investments					
Money market mutual funds	78	-	306	-	-
Tactical asset allocation funds	3,146	-	-	-	-
Equity mutual funds	17,063	-	40,735	-	-
Real assets	2,227	-	-	-	-
Bond mutual funds	9,503	-	20,410	-	-
Life insurance annuity	-	13,769	-	-	-
Local Government Investment Pool	-	-	256	-	-
Common stock	301	-	-	-	-
Total investments	32,318	13,769	61,707	-	-
Prepaid items	-	-	-	47	-
Total assets	32,908	13,769	61,707	862	504
LIABILITIES					
Accounts payable	-	-	3,587	3	-
Deposits and escrows	-	-	-	-	504
Total liabilities	-	-	3,587	3	504
NET POSITION					
Held in trust for pension benefits	32,908	13,769	-	-	-
Held in trust for OPEB benefits	-	-	58,120	-	-
Held in trust for other purposes	-	-	-	859	-
Total net position	\$ 32,908	13,769	58,120	859	-

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

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds
ADDITIONS				
Contributions:				
Member	\$ 1,083	-	-	5
Employer	1,083	940	5,960	-
Total contributions	2,166	940	5,960	5
Donations	-	-	-	176
Investment income:				
Interest and dividends	738	372	1,418	14
Net appreciation in fair value of investments	(1,036)	-	(420)	-
Total investment income	(298)	372	998	14
Less investment expense	41	-	142	-
Net investment income	(339)	372	856	14
Total additions	1,827	1,312	6,816	195
DEDUCTIONS				
Pension/post-employment benefit payments	1,883	345	3,575	-
Refund of members' contributions	97	-	-	-
Administrative expenses	83	34	11	233
Total deductions	2,063	379	3,586	233
Change in net position	(236)	933	3,230	(38)
NET POSITION, beginning of year	33,144	12,836	54,890	897
NET POSITION, end of year	\$ 32,908	13,769	58,120	859

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 COMPONENT UNITS

Exhibit 12

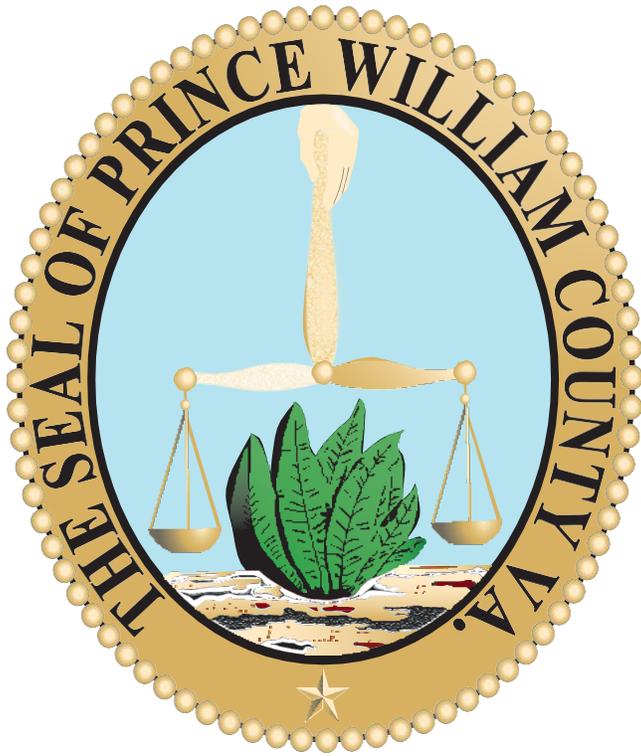
Combining Statement of Net Position

As of June 30, 2015

(amounts expressed in thousands)

	School Board	Adult Detention Center	Convention & Visitors Bureau	Totals
ASSETS				
Equity in pooled cash and investments	\$ 234,967	10,406	139	245,512
Accounts receivable, net	1,391	-	2	1,393
Due from other governmental units	32,514	1,992	-	34,506
Due from primary government	327	-	-	327
Inventory	3,756	-	-	3,756
Prepays	-	-	50	50
Net OPEB asset	2,467	-	-	2,467
Restricted assets:				
Restricted cash and temporary investments	42,745	-	-	42,745
Deposits	548	-	-	548
Capital assets:	-			
Land and construction in progress	193,309	31	-	193,340
Buildings and other capital assets, net of depreciation	1,067,861	65,446	40	1,133,347
Total assets	1,579,885	77,875	235	1,657,995
Deferred outflow of resources				
Deferred outflows from pension contributions	74,693	2,645	-	77,338
Total deferred outflow of resources	74,693	2,645	-	77,338
LIABILITIES				
Accounts payable	16,066	365	43	16,474
Wages and benefits payable	89,812	633	-	90,445
Retainages	5,650	-	-	5,650
Due to other governmental units	191	-	-	191
Unearned revenue	9,590	-	-	9,590
Noncurrent liabilities:				
Due within one year	20,692	182	-	20,874
Due in more than one year	798,799	12,965	-	811,764
Total liabilities	940,800	14,145	43	954,988
DEFERRED INFLOWS OF RESOURCES				
Commodities received but not consumed	123,564	1,196	-	124,760
Total deferred inflows of resources	123,564	1,196	-	124,760
NET POSITION				
Net investment in capital assets	1,261,170	65,477	40	1,326,687
Restricted for:				
Capital projects	37,781	-	-	37,781
Food & nutrition services	23,923	-	-	23,923
Other purposes	5,178	-	-	5,178
Unrestricted (deficit)	(737,838)	(298)	152	(737,984)
Total net position	\$ 590,214	65,179	192	655,585

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



COUNTY OF PRINCE WILLIAM, VIRGINIA
COMPONENT UNITS
Combining Statement of Activities
For the Year Ended June 30, 2015
(amounts expressed in thousands)

Exhibit 13
Page 1 of 2

Functions / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
School Board					
Instruction	\$ 689,230	3,141	123,275	116	(562,698)
Support Services	356,673	19,619	24,417	-	(312,637)
School Age Child Care	607	502	-	-	(105)
Adult Detention Center	42,366	533	10,657	-	-
Convention & Visitors Bureau	1,288	-	-	-	-
Total component units	\$ 1,090,164	23,795	158,349	116	(875,440)

General revenues:	
Payment from primary government	\$ 589,319
Payment from Park Concessions	-
Federal revenue	2,212
State revenue	366,078
Local revenue	-
Investment earnings	3,011
Gain (loss) on disposal of capital assets	-
Miscellaneous	3,135
Gain on sale of capital assets	-
Transfers	-
Total general revenues	<u>963,755</u>
Change in net position	88,315
Net position - beginning of year	1,336,790
Cumulative effect of change in accounting principle (GASB 68)	<u>(834,891)</u>
Net position - end of year	<u>\$ 590,214</u>

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

Revenue and Changes in Net Position

Adult Detention Center	Convention & Visitors Bureau	Totals	Functions / Programs
			School Board
-	-	(562,698)	Instruction
-	-	(312,637)	Support Services
-	-	(105)	School Age Child Care
(31,176)	-	(31,176)	Adult Detention Center
-	(1,288)	(1,288)	Convention & Visitors Bureau
(31,176)	(1,288)	(907,904)	Total component units
			General revenues:
25,408	1,212	615,939	Payment from primary government
-	-	-	Payment from Park Concessions
-	-	2,212	Federal revenue
-	-	366,078	State revenue
4,948	87	5,035	Local revenue
110	4	3,125	Investment earnings
-	(11)	(11)	Gain (loss) on disposal of capital assets
79	2	3,216	Miscellaneous
15	-	15	Gain on sale of capital assets
-	-	-	Transfers
30,560	1,294	995,609	Total general revenues
(616)	6	87,705	Change in net position
75,472	186	1,412,448	Net position - beginning of year
(9,677)	-	(844,568)	Cumulative effect of change in accounting principle (GASB 68)
65,179	192	655,585	Net position - end of year

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Prince William, Virginia (the County) prepares its financial statements in conformity with accounting principles generally accepted in the United States (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing governmental accounting and financial reporting standards which, along with subsequent GASB pronouncements (statements and interpretations), constitutes GAAP for governmental units. The accounting and reporting framework and significant accounting principles and practices utilized by the County are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the County’s financial activities for the fiscal year ended June 30, 2015.

A. Principles Used to Determine the Reporting Entity

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

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

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

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

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

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

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Northern Virginia Health Center Commission	Board resolution created a commission for the operation of a nursing home pursuant to the <i>Code of Virginia</i> . Develops and establishes policies for the operation of a nursing home. Service agreement between five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria).	None	Jointly Governed Organization
Northern Virginia Special Education Regional Program	Agreement between the public schools of Prince William County and the cities of Manassas and Manassas Park to foster cooperation in the development and delivery of special education programs and other appropriate educational services.	None	Jointly Governed Organization
Upper Occoquan Sewage Authority (UOSA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by interjurisdictional agreement. Acquire, finance, construct and maintain facilities for abatement of pollution resulting from sewage in Occoquan watershed above its confluence with Bull Run.	None	Jointly Governed Organization; Note Disclosure
Governor's School @Innovation Park	Agreement between the public schools of Prince William County and the cities of Manassas and Manassas Park to deliver an advanced and intensive program in science, technology, engineering, and mathematics (STEM) for selected high school juniors and seniors.	None	Jointly Governed Organization
Peumansend Creek Regional Jail Authority (Note 19)	Governmental entity formed to construct and operate a regional correctional facility on property conveyed by U.S. Department of the Army pursuant to Public Law 102-25 and 102-484.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Manassas Regional Airport	Agreement between Prince William County and the city of Manassas establishes the operation of a regional airport	None	Jointly Governed Organization
Potomac & Rappahannock Transportation Commission (PRTC) (Note 19)	Consider and make recommendation and oversight regarding activities pertaining to jurisdictional transportation issues.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Industrial Development Authority (IDA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Promote industry and develop trade by inducing business to locate or remain in State and County.	None	Related Organization; Note Disclosure
Service Authority (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Provide water and sewer utilities to County residents.	None	Related Organization; Note Disclosure
Northern Virginia Criminal Justice Training Academy (NVCJTA) (Note 18)	Established by Board resolution. Construct an Emergency Vehicle Operations Center in which the County has a 30% interest.	None	Related Organization; Note Disclosure

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

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

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

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

All accounts of the County and its component units are reported as of and for the year ended June 30, 2015.

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The County's internal service funds (which typically provide services to other funds of the government) are presented in a consolidated column in the proprietary fund financial statements. Since the principal users of these services are the County's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column in the government-wide financial statements. To the extent possible, the costs of these services are 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. The County's enterprise funds use the services of the internal service funds. Since internal service funds are combined with governmental funds to produce the government-wide statements, reconciliations are presented which briefly explain the adjustments necessary to generate the government-wide financial statements.

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

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

The following major funds are used by the County:

Governmental Funds:

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

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

Proprietary Funds:

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

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

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

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

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Fiduciary Funds:

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

- Supplemental Pension Plan trust fund – The County accounts for a defined benefit trust to provide Supplemental Pension Plan benefits to uniformed police officers and fire fighters.
- LOSAP trust fund – The County accounts for a length of service award program that provides benefits for certified volunteer fire department and rescue squad members.
- Other Post-Employment Benefits (OPEB) master trust fund – The County uses this fund to account for post-employment benefits other than pensions for eligible employees of the County and to account for post-employment benefits that provide death, disability, and healthcare benefits for public safety employees and volunteer fire department and rescue squad members.
- Private purpose trust funds – The County accounts for the operations of a business and industrial park owners’ association, Historic Preservation Foundation and library donations.
- Agency funds – The County accounts for receipts and disbursements of monies for certain County welfare, mental health service, and federal self-sufficiency program recipients.

C. Basis of Accounting

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

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

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

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

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

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

E. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other mandatory commitments for the expenditure of monies to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds. Encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance, depending on the source of funding and/or the specific constraints on the funds encumbered, since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by Board resolution. For more detailed information, see Note 12.

F. Cash and Investments

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

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

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

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

G. Inventories and Prepaid items

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

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

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

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

I. Compensated Absences

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

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

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

K. Capital Assets

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

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

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

In accordance with GASB Statement No. 34 and GASB Statement No. 51, the County's infrastructure and commercial "off-the-shelf" software have been capitalized retroactively to 1980. Of the \$208 million in infrastructure capitalized at June 30, 2015, approximately \$159 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. \$36 million of intangible software capitalized at June 30, 2015 was valued using project costing models. The County does not capitalize streets and roads as these are transferred to and become property of the Commonwealth of Virginia upon completion.

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

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

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

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

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. In addition to liabilities, the Statement of Net Position and fund Balance sheets will sometimes report a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position by the County that is applicable to a future reporting period.

M. Pensions

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

N. Fund Equity

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

Policy 1.04 of the County's *Principles of Sound Financial Management* requires an unassigned fund balance of 7.5% of the current year's General Fund revenues.

O. Leases

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

P. Deferred Gain (Loss) on Debt Refundings

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

Q. Changes in Reporting Entity

Illustration 1-2			
Summary of Net Position Restatements			
	Balances, as previously reported, June 30, 2014	Cumulative effect of change in accounting principle (GASB 68)	Balances, as restated, June 30, 2014
Enterprise Funds			
Landfill	\$ 39,937	(1,436)	38,501
Innovation Technology Park	8,513	-	8,513
Parks & Recreation	(6,689)	(1,204)	(7,893)
Total Enterprise Funds	\$ 41,761	(2,640)	39,121
Internal Service Funds			
Intra-County Services	\$ 82,625	(4,430)	78,195
Other Self-Insurance	(13)	-	(13)
Self-Insurance Casualty Insurance	2,078	-	2,078
Self-Insurance Workers' Compensation Association	12,308	-	12,308
Health Insurance	21,382	(67)	21,315
Total Internal Service Fund	\$ 118,380	(4,497)	113,883
Government-Wide			
Governmental Funds	\$ (47,739)	(96,970)	(144,709)
Enterprise Fund	41,761	(2,640)	39,121
Component Units	1,412,448	(844,567)	567,881
Total	\$ 1,406,470	(944,177)	462,293

As a result of GASB Statement No. 68, the net position balances as of June 30, 2014, have been restated to reflect the cumulative effect of recording the pension expense recalculated based on GASB 68 related to prior years.

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

The County implemented the following GASB pronouncements with effective implementation dates for fiscal year ended June 30, 2015:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* - This Statement improves accounting and financial reporting by state and local governments for pensions, and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities by establishing accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans.
- GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)* - This statement improves financial reporting by state and local governments in their first year of implementing GASB Statement No. 68. This statement requires the government to recognize a beginning deferred outflow of resources for its pension contribution, if any, make subsequent to the measurement date of the beginning net pension liability.

The GASB has issued the following statements with effective implementation dates later than the fiscal year ending June 30, 2015. The statements deemed to have a future impact on the County are as follows:

- GASB Statement No. 72, *Fair Value Measurement and Application* – This statement improves financial report by state and local governments for certain investments and donated capital assets. It establishes a hierarchy of valuation

techniques used to measure fair value. The requirements of this statement will enhance the comparability of financial statements among governments by requiring measurements at fair value using a more detailed definition of fair value and accepted valuation techniques.

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – This statement reduces the generally accepted accounting principles (GAAP) into two categories and addresses the use of authoritative and nonauthoritative guidance when the treatment for a transaction is not specified within a source of authoritative GAAP. It will improve reporting by requiring the consideration of consistency with the GASB Concepts Statements, resulting in less variation between the comparison financial statements among governments.
- GASB Statement No. 77, *Tax Abatement Disclosures* – This statement requires disclosures of tax abatement information about a reporting government’s own tax abatement agreements and those that are entered into by other governments that reduces the reporting entities tax revenue. This will improve transparency of these transactions to the financial statement user.

S. Subsequent Events

The County has evaluated subsequent events (events occurring after June 30, 2015, through December 31, 2015) in connection with the preparation of these financial statements. Such events have been disclosed in Note 21.

NOTE (2) - CASH AND INVESTMENTS

A. Cash Deposits

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

B. Investments

County Investments

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

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

In accordance with State Corporation Commission of Virginia (SCC) regulations for the licensing of the Prince William County Self-Insurance Group (PWSIG) Workers’ Compensation Association and Casualty Pool, the Association and the Pool are required to deposit securities with the State Treasurer. As of June 30, 2015, the Self-Insurance Workers’ Compensation Association had \$997 at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$750 requirement, with \$250 serving as a security deposit in lieu of a surety bond. In addition, a contingency reserve equivalent of 3% of the Association’s earned premiums since inception amounted to \$1,427. The remainder serves as additional collateral because the Association does not maintain aggregate excess insurance. As of June 30, 2015, the Casualty Pool had \$799, at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$500 requirement since the Pool does not maintain aggregate excess insurance. While these securities are held by the State Treasurer, they are in the name of the Association and the Pool and are included in the investments of those funds.

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

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

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

Illustration 2-1 reflects the fair value and the weighted average maturity (WAM) of the County’s investments as of June 30, 2015.

Illustration 2-1			
Fair Value and Weighted Average Maturity of Investments at June 30, 2015			
		Fair Value	Weighted Average Maturity (Years)
Primary Government, School Board, and ADC			
Money Markets and Money Market Mutual Funds:			
Local Government Investment Pool (LGIP)	\$	100,359	0.003
State Non-Arbitrage Program (SNAP)		68,456	0.003
PFM Asset Management		101,822	0.003
Other Money Markets and Money Market Mutual Funds		9,194	0.003
NOW Accounts		64,739	0.003
Certificate of Deposits		36,157	0.692
U.S. Government Agency Securities		503,338	7.197
Corporate Bonds		134,477	2.941
Municipal Bonds		32,767	5.118
Total Primary Government, School Board, and ADC		1,051,309	4.006
Convention & Visitors Bureau Component Unit			
Cash and Cash Equivalents		139	0.003
Total Convention & Visitors Bureau Investments		139	0.003
Total Reporting Entity Investments		\$ 1,051,448	4.006

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

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

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

It is the PWSIG’s policy to invest in obligations issued or guaranteed by the U.S. government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs); repurchase agreements collateralized by obligations issued or guaranteed by the U.S. Government, an agency thereof, or GSEs; non-negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act; municipal debt with a rating of at least AA by one nationally recognized rating agency, negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least P-1 by Moody’s Investor’s Services and A-1 by Standard and Poor’s; bankers’ acceptances with major U.S. banks and domestic offices of international banks provided that the bank’s assets exceed \$500 million or \$1 billion respectively; “prime quality” commercial paper rated by at least two of the following: P-1 by Moody’s Investor’s Services, A-1 by Standard & Poor’s or F-1 by Fitch Investor’s Services; corporate notes with a minimum rating of Aa by Moody’s Investor’s Services and AA by Standard & Poor’s; money market, mutual funds or the LGIP with a minimum credit rating of AAA by at least one nationally recognized statistical rating organization. During the year, the County made investments in money market mutual funds, LGIP, SNAP, PFM Asset Management, U.S. Government Agency Securities, NOW Accounts, Certificates of Deposit, Corporate Bonds, Commercial Paper and Municipal Bonds. The County’s investment ratings as of June 30, 2015, are presented in Illustration 2-2.

Illustration 2-2		
County, School Board, and ADC, Investment Credit Risk at June 30, 2015		
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	9.55%
State Non-Arbitrage Program(SNAP)	AAA	6.51%
PFM Asset management	AAA	9.69%
Other Money Markets and Money Market Mutual Funds	AAA	0.87%
NOW Accounts	Not applicable	6.16%
Certificate of Deposits	Not applicable	3.44%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AA or Higher	47.87%
Corporate Bond:	AA or Higher	12.79%
Municipal Bond:	AA or Higher	3.12%
		100.00%

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

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

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

100% for U.S. Treasury and Agency securities; 50% municipal debt (not to exceed 10% per issuer); 50% for repurchase agreements (not to exceed 20% per issuer); 30% for bankers’ acceptances, negotiable certificates of deposit and/or negotiable

bank deposit notes (not to exceed 5% per issuer); 35% for commercial paper (not to exceed 5% per issuer); 40% for non-negotiable certificates of deposit (not to exceed 10% per issuer); 25% for corporate notes (not to exceed 10% per issuer) and 80% for money market funds/investment pools (not to exceed 40% per issuer).

Supplemental Pension Plan Investments

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

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

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

Illustration 2-3 reflects the fair value and the duration of the County’s Supplemental Pension Plan fixed income investments as of June 30, 2015. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. Duration is a measure of a fixed income’s cash flows using present values, weighted for cash flows as a percentage of the investment’s full price. Modified duration estimates the sensitivity of a bond’s price to interest rate changes.

Illustration 2-3		
Supplemental Pension Plan Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2015		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Supplemental Pension Plan Trust Fund:		
Money Market Mutual Funds	\$ 78	0.101 (a)
Tactical Asset Allocation Funds	3,146	Not applicable
Equity Mutual Funds	17,063	Not applicable
Real Assets	2,227	Not applicable
Common Stock	301	Not applicable
Bond Mutual Funds		
PIMCO Total Return Fund	\$ 4,839	5.68 (b)
Brandywine Global Bond Fund	4,664	6.44 (b)
Total Bond Mutual Funds	9,503	
Total Supplemental Pension Plan Pension Trust Fund Investments	\$ 32,318	

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

The Supplemental Pension Plan's investment rating as of June 30, 2015 is presented in Illustration 2-4.

Illustration 2-4		
Supplemental Pension Plan Credit Risk at June 30, 2015		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Pension Plan Trust Fund Investments:		
Money Market Mutual Funds	AAA	0.24%
Tactical Asset Allocation Funds	Not rated	9.73%
Equity Mutual Funds	Not rated	52.81%
Real Assets	Not rated	6.89%
Common Stock	Not rated	0.93%
Fixed Income		
PIMCO Total Return Fund	AA	14.97%
Brandywine Global Bond Fund	AA -	14.43%
		100.00%
		100.00%

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

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

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

Illustration 2-5		
Statement of Investment Policy		
Supplemental Pension Plan Concentrations at June 30, 2015		
Asset Class	Policy Percent	Target Range Percent
Supplemental Pension Plan Trust Fund Investments:		
Tactical Asset Allocation Funds		
PIMCO All-Asset Fund	10%	5% - 15%
Equity Mutual Funds		
Vanguard Total Stock Market Fund	25%	20% - 30%
Vanguard Developed Markets Fund	17%	15% - 25%
State Street Emerging Markets Fund	7%	5% - 10%
Portfolio Advisors Private Equity Fund	1%	0% - 5%
Real Assets		
Pimco Commodity Real Return Strategy	4%	2% - 7%
ASB Allegiance Real Estate Fund	6%	3% - 8%
RREEF III	0%	0% - 2%
Fixed Income		
PIMCO Total Return Fund	15%	10% - 20%
Brandywine Global Bond Fund	15%	10% - 20%
Cash	0%	0% - 5%
	100%	
	100%	

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

Concentrations. At June 30, 2015, the Supplemental Pension Plan’s investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

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

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

Illustration 2-6 reflects the fair value of the County’s LoSAP Trust investments as of June 30, 2015.

Illustration 2-6		
LoSAP Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2015		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
LoSAP Pension Trust Fund Investments:		
Mass Mutual Annuity	<u>\$ 13,769</u>	Not Applicable

Concentrations. At June 30, 2015, the LoSAP Plan’s investments were 100% invested in an insurance annuity fund and are subject to concentration of credit risk.

Other Post-Employment Benefits (OPEB) Master Trust Investments

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

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

Illustration 2-7 reflects the fair value of the County's Other Post-Employment Benefits Master Trust fixed income investments as of June 30, 2015. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

Illustration 2-7			
Other Post-Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2015			
		Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Other Post-Employment Benefits Master Trust Fund:			
Local Government Investment Pool (LGIP)		\$ 256	0.003(a)
Money Market Mutual Funds		306	0.003(a)
Equity Mutual Funds		40,735	Not applicable
Bond Funds			
Metropolitan West Total Return	\$ 5,112		5.00(b)
Baird Core Plus	5,098		5.48(b)
Double Line Core Fixed Income	3,479		5.01(b)
Vanguard Intermediate-Term	3,671		5.40(b)
Alliance Bernstein High Income	3,050		4.39(b)
Total Bond Funds		<u>20,410</u>	
Total Other Post-Employment Benefits Trust Fund Investments		<u>\$ 61,707</u>	

The Other Post-Employment Benefits Master Trust's rating and credit exposure as of June 30, 2015, is shown in Illustration 2-8.

Illustration 2-8		
Other Post-Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2015		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Other Post-Employment Benefits Master Trust Fund Investments:		
Local Government Investment Pool (LGIP)	AAA	0.41%
Money Market Mutual Funds	AAA	0.50%
Equity Mutual Funds	Not rated	66.02%
Fixed Income		
Metropolitan West Total Return	AA	8.28%
Baird Core Plus	A	8.26%
Double Line Core Fixed Income	A	5.64%
Vanguard Intermediate-Term	A	5.95%
Alliance Bernstein High Income	BB	4.94%
		<u>100.00%</u>

Concentration of credit risk:

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

Illustration 2-9			
OPEB Master Trust Fund Concentrations at June 30, 2015			
Asset Class	Policy Percent	Target Range Percent	Actual Percent
OPEB Master Trust Fund Investments:			
Domestic Equity	40%	20% - 60%	43.82%
International Equity	20%	0% - 40%	22.80%
Other Growth Assets	0%	0% - 20%	0.00%
Fixed Income	40%	0% - 60%	33.38%
Other Income Assets	0%	0% - 20%	0.00%
Real Return Assets	0%	0% - 20%	0.00%
Cash Equivalents	0%	0% - 20%	0.00%
	<u>100%</u>		<u>100.00%</u>

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The use of direct hedge funds and fund-of-hedge funds are allowed. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. At June 30, 2015, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Reconciliation of Cash and Investments

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2015, is shown in Illustration 2-10.

Illustration 2-10						
Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2015						
Investments						
Primary Government and Component Units			\$		1,051,448	
Supplemental Pension Plan Trust Fund					32,318	
LoSAP Trust Fund					13,769	
Other Post-Employment Benefits (OPEB) Master Trust Fund					61,707	
Total Investments					1,159,242	
Add: Cash on Hand					58	
Deposits					8,325	
Total Cash and Investments					1,167,625	
Less: Supplemental Pension Plan Trust Fund's cash and investments					(32,908)	
LoSAP Trust Fund cash and investments					(13,769)	
OPEB Master Trust Fund cash and investments					(61,707)	
Private Purpose Trust Funds					(799)	
Agency Funds' equity in pooled cash and investments					(504)	
School Board Agency Funds' cash and investments					(10,549)	
Total Reporting Entity cash and investments			\$		1,047,389	
		Governmental Activities	Business-Type Activities	Total	Component Units	Total Reporting Entity
Primary Government:						
Equity in Pooled Cash and Investments	\$	670,242	10,712	680,954	245,512	926,466
Investments		21,218	-	21,218	-	21,218
Restricted Cash and Temporary Investments		39,553	16,157	55,710	42,745	98,455
Restricted Investments		1,250	-	1,250	-	1,250
Total Cash and Investments	\$	732,263	26,869	759,132	288,257	1,047,389

Restricted cash and investments consist of amounts required by bond financing terms to be segregated in a debt service reserve account, a closure fund required by the Virginia Resource Authority (VRA) for the Landfill, capitalized interest accounts required to be used for debt service, unspent debt proceeds required to be used for capital projects, and retainages as depicted in Illustration 2-11.

Illustration 2-11			
Restricted Cash and Investments at June 30, 2015			
	Restricted Cash & Temporary Investments		Restricted Investments
Primary Government			
General Fund:			
IDA Lease Revenue Bonds	\$	1,092	\$ -
Retainages		14	-
Total General Fund		1,106	-
Capital Projects Funds:			
General Obligation Bonds		23,021	-
VRA Lease Revenue Bonds		2,689	-
Retainages		1,300	-
Total Capital Projects Funds		27,010	-
Enterprise Funds:			
VRA Closure Fund		15,271	-
Parks & Recreation		303	-
Retainages		583	-
Total Enterprise Funds		16,157	-
Internal Service Funds:			
PWSIG		11,326	-
Insurance Pool Collateral		-	1,250
Retainages		111	-
Total Internal Service Funds		11,437	1,250
Total Primary Government		55,710	1,250
Component Unit			
School Board:			
School Bonds		42,745	-
Total School Board		42,745	-
Total Reporting Entity	\$	98,455	\$ 1,250

NOTE (3) - PROPERTY TAXES RECEIVABLE

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

Assessed values are established at 100% of appraised market value. The personal property tax is limited to vehicles and all business property. A valuation of all property is completed annually. The assessed value of real and personal property at January 1, 2014, upon which the July 1, 2014, levy was based, was approximately \$54 billion.

Current real estate and personal property tax collections for the year ended June 30, 2015, were 99.7% and 96.1%, respectively of the July 1, 2014, 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, 2015, related to property taxes due on July 15 of the following fiscal year are recorded as deferred inflow of resources at June 30, 2015.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2015, is detailed in Illustration 3-1.

Illustration 3-1			
Property Taxes Receivable at June 30, 2015			
	Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	\$ 4,385	2,335	2,050
Personal property taxes	5,658	2,599	3,059
Total	\$ 10,043	4,934	5,109

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

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

Illustration 4-1		
Unearned Revenue at June 30, 2015		
Primary Government		
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other	\$	60,274
Total Primary Government		60,274
Component Unit		
School Board		9,590
Total Reporting Entity	\$	69,864

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

Illustration 4-2		
Deferred Inflow of Resources at June 30, 2015		
Primary Government		
Prepaid Taxes – Taxes due subsequent to June 30, 2015, but paid in advance by taxpayers	\$	221,589
Deferred lease revenue – Uncollected revenues associated with direct financing leases		3,188
Deferred inflows related to pensions		12,878
Total Primary Government		237,655
Component Unit		
Deferred inflows related to pensions		124,760
Total Reporting Entity	\$	362,415

Deferred inflow of resources for General fund represents amounts for which the revenue recognition were not met under the modified accrual basis of accounting for the period ended June 30, 2015.

Illustration 4-3			
General Fund Deferred Inflow of Resources at June 30, 2015			
General Fund			
Prepaid Taxes – Taxes due subsequent to June 30, 2015, but paid in advance by taxpayers	\$		221,589
Unavailable taxes – Taxes not paid within sixty days of June 30, 2015			3,958
Deferred lease revenue – Uncollected revenues associated with direct financing leases			16,520
Total General Fund	\$		<u>242,067</u>

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

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

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

Illustration 5-1				
Investment in Direct Financing Leases at June 30, 2015				
		Volunteer Fire & Rescue Companies	Other	Total
Total minimum lease payments to be received	\$	14,824	1,696	16,520
Less: Deferred inflow of resources		3,083	105	3,188
Net investment in direct financing leases	\$	<u>11,741</u>	<u>1,591</u>	<u>13,332</u>

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2015.

Illustration 5-2				
Scheduled Minimum Lease Payments at June 30, 2015				
		Volunteer Fire & Rescue Companies	Other	Total
FY 2016	\$	1,662	636	2,298
FY 2017		1,599	636	2,235
FY 2018		1,549	424	1,973
FY 2019		1,496	-	1,496
FY 2020		1,447	-	1,447
FY 2021-2025		5,662	-	5,662
FY 2026-2029		1,409	-	1,409
Total minimum lease payments	\$	<u>14,824</u>	<u>1,696</u>	<u>16,520</u>

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

Illustration 5-3						
Accounts Receivable at June 30, 2015						
		Component Units				Total
		Primary Government	School Board	ADC	Convention & Visitors Bureau	
Accrued interest	\$	1,942	-	-	-	1,942
Enterprise operations		1,278	-	-	-	1,278
Utility/consumption taxes		1,923	-	-	-	1,923
Transient occupancy taxes		1,091	-	-	-	1,091
Stormwater management fee		275	-	-	-	275
Cable franchise tax		345	-	-	-	345
Premiums due from participants		3,704	-	-	-	3,704
Other		4,767	1,391	-	2	6,160
		15,325	1,391	-	2	16,718
Allowance for doubtful accounts		(4,105)	-	-	-	(4,105)
Total	\$	11,220	1,391	-	2	12,613

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, 2015			
PRIMARY GOVERNMENT			
General Fund:			
From other localities	\$	311	
From the Commonwealth			
Local sales taxes		10,486	
Other		8,075	\$ 18,872
Total General Fund			
From other localities		1,872	
From the Commonwealth		5,936	
From the Federal Government		180	7,988
Other-Capital Projects Fund:			
From the Commonwealth		219	219
Nonmajor Governmental Funds:			
From the Federal Government			549
Landfill Enterprise Fund:			
From other localities			384
Internal Service Funds:			
From other localities			4
Total Primary Government			9,144
COMPONENT UNITS			
School Board:			
From the Commonwealth		22,963	
From the Federal Government		9,878	32,841
Adult Detention Center:			
From other localities			1,992
Total Reporting Entity	\$		43,977

Illustration 6-2 details the amounts due to other governmental units at June 30, 2015.

Illustration 6-2			
Due to Other Governmental Units at June 30, 2015			
PRIMARY GOVERNMENT			
General Fund:			
To Other Localities	\$	246	
To the Federal Government		18	
Total General Fund		\$	264
Streets and Roads – Capital Project fund:			
To Other Localities			224
Other - Capital Projects Fund:			
To the Federal Government			38
Nonmajor Governmental Funds:			
To the Commonwealth			10
Total Primary Government		\$	536
COMPONENT UNIT			
School Board:			
To the Federal Government			191
Total Reporting Entity		\$	727

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

Inter-fund balances and transfers are generally made for the purpose of providing operational support for the receiving fund. During the year ended June 30, 2015, the County did not make any significant inter-fund transfers that were not routine and not consistent with the activities of the fund making the transfer.

Illustration 7-1 details the amounts due from and due to other funds at June 30, 2015.

Illustration 7-1			
Internal Balances			
	Due from Other Funds		Due to Other Funds
General Fund	\$	12,041	\$ -
Landfill - Enterprise Fund		-	1,221
Parks & Recreation - Enterprise Fund		-	10,820
Total Reporting Entity	\$	12,041	\$ 12,041

Illustration 7-2 details the transfers between funds for the year ended June 30, 2015.

