NEW ISSUE - FULL BOOK-ENTRY

Ratings: Fitch: AAA
Moody's: Aaa
S&P: AAA
(See "Ratings" herein)

In the opinion of McGuireWoods LLP, as bond counsel to the Virginia Public School Authority ("Bond Counsel")*, under current law and subject to the conditions described in "TAX MATTERS" herein, interest on the below referenced bonds (the "Series 2022 Bonds") (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item in calculating the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is further of the opinion that interest on the Series 2022 Bonds is exempt from income taxation by the Commonwealth of Virginia and any of its political subdivisions. See "TAX MATTERS" herein regarding certain other tax considerations.*

$42,400,000
VIRGINIA PUBLIC SCHOOL AUTHORITY
Special Obligation School Financing Bonds,
Prince William County Series 2022

Dated: Date of Delivery **Due: October 1, as shown on the inside cover**

This Official Statement has been prepared by the Virginia Public School Authority (the "Authority") to provide information on the Series 2022 Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series 2022 Bonds, a prospective investor should read this Official Statement in its entirety, including all Appendices hereto.

Purpose	The proceeds of the Series 2022 Bonds are being used to purchase a general obligation school bond issued by Prince William County, Virginia (the "County"), in the principal amount of $42,400,000 (the "Series 2022 Local School Bond"). The County will use the proceeds of the Series 2022 Bonds to (i) pay the costs of various capital school improvement projects for the County and (ii) pay the issuance costs of the Series 2022 Bonds and the Series 2022 Local School Bond. See **"SOURCES AND USES OF THE PROCEEDS OF THE SERIES 2022 Bonds."**
Issued Pursuant to	Resolution adopted by the Authority on September 15, 2022. See **"INTRODUCTION."**
Denomination	$5,000 or multiples thereof.
Security	The Series 2022 Bonds are secured by principal and interest payments on the general obligation school bond issued by the County, held by the Authority and pledged to the payment of the Series 2022 Bonds. The Series 2022 Bonds do not constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 Bonds."**
Redemption	The Series 2022 Bonds are subject to redemption as described on the inside front cover of this Official Statement.
Interest Payment Dates	April 1 and October 1, beginning April 1, 2023.
Registration	Fully registered book-entry only in the name of Cede & Co. (as nominee of The Depository Trust Company). See **"APPENDIX E - Book-Entry Only System."**
Bond Registrar/ Paying Agent	State Treasurer.
Bond Counsel	McGuireWoods LLP, Richmond, Virginia, as bond counsel to the Authority. Norton Rose Fulbright US LLP, Washington, D.C., as bond counsel to the County.
Financial Advisors	Public Resources Advisory Group, New York, New York, as financial advisor to the Authority. PFM Financial Advisors LLC, as financial advisor to the County.
Issuer Contact	Director of Debt Management, Virginia Department of the Treasury, (804) 225-2142.
Delivery Date	November 10, 2022.

Dated: October 25, 2022

$42,400,000
VIRGINIA PUBLIC SCHOOL AUTHORITY
Special Obligation School Financing Bonds,
Prince William County Series 2022
(Base CUSIP† Number 92817T)

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND PRICES

Year of Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Suffix†
2023	$2,120,000	5.000%	3.190%	101.575%	ML7
2024	2,120,000	5.000	3.230	103.219	MM5
2025	2,120,000	5.000	3.250	104.789	MN3
2026	2,120,000	5.000	3.290	106.195	MP8
2027	2,120,000	5.000	3.320	107.524	MQ6
2028	2,120,000	5.000	3.360	108.696	MR4
2029	2,120,000	5.000	3.400	109.753	MS2
2030	2,120,000	5.000	3.420	110.843	MT0
2031	2,120,000	5.000	3.500	111.373	MU7
2032	2,120,000	5.000	3.560*	110.889*	MV5
2033	2,120,000	5.000	3.660*	110.088*	MW3
2034	2,120,000	5.000	3.790*	109.057*	MX1
2035	2,120,000	5.000	3.820*	108.821*	MY9
2036	2,120,000	5.000	3.850*	108.585*	MZ6
2037	2,120,000	4.375	4.350*	100.178*	NA0
2038	2,120,000	4.375	4.370*	100.032*	NB8
2039	2,120,000	4.500	4.380*	100.871*	NC6
2040	2,120,000	4.500	4.470*	100.213*	ND4
2041	2,120,000	4.625	4.550*	100.539*	NE2
2042	2,120,000	4.625	4.570*	100.393*	NF9

* Yield and Price to the first optional redemption date of October 1, 2031.

OPTIONAL REDEMPTION

The Series 2022 Bonds due on or after October 1, 2032, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning October 1, 2031, at a redemption price of par, together with interest accrued to the date fixed for redemption.

† A registered trademark of the American Bankers Association ("ABA"), used by FactSet Research Systems, Inc. in its operation of the CUSIP Service Bureau for the ABA. The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with Virginia Public School Authority (the "Authority") or Prince William County, Virginia (the "County"), and neither the Authority nor the County is responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondowners and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. Neither the Authority nor the County has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

STATE OFFICIALS

GOVERNOR
GLENN YOUNGKIN

LIEUTENANT GOVERNOR
WINSOME EARLE-SEARS

ATTORNEY GENERAL
JASON S. MIYARES

SECRETARY OF FINANCE
STEPHEN E. CUMMINGS

TREASURER
DAVID L. RICHARDSON

COMPTROLLER
LEWIS R. MCCABE

SUPERINTENDENT OF PUBLIC INSTRUCTION
JILLIAN BALOW

VIRGINIA PUBLIC SCHOOL AUTHORITY BOARD OF COMMISSIONERS

CHAIR
JOHN R. RILEY, JR.

VICE CHAIR
MARIA J. PERROTTE

TREASURER & SECRETARY
DAVID L. RICHARDSON

BETTY J. BURRELL

HON. CARDELL C. PATILLO JR.

LEWIS R. MCCABE

MICHAEL NGUYEN

JILLIAN BALOW

AUTHORITY STAFF

AUTHORITY ASSISTANT SECRETARY/ASSISTANT TREASURER
Department of the Treasury
Director of Debt Management
BRADLEY L. JONES

AUTHORITY ASSISTANT SECRETARY/ASSISTANT TREASURER
Department of the Treasury
Public Finance Manager
JAMES D. MAHONE

Department of the Treasury
Senior Public Finance Analyst
MELISSA W. PALMER

AUTHORITY FINANCIAL ADVISOR

PUBLIC RESOURCES ADVISORY GROUP
New York, New York

AUTHORITY BOND COUNSEL

MCGUIREWOODS LLP
Richmond, Virginia

The Series 2022 Bonds are exempt from registration under the Securities Act of 1933, as amended. The Series 2022 Bonds are also exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the County or the underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or sale of the Series 2022 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Authority, the County or the underwriters or holders of any of the Series 2022 Bonds.

Certain statements included in this Official Statement constitute "forward-looking statements" within the meaning of Section 27a of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any results, performances or achievements express or implied by such forward-looking statements. Except as specifically set forth herein, neither the Authority nor the County plans to issue any updates or revisions to those forward-looking statements due to changes in its expectations or subsequent events, conditions or circumstances on which such statements are based.

The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority or the County since the date hereof.

The underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2022 Bonds, including transactions to (i) overallot in arranging the sales of the Series 2022 Bonds and (ii) make purchases and sales of the Series 2022 Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the underwriters may determine.

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OFFICIAL STATEMENT
of the
VIRGINIA PUBLIC SCHOOL AUTHORITY
for its
$42,400,000
Special Obligation School Financing Bonds,
Prince William County Series 2022

INTRODUCTION

The purpose of this Official Statement is to provide information in connection with the issuance by the Virginia Public School Authority (the "Authority") of its $42,400,000 Special Obligation School Financing Bonds, Prince William County Series 2022 (the "Series 2022 Bonds"), and the issuance by Prince William County, Virginia (the "County") of its $42,400,000 general obligation school bond (the "Local School Bond"), which the Authority will purchase with the proceeds of the Series 2022 Bonds. The Authority is an instrumentality of the Commonwealth of Virginia (the "Commonwealth"), created by Chapter 11, Title 22.1, Code of Virginia, 1950, as amended (the "VPSA Act"). See **"THE AUTHORITY."**

The Series 2022 Bonds are being issued by the Authority, at the request of the County, pursuant to the VPSA Act and a bond resolution adopted on September 15, 2022 (the "Resolution"), by the Board of Commissioners of the Authority (the "Board"). The Authority's purpose in issuing the Series 2022 Bonds is to provide funds for the purchase by the Authority of the Local School Bond to be issued by the County. The County will use the proceeds of the Series 2022 Bonds received from the Authority to (i) pay the costs of various capital school improvement projects for the County and (ii) pay the issuance costs of the Series 2022 Bonds and the Local School Bond.

The Series 2022 Bonds are payable solely from payments of principal of and interest on the Local School Bond made by the County. The Local School Bond is a general obligation of the County for which its full faith and credit and taxing power are irrevocably pledged. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS."** The Local School Bond is being issued pursuant to a resolution adopted by the Board of County Supervisors (the "Board of Supervisors") on October 11, 2022, pursuant to the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended.

Appendix A to this Official Statement, furnished by the County, contains demographic, statistical and financial information regarding the County. Appendix B to this Official Statement, furnished by the County, contains the audited financial statements of the County for its fiscal year ended June 30, 2021.

As described under the heading "FINANCIAL ADVISORS," Public Resources Advisory Group ("PRAG") is serving as financial advisor to the Authority in connection with the Series 2022 Bonds. Questions relating to the Authority should be directed to PRAG at (212) 566-7800. PFM Financial Advisors LLC is serving as financial advisor to Prince William County, Virginia (the "County") in connection with the Series 2022 Bonds. Questions relating to the County should be directed to PFM Financial Advisors LLC at (571) 527-5124.

The Authority has issued other bonds, on behalf of the County, including the following special obligation bonds (the "Other Prince William Special Obligation Bonds"):

(a) Special Obligation School Financing Bonds, Prince William County Series 2012.

(b) Special Obligation School Financing Bonds, Prince William County Series 2013.

(c) Special Obligation School Financing Bonds, Prince William County Series 2014.

(d) Special Obligation School Financing Bonds, Prince William County Series 2015.

(e) Special Obligation School Financing and Refunding Bonds, Prince William County Series 2016.

(f) Special Obligation School Financing Bonds, Prince William County Series 2017.