Illustration 7-2					
Inter-fund Transfers for the Year Ended June 30, 2015					
Transfer to General Fund from:			Transfer from General Fund to:		
Streets and Roads – Capital Projects Fund	\$	10,270	\$	11,159	Streets and Roads – Capital Projects Fund
Other Capital Projects Fund		.		8,541	Other Capital Projects Fund
Fire & Rescue Fund		7,472		583	Fire & Rescue Levy Fund
Nonmajor Governmental Funds		5,838		4,359	Nonmajor Governmental Funds
Landfill Enterprise Fund		1,914		-	Landfill – Enterprise Fund
Internal Service Funds		2,763		2,786	Internal Service Funds
Parks & Recreation – Enterprise Fund		213		1,627	Parks & Recreation – Enterprise Fund
Innovation--Enterprise Fund		-		35	Innovation – Enterprise Fund
Total General Fund Transfers In		28,470		29,090	Total General Fund Transfers Out

Illustration 7-2 (cont'd)
Inter-fund Transfers for the Year Ended June 30, 2015

Transfer to Streets and Roads - Capital Projects Fund from:		Transfer from Streets and Roads - Capital Projects Fund to:	
General Fund	11,159	8,500	General Fund
Other Capital Projects Fund	200	66	Other Capital Projects Fund
Total Streets and Roads – Capital Projects Fund Transfers In	11,359	8,566	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	8,541	1,770	General Fund
Streets and Roads Capital Projects Fund	66	200	Streets and Roads Capital Projects Fund
Internal Service Funds	275	-	Internal Service Funds
Nonmajor Governmental Funds	1,128	-	Nonmajor Governmental Funds
Total Other Capital Projects Fund Transfers In	10,010	1,970	Total Other Capital Projects Fund Transfers Out
Transfers to Fire & Rescue Levy Fund from:		Transfers from Fire & Rescue Levy Fund to:	
General Fund	583	7,472	General Fund
Internal Service Funds	-	98	Internal Service Fund
Total Fire & Rescue Levy Fund Transfers In	583	7,570	Total Fire & Rescue Levy Special Revenue Funds Transfers Out
Transfer to Nonmajor Governmental Funds from:		Transfer from Nonmajor Governmental Funds to:	
General Fund	4,359	5,838	General Fund
Nonmajor Governmental Funds	10	10	Nonmajor Governmental Funds
Other Capital Projects Fund	-	1,128	Other Capital Projects Fund
Internal Service Fund	61	336	Internal Service Fund
Total Nonmajor Governmental Funds Transfers In	4,430	7,312	Total Nonmajor Governmental Fund Transfers Out
Transfers to Landfill Enterprise Fund from:		Transfers from Landfill Enterprise Fund to:	
General Fund	-	1,914	General Fund
Total Landfill Enterprise Fund Transfers In	-	1,914	Total Landfill Enterprise Fund Transfers Out
Transfers to Innovation Enterprise Fund from:		Transfers from Innovation Enterprise Fund to:	
General Fund	35	-	General Fund
Total Innovation Enterprise Fund Transfers In	35	-	Total Innovation Enterprise Fund Transfers Out
Transfers to Parks & Recreation Enterprise Fund from:		Transfers from Parks & Recreation Enterprise Fund to:	
General Fund	1,627	213	General Fund
Total to Parks & Recreation Enterprise Fund Transfers In	1,627	213	Transfers from Parks & Recreation Enterprise Transfers Out
Transfers to Internal Service Funds from:		Transfers from Internal Service Funds to:	
General Fund	2,786	2,763	General Fund
Nonmajor Governmental Funds	336	61	Nonmajor Governmental Funds
Fire & Rescue Levy Fund	98	-	Fire & Rescue Levy Fund
Other Capital Projects Fund	-	275	Other Capital Projects Fund
Total Internal Service Funds Transfers In	3,220	3,099	Total Internal Service Funds Transfers Out
Total Primary Government Transfers In	\$ 59,734	\$ 59,734	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, 2015.

Illustration 8-1		
Due To Primary Government/Due From Component Units at June 30, 2015		
	Due from Primary Government	Due to Component Unit
PRIMARY GOVERNMENT		
Governmental Activities	\$ -	327
COMPONENT UNITS		
School Board	327	-
Total Reporting Entity	<u>\$ 327</u>	<u>327</u>

NOTE (9) - CAPITAL ASSETS

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2015.

Illustration 9-1					
Governmental Activities – Changes in Capital Assets					
	June 30, 2014	Additions	Deletions	Transfers	June 30, 2015
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 111,379	3	(7)	-	111,375
Construction in progress	31,509	40,174	(11,145)	-	60,538
Total capital assets not being depreciated	142,888	40,177	(11,152)	-	171,913
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	239,402	4,964	(164)	-	244,202
Equipment	58,617	4,738	(1,434)	(139)	61,782
Vehicles	44,119	5,416	(2,256)	40	47,319
Infrastructure	196,003	11,533	-	-	207,536
Intangibles	34,594	1,414	-	139	36,147
Library collections	18,917	1,306	(2,623)	-	17,600
Total buildings and other capital assets being depreciated	591,652	29,371	(6,477)	40	614,586
Less accumulated depreciation for:					
Buildings and improvements to sites	(100,274)	(7,018)	129	-	(107,163)
Equipment	(38,754)	(5,051)	1,407	-	(42,398)
Vehicles	(31,266)	(4,251)	2,236	(40)	(33,321)
Infrastructure	(36,492)	(4,253)	-	-	(40,745)
Intangibles	(32,694)	(942)	-	-	(33,636)
Library collections	(15,088)	(1,420)	2,623	-	(13,885)
Total accumulated depreciation	(254,568)	(22,935)	6,395	(40)	(271,148)
Buildings and other capital assets, net	337,084	6,436	(82)	-	343,438
Governmental activities capital assets, net	<u>\$ 479,972</u>	<u>46,613</u>	<u>(11,234)</u>	<u>-</u>	<u>515,351</u>

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

General government	\$	1,062
Judicial administration		768
Public safety		6,397
Public works		531
Health and welfare		228
Parks, recreational and cultural		4,111
Community development		5,625
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets		4,213
Total	\$	22,935

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2015.

Illustration 9-2					
Business-Type Activities – Changes in Capital Assets					
	June 30, 2014	Additions	Deletions	Transfers	June 30, 2015
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 24,195	-	-	-	24,195
Construction in progress	3,078	10,605	(9,751)	-	3,932
Total capital assets not being depreciated	27,273	10,605	(9,751)	-	28,127
Buildings and other capital assets, being depreciated					
Buildings and improvements to sites	87,241	9,793	-	-	97,034
Equipment	5,209	248	(6)	-	5,451
Vehicles	6,129	-	(82)	(40)	6,007
Total buildings and other capital assets being depreciated	98,579	10,041	(88)	(40)	108,492
Less accumulated depreciation for:					
Buildings and improvements to sites	(70,051)	(4,590)	-	-	(74,641)
Equipment	(3,421)	(339)	6	-	(3,754)
Vehicles	(3,912)	(419)	82	40	(4,209)
Total accumulated depreciation	(77,384)	(5,348)	88	40	(82,604)
Buildings and other capital assets, net	21,195	4,693	-	-	25,888
Business-type activities capital assets, net	\$ 48,468	15,298	(9,751)	-	54,015

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

Landfill	\$	4,198
Parks, recreational & cultural		1,150
Total	\$	5,348

Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2015.

Illustration 9-3					
Adult Detention Center Component Unit – Changes in Capital Assets					
	June 30, 2014	Additions	Deletions	Transfers	June 30, 2015
Adult Detention Center:					
Capital assets not being depreciated:					
Land	\$ 31	-	-	-	31
Total capital assets not being depreciated	31	-	-	-	31
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	85,544	-	-	-	85,544
Equipment	770	-	(44)	-	726
Vehicles	874	-	(146)	-	728
Total buildings and other capital assets being depreciated	87,188	-	(190)	-	86,998
Less accumulated depreciation:					
Buildings and improvements to sites	(18,309)	(2,220)	-	-	(20,529)
Equipment	(461)	(63)	42	-	(482)
Vehicles	(615)	(72)	146	-	(541)
Total accumulated depreciation	(19,385)	(2,355)	188	-	(21,552)
Buildings and other capital assets, net	67,803	(2,355)	(2)	-	65,446
Adult Detention Center capital assets, net	\$ 67,834	(2,355)	(2)	-	65,477

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

Public safety	\$	<u>2,355</u>
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Illustration 9-4 summarizes the construction in progress at June 30, 2015.

Illustration 9-4				
Construction in Progress at June 30, 2015				
		Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT				
800 MHz Radio Communications System	\$	12,037	9,053	2,984
Financial Management System Replacement		10,300	3,783	6,517
Record Management System (RMS) Replacement		10,672	7,163	3,509
Computer-Aided Dispatch (CAD) System		6,533	5,071	1,462
Land Use Information System		4,144	2,334	1,810
Business Continuity and Disaster Recovery		2,742	1,141	1,601
Sheriff Office Information System		339	139	200
Tax Administration System Replacement		2,000	617	1,383
INET Upgrade		1,347	1,254	93
Call Center Server		33	12	21
Central District Police Station		28,600	1,771	26,829
Montclair Community Library		15,386	9,321	6,065
Gainesville - Haymarket Community Library		14,302	8,324	5,978
Chinn Library Circular Desk		100	88	12
Independent Hill Library Pavilion		35	2	33
Nokesville Fire & Rescue Reconstruction		9,220	561	8,659
Bacon Race Fire Station		11,160	570	10,590
Fire and Rescue System Vehicle Replacements		7,999	1,579	6,420
Coles Fire Station Reconstruction		5,442	540	4,902
Gainesville Fire & Rescue Station Renovation		5,075	545	4,530
Owens Building Power Redundancy		1,616	1,382	234
Facility Inspection Web and Mobile Solution		121	78	43
ADC Phase 2 Expansion		5,071	272	4,799
Molinari Juvenile Shelter Generator		32	18	14
PSTC Rifle Range		1,736	4	1,732
Rippon Lodge Restoration		90	63	27
Brentsville Jail Restoration		1,213	609	604
Fleet Calibration Building		444	73	371
Dove Landing Construct Entrance Road and Parking Lot		100	78	22
Potomac Heritage Trail		1,647	800	847
Rollins Ford Parks – Phase I		2,456	534	1,922
Lake Ridge Trail		670	64	606
Broad Run Trail		596	504	92
Long Park		736	331	405
Neabsco Trail		335	269	66
Hellwig Park Soccer Field Lights		1,100	670	430
Locust Shade Park Retaining Wall		22	16	6
Catharpin Trail		30	1	29
Veterans Park Soccer Field Lights		583	275	308
Veterans Park Restroom		300	39	261
Nokesville Park Softball Lights		650	281	369
Cloverdale Park Softball Field Lights		367	166	201
Dale City Recreation Center Ventilation Upgrade		143	143	-
Total	\$	167,524	60,538	106,986

The \$3,932 construction in progress balance of business-type activities represents capital improvements at the landfill complex, including the construction and installation of landfill liners to improve the landfill and protect public health, groundwater and

the environment and is recorded in the Landfill enterprise fund. The Parks & Recreation enterprise fund did not have any construction in progress at June 30, 2015.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2015.

Illustration 9-5				
School Board Component Unit – Changes in Capital Assets				
	June 30, 2014	Additions/ Transfers	Deletions/ Transfers	June 30, 2015
School Board:				
Capital assets not being depreciated:				
Land	\$ 67,373	-	(62)	67,311
Construction in progress	52,661	105,591	(32,254)	125,998
Total capital assets not being depreciated	120,034	105,591	(32,316)	193,309
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,334,176	32,319	-	1,366,495
Library books	3,455	827	(672)	3,610
Equipment	36,807	3,399	(227)	39,979
Intangibles	3,516	-	-	3,516
Vehicles	90,052	9,326	(6,993)	92,385
Total buildings and other capital assets being depreciated	1,468,006	45,871	(7,892)	1,505,985
Less accumulated depreciation for:				
Buildings and improvements to site	(334,453)	(26,845)		(361,298)
Library books	(2,162)	(722)	671	(2,213)
Equipment	(20,931)	(2,910)	175	(23,666)
Intangibles	(1,153)	(502)	-	(1,655)
Vehicles	(49,442)	(6,606)	6,756	(49,292)
Total accumulated depreciation	(408,141)	(37,585)	7,602	(438,124)
Buildings and other capital assets, net	1,059,865	8,286	(290)	1,067,861
School Board capital assets, net	\$ 1,179,899	113,877	(32,606)	1,261,170

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

Instruction		
Regular	\$	27,015
Special		363
Other		30
Support Services		
General administration		1,099
Student services		9
Curricular/staff development		10
Pupil transportation		6,345
Operations		38
Maintenance		141
Central business services		2,498
Food service		37
Total	\$	37,585

Illustration 9-6 summarizes the changes in capital assets of the Convention & Visitors Bureau component unit for the year ended June 30, 2015.

Illustration 9-6				
Convention & Visitors Bureau Component Unit– Changes in Capital Assets				
	June 30, 2014	Additions/ Transfers	Deletions/ Transfers	June 30, 2015
Convention & Visitors Bureau:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 143	26	(52)	117
Leasehold Improvements	13	-	-	13
Telephone System	14	-	(8)	6
Total capital assets being depreciated	170	26	(60)	136
Less accumulated depreciation for:				
Furniture and equipment	(118)	(10)	48	(80)
Leasehold improvements	(2)	-	-	(2)
Telephone system	(12)	(2)	-	(14)
Total accumulated depreciation	(132)	(12)	48	(96)
CVB capital assets, net	\$ 38	14	(12)	40

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

Community development	\$	12
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NOTE (10) - LONG-TERM DEBT

The following bonds and capital lease obligations were issued in fiscal year 2015:

- On April 8, 2014, the Board of County Supervisors approved Resolution No. 14-212 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$91,910 for the purpose of financing various school projects. On September 23, 2014, the County sold to the Virginia Public School Authority Prince William County Special Obligation School Financing Bonds Series 2014 in the par amount of \$82,545.
- On October 7, 2014, the Board of County Supervisors approved Resolution No. 14-596 authorizing execution and delivery of the necessary financing and leasing documents required for the refinancing of various road and public safety projects and sale of bonds by the Virginia Resource Authority in the par amount not to exceed \$46,745. On November 5, 2014, the Virginia Resource Authority sold VRA Series 2014 bonds that included \$35,675 on behalf of the County.

For information on interest rates, see Schedules 25 and 26.

Bonds Payable

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

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

- The outstanding IDA Lease Revenue Refunding Bond, Series 2005, of \$3,345, is a limited obligation of the IDA, payable solely from a pledge of rent and receipts to be derived from a financing lease between the IDA and the County and certain

funds held under an indenture of trust, including a debt service reserve account. The balance in this reserve account at June 30, 2015, was \$1,092 and is included in the restricted cash balance shown in Illustration 2-11.

- The outstanding Parks & Recreation enterprise fund Refunding Bonds of \$10,555 are paid from revenues of Forest Greens Golf Course, Generals Ridge Golf Course, and Splashdown Water Park.

The Commonwealth imposes no legal debt limitation on counties. Except for Virginia Public School Authority general obligation issuances, a referendum must be approved by the voters prior to the issuance of general obligation bonds. The County established a self-imposed limit on its total bonded debt of 3% of the net assessed valuation of taxable property. The County includes general obligation bonds, appropriation debt supported by tax revenue, and School Board bonds and literary fund loans in its determination of total bonded debt. As of June 30, 2015, the County's total bonded debt, as defined above, was \$725,865 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, 2015, including interest payments, are shown in Illustration 10-1. Refer to Schedule 25 for information related to maturity dates and interest rates for these obligations.

Illustration 10-1			
Governmental Activities – Debt Service Requirements – General Obligation and Revenue Bonds			
	Principal	Interest	Total
Designated for Roads, Parks & Other			
General County Projects			
Year Ending June 30:			
2016	\$ 12,672	5,850	18,522
2017	12,740	5,289	18,029
2018	12,700	4,759	17,459
2019	10,730	4,190	14,920
2020	10,655	3,764	14,419
2021 thru 2025	49,235	12,623	61,858
2026 thru 2030	23,430	3,883	27,313
2031 thru 2034	6,691	530	7,221
Subtotal	138,853	40,888	179,741
Designated for School Board			
Projects			
Year Ending June 30:			
2016	52,428	28,206	80,634
2017	51,025	25,779	76,804
2018	50,980	23,510	74,490
2019	48,385	21,232	69,617
2020	47,630	18,948	66,578
2021 thru 2025	203,205	63,360	266,565
2026 thru 2030	125,860	23,923	149,783
2031 thru 2035	51,125	3,696	54,821
Subtotal	630,638	208,654	839,292
Total	\$ 769,491	249,542	1,019,033

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2015, including interest payments, are shown in Illustration 10-2.

Illustration 10-2				
Business-type Activities – Debt Service Requirements – Revenue Bonds				
		Principal	Interest	Total
Year Ending June 30:				
2016	\$	590	411	1,001
2017		610	393	1,003
2018		630	369	999
2019		650	344	994
2020		680	318	998
2021 thru 2025		3,810	1,180	4,990
2026 thru 2029		3,585	370	3,955
Subtotal		10,555	3,385	13,940
Add: unamortized premium on issuance of revenue bonds		17		
Total		\$ 10,572		

Operating and Capital Leases

The County leases real estate and equipment under operating and capital leases expiring at various dates through 2025. 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, 2015. Total rental expense under operating leases of the primary government for the year ended June 30, 2015, was \$6,960. Illustration 10-3 summarizes the minimum lease commitments under the County's operating leases.

Illustration 10-3		
Minimum Lease Commitments – Operating Leases		
Year Ending June 30:		
2016	\$	6,443
2017		5,637
2018		5,013
2019		4,445
2020		3,032
2021-2025		3,380
Total minimum payments		\$ 27,950

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

Illustration 10-4		
Assets Acquired Through Capital Lease Obligations		
	Governmental Activities	ADC Component Unit
Other capital assets:		
Buildings	\$ 91,537	6,459
Improvements	13,576	105
Machinery and Equipment	2,258	-
Vehicles	2,578	-
Less: accumulated depreciation	(37,490)	(3,988)
Total assets acquired through capital lease obligations	\$ 72,459	2,576

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

Illustration 10-5	
Minimum Lease Commitments – Capital Lease Obligations	
	Primary Government
Year Ending June 30:	
2016	\$ 18,762
2017	19,335
2018	15,389
2019	18,101
2020	14,308
2021 thru 2025	60,927
2026 thru 2030	19,354
Total minimum payments	166,176
Less: Interest	(34,714)
Present value of future minimum payments	\$ 131,462

Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended June 30, 2015, are shown in Illustration 10-6.

Illustration 10-6						
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 bonds:						
Designated for Roads, Parks and Other General County projects	\$ 154,132	-	(15,279)	138,853	126,181	12,672
Designated for School Board projects	596,438	82,546	(48,346)	630,638	578,210	52,428
Subtotal	750,570	82,546	(63,625)	769,491	704,391	65,100
Capital lease obligations	145,592	35,675	(49,805)	131,462	118,470	12,992
Unpaid losses and related liabilities (Note 16)	17,306	39,394	(37,803)	18,897	12,191	6,706
Net pension liability	1,936	100,670	(1,936)	100,670	100,670	-
Surplus distribution payable	4,982	-	(868)	4,114	3,249	865
Compensated absences	30,698	20,103	(18,633)	32,168	30,543	1,625
Unamortized premium	72,732	13,467	(6,579)	79,620	72,328	7,292
Total	\$ 1,023,816	291,855	(179,249)	1,136,422	1,041,842	94,580

Long-term liabilities of governmental activities are generally liquidated by the General Fund. Funds of the Intra-County Services internal service fund are used to liquidate approximately 5% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2015, are shown in Illustration 10-7.

Illustration 10-7						
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	\$ 11,135	-	(580)	10,555	9,965	590
Unamortized premium on issuance of revenue bonds	18	-	(1)	17	16	1
Revenue bonds, net	11,153		(581)	10,572	9,981	591
Capital Lease obligations	596	-	(301)	295	99	196
Compensated absences	884	801	(713)	972	923	49
Net pension liability	-	2,723	-	2,723	2,723	-
Accrued closure liability (Note 12)	13,467	2,386	(1,367)	14,486	12,730	1,756
Total	\$ 26,100	5,910	(2,962)	29,048	26,456	2,592

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2015, are shown in Illustration 10-8.

Illustration 10-8					
Governmental Activities – Changes in Deferred Outflow of Resources					
		Beginning Balance	Additions	Reductions	Ending Balance
Unamortized Deferred loss on refunding	\$	21,315	4,783	(2,543)	23,555
Related to pensions	\$	-	29,328	-	29,328

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2015, are shown in Illustration 10-9

Illustration 10-9					
Business-Type Activities – Changes in Deferred Outflow of Resources					
		Beginning Balance	Additions	Reductions	Ending Balance
Unamortized Deferred loss on refunding	\$	628	-	(50)	578
Related to pensions	\$	-	740	-	740

Changes in long-term liabilities of the component units for the year ended June 30, 2015, is shown in Illustration 10-10.

Illustration 10-10							
Component Units – Changes in Long-Term Liabilities							
		Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
School Board:							
Compensated absences	\$	29,769	10,183	(10,017)	29,935	19,428	10,507
Net pension liability		-	774,927	-	774,927	774,927	-
Pollution remediation		449	451	(707)	193	-	193
Claims liabilities		13,637	77,547	(76,748)	14,436	4,444	9,992
Total School Board component unit		43,855	863,108	(87,472)	819,491	798,799	20,692
Adult Detention Center:							
Compensated absences		3,136	764	(699)	3,201	3,019	182
Net pension liability		-	9,946	-	9,946	9,946	-
Total Adult Detention Center component unit		3,136	10,710	(699)	13,147	12,965	182
Total		\$ 46,991	873,818	(88,171)	832,638	811,764	20,874

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, 2015, \$109,992 in principal of bonds outstanding is considered defeased by the County.

Component Unit Debt

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

Therefore, the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2015, the County has outstanding debt of \$630,638 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County. Similarly, assets of the Adult Detention Center are included in the component unit column, while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2015, the County has outstanding debt of \$19,955 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County, respectively.

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

NOTE (11) – FUND BALANCES / NET POSITION

Illustration 11-1 details the fund balances of the County’s Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2015.

Illustration 11-1						
Fund Balances at June 30, 2015						
	Governmental Funds					ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental	Total Governmental Funds	
Nonspendable in the form of:						
Inventory	\$ 158	-	-	-	158	-
Prepaid expenditures	20	232	-	-	252	-
Restricted for:						
General government administration						
Debt service	1,091	-	-	-	1,091	-
Defaulted subdivision	204	-	-	-	204	-
Public safety						
Police	2,184	-	-	-	2,184	-
Fire and rescue	4,464	-	86,617	-	91,081	-
E911 operations	3,811	-	-	-	3,811	-
EMS operations	1,470	-	-	-	1,470	-
Site development	-	-	-	3,483	3,483	-
Public works						
Stormwater management	-	-	-	7,568	7,568	-
Transportation	-	-	-	1,389	1,389	-
Community development						
Development services	-	-	-	2,364	2,364	-
Housing	-	-	-	1,962	1,962	-
Committed for:						
General government administration						
General government operations	33,347	-	-	-	33,347	-
Technology upgrades	4,280	-	-	-	4,280	-
General government capital projects	-	13,665	-	-	13,665	-
Judicial administration						
Courthouse complex master plan	224	529	-	-	753	-
Public safety						
Police operations	234	-	-	-	234	-
AED replacement	2,422	-	-	-	2,422	-
Public safety capital projects	-	13,197	-	-	13,197	-
Adult detention center	-	-	-	-	-	3,000
Public works						
Unspent bond proceeds	-	25,710	-	-	25,710	-
Street and roads projects	5,282	3,091	-	-	8,373	-
Public transit	1,210	-	-	-	1,210	-
Public works capital projects	-	2,422	-	-	2,422	-
Health and welfare						
Health and welfare projects	-	85	-	-	85	-
Parks, recreational and cultural						
Current parks projects	160	5,128	-	-	5,288	-
Future parks projects	11,056	-	-	-	11,056	-
Libraries	(48)	(13,766)	-	-	(13,814)	-

Illustration 11-1 (cont'd)
Fund Balances at June 30, 2015

	Governmental Funds					ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental	Total Governmental Funds	
Community development						
Economic development projects	-	6,722	-	-	6,722	-
Tourism	525	-	-	-	525	-
Assigned for:						
General government administration	23,787	-	-	-	23,787	-
Judicial administration	209	-	-	-	209	-
Public safety	1,702	-	-	-	1,702	907
Public works	2,739	-	-	-	2,739	-
Health and welfare	117	-	-	-	117	-
Parks, recreational and cultural	1,013	-	-	-	1,013	-
Community development	280	-	-	-	280	-
Unassigned	73,055	-	-	-	73,055	7,493
Total	\$ 174,996	57,015	86,617	16,766	335,394	11,400

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

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

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

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

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

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

Net Position. The reporting entity reported \$183,503 of restricted net position at June 30, 2015. Of this amount, \$103,383 is restricted by enabling legislation.

Illustration 11-2 details the encumbrances of the County's Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2015.

Illustration 11-2							
Encumbrances at June 30, 2015							
Governmental Funds							
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental	Total Governmental Funds	ADC Component Unit	
Encumbrances	\$ 6,551	54,454	10,834	1,417	73,256	907	

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

In fiscal year 2015, the Landfill enterprise fund had no outstanding debt and there were no bond coverage requirements.

State and federal laws and regulations require the County to place a final cover on its Independent Hill landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$14,486 reported as landfill closure and post closure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill, 30% of the Phase 2 landfill, and 42% 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 2014, is \$34,026. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$19,540 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 2015. The County expects to close the southern portion of the landfill site in the year 2033 and the entire landfill in 2060. The total current cost of landfill closure and post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

NOTE (13) - DEFINED BENEFIT PENSION PLANS

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

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

	June 30, 2014 Pension Liabilities	June 30, 2014 Pension Assets	FY2014 Employer Contributions	Change in Beginning FY2015 Net position	FY2015 Pension Expenditures / Expense:	Outflows due to actuarial changes or experience:	Inflows due to actuarial changes or experience:	June 30, 2015 Ending NPL:
Virginia Retirement System	\$ 1,039,004	(898,044)	(30,488)	\$ 110,472	17,000	-	(13,657)	\$ 113,815
Police and Fire Retirement Plan	33,266	(33,144)	(1,007)	(885)	564	-	(485)	(806)
Length of Service Award Program	14,651	(12,836)	(2,115)	(300)	562	-	68	330
Total	\$ 1,086,921	(944,024)	(33,610)	\$ 109,287	18,126	-	(14,074)	\$ 113,339
Governmental	\$ 928,785	(807,341)	(28,971)	\$ 92,473	15,535	-	(11,996)	\$ 96,012
Landfill	13,507	(11,675)	(396)	1,436	221	-	(178)	1,479
Dept of Parks and Rec	11,325	(9,789)	(332)	1,204	189	-	(149)	1,244
Internal Services - DoIT	28,469	(24,606)	(835)	3,028	500	-	(374)	3,154
Internal Services - Fleet	9,143	(7,903)	(268)	972	146	-	(120)	998
Internal Services - Construction Crew	4,052	(3,502)	(119)	431	58	-	(53)	436
Medical Internal Service Fund	623	(539)	(18)	66	12	-	(8)	70
Total proprietary funds	67,119	(58,014)	(1,968)	7,137	1,126	-	(882)	7,381
Adult Detention Center	91,017	(78,669)	(2,671)	9,677	1,465	-	(1,196)	9,946
Total	\$ 1,086,921	(944,024)	(33,610)	\$ 109,287	18,126	-	(14,074)	\$ 113,339
Note: Amounts are allocated to the funds based on proportion of pension contributions paid.								
Schools	\$ 776,140	(58,774)	(58,751)	834,891	62,660	940	(123,564)	\$ 774,927

Illustration 13-2 represents contributions into plans after the measurement date of June 30, 2014.

Illustration 13-2				
Prince William County's Defined Benefit Pension Plans				
Deferred Outflows Due to Contributions Made After June 30, 2014 Measurement Date				
FY 2015 Contributions to:	Beginning	Change in Deferred	Ending Deferred	
	Deferred Outflows	Outflows:		Outflows
Virginia Retirement System	\$ -	30,690	\$	30,690
Police and Fire Retirement Plan	-	1,083		1,083
Length of Service Award Program	-	940		940
Total	\$ -	32,713	\$	32,713
Governmental	\$ -	28,037	\$	28,037
Landfill	-	399		399
Dept of Parks and Rec	-	341		341
Internal Services - DoIT	-	902		902
Internal Services - Fleet	-	264		264
Internal Services - Construction Crew	-	104		104
Medical Internal Service Fund	-	21		21
Total proprietary funds	-	2,031		2,031
Adult Detention Center	-	2,645		2,645
Total	\$ -	32,713	\$	32,713
Schools	\$ -	74,693	\$	74,693

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

Virginia Retirement System

Plan Description:

The County and the Adult Detention Center component unit 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. The Prince William County Public Schools retirement plans are reported separately in their audited financial statements. Copies of these financial statements may be obtained by writing to the School Board's Finance Division at P.O. Box 389, Manassas, Virginia 20108.

All full-time, salaried permanent (professional) employees of the School Board and employees of the County and the Adult Detention Center are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

The VRS administers three different benefit plans for local government employees – Plan 1, Plan 2, and the Hybrid Plan. Each plan has a different eligibility and benefit structure as set out below:

VRS Plan 1:

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

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

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

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

Creditable Service. Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position and may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit and the VRS Health Insurance Credit detailed in Note 15.

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

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

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

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

Normal Retirement Age. Normal Retirement Age is age 65.

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

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

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

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

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

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

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

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

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

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

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

VRS Plan 2:

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

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

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

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

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

Vesting. Vesting is the same as VRS Plan 1.

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

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

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

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

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

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

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

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

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

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

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

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

The Hybrid Plan:

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

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

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

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

Creditable Service Defined Benefit Component. Under the defined benefit component of the Hybrid Plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A

member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate the retirement benefit and the VRS Health Insurance Credit.

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

Vesting Defined Benefit Component. Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Plan remain vested in the defined benefit component. Members are always 100% vested in their personal contributions into the plan.

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

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

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

Distribution is not required by law until age 70½.

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

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

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

Service Retirement Multiplier. The retirement multiplier is 1.00%.

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

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

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

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

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

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

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

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

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

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

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

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

Purchase of Prior Service Defined Contribution Component. Not applicable.

Employees Covered by Benefit Terms:

As of June 30, 2013 actuarial valuation, the following County employees and members were covered by benefit terms of the VRS:

Illustration 13-3 Prince William County - Virginia Retirement System (VRS) Plan Membership as of June 30, 2013	
Inactive plan members or their beneficiaries currently receiving benefits	1,627
Inactive members:	
Vested inactive members	523
Non-vested inactive members	912
Inactive members active elsewhere in VRS	<u>614</u>
Total inactive members	2,049
Active employees	<u>3,525</u>
Total covered members	<u><u>7,201</u></u>

Contributions:

The VRS contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution was assumed by the County. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. The County opted to phase in over a period of five years as permitted by the *Code of Virginia* by providing a salary increase equal to the amount of the increase in the employee-paid member contribution. The County’s contractually required contribution rate for the fiscal year ended June 30, 2015 was 13.32% of the covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS from the County were \$30,960 and \$30,491 for the years ended June 30, 2015 and June 30, 2014, respectively.

Detailed information about the VRS’s fiduciary net position is available in the separately issued VRS comprehensive annual financial report (CAFR). The VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Net Pension Liability:

The County's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions:

The total pension liability for employees in the Prince William County's VRS plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method. The following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014 are detailed in Illustration 13-4 below:

Illustration 13-4	
Prince William County - Virginia Retirement System	
Actuarial Methods and Assumptions	
Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	7.0% net of investment expense
Inflation	2.5%
Non-LEOS:	
Payroll Growth	3.5% - 5.35%, including inflation
Mortality Rates	14% of deaths service related
Mortality	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement
LEOS:	
Payroll Growth	3.5% - 4.75%, including inflation
Mortality Rates	60% of deaths service related
Mortality	
Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
Post-Disablement	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

All Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement

- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

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

All Others (Non 10 Largest) – LEOS:

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

Long-Term Expected Rate of Return:

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

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

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

Discount Rate:

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

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

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

Illustration 13-6							
Prince William County - Virginia Retirement System							
Sensitivity of Liability as of June 30, 2014							
		1% Decrease (6.0%)		Current Discount Rate (7.0%)		1% Increase (8.0%)	
County's net pension liability	\$	280,840	\$	140,960	\$	24,808	

Fiduciary Net Position:

Specific information about the County VRS plan’s audited Fiduciary Net Position Report is located at <http://www.varetire.org/pdf/publications/gasb-68-schedule-political-subdivision-retirement-plans-2014.pdf> page 7. Significant accounting policies of all plans and the fiduciary net positions are stated above.

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

Changes in Net Pension Liability:

Illustration 13-7 Prince William County - Virginia Retirement System Changes in Net Pension Liability			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (NPL)
	Increase (Decrease)		
Balances at June 30, 2013	\$ 981,988	\$ 772,912	\$ 209,076
Changes for the year:			
Service cost	28,205	-	28,205
Interest	67,389	-	67,389
Differences between expected and actual experience	-	-	-
Contributions - employer	-	30,488	(30,488)
Contributions - employee	-	11,385	(11,385)
Net investment income	-	122,481	(122,481)
Benefit payments, including refunds of employee contributions	(38,578)	(38,578)	-
Administrative expenses	-	(651)	651
Other changes	-	7	(7)
Net changes	57,016	125,132	(68,116)
Balances at June 30, 2014	\$ 1,039,004	\$ 898,044	\$ 140,960

Totals are from Schedule E Total Pension Liability and Fiduciary Net Position on pages 112, 147, 166, 183, and 204 of the GASB Statement 68 Report, located at <http://www.varetire.org/pdf/publications/valuation-report-2015-gasb68.pdf> and audited Fiduciary Net Position Report located at <http://www.varetire.org/pdf/publications/gasb-68-schedule-political-subdivision-retirement-plans-2014.pdf> page 7.

The measurement date of the net pension liability was June 30, 2014; the date of the actuarial valuation on which the total pension liability is based was June 30, 2013, and update procedures were used to roll forward the total pension liability to the measurement date. Change since the measurement date is VRS investment performance decreased over FY2015, which will result in an increase in the pension liability for FY2016 once it is measured.

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

For the year ended June 30, 2015, the County recognized pension expense of \$17,000. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Illustration 13-8			
Prince William County - Virginia Retirement System			
Deferred Outflows and Inflows of Resources			
	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$ -
Change in actuarial assumptions		-	-
Net difference between projected and actual earnings on pension plan investments		-	54,628
Subtotal		-	54,628
Employer contributions subsequent to the measurement date		30,690	-
Total	\$	30,690	\$ 54,628

\$32,713 reported as deferred outflows of resources related to pensions resulting from the County’s contributions to the VRS subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Illustration 13-9			
Prince William County - Virginia Retirement System			
Amortization of Deferred Outflows and Inflows of Resources			
Year ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources
2016	\$	-	\$ 13,657
2017		-	13,657
2018		-	13,657
2019		-	13,657
Total	\$	-	\$ 54,628

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

Summary of Significant Accounting Policies:

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

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

Plan Description:

Plan administration. The Plan is a single-employer defined benefit pension plan. Each police officer and salaried Fire & Rescue Department employee employed by Prince William County prior to July 1, 1985, is eligible to participate in the Plan as of July 1, 1985, if they were covered by and participating in the VRS and elected to participate in the Plan. Each police officer and salaried

Fire & Rescue Department employee, hired after June 30, 1985, becomes a participant on his or her date of employment. The Plan provides retirement and death benefits to plan members and beneficiaries.

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

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

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

Illustration 13-10 reflects Plan membership.