(g) Special Obligation School Financing Bonds, Prince William County Series 2018.

(h) Special Obligation School Financing Bonds, Prince William County Series 2019A.

(i) Special Obligation School Financing Refunding Bonds, Prince William County Series 2019B (Federally Taxable).

(j) Special Obligation School Financing Bonds, Prince William County Series 2020.

(k) Special Obligation School Financing Bonds, Prince William County Series 2021A.

The Other Prince William Special Obligation Bonds are currently outstanding, pursuant to several other bond resolutions (as amended and supplemented from time to time, the "Existing Prince William Resolutions"). The Authority has also issued other bonds, which are currently outstanding, pursuant to other resolutions and indentures (collectively, with the Existing Prince William Resolutions, the "Existing Resolutions").

The funds and accounts and the revenues pledged under the Existing Resolutions are not pledged to the Series 2022 Bonds, and the Local School Bond is not pledged to bonds issued under the Existing Resolutions. In particular, the funds, accounts and revenues pledged under the resolutions securing the Other Prince William Special Obligation Bonds are not pledged to the Series 2022 Bonds, and the local school bonds purchased with the proceeds of the Other Prince William Special Obligation Bonds are not pledged to the payment of the Series 2022 Bonds. The Existing Prince William Resolutions and the Resolution are not cross-defaulted.

SOURCES AND USES OF THE PROCEEDS OF THE SERIES 2022 BONDS

The proceeds of the Series 2022 Bonds are expected to be applied as follows:

SOURCES	
Par Amount of Series 2022 Bonds	$42,400,000.00
Original Issue Premium	2,409,019.60
Total	$44,809,019.60
USES	
Deposit to Prince William County Purchase Fund	$44,360,000.00
Underwriter's Discount	91,166.95
Other Costs of Issuance	357,852.65
Total	$44,809,019.60

PLAN OF FINANCE

The Authority's purpose in issuing the Series 2022 Bonds is to provide funds for the purchase by the Authority of the Local School Bond to be issued by the County. The County will use the proceeds of the Series 2022 Bonds received from the Authority to (i) pay the costs of various capital school improvement projects for the County and (ii) pay the issuance costs of the Series 2022 Bonds and the Local School Bond.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

General

The Resolution provides that the Series 2022 Bonds are limited and special obligations of the Authority, secured solely by and payable solely from payments of principal of and interest on the Local School Bond.

Interest on the Local School Bond is due on the March 15 and the September 15 immediately preceding the corresponding April 1 and October 1 interest payment dates of the Series 2022 Bonds. Principal on the Local School Bond is payable on the September 15 immediately preceding the corresponding October 1 principal payment date of the Series 2022 Bonds. Under the Resolution, the Authority has assigned, for the benefit of the holders of the Series 2022 Bonds, and any refunding bonds issued under the Resolution, its rights to receive all payments of principal and interest on the Local School Bond to the State Treasurer acting as paying agent for the Series 2022 Bonds. The Authority has agreed that all such payments of principal and interest on the Local School Bond shall be made directly to the State Treasurer, acting as paying agent for the Series 2022 Bonds, who is directed to apply such payments to the corresponding debt service payments due on the Series 2022 Bonds and any refunding bonds issued under the Resolution.

The Series 2022 Bonds are not a general obligation of the Authority and are not secured by or payable from any of the funds and accounts or the revenues pledged under the Existing Resolutions. The Series 2022 Bonds do not constitute a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth. Under the Resolution, the Authority must demonstrate, prior to issuance, that the payments under the Local School Bond are sufficient to make the corresponding payments on the Series 2022 Bonds.

Local School Bond

The Local School Bond is a general obligation of the County, to the payment of which its full faith and credit are irrevocably pledged. The Board of Supervisors shall, in each year while the Local School Bond is outstanding, levy and collect *ad valorem* taxes upon all property in the County subject to taxation by the County in an amount sufficient to pay the principal of and premium, if any, and interest on the Local School Bond when due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the County. Appendix A to this Official Statement, furnished by the County, contains certain demographic, statistical and financial information regarding the County. Appendix B to this Official Statement, furnished by the County, contains the audited financial statements of the County for its fiscal year ended June 30, 2021.

State Aid Intercept

A Virginia statute (Section 15.2-2659 of the Code of Virginia, 1950, as amended) (the "State Aid Intercept Provision") provides a mechanism for the application to overdue debt service on the Local School Bond of appropriations by the General Assembly to the County. The State Aid Intercept Provision requires the Governor of the Commonwealth (the "Governor"), upon proof of default in the payment of debt service on any general obligation bond (such as the Local School Bond) by any local government (such as the County), to direct the Comptroller of the Commonwealth to withhold certain payments to the local government until such default is cured. These payments include funds appropriated by the General Assembly to the local government for any and all purposes. For as long as the default continues, the State Aid Intercept Provision directs the Governor to require the Comptroller to pay from such appropriation to the holders of such general obligation bonds or their paying agent as much as is necessary to cover the principal and interest due on such general obligation bonds. The State Aid Intercept Provision further provides for notice of the default and of the availability of intercepted funds with the paying agent or with the Comptroller by publication and by mail to the registered owners of such general obligation bonds. Executive Order Number Eighty-eight (01) delegates to the State Treasurer the responsibility to receive on the Governor's behalf proof of default in the payments of debt service on any general obligation bond. If such nonpayment is confirmed, the State Treasurer is to direct the Comptroller to withhold payments of Commonwealth funds to the locality and to pay them to the Authority.

It is the policy of the State Treasurer and the Comptroller that the bond payments be made on the same day as, or at least within 24 hours of, proper notification. However, to date, the State Aid Intercept Provision has never been utilized, and there can be no assurance that the benefits of the provisions available to the Authority could be realized in the event of a nonpayment by the County.

The State Aid Intercept Provision applies to all general obligation bonds of the County, including the Local School Bond. State aid that is payable to local governments and that is subject to interception pursuant to the State Aid Intercept Provision is derived primarily from the Commonwealth's General Fund, with the remaining aid being payable from the Highway Maintenance and Construction Fund of the Virginia Department of Transportation and certain other funds. The primary sources of revenue for the Commonwealth's General Fund are individual and corporate income tax revenues, sales and use tax revenues, other tax revenues, interest, dividends and rents. Although the State Aid Intercept Provision has not been tested in a Virginia court, the Attorney General of the Commonwealth has opined that funds appropriated and payable by the Commonwealth to local governments for any and all purposes are subject to such withholding under the State Aid Intercept Provision.

The Authority has covenanted in the Resolution that it will enforce the State Aid Intercept Provision to obtain payment of any principal of and interest due and unpaid on the Local School Bond.

In the fiscal year ended June 30, 2021, total direct appropriations paid by the Commonwealth to the County amounted to $753,899,000.[*] As of September 20, 2022, the County had approximately $973,587,961[**] of obligations outstanding that were subject to the State Aid Intercept Provision. The County expects that the Local School Bond will be the only new money obligation that the County issues in the fiscal year ending June 30, 2023, that is subject to the State Aid Intercept Provision. If any Refunding Bonds are issued under the Resolution, a related amendment will be made to the Local School Bond.

Additional Bonds to Refund Bonds Issued Under the Existing Prince William Resolutions

Except for refunding bonds, the Resolution does not authorize the issuance of any additional series of bonds. The Authority is permitted under the Resolution to issue one or more series of Refunding Bonds, on more than one occasion, to refund, redeem and defease, as applicable, any Series 2022 Bonds, outstanding refunding bonds under the Resolution, any bonds outstanding under the Existing Prince William Resolutions, or any combination thereof.

The Series 2022 Bonds are the only "new money" bonds that can be issued under the Resolution. The Authority has covenanted in the Resolution that it will not issue any other bonds payable from, or with a lien or other claim on, the Local School Bond except as provided in the Resolution. Before any series of Refunding Bonds are issued under the Resolution, the Authority must demonstrate that the payments from the Local School Bond (as it may be amended) are sufficient to pay when due the payments on the bonds outstanding under the Resolution. The Authority may, however, pursuant to other resolutions, issue bonds to purchase additional general obligation bonds of the County or to refund the Series 2022 Bonds, or both. See **"SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION - Authorization for Additional Series of Refunding Bonds."**

RECENT DEVELOPMENTS

Certain financial and operating data contained herein relating to the County, particularly in Appendices A and B, are as of the dates and for the periods indicated, some of which were prior to the outbreak of the COVID-19 pandemic. Such historical financial and operating data have not been updated to reflect any potential impacts of the COVID-19 pandemic on the County's general economic and financial condition. See also "APPENDIX A-CERTAIN INFORMATION REGARDING THE COUNTY - Demographic and Economic Factors - COVID-19 Matters."

DESCRIPTION OF THE SERIES 2022 BONDS

General

The Series 2022 Bonds will be dated the date of delivery, will bear interest from their date payable semiannually on each April 1 and October 1, commencing on April 1, 2023, at the respective rates, and will mature, subject to prior redemption, on October 1, in each of the years, as set forth on the inside cover of this Official Statement. The record date for the Series 2022 Bonds will be the March 15 or September 15, as applicable (whether or not a business day), preceding the applicable interest payment date. The Series 2022 Bonds will be issued as fully-registered bonds, and beneficial ownership interests therein will be available to the public in book-entry form in

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[*] *Source*: Auditor of Public Accounts, Comparative Report of Local Government Expenditures.
[**] *Source:* Finance Department, Prince William County, Virginia.

denominations of $5,000 or any whole multiple thereof. Interest on the Series 2022 Bonds is computed on the basis of a year of 360 days with 12 months of 30 days each.

Optional Redemption

The Authority may, at its option, redeem certain of the Series 2022 Bonds prior to maturity as described on the inside cover of this Official Statement.

The Local School Bond is not subject to redemption prior to maturity without the consent of the Authority.

If less than all of the Series 2022 Bonds of any one maturity are called for redemption and the book-entry-only system with DTC has been discontinued, the particular Series 2022 Bonds or portions thereof to be redeemed will be selected by the Authority by lot or by such other method as the Authority in its sole discretion deems fair and appropriate. For a description of the selection of particular Series 2022 Bonds or portions thereof to be redeemed if less than all of the Series 2022 Bonds of any one maturity are called for redemption and the book-entry-only system is continuing, see "Appendix E – Book-Entry Only System."