Illustration 13-10 Prince William County - Supplemental Pension Plan Plan Membership as of June 30, 2013	
Inactive plan members or their beneficiaries currently receiving benefits	198
Inactive members:	
Vested inactive members	258
Non-vested inactive members	<u>37</u>
Total inactive members	295
Active employees	<u>1,026</u>
Total covered members	<u>1,519</u>

Contributions. These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the Plan's Board of Trustees. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The County is not required to contribute the difference between the actuarially determined rate and the contribution rate of plan members to the Plan Trust Fund. For the year ended June 30, 2015, the average active member contribution rate was 1.44% of annual pay, and the County's average contribution rate was 1.44% of annual payroll.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Plan from the County was \$1,083 and \$1,007 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

Investments:

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

Fair value of investments is based on quoted market prices.

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

Illustration 13-11 was the Board’s adopted asset allocation policy as of June 30, 2015.

Illustration 13-11 Prince William County - Supplemental Pension Plan Statement of Investment Policy Concentrations at June 30, 2015			
Asset Class	Policy Percent	Target Range Percent	Comparative Index
Supplemental Pension Plan Trust Fund Investments:			
Tactical Asset Allocation Funds			
PIMCO All-Asset Fund	10%	5% - 15%	HFRI Fund of Funds
Equity Mutual Funds			
Vanguard Total Stock Market Fund	25%	20% - 30%	MSCI US Broad Market
Vanguard Developed Markets Fund	17%	15% - 25%	MSCI EAFE
State Street Emerging Markets Fund	7%	5% - 10%	MSCI EM
Portfolio Advisors Private Equity Fund	1%	0% - 5%	Cambridge Private Equity
Real Assets			
Pimco Commodity Real Return Strategy	4%	2% - 7%	Dow Jones USB Commodity Index
ASB Allegiance Real Estate Fund	6%	3% - 8%	NCREIF ODCE
RREEF III	0%	0% - 2%	NCREIF ODCE
Fixed Income			
PIMCO Total Return Fund	15%	10% - 20%	BC Aggregate
Brandywine Global Bond Fund	15%	10% - 20%	BC Global Aggregate
Cash	0%	0% - 5%	US Treasury Bill
	<u>100%</u>		

Concentrations. At June 30, 2015, the Plan’s investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Rate of return. For the year ended June 30, 2015 and June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -1.12% and 15.73%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County:

The components of the net pension liability of the County at June 30, 2015, were as follows:

Illustration 13-12 Prince William County - Supplemental Pension Plan Net Pension Liability					
Fiscal Year Ending:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Net Position as % of Total Pension Liability	
June 30, 2015	\$ 33,927	(32,908)	1,019	97.00%	
June 30, 2014	\$ 33,265	(33,144)	121	99.64%	

The County's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement. Illustration 13-13 reflects the actuarial methods and assumptions as follows:

Illustration 13-13 Prince William County - Supplemental Pension Plan Actuarial Methods and Assumptions	
Valuation Date	July 1, 2013
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	7.0% net of investment expense
Payroll Growth	4.5%, including inflation
Inflation	3.00%
Mortality	RP-2000 Combined Healthy Blue Collar tables with generational projection by Scale AA

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2014.

The projected return for Domestic Equity is based on the 20-year return, reduced for expected decline in profit margins, while returns for other equity classes is based on the return for domestic equity adjusted for risk. The return for Domestic Fixed Income is based on the 20-year return, reduced for anticipated increases in interest rates. Returns for other fixed income and real assets are based on the return for fixed income, adjusted for risk. Additionally, the return for diversified assets assumes a blend of equity and fixed income, enhanced due to the properties of the strategy used by Prince William County.

Return for the portfolio is based on a weighted average of these returns, with the weightings based on our asset allocation, producing a real return. The overall real return is adjusted for inflation. This expected return (50% probability) is further reduced for risk to yield a return with greater than a 50% chance of success.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in Illustration 13-14.

Illustration 13-14			
Prince William County - Supplemental Pension Plan			
Asset Class, Index, Mean Expected Rate of Return at June 30, 2015			
Asset Class	Cap Mkt Estimates	Allocation	Weighted Average
Diversified	6.1%	10.0%	0.6%
Domestic Equity	10.5%	30.0%	3.1%
International Equity Developed	7.5%	16.0%	1.2%
International Equity Emerging	8.9%	7.0%	0.6%
Private Equity	16.1%	1.0%	0.2%
Commodities	5.3%	0.0%	0.0%
Timber	8.0%	0.0%	0.0%
Real Estate	9.9%	6.0%	0.6%
Farmland	12.8%	0.0%	0.0%
Fixed Income US Investment Grade	5.7%	15.0%	0.9%
Fixed Income International	4.2%	15.0%	0.6%
Cash	2.0%	0.0%	0.0%
		<u>100.0%</u>	
Real Return			7.8%
Inflation			3.0%
Return w/Inflation			10.8%
Risk Adjustment			-0.8%
Total Expected Return			<u>10.0%</u>

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

Sensitivity of the net pension liability to changes in the discount rate. Illustration 13-15 presents the net pension liability of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

Illustration 13-15						
Prince William County - Supplemental Pension Plan						
Sensitivity of Net Pension (Asset) / Liability						
Fiscal Year Ending:		1% Decrease (6.0%)		Current Discount Rate (7.0%)		1% Increase (8.0%)
June 30, 2015	\$	3,406	\$	1,019	\$	(1,157)
June 30, 2014	\$	2,395	\$	121	\$	(1,955)

Fiduciary Net Position.

Fiduciary Net Position is available on Exhibit 10 of the Basic Financial Statements. Significant accounting policies of all plans and the fiduciary net positions are stated above.

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

Changes in Net Pension Liability.

Illustration 13-16			
Prince William County - Supplemental Pension Plan			
Changes in Net Pension Liability			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (NPL)
	Increase (Decrease)		
Balances at June 30, 2013	\$ 31,212	\$ 28,706	\$ 2,506
Changes for the year:			
Service cost	1,602	-	1,602
Interest	2,118	-	2,118
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,007	(1,007)
Contributions - employee	-	1,007	(1,007)
Net investment income	-	4,436	(4,436)
Benefit payments, including refunds of employee contributions	(1,905)	(1,905)	-
Administrative expenses	-	(109)	109
Other changes	239	2	237
Net changes	2,054	4,438	(2,384)
Balances at June 30, 2014	\$ 33,266	\$ 33,144	\$ 122

The measurement date of the net pension liability was June 30, 2014; the date of the actuarial valuation on which the total pension liability is based was July 1, 2013, and update procedures were used to roll forward the total pension liability to the measurement date. Change since the measurement date is that investment performance decreased over FY2015, which will result in an increase in the pension liability for FY2016 once it is measured.

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

For the year ended June 30, 2015, the County recognized pension expense of \$564. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Illustration 13-17			
Prince William County - Supplemental Pension Plan			
Deferred Outflows and Inflows of Resources			
	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$ -
Change in actuarial assumptions		-	-
Net difference between projected and actual earnings			
on pension plan investments		-	1,941
Subtotal		-	1,941
Employer contributions subsequent to the measurement date		1,083	-
Total	\$	1,083	\$ 1,941

\$1,083 reported as deferred outflows of resources related to pensions resulting from the County's contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Illustration 13-18			
Prince William County - Supplemental Pension Plan			
Amortization of Deferred Outflows and Inflows of Resources			
Year ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources
2016	\$	-	\$ 485
2017		-	485
2018		-	485
2019		-	486
Total	\$	-	\$ 1,941

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

Summary of Significant Accounting Policies:

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

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

Plan Description:

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

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

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

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

Illustration 13-19 reflects plan membership.

Illustration 13-19	
Prince William County - LoSAP Plan	
Plan Membership as of June 30, 2013	
Inactive plan members or their beneficiaries currently receiving benefits	121
Inactive members:	
Vested inactive members	982
Non-vested inactive members	-
Total inactive members	982
Active participants	<u>662</u>
Total covered members	<u>1,765</u>

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

This rate was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the County was \$949 and \$2,115 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

Investments:

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

Fair value of investments is based on quoted market prices.

Concentrations. At June 30, 2015, the LoSAP Trust Fund's investments were 100% invested in an insurance annuity fund and are subject to concentration of credit risk.

Rate of return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County:

The components of the net pension liability of the County at June 30, 2015, were as follows:

Illustration 13-20					
Prince William County - LoSAP Plan					
Net Pension Liability					
Fiscal Year		Plan Fiduciary Net	Net Pension	Net Position as % of Total	
Ending:	Total Pension Liability	Position	Liability	Pension Liability	Pension Liability
June 30, 2015	\$ 15,089	(13,769)	1,320		91.25%
June 30, 2014	\$ 14,651	(12,836)	1,815		87.61%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement. Illustration 13-21 reflects the actuarial methods and assumptions as follows:

Illustration 13-21	
Prince William County- LoSAP Plan	
Actuarial Methods and Assumptions	
Valuation Date	July 1, 2013
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	6.0% net of investment expense
Payroll Growth	N/A
Inflation	N/A
Mortality	RP2000 Mortality Table projected to 2013 using Scale AA

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2014.

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

Sensitivity of the net pension liability to changes in the discount rate. Illustration 13-22 presents the net pension liability of the County, calculated using the discount rate of 6.0% blended with the long-term municipal bond rate of 3.66% beginning at year 67, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage point higher (6.99%) than the current rate:

Illustration 13-22					
Prince William County - LoSAP Plan					
Sensitivity of Net Pension (Asset) / Liability					
Fiscal Year Ending:	1% Decrease (4.99%)		Current Discount Rate* (5.99%)		1% Increase (6.99%)
June 30, 2015	\$	4,037	\$	1,320	\$ (819)
June 30, 2014	\$	4,481	\$	1,815	\$ (286)
*Blended rate of 6.0% and a blend of the expected long term rate of return and a current municipal bond rate of 3.66% beginning at year 67 was used.					

Fiduciary Net Position.

Fiduciary Net Position is available on Exhibit 10 of the Basic Financial Statements. Significant accounting policies of all plans and the fiduciary net positions are stated above.

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

Changes in Net Pension Liability.

Illustration 13-23					
Prince William County - LoSAP Plan					
Changes in Net Pension Liability					
	Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability (NPL)
	Increase (Decrease)				
Balances at June 30, 2013	\$	13,860	\$	10,766	\$ 3,094
Changes for the year:					
Service cost		308		-	308
Interest		821		-	821
Differences between expected and actual experience		-		-	-
Contributions - employer		-		2,115	(2,115)
Contributions - employee		-		-	-
Net investment income		-		354	(354)
Benefit payments, including refunds of employee contributions		(338)		(338)	-
Administrative expenses		-		(61)	61
Other changes		-		-	-
Net changes		791		2,070	(1,279)
Balances at June 30, 2014	\$	14,651	\$	12,836	\$ 1,815

The measurement date of the net pension liability was June 30, 2014; the date of the actuarial valuation on which the total pension liability is based was July 1, 2013, and update procedures were used to roll forward the total pension liability to the measurement date.

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

For the year ended June 30, 2015, the County recognized pension expense of \$562. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Illustration 13-24			
Prince William County - LoSAP Plan			
Deferred Outflows and Inflows of Resources			
	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$ -
Change in actuarial assumptions		-	-
Net difference between projected and actual earnings on pension plan investments		-	(274)
Subtotal		-	(274)
Employer contributions subsequent to the measurement date		940	-
Total	\$	940	\$ (274)

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

\$949 reported as deferred outflows of resources related to pensions resulting from the County's contributions to LoSAP subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Illustration 13-25			
Prince William County - LoSAP Plan			
Amortization of Deferred Outflows and Inflows of Resources			
Year ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources*
2016	\$	-	\$ (68)
2017		-	(68)
2018		-	(69)
2019		-	(69)
Total		-	(274)

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

NOTE (14) – OTHER POST-EMPLOYMENT BENEFIT PLANS

County Sponsored Plans

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

Plan Description. The Prince William County Premium Plan is a single-employer defined benefit post-employment healthcare plan that covers eligible retired employees and Consolidated Omnibus Budget Reconciliation Act (COBRA) eligible employees of the County including all departments and agencies. The County Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. In order to receive the subsidy, the participant must be eligible to retire or eligible for COBRA coverage and have coverage under the medical plan prior to termination. All employees who are retiree eligible or COBRA eligible have access to medical coverage. Dependents, including surviving spouses, are permitted access to medical coverage. No access to medical coverage is permitted after age 65. Eligible employees must elect coverage immediately upon retirement. Employees who terminate prior to retirement eligibility are not eligible for the Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the County Premium Plan. As of the end of the current fiscal year, there were 168 retirees and 32 post-employed under COBRA option who participated in the County’s group insurance plans.

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

Funding Policy. Article X of the Trust Agreement also assigns to the Board of County Supervisors the authority to establish and amend contribution requirements of the County with 30 days’ notice. Retired plan members and beneficiaries are required to pay 100% of published blended premium rates to the County, which totaled \$1,957. The County may contribute to the Trust such amounts as it deems appropriate to pre-fund and/or pay benefits provided under a Plan it sponsors. The County is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the County has made a formal commitment to provide the contributions.

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

Illustration 14-1					
Summary of the Statement of Fiduciary Net Position					
OPEB Master Trust Fund					
	County	Schools	LODA		Total OPEB Master Trust Fund
Total assets	\$ 27,059	25,851	8,797	\$	61,707
Total liabilities	2,955	6	626		3,587
Net position	<u>\$ 24,104</u>	<u>25,845</u>	<u>8,171</u>	<u>\$</u>	<u>58,120</u>

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

Illustration 14-2					
Summary of the Changes in Fiduciary Net Position					
OPEB Master Trust Fund					
	County	Schools	LODA		Total OPEB Master Trust Fund
Total additions	\$ 3,984	1,296	1,536	\$	6,816
Total deductions	2,954	9	623		3,586
Change in Net position	1,030	1,287	913		3,230
Net position, beginning of year	23,074	24,558	7,258		54,890
Net position, end of year	<u>\$ 24,104</u>	<u>25,845</u>	<u>8,171</u>	<u>\$</u>	<u>58,120</u>

The employer contribution rate was actuarially determined. For fiscal year 2015, the County Premium Plan actuarially determined contribution amounts were contributed by the County to the Other Post-Employment Benefits (OPEB) Master Trust Fund in the amount of \$1,957. When \$3,510 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 \$1,553.

Annual OPEB Cost. For fiscal year 2015, the County Premium Plan annual OPEB cost (expense) was equal to the actuarially determined contribution. The County Premium Plan's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

Illustration 14-3
Other Post-Employment Benefits – Net OPEB Obligation Premium Plan
Prince William County, including ADC Component Unit

Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund*	Pay-As-You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2013	\$ 2,072	-	-	2,072	(2,072)	-	-	-	-
June 30, 2014	\$ 2,085	-	-	2,085	(2,085)	-	-	-	-
June 30, 2015	\$ 1,567	-	-	1,567	(1,567)	-	-	-	-

* This includes \$198, \$199, and \$141 respectively, allocated to ADC component unit based on proportion of ADC premiums paid budget.

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

Illustration 14-4
Other Post-Employment Benefits – Percentage of Annual OPEB Cost
Prince William County Premium Plan, including ADC Component Unit

Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2013	\$ 2,072	100%	\$ -
June 30, 2014	\$ 2,085	100%	\$ -
June 30, 2015	\$ 1,567	100%	\$ -

* This includes \$198, \$199, and \$141 respectively, allocated to ADC component unit based on proportion of ADC premiums paid budget.

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

Illustration 14-5
Other Post-Employment Benefits – County Sponsored Plans
Schedule of Funding Progress for Prince William County Premium Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ 10,930	21,881	10,951	50.0%	\$ 237,034	4.6%
July 1, 2013	\$ 13,908	23,873	9,965	58.3%	\$ 247,366	4.0%
July 1, 2014	\$ 13,304	20,187	6,883	65.9%	\$ 258,704	2.7%

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

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each

valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2014.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) current marital status and elected insurance coverage assumed to continue into retirement, (b) 50% of employees elect insurance coverage at retirement, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) inflation rate of 2.4% and rate of increase in medical insurance claims from 5.2% decreasing each year to an ultimate rate of 4.5% per year, (f) healthy mortality based on RP2014 Combined Mortality Table (sex distinct), fully generational with scale MP2014, disabled mortality table (for all groups) was changed to match the disability mortality table used by VRS: RP2000 Disabled Mortality Table, with 3 year setback for males (g) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables, (h) assumed cost and retiree contributions computed using fiscal year 2015 premium rates by current enrollment, (i) gross claims weighted and projected using paid medical and prescription claims for employees pre age 65 retirees from July 1, 2013 to June 30, 2014 with a 9% annual increase to fiscal year 2015 and (j) Line of Duty (or service-related) disabilities are assumed to receive LODA benefits and hence will not receive any benefits from this plan.

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

Plan Description. The Prince William County Post-Retirement Medical Benefits Credit Plan (RHICP) is a single-employer defined benefit post-employment healthcare plan that covers eligible employees or former employees of the County including all departments and agencies. The RHICP provides \$0.0055 per month, per year of service (maximum 30 years) paid for life towards the purchase of a medical insurance plan, benefit referred to as the RHICP. Disabled employees receive the full 30-year allowance. However, employees disabled in-service, where the County pays the entire cost of insurance, do not receive the subsidy. The medical insurance plan can be the County Premium Plan or any health plan of the retiree's choosing. In order to receive the subsidy, the retiree must have 15 years of service with the County and must be receiving a pension payment from the VRS or the County lan. Terminated vested employees are allowed. The health insurance credit cannot be used for spousal coverage. The retirees are granted the option to participate by paying 100% of their monthly health insurance premium towards the County Premium Plan less \$0.0055 times years of service for a maximum health insurance credit of \$0.165 from the County. For the year ended June 30, 2015, the County paid \$1,398 to 812 eligible retirees for the RHICP.

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

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

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

Illustration 14-6					
Summary of the Statement of Fiduciary Net Position					
OPEB Master Trust Fund					
		County	Schools	LODA	Total OPEB Master Trust Fund
Total assets	\$	27,059	25,851	8,797	\$ 61,707
Total liabilities		2,955	6	626	3,587
Net position	\$	24,104	25,845	8,171	\$ 58,120

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

Illustration 14-7 Summary of the Changes in Fiduciary Net Position OPEB Master Trust Fund					
	County	Schools	LODA	Total OPEB Master Trust Fund	
Total additions	\$ 3,984	1,296	1,536	\$	6,816
Total deductions	2,954	9	623		3,586
Change in Net position	1,030	1,287	913		3,230
Net position, beginning of year	23,074	24,558	7,258		54,890
Net position, end of year	\$ 24,104	25,845	8,171	\$	58,120

The employer contribution rate was actuarially determined. For fiscal year 2015, the County RHICP actuarially determined contribution amounts were contributed by the County to the OPEB Master Trust Fund in the amount of \$2,023. When \$1,398 of the benefits paid to the County's retirees were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$1,398.

Annual OPEB Cost. For fiscal year 2015, the RHICP annual OPEB cost (expense) was equal to the actuarially determined contribution. The County RHICP's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

Illustration 14-8 Other Post-Employment Benefits – Net OPEB Obligation RHICP Prince William County, Including ADC Component Unit									
Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund*	Pay-As-You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (NOO) Ending
July 1, 2012	\$ 2,082	-	-	2,082	(2,082)	-	-	-	-
July 1, 2013	\$ 2,107	-	-	2,107	(2,107)	-	-	-	-
July 1, 2014	\$ 2,023	-	-	2,023	(2,023)	-	-	-	-

* This includes \$167, \$170, and \$161 respectively, allocated to ADC component unit based on proportion of RHICP budget.

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

Illustration 14-9 Other Post-Employment Benefits – Percentage of Annual OPEB Cost Prince William County RHICP, Including ADC Component Unit				
Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending	
June 30, 2012	\$ 2,082	100%	\$	-
June 30, 2013	\$ 2,107	100%	\$	-
June 30, 2014	\$ 2,023	100%	\$	-

* This includes \$167, \$170, and \$161 respectively, allocated to ADC component unit based on proportion of RHICP budget.

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

Illustration 14-10							
Other Post-Employment Benefits – County Sponsored Plans							
Schedule of Funding Progress for Prince William County RHICP							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2012	\$ 6,787	26,077	19,290	26.0%	\$ 237,034	8.1%	
July 1, 2013	\$ 8,195	27,378	19,183	29.9%	\$ 247,366	7.8%	
July 1, 2014	\$ 9,770	27,858	18,088	35.1%	\$ 258,704	7.0%	

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

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

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2014.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) 100% of employees and 100% of non-line-of-duty disability assumed to elect health insurance credit at retirement, (b) general active participants with 15 or more years of service begin Credit Plan benefits at age 65; Public Safety participants with 15 or more years of service begin at age 60, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) healthy mortality based on RP2014 Combined Mortality Table (sex distinct), fully generational with scale MP2014, disabled mortality table (for all groups) was changed to match the disability mortality table used by VRS: RP2000 Disabled Mortality Table, with 3 year setback for males, (f) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables. There is no applicable inflation or healthcare cost trend rates.

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

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

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

In order to be eligible to receive LODA benefits, the disabled or deceased employee or volunteer must be certified by the Virginia Department of Accounts. To be eligible for the healthcare benefit portion of the plan, the employee or volunteer must

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

As of June 30, 2015, 33 retirees or survivors participated in the County's group insurance plans and six retirees or survivors received premium reimbursements.

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

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

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

Illustration 14-11				
Summary of the Statement of Fiduciary Net Position				
OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total assets	\$ 27,059	25,851	8,797	\$ 61,707
Total liabilities	2,955	6	626	3,587
Net position	<u>\$ 24,104</u>	<u>25,845</u>	<u>8,171</u>	<u>\$ 58,120</u>

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

Illustration 14-12				
Summary of the Changes in Fiduciary Net Position at June 30, 2015				
OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total additions	\$ 3,984	1,296	1,536	\$ 6,816
Total deductions	2,954	9	623	3,586
Change in Net position	1,030	1,287	913	3,230
Net position, beginning of year	23,074	24,558	7,258	54,890
Net position, end of year	<u>\$ 24,104</u>	<u>25,845</u>	<u>8,171</u>	<u>\$ 58,120</u>

The employer contribution rate was actuarially determined. For fiscal year 2015, the County LODA Plan actuarially determined contribution amounts were contributed by the County to the OPEB Master Trust Fund in the amount of \$1,474. Payments to the County LODA Plan on behalf of uncertified beneficiaries totaled \$18 for fiscal year 2015. When \$650 of benefits and administrative costs were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$632.

Annual OPEB Cost and Net OPEB Obligation. For fiscal year 2015, the County LODA Plan annual OPEB cost (expense) was equal to the Actuarially Determined Contribution. The County LODA Plan's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2015 were as follows:

Illustration 14-13									
Other Post-Employment Benefits – Net OPEB Obligation LODA Plan									
Prince William County, Including ADC Component Unit									
Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund	Pay-As-You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2013	\$ 5,312	-	-	5,312	-	(699)	4,613	-	4,613
June 30, 2014	\$ 2,778	64	323	3,165	(7,778)	-	(4,613)	4,613	-
June 30, 2015	\$ 1,474	-	-	1,474	(1,474)	-	-	-	-

* This includes \$480, \$348, and \$148 respectively, allocated to the ADC component unit.

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

Illustration 14-14					
Other Post-Employment Benefits – Percentage of Annual OPEB Cost					
Prince William County LODA Plan, Including ADC Component Unit					
Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending		
June 30, 2013	\$ 5,312	13.2%	\$ 4,613		
June 30, 2014	\$ 3,165	245.8%	\$ -		
June 30, 2015	\$ 1,474	100.0%	\$ -		

* This includes \$480, \$348, and \$148 respectively, allocated to the ADC component unit.

Illustration 14-15							
Other Post-Employment Benefits – County Sponsored Plans							
Schedule of Funding Progress for Prince William County LODA Plan							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll	
July 1, 2012	\$ -	48,743	48,743	0.0%	\$ 68,204	71.5%	
July 1, 2013	\$ -	24,235	24,235	0.0%	\$ 79,081	30.6%	
July 1, 2014	\$ 7,258	16,386	9,128	44.3%	\$ 95,795	9.5%	

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

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

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2014.

Significant actuarial valuation methods and assumptions used for the County LODA Plan includes (a) current marital status and elected insurance coverage assumed to continue upon LODA certification, (b) 100% of employees elect insurance coverage upon LODA certification, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) inflation rate of 2.4% and rate of increase in medical insurance claims from 5.2% decreasing each year to an ultimate rate of 4.5% per year, (f) healthy mortality based on RP2014 Combined Mortality Table (sex distinct), fully generational with scale MP2014, disabled mortality table (for all groups) was changed to match the disability mortality table used by VRS: RP2000 Disabled Mortality Table, with 3 year setback for males, (g) eligible retirement and disability rates, ages of retirement based on statistical rates, (h) assumed cost contributions computed using fiscal year 2014 claims data by current certified LODA retirees and beneficiaries.

County Sponsored Plans – Health Insurance Internal Service Fund Recap

Funding Policy:

The OPEB Master Trust Fund was established as of June 30, 2009. During fiscal year 2015, the County contributed the actuarially determined contribution amounts for the County Premium Plan, County RHICP and County LODA Plan of \$5,064. Plan members received \$5,559 benefits and contributed \$1,975 premiums, resulting in \$3,584 net benefits paid by the County. The County currently pays these benefits on a pay-as-you-go basis and seeks reimbursement from the OPEB Master Trust Fund according to the Trust Agreement at year end.

Annual OPEB Cost and Net OPEB Obligation:

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

For the year ended June 30, 2015, the County's annual OPEB cost for County Premium Plan, the County's RHICP, and the County LODA Plan, based on the actuarially determined contribution for OPEB funding was \$5,064 (\$2,162 amortization, \$2,902 actuarial normal cost, funded), which was equal to the actual OPEB payment of \$5,064. As a result, the County recognizes a total net negative OPEB obligation (asset) of \$0.

OPEB costs for retiree and COBRA claims and claims administration, net of premiums paid, of \$3,584, which were fully accrued in the OPEB Master Trust Fund statements and Health Insurance Internal Service Fund statements, and were billed according to the Trust Agreement to the OPEB Master Trust Fund for reimbursement, are not included. As a result, the County recognizes pay-as-you-go OPEB Costs of \$0.

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

Illustration 14-16									
Other Post-Employment Benefits – Net OPEB Obligation All Plans									
Prince William County, including ADC Component Unit									
Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund*	Pay-As- You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2012	\$ 9,466	-	-	9,466	(4,154)	(699)	4,613	-	4,613
June 30, 2013	\$ 6,970	64	323	7,357	(11,970)	-	(4,613)	4,613	-
June 30, 2014	\$ 5,064	-	-	5,064	(5,064)	-	-	-	-

* This includes \$845, \$717, and \$450 respectively allocated to ADC component unit based on proportion of ADC premiums paid, RHICP budget and LODA allocation.

Funded Status and Funding Progress:

The funded status of County plans as of July 1, 2014, the date of the most recent actuarial valuations, the actuarial accrued liability for benefits was \$64,431 and the actuarial value of assets was \$30,332, resulting in an unfunded actuarial accrued liability (UAAL) \$34,099. The covered payroll (annual payroll of active employees covered by the plans) was \$258,704, and the ratio of the UAAL to the covered payroll was 13.2%. The UAAL is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at June 30, 2015 was 23 years for County Premium Plan and County RHICP, 28 years for County LODA Plan.

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

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

Component Unit Sponsored Plans

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

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

VRS Health Insurance Credit Program

Plan Description:

Retirees of the County, as well as the Adult Detention Center, who have rendered at least fifteen years of total creditable service under the VRS, are granted the option to participate in the VRS Health Insurance Credit Program by paying 100% of their monthly health insurance premium less a \$0.0015 times years of service for a maximum credit of \$0.045 from the VRS. Title 51.1 of the *Code of Virginia* assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. As of the end of the current fiscal year, there were 921 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, 2015, the County paid \$357. 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, 2014, the date of the most recent actuarial valuation, there were 3,248 active participants and 786 retired and deferred vested members on that date.

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

Funding Policy and Annual Benefit Contribution:

In accordance with Title 51.1 of the *Code of Virginia* the County is required to contribute an actuarial percentage of its employees’ annual reported compensation to the VRS to fund the VRS Health Insurance Credit Program. The County’s contribution rate for the fiscal year ended June 30, 2014 was 0.17% of annual covered payroll.

The required contributions for the County were determined as part of an actuarial valuation performed as of June 30, 2014 using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.00% investment rate of return, and (b) projected payroll growth rate of 3.00%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County assets is equal to the market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at June 30, 2014, was 20 to 29 years for the County.

Trend information:

Illustration 14-18 summarizes the required three-year trend information for the County.

Illustration 14-18			
Virginia Retirement System – Health Insurance Credit Program			
Three Year Trend Information for Prince William County			
Fiscal Year Ending:	Annual Benefit Cost (ABC) Employer Portion	Percentage of ABC Contributed	Net Benefit Obligation (NBO)
June 30, 2013	\$ 363	100%	-
June 30, 2014	\$ 371	100%	-
June 30, 2015	\$ 357	100%	-

Funded Status and Funding Progress:

As of June 30, 2014, the most recent actuarial valuation date, the VRS Health Insurance Credit Program was 45.0% funded. The actuarial accrued liability for benefits was \$6,512 and the actuarial value of assets was \$2,927, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,585. The covered payroll (annual payroll of active employees of covered by the plan) was \$204,740, and the ratio of the UAAL to the covered payroll was 1.8%. Covered payroll was reduced to exclude constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees. Annual salaries of valuations prior to June 30, 2011 included all employees within Prince William County, including constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees, whose actuarial accrued liability is not with Prince William County.

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

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

Description:

The Prince William County Other Post-Employment Benefits (OPEB) Master Trust Fund is an agent multiple-employer defined benefit post-employment benefits trust fund. As such, it is reported in accordance to GASB Statement No. 43, paragraph 13, in the aggregate. Individual plan information of the participating employer agents is reported in Note (15).

The OPEB Master Trust was established by the Prince William County Board of County Supervisors on June 23, 2009 by Resolution No. 09-544 to provide funding for benefit payments on behalf of retiree and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. On June 30, 2009, funds were transferred to establish three separate trust fund sub-accounts for County, Park Authority and Schools. Although the assets of the Trust fund are commingled for investment purposes, each plan’s assets may be used only for the payment of benefits to the members of that plan, in accordance to the

terms of the Trust Agreement. Assets accumulated to pay for plan costs or benefits of members from one agent employer cannot be used for plan costs or benefits of another agent employer.

On March 13, 2012, the Board of County Supervisors authorized Resolution No. 12-236 to merge the functions of the Prince William County Park Authority component unit into County Government by creating the Prince William County Department of Parks & Recreation, ending the separate corporate existence of the Park Authority on July 1, 2012 in order to provide parks and recreation services to the public by the most effective and efficient means. Participants in the Park Authority Premium Plan and Retiree Health Insurance Plan (RHICP) are participants in the County Premium Plan and RHICP, and the County has assumed all assets and liabilities connected with the plan.

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

On June 17, 2014, the Board of County Supervisors authorized Resolution No. 14-391 establishing the Line of Duty Act sub-account to fund covered employees and authorized annual contributions to the OPEB Master Trust Fund. The beginning liability for fiscal year 2014 was also transferred to the OPEB Master Trust Fund.

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.

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

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

Illustration 15-1						
Summary of the Statement of Fiduciary Net Position						
OPEB Master Trust Fund						
		County	Schools	LODA		Total OPEB Master Trust Fund
Total assets	\$	27,059	25,851	8,797	\$	61,707
Total liabilities		2,955	6	626		3,587
Net position	\$	24,104	25,845	8,171	\$	58,120

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

Illustration 15-2						
Summary of the Changes in Fiduciary Net Position						
OPEB Master Trust Fund						
		County	Schools	LODA		Total OPEB Master Trust Fund
Total additions	\$	3,984	1,296	1,536	\$	6,816
Total deductions		2,954	9	623		3,586
Change in Net position		1,030	1,287	913		3,230
Net position, beginning of year		23,074	24,558	7,258		54,890
Net position, end of year	\$	24,104	25,845	8,171	\$	58,120

Summary of Significant Accounting Policies:

Basis of Accounting. The OPEB Master Trust’s financial statements are prepared using the accrual basis of accounting. Plan members do not contribute directly to the OPEB Master Trust Fund, but pay their respective employers 100% of published blended rates for premium plans. Each Employer may contribute to the Trust such amounts as it deems appropriate to pre-fund

and/or pay benefits provided under a Plan it sponsors. An Employer is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the Employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Trust Agreement.

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

Contribution Information:

Illustration 15-3 summarizes the membership in the OPEB Master Trust of each plan as of July 1, 2012, the latest actuarial valuations.

Illustration 15-3				
OPEB Master Trust Fund				
Membership Information				
	County Premium Plan	County RHICP	County LODA Plan	School Board Premium Plan
Active plan members	2,674	3,368	2,466	10,561
Retirees and beneficiaries receiving benefits	212	831	35	441
Terminated plan members entitled to but not yet receiving benefits	-	-	-	-

Funded Status and Funding Progress – All Participating OPEB Plans:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 6, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Illustration 15-4 summarizes the funded status and Employer contributions of all plans as of the most recent actuarial valuation date.

Illustration 15-4						
Other Post-Employment Benefits - OPEB Master Trust Fund Participating Plans						
Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ 31,390	107,597	76,207	29.2%	\$ 783,660	9.7%
July 1, 2013	\$ 40,552	139,899	99,347	29.0%	\$ 753,326	13.2%
July 1, 2014	\$ 54,890	116,374	61,484	47.2%	\$ 774,969	7.9%

The schedule of employer contributions, shown in Illustration 15-5, presents trend information about the amounts contributed to all plans by employers in comparison to an amount that is actuarially determined in accordance to the parameters of GASB Statement No. 45. The actuarially determined contribution 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 15-5			
Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans			
Schedule of Employer Contributions			
Fiscal Year Ending:	Total Actuarially Determined Contributions		Percentage Contributed
June 30, 2013	\$	7,970	100%
June 30, 2014	\$	15,570	109%
June 30, 2015	\$	5,960	100%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information about the actuarial methods and assumptions, as of the latest actuarial valuations, is shown in Illustration 15-6.

Illustration 15-6				
Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans				
Actuarial Methods and Assumptions				
	County Premium Plan	County RHICP	County LODA Plan	School Board Premium Plan
Valuation Date	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014
Actuarial Cost Method	Projected Unit Cost	Projected Unit Cost	Projected Unit Cost	Entry Age
Amortization Method	Level % of Projected Pay, closed	Level % of Projected Pay, closed	Level % of Projected pay , closed	Level % of Pay, closed
Remaining Amortization Period	23 years	23 years	28 years	30 years
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Investment Rate of Return	7.0%	7.0%	7.0%	7.0%
Payroll Growth	3.5%	3.5%	3.5%	2.5%
Inflation	2.4%	n/a	2.4%	2.5%
Healthcare Cost Trend Rate	5.2% base, 6.2% sensitivity, initial	n/a	5.2% base, 6.2% sensitivity, initial	7.0% initial
	4.5% base, 5.5% sensitivity, ultimate	n/a	4.5% base, 5.5% sensitivity, ultimate	5.0% ultimate

Concentrations:

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

Illustration 15-7			
OPEB Master Trust Fund Concentrations at June 30, 2015			
Asset Class	Policy Percent	Target Range Percent	Actual Percent
OPEB Master Trust Fund Investments:			
Domestic Equity	40%	20% - 60%	43.82%
International Equity	20%	0% - 40%	22.80%
Other Growth Assets	0%	0% - 20%	0.00%
Fixed Income	40%	0% - 60%	33.38%
Other Income Assets	0%	0% - 20%	0.00%
Real Return Assets	0%	0% - 20%	0.00%
Cash Equivalents	0%	0% - 20%	0.00%
	100%		100.00%

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The use of direct hedge funds and fund-of-hedge funds are allowed. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. At June 30, 2015, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

NOTE (16) – SELF INSURANCE

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

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

The County's pre-65 retirees with over 15 years of service and permanent employees are eligible to enroll in one of three health insurance plans and a dental plan. All three health insurance plans include comprehensive medical, preventive care, vision, and prescription drug coverage. Three of the health insurance plans are self-insured with a \$225 specific individual stop loss limit. The 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 \$36,235 for claims, administration and premiums in fiscal year 2015.

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

financial statements may be more or less than the actual cost of settling all unpaid claims. Adjustments to claim liabilities are made continually, based on subsequent developments and experience, and are included in operations as made.

Illustration 16-1 presents a reconciliation of the changes in the aggregate liabilities for claims for the current and prior fiscal years. These claims liabilities are included in accrued liabilities in the accompanying statement of fund net position (Exhibit 7).

Illustration 16-1					
Prince William County Self-Insurance					
Other Self Insurance, Casualty Pool and Workers' Compensation Association, Health Insurance					
Changes in the Aggregate Liabilities for Claims					
		Other Self- Insurance	Casualty Pool	Workers' Compensation Association	Health Insurance*
Unpaid claims June 30, 2012	\$	196	613	13,410	3,158
Total claims incurred, fiscal year 2013		-	394	4,186	28,591
Total claims paid, fiscal year 2013		(18)	(379)	(2,849)	(28,449)
Unpaid claims June 30, 2013	\$	178	628	14,747	3,300
Total claims incurred, fiscal year 2014		83	486	(592)	30,072
Total claims paid, fiscal year 2014		(17)	(441)	(1,366)	(29,772)
Unpaid claims June 30, 2014	\$	244	673	12,789	3,600
Total claims incurred, fiscal year 2014		-	349	3,631	35,414
Total claims paid, fiscal year 2014		(10)	(470)	(2,649)	(34,674)
Unpaid claims June 30, 2015	\$	234	552	13,771	4,340

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

NOTE (17) - INTERJURISDICTIONAL AGREEMENT

The County has entered into a contractual agreement with Fairfax County for the purpose of exchanging solid waste. The agreement allows for the sharing of solid waste facilities between counties. Revenues and expenses generated by this agreement are recorded in the Landfill enterprise fund with billing for any balances to occur during the second half of the fiscal year or reconciliation at the end the fiscal year. Neither party is obligated to make payment unless the funds have been appropriated. The agreement is cancelable by giving 120 days written notice. The amounts due from and due to Fairfax County are \$384 and \$0 respectively at June 30, 2015.

NOTE (18) - RELATED ORGANIZATIONS

A. Industrial Development Authority

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

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

B. Service Authority

The Prince William County Service Authority (Service Authority) is authorized under the Virginia Water and Sewage Authorities Act; Title 15.1, Chapter 28 of the *Code of Virginia*, pursuant to resolution adopted by the Board on January 11, 1983. It was chartered by the State Corporation Commission. The members of the Service Authority are appointed by the Board; however, there is no ability of the Board to direct the members of the Service Authority with respect to carrying out the Service Authority's fiscal and management functions. The Service Authority currently operates and sets the rates and charges for the

sewer system in the County. The Service Authority's operations and capital funds are principally financed by user charges and bond issues. The Service Authority is an independent public body, who is solely responsible for all its outstanding debt.

The Prince William County Service Authority operates the sewer system in the County, including the portion of its system located in the UOSA service area. In 1992, the Service Authority contractually assumed the obligation to pay the amounts due from the County to UOSA under a Service Agreement, subject to an annual contribution to those payments by the County which declines over a period of years to zero in 2021. On December 11, 2012, the County and the Service Authority modified this agreement whereby the Service Authority assumed full responsibility for funding the County's obligation to UOSA in the future. Furthermore, the Service Authority granted and formally acknowledged a non-cash credit of \$13,782 to the County equivalent to payments the County made under the prior agreement. The County may use this credit to purchase sewer and water availability or any Service Authority asset offered for sale. The non-cash credit will be reduced by such value of any purchase of sewer and water availability or asset. The balance of the County's unused portion of the credit at June 30, 2015 is \$13,280.

C. Upper Occoquan Sewage Authority

The Upper Occoquan Sewage Authority (UOSA) was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance and operates the regional sewage treatment facility mandated by the Occoquan policy for the upper portion of the Occoquan Watershed. UOSA is a joint venture formed on March 3, 1971, by a concurrent resolution of the governing bodies of the Counties of Fairfax and Prince William and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight person Board of Directors consisting of 2 members appointed to four year terms by the governing body of each jurisdiction. The County has an ongoing financial responsibility for its share of UOSA's operating costs and construction costs.

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

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

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

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

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

The Industrial Development Authority of Loudoun County VA issued \$18,650 of Lease Revenue Bonds on November 21, 2006, to finance the construction and equipping of the EVOC. Prince William County is responsible for debt service on 30% of the total issue, or \$5,505. The County's payment for fiscal year 2015 was \$442. The County's General Fund committed share of the NVCJTA's remaining debt service (including interest), which approximates 30% of total NVCJTA principal and interest requirements as of June 30, 2015 is shown in Illustration 18-1.

Illustration 18-1	
County's Share of NVCJTA Debt Service Requirements	
Year Ending June 30:	
2016	\$ 430
2017	418
2018	407
2019	395
2020	384
2021 thru 2025	1,740
2026	285
Total	\$ 4,059

E. Northern Virginia Transportation Authority (NVTA)

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

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

NOTE (19) - JOINT VENTURES

A. Potomac and Rappahannock Transportation Commission

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

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

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

In addition to lease payments to be made to PRTC, the County is also required to fund its share of PRTC's administrative expenses, certain costs of the commuter rail operations, and operating deficits of the County's commuter bus service. Funding sources include the motor fuel tax proceeds and other appropriated County resources. The County did not appropriate resources to be paid to PRTC in fiscal year 2014. The motor fuel tax proceeds were sufficient to cover all costs.

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

B. Peumansend Creek Regional Jail Authority

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

The County and the other participating jurisdictions have no explicit, measurable equity interest in the Authority, but do have an ongoing financial responsibility for their share of the Authority's operating costs. The County made payments to the Authority in fiscal year 2015 of \$902 to pay its share of the Authority's operating costs.

On March 20, 1997, the Authority issued \$10,220 Regional Jail Facility Revenue Bonds, Series 1997 and \$12,000 Regional Jail Facility Grant Anticipation Notes, Series 1997. The obligations were issued for the purpose of financing the Authority's planning,

design, acquisition, construction and equipping of the Regional Jail Facility; funding a debt service reserve fund for the 1997 Bonds through the purchase of a surety bond from MBIA Insurance Corporation; funding payment of interest on the 1997 Notes through April 1, 2000; funding certain working capital expenditures incident to placing the Regional Jail in operation; and paying the costs of issuing the obligations. The Authority began accepting female prisoners in September 1999, and began full operation in November 1999.

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

NOTE (20) - COMMITMENTS AND CONTINGENCIES

Virginia Railway Express

In May 2005, NVTC and PRTC entered into a capitalized lease obligation on behalf of VRE in the amount of \$25,100 for the acquisition of 11 cab cars. As of June 30, 2015, the outstanding balance on the capitalized lease was approximately \$15,414.

In fiscal year 2008 VRE entered into an agreement with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars. In fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance on the individual notes were combined into a consolidated note. The note is secured by the revenues of VRE and the railcars. The amount of notes outstanding at June 30, 2015, was \$57,710.

The County, through its membership in the PRTC, has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the VRE. Each jurisdiction's share is determined by a formula set out in the Master Agreement. It is estimated the County's share of this cost will be approximately \$5,485 annually and will be paid with the 2.1% Motor Fuel Tax collected by the PRTC or the County's General Fund if fuel tax revenues are not sufficient.

NOTE (21) – SUBSEQUENT EVENTS

On March 18, 2015, the Board of County Supervisors approved Resolution No. 15-212 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$108,990 for the purpose of financing various school projects. On July 14, 2015, the County sold to the VPSA Special Obligation School Financing Bonds Series 2015 in the par amount of \$98,485.

On May 19, 2015, the Board of County Supervisors approved Resolution No. 15-361 authorizing the sale of General Obligation School Bonds to be sold in an amount not to exceed \$67,565 for the purpose of financing various capital improvement road project, library projects, and park projects. On July 29, 2015, the County sold to the General Obligation Public Improvement Bonds, Series 2015 in the par amount of \$61,805.

On September 24, 2015, the Northern Virginia Criminal Justice Training Academy (NVCJTA) advance refunded the remaining balance of its outstanding Series 2006 Lease Revenue Bonds in the amount of \$11,990. These lease revenue bonds were originally issued in November 2006 by the NVCJTA through the Loudon County Industrial Development Authority in the total amount of \$18,650 to finance the Emergency Vehicle Operations Center (EVOC) located at the Public Safety Training Center. The County participated in the Series 2006 financing by committing to pay a share of the debt service on the bonds. The County will share in a proportionate share of the refunding savings.

An election was held in Prince William County on November 3, 2015, to select an at-large Chairman of the Board of County Supervisors, as well as Supervisors for each of the County's seven magisterial districts for a four year term beginning January 1, 2016. One new member will be joining the Board to represent the Occoquan magisterial district, Ms. Ruth M. Anderson. All other incumbents were re-elected.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

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

For the year ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
FROM LOCAL SOURCES:				
GENERAL PROPERTY TAXES:				
Real property taxes	\$ 542,166	542,166	541,915	(251)
Real and personal property taxes of public service corporations	17,415	17,415	17,589	174
Personal property taxes	148,936	94,636	98,157	3,521
Penalties and interest	5,451	5,451	5,903	452
Total general property taxes	713,968	659,668	663,564	3,896
OTHER LOCAL TAXES:				
Short term rental tax	247	247	191	(56)
Local sales taxes	58,525	58,525	59,709	1,184
Consumer's utility taxes	13,700	13,700	13,974	274
Bank stock taxes	1,500	1,500	1,670	170
Motor vehicle licenses	8,240	8,240	8,053	(187)
Taxes on recordation and wills	8,747	8,747	8,868	121
Business, professional and occupational license tax	24,427	24,427	24,744	317
Public utility gross receipts tax	1,258	1,258	1,431	173
Transient occupancy tax	3,615	3,615	3,425	(190)
Total other local taxes	120,259	120,259	122,065	1,806
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:				
Animal licenses	196	196	252	56
Fire protection permits	319	319	469	150
Health protection permits	151	151	172	21
Cable franchise fees	1,340	1,340	1,343	3
Permits and other licenses	145	190	257	67
Total permits, privilege fees and regulatory licenses	2,151	2,196	2,493	297
FINES AND FORFEITURES:				
	3,096	3,096	3,167	71
FROM USE OF MONEY AND PROPERTY:				
Use of money	6,738	5,082	4,664	(418)
Use of property	1,082	1,134	1,464	330
Total revenue from use of money and property	7,820	6,216	6,128	(88)
CHARGES FOR SERVICES:				
Court costs	3,005	3,013	4,166	1,153
Correction and detention	925	1,079	1,168	89
Commonwealth's Attorney	89	89	72	(17)
Parks and recreation	775	881	1,018	137
Mental health and mental retardation	740	740	1,049	309
Welfare and social services	247	247	256	9
Library	664	663	550	(113)
Planning and community development	35	35	-	(35)
Public safety	1,267	1,267	1,295	28
Ambulance and rescue	5,312	5,312	5,110	(202)
Other charges	572	572	568	(4)
Total charges for services	13,631	13,898	15,252	1,354
Total revenue from local sources	860,925	805,333	812,669	7,336

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)
For the year ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
THE FEDERAL GOVERNMENT:				
Payments in lieu of taxes	70	70	85	15
Categorical aid grants:				
Aging programs	1,065	1,156	786	(370)
USDA	79	110	112	2
Welfare programs	10,366	10,315	11,728	1,413
Mental health/retardation and substance abuse programs	2,669	2,858	2,814	(44)
Homeland Security Grants	234	565	1,553	988
Police federal forfeitures and grant programs	103	198	682	484
Expenditure reimbursement for social services	330	330	326	(4)
Other	260	1,735	1,955	220
Total revenue from the federal government	15,176	17,337	20,041	2,704
THE COMMONWEALTH:				
NONCATEGORICAL AID:				
PPTRA revenue	-	54,300	54,288	(12)
Communications sales and use tax	20,360	20,360	19,317	(1,043)
Anti-Annexation public safety	8,677	8,397	8,908	511
Mobile home tax	35	35	61	26
Rental car tax	1,015	1,015	987	(28)
Rolling stock tax	99	99	89	(10)
Total noncategorical aid	30,186	84,206	83,650	(556)
SHARED EXPENDITURES:				
Commonwealth's Attorney	1,365	1,365	1,758	393
Sheriff	1,730	1,682	1,674	(8)
Director of Finance	560	543	647	104
Registrar	84	81	83	2
Clerk of the Court	572	572	51	(521)
Total shared expenditures	4,311	4,243	4,213	(30)
CATEGORICAL AID:				
Public safety	970	970	561	(409)
Fire programs	949	949	1,827	878
Library	524	510	510	-
Public assistance and welfare administration	9,477	9,635	8,365	(1,270)
Public health	228	228	220	(8)
Total categorical aid	12,148	12,292	11,483	(809)
OTHER CATEGORICAL AID:				
Aging program	327	413	351	(62)
Community services	13,555	14,490	13,617	(873)
Juvenile detention	1,899	2,002	1,924	(78)
Criminal justice services	1,029	997	999	2
Police extraditions	30	30	33	3
Sheriff extraditions	25	25	16	(9)
Victim/witness program	163	164	45	(119)
Other	2,239	715	700	(15)
Total other categorical aid	19,267	18,836	17,685	(1,151)
Total revenue from the Commonwealth	65,912	119,577	117,031	(2,546)

GENERAL FUND

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

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

For the year ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
LOCAL GOVERNMENTS:				
City of Manassas	7,364	5,377	5,324	(53)
City of Manassas Park	-	1,986	2,127	141
Total revenues from local governments	7,364	7,363	7,451	88
MISCELLANEOUS:				
Expenditure refunds	561	561	604	43
Donations - Proffers	-	12,751	12,751	-
Donations - Other	280	360	437	77
Insurance recoveries	-	-	1	1
Other	175	175	123	(52)
Total miscellaneous revenues	1,016	13,847	13,916	69
Total budgetary revenues	950,393	963,457	971,108	7,651
BUDGETARY EXPENDITURES:				
GENERAL GOVERNMENTAL ADMINISTRATION:				
Board of County Supervisors	3,570	3,420	3,099	321
County Attorney	3,538	3,726	3,455	271
Office of Executive Management	8,422	8,759	8,418	341
Technology and support services	1,267	368	13	355
Finance	18,127	18,368	17,684	684
Audit services	787	788	777	11
Human Rights	586	595	595	-
Board of Registration/Elections	2,518	2,523	2,518	5
Mailroom and print shop	1,048	1,027	967	60
Contingency reserve	750	4	-	4
Unemployment insurance reserves	125	125	125	-
Total general governmental administration	40,738	39,703	37,651	2,052
JUDICIAL ADMINISTRATION:				
Commonwealth Attorney	5,274	5,340	5,210	130
Sheriff	9,430	9,578	9,349	229
Juvenile and Domestic Relations Court	106	107	96	11
Clerk of Court/Judges Chambers	4,846	5,338	4,432	906
General District Court	267	266	191	75
Magistrates	222	274	255	19
Law Library	159	159	148	11
Total judicial administration	20,304	21,062	19,681	1,381
PUBLIC SAFETY:				
Public Works - development	2,647	2,732	2,428	304
Police	96,290	96,068	89,288	6,780
Juvenile Court Services Unit	1,123	1,100	1,055	45
Adult Detention Center	25,518	25,408	25,408	-
Correction and detention of youth	5,572	5,782	5,515	267
Criminal Justice Services	3,476	3,431	3,369	62
Public Safety Communications	9,985	9,991	8,985	1,006
Fire service	72,932	75,574	71,895	3,679
Northern Virginia Criminal Justice Training Academy	442	442	442	-
Total public safety	217,985	220,528	208,385	12,143

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)
For the year ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS:				
Public works	30,145	29,659	27,342	2,317
Transportation	2,769	2,629	2,444	185
Property and miscellaneous insurance	6,701	1,671	734	937
Total public works	39,615	33,959	30,520	3,439
HEALTH AND WELFARE:				
Social Services	26,890	27,297	26,122	1,175
Public Health	3,948	3,955	3,919	36
Community Services Board	37,882	38,763	37,020	1,743
At-Risk Youth and Family Services	8,942	8,741	8,549	192
Office on Aging	5,763	5,972	5,230	742
Total health and welfare	83,425	84,728	80,840	3,888
EDUCATION:				
Schools	487,788	416,847	412,007	4,840
PARKS, RECREATIONAL AND CULTURAL:				
Parks and recreation	18,624	18,622	17,139	1,483
Library	14,556	14,621	13,946	675
Total parks, recreational and cultural	33,180	33,243	31,085	2,158
COMMUNITY DEVELOPMENT:				
Office of Planning	3,442	3,415	3,369	46
Economic and community development	2,791	2,610	2,420	190
Extension and continuing education	927	945	860	85
Tourism	1,212	1,212	1,212	-
Total community development	8,372	8,182	7,861	321
DEBT SERVICE:				
Principal retirement	27,455	76,648	76,648	-
Interest and other debt costs	17,877	44,288	42,225	2,063
Total debt service	45,332	120,936	118,873	2,063
Total budgetary expenditures	976,739	979,188	946,903	32,285
Excess (deficiency) of budgetary revenues over (under) budgetary expenditures	(26,346)	(15,731)	24,205	39,936
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN:				
Fire & rescue levy fund	7,078	7,472	7,472	-
Special revenue funds	5,840	5,838	5,838	-
Capital projects funds	1,713	10,270	10,270	-
Internal service funds	2,760	2,763	2,763	-
Enterprise funds	2,126	2,127	2,127	-
Total transfers in	19,517	28,470	28,470	-
TRANSFERS OUT:				
Fire & rescue levy fund	-	(583)	(583)	-
Special revenue funds	(4,531)	(4,359)	(4,359)	-
Capital projects funds	(8,690)	(19,700)	(19,700)	-
Internal service funds	(2,927)	(2,786)	(2,786)	-
Enterprise funds	(35)	(1,662)	(1,662)	-
Total transfers out	(16,183)	(29,090)	(29,090)	-

GENERAL FUND

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

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

For the year ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget
	Original	Final		Positive (Negative)
NON-REVENUE RECEIPTS:				
Proceeds from refundings	-	-	35,675	35,675
Premium on refundings	-	-	6,219	6,219
Payments to escrow agent	-	-	(41,508)	(41,508)
Claims and judgment recoveries	-	-	10	10
Sale of surplus property	-	174	301	127
Total non-revenue receipts	-	174	697	523
Total other financing sources (uses)	3,334	(446)	77	523
Net change in budgetary fund balance	(23,012)	(16,177)	24,282	40,459
BUDGETARY FUND BALANCE, beginning of year	158,514	158,514	158,514	-
BUDGETARY FUND BALANCE, end of year	<u>\$ 135,502</u>	<u>142,337</u>	<u>182,796</u>	<u>40,459</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 1)	\$ 6,738	6,738	6,128	(610)
Current year fair value adjustment	-	-	2,953	2,953
Use of money and property (Exhibit 5)	6,738	6,738	9,081	2,343
Cumulative fair value adjustments of prior periods	-	-	(10,753)	(10,753)
BUDGETARY FUND BALANCE, end of year	135,502	142,337	182,796	40,459
Total adjustments	-	-	(7,800)	(7,800)
FUND BALANCE, end of year	<u>\$ 135,502</u>	<u>142,337</u>	<u>174,996</u>	<u>32,659</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA
SPECIAL REVENUE FUND - Fire & Rescue Levy

Schedule 2

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

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
General property taxes	\$ 34,470	34,470	35,315	845
From use of money and property	-	-	1,188	1,188
Miscellaneous	-	-	80	80
Total budgetary revenues	34,470	34,470	36,583	2,113
BUDGETARY EXPENDITURES:				
Public safety - Fire & Rescue	54,560	26,626	21,009	5,617
Debt service:				
Principal retirement	4	401	102	299
Interest and other debt costs	391	102	251	(149)
Total debt service	395	503	353	150
Total budgetary expenditures	54,955	27,129	21,362	5,767
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Fire & rescue levy				
General fund	583	583	583	-
Transfers out:				
General fund	(7,113)	(7,472)	(7,472)	-
Internal service funds	(98)	(98)	(98)	-
Sale of surplus property	-	-	73	73
Total other financing sources (uses)	(6,628)	(6,987)	(6,914)	73
Net change in budgetary fund balance	(27,113)	354	8,307	7,953
BUDGETARY FUND BALANCE, beginning of year	79,185	79,185	79,185	-
BUDGETARY FUND BALANCE, end of year	\$ 52,072	79,539	87,492	7,953
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 2)	\$ -	-	1,188	1,188
Current year fair value adjustment	-	-	479	479
Use of money and property (Exhibit 5)	-	-	1,667	1,667
Cumulative fair value adjustments of prior periods	-	-	(1,354)	(1,354)
BUDGETARY FUND BALANCE, end of year	52,072	79,539	87,492	7,953
Total adjustments	-	-	(875)	(875)
FUND BALANCE, end of year	\$ 52,072	79,539	86,617	7,078

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

Virginia Retirement System - All Plans										
Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$ 28,205									
Interest	67,389									
Changes of benefit terms	-									
Differences between expected and actual experience	-									
Changes of assumptions	<u>(38,578)</u>									
Net change in total pension liability	\$ 57,016									
Total pension liability - beginning	981,988									
Total pension liability - ending (a)	<u>\$ 1,039,004</u>									
Plan fiduciary net position										
Contributions - employer	30,488									
Contributions - member	11,385									
Net investment income	122,481									
Benefit payments, including refunds of member contributions	(38,578)									
Administrative expense	(651)									
Other	<u>7</u>									
Net change in plan fiduciary net position	\$ 125,132									
Plan fiduciary net position - beginning	<u>772,912</u>									
Plan fiduciary net position - ending (b)	<u>\$ 898,044</u>									
County's net pension liability - ending (a)-(b)	\$ 140,960									
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)	86.43%									
Covered-employee payroll	\$ 256,956									
County's net pension liability as a percentage of covered-employee payroll	54.86%									
Expected average remaining service years of all participants	n/a									
See Illustration 13-5 for weighted average rate of return	8.33%									

Notes to Schedule:

Projected benefit payments. Calculations assume that the County will continue to make all required actuarially determined contributions.

Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
 Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 3B

		Virginia Retirement System - All Plans									
		Schedule of County Contributions - Last 10 Fiscal Years									
Fiscal Year		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
		<i>Information for FY 2013 and earlier is not available.</i>									
Actuarially determined contribution	\$	30,690									
Contributions in relation to the actuarially determined contribution		30,690									
Contribution deficiency (excess)	\$	-									
Covered-employee payroll	\$	256,956									
Contributions as a percentage of covered employee payroll ¹		11.94%									

¹ The rates shown are as a percentage of total covered employee payroll. Contribution rates are set and contributed based on pensionable earnings only.

Notes to Schedule:

Valuation date. Actuarially determined contribution rates are calculated as of the beginning of the fiscal year (July 1) for the two years immediately following the fiscal year. Actuarial valuations are performed every other year.

Methods and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Payroll growth rate	3.0%
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market value
Investment rate of return	7.0%, net of pension plan investment expense, including inflation rate of 2.5%
Salary increases	3.5%-5.35%
Inflation	2.5%
Cost-of-living adjustments	2.25% - 2.5%
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement based on RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years Post-retirement based on RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year Post-disablement based on RP-2000 Disabled Mortality Table Projected with Scale AA to 2020 with males set back 3 years and no provision for future mortality improvement

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel (Supplemental Pension Plan)										
Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<i>Information for FY 2013 and earlier is not available.</i>										
Total pension liability										
Service cost	\$	1,747	1,602							
Interest		2,260	2,118							
Changes of benefit terms		-	238							
Differences between expected and actual experience		(1,365)	-							
Changes of assumptions		(1,980)	(1,905)							
Net change in total pension liability	\$	662	2,053							
Total pension liability - beginning		33,265	31,212							
Total pension liability - ending (a)	\$	33,927	33,265							
Plan fiduciary net position										
Contributions - employer		1,083	1,007							
Contributions - member		1,083	1,007							
Net investment income		(339)	4,438							
Benefit payments, including refunds of member contributions		(1,980)	(1,905)							
Administrative expense		(83)	(109)							
Other		-	-							
Net change in plan fiduciary net position	\$	(236)	4,438							
Plan fiduciary net position - beginning		33,144	28,706							
Plan fiduciary net position - ending (b)	\$	32,908	33,144							
County's net pension liability - ending (a)-(b)	\$	1,019	121							
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)		97.00%	99.64%							
Covered-employee payroll	\$	82,543	79,192							
County's net pension liability as a percentage of covered-employee payroll		1.23%	0.15%							
Expected average remaining service years of all participants		8	8							
See Illustration 13-14 for weighted average rate of return		10.00%	7.00%							

Notes to Schedule:

Benefit changes. There were several changes to benefit terms reflected in FY 2014 including an increase to the rate of employee contributions to 1.44% and the change to COLAs for participants hired after June 30, 2010.

Projected benefit payments. Calculations assume that the County will continue to make all required actuarially determined contributions.

Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
Schedule of County Contribution-Post Employment Benefit Plans (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage, ratios and years)

Schedule 4B

Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel (Supplemental Pension Plan)										
Schedule of County Contributions - Last 10 Fiscal Years										
Fiscal Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	<i>Information for FY 2013 and earlier is not available.</i>									
Actuarially determined contribution	\$ 1,083	1,000								
Contributions in relation to the actuarially determined contribution	1,083	1,007								
Contribution deficiency (excess)	\$ -	(7)								
Covered-employee payroll	\$ 82,543	79,192								
Contributions as a percentage of covered employee payroll ¹	1.31%	1.27%								

¹The rates shown are as a percentage of total covered employee payroll. Contribution rates are set and contributed based on pensionable earnings only.

Notes to Schedule:

Valuation date. Actuarially determined contribution rates are calculated as of the beginning of the fiscal year (July 1) for the two years immediately following the fiscal year. Actuarial valuations are performed every other year.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Aggregate
Amortization method	Aggregate
Remaining amortization period	The benefits are funded as a level percent of payroll over the expected future working lifetime of current active participants
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.5%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Rates based on RP2000 tables for males and females with generational mortality improvements by Scale AA

Changes in Net Pension Liability and Related Ratios-Post Employment Benefit Plans (UNAUDITED)

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)										
Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years										
Fiscal Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	<i>Information for FY 2013 and earlier is not available.</i>									
Total pension liability										
Service cost	\$ 290	308								
Interest	885	821								
Changes of benefit terms	-	-								
Differences between expected and actual experience	(392)	-								
Changes of assumptions	-	-								
Benefit payments, including refunds of member contributions	(345)	(338)								
Net change in total pension liability	\$ 438	791								
Total pension liability - beginning	14,651	13,860								
Total pension liability - ending (a)	\$ 15,089	14,651								
Plan fiduciary net position										
Contributions - employer	\$ 940	2,115								
Contributions - member	-	-								
Net investment income	372	354								
Benefit payments, including refunds of member contributions	(345)	(338)								
Administrative expense	(34)	(61)								
Other	-	-								
Net change in plan fiduciary net position	\$ 933	2,070								
Plan fiduciary net position - beginning	12,836	10,766								
Plan fiduciary net position - ending (b)	\$ 13,769	12,836								
County's net pension liability - ending (a)-(b)	\$ 1,320	1,815								
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	91.25%	87.61%								
* Covered-employee payroll	\$ -	-								
County's net pension liability as a percentage of covered-employee payroll	N/A	N/A								
Expected average remaining service years of all participants	3	7								
Weighted average rate of return	2.95%	2.95%								

Notes to Schedule:

Benefit changes. None.

Projected benefit payments. Calculations assume that all members and the County will continue to make all required actuarially *Changes of assumptions.* There are no changes in actuarial assumptions reflected in the current schedule.

* All volunteers are not compensated.

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)										
Schedule of County Contributions - Last 10 Fiscal Years										
Fiscal Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<i>Information for FY 2013 and earlier is not available.</i>										
Actuarially determined contribution	\$ 940	2,115								
Contributions in relation to the actuarially determined contribution	940	2,115								
Contribution deficiency (excess)	\$ -	-								
Covered-employee payroll	N/A	N/A								
Contributions as a percentage of covered employee payroll	N/A	N/A								

Notes to Schedule:

Valuation date. Actuarially determined contribution rates are calculated as of the beginning of each fiscal year (July 1). Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate, level dollar
Amortization method	Aggregate, level dollar
Remaining amortization period	The benefits are funded as a level dollar amount over the expected future working lifetime of current active participants
Asset valuation method	Fair market value
Inflation	Not Applicable
Salary increases	Not Applicable
Investment rate of return	6.00%
Retirement age	100% at age 60
Mortality	Rates based on RP2000 Mortality Table projected to 2014 using Scale AA

**Other Post-Employment Benefits - County Sponsored Plans
 Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ 17,717	96,701	78,984	18.3%	237,034	33.3%
July 1, 2013	\$ 22,103	75,486	53,383	29.3%	247,366	21.6%
July 1, 2014	\$ 30,332	64,431	34,099	47.1%	258,704	13.2%

**Other Post-Employment Benefits- Virginia Retirement System - Health Insurance Credit Program
 Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ 2,230	6,005	3,775	37.1%	191,157	2.0%
June 30, 2013	\$ 2,504	6,246	3,742	40.1%	198,448	1.9%
June 30, 2014	\$ 2,927	6,512	3,585	45.0%	204,740	1.8%

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Balance Sheet
As of June 30, 2015
(amounts expressed in thousands)

Schedule 7

	Transportation Districts	Stormwater Management District/Gypsy Moth and Forest Pest Management	Development Fee Services	Housing	Totals
ASSETS					
Equity in pooled cash and investments	\$ 1,502	9,927	6,154	1,372	18,955
Accounts receivable, net	7	52	68	204	331
Due from other governmental units	-	7	-	542	549
Total assets	\$ 1,509	9,986	6,222	2,118	19,835
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 120	107	29	48	304
Wages and benefits payable	-	100	340	46	486
Due to other governmental units	-	10	-	-	10
Unearned revenue	-	2,201	6	62	2,269
Total liabilities	120	2,418	375	156	3,069
FUND BALANCES:					
Restricted	1,389	7,568	5,847	1,962	16,766
Total fund balances	1,389	7,568	5,847	1,962	16,766
Total liabilities and fund balances	\$ 1,509	9,986	6,222	2,118	19,835

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015
(amounts expressed in thousands)

Schedule 8

	Transportation Districts	Stormwater Management District/Gypsy Moth and Forest Pest Management	Development Fee Services	Housing	Totals
REVENUES:					
General property taxes	\$ 2,966	1,252	-	-	4,218
Permits, privilege fees and regulatory licenses	-	188	14,376	-	14,564
Fines and forfeitures	-	-	1	-	1
From use of money and property	46	172	122	2	342
Charges for services	-	7,706	420	5,398	13,524
Intergovernmental revenues:					
Federal	-	-	-	25,574	25,574
State	-	829	-	-	829
Miscellaneous	-	-	232	165	397
Total revenues	3,012	10,147	15,151	31,139	59,449
EXPENDITURES:					
Public safety - Public Works	-	-	11,966	-	11,966
Public works - Public Works	337	-	-	-	337
Community development - Housing	-	-	-	33,890	33,890
Community development - Public Works	-	6,499	5,629	-	12,128
Total expenditures	337	6,499	17,595	33,890	58,321
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	-	95	4,173	91	4,359
Special revenue funds	-	10	-	-	10
Internal service funds	-	-	61	-	61
Transfers out:					
General fund	(2,323)	(781)	(2,656)	(78)	(5,838)
Special revenue funds	-	-	(10)	-	(10)
Internal service funds	-	(86)	(250)	-	(336)
Capital projects funds	-	(1,128)	-	-	(1,128)
Sale of surplus property	-	29	19	-	48
Total other financing sources (uses)	(2,323)	(1,861)	1,337	13	(2,834)
Net change in fund balances	352	1,787	(1,107)	(2,738)	(1,706)
FUND BALANCE, beginning of year	1,037	5,781	6,954	4,700	18,472
FUND BALANCE, end of year	\$ 1,389	7,568	5,847	1,962	16,766

SPECIAL REVENUE FUND - Transportation Districts

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

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
General property taxes	\$ 2,544	2,544	2,966	422
From use of money and property	7	7	38	31
Total budgetary revenues	2,551	2,551	3,004	453
BUDGETARY EXPENDITURES:				
Public works - Public Works	353	453	337	116
Total budgetary expenditures	353	453	337	116
OTHER FINANCING SOURCES (USES):				
Transfers out:				
General fund	(2,323)	(2,323)	(2,323)	-
Total other financing sources (uses)	(2,323)	(2,323)	(2,323)	-
Net change in budgetary fund balance	(125)	(225)	344	569
BUDGETARY FUND BALANCE, beginning of year	1,091	1,091	1,091	-
BUDGETARY FUND BALANCE, end of year	\$ 966	866	1,435	569
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 9)	\$ 7	7	38	31
Current year fair value adjustment	-	-	8	8
Use of money and property (Schedule 8 5)	7	7	46	39
Cumulative fair value adjustments of prior periods	-	-	(54)	(54)
BUDGETARY FUND BALANCE, end of year	966	866	1,435	569
Total adjustments	-	-	(46)	(46)
FUND BALANCE, end of year	\$ 966	866	1,389	523

SPECIAL REVENUE FUND - Stormwater Management District/Gypsy Moth and Forest Pest Management