Notice of Redemption

Notice of redemption is to be given not more than 60 nor less than 30 days before the date fixed for redemption by first class mail to the registered owner or owners of the Series 2022 Bonds or portions thereof to be redeemed; provided, however, that any defect in such notice or the failure so to mail any such notice to any owners of any Series 2022 Bonds will not affect the validity of the proceedings for the redemption of any other Series 2022 Bonds. **During the period that DTC or the DTC partnership nominee is the registered holder of the Series 2022 Bonds, the Bond Registrar will not be responsible for mailing notices of redemption to the beneficial owners of the Series 2022 Bonds.** See **APPENDIX E - Book-Entry Only System**. Each such notice will set forth the Series 2022 Bonds or portions thereof to be redeemed, the date fixed for redemption, the redemption price to be paid, and if less than all the Series 2022 Bonds will be called for redemption, the maturities of the Series 2022 Bonds to be redeemed and shall otherwise comply with Securities Exchange Act of 1934 Release No. 34-23856, dated December 3, 1986. If any Series 2022 Bond is to be redeemed in part only, the notice of redemption will state also that on or after the date fixed for redemption, upon surrender of such Series 2022 Bond, a new Series 2022 Bond in an authorized denomination and in principal amount equal to the unredeemed portion of such Series 2022 Bond and of the same maturity will be issued.

Any notice of optional redemption of the Series 2022 Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price, consisting of par plus interest accrued and unpaid to the date fixed for redemption, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit by the State Treasurer, the corresponding notice of redemption shall be deemed to be revoked prior to such date fixed for redemption.

If the Authority gives a conditional notice of redemption and money sufficient to pay the redemption price and interest, if any, accrued to the date fixed for redemption of the affected Series 2022 Bonds shall have been set aside in escrow with the State Treasurer or other Depository for the purpose of paying such Series 2022 Bonds or if the Authority gives an unconditional notice of redemption, then on the date fixed for redemption the Series 2022 Bonds will become due and payable. In either case, if on the date fixed for redemption the State Treasurer or other Depository holds sufficient money to pay the Series 2022 Bonds called for redemption, thereafter no interest will accrue on those Series 2022 Bonds, and such Series 2022 Bonds shall cease to be entitled to any benefits or security or to be deemed outstanding under the Resolution, and the owners of such Series 2022 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest, if any, to the date fixed for redemption, and, to the extent provided in the Resolution, to receive the Series 2022 Bonds for any unredeemed portions of the Series 2022 Bonds.

THE AUTHORITY

The Authority's Board of Commissioners consists of the State Treasurer, the State Comptroller, the Superintendent of Public Instruction and five additional members appointed by the Governor, subject to confirmation by the General Assembly, who serve at the pleasure of the Governor for terms of six years. The Governor appoints one of the appointed members of the Board as chair, who serves as chief executive officer of the Authority. The Board elects, from its membership, a vice-chair, treasurer and secretary.

The members of the Board of Commissioners of the Authority are:

JOHN R. RILEY, JR., *Chair*; President, Riley Consulting LLC; term expires June 30, 2028; Residence: Spotsylvania County, Virginia.

MARIA J. PERROTTE, *Vice Chair*; Retired Chief Financial Officer of Stafford County, Virginia; term expires June 30, 2028; Residence: King George County, Virginia.

DAVID L. RICHARDSON, *Treasurer and Secretary* by virtue of being the State Treasurer of Virginia; serves at the pleasure of the Governor; Residence: Richmond, Virginia.

BETTY J. BURRELL, *Member*; Retired Director of Procurement, City of Richmond, Virginia; term expires June 30, 2024; Residence: Richmond, Virginia.

MICHAEL NGUYEN, *Member*; Chief Operating Officer, Prosperity Now; term expires June 30, 2026; Residence: Chesterfield County, Virginia.

THE HONORABLE CARDELL C. PATILLO, JR., *Member*; Portsmouth School Board; Youth and Young Adult Pastor, Grove Baptist Church; term expires June 30, 2026; Residence: Portsmouth, Virginia.

JILLIAN BALOW, *Member* by virtue of being the Superintendent of Public Instruction of Virginia; serves at the pleasure of the Governor; Residence: Richmond, Virginia.

LEWIS R. MCCABE, *Member* by virtue of being the Comptroller of Virginia; serves at the pleasure of the Governor; Residence: Goochland County, Virginia.

Staff of the Authority

The office of the State Treasurer provides staff and administrative support for the Authority. The Authority's mailing address is P.O. Box 1879, Richmond, Virginia 23218-1879. The telephone number of the office of the State Treasurer is (804) 225-2142. Selected members of the Authority's staff include the following:

Bradley L. Jones has served as Director of Debt Management since April 2021 and previously held other positions within the Treasury Department and with Virginia Resources Authority. Mr. Jones has a bachelor's degree in economics from Hampden-Sydney College and a master's degree in business administration from Virginia Commonwealth University.

James D. Mahone has served as Public Finance Manager since 2015 and previously held positions with Regions Bank, Wachovia Bank and First Union National Bank. Mr. Mahone has a bachelor's degree in finance from James Madison University.

Melissa W. Palmer has served as a Senior Public Finance Analyst since 2006 and previously held other positions within the Treasury Department and the Virginia Department of Medical Assistance Services. Ms. Palmer has a bachelor's degree in finance from the College of William and Mary and a master's degree in public administration from Virginia Commonwealth University.