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

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

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
General property taxes	\$ 1,289	1,289	1,252	(37)
Permits, privilege fees and regulatory licenses	-	-	188	188
From use of money and property	102	102	120	18
Charges for services	7,386	7,386	7,706	320
Intergovernmental revenues:				
State	-	-	829	829
Miscellaneous	17	17	-	(17)
Total budgetary revenues	8,794	8,794	10,095	1,301
BUDGETARY EXPENDITURES:				
Public works - Public Works	8,510	7,830	6,499	1,331
Total budgetary expenditures	8,510	7,830	6,499	1,331
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General fund	-	95	95	-
Special revenue funds	86	9	10	1
Transfers out:				
General fund	(752)	(781)	(781)	-
Internal service funds	(86)	(86)	(86)	-
Special revenue funds	86	-	-	-
Capital projects funds	(1,128)	(1,128)	(1,128)	-
Sale of surplus property	-	-	29	29
Total other financing sources (uses)	(1,794)	(1,891)	(1,861)	30
Net change in budgetary fund balance	(1,510)	(927)	1,735	2,662
BUDGETARY FUND BALANCE, beginning of year	5,942	5,942	5,942	-
BUDGETARY FUND BALANCE, end of year	\$ 4,432	5,015	7,677	2,662
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 10)	\$ 102	102	120	18
Current year fair value adjustment	-	-	52	52
Use of money and property (Schedule 8)	102	102	172	70
Cumulative fair value adjustments of prior periods	-	-	(161)	(161)
BUDGETARY FUND BALANCE, end of year	4,432	5,015	7,677	2,662
Total adjustments	-	-	(109)	(109)
FUND BALANCE, end of year	\$ 4,432	5,015	7,568	2,553

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SPECIAL REVENUE FUND - Development Fee Services

Schedule 11

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

For the Year Ended June 30, 2015
 (amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
Permits, privilege fees and regulatory licenses	\$ 16,567	16,565	14,376	(2,189)
Fines and forfeitures	-	-	1	1
From use of money and property	53	53	74	21
Charges for services	312	313	420	107
Miscellaneous	258	259	232	(27)
Total budgetary revenues	17,190	17,190	15,103	(2,087)
BUDGETARY EXPENDITURES:				
Public safety - Public Works	12,235	12,328	11,966	362
Community development - Public Works	5,836	5,846	5,629	217
Total budgetary expenditures	18,071	18,174	17,595	579
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General fund	3,945	4,173	4,173	-
Special revenue funds	4	-	-	-
Internal service funds	61	61	61	-
Transfers out:				
General fund	(2,653)	(2,656)	(2,656)	-
Internal service funds	(50)	(250)	(250)	-
Special revenue funds	-	(10)	(10)	-
Other	-	-	19	19
Total other financing sources (uses)	1,307	1,318	1,337	19
Net change in budgetary fund balance	426	334	(1,155)	(1,489)
BUDGETARY FUND BALANCE, beginning of year	6,983	6,983	6,983	-
BUDGETARY FUND BALANCE, end of year	\$ 7,409	7,317	5,828	(1,489)
Reconciliation of Budgetary Basis to GAAP Basis:				
Use of money and property (Schedule 11)	\$ 53	53	74	21
Current year fair value adjustment	-	-	48	48
Use of money and property (Schedule 8)	53	53	122	69
Cumulative fair value adjustments of prior periods	-	-	(29)	(29)
BUDGETARY FUND BALANCE, end of year	7,409	7,317	5,828	(1,489)
Total adjustments	-	-	19	19
FUND BALANCE, end of year	\$ 7,409	7,317	5,847	(1,470)

SPECIAL REVENUE FUND - Housing

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

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BUDGETARY REVENUES:				
From use of money and property	\$ 15	15	2	(13)
Charges for services	5,504	5,862	5,398	(464)
Intergovernmental revenues:				
Federal	30,391	29,034	25,574	(3,460)
Miscellaneous	30	30	165	135
Total budgetary revenues	35,940	34,941	31,139	(3,802)
BUDGETARY EXPENDITURES:				
Community development - Housing	37,181	35,849	33,890	1,959
Total budgetary expenditures	37,181	35,849	33,890	1,959
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General fund	42	91	91	-
Transfers out:				
General fund	(76)	(78)	(78)	-
Total other financing sources (uses)	(34)	13	13	-
Net change in budgetary fund balance	(1,275)	(895)	(2,738)	(1,843)
BUDGETARY FUND BALANCE, beginning of year	4,700	4,700	4,700	
BUDGETARY FUND BALANCE, end of year	\$ 3,425	3,805	1,962	(1,843)

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
INTERNAL SERVICE FUNDS
Combining Statement of Net Position
As of June 30, 2015
(amounts expressed in thousands)

Schedule 13

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 40,366	221	-	-	25,628	66,215
Restricted cash and temporary investments	111	-	1,972	9,354	-	11,437
Investments	-	-	2,000	19,218	-	21,218
Accounts receivable, net	150	-	1	92	3,704	3,947
Due from other governmental units	4	-	-	-	-	4
Inventory	340	-	-	-	-	340
Prepays	72	-	49	7	9	137
Total current assets	41,043	221	4,022	28,671	29,341	103,298
Non-current assets:						
Restricted investments	-	-	500	750	-	1,250
Capital assets:						
Land and construction in progress	30,719	-	-	-	-	30,719
Buildings and other capital assets, net of depreciation	15,789	-	-	-	-	15,789
Total non-current assets	46,508	-	500	750	-	47,758
Total assets	87,551	221	4,522	29,421	29,341	151,056
Deferred outflow of resources						
Deferred outflows related to pensions	1,270	-	-	-	21	1,291
Total deferred outflow of resources	1,270	-	-	-	21	1,291
LIABILITIES						
Current liabilities:						
Accounts payable	3,129	-	35	109	740	4,013
Wages and benefits payable	303	-	-	-	-	303
Unpaid losses, related liabilities and IBNR	-	234	399	1,733	4,340	6,706
Retainage payables	111	-	-	-	-	111
Unearned revenue	-	-	-	-	3,180	3,180
Current portion of surplus distribution payable	-	-	465	400	-	865
Compensated absences	86	-	-	-	-	86
Total current liabilities	3,629	234	899	2,242	8,260	15,264
Non-current liabilities:						
Unpaid losses, related liabilities and IBNR	-	-	153	12,038	-	12,191
Other long term liabilities	4,587	-	-	-	71	4,658
Surplus distribution payable	-	-	1,100	2,149	-	3,249
Compensated absences	1,624	-	-	-	-	1,624
Total non-current liabilities	6,211	-	1,253	14,187	71	21,722
Total liabilities	9,840	234	2,152	16,429	8,331	36,986
Deferred inflows of resources:						
Deferred inflows from pension contributions	547	-	-	-	8	555
Total deferred inflows of resources	547	-	-	-	8	555
NET POSITION						
Net investment in capital assets	46,508	-	-	-	-	46,508
Restricted for self-insurance funds	-	-	500	2,177	-	2,677
Unrestricted	31,926	(13)	1,870	10,815	21,023	65,621
Total net position (deficit)	\$ 78,434	(13)	2,370	12,992	21,023	114,806

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015
(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
OPERATING REVENUES:						
Charges for services	\$ 34,992	-	1,451	4,982	44,219	85,644
Miscellaneous	3	-	-	-	3,678	3,681
Total operating revenues	34,995	-	1,451	4,982	47,897	89,325
OPERATING EXPENSES:						
Personal services	12,757	-	-	-	195	12,952
Contractual services	10,603	-	-	-	3,301	13,904
Materials/supplies	7,226	-	-	-	-	7,226
Depreciation	4,213	-	-	-	-	4,213
Other	134	-	378	573	324	1,409
Claims and premiums	-	-	467	323	40,216	41,006
OPEB cost	-	-	-	-	4,614	4,614
Losses and loss adjustment expenses	-	-	349	3,631	740	4,720
Total operating expenses	34,933	-	1,194	4,527	49,390	90,044
Operating income/(loss)	62	-	257	455	(1,493)	(719)
NON-OPERATING REVENUES/(EXPENSES):						
Interest income	748	-	35	229	502	1,514
Gain/(loss) on sale of capital assets	7	-	-	-	-	7
Total non-operating revenues/(expenses)	755	-	35	229	502	1,521
Income/(loss) before transfers and capital contributions	817	-	292	684	(991)	802
TRANSFERS:						
Transfers in:						
General fund	2,185	-	-	-	601	2,786
Special revenue funds	336	-	-	-	-	336
Fire & rescue levy funds	-	-	-	-	98	98
Transfers out:						
General fund	(2,763)	-	-	-	-	(2,763)
Special revenue funds	(61)	-	-	-	-	(61)
Capital projects funds	(275)	-	-	-	-	(275)
Total transfers	(578)	-	-	-	699	121
Capital contributions	-	-	-	-	-	-
Change in net position	239	-	292	684	(292)	923
NET POSITION, beginning of year	82,625	(13)	2,078	12,308	21,382	118,380
Cumulative effect of change in accounting principle (GASB 68)	(4,430)	-	-	-	(67)	(4,497)
NET POSITION, end of year	\$ 78,434	(13)	2,370	12,992	21,023	114,806

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2015
(amounts expressed in thousands)

Schedule 15

	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	\$ 34,814	-	1,144	4,747	28,798	69,503
Cash received from employees	-	-	-	-	15,756	15,756
Cash received from other entities	151	-	-	19	2,968	3,138
Payments for claims and premiums	-	(10)	(925)	(2,972)	(46,590)	(50,497)
Payments to suppliers for goods and services	(16,709)	-	(376)	(601)	(1,239)	(18,925)
Payments to employees for services	(13,030)	-	-	-	(211)	(13,241)
Net cash provided (used) by operating activities	5,226	(10)	(157)	1,193	(518)	5,734
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Surplus distributions paid	-	-	(158)	(167)	-	(325)
Transfers in	2,521	-	-	-	699	3,220
Transfers out	(3,099)	-	-	-	-	(3,099)
Net cash provided (used) by non-capital financing activities	(578)	-	(158)	(167)	699	(204)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(16,705)	-	-	-	-	(16,705)
Proceeds from the sale of capital assets	7	-	-	-	-	7
Net cash provided (used) by capital and related financing activities	(16,698)	-	-	-	-	(16,698)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from maturities of investments	-	-	800	12,381	-	13,181
Purchases of investments	-	-	-	(10,327)	-	(10,327)
Interest and dividends received on investments	748	-	31	280	440	1,499
Net cash provided (used) by investing activities	748	-	831	2,334	440	4,353
Net increase (decrease) in cash and cash equivalents	(11,302)	(10)	516	3,360	621	(6,815)
CASH AND CASH EQUIVALENTS, beginning of year	51,779	231	1,456	5,994	25,007	84,467
CASH AND CASH EQUIVALENTS, end of year	\$ 40,477	221	1,972	9,354	25,628	77,652
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income/(loss)	\$ 62	-	257	455	(1,493)	(719)
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:						
Depreciation	4,213	-	-	-	-	4,213
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	(31)	-	(306)	(255)	(666)	(1,258)
Inventory	(24)	-	-	-	-	(24)
Prepaid items	1,448	-	5	-	5	1,458
Deferred outflows of resources	(1,270)	-	-	-	(21)	(1,291)
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	123	(10)	8	11	614	746
Unpaid losses and related expenses	-	-	(121)	982	740	1,601
Unearned revenue	-	-	-	-	291	291
Other long term obligations	158	-	-	-	4	162
Deferred inflows from pensions	547	-	-	-	8	555
Total adjustments	5,164	(10)	(414)	738	975	6,453
Net cash provided (used) by operating activities	\$ 5,226	(10)	(157)	1,193	(518)	5,734

Fiduciary & Agency Funds

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

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

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

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - OPEB Master Trust Fund

As of June 30, 2015

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Other Post-Employment Benefits (OPEB) LODA Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ASSETS				
Restricted investments, at fair value	\$ 27,059	25,851	8,797	61,707
Total assets	<u>\$ 27,059</u>	<u>25,851</u>	<u>8,797</u>	<u>61,707</u>
LIABILITIES				
Accounts payable	\$ 2,955	6	626	3,587
Total liabilities	<u>2,955</u>	<u>6</u>	<u>626</u>	<u>3,587</u>
NET POSITION				
Held in trust for OPEB benefits	24,104	25,845	8,171	58,120
Total liabilities and net position	<u>\$ 27,059</u>	<u>25,851</u>	<u>8,797</u>	<u>61,707</u>

FIDUCIARY FUNDS

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

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Other Post-Employment Benefits (OPEB) LODA Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ADDITIONS				
Contributions:				
Employer	\$ 3,590	896	1,474	5,960
Investment income:				
Interest and dividends	597	587	234	1,418
Net appreciation in fair value of investments	(145)	(127)	(148)	(420)
Total investment income	452	460	86	998
Less investment expense	58	60	24	142
Net investment income	394	400	62	856
Total additions	3,984	1,296	1,536	6,816
DEDUCTIONS				
Other post-employment benefit payments	2,952	-	623	3,575
Administrative expenses	2	9	-	11
Total deductions	2,954	9	623	3,586
Change in net position	1,030	1,287	913	3,230
NET POSITION, beginning of year	23,074	24,558	7,258	54,890
NET POSITION, end of year	\$ 24,104	25,845	8,171	58,120

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Private Purpose Trust Funds

As of June 30, 2015

(amounts expressed in thousands)

	Private Purpose Trust Funds			Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	
ASSETS				
Equity in pooled cash and investments	\$ 482	28	289	799
Accounts receivable, net	15	-	1	16
Prepaid items	47	-	-	47
Total assets	<u>\$ 544</u>	<u>28</u>	<u>290</u>	<u>862</u>
LIABILITIES				
Accounts payable	\$ -	-	3	3
Total liabilities	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
NET POSITION				
Held in trust for other purposes	<u>544</u>	<u>28</u>	<u>287</u>	<u>859</u>
Total liabilities and net position	<u>\$ 544</u>	<u>28</u>	<u>290</u>	<u>862</u>

FIDUCIARY FUNDS

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

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Private Purpose Trust Funds			Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	
ADDITIONS				
Contributions:				
Member	\$ -	5	-	5
Total contributions	-	5	-	5
Donations	81	1	94	176
Investment income:				
Interest and dividends	8	1	5	14
Total investment income	8	1	5	14
Net investment income	8	1	5	14
Total additions	89	7	99	195
DEDUCTIONS				
Administrative expenses	92	30	111	233
Total deductions	92	30	111	233
Change in net position	(3)	(23)	(12)	(38)
NET POSITION, beginning of year	547	51	299	897
NET POSITION, end of year	\$ 544	28	287	859

COUNTY OF PRINCE WILLIAM, VIRGINIA
 AGENCY FUNDS
 Combining Statement of Fiduciary Net Position
 As of June 30, 2015
 (amounts expressed in thousands)

Schedule 20

	Special Welfare	Community Services Board Payees	Housing FSS Recipients	Total
ASSETS				
Equity in pooled cash and investments	\$ -	48	456	504
Total assets	\$ -	48	456	504
LIABILITIES				
Deposits and escrows	\$ -	48	456	504
Total liabilities	\$ -	48	456	504

COUNTY OF PRINCE WILLIAM, VIRGINIA
 AGENCY FUNDS

Schedule 21

Combining Statement of Changes In Assets and Liabilities

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
SPECIAL WELFARE				
Equity in pooled cash and investments	\$ 107	132	239	-
Total assets	<u>\$ 107</u>	<u>132</u>	<u>239</u>	<u>-</u>
Deposits and escrows	\$ 107	132	239	-
Total liabilities	<u>\$ 107</u>	<u>132</u>	<u>239</u>	<u>-</u>
COMMUNITY SERVICES BOARD PAYEES				
Equity in pooled cash and investments	\$ 74	638	664	48
Total assets	<u>\$ 74</u>	<u>638</u>	<u>664</u>	<u>48</u>
Deposits and escrows	\$ 74	638	664	48
Total liabilities	<u>\$ 74</u>	<u>638</u>	<u>664</u>	<u>48</u>
HOUSING FSS RECIPIENTS				
Equity in pooled cash and investments	\$ 529	138	211	456
Total assets	<u>\$ 529</u>	<u>138</u>	<u>211</u>	<u>456</u>
Deposits and escrows	\$ 529	138	211	456
Total liabilities	<u>\$ 529</u>	<u>138</u>	<u>211</u>	<u>456</u>
TOTAL AGENCY FUNDS				
Equity in pooled cash and investments	\$ 710	908	1,114	504
Total assets	<u>\$ 710</u>	<u>908</u>	<u>1,114</u>	<u>504</u>
Deposits and escrows	\$ 710	908	1,114	504
Total liabilities	<u>\$ 710</u>	<u>908</u>	<u>1,114</u>	<u>504</u>

**DISCRETELY PRESENTED
COMPONENT UNIT**

Adult Detention Center

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER
Combining Balance Sheet
As of June 30, 2015
(amounts expressed in thousands)

Schedule 22

	General Operating	Capital Projects	Totals
ASSETS			
Equity in pooled cash and investments	\$ 7,406	3,000	10,406
Accounts receivable, net	-	-	-
Due from other governmental units	1,992	-	1,992
Total assets	<u>\$ 9,398</u>	<u>3,000</u>	<u>12,398</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 365	-	365
Wages and benefits payable	633	-	633
Total liabilities	<u>998</u>	<u>-</u>	<u>998</u>
FUND BALANCES:			
Committed	-	3,000	3,000
Assigned	907	-	907
Unassigned	7,493	-	7,493
Total fund balances	<u>8,400</u>	<u>3,000</u>	<u>11,400</u>
Total liabilities and fund balances	<u>\$ 9,398</u>	<u>3,000</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	65,477
GASB 68 requires that deferred inflow and outflows of resources be reported	
Deferred outflow from pension contributions	2,645
Deferred inflows from pension contributions	(1,196)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Other long term liabilities	(9,946)
Compensated absences	(3,201)
Net position of governmental activities	<u>\$ 65,179</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015
(amounts expressed in thousands)

Schedule 23

	Governmental Fund Types		Totals
	General Operating	Capital Projects	
REVENUES:			
From use of money and property	\$ 110	-	110
Charges for services	533	-	533
Intergovernmental revenues:			
Federal	338	-	338
State	10,319	-	10,319
Local	30,356	-	30,356
Miscellaneous	79	-	79
Total revenues	<u>41,735</u>	<u>-</u>	<u>41,735</u>
EXPENDITURES:			
Public safety	41,124	-	41,124
Total expenditures	<u>41,124</u>	<u>-</u>	<u>41,124</u>
Excess (deficiency) of revenues over (under) expenditures	611	-	611
OTHER FINANCING SOURCES (USES):			
Transfers in	-	40	40
Transfers out	(40)	-	(40)
Sale of surplus property	15	-	15
Total other financing sources (uses)	<u>(25)</u>	<u>40</u>	<u>15</u>
Net change in fund balances	586	40	626
FUND BALANCES, beginning of year	<u>7,814</u>	<u>2,960</u>	
FUND BALANCES, end of year	<u>\$ 8,400</u>	<u>3,000</u>	

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Add capital acquisitions	
Subtract depreciation expense	(2,354)
Subtract net book value of assets removed from service	(3)
Gasb 68 requires reporting deferred inflows and outflow of resources	
Add current year's deferred outflow of resources-pension	2,645
Subtract current year's deferred inflow or resources-pension	(1,196)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Subtract current year's other long term liabilities-pension	(9,946)
Add prior year's compensated absences liability	3,136
Subtract current year's compensated absences liability	(3,201)
Cumulative effect due to change in accounting principal (GASB 68)	9,677
Change in Adult Detention Center net position	<u>\$ (616)</u>

DISCRETELY PRESENTED COMPONENT UNIT - Adult Detention Center (General Operating Fund)

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

For the Year Ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		2015 Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From use of money and property	\$ -	-	110	110
Charges for services	663	663	533	(130)
Intergovernmental revenues:				
Federal	483	401	338	(63)
State	9,637	9,637	10,319	682
From other localities:				
Manassas	2,993	3,187	4,058	871
Manassas Park	376	376	890	514
Prince William County	23,978	25,518	25,408	(110)
Miscellaneous	57	57	79	22
Total revenues	38,187	39,839	41,735	1,896
EXPENDITURES:				
Public safety - Adult Detention	46,175	43,174	41,124	2,050
Total expenditures	46,175	43,174	41,124	2,050
OTHER FINANCING SOURCES (USES):				
Transfers out:				
Capital projects funds	(40)	(40)	(40)	-
Sale of surplus property	-	-	15	15
Total other financing sources (uses)	(40)	(40)	(25)	15
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(8,028)	(3,375)	586	3,961
FUND BALANCE, beginning of year	7,814	7,814	7,814	-
FUND BALANCE, end of year	\$ (214)	4,439	8,400	3,961

DEBT OBLIGATIONS

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

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2015					Total Outstanding (Not Matured) at June 30, 2015	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
General Obligation Bonds:												
2002 Referendum	42,795	22,085	12-Jun-07	--	1,106	--	--	--	1,106	5.00	1,106	2016
		15,755	6-Aug-08	--	3,152	--	--	--	3,152	3.75 4.00	788 788	2016 thru 2017 2018 thru 2019
		4,955	29-Jul-10	--	2,751	--	--	--	2,751	4.00 3.00 5.00 3.00	551 550 550 550	2016 2017 thru 2018 2019 2020
2002 Referendum Total	<u>\$ 42,795</u>	<u>42,795</u>		<u>--</u>	<u>7,009</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,009</u>			
2006 Referendum:	\$ 369,550	10,370	12-Jun-07	--	519	--	--	--	519	5.00	519	2016
		31,175	6-Aug-08	--	5,368	--	880	--	6,248	3.75 4.00	1,562 1,562	2016 thru 2017 2018 thru 2019
		3,775	29-Jul-10	--	2,099	--	--	--	2,099	4.00 3.00 5.00 3.00	419 420 420 420	2016 2017 thru 2018 2019 2020
Taxable - Local Build America Bonds		10,670	29-Jul-10	--	10,670	--	--	--	10,670	3.68 4.28 4.28 5.31	1,000 960 965 970	2021 2022 2023 thru 2026 2027 thru 2031
		28,635	31-Jul-13	--	23,793	--	3,407	--	27,200	5.00 5.00 3.00 4.00 3.63 4.50 4.00 4.50	1,435 1,430 1,430 1,430 1,430 1,430 1,430 1,430	2016 thru 2021 2022 thru 2024 2025 2026 thru 2027 2028 2029 thru 2031 2032 2033 thru 2034
2006 Referendum Total	<u>\$ 369,550</u>	<u>84,625</u>		<u>--</u>	<u>42,449</u>	<u>--</u>	<u>4,287</u>	<u>--</u>	<u>46,736</u>			
School Bonds	\$ 25,760	25,760	1-May-95	--	--	--	--	1,285	1,285	5.98	1,285	2016
	19,900	19,900	1-Apr-97	--	--	--	--	2,985	2,985	5.60	995	2016 thru 2018
	9,850	9,850	30-Apr-99	--	--	--	--	1,960	1,960	5.10	490	2016 thru 2019
	11,930	11,930	13-May-99	--	--	--	--	2,975	2,975	5.10 5.23	595 595	2016 thru 2018 2019 thru 2020
	33,650	33,650	18-May-00	--	--	--	--	10,080	10,080	5.60	1,680	2016 thru 2021
	48,175	48,175	17-May-01	--	--	--	--	16,845	16,845	5.10 5.10	2,410 2,405	2016 thru 2017 2018 thru 2022

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2015

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2015												
	Authorized	Issued	Date Issued	General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt	Total Outstanding (Not Matured) at June 30, 2015	Interest Rate (%)	Maturing Annually		
											Amount	Fiscal Year	
General Obligation (cont'd):	52,660	52,660	16-May-02	--	--	--	--	21,040	21,040	5.10	2,630	2016 thru 2023	
School Bonds (cont'd)	80,675	80,675	15-May-03	--	--	--	--	36,290	36,290	5.10	4,035	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	--	--	--	--	24,395	24,395	5.10	2,440	2016 thru 2024	
										5.10	2,435	2025	
	62,320	62,320	12-May-05	--	--	--	--	34,265	34,265	5.10	3,115	2016 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	--	--	--	--	36,960	36,960	5.10	3,080	2016 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	--	--	--	--	42,225	42,225	5.10	3,250	2016 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	--	--	--	--	32,120	32,120	5.10	2,295	2016 thru 2027	
										5.10	2,290	2028	
										4.60	2,290	2029	
	51,020	51,020	15-May-09	--	--	--	--	38,250	38,250	5.05	2,550	2016 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	--	--	--	--	7,980	7,980	5.05	3,990	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	

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2015					Total Outstanding (Not Matured) at June 30, 2015	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
Direct Payment Qualified School Construction Bonds ^A	9,800	9,685	8-Jul-10	--	--	--	--	6,840	6,840	-	570	2016 thru 2027
	51,200	46,445	4-Aug-11	--	--	--	--	39,470	39,470	4.00	2,325	2016
										5.00	2,325	2017
										2.25	2,325	2018
										5.00	2,325	2019
										3.00	2,325	2020
										5.00	2,325	2021
										2.75	2,320	2022
										3.00	2,320	2023 thru 2024
										3.25	2,320	2025
										3.38	2,320	2026
										3.50	2,320	2027 thru 2028
										4.00	2,320	2029 thru 2032
	79,600	65,675	1-Aug-12	--	--	--	--	59,105	59,105	5.00	3,285	2016 thru 2024
										4.50	3,285	2025 thru 2028
										4.50	3,280	2029 thru 2033
	69,280	59,990	31-Jul-13	--	--	--	--	56,990	56,990	5.00	3,000	2016 thru 2029
										4.50	3,000	2030 thru 2032
										4.50	2,995	2033 thru 2034
	91,910	82,545	23-Sep-14	--	--	--	--	82,545	82,545	4.00	4,130	2016 thru 2018
										5.00	4,130	2019 thru 2024
										5.00	4,125	2025
										3.00	4,125	2026
										2.50	4,125	2027
										3.00	4,125	2028
										3.25	4,125	2029 thru 2030
										3.50	4,125	2031
										3.00	4,125	2032
										3.50	4,125	2033
										3.00	4,125	2034 thru 2035
Total School Bonds	\$ 1,003,695	\$ 961,925		--	--	--	--	611,050	611,050			
Refunding Bonds	47,175	47,175	1-Sep-04	912	--	--	--	3,763	4,675	5.00	3,685	2016
										4.13	990	2021
	50,000	48,260	29-Jul-10	--	37,710	--	2,655	3,500	43,865	4.00	4,115	2016
										3.00	770	2017
										5.00	5,000	2017
										3.00	780	2018
										5.00	5,000	2018
										5.00	6,190	2019
										3.00	5,895	2020
										4.00	710	2020
										2.75	4,845	2021
										4.00	1,700	2022
										5.00	3,100	2022
										5.00	3,830	2023
										5.00	1,930	2024
	59,000	35,550	29-Feb-12	--	34,135	--	1,415	--	35,550	4.00	1,650	2020
										4.00	3,295	2021
										4.00	3,275	2022
										4.00	3,695	2023
										5.00	5,590	2024
										5.00	6,610	2025
										5.00	3,695	2026
										5.00	3,690	2027
										5.00	2,025	2028 thru 2029

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2015					Total Outstanding (Not Matured) at June 30, 2015	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
Refunding Bonds (cont'd)												
Taxable Bonds	26,000	16,035	29-Feb-12	--	4,223	--	712	10,325	15,260	0.53	1,465	2016
										1.12	5,010	2017
										1.42	4,815	2018
										1.73	2,010	2019
										1.93	1,960	2020
State Literary Fund Loans:												
Benton Middle School	5,000	5,000	1-Jul-02	--	--	--	--	2,000	2,000	4.00	250	2016 thru 2023
IDA Lease Revenue Bond - Refunding American Type Culture Collection (ATCC) Building	10,690	10,690	10-May-05	3,345	--	--	--	--	3,345	5.25	1,055	2016
										5.25	1,115	2017
										5.25	1,175	2018
Total General Obligation and Revenue Bonds	\$ 1,613,905	1,252,055		4,257	125,526	--	9,069	630,638	769,490			
Capital Leases:												
2005 VRA - Spicer Fire Station	\$ 3,300	3,300	8-Jun-05	110	--	--	--	--	110	4.69	110	2016
2006 VRA - Transportation	21,240	21,240	7-Dec-05	--	1,060	--	--	--	1,060	4.79	1,060	2016
2006 VRA - River Oaks Fire Station	5,000	5,000	29-Nov-06	500	--	--	--	--	500	4.66	250	2016
										4.70	250	2017
2006A COP - Adult Detention Center	34,505	34,505	1-Aug-06	--	--	3,450	--	--	3,450	4.00	1,725	2016
										4.50	1,725	2017
2007 VRA - Roads	14,795	14,795	7-Jun-07	--	2,220	--	--	--	2,220	4.49	740	2016
										4.72	740	2017
										4.10	740	2018
2007 VRA - Antioch Fire Station	5,275	5,275	7-Jun-07	790	--	--	--	--	790	4.80	265	2016 thru 2017
										4.10	260	2018
2008 VRA - Roads	6,255	6,255	19-Jun-08	--	1,260	--	--	--	1,260	4.61	315	2016
										4.65	315	2017
										4.69	315	2018
										4.72	315	2019
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	900	--	--	--	--	900	4.59	225	2016
										5.63	225	2017
										4.67	225	2018
										4.71	225	2019
2009 VRA - Roads	37,945	37,945	19-Jun-08	--	9,495	--	--	--	9,495	5.13	1,900	2016 thru 2019
										5.13	1,895	2020
Refunding LPC	15,550	15,550	19-Oct-05	3,980	--	--	--	--	3,980	4.00	965	2016
										4.00	555	2017
										4.13	580	2018
										4.00	600	2019
										4.25	625	2020
										4.25	655	2021

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2015

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2015					Total Outstanding (Not Matured) at June 30, 2015	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
Capital Leases (cont'd):												
Fire Engine Lease Gainesville Fire Station	656	656	2-Nov-08	107	--	--	--	--	107	5.26	107	2016
Refunding LPC - Judicial Center	18,500	16,025	6-Oct-10	11,355	--	--	--	--	11,355	2.00	1,525	2016
										4.00	3,305	2017
										3.50	2,770	2019
										5.00	500	2019
										5.00	3,255	2021
Refunding VRA Yorkshire Fire Station	3,000	2,780	2-Nov-10	2,145	--	--	--	--	2,145	3.43	230	2016
										4.39	240	2017
										5.10	250	2018
										3.11	260	2019
										5.10	270	2020
										5.10	285	2021
										3.53	300	2022
										5.10	310	2023
Refunding VRA Western District Police	16,000	13,165	2-Nov-10	10,140	--	--	--	--	10,140	3.42	1,085	2016
										4.40	1,130	2017
										5.10	1,180	2018
										3.14	1,230	2019
										5.10	1,280	2020
										5.10	1,350	2021
										3.54	1,410	2022
										5.10	1,475	2023
Refunding VRA Nokesville Fire Station	3,000	2,180	2-Nov-10	1,955	--	--	--	--	1,955	5.10	225	2016
										4.10	225	2017
										5.10	215	2018 thru 2024
Refunding VRA Spriggs Road	10,100	10,095	27-Jun-12	--	10,010	--	--	--	10,010	4.13	1,010	2017
										4.82	1,005	2018
										5.13	1,005	2019
										5.13	1,000	2020 thru 2024
										4.83	995	2025
										4.82	995	2026
Refunding VRA Nokesville Fire Station	900	880	27-Jun-12	780	--	--	--	--	780	3.13	90	2016
										4.13	90	2017 thru 2018
										5.13	85	2019 thru 2024
Refunding COP	50,000	35,206	26-Mar-13	18,381	--	16,505	319	--	35,205	3.00	1,960	2016
										3.00	1,925	2017
										4.00	3,615	2018
										4.00	3,575	2019
										4.00	3,535	2020
										5.00	3,510	2021
										5.00	3,500	2022
										5.00	3,495	2023
										5.00	3,500	2024
										5.00	3,510	2025
										5.00	1,540	2026 thru 2027
Equipment Lease - Parks and Recreation	1,309	1,309	14-Jul-11	--	--	--	325	--	325	1.87	215	2016
										1.87	110	2017
Refunding VRA Spricer Fire Station	880	880	5-Nov-14	880	--	--	--	--	880	2.98	105	2017
										5.13	100	2018
										5.13	95	2019 thru 2020
										4.44	95	2021
										5.13	95	2022
										5.13	100	2023
										3.81	100	2024
5.13	95	2025										

Governmental Funds

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2015

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2015					Total Outstanding (Not Matured) at June 30, 2015	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
Capital Leases (cont'd):												
Refunding VRA River Oaks Fire Station	2,330	2,330	5-Nov-14	2,330	--	--	--	--	2,330	5.13	235	2018 thru 2020
										4.42	235	2021
										5.13	235	2022 thru 2023
										3.87	230	2024
										5.13	230	2025 thru 2026
										4.82	230	2027
Refunding VRA Antioch Fire Station	2,215	2,215	5-Nov-14	2,215	--	--	--	--	2,215	5.13	250	2019 thru 2020
										4.43	245	2021
										5.13	245	2022 thru 2023
										3.88	245	2024
										5.13	245	2025 thru 2026
										4.84	245	2027
Refunding VRA Roads	6,245	6,245	5-Nov-14	--	6,245	--	--	--	6,245	5.13	700	2019 thru 2020
										4.42	695	2021
										5.13	695	2022
										5.13	690	2023
										3.91	690	2024
										5.13	690	2025 thru 2026
										4.82	695	2027
Refunding VRA Birchdale Fire Station	2,140	2,140	5-Nov-14	2,140	--	--	--	--	2,140	5.13	220	2020
										4.43	215	2021
										5.13	215	2022 thru 2023
										3.90	215	2024
										5.13	215	2025 thru 2026
										4.84	210	2027 thru 2029
Refunding VRA Roads	3,010	3,010	5-Nov-14	--	3,010	--	--	--	3,010	5.13	310	2020
										4.42	305	2021
										5.13	300	2022 thru 2023
										3.87	300	2024
										5.13	300	2025 thru 2026
										4.81	300	2027
										4.83	300	2028
										4.84	295	2029
Refunding VRA Roads	29,925	18,855	5-Nov-14	--	18,855	--	--	--	18,855	5.13	5	2017 thru 2020
										4.42	1,890	2021
										5.13	1,885	2022
										5.13	1,895	2023
										3.90	1,885	2024
										5.13	1,880	2025
										5.13	1,885	2026
										4.83	1,885	2027
										4.82	1,885	2028
										4.82	1,880	2029
										3.43	1,865	2030
Total Capital Leases	\$ 298,530	266,291		58,708	52,155	19,955	644	--	131,462			
Total General Obligation, Capital Leases and Other Long-Term Debt	\$ 1,912,435	1,518,346		62,965	177,681	19,955	9,713	630,638	900,952			

A - Qualified School Construction Bonds (QSCB) are authorized by the federal government through the American Recovery and Reinvestment Act (ARRA) of 2009. The bonds provided reimbursement of interest paid by a credit from the US Treasury via VPSA.

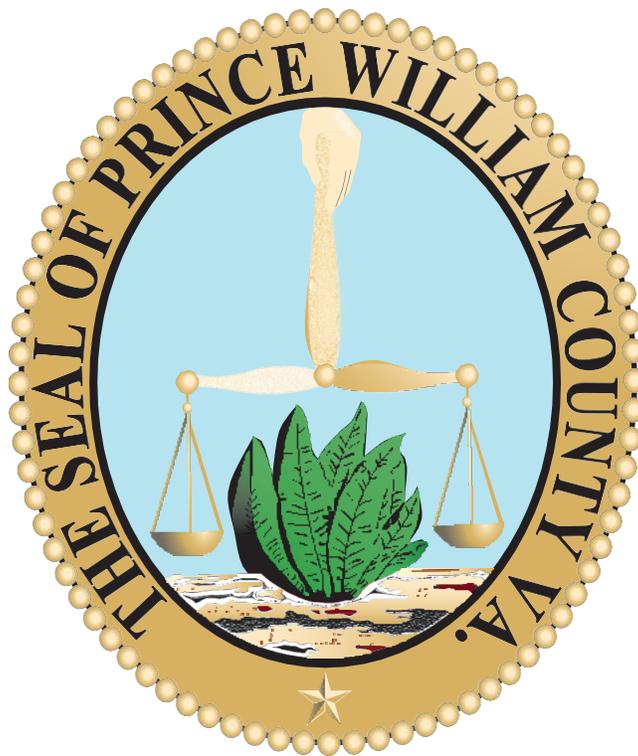
PROPRIETARY FUNDS

Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2015

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2015					Total Outstanding (Not Matured) at June 30, 2015	Interest Rate (%)	Maturing Annually	
	Authorized	Issued	Date Issued	Landfill	Parks & Recreation			Amount	Fiscal Year
Revenue Bonds:									
Refunding Bonds	\$ 19,000	13,285	14-Apr-10	--	10,555	10,555	3.00	590	2016
							4.00	610	2017
							4.00	630	2018
							4.00	650	2019
							4.00	680	2020
							3.50	715	2021
							3.75	730	2022
							3.88	760	2023
							4.00	790	2024
							4.00	815	2025
							4.00	850	2026
							4.00	880	2027
							4.00	910	2028
							4.13	945	2029
Total Revenue Bonds	\$ 19,000	13,285		--	10,555	10,555			
Capital Leases:									
Equipment Leases		952	14-Jul-11	--	295	295	1.87	196	2016
							1.87	99	2017
Total Capital Leases	\$ 952	952		--	295	295			
Total Capital Leases and Other Long-Term Debt	\$ 19,952	14,237		--	10,850	10,850			



STATISTICAL SECTION

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

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

Contents	Page
Financial Trends	184
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	191
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	202
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	209
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	211
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	224
These schedules present other information useful to certain readers of the County's financial statements.	

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 1 - Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2006	2007	2008 ^c	2009	2010
Governmental activities:					
Net Investment in capital assets	\$ 181,314	\$ 176,505	\$ 228,235	\$ 252,588	\$ 308,128
Restricted	80,709	127,372	97,828	126,792	79,067
Unrestricted	<u>(456,650)</u>	<u>(557,515)</u>	<u>(572,351)</u>	<u>(637,188)</u>	<u>(586,903)</u>
Total governmental activities net position	<u>\$ (194,627)</u>	<u>\$ (253,638)</u>	<u>\$ (246,288)</u>	<u>\$ (257,808)</u>	<u>\$ (199,708)</u>
Business-type activities:					
Net Investment in capital assets	\$ 19,534	\$ 20,316	\$ 21,238	\$ 22,020	\$ 23,790
Unrestricted	<u>5,246</u>	<u>1,784</u>	<u>6,345</u>	<u>7,411</u>	<u>12,253</u>
Total business-type activities net position	<u>\$ 24,780</u>	<u>\$ 22,100</u>	<u>\$ 27,583</u>	<u>\$ 29,431</u>	<u>\$ 36,043</u>
Primary government:					
Net Investment in capital assets	\$ 200,848	\$ 196,821	\$ 249,473	\$ 274,608	\$ 331,918
Restricted	80,709	127,372	97,828	126,792	79,067
Unrestricted	<u>(451,404)</u>	<u>(555,731)</u>	<u>(566,006)</u>	<u>(629,777)</u>	<u>(574,650)</u>
Total primary government net position	<u>\$ (169,847)</u>	<u>\$ (231,538)</u>	<u>\$ (218,705)</u>	<u>\$ (228,377)</u>	<u>\$ (163,665)</u>
Component units:^a					
Net Investment in capital assets	\$ 760,726	\$ 849,253	\$ 959,640	\$ 1,021,548	\$ 1,087,841
Restricted	93,803	150,427	111,676	90,441	90,969
Unrestricted	<u>85,543</u>	<u>105,568</u>	<u>85,760</u>	<u>126,805</u>	<u>146,002</u>
Total component units net position	<u>\$ 940,072</u>	<u>\$ 1,105,248</u>	<u>\$ 1,157,076</u>	<u>\$ 1,238,794</u>	<u>\$ 1,324,812</u>
Total reporting entity:					
Net Investment in capital assets ^b	\$ 573,997	\$ 611,788	\$ 728,795	\$ 777,478	\$ 887,366
Restricted ^b	82,914	130,976	98,566	126,792	79,067
Unrestricted	<u>113,314</u>	<u>130,946</u>	<u>111,010</u>	<u>106,147</u>	<u>194,714</u>
Total reporting entity net position	<u>\$ 770,225</u>	<u>\$ 873,710</u>	<u>\$ 938,371</u>	<u>\$ 1,010,417</u>	<u>\$ 1,161,147</u>

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

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

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

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

2011	2012 ^d	2013	2014	2015	
\$ 309,109	\$ 370,247	\$ 405,803	\$ 432,016	\$ 459,442	Governmental activities:
102,590	103,323	116,177	140,516	159,366	Net Investment in capital assets
(540,498)	(513,067)	(572,683)	(620,271)	(753,856)	Restricted
\$ <u>(128,799)</u>	\$ <u>(39,497)</u>	\$ <u>(50,703)</u>	\$ <u>(47,739)</u>	\$ <u>(135,048)</u>	Unrestricted
					Total governmental activities net position
\$ 28,333	\$ 37,030	\$ 36,810	\$ 37,943	\$ 44,021	Business-type activities:
9,506	5,675	(146)	3,818	(5,808)	Net Investment in capital assets
\$ <u>37,839</u>	\$ <u>42,705</u>	\$ <u>36,664</u>	\$ <u>41,761</u>	\$ <u>38,213</u>	Unrestricted
					Total business-type activities net position
\$ 337,442	\$ 407,277	\$ 442,613	\$ 469,959	\$ 503,463	Primary government:
102,590	103,323	116,177	140,516	159,366	Net Investment in capital assets
(530,992)	(507,392)	(572,829)	(616,453)	(759,664)	Restricted
\$ <u>(90,960)</u>	\$ <u>3,208</u>	\$ <u>(14,039)</u>	\$ <u>(5,978)</u>	\$ <u>(96,835)</u>	Unrestricted
					Total primary government net position
\$ 1,161,881	\$ 1,149,459	\$ 1,195,075	\$ 1,247,771	\$ 1,326,687	Component units: ^a
39,134	34,791	43,091	50,515	66,882	Net Investment in capital assets
139,408	111,523	114,809	114,162	(737,984)	Restricted
\$ <u>1,340,423</u>	\$ <u>1,295,773</u>	\$ <u>1,352,975</u>	\$ <u>1,412,448</u>	\$ <u>655,585</u>	Unrestricted
					Total component units net position
\$ 928,973	\$ 975,195	\$ 1,051,232	\$ 1,121,735	\$ 1,222,302	Total reporting entity:
118,527	115,407	139,850	168,908	183,503	Net Investment in capital assets ^b
201,963	212,308	147,854	115,827	(847,055)	Restricted ^b
\$ <u>1,249,463</u>	\$ <u>1,302,910</u>	\$ <u>1,338,936</u>	\$ <u>1,406,470</u>	\$ <u>558,750</u>	Unrestricted
					Total reporting entity net position

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government:										
Expenses										
Governmental activities:										
General government administration	\$ 38,146	\$ 38,452	\$ 40,289	\$ 41,470	\$ 37,377	\$ 45,435	\$ 40,151	\$ 37,932	\$ 34,857	\$ 34,865
Judicial administration	17,130	18,097	19,260	19,004	17,471	18,157	18,222	19,524	20,060	20,581
Public safety	176,300	247,862	194,468	210,257	197,928	205,341	215,366	234,880	238,965	243,870
Public works	73,149	90,004	94,042	124,491	54,892	48,819	55,538	72,924	91,874	88,390
Health and welfare	65,580	70,062	75,112	75,163	74,268	76,664	75,217	75,909	76,638	81,711
Education	386,995	413,349	403,396	434,797	440,443	368,236	406,022	463,154	461,676	513,087
Parks, recreational and cultural	31,479	36,114	37,291	35,793	38,347	33,728	54,934	34,077	36,059	37,150
Community development	50,363	45,225	45,474	49,100	49,524	50,227	52,318	53,726	59,129	64,674
Interest on long-term debt	33,684	40,074	41,526	41,868	44,253	44,095	43,242	43,086	47,553	45,104
Pension										(12,502)
Total governmental activities expenses	872,826	999,239	950,858	1,031,943	954,503	890,702	961,010	1,035,212	1,066,811	1,116,930
Business-type activities:										
Landfill	13,885	14,461	14,955	12,181	10,724	15,804	16,734	15,832	17,327	17,337
Parks and Recreation	--	--	--	--	--	--	15,927	19,729	14,793	14,865
Innovation Technology Park	157	949	209	242	49	48	48	60	75	405
Total business-type activities expenses	14,042	15,410	15,164	12,423	10,773	15,852	32,709	35,621	32,195	32,607
Total primary government expenses	\$ 886,868	\$ 1,014,649	\$ 966,022	\$ 1,044,366	\$ 965,276	\$ 906,554	\$ 993,719	\$ 1,070,833	\$ 1,099,006	\$ 1,149,537
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 513	\$ 539	\$ 570	\$ 678	\$ 554	\$ 554	\$ 597	\$ 590	\$ 571	\$ 568
Judicial administration	7,213	5,577	4,796	4,695	4,234	4,160	4,548	4,929	4,079	4,238
Public safety	4,630	6,002	6,412	5,783	6,027	6,646	11,105	12,220	13,177	13,249
Public works	6,692	6,851	8,796	4,669	4,958	5,038	5,054	8,248	8,237	8,725
Health and welfare	1,619	1,751	2,000	1,850	1,429	1,287	1,381	1,345	1,113	1,477
Parks, recreational and cultural	575	553	517	526	520	562	1,807	548	641	580
Community development	17,216	11,121	11,624	10,457	9,564	10,461	15,234	18,973	20,708	20,194
Operating grants and contributions	69,496	74,152	76,200	86,411	90,529	88,851	101,066	77,104	80,159	79,740
Capital grants and contributions	26,259	37,673	31,514	40,183	28,271	46,890	37,115	29,758	42,952	49,288
Total governmental activities program revenues	134,213	144,219	142,429	155,252	146,086	164,449	177,907	153,715	171,637	178,059
Business-type activities:										
Charges for services:										
Landfill	13,296	14,567	14,948	15,840	16,244	17,696	17,213	17,556	18,008	18,805
Parks and Recreation	--	--	--	--	--	--	13,228	10,904	11,783	11,927
Innovation Technology Park	1,416	7,812	2,168	1,373	7	--	990	--	--	64
Capital grants and contributions	--	--	--	27	177	66	57	27	20	--
Total business-type activities program revenues	14,712	22,379	17,116	17,240	16,428	17,762	31,488	28,487	29,811	30,796
Total primary government program revenues	\$ 148,925	\$ 166,598	\$ 159,545	\$ 172,492	\$ 162,514	\$ 182,211	\$ 209,395	\$ 182,202	\$ 201,448	\$ 208,855
Net (Expense)/Revenue										
Governmental activities	\$ (738,613)	\$ (855,020)	\$ (808,429)	\$ (876,691)	\$ (808,417)	\$ (726,253)	\$ (783,103)	\$ (881,497)	\$ (895,174)	\$ (938,871)
Business-type activities	670	6,969	1,952	4,817	5,655	1,910	(1,221)	(7,134)	(2,384)	(1,811)
Total primary government net (expense)/revenue	\$ (737,943)	\$ (848,051)	\$ (806,477)	\$ (871,874)	\$ (802,762)	\$ (724,343)	\$ (784,324)	\$ (888,631)	\$ (897,558)	\$ (940,682)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Real property	\$ 418,990	\$ 461,230	\$ 484,368	\$ 545,021	\$ 509,007	\$ 508,761	\$ 526,885	\$ 551,951	\$ 571,847	\$ 599,802
Personal property	62,368	75,030	77,509	80,642	67,816	72,641	78,338	85,515	96,013	104,060
Local sales	46,649	47,921	46,155	45,055	46,155	49,554	52,003	55,169	56,511	59,709
Consumers utility	26,295	18,522	12,354	12,596	12,840	13,190	13,075	13,490	13,766	13,974
Telecommunications sales and use tax	--	9,533	22,230	20,198	--	--	--	--	--	--
Cable franchise tax	3,431	2,021	--	--	--	--	--	--	--	--
Business, professional and occupational license										
Recordation	23,071	22,809	21,173	19,931	20,269	20,965	21,725	22,913	23,772	24,744
Motor vehicle licenses	22,741	15,143	11,528	10,669	7,813	7,562	8,014	10,277	7,879	8,868
Public safety E-911	6,641	6,534	6,651	6,874	7,221	7,504	7,591	7,877	7,907	8,053
Transient occupancy	2,931	1,536	--	--	--	--	--	--	--	--
Short term rental, bank stock, public utility gross receipts	3,026	3,294	3,389	3,189	3,014	3,169	3,274	3,369	3,096	3,425
Grants and contributions not restricted to specific programs										
Investment earnings	67,359	62,227	62,580	62,765	82,882	82,422	81,503	81,785	81,878	82,278
Insurance claims and recoveries	20,823	31,484	35,361	26,777	31,700	11,754	20,222	(1,558)	26,049	20,548
Gain/(loss) on disposition of capital assets	--	--	(170)	--	--	--	66	100	9	10
Miscellaneous	--	--	--	--	--	--	--	--	--	--
Transfers	26,291	24,720	24,633	24,357	21,954	14,876	10,348	37,530	12,522	19,304
Total governmental activities	57,318	11,961	(789)	4,877	810	1,556	1,527	(376)	(6,337)	465
Total governmental activities	790,085	796,009	808,962	865,171	814,142	797,162	827,651	871,015	898,138	948,532

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Taxes										
Grants and contributions not restricted to specific programs	--	--	--	1	--	--	--	--	--	--
Investment earnings	712	1,272	1,228	1,003	928	343	513	(99)	307	389
Gain/(loss) on disposition of capital assets	--	--	--	(141)	--	--	--	--	--	--
Miscellaneous	764	1,040	1,514	1,045	839	1,099	794	816	837	979
Transfers	(4,825)	(11,961)	789	(4,877)	(810)	(1,556)	(1,527)	376	6,337	(465)
Total business-type activities	(3,349)	(9,649)	3,531	(2,969)	957	(114)	(220)	1,093	7,481	903
Total primary government	\$ 786,736	\$ 786,360	\$ 812,493	\$ 862,202	\$ 815,099	\$ 797,048	\$ 827,431	\$ 872,108	\$ 905,619	\$ 949,435
Change in Net Position										
Governmental activities	\$ 51,472	\$ (59,011)	\$ 533	\$ (11,520)	\$ 5,725	\$ 70,909	\$ 44,548	\$ (10,482)	\$ 2,964	\$ 9,661
Cumulative effect in change in accounting principle (GASB 68)- Gov't Activities	--	--	--	--	--	--	--	--	--	(96,970)
Business-type activities	(2,679)	(2,680)	5,483	1,848	6,612	1,796	(1,441)	(6,041)	5,097	(908)
Cumulative effect in change in accounting principle (GASB 68)- Business-type Activities	--	--	--	--	--	--	--	--	--	(2,640)
Total primary government	\$ 48,793	\$ (61,691)	\$ 6,016	\$ (9,672)	\$ 12,337	\$ 72,705	\$ 43,107	\$ (16,523)	\$ 8,061	\$ (90,857)
Component Units: ^a										
Expenses										
School Board	\$ 709,940	\$ 797,465	\$ 854,175	\$ 879,594	\$ 879,024	\$ 885,979	\$ 945,026	\$ 982,546	\$ 998,911	\$ 1,046,510
Adult Detention Center	26,265	30,075	36,428	37,479	44,635	30,816	39,719	46,030	44,629	42,366
Park Authority	27,806	29,401	31,416	30,749	29,754	29,517	--	--	--	--
Convention & Visitors Bureau	--	--	--	--	--	--	1,183	1,253	1,188	1,288
Total component unit expenses	\$ 764,011	\$ 856,941	\$ 922,019	\$ 947,822	\$ 953,413	\$ 946,312	\$ 985,928	\$ 1,029,829	\$ 1,044,728	\$ 1,090,164
Program Revenues										
Charges for services	\$ 31,784	\$ 33,552	\$ 35,946	\$ 36,270	\$ 34,948	\$ 35,144	\$ 23,551	\$ 24,230	\$ 24,087	\$ 23,795
Operating grants and contributions	93,688	103,107	109,227	117,803	120,782	144,496	144,394	146,617	149,565	158,349
Capital grants and contributions	1,598	990	4,540	4,395	4,863	209	98	113	108	116
Total component unit program revenues	\$ 127,070	\$ 137,649	\$ 149,713	\$ 158,468	\$ 160,593	\$ 179,849	\$ 168,043	\$ 170,960	\$ 173,760	\$ 182,260
General Revenues and Other										
Changes in Net Position										
Payment from primary government	\$ 476,726	\$ 575,240	\$ 505,409	\$ 538,853	\$ 544,019	\$ 469,759	\$ 497,540	\$ 556,524	\$ 560,412	\$ 615,939
Grants and contributions not restricted to specific programs	257,076	293,972	307,491	323,233	324,506	306,261	324,278	354,051	359,939	373,325
Investment earnings	5,994	10,772	9,389	6,856	5,367	4,358	3,287	1,892	3,261	3,125
Loss on disposal of capital assets	--	--	(17)	--	--	--	--	--	--	4
Miscellaneous	3,235	4,484	1,862	2,130	1,812	1,696	2,758	3,604	6,829	3,216
Total general revenues and other changes in net position	\$ 743,031	\$ 884,468	\$ 824,134	\$ 871,072	\$ 875,704	\$ 782,074	\$ 827,863	\$ 916,071	\$ 930,441	\$ 995,609
Cumulative effect in change in accounting principle (GASB 68)	--	--	--	--	--	--	--	--	--	(844,568)
Total component unit change in net position	\$ 106,090	\$ 165,176	\$ 51,828	\$ 81,718	\$ 82,884	\$ 15,611	\$ 9,978	\$ 57,202	\$ 59,473	\$ (756,863)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years

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

	2006	2007	2008	2009	2010
General Fund:					
Non-spendable	\$ 689	\$ 381	\$ 324	\$ 293	\$ 201
Restricted	1,534	1,597	1,861	1,559	1,321
Committed	67,313	68,070	59,181	95,532	99,627
Assigned	5,947	8,378	7,331	4,311	3,780
Unassigned	58,462	61,666	63,228	67,187	63,948
Total general fund	<u>133,945</u>	<u>140,092</u>	<u>131,925</u>	<u>168,882</u>	<u>168,877</u>
Capital Projects:					
Non-spendable	--	--	23	34	34
Restricted	39,189	77,160	32,911	55,992	8,550
Committed	95,576	87,835	104,452	87,102	111,574
Total capital projects	<u>134,765</u>	<u>164,995</u>	<u>137,386</u>	<u>143,128</u>	<u>120,158</u>
Fire & Rescue Levy:					
Restricted					
Total non-major special revenue funds					
Non-major Special Revenue Funds:					
Non-spendable	--	--	--	--	--
Restricted	38,935	47,502	61,807	67,497	67,339
Total non-major special revenue funds	<u>\$ 38,935</u>	<u>\$ 47,502</u>	<u>\$ 61,807</u>	<u>\$ 67,497</u>	<u>\$ 67,339</u>

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

2011	2012	2013 ^a	2014	2015	
					General Fund:
\$ 224	\$ 229	\$ 299	\$ 222	\$ 178	Non-spendable
1,369	1,274	2,101	3,693	13,224	Restricted
113,811	90,209	81,114	67,735	58,692	Committed
7,570	7,073	8,137	6,442	29,847	Assigned
<u>62,422</u>	<u>64,457</u>	<u>67,075</u>	<u>69,669</u>	<u>73,055</u>	Unassigned
<u>185,396</u>	<u>163,242</u>	<u>158,726</u>	<u>147,761</u>	<u>174,996</u>	Total general fund
					Capital Projects:
34	199	34	240	232	Non-spendable
26,798	21,633	--	--	--	Restricted
<u>109,413</u>	<u>87,301</u>	<u>102,692</u>	<u>102,106</u>	<u>56,783</u>	Committed
<u>136,245</u>	<u>109,133</u>	<u>102,726</u>	<u>102,346</u>	<u>57,015</u>	Total capital projects
					Fire & Rescue Levy:
		66,893	77,831	86,617	Restricted
		<u>66,893</u>	<u>77,831</u>	<u>86,617</u>	Total non-major special revenue funds
					Non-major Special Revenue Funds:
	--	30	--	--	Non-spendable
	<u>77,568</u>	<u>16,895</u>	<u>18,472</u>	<u>16,766</u>	Restricted
\$ <u>--</u>	\$ <u>77,568</u>	\$ <u>16,925</u>	\$ <u>18,472</u>	\$ <u>16,766</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)

	2006	2007	2008	2009	2010
REVENUES:					
General property taxes	\$ 482,075	\$ 535,367	\$ 560,637	\$ 623,758	\$ 577,981
Other local taxes	136,936	129,357	125,470	120,732	99,973
Permits, privilege fees and regulatory licenses	18,793	14,596	13,607	11,374	10,617
Fines and forfeitures	2,469	2,767	2,664	2,759	2,866
From use of money and property	18,213	27,476	30,579	22,431	27,489
Charges for services	17,203	15,035	18,446	14,528	13,803
Intergovernmental revenues:					
Federal	43,677	44,802	46,133	40,735	47,201
State	102,420	99,511	96,842	117,091	133,976
Local	8,289	10,095	10,307	9,378	8,912
Donations and contributions	129	119	107	95	61
Miscellaneous	26,285	24,735	25,656	26,255	21,893
Total revenues	<u>856,489</u>	<u>903,860</u>	<u>930,448</u>	<u>989,136</u>	<u>944,772</u>
EXPENDITURES:					
General government administration	35,685	34,649	35,838	35,712	33,982
Judicial administration	16,180	17,599	18,182	18,271	16,971
Public safety	171,717	244,659	191,061	207,920	202,196
Public works	23,567	27,738	30,188	29,218	25,545
Health and welfare	64,880	70,596	75,562	74,765	74,593
Education	388,718	416,114	403,396	434,596	437,057
Parks, recreational and cultural	29,922	32,828	36,097	34,549	36,485
Community development	47,938	44,123	42,353	43,107	44,389
Debt service:					
Principal retirement	47,955	52,455	60,162	61,753	92,223
Interest and other debt costs	33,171	37,675	39,990	41,029	43,326
Intergovernmental - arbitrage rebate	217	1,060	147	--	--
Capital outlays	104,042	89,033	74,601	112,121	34,063
Total expenditures	<u>963,992</u>	<u>1,068,529</u>	<u>1,007,577</u>	<u>1,093,041</u>	<u>1,040,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,503)</u>	<u>(164,669)</u>	<u>(77,129)</u>	<u>(103,905)</u>	<u>(96,058)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	72,779	73,392	54,079	47,880	39,033
Transfers out	(67,675)	(60,932)	(58,921)	(40,621)	(48,942)
Sale of lease participation certificates	59,885	93,075	10,710	37,945	--
Bonds, notes and capital leases	61,605	98,730	45,890	97,950	80,380
Refunding of lease participation certificates	15,550	--	--	--	--
Refunding bonds	--	--	--	--	--
Payments to refunded lease participation certificates escrow agent	(15,289)	--	--	--	--
Payments to refunded bond escrow agent	--	--	--	--	--
Premium on sale of bonds	2,353	3,905	3,343	8,976	2,205
Premium from refunding bonds	--	--	--	--	--
Premium on sale of lease participation certificates	2,164	1,368	457	--	--
Premiums from refunding lease participation certificates	17	--	--	--	--
Insurance recoveries	--	--	--	--	--
Sale of surplus property	145	75	135	154	250
Total other financing sources (uses)	<u>131,534</u>	<u>209,613</u>	<u>55,693</u>	<u>152,284</u>	<u>72,926</u>
Net change in fund balances	<u>\$ 24,031</u>	<u>\$ 44,944</u>	<u>\$ (21,436)</u>	<u>\$ 48,379</u>	<u>\$ (23,132)</u>
Debt service as a percentage of noncapital expenditures	8.93%	8.74%	10.03%	9.49%	13.20%

a Beginning in FY2013, the Park Authority Component Unit merged its functions into the County Government by creating a new Prince William County Department of Parks & Recreation.

	2011	2012	2013 ^a	2014	2015	
\$	583,220	\$ 605,896	\$ 636,789	\$ 667,497	\$ 703,097	REVENUES:
	105,152	108,762	116,068	116,157	122,065	General property taxes
	11,495	13,836	16,354	17,389	17,057	Other local taxes
	3,241	3,435	3,260	3,252	3,168	Permits, privilege fees and regulatory licenses
	7,547	13,870	(6,422)	14,434	12,456	Fines and forfeitures
	13,972	21,226	27,240	27,886	28,806	From use of money and property
						Charges for services
	62,154	50,986	49,644	51,378	48,313	Intergovernmental revenues:
	126,233	122,949	118,507	137,111	141,743	Federal
	8,473	6,661	6,884	7,435	9,679	State
	70	142	20	1,897	1,723	Local
	15,706	10,206	27,284	11,592	18,083	Donations and contributions
						Miscellaneous
	<u>937,263</u>	<u>957,969</u>	<u>995,628</u>	<u>1,056,028</u>	<u>1,106,190</u>	Total revenues
						EXPENDITURES:
	35,296	38,897	36,788	34,966	37,651	General government administration
	17,505	17,593	18,388	19,190	19,681	Judicial administration
	198,402	210,461	228,769	232,492	241,360	Public safety
	27,736	30,408	30,522	31,441	30,857	Public works
	76,896	75,014	75,066	76,549	80,840	Health and welfare
	361,447	416,071	463,652	466,249	508,016	Education
	29,849	35,801	26,550	28,507	31,085	Parks, recreational and cultural
	45,183	47,280	48,555	53,185	53,879	Community development
						Debt service:
	66,811	74,760	69,858	72,969	76,750	Principal retirement
	43,817	42,803	41,991	42,546	42,476	Interest and other debt costs
	--	--	--	--	--	Intergovernmental - arbitrage rebate
	26,914	33,283	53,426	76,086	85,565	Capital outlays
	<u>929,856</u>	<u>1,022,371</u>	<u>1,093,565</u>	<u>1,134,180</u>	<u>1,208,160</u>	Total expenditures
						Excess (deficiency) of revenues over
	<u>7,407</u>	<u>(64,402)</u>	<u>(97,937)</u>	<u>(78,152)</u>	<u>(101,970)</u>	(under) expenditures
						OTHER FINANCING SOURCES (USES):
	32,677	59,039	58,513	73,278	54,852	Transfers in
	(32,486)	(88,907)	(62,825)	(93,780)	(54,508)	Transfers out
	--	--	--	--	--	Sale of lease participation certificates
	29,085	46,445	65,675	88,625	82,545	Bonds, notes and capital leases
	--	--	--	--	--	Refunding of lease participation certificates
	82,410	51,585	46,180	--	35,675	Refunding bonds
	--	--	--	--	--	Payments to refunded lease participation
	(91,667)	(60,921)	(54,689)	--	(41,508)	certificates escrow agent
	1,069	2,236	12,301	10,309	7,247	Payments to refunded bond escrow agent
	9,757	9,690	9,048	--	6,219	Premium on sale of bonds
	--	--	--	--	--	Premium from refunding bonds
	--	66	--	--	--	Premium on sale of lease participation certificates
	--	--	100	9	10	Premiums from refunding lease participation certificates
	188	298	252	851	422	Insurance recoveries
	<u>31,033</u>	<u>19,531</u>	<u>74,555</u>	<u>79,292</u>	<u>90,954</u>	Sale of surplus property
	<u>38,440</u>	<u>(44,871)</u>	<u>(23,382)</u>	<u>1,140</u>	<u>(11,016)</u>	Total other financing sources (uses)
						Net change in fund balances
	12.00%	11.62%	10.37%	10.35%	10.12%	Debt service as a percentage of
						noncapital expenditures

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

Last Ten Fiscal Years

(amounts expressed in thousands)

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

	2011	2012	2013	2014	2015	
						Additions
\$	839	\$ 909	\$ 946	\$ 1,007	\$ 1,083	Member contributions
	839	909	946	1,007	1,083	Employer contributions
	4,983	(559)	2,449	4,438	(339)	Investment income (net of expenses)
	<u>6,661</u>	<u>1,259</u>	<u>4,341</u>	<u>6,452</u>	<u>1,827</u>	Total additions to plan net position
						Deductions
	1,763	1,742	1,981	1,810	1,883	Benefit payments
	86	78	84	95	97	Refunds
	<u>105</u>	<u>92</u>	<u>57</u>	<u>109</u>	<u>83</u>	Administrative expenses
\$	<u>4,707</u>	<u>(653)</u>	<u>2,219</u>	<u>4,438</u>	<u>(236)</u>	Change in net position

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 6 - General Governmental Revenues by Source^a

Last Ten Fiscal Years

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

Fiscal Year	Taxes ^b	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property ^d	Charges for Services
2006	\$ 620,011	\$ 18,793	\$ 2,469	\$ 26,200	\$ 38,476
2007	\$ 664,725	\$ 14,596	\$ 2,767	\$ 42,906	\$ 37,528
2008	\$ 686,107	\$ 13,607	\$ 2,664	\$ 43,952	\$ 39,947
2009	\$ 744,490	\$ 11,374	\$ 2,759	\$ 31,019	\$ 36,836
2010	\$ 677,954	\$ 10,617	\$ 2,866	\$ 33,903	\$ 34,877
2011	\$ 688,372	\$ 11,495	\$ 3,241	\$ 12,406	\$ 34,953
2012	\$ 714,658	\$ 13,836	\$ 3,435	\$ 17,909	\$ 43,295
2013	\$ 752,856	\$ 16,354	\$ 3,260	\$ (3,386)	\$ 50,179
2014	\$ 783,654	\$ 17,389	\$ 3,252	\$ 18,762	\$ 50,964
2015	\$ 825,162	\$ 17,057	\$ 3,168	\$ 16,747	\$ 51,847
Change 2006 - 2015	33.09%	-9.24%	28.31%	-36.08%	34.75%

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

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

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

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

TABLE 6A - General Governmental Tax Revenues by Source

Last Ten Fiscal Years

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

Fiscal Year	Real Estate	Personal Property ^a	Public Service	Total General ^b Property Taxes	Sales Tax
2006	\$ 410,127	\$ 59,075	\$ 12,131	\$ 481,333	\$ 46,649
2007	\$ 451,319	\$ 71,290	\$ 10,861	\$ 533,470	\$ 47,921
2008	\$ 472,960	\$ 73,311	\$ 12,120	\$ 558,391	\$ 46,155
2009	\$ 530,120	\$ 75,986	\$ 15,156	\$ 621,262	\$ 45,055
2010	\$ 494,299	\$ 63,666	\$ 17,518	\$ 575,483	\$ 46,155
2011	\$ 492,738	\$ 68,792	\$ 19,207	\$ 580,737	\$ 49,554
2012	\$ 510,053	\$ 74,567	\$ 18,776	\$ 603,396	\$ 52,003
2013	\$ 533,024	\$ 81,783	\$ 19,511	\$ 634,318	\$ 55,169
2014	\$ 553,875	\$ 92,370	\$ 18,809	\$ 665,054	\$ 56,511
2015	\$ 581,640	\$ 100,093	\$ 18,650	\$ 700,383	\$ 59,709
Change 2006 - 2015	41.82%	69.43%	53.74%	45.51%	28.00%

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

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

Inter-Governmental ^c						
PPTRA	All Others	Miscellaneous	Total	Fiscal Year		
\$ 59,994	\$ 495,108	\$ 26,463	\$ 1,287,514	2006		
\$ 54,274	\$ 618,695	\$ 26,591	\$ 1,462,082	2007		
\$ 54,288	\$ 574,967	\$ 28,013	\$ 1,443,545	2008		
\$ 54,288	\$ 614,146	\$ 28,953	\$ 1,523,865	2009		
\$ 54,288	\$ 641,187	\$ 24,324	\$ 1,480,016	2010		
\$ 54,288	\$ 656,758	\$ 18,029	\$ 1,479,542	2011		
\$ 54,288	\$ 627,418	\$ 13,724	\$ 1,488,563	2012		
\$ 54,288	\$ 690,633	\$ 30,529	\$ 1,594,713	2013		
\$ 54,288	\$ 722,269	\$ 17,749	\$ 1,668,327	2014		
\$ 54,288	\$ 757,092	\$ 23,128	\$ 1,748,489	2015		
				Change		
-9.51%	52.91%	-12.60%	35.80%	2006 - 2015		

BPOL						
Utility Taxes	Tax	All Other ^b	Total	Fiscal Year		
\$ 26,295	\$ 23,071	\$ 42,663	\$ 620,011	2006		
\$ 18,522	\$ 22,810	\$ 42,002	\$ 664,725	2007		
\$ 12,354	\$ 21,173	\$ 48,034	\$ 686,107	2008		
\$ 12,596	\$ 19,931	\$ 45,646	\$ 744,490	2009		
\$ 12,840	\$ 20,269	\$ 23,207	\$ 677,954	2010		
\$ 13,190	\$ 20,965	\$ 23,926	\$ 688,372	2011		
\$ 13,075	\$ 21,725	\$ 24,459	\$ 714,658	2012		
\$ 13,490	\$ 22,913	\$ 26,966	\$ 752,856	2013		
\$ 13,766	\$ 23,772	\$ 18,458	\$ 777,561	2014		
\$ 13,974	\$ 24,744	\$ 26,352	\$ 825,162	2015		
				Change		
-46.86%	7.25%	-38.23%	33.09%	2006 - 2015		