Powers of the Authority

Under the provisions of the VPSA Act, the Authority is empowered, among other things, to (1) manage and administer all moneys and obligations that may be set aside and transferred to it by the General Assembly of Virginia from the principal of a special trust fund established under the Constitution of Virginia and dedicated to the support of public education in Virginia (the "Literary Fund"), for public school purposes; (2) purchase, with any of its funds available for such purpose, at public or private sale and for such price and on such terms as it shall determine, general obligation school bonds of cities, counties and towns in the Commonwealth, or to make loans or grants to local school boards; and (3) issue, for the purpose of providing funds for the purchase of general obligation school notes or the making of loans or grants to local school boards, its bonds or other obligations payable solely from its funds including, but without limitation, (a) payments of principal of and interest on the general obligation school bonds purchased by the Authority or such loans made by the Authority, (b) sale proceeds of such general obligation school bonds, (c) payments of principal of and interest on obligations transferred to the Authority from the Literary Fund ("Literary Fund Obligations"), (d) sale proceeds of such Literary Fund Obligations, (e) any moneys transferred to the Authority from the Literary Fund, (f) payments of principal of and interest on loans made to local school boards, and (g) any funds authorized by the General Assembly for such purpose from the Literary Fund or otherwise appropriated by the General Assembly.

The validity of the original VPSA Act was upheld by the Supreme Court of Virginia in 1962 in Button v. Day, 203 Va. 687, 127 S.E.2d 122.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following statements are brief summaries of certain provisions of the Resolution. Such statements do not purport to be complete and reference is made to the Resolution, copies of which are available for inspection upon request to the Secretary of the Authority.

Definitions of Certain Terms

The following are the definitions of certain terms contained in the Resolution and used in this Official Statement:

"Amortization Requirements" as applied to the term Bonds of each maturity of each Series for any bond year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, a Series Certificate for the retirement of such term Bonds by purchase or redemption, as contemplated by the Resolution, on the Principal Payment Date or Dates established by such Series Certificate.

"Depository" means one or more other banks or trust companies duly authorized to engage in the banking business and meeting the requirements of the Resolution and designated by certificate of the Authority or by the State Treasurer as a depository of moneys under the provisions of the Resolution.

"Interest Payment Date" means each of the dates specified in a Series Certificate.

"Principal Payment Date" means the date or dates fixed for the Bonds by a Series Certificate upon which the principal of any Bond is stated to mature or upon which the principal of any term Bond is subject to redemption in satisfaction of an Amortization Requirement.

"Series Certificate" means a certificate of the Authority, supplemental to the Resolution, fixing the details of each Series of the Bonds in accordance with the provisions of the Resolution.

Additionally, for purposes of this section, "Bonds" means the Series 2022 Bonds and any Refunding Bonds issued under the Resolution.

Establishment of Funds

The Resolution provides for the creation of the "Virginia Public School Authority Prince William County Purchase Fund" (the "Prince William County Purchase Fund"); the "Virginia Public School Authority Prince William County Income Fund" (the "Prince William County Income Fund"); and the "Virginia Public School Authority Prince William County Bond Fund" (the "Prince William County Bond Fund").

Purchase Fund

The proceeds of the Bonds issued under the Resolution shall be deposited in the Prince William County Purchase Fund.

Subject to the terms of a Bond Sale Agreement between the Authority and the County, the moneys in the Prince William County Purchase Fund are to be applied by the Treasurer of the Authority to the purchase of the Local School Bond (including amendments, if any, to the Local School Bond related to a separate series of Refunding Bonds), subject to the provisions of the VPSA Act and the rules and regulations of the Authority. The Local School Bond so purchased must constitute a valid and binding general obligation of the County for the payment of which its full faith and credit are pledged, and all taxable property within the boundaries of the County must be subject to the levy of an *ad valorem* tax, without limitation on rate or amount, for the payment of such Local School Bond and the interest thereon. The Local School Bond must be in, or be convertible into, marketable form and must be accompanied by the approving opinion of a firm of nationally recognized municipal bond attorneys acceptable to the Authority.

The Local School Bond (including amendments, if any, to the Local School Bond related to a separate series of Refunding Bonds) purchased with funds held in the Prince William County Purchase Fund shall be deemed at all times to be part of said fund and pledged to the payment of the principal of and interest on the Bonds issued under the Resolution. The Board may authorize and direct the Treasurer of the Authority to sell (with or without consideration) or otherwise dispose of all or any portion of the Local School Bond; provided, however, neither the Local School Bond nor any portion thereof may be sold or otherwise disposed of unless and to the extent the sale is required to make up a deficiency in the Prince William County Bond Fund or unless, following such sale or other disposition, in each Bond Year thereafter the principal of and interest on the Local School Bond scheduled to become due and payable in each such Bond Year shall equal or exceed the principal and interest coming due in such Bond Year on account of all Bonds issued under the Resolution then outstanding. If any Refunding Bonds are issued, the Authority will pay a portion of the purchase price to an escrow fund or funds established pursuant to a Supplemental Refunding Series Resolution. The amount the Authority pays to the escrow fund or funds will be equal to the price of the escrow securities and initial cash balance required to defease the bonds being refunded.

Any proceeds from such a sale or other disposition may be used for the lawful purposes of the Authority; any accrued interest realized in such a sale shall be deposited to the credit of the Prince William County Income Fund.

The Board may from time to time authorize and direct the Treasurer of the Authority to transfer from the Prince William County Purchase Fund to the Prince William County Bond Fund all or any portion of the moneys held in the Prince William County Purchase Fund in order to pay interest on the Bonds issued under the Resolution, to redeem the Bonds issued under the Resolution, or to make up any deficiency in the Prince William County Bond Fund.

Flow of Funds

The State Treasurer shall collect and deposit in the Prince William County Income Fund the principal and interest payments on the Local School Bond held in the Prince William County Purchase Fund as the same become due and payable.

The Authority has covenanted that on or before the business day that a withdrawal from the Prince William County Income Fund is required to accomplish the payments and transfers required under the Resolution (each, a "Deposit Day"), the State Treasurer shall, if applicable, withdraw from the Prince William County Income Fund an amount equal to the amount of all moneys held for the credit of the Prince William County Income Fund on such Deposit Day, and set aside:

(a) to the credit of the Prince William County Bond Fund such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be required to make the amount then to the credit of the Prince William County Bond Fund equal to the interest that shall become due on the next Interest Payment Date and the principal that shall become due on the next Principal Payment Date; provided, however, that in making such transfers, the State Treasurer may take into account any accrued interest deposited from the proceeds of the Bonds; and

(b) to the credit of the County, the balance, if any, remaining after making the deposit under clause (a) above.

The payments and deposits required pursuant to the Resolution shall be cumulative, and the amount of any deficiency in any month shall be added to the amount otherwise required to be paid or deposited in each month thereafter until such time as such deficiency shall have been made up.

Prince William County Bond Fund

Except as otherwise provided in the Resolution, moneys in the Prince William County Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds. The State Treasurer shall on each Interest Payment Date withdraw from such moneys and transfer to the Bond Registrar or Paying Agent, who shall remit by mail to each registered owner, the amounts required for paying the interest on such Bonds on such date, and on each Principal Payment Date, the State Treasurer shall withdraw from such moneys and transfer to the Bond Registrar or Paying Agent, who shall set aside in trust, the amounts required for paying the Bonds due on such date.

General Authorization of the Series 2022 Bonds

The Authority's issuance of the Series 2022 Bonds under the Resolution for the purpose of providing funds to purchase the Local School Bond is subject to receipt of the following documents by the Treasurer of the Authority:

(a) a signed copy of a Series Certificate;

(b) a certificate, signed by the Chairman of the Authority, stating that the Authority is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution or in the VPSA Act;

(c) an opinion of the Attorney General or an Assistant Attorney General of the Commonwealth stating that the signer is of the opinion that the issuance of such Series 2022 Bonds has been duly authorized, that all conditions precedent to the delivery of such Series 2022 Bonds have been fulfilled; and

(d) an opinion of nationally recognized bond counsel, subject only to customary exceptions, to the effect that the Local School Bond to be purchased from the proceeds of the Series 2022 Bonds is a valid and binding general obligation of the County to the payment of which its full faith and credit and unlimited taxing power are pledged.

Further, the Treasurer of the Authority shall not deliver the Series 2022 Bonds unless the Authority shall demonstrate that the payments under the Local School Bond are sufficient to pay when due the payments on the Series 2022 Bonds.

Authorization for Additional Series of Refunding Bonds

The Authority's issuance of any refunding bonds (the "Refunding Bonds") under the Resolution for the purpose of providing funds to refund, redeem and defease, as applicable, any Series 2022 Bonds, other outstanding

Refunding Bonds or any bonds outstanding under the Existing Prince William Resolutions (or any combination there) is subject to receipt of the following documents by the Treasurer of the Authority:

(a) a signed copy of a Series Certificate and resolution authorizing the sale of Refunding Bonds by the Authority;

(b) a certificate, signed by the Chairman of the Authority, stating that the Authority is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution or in the VPSA Act; and

(c) an opinion of the Attorney General or an Assistant Attorney General of the Commonwealth stating that the signer is of the opinion that the issuance of such Refunding Bonds has been duly authorized and that all conditions precedent to the delivery of such Refunding Bonds have been fulfilled.

Further, the Treasurer of the Authority shall not deliver such Refunding Bonds unless (I) either (A) there are sufficient moneys available to the Treasurer to pay the principal of and the redemption premium, if any, on the bonds to be refunded and the unpaid interest that will become due and payable on and prior to the date fixed for redemption or payment, or the portion of bonds, redemption premium and interest to be redeemed, acquired or paid, or (B) the State Treasurer or an escrow agent shall hold non-callable Defeasance Obligations the principal of and the interest on which when due and payable will provide sufficient moneys to pay the principal of, the redemption premium, if any, on and the unpaid interest that will become due and payable on and prior to the date fixed for redemption or payment of the portion of bonds, redemption premium and interest to be redeemed, acquired or paid, and (II) the Authority shall demonstrate that the payments under the Local School Bond are sufficient to pay when due the payments on the Bonds outstanding after the issuance of the Refunding Bonds.

Parity of Bonds

Any outstanding Series 2022 Bond is secured on parity with all other outstanding Series 2022 Bonds and any subsequently-issued Refunding Bonds (collectively, the "Bonds"). If at any time the moneys in the Prince William County Bond Fund shall not be sufficient to pay the interest on or the principal of such Bonds, such moneys, together with any moneys then available or thereafter becoming available for such purpose, shall be applied as follows:

(a) If the principal of all such Bonds shall not have become due and payable, all such moneys shall be applied in the following order:

f*irst*: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to persons entitled thereto of the unpaid principal of any of such Bonds that shall have become due and payable (other than bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Resolution), in the order of their due dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and *third*: to the payment of the interest on and the principal of such Bonds, to the purchase and retirement of such Bonds and to the redemption of such Bonds, all in accordance with the provisions of the Resolution.