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 &		Vacant Land &		Total Taxable Assessed Value	Total Direct Tax Rate ^b	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Industrial ^a	Public Service ^a	Other ^a					
2006	\$36,143,674	\$1,338,215	\$4,721,938	\$1,253,506	\$282,495	\$43,739,828	\$0.96850	\$60,203,453	72.65%	
2007	\$48,617,154	\$1,588,255	\$5,667,015	\$1,355,894	\$428,530	\$57,656,848	\$0.80710	\$64,002,474	90.09%	
2008	\$48,185,629	\$1,759,043	\$6,592,385	\$1,448,737	\$305,617	\$58,291,411	\$0.83790	\$61,439,875	94.88%	
2009	\$41,980,642	\$1,904,868	\$7,595,528	\$1,471,669	\$273,037	\$53,225,744	\$1.03220	\$51,665,113	103.02%	
2010	\$29,888,134	\$1,801,532	\$6,726,623	\$1,360,944	\$214,673	\$39,991,906	\$1.28910	\$47,228,010	84.68%	
2011	\$30,434,819	\$1,451,944	\$5,722,158	\$1,466,645	\$180,505	\$39,256,071	\$1.31460	\$48,535,035	80.88%	
2012	\$32,477,281	\$1,642,125	\$5,899,244	\$1,472,610	\$163,184	\$41,654,444	\$1.28060	\$46,901,818	88.81%	
2013	\$33,752,576	\$1,885,172	\$6,210,118	\$1,487,336	\$163,590	\$43,498,792	\$1.28590	\$47,946,579	90.72%	
2014	\$38,949,187	\$2,480,941	\$6,781,231	\$1,531,397	\$160,672	\$49,903,428	\$1.25620	\$54,238,588	92.01%	
2015	\$41,864,134	\$2,824,215	\$7,164,000	\$1,546,711	\$166,696	\$53,565,756	\$1.22120	\$57,877,241	92.55%	

^a Net of tax-exempt property:

2006 - \$2,567,585	2011 - \$3,119,173
2007 - \$3,049,599	2012 \$3,183,169
2008 - \$3,867,736	2013 \$3,316,592
2009 - \$3,722,543	2014 \$3,705,018
2010 - \$3,451,863	2015 \$3,761,235

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

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

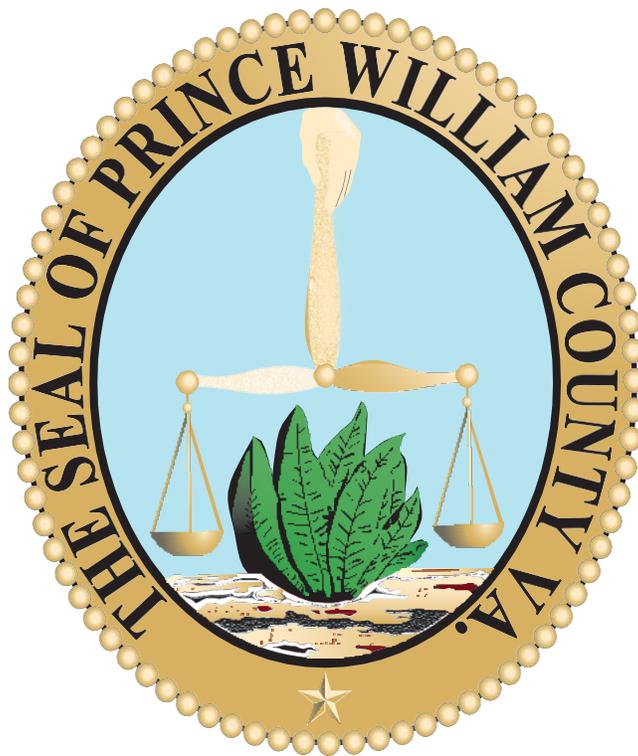
Last Ten Fiscal Years

(dollars expressed in millions)

Fiscal Year	Commercial as a Percent of Total Taxable		New Construction ^a				Bank Deposits ^b
	Commercial to Total	Commercial & Public Service to Total	Residential		Non-Residential		
			Permits	Value	Permits	Value	
2006	10.8%	13.7%	3,871	\$ 552	299	\$ 576	\$ 2,681
2007	9.8%	12.2%	2,744	\$ 397	301	\$ 379	\$ 2,864
2008	11.3%	13.8%	1,568	\$ 228	259	\$ 183	\$ 2,863
2009	14.3%	17.0%	1,782	\$ 270	203	\$ 195	\$ 3,135
2010	16.8%	20.2%	1,996	\$ 297	152	\$ 92	\$ 3,322
2011	14.6%	18.3%	1,377	\$ 242	99	\$ 53	\$ 3,531
2012	14.2%	17.7%	1,398	\$ 278	161	\$ 94	\$ 3,866
2013	14.3%	17.7%	1,542	\$ 282	233	\$ 233	\$ 4,082
2014	13.6%	16.7%	1,396	\$ 290	193	\$ 236	\$ 4,201
2015	13.4%	16.3%	1,401	\$ 261	225	\$ 145	\$ 4,378

^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. 2006-2015, 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	2006	2007	2008	2009	2010
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$0.91000	\$0.75800	\$0.78700	\$0.97000	\$1.21200
Fire and Rescue Levy (Countywide)	\$0.05600	\$0.04660	\$0.04840	\$0.05970	\$0.07460
Mosquito & Forest Pest Management (Countywide)	\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250
Total Direct Tax Rate	<u>\$0.96850</u>	<u>\$0.80710</u>	<u>\$0.83790</u>	<u>\$1.03220</u>	<u>\$1.28910</u>
Sanitary District Levy					
Bull Run	\$0.00001	--	--	--	--
Occoquan Forest	\$0.00001	--	--	--	--
Service District Levies -					
Bull Run	\$0.10000	\$0.12000	\$0.12000	\$0.13800	\$0.19900
Lake Jackson	\$0.11000	\$0.11000	\$0.11000	\$0.12300	\$0.17200
Circuit Court	\$0.23000	\$0.19000	\$0.19000	\$0.15000	--
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	--	--	--	--	--
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.13000	\$0.18000	\$0.18000	\$0.18000	\$0.35330
Town of Haymarket	\$0.14000	\$0.12000	\$0.12800	\$0.16400	\$0.16400
Town of Occoquan	\$0.05000	\$0.08500	\$0.08500	\$0.10000	\$0.10000
Town of Quantico	\$0.15000	\$0.20000	\$0.20000	\$0.20000	\$0.20000

2011	2012	2013	2014	2015	Type of Tax
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
\$1.23600	\$1.20400	\$1.20900	\$1.18100	\$1.14800	Real Estate - General Fund
\$0.07610	\$0.07410	\$0.07440	\$0.07270	\$0.07070	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Mosquito & Forest Pest Management (Countywide)
<u>\$1.31460</u>	<u>\$1.28060</u>	<u>\$1.28590</u>	<u>\$1.25620</u>	<u>\$1.22120</u>	Total Direct Tax Rate
--	--	--	--	--	Sanitary District Levy
--	--	--	--	--	Bull Run
--	--	--	--	--	Occoquan Forest
\$0.20100	\$0.20100	\$0.20100	\$0.18300	\$0.14710	Service District Levies - Bull Run
\$0.17500	\$0.17500	\$0.17500	\$0.16500	\$0.16500	Lake Jackson
--	--	--	--	--	Circuit Court
\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000	Transportation District Levies - Prince William Parkway
\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000	234-Bypass
--	--	--	--	--	Foremost Court Service
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
\$0.33350	\$0.33330	\$0.27733	\$0.27330	\$0.23330	Town of Dumfries
\$0.16400	\$0.16400	\$0.16400	\$0.13900	\$0.13900	Town of Haymarket
\$0.10000	\$0.10000	\$0.10000	\$0.11000	\$0.11000	Town of Occoquan
\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000	Town of Quantico

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 9 - Principal Real Property Tax Payers

Current Year and Nine Years Ago

(amounts expressed in thousands)

Taxpayer	2015				2006			
	Taxable Assessed		Percentage of Total County Taxable Assessed		Taxable Assessed		Percentage of Total County Taxable Assessed	
	Value	Rank	Value ^a		Value	Rank	Value ^a	
VA Electric & Power Company	\$ 767,489	1	1.43%		\$ 657,482	1	1.50%	
Mall at Potomac Mills, LLC	514,705	2	0.96%		368,806	2	0.84%	
Northern Virginia Electric Co-op	276,856	3	0.52%		210,073	3	0.48%	
Verizon South, Inc.	154,434	4	0.29%		156,600	5	0.36%	
Harbor Station Communities, LLC	107,521	5	0.20%		-		0.00%	
Washington Gas Light Company	102,796	6	0.19%		83,125	9	0.19%	
Stellar Chatsworth LLC	102,565	7	0.19%		70,634	12	0.16%	
KIR Smoketown Station LP	92,041	8	0.17%		71,237	11	0.16%	
Woodbridge Station Apartments LLC	88,236	9	0.16%		-			
Fairfield Potomac Club, Inc.	82,452	10	0.15%		-			
Dominion Country Club, LP	-		-		189,506	4	0.43%	
Brookfield Braemar II LLC	-		-		102,853	6	0.24%	
Manassas Mall LLC	-		-		93,029	7	0.21%	
AOL LLC	-		-		91,565	8	0.21%	
WNH Limited Partnership	-		-		81,936	10	0.19%	
	<u>\$ 2,289,095</u>		<u>4.26%</u>		<u>\$ 2,176,846</u>		<u>4.97%</u>	

^a See Table 7 for a ten-year listing of Taxable Assessed Values.

COUNTY OF PRINCE WILLIAM, VIRGINIA
TABLE 10 - Real Property Tax Levies and Collections
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date			
	Total Adjusted Tax Levy ^a	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy Collected	
2006	\$ 420,203	\$ 418,111	99.5%	\$ 1,973	\$ 420,084	100.0%	
2007	\$ 461,108	\$ 458,438	99.4%	\$ 2,505	\$ 460,943	100.0%	
2008	\$ 484,124	\$ 481,069	99.4%	\$ 2,717	\$ 483,786	99.9%	
2009	\$ 544,909	\$ 541,235	99.3%	\$ 3,263	\$ 544,498	99.9%	
2010	\$ 510,988	\$ 508,264	99.5%	\$ 2,513	\$ 510,777	100.0%	
2011	\$ 511,316	\$ 509,154	99.6%	\$ 1,871	\$ 511,025	99.9%	
2012	\$ 527,838	\$ 525,737	99.6%	\$ 1,516	\$ 527,253	99.9%	
2013	\$ 553,424	\$ 551,222	99.6%	\$ 1,617	\$ 552,839	99.9%	
2014	\$ 573,203	\$ 571,425	99.7%	\$ 1,133	\$ 572,558	99.9%	
2015	\$ 603,171	\$ 601,267	99.7%	\$ --	\$ 601,267	99.7%	

^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)

	2006	2007	2008	2009	2010
Primary Government					
<i>Governmental Activities:</i>					
General Obligation Bonds ^a					
General Government	\$ 128,525	\$ 149,362	\$ 136,200	\$ 165,649	\$ 151,352
School Board-Related	467,363	502,453	515,486	531,815	576,826
Park Related	6,267	5,537	4,810	8,477	7,842
IDA Lease Revenue Bonds	11,140	10,430	9,680	8,870	8,030
Literary Fund Loans	4,918	4,520	4,124	3,749	3,374
Real Property Capital Leases					
General Government	132,825	150,189	151,039	179,298	169,012
Adult Detention Center	--	68,005	66,275	64,550	34,825
Park Related	--	594	561	528	495
Commuter Rail Capital Leases**	2,258	1,863	1,442	992	511
Equipment Capital Leases	228	68	--	--	--
Installment Notes Payable	657	509	351	182	--
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	12,550	11,065	9,535	7,945	6,295
Parks & Recreation Revenue Bonds	--	--	--	--	--
Parks & Recreation Equipment Capital Leases	--	--	--	--	--
Taxable Revenue Notes	3,250	3,250	--	--	--
Total Primary Government	\$ 769,981	\$ 907,845	\$ 899,503	\$ 972,055	\$ 958,562
Percentage of Personal Income ^b	4.71%	5.13%	4.86%		4.69%
Per Capita ^b	2,196	2,528	2,444		2,384
Component Units					
<i>Park Authority Component Unit^c:</i>					
Series 1999 Revenue Bonds **	\$ 18,459	\$ 18,101	\$ 17,725	\$ 17,323	12,481
Equipment Capital Leases**	2,249	1,710	3,116	2,800	2,254
Installment Notes Payable**	780	651	517	376	230
Total Component Units	21,488	20,462	21,358	20,499	14,965
Total Reporting Entity Outstanding Debt	791,469	928,307	920,861	992,554	973,527
Less: Self-Supporting Revenue and Other Bonds	36,296	33,390	32,335	29,436	21,771
Net Tax-Supported Debt	\$ 755,173	\$ 894,917	\$ 888,526	\$ 963,118	\$ 951,756

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

^a Includes general obligation bonds associated with School Board-related Debt and Park related debt; See Exhibit 1.

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

^c Parks & Recreation revenue bonds are presented net of unamortized premium and unamortized deferred loss on refunding. See Illustration 11-7 in the Notes to the Financial Statements for details.

2011	2012	2013	2014	2015	
					<i>Governmental Activities:</i>
					General Obligation Bonds ^a
\$ 156,520	\$ 139,782	\$ 127,400	\$ 140,032	\$ 126,438	General Government
549,775	556,747	579,969	594,188	628,638	School Board-Related
7,210	7,126	6,651	9,746	9,069	Park Related
7,160	6,260	5,325	4,355	3,345	IDA Lease Revenue Bonds
3,000	2,750	2,500	2,250	2,000	Literary Fund Loans
					Real Property Capital Leases
156,854	145,695	133,415	122,609	110,324	General Government
33,100	25,875	23,405	21,680	19,955	Adult Detention Center
462	429	385	352	644	Park Related
--	--	--	--	--	Commuter Rail Capital Leases**
485	398	1,456	951	539	Equipment Capital Leases
--	--	--	--	--	Installment Notes Payable
					<i>Business-Type Activities:</i>
4,595	3,004	1,590	--	--	Solid Waste System Revenue Bonds**
--	--	11,031	10,525	10,555	Parks & Recreation Revenue Bonds ^b
--	--	889	596	295	Parks & Recreation Equipment Capital Leases
--	--	--	--	--	Taxable Revenue Notes
<u>\$ 919,161</u>	<u>\$ 888,066</u>	<u>\$ 894,016</u>	<u>\$ 907,284</u>	<u>\$ 911,802</u>	
4.20%	3.95%	3.94%	3.80%	3.66%	
2,262	2,118	2,077	2,069	2,044	
					 <i>Park Authority Component Unit:</i>
\$ 12,008	\$ 11,528	\$ --	\$ --	\$ --	Series 1999 Revenue Bonds**
1,689	2,793	--	--	--	Equipment Capital Leases**
78	--	--	--	--	Installment Notes Payable**
<u>13,775</u>	<u>14,321</u>	<u>--</u>	<u>--</u>	<u>--</u>	
932,936	902,387	894,016	907,284	911,802	
18,370	17,325	13,510	11,121	10,850	
<u>\$ 914,566</u>	<u>\$ 885,062</u>	<u>\$ 880,506</u>	<u>\$ 896,163</u>	<u>\$ 900,952</u>	

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 12 - Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds ^a	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Total	Percentage of Estimated Actual Taxable Value of Property ^b	Per Capita ^c
2006	\$ 602,155	11,140	12,550	625,845	1.04%	1,785
2007	\$ 657,352	10,430	11,065	678,847	1.06%	1,890
2008	\$ 656,496	9,680	9,535	675,711	1.10%	1,836
2009	\$ 705,941	8,870	7,945	722,756	1.40%	1,929
2010	\$ 736,020	8,030	6,295	750,345	1.59%	1,867
2011	\$ 713,505	7,160	4,595	725,260	1.49%	1,785
2012	\$ 703,655	6,260	3,004	712,919	1.52%	1,700
2013	\$ 714,020	5,325	1,590	720,935	1.50%	1,675
2014	\$ 743,966	4,355	--	748,321	1.38%	1,706
2015	\$ 764,145	3,345	--	767,490	1.33%	1,720

^a Includes general obligation bonds associated with School Board-related and Parks-related debt; excludes Literary Fund loan of \$2,000. See also Table 11.

^b See Table 7 for property value data.

^c See Table 16 for population data.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 13 - Direct and Overlapping Governmental Activities Debt (based on assessed values)

As of June 30, 2015

(amounts expressed in thousands)

	Outstanding on June 30, 2015	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ^b
Direct:				
Net Tax Supported Debt ^a	\$ 900,952	100.00%	\$ 900,952	1.6820%
Overlapping:				
Town of Dumfries	4,781	100.00%	4,781	0.0089%
Town of Quantico	174	100.00%	174	0.0003%
Town of Haymarket	1,533	100.00%	1,533	0.0029%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	1,212	100.00%	1,212	0.0023%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	10,720	100.00%	10,720	0.0200%
Northern Virginia Transportation Commission - Virginia Railway Express ^c	73,124	32.32%	23,633	0.0441%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ^c	11,990	26.56%	3,185	0.0059%
Total Overlapping Governmental Activities Debt	\$ 103,533	43.69%	\$ 45,238	0.0845%
Total Direct and Overlapping Governmental Activities Debt	\$ 1,004,485	94.20%	\$ 946,190	1.7664%

^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 \$326,695 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2015. 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

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

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%.

These authorized bonds are

^a Includes debt service expenditures of the General Fund, Special Revenue Funds (excluding the PRTC lease), Capital Projects Funds, and the School Board and Adult Detention Center Component Units.

^b Excludes bond issuance and other costs.

^c Debt Service expenditures in the Internal Service Funds are included since operating revenues available to pay debt service in these funds comes primarily from charges to the General Fund.

^d Total expenditures excluding capital projects from Table 22.

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

^f From Table 11.

^g From Table 7 and Table 21.

2011	2012	2013	2014	2015	
					General Government ^a
66,299	74,760	69,858	72,969	76,750	Principal
43,783	42,803	41,991	42,546	42,476	Interest ^d
--	--	--	--	--	Internal Service Fund Debt Service ^c
110,082	117,563	111,849	115,515	119,226	Debt Service on Net Tax-Supported Debt
1,337,189	1,427,543	1,461,112	1,491,793	1,557,703	Total Government Expenditures ^d
8.2%	8.2%	7.7%	7.7%	7.7%	Ratio of Debt Service to Expenditures
1,439,786	1,460,245	1,493,495	1,636,801	1,611,230	Total Revenues ^e
7.6%	8.1%	7.5%	7.1%	7.4%	Ratio of Debt Service to Revenues
914,566	885,062	880,506	896,163	900,952	Net Tax-Supported Debt ^f
42,750,432	45,413,737	47,586,736	54,227,230	58,095,475	Assessed Value of Taxable Property ^g
2.1%	1.9%	1.9%	1.7%	1.6%	Ratio of Net Tax-Supported Debt to Assessed Value

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 15 - Revenue Bond Coverage for Solid Waste System Revenue Bonds
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year	System Revenues ^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		
2006	\$ 14,653	\$ 9,615	\$ 2,594	\$ 2,444	\$ 1,370	\$ 501	\$ 1,871	1.31
2007	\$ 16,535	\$ 9,970	\$ 2,199	\$ 4,366	\$ 1,485	\$ 562	\$ 2,047	2.13
2008	\$ 17,342	\$ 10,651	\$ 3,015	\$ 3,676	\$ 1,530	\$ 504	\$ 2,034	1.81
2009	\$ 17,795	\$ 15,027	\$ --	\$ 2,768	\$ 1,590	\$ 435	\$ 2,025	1.37
2010	\$ 17,925	\$ 10,423	\$ --	\$ 7,502	\$ 1,650	\$ 362	\$ 2,012	3.73
2011	\$ 18,861	\$ 11,694	\$ 749	\$ 6,418	\$ 1,700	\$ 295	\$ 1,995	3.22
2012	\$ 18,064	\$ 12,031	\$ 1,503	\$ 4,530	\$ 1,470	\$ 226	\$ 1,696	2.67
2013	\$ 18,339	\$ 10,735	\$ 1,749	\$ 5,855	\$ 1,535	\$ 156	\$ 1,691	3.46
2014	\$ 18,820	\$ 5,623	\$ 3,775	\$ 9,422	\$ 1,590	\$ --	\$ 1,590	5.93
2015	\$ 19,735	\$ 12,673	\$ 2,386	\$ 4,676	\$ --	\$ --	\$ --	n/a ^g

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

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

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

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

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

^f Required coverage is 1.15.

^g Principal on Solid Waste Revenue Bonds was retired during FY 2014.

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

Year	Population ^a	Personal Income ^b (in thousands)	Per Capita Income ^b	Fall School Enrollment ^c	Average Civilian Labor Force ^d	Average Unemployment Rate ^d
2006	350,612	\$16,333,066	\$40,101	68,458	197,085	2.4%
2007	359,174	\$17,687,364	\$42,552	70,948	200,311	2.5%
2008	368,016	\$18,493,099	\$43,783	72,988	206,086	3.3%
2009	374,776	\$19,315,508	\$43,970	73,917	208,416	5.5%
2010	402,002	\$20,418,655	\$44,476	76,861	218,394	6.1%
2011	406,392	\$21,881,770	\$46,155	79,358	225,329	5.7%
2012	419,268	\$22,466,232	\$46,167	81,937	229,184	5.3%
2013	430,289	\$22,717,023	\$45,760	83,551	231,521	5.2%
2014	438,580	\$23,902,844	\$46,954	85,055	232,150	4.8%
2015	446,094	\$24,943,113	\$47,965	86,641	232,649	4.4%

^a US Census Bureau, Population Estimates Program (data as of July 1, 2014).

^b Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of November, 2014).
 2014 and 2015 data estimated based upon ten-year growth rates on BEA data from 2004 through 2013.

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

^d Bureau of Labor Statistics, LAUS data (data are annual averages as of July 1, 2015, with the exception of the most recent monthly data)

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

	2000	2010			
	Prince William County	Prince William County	Washington MSA	Virginia	United States
Population^a:					
Median age	31.9	33.5	33.8	37.5	37.2
Percent school age	24.4%	23.1%	15.1%	19.7%	20.4%
Percent working age	62.3%	61.9%	68.1%	61.8%	60.0%
Percent 65 and over	4.8%	6.8%	11.5%	12.2%	13.1%
Education^b:					
High school or higher	88.8%	87.6%	89.6%	86.5%	85.6%
Bachelor's degree or higher	31.5%	36.9%	46.8%	34.2%	28.2%
Income^b:					
Median family income	\$71,622	\$102,117	\$100,921	\$72,476	\$60,609
Percent below poverty level	4.4%	4.4%	5.4%	7.7%	11.3%
Housing:					
Number persons / household ^a	2.9	3.1	2.1	2.5	2.6
Percent owner occupied ^b	71.0%	73.2%	42.0%	67.2%	65.1%
Owner occupied median value ^b	\$149,600	\$316,600	\$376,200	\$249,100	\$179,900

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 17 - Principal Employers

Current Year and Nine Years Ago

Employer ^a	2015			2006		
	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	2	1000 and over
U.S. Department of Defense	Federal Government	2	1000 and over	Federal Government	1	1000 and over
County of Prince William	Local Government	3	1000 and over	Local Government	3	1000 and over
U.S. Federal Bureau of Investigation	Federal Government	4	1000 and over			
Wal Mart	Private	5	1000 and over			
Morale Welfare and Recreation	Federal Government	6	1000 and over			
Sentara Healthcare/Potomac Hospital Corporation	Private	7	1000 and over	Private	4	1000 and over
Northern Virginia Community College	State Government	8	500 to 999	State Government	8	500 to 999
Wegmans Store #07	Private	9	500 to 999			
Minnieland Private Day School	Private	10	500 to 999	Private	6	500 to 999
S.W. Rogers Corporation				Private	5	1000 and over
General Dynamics Land Systems				Private	7	500 to 999
Wm. T Hazel				Private	9	250 to 499
Alliant/Atlantic Food Services, Inc.				Private	10	250 to 499

^a All data provided by the Virginia Employment Commission (1st Quarter, 2016 & 2006).

^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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Board of Supervisors	17.00	17.00	17.00	17.00	19.00	18.00	22.00	25.00	25.00	25.00
County Attorney	27.00	29.00	27.00	27.00	25.00	24.00	25.00	27.00	27.00	27.00
Audit Services	--	--	--	--	--	7.00	7.00	7.00	1.00	1.00
Office of Executive Management ^b	61.40	62.38	59.98	61.98	54.95	49.95	24.00	24.00	25.00	25.00
Office of Management & Budget ^b	--	--	--	--	--	--	11.00	11.00	11.00	11.00
Human Resources ^b	--	--	--	--	--	--	18.50	18.50	23.50	23.50
Technology and Support Services	97.53	97.53	85.53	85.53	77.53	77.53	77.00	79.00	79.00	87.88
Finance	139.55	142.80	139.80	144.80	145.00	147.00	149.00	155.00	156.00	156.00
Human Rights	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Board of Registration/Elections	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	13.00	13.00
Judicial Administration										
Commonwealth Attorney	41.00	41.00	41.00	41.00	41.00	41.00	42.00	43.00	44.00	44.00
Sheriff	82.00	87.00	87.00	89.00	87.00	89.00	91.50	94.50	94.50	94.50
Juvenile and Domestic Relations Court	8.00	8.00	8.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00
Clerk of Court/Judges Chambers	61.00	62.00	62.00	60.00	57.00	55.00	55.00	55.00	55.00	55.00
General District Court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Law Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police	673.40	701.40	725.40	758.40	750.20	747.20	751.00	763.00	792.00	820.00
Criminal Justice Services	31.00	32.50	35.50	37.90	37.60	37.60	37.60	39.60	39.60	39.60
Public Safety Communications	95.00	95.00	98.00	98.00	98.00	98.00	103.00	103.00	103.00	103.00
Fire Service	374.00	415.50	445.50	493.50	484.50	514.50	529.50	549.70	574.70	589.70
Public Works										
Public Works	340.07	364.54	332.69	320.68	219.29	225.61	227.79	232.31	234.45	238.54
Transportation	44.26	62.00	53.00	56.80	53.80	53.80	52.80	50.80	50.80	50.80
Solid Waste	55.38	57.38	57.38	57.39	57.39	57.71	58.72	59.72	59.72	59.72
Fleet Management	33.12	33.12	33.12	34.12	34.15	34.15	35.15	35.15	35.15	35.15
Small Project Construction	23.36	24.20	23.75	23.75	25.11	19.80	18.86	17.34	17.20	15.11
Health & Welfare										
Social Services	315.69	319.31	309.81	313.31	298.36	307.99	309.39	309.39	307.46	306.46
Public Health	9.96	9.96	9.96	9.96	6.60	3.60	3.60	3.60	3.60	3.60
Community Services Board	240.77	248.11	260.11	265.11	265.38	264.88	266.88	279.88	286.71	294.21
At-Risk Youth and Family Services	1.00	1.00	1.00	2.00	2.00	2.00	4.60	4.60	5.00	6.00
Office on Aging	44.62	44.56	43.53	35.13	28.21	30.07	31.40	32.14	32.14	32.14
Office on Youth	7.00	7.00	7.00	8.00	--	--	--	--	--	--
Parks, Recreational and Cultural										
Library	188.65	187.74	185.94	184.94	168.39	164.33	163.33	163.33	163.86	179.51
Parks & Recreation	--	--	--	--	--	--	--	377.00	382.07	391.68
Planning/Community Development										
Development Services	--	--	--	--	87.50	86.50	85.50	88.50	95.50	107.00
Office of Planning	61.50	63.50	58.50	58.50	33.05	32.05	32.50	32.50	33.50	29.00
Economic and Community Development	12.50	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Housing & Community Development	34.00	35.00	29.00	29.00	29.00	29.00	28.00	27.00	27.00	24.00
Extension and Continuing Education	9.65	9.94	9.92	9.92	7.02	7.69	7.81	7.81	7.14	7.14
Total Primary Government	3,148.41	3,290.47	3,278.42	3,363.72	3,232.03	3,263.96	3,308.43	3,754.37	3,832.60	3,923.24
Component Units										
School Board	9,511.00	9,443.00	9,720.00	9,801.25	9,656.00	9,641.00	10,070.80	10,237.30	10,337.00	10,562.00
Adult Detention Center	244.80	261.80	308.00	337.00	337.00	337.00	337.00	337.00	339.00	348.40
Park Authority ^a	388.00	384.00	389.00	390.00	369.00	372.00	344.00	--	--	--
Convention & Visitors Bureau ^a	--	--	--	--	--	--	--	8.00	9.00	8.00
Total Reporting Entity	13,292.21	13,379.27	13,695.42	13,891.97	13,594.03	13,613.96	14,060.23	14,336.67	14,517.60	14,841.64

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

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

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 19 - Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Judicial Administration										
Land Records Instruments Recorded	186,802	131,269	93,435	88,932	79,665	78,794	84,067	102,141	73,107	73,232
Civil Cases Concluded	3,649	3,701	3,721	4,269	3,521	4,335	3,762	3,018	7,198	9,161
Criminal Cases Concluded	3,278	4,112	4,509	4,347	4,606	4,159	4,377	5,163	5,505	5,825
Public Safety										
<u>Fire & Rescue:</u>										
Fire Incidents	6,810	6,180	5,761	5,440	5,293	5,639	5,937	5,927	5,853	*
EMS Incidents	25,173	25,568	24,439	24,707	25,479	26,201	31,332	30,450	30,608	*
<u>Police:</u>										
Criminal Arrests	13,374	13,979	14,405	14,307	13,973	14,289	14,369	13,392	12,532	*
Calls for Service Handled	222,818	228,785	238,651	238,376	236,426	231,557	226,292	224,977	214,050	*
<u>Jail:</u>										
Inmate Population	719	734	737	840	905	850	870	977	1,043	1,060
Public Works										
Facilities Constructed	1	3	--	2	--	2	2	--	--	--
Health & Welfare										
Total CSB Clients Served	7,234	7,767	7,438	7,904	6,829	7,661	8,295	8,041	8,818	8,949
At-Risk Youth & Family Service Residential Placements	118	147	151	143	131	130	132	110	108	95
Parks, Recreational and Cultural										
Participant Visits	3,502	3,702	3,657	3,621	3,693	3,798	3,622	3,390	3,490	3,398
Library Patrons (Library Card Holders)	256,496	263,371	277,077	298,829	264,930	288,752	310,343	332,700	324,826	314,723
Planning/Community Development										
Non-residential Permits	2,871	2,364	1,616	1,340	1,074	1,034	1,200	1,470	1,394	1,350
Residential Permits	10,584	7,375	5,142	4,771	5,325	4,547	4,464	4,542	4,649	4,605

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 20 - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Administrative buildings	3	4	4	4	4	4	4	4	4	4
Judicial Administration										
Courthouse complex	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police stations	2	2	2	2	2	2	2	2	2	2
Fire stations	19	19	19	19	19	20	21	21	21	21
Public Works										
Fleet/fuel facilities	3	3	3	3	3	3	3	3	3	3
Health & Welfare										
Senior centers	2	2	2	2	2	2	2	2	2	2
Group homes/clinics	3	4	4	5	5	5	5	5	5	5
Housing/shelters	4	4	4	4	4	4	6	6	6	5
Parks, Recreational and Cultural										
Athletic fields ^a	304	274	304	282	291	298	277	277	277	301
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	17	15	16	29	29	33	33	33	43
Indoor gymnasiums ^a	59	59	59	58	68	69	69	69	69	36
Indoor ice rinks	2	2	2	2	2	2	2	2	2	2
Marinas	2	2	2	2	2	2	2	2	2	2
Miniature golf courses	2	2	2	2	2	2	2	2	2	2
Nature areas	3	3	3	4	5	5	8	8	8	8
Outdoor basketball courts	25	27	27	27	27	27	27	27	27	27
Outdoor swimming pools	6	6	4	4	4	4	4	4	4	4
Outdoor volleyball courts	11	9	9	9	9	9	9	9	9	9
Picnic shelters	63	62	63	63	63	63	63	63	63	63
Playgrounds	30	32	31	33	36	36	36	36	36	36
Regulation golf courses	4	4	4	4	4	4	4	4	4	4
Skateboard/BMX courses	2	2	2	2	2	2	3	3	3	3
Tennis & racquetball courts	53	33	47	33	32	30	28	28	28	28
Waterparks	*	2	2	2	2	2	2	2	2	2
Regional and community libraries	4	4	4	4	4	4	4	4	4	4
Neighborhood libraries	6	6	6	6	6	6	6	6	6	6

Sources: Various county departments.

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

^a Includes School Board school facilities programmed by the Parks Department.

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 21 - Personal Property Tax Rates and Assessments^a

Last Ten Fiscal Years

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

	2006	2007	2008	2009	2010
Personal Property Tax Rates					
Personal Property Class:					
General Class	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Heavy Equipment and Machinery	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Computer Equipment	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000
Farmers Machinery and Tools	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 0.91000	\$ 0.76700	\$ 0.78700	\$ 0.97000	\$ 1.21200
Research & Development	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Van Pool Vans	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Emergency Volunteer Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Auxiliary Volunteer Fire Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Vehicles Modified for Disabled	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Recreation Use Only	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Weighing 5 tons or more	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Camping Trailers and Motor Homes Owned by Certain Elderly and Handicapped Persons	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Personal Property Assessments^c					
Locally Assessed Value	\$ 3,419,461	\$ 3,608,756	\$ 3,717,730	\$ 3,769,937	\$ 3,365,319
Public Service Value ^b	\$ 1,257	\$ 1,693	\$ 2,210	\$ 3,370	\$ 2,550
Total Personal Property Assessments	\$ 3,420,718	\$ 3,610,449	\$ 3,719,940	\$ 3,773,307	\$ 3,367,869

^a Fiscal year values represent the assessed value for the prior January 1 (e.g. fiscal year 2015 values are based on the January 1, 2014 assessment).

^b Public Service property is valued by the State Corporation Commission and the Department of Taxation at prevailing assessment ratios.

^c The estimated market value of personal property is assumed to equal 100% of the assessed value.

2011	2012	2013	2014	2015	
					Personal Property Tax Rates
					Personal Property Class:
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	General Class
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	Heavy Equipment and Machinery
\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	Computer Equipment
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Farmers Machinery and Tools
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (small scheduled)
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (all other aircraft)
\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	Mining & Manufacturing Tools
\$ 1.23600	\$ 1.20400	\$ 1.20900	\$ 1.18100	\$ 1.14800	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
\$ 3,492,204	\$ 3,754,050	\$ 4,083,424	\$ 4,320,401	\$ 4,526,613	Locally Assessed Value
\$ 2,157	\$ 5,243	\$ 4,520	\$ 3,401	\$ 3,106	Public Service Value ^b
<u>\$ 3,494,361</u>	<u>\$ 3,759,293</u>	<u>\$ 4,087,944</u>	<u>\$ 4,323,802</u>	<u>\$ 4,529,719</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
2006	\$ 35,685	\$ 16,180	\$ 174,926	\$ 23,567	\$ 64,880	\$ 651,012
2007	\$ 34,649	\$ 17,599	\$ 257,753	\$ 27,738	\$ 70,596	\$ 734,090
2008	\$ 35,838	\$ 18,182	\$ 206,623	\$ 30,188	\$ 75,562	\$ 780,346
2009	\$ 35,712	\$ 18,271	\$ 219,728	\$ 29,218	\$ 74,765	\$ 773,560
2010	\$ 34,108	\$ 16,971	\$ 236,685	\$ 25,545	\$ 74,593	\$ 782,563
2011	\$ 35,296	\$ 17,505	\$ 212,478	\$ 27,736	\$ 76,896	\$ 781,618
2012	\$ 38,897	\$ 17,593	\$ 226,137	\$ 30,408	\$ 75,014	\$ 838,850
2013	\$ 36,788	\$ 18,388	\$ 244,577	\$ 30,522	\$ 75,066	\$ 868,818
2014	\$ 34,966	\$ 19,190	\$ 251,009	\$ 31,441	\$ 76,549	\$ 881,432
2015	\$ 37,651	\$ 19,681	\$ 257,076	\$ 30,857	\$ 80,840	\$ 927,408

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

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

TABLE 22A - Capital Projects Expenditures by Function^a

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2006	\$ 5,642	\$ 2,221	\$ 12,514	\$ 61,826	\$ 445	\$ 90,689
2007	\$ 4,774	\$ 194	\$ 34,488	\$ 69,951	\$ --	\$ 68,049
2008	\$ 2,145	\$ 1,116	\$ 30,801	\$ 64,771	\$ --	\$ 95,188
2009	\$ 2,349	\$ 384	\$ 15,786	\$ 95,094	\$ --	\$ 98,117
2010	\$ 1,365	\$ 35	\$ 7,815	\$ 28,960	\$ --	\$ 88,332
2011	\$ 648	\$ 33	\$ 3,845	\$ 21,413	\$ --	\$ 104,311
2012	\$ 848	\$ --	\$ 2,020	\$ 25,420	\$ --	\$ 75,643
2013	\$ 642	\$ --	\$ 2,955	\$ 42,080	\$ --	\$ 83,232
2014	\$ 812	\$ 2	\$ 1,559	\$ 60,125	\$ --	\$ 90,892
2015	\$ 379	\$ 142	\$ 3,502	\$ 57,863	\$ --	\$ 128,605

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

	Parks, Recreation & Culture	Community Development	Capital Projects	Debt Service ^b	Total	Fiscal Year
\$	29,922	\$ 47,938	\$ 195,638	\$ 81,343	\$ 1,321,091	2006
\$	32,828	\$ 44,123	\$ 187,592	\$ 91,190	\$ 1,498,158	2007
\$	36,097	\$ 42,353	\$ 196,173	\$ 100,299	\$ 1,521,661	2008
\$	34,549	\$ 43,107	\$ 213,996	\$ 102,782	\$ 1,545,688	2009
\$	36,485	\$ 44,389	\$ 129,078	\$ 135,562	\$ 1,515,979	2010
\$	29,849	\$ 45,183	\$ 134,160	\$ 110,628	\$ 1,471,349	2011
\$	35,801	\$ 47,280	\$ 108,942	\$ 117,563	\$ 1,536,485	2012
\$	26,550	\$ 48,555	\$ 136,658	\$ 111,849	\$ 1,597,771	2013
\$	28,507	\$ 53,185	\$ 166,978	\$ 115,515	\$ 1,658,772	2014
\$	31,085	\$ 53,879	\$ 214,170	\$ 119,226	\$ 1,771,873	2015

	Parks, Recreation & Culture	Community Development	Total	Fiscal Year
\$	2,204	\$ 20,097	\$ 195,638	2006
\$	7,855	\$ 2,281	\$ 187,592	2007
\$	1,548	\$ 604	\$ 196,173	2008
\$	716	\$ 1,550	\$ 213,996	2009
\$	1,325	\$ 1,246	\$ 129,078	2010
\$	2,935	\$ 975	\$ 134,160	2011
\$	3,692	\$ 1,319	\$ 108,942	2012
\$	6,263	\$ 1,486	\$ 136,658	2013
\$	11,767	\$ 1,821	\$ 166,978	2014
\$	22,370	\$ 1,854	\$ 214,715	2015

COUNTY OF PRINCE WILLIAM, VIRGINIA**TABLE 23 - Miscellaneous Statistical Data**

June 30, 2015

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	590
Number of volunteers	647
Police protection:	
Number of police officers	635
Public Safety Communications:	
Number of employees	103
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,220
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	82
Number of public high schools	11
Fall Membership, fiscal year 2015	86,641
Number of personnel (full-time equivalent)	10,562
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	568
Capacity of central jail	340
Capacity of work-release center	75
Number of personnel (full-time equivalent)	348
Tourism (Convention & Visitors Bureau Component Unit)	
Tourist information center visitors	20,566
Other statistical data:	
Elections:	
Registered voters at last general election	253,782
Number of votes cast in last general election	95,871
Percent voting in last general election	38%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,203
Miles of sanitary sewer mains	1,080

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, 2015

Travelers Casualty & Surety Company

Crime/Faithful Performance of Duty Blanket Bond

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

Honesty Blanket Bond

(Insured: Same as Above)

Public Official Bond - Michelle L. Attreed, Director of Finance

Public Official Bond - Courtney Tierney, Director of Social Services

Public Official Bond - Melissa S. Peacor, County Executive

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

Surety Bond - Michelle L. Attreed, Director of Finance

Surety Bond - Michèle McQuigg, Clerk of the Court

Surety Bond - Glendell Hill, Sheriff

Surety Bond - Peter Meletis, Jail Superintendent



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	\$ 667
Total Office of National Drug Control Policy			667
DEPARTMENT OF AGRICULTURE:			
* Direct Payments: Child & Adult Care Food Program	10.558	not applicable	22
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	17901-40599	479
Distance Learning - Forest Reserve	10.665	not applicable	41
Distance Learning - Forest Service - Conservation Education	10.000	not applicable	106
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program	10.561	45213-90303 45213-90304 46003-90212 46010-90212 46010-91103 46010-91104 46010-91403 46010-91404	3,076
* Child Nutrition Cluster ¹			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 ²	not available	1,720
* Department of Education:			
School Breakfast Program	10.553 ³	17901-40591	4,997
National School Lunch Program	10.555 ²	17901-40623	15,770
* Department of Juvenile Justice:			
School Breakfast Program	10.553 ³	36001-00000	31
National School Lunch Program	10.555 ²	36001-00000 36003-00000	69
Total Department of Agriculture			26,311

¹ Child Nutrition Cluster Total \$22,587

² CFDA 10.555 Total \$17,559

³ CFDA 10.553 Total \$5,028

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF DEFENSE:			
* Direct Payments:			
* Junior ROTC Program	12.000	not applicable	721
Student Achievement at Military-Connected Schools	12.556	not applicable	145
Total Department of Defense			<u>866</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
* Direct Payments:			
Community Development Block Grants / Entitlement Grants	14.218	not applicable	2,787
Supportive Housing Program	14.235	not applicable	510
Emergency Solutions Grant Program	14.231	not applicable	168
HOME Investment Partnerships Program	14.239	not applicable	617
Section 8 Housing Choice Vouchers	14.871	not applicable	23,493
* Pass-Through Payments from Northern Virginia Planning District Commission:			
Housing Opportunities for Persons with AIDS	14.241	not available	358
Total Department of Housing and Urban Development			<u>27,933</u>
DEPARTMENT OF THE INTERIOR:			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	85
American Battlefield Protection	15.926	not applicable	56
Historic Preservation Fund Grants-In-Aid	15.904	not applicable	3
Total Department of the Interior			<u>144</u>

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE:			
* Direct Payments:			
Missing Children's Assistance	16.543	not applicable	27
Public Safety Partnership and Community Policing Grants	16.710	not applicable	54
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	39001-56500	16
Crime Victim Assistance	16.575	39001-76000	178
* Pass-Through Payments from City of Manassas Park:			
Congressionally Recommended Awards	16.753	not available	7
Total Department of Justice			<u>282</u>
DEPARTMENT OF TRANSPORTATION:			
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	60507-54165 60507-55092	103
Highway Planning and Construction	20.205	not available	2,749
National Priority Safety Programs	20.616	60507-54182	2
State and Community Highway Safety	20.600	60507-54283 60507-55151 60507-55152	76
Total Department of Transportation			<u>2,930</u>
DEPARTMENT OF VETERANS AFFAIRS:			
* Direct Payments:			
Veterans Medical Care Benefits	64.009	not applicable	196
Total Department of Veterans Affairs			<u>196</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2015
 (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	778
Fund for the Improvement of Education	84.215	not applicable	15
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program	84.002 ⁶	17901-61380	68
Title I Grants to Local Educational Agencies	84.010 ⁴	17901-42901 17901-42935	8,691
Title I Program for Neglected & Delinquent Children	84.013	17901-42948	9
Vocational Education - Basic Grants to States	84.048	17901-61095 18101-86649	1,147
Twenty-First Century Community Learning Centers	84.287	17901-60565	533
English Language Acquisition Grants	84.365	17901-60512	1,788
Title II Part A Improving Teacher Quality State Grants	84.367	17901-61480 18101-86739	1,305
Preschool Development Grants	84.419	17901-40002	20
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181	44507-43077 44507-43078	454
* Special Education Cluster ⁵			
* Department of Education:			
Special Education - Grants to States	84.027	17901-43071	12,874
Special Education - Grants to States (Administration)	84.027	17901-60180 17901-61110 17901-61135	138
Special Education - Preschool Grants	84.173	17901-62521	299
* Pass-Through Payments from Community Training and Assistance Center			
Teacher Incentive Fund	84.374	not available	1,438
* Pass-Through Payments from Ohio State University to Leslie University			
USED Investing in Innovation Grant Project	84.396	not available	38
* Pass-Through Payments from College of William and Mary			
Education for Homeless Children and Youth	84.196	not available	12
* Pass-Through Payments from Fairfax County Schools			
Adult Education - State Grant Programs	84.002 ⁶	not applicable	438
* Pass-Through Payments from George Mason University			
Title II Part B Math and Science Partnership	84.366	not applicable	6
Total Department of Education			<u>30,051</u>

⁴Title I Part A Cluster Total \$8,691

⁵Special Education Cluster Total \$13,311

⁶Adult Education Total \$506

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
* Direct Payments:			
* Head Start			
Head Start	93.600	not applicable	3,317
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Aging:			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	45504-44113 45504-44114	7
Health Care Financing Research, Demonstrations VICAP-Basic, Medicaid + Choice, Termination, Enhancement	93.324	45504-44115	26
Special Programs for the Aging - Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect and Exploitation (Elder Abuse Prevention)	93.041	45506-43714 45506-43715	2
Medicare Enrollment Assistance Program	93.071	45504-44914	5
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	45504-42414 45504-42415	2
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	45504-44413 45504-44414 45504-44415	16
Nutrition Services Incentive Program	93.053	45701-42215 45701-42714 45701-42715	26
National Family Caregiver Support, Title III, Part E	93.052	45504-42015 45504-42513 45504-42514 45504-42515	119
Special Programs for the Aging - Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals (State Grants for Long-term Care Ombudsman Services)	93.042	45506-43614 45506-43615 45506-46214	8
Preventive Health and Health Services Block Grant	93.991	not available	1
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	44506-50993	75
Block Grants for Community Mental Health Services	93.958	44506-50124	170
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	44501-50164 44501-50194 44506-50124	1,039
* Department of Social Services:			
Temporary Assistance for Needy Families	93.558	45201-90603 45212-90366 45212-90377 46003-91109 46003-91110 46003-91111 46003-91112 46003-91127 46003-91129 46003-91130	1,476

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Promoting Safe & Stable Families	93.556	46003-91129 46902-90359 46902-90360 46902-90361	166
Refugee & Entrant Assistance - State Administered Programs	93.566	46010-91113 46010-91413 46010-91413 49102-90623	220
Chafee Education and Training Vouchers Program (ETV)	93.599	46902-90353	1
Child Welfare Services State Grants	93.645	46010-91131	10
Foster Care - Title IV-E	93.658	46010-91105 46010-91106 46010-91107 46010-91133 46010-91138 46010-91147 46010-91148 46010-91148 46010-91405 46010-91406 46010-91407 46010-91433 46010-91438 46010-91447 46010-91448 46901-90636 46901-90637 46901-90639 46901-90657 46901-90658 46902-90047 46902-90368	1,334
Adoption Assistance	93.659	46010-90214 46010-91108 46010-91408 46903-90606 46903-90607 46903-90627	628

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Social Services Block Grant	93.667	46010-91123 46010-91124 4601091126 46003-91124 46802-90340 46802-90357 46802-90358 46802-90379 46902-90351 46902-90357 46902-90358 46903-90648	997
Chafee Foster Care Independence Program	93.674	46010-91134 46902-90356	19
Children's Health Insurance Program	93.767	46010-91102 46010-90161 46010-91402	95
Medical Assistance Program	93.778	46010-90160 46010-91101 46010-91146 46010-91150 46010-91401 46010-91446 46010-91450 46010-90213	3,417
* Aging Cluster ⁷			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	45504-42014 45504-42015	181
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	45701-42214 45701-42215 45701-42715 45703-42314 45703-42315	199

⁷Aging Cluster Total \$380

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):			
* Child Care Cluster			
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	45214-90529 45214-90540 45214-90541 45215-90378 45215-90521 45215-90565 45215-90566 46003-91116 46003-91117 46003-91118	221
Total Department of Health and Human Services			13,777
DEPARTMENT OF HOMELAND SECURITY:			
* Direct Payments:			
Homeland Security Grant Program	97.067 ⁸	not applicable	460
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	not available	49
Emergency Management Performance Grants	97.042	not available	27
State Homeland Security Program (SHSP)	97.073	77501-52743 776020-160	69
* Pass-Through Payments from City of Alexandria:			
Homeland Security Grant Program	97.067 ⁸	not applicable	59
* Pass-Through Payments from Fairfax County:			
Homeland Security Grant Program	97.067 ⁸	not applicable	216
* Pass-Through Payments from Metropolitan Washington Council of Governments:			
Homeland Security Grant Program	97.067 ⁸	not applicable	234
* Pass-Through Payments from Northern Virginia Hospital Alliance:			
Homeland Security Grant Program	97.067 ⁸	not applicable	548
Total Department of Homeland Security			1,662
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 104,819

⁸Homeland Security Grant Program Total \$1,517

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015
(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). Effective December 26, 2014, any new or incremental funding for federal grant operations of the County are included in the scope of the Uniformed Grant Guidance under Title 2 of the Code of Federal Regulations. The County’s reporting entity is defined in Note 1, Part A of the County’s Basic Financial Statements. Testing of compliance requirements was performed for major federal programs. The major federal programs, as shown in Illustration 1-1, cover approximately 50.39% of total expenditures of federal awards.

Illustration 1-1 Major Federal Programs	
10.553 & 10.555 – Child Nutrition Cluster	\$ 22,587
14.871 – Section 8 Housing Choice Vouchers	23,493
93.600 – Head Start	3,317
93.778 – Medical Assistant Program	<u>3,417</u>
Total	\$ <u>52,814</u>

Illustration 1-2 presents the reconciliation of the County’s Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 24 and the School Board’s separately issued CAFR Exhibit 5 to the Schedule of Expenditures of Federal Awards (SEFA). A copy of the County’s CAFR may be obtained through the County’s website at www.pwccgov.org. A copy of the School Board’s CAFR may be obtained through the School’s website at www.pwcc.edu.

Illustration 1-2 Reconciliation of Comprehensive Annual Financial Statements to the Schedule of Expenditures of Federal Awards	
County’s Total Federal Revenue per Exhibit 5 and Schedule 24	\$ 48,651
School’s Total Federal Revenue per Exhibit 5	57,053
Items expended from Restricted Fund Balance:	
Criminal Forfeitures (Treasury)	(2)
Criminal Forfeitures (Justice)	(298)
Section 8 Housing Choice Vouchers	1,696
Items not subject to Single Audit:	
U. S. Marshals/I.N.S. purchase of service agreement	(360)
Other purchase of services agreements	<u>(1,921)</u>
Total Federal Expenditures per SEFA	\$ <u>104,819</u>

NOTE (2) – COGNIZANT AGENCY

The U. S. Department of Housing and Urban Development is the County’s cognizant audit agency for the Single Audit.

NOTE (3) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of the County during fiscal year 2015. This schedule has been prepared on the modified accrual basis of accounting, as defined in Note 1C, 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 2015 was \$3 and the value of equipment received by the County during fiscal year 2015 was \$1,057. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2015, the County received and expended \$1,720 in surplus food commodities from the federal government. At year end, \$683 of food commodities received from the federal government have been included in inventories and recorded as unavailable revenue.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications of Audits of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 31, 2015. That report recognizes that the County implemented new accounting standards effective July 1, 2014. Our report includes a reference to other auditors who audited the financial statements of the Prince William County/Manassas Convention and Visitors Bureau (the "CVB"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the CVB were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* or the *Specifications for Audits of Cities, Counties and Towns* and which are described in the accompanying schedule of findings and questioned costs as item 2015-001, 2015-002, 2015-003, 2015-004, 2015-005 and 2015-006.

County's Response to Findings

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

Purpose of this Report

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

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

Tysons Corner, Virginia
December 31, 2015

Report of Independent Auditor on Compliance for Each Federal Major Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Supervisors
County of Prince William, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Prince William, Virginia's (the "County") compliance with the types of compliance requirements described in the 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's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Medicaid

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.778 Medicaid as described in finding 2015-007 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Medicaid

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-008. Our opinion on each major federal program is not modified with respect to this matter.

County's Response to Findings

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-007 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-008 to be a significant deficiency.

County's Response to Findings

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Tysons Corner, Virginia
December 31, 2015

COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:		<u>Unmodified</u>	
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no	
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<u> </u> yes	<u> x </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no	

Federal Awards Section

Internal control over major programs:			
Material weakness(es) identified?	<u> x </u> yes	<u> </u> no	
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<u> x </u> yes	<u> </u> none reported	

Type of auditor's report on compliance for major programs:		<u>Qualified for Medicaid Unmodified for other major programs</u>	
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> x </u> yes	<u> </u> no	
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Identification of major programs:

<u>Name of Program or Cluster</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553 & 10.555
Section 8 Housing Choice Vouchers	14.871
Head Start	93.600
Medical Assistant Program	93.778

Dollar threshold used to distinguish between Type A programs: type A and type B programs (in thousands):	<u> \$ </u> 3,000
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Auditee qualified as low-risk auditee for federal purposes?	<u> x </u> yes	<u> </u> no
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Section II - Financial Statement Findings Non Material Noncompliance

Finding 2015-001: CONFLICTS OF INTEREST

Criteria: Section 2.2-3115 of the *Code of Virginia* requires local government officials to file a Statement of Economic Interest with the clerk of the governing body semi-annually by December 15th and June 15th.

Condition: We noted two County instances and one School instance where local government officials did not file a Statement of Economic Interest on a timely basis and three instances where local government officials did not complete the annual disclosure completely.

Cause: Completed Statement of Economic Interest forms were not filed by December 15, 2014 and June 15, 2015

Effect: Non-compliance may result in action by the Commonwealth.

Recommendation: Local government officials should complete the Statement of Economic Interest in accordance with prescribed requirements.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2015-001. One Statement of Economic Interest form was filed late by a government official and three Statement of Economic Interest forms submitted by government officials were incomplete. County staff will continue to send oral and written notifications to the government officials reminding them to submit their Statement of Economic Interest forms on time and complete.

Finding 2015-002: SOCIAL SERVICES - VIRGINIA INITIATIVE FOR EMPLOYMENT NOT WELFARE PROGRAM

Criteria: Chapter 1000.11 of the TANF Manual requires the participant to have an Activity and Service Plan that details the supportive services need by the individual to comply with program requirements. Service transactions for the participants must be appropriate based on the individual's VIEW Participant Activity and Service Plan.

Condition: Of the 25 participants selected for testing, we noted six participants receiving transportation services in which transportation services were not approved per the participant's Activity and Service Plan.

Cause: Lack of monitoring the service transaction for consistency with the individual's VIEW Participant Activity and Service Plan.

Effect: Non-compliance may result in action by the Commonwealth.

Recommendation: The Local Department of Social Services should ensure that VIEW transactions are supported by the participant's Activity and Service Plan.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2015-002. Six participants receiving transportation services did not have the transportation service box checked on their Activity and Service Plan, although the service is allowed by the program and was notated on the Plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Management and staff will put procedures in place requiring all services to be clearly marked by checking the appropriate service type box on the participant's Activity and Service Plan.

Finding 2015-003: SOCIAL SERVICES – TERMINATED USERS

Criteria: When a user leaves the Local Department of Social Services, their access privileges must be immediately removed from all systems they were authorized to use.

Condition: Of the sample of three selected for testing, we noted one instance where terminated users access was not removed timely, within three working days of employment termination.

Cause: Inadequate controls in place to monitor the removal of access to the systems within three working days as required by the Commonwealth.

Effect: Non-compliance may result in unauthorized individuals having system access.

Recommendation: The County should implement corrective action aimed at enhancing internal controls related to the communication of the separation of Department of Social Services employees to ensure that system access privileges of separated employees are removed immediately.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2015-003. Management is in the process of developing procedures to ensure that system access privileges of separated employees are removed immediately.

Finding 2015-004: SOCIAL SERVICES – SNAP EMPLOYMENT AND TRAINING

Criteria: Part 25 Chapter C of the Supplemental Nutrition Assistance Program Manual states that the SNAPET worker must have a written Plan of Participation for each individual that includes a description of the supportive services needed by the participant to carry out the assignment.

Condition: Of the 5 participants selected for testing, we noted one instance within our sample where the Local Department of Social Services was unable to provide the Plan of Participation for the case selected.

Cause: Inadequate maintenance of documentation.

Effect: Non-compliance may result in action by the Commonwealth.

Recommendation: Local Department of Social Services should maintain appropriate documentation to support their SNAPET cases.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the Finding 2015-004. Management is in the process of developing a file system in order to better locate all case Plan of Participation. The Virginia Department of Social Services is moving toward an electronic case management system, VaCMS, and is expected to be implemented by December 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Finding 2015-005: SOCIAL SERVICES – ANNUAL REVIEW OF ACCESS

Criteria: Each Local Security Officer should annually review all Department of Social Services employees' access to each system application with their appropriate supervisors to ensure that the access is properly aligned with their job responsibilities.

Condition: We noted that there was no annual review of employees' access to each system application that took place during the year.

Cause: No process in place to review employees' access to system applications each year.

Effect: Non-compliance may result in unauthorized individuals having system access.

Recommendation: The County should implement corrective action aimed at implementing a process to review employees' access to system applications on an annual basis.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2015-005. Management is in the process of developing procedures to ensure the Local Security Officer annually reviews all Department of Social Services employees' access to system applications. It is important to note, that the an annual review of system access is conducted by the Finance Department and the Human Resources Department as it pertains to access to the County's financial management system and human resource information system.

Finding 2015-006: FINANCE DEPARTMENT - PROPERTY TAXES

Criteria: The *Code of Virginia* prohibits the Treasurer from adjusting the land books without authorization from either the commissioner of the revenue or the governing body.

Condition: Of the 13 personal property tax adjustments selected for testing, we noted one instance where there was no approval of the adjustment that was over \$200.

Cause: Inadequate controls in place to formally document the approvals of the adjustments.

Effect: Non-compliance may result in action by the Commonwealth.

Recommendation: The Finance Department's Tax Administration Office should require formal documentation of approvals of adjustments over \$200.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2015-006. The Finance Department's Tax Administration Office has a process in place that requires the Supervisor/Manager of each unit within Tax Administration to approve tax adjustments over \$200. This is a manual process that entails reviewing the adjustment reports for transactions over \$200 on a daily basis and verifying the supporting documentation. Because of the manual effort involved in this process, there is inherent risk for human error to occur. Management believes this is an isolated incident. It is important to note that the exception noted in the finding was a valid tax adjustment accompanied by sufficient

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

supporting documentation. The Finance Department is also in the process of implementing a new Tax Administration System, expected to “go live” in 2016. This new system will have enhanced capabilities for automated documentation of supervisory overrides for tax adjustments.

Section III – Findings and Questioned Costs for Federal Awards

Finding 2015-007: SOCIAL SERVICES – MATERIAL WEAKNESS AND COMPLIANCE QUALIFICATION – ELIGIBILITY FOR THE MEDICAID PROGRAM ASSISTANCE (CFDA 93.778)

Criteria: Per the 42 CFR sections 435.907, 435.910, 435.913, and 435.920, participants in the Medicaid program must meet specified eligibility criteria to receive program assistance. For participants in the program longer than one year, a redetermination of eligibility is required to be performed at least every 12 months.

Condition/Context: Of the 40 participants selected for testing, fourteen participant case files did not include evidence of annual eligibility redetermination. Nine of the 40 cases did not have a signed application on hand or a signed application within the last five years, for ex parte reviews to occur. For six of the participants, no record of income verification or note of the methodology to achieve verification was maintained within the case file. Finally, one case file could not be found in its entirety.

Cause: An increase in applicants during the year, as well as a lack of personnel to assist in processing and reviewing these applications, prevented the County from complying with the programs requirements for determination of participant’s eligibility.

Effect: The County’s non-compliance could result in costs disallowed by the grantor or a reduction in future funding for this program.

Questioned Cost: Undeterminable.

Recommendation: The County should implement a plan to enhance internal controls related to participant eligibility to ensure renewals are occurring on a timely basis, income is properly verified at each renewal period when required, and files contain adequate supporting documentation in accordance with OMB Circular A-133.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2015-007. Management is enhancing internal controls for participant eligibility to ensure renewals are occurring on a timely basis and income is verified at each renewal. A higher case load due to increased Medicaid eligibility has staff developing additional processes to address the issue as recommended. The Virginia Department of Social Services is transitioning to an electronic case management system, VaCMS, over the next year with will assist with process efficiencies.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Finding 2015-008: OFFICE OF HOUSING & COMMUNITY DEVELOPMENT - SIGNIFICANT DEFICIENCY AND NON-MATERIAL NONCOMPLIANCE IN ELIGIBILITY FOR THE SECTION 8 HOUSING CHOICE VOUCHER CLUSTER INCOME VERIFICATION (CFDA 14.871)

Criteria: Per the 24 CFR section 982.201, 982.515, 982.516, local public housing agencies must obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent and determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification.

Condition/Context: For a sample of 40 tenants selected for testing, four of the tenant's third-party verified annual incomes, value of assets, expenses related to deductions from annual income, or other factors that affect the determination of adjusted income or income-based rent were not properly reflected on the HUD 50058 Form.

Cause: Internal controls are not operating effectively to ensure the HUD 50058 Forms are being accurately completed.

Effect: Not accurately completing the HUD 50058 Form may result in costs disallowed by the grantor or reduced future funding for this program.

Questioned Cost: Not determinable

Recommendation: The County should implement a corrective action plan aimed at enhancing internal controls related to participant eligibility to ensure that accurate and complete documentation supporting all participant eligibility determination is prepared, maintained and reported, in accordance with County and federal record retention requirements.

Views of Responsible Officials and Planned Corrective Action: Management concurs with Finding 2015-008 and has reviewed its internal control process to ensure appropriate control procedures are in place. An internal review as well as the SEMAP review should sufficiently ensure that accurate and complete documentation supporting participant eligibility determination is prepared, maintained and reported in accordance with County and Federal record retention requirements.

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2015

Financial Statement Findings

Finding 2015-001: CONFLICTS OF INTEREST

Name of Contact Person: Phillip Campbell, Assistant to CXO and Clerk to BOCS

Corrective Action:

- Management concurs with Finding 2015-001. One Statement of Economic Interest form was filed late by a government official and three Statement of Economic Interest Forms submitted by government officials were incomplete. County staff will continue to send oral and written notifications to the government officials reminding them to submit their Statement of Economic Interest forms on time and complete.

Proposed Completion Date: Immediately

Finding 2015-002: SOCIAL SERVICES - VIRGINIA INITIATIVE FOR EMPLOYMENT NOT WELFARE PROGRAM

Name of Contact Person: Courtney S. Tierney, Director – Department of Social Services

Corrective Action:

- Management concurs with Finding 2015-002. Six participant's receiving transportation services did not have the transportation service box checked on their Activity and Service Plan, although the service is allowed by the program and was notated on the Plan. Management and staff will put procedures in place requiring all services to be clearly marked by checking the appropriate service type box on the participant's Activity and Service Plan.

Proposed Completion Date: Immediately

Finding 2015-003: SOCIAL SERVICES – TERMINATED USERS

Name of Contact Person: Courtney S. Tierney, Director – Department of Social Services

Corrective Action:

- Management concurs with Finding 2015-003. Management is in the process of developing procedures to ensure that system access privileges of separated employees are removed immediately.

Proposed Completion Date: Immediately

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2015

Finding 2015-004: SOCIAL SERVICES - SNAP EMPLOYMENT AND TRAINING

Name of Contact Person: Courtney S. Tierney, Director – Department of Social Services

Corrective Action:

- Management concurs with the Finding 2015-004. Management is in the process of developing a file system in order to better locate all case Plan of Participation. The Virginia Department of Social Services is moving toward an electronic case management system, VaCMS, and is expected to be implemented by December 2016.

Proposed Completion Date: Immediately

Finding 2015-005: SOCIAL SERVICES – ANNUAL REVIEW OF ACCESS

Name of Contact Person: Courtney S. Tierney, Director – Department of Social Services

Corrective Action:

- Management concurs with Finding 2015-005. Management is in the process of developing procedures to ensure the Local Security Officer annually reviews all Department of Social Services employees' access to system applications. It is important to note, that the annual review of system access is conducted by the Finance Department and the Human Resources Department as it pertains to access to the County's financial management system and human resource information system.

Proposed Completion Date: Immediately

Finding 2015-006: FINANCE DEPARTMENT - PROPERTY TAXES

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

- Management concurs with Finding 2015-006. The Finance Department's Tax Administration Office has a process in place that requires the Supervisor/Manager of each unit within Tax Administration to approve tax adjustments over \$200. This is a manual process that entails reviewing the adjustment reports for transactions over \$200 on a daily basis and verifying the supporting documentation. Because of the manual effort involved in this process, there is inherent risk for human error to occur. Management believes this is an isolated incident. It is important to note that the exception noted in the finding was a valid tax adjustment accompanied by sufficient supporting documentation. The Finance Department is also in the process of implementing a new Tax Administration System, expected to "go live" in 2016. This new system will have enhanced capabilities for automated documentation of Supervisory Overrides for tax adjustments.

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2015

Proposed Completion Date: Immediately

Finding 2015-007: SOCIAL SERVICES - MATERIAL WEAKNESS AND COMPLIANCE QUALIFICATION – ELIGIBILITY FOR THE MEDICAID PROGRAM ASSISTANCE (CFDA 93.778)

Name of Contact Person: Courtney S. Tierney, Director – Department of Social Services

Corrective Action:

- Management concurs with Finding 2015-007. Management is enhancing internal controls for participant eligibility to ensure renewals are occurring on a timely basis and income is verified at each renewal. A higher case load due to increased Medicaid eligibility has staff developing additional processes to address the issue as recommended. The Virginia Department of Social Services is transitioning to an electronic case management system, VaCMS, over the next year which will assist with process efficiencies.

Proposed Completion Date: Immediately

Finding 2015-008: OFFICE OF HOUSING & COMMUNITY DEVELOPMENT - SIGNIFICANT DEFICIENCY AND NON-MATERIAL NONCOMPLIANCE IN ELIGIBILITY FOR THE SECTION 8 HOUSING CHOICE VOUCHER CLUSTER INCOME VERIFICATION (CFDA 14.871)

Name of Contact Person: Bill J. Lake, Housing Director

Corrective Action:

- Management concurs with Finding 2015-008 and has reviewed its internal control process to ensure appropriate control procedures are in place. An internal review as well as the SEMAP review should sufficiently ensure that accurate and complete documentation supporting participant eligibility determination is prepared, maintained and reported in accordance with County and Federal record retention requirements.

Proposed Completion Date: Immediately

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2015

Financial Statement Findings

2014-001: SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING – CAPITAL ASSETS

Summary of Finding: Internal control processes were not properly designed within Prince William County to ensure accuracy of capital asset balances and activity, including construction in progress. Testing of capital assets and construction in progress noted an understatement of capitalized interest, overstatement of depreciation expense, overstatement of additions and deletions due to corrections made throughout the year resulting in a net effect zero to the ending capital asset balance, overstatement of estimated additions in the prior year due to a change in policy upon merger of a component unit leading to an overstatement of disposals in the current year and an overstatement of construction in progress due to completed projects not being properly placed in service.

Corrective Action Taken: Management is developing procedures to ensure the internal controls for managing capital assets supports capital asset balances reported in the financial statements. Appropriate review will be included in the process.

2014-002: APA OF VIRGINIA, SECTION 3-15 SOCIAL SERVICES COMPLIANCE

Summary of Finding: A sample of 25 Social Services employees revealed seven instances where employees did not sign the Computer Access Request Forms documenting a user's access authority be available for all users. The forms did not contain what access was granted to the and two forms did not include a supervisor's signature.

Corrective Action Taken: Management has developed procedures to ensure compliance with APA Section 3-15 acquiring user and supervisor signatures on all Computer Access Request Forms.

2014-003: APA OF VIRGINIA, SECTION 15.2-2511 SOCIAL SERVICES COMPLIANCE

Summary of Finding: A sample of 5 Social Services employees tested revealed employees access privileges were not immediately removed from all systems that they were authorized to use. The Department of Social Services of the County did not terminate user's access within three working days on three separate occasions.

Corrective Action Taken: Management has developed procedures to ensure compliance with APA Section 15.2-2511 that system access privileges of separated employees are removed immediately.

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2015

Findings and Questioned Costs for Federal Awards

2014-004: ELIGIBILITY INCOME VERIFICATION – HOUSING CHOICE VOUCHER PROGRAM COMPLIANCE

Summary of Finding: A sample of 40 tenants were selected for tenant’s income eligibility verification. The County did not retain documentation from a third-party to verify annual income in one tenant selected. Not retaining third-party income verification may result in costs disallowed by the grantor or reduced future funding for this program.

Corrective Action Taken: Management has reviewed its internal control process to ensure appropriate control procedures are in place. Management did identify inconsistencies with the staff responsible for this case and took appropriate personnel actions during the 4th quarter of cendar year 2013. These actions allowed the Office of Housing and Community Development to remain in compliance with Housing and Urban Development’s program management operation standards contained in 24 CFR 982.516. Management believes this was an isolated occurrence and does not reflect a systemic control weakness in the process.

2014-005: ANNUAL TENANT ELIGIBILITY – HOUSING CHOICE VOUCHER PROGRAM COMPLIANCE

Summary of Finding: A sample of 40 tenants were selected for tenant verification that must be performed at least once every 12 months. The County did not retain documentation of the annual re-examination of one tent’s file. Not retaining annual re-examination documentation application may result in costs disallowed by the grantor or reduced future funding for this program.

Corrective Action Taken: Management has reviewed its internal control process to ensure appropriate control procedures are in place. Management did identify inconsistencies with the staff responsible for this case and took appropriate personnel actions during the 4th quarter of cendar year 2013. These actions allowed the Office of Housing and Community Development to remain in compliance with Housing and Urban Development’s program management operation standards contained in 24 CFR 982.516. Management believes this was an isolated occurrence and does not reflect a systemic control weakness in the process.