(b) If the principal of all such Bonds shall have become due and payable, all such moneys shall be applied in the following order:

first: to the payment of the persons entitled thereto of all installments of interest due and payable on or prior to maturity, if any, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds, and then to the payment of any interest due and payable after maturity on such Bonds, ratably, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds; and

second: to the payment of the principal of such Bonds, ratably, to the persons entitled thereto, without preference or priority of any Bond over any other Bond.

Whenever moneys are to be applied by the State Treasurer pursuant to the provisions described above, such moneys shall be applied by the State Treasurer at such times, and from time to time, as the State Treasurer in the State Treasurer's sole discretion shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available in the future for such application; the deposit of such moneys with the Bond Registrar or any Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the State Treasurer; and the State Treasurer shall incur no liability whatsoever to the Authority, to any bondowner or to any other person for any delay in applying any such moneys, so long as the State Treasurer acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the State Treasurer.

Reports and Audits

The Authority covenants to keep accurate records and accounts of the funds collected and of the application of such funds. Such records and accounts are open at all reasonable times to the inspection of the bondowners and their agents and representatives.

Investments

Moneys held in the funds and accounts established by the Resolution shall be continuously invested and reinvested at the direction of the Authority in the following investments ("Investment Obligations"):

(a) (i) direct obligations of or obligations the payment of the principal of and the interest on which is unconditionally guaranteed by, the U.S., and, if permitted by law, evidences of indirect ownership of such obligations, (ii) obligations of state and local municipal bond issuers the payment of which shall be secured by non-callable obligations described in (i) above deposited with an escrow agent or trustee, and (iii) obligations issued by agencies controlled or supervised by the U.S. the obligations of which are (A) guaranteed by the U.S. or (B) rated in the highest rating category by Fitch Ratings, Moody's Investors Service and S&P Global Ratings, and

(b) repurchase agreements for obligations described in (a) above, certificates of deposit, banker's acceptances, commercial paper, insured and uninsured obligations of state or local government municipal bond issuers satisfying the requirements of the Resolution and any other obligation constituting a legal investment for instrumentalities of the Commonwealth.

Moneys in the Prince William County Purchase Fund, the Prince William County Income Fund and the Prince William County Bond Fund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations that shall mature, or that shall be subject to redemption at the option of the holder thereof, not later than the respective dates when the moneys will be required. Moneys held for the credit of all funds shall be invested and reinvested in such Investment Obligations as the State Treasurer shall determine.

Investment Obligations so purchased shall be deemed at all times to be a part of the fund to which the money with which they were purchased was credited, and the interest accruing thereon and any profit realized or any loss resulting from the investment of money shall be credited to, or charged against, the respective fund or account. The State Treasurer and any bank in which funds or accounts are deposited (a "Depository") shall sell at the best price obtainable or present for redemption or payment any such Investment Obligations whenever it shall be necessary to do so in order to provide money to make any payment or transfer of money from any such fund or account. The State Treasurer and any Depository shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of moneys between two or more of the funds or accounts established under the Resolution is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with the provisions of the Resolution, provided that Investment Obligations are those in which moneys of the receiving fund could be invested at the date of such transfer.

Modification of the Resolution

The Authority, from time to time, and without the consent of bondowners, may adopt supplemental resolutions for purposes set forth in the Resolution. Such purposes include curing ambiguities, formal defects and omissions in the Resolution and any other change that, in the opinion of the Authority, would not materially adversely affect the security for the Bonds. The Authority, from time to time, and without the consent of bondowners, may also adopt supplemental resolutions to provide for the issuance of Refunding Bonds in accordance with the terms of the Resolution.

The owners of not less than a majority in aggregate principal amount of the Bonds then outstanding may, from time to time, consent to resolutions supplemental to the Resolution for the purpose of modifying any of the terms or provisions contained in the Resolution or in any Series Certificate or other supplemental resolution; provided, however, that nothing contained in the Resolution shall permit, or be construed as permitting, without the consent of all of the affected bondowners (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (iii) the creation of a lien upon or a pledge of funds other than the liens and pledges created or permitted by the Resolution, (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. The Secretary of the Authority shall cause notice of the proposed adoption of any such supplemental resolution to be mailed, postage prepaid, to all owners of Bonds at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the State Treasurer for inspection by all bondowners. The Authority shall not, however, be subject to any liability to any bondowner by reason of its failure to mail the notice, and any such failure shall not affect the validity of such supplemental resolution after it has been consented to and approved. No such supplemental resolution shall become effective unless the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding shall file with the Secretary of the Authority instruments consenting to and approving the adoption of the supplemental resolution in the form thereof referred to in the notice.

Defeasance

When (a) the Bonds secured by the Resolution shall have become due and payable in accordance with their terms or otherwise as provided in the Resolution, the whole amount of the principal and the interest so due and payable upon all Bonds shall be paid, (b) if the Bonds shall not have become due and payable in accordance with their terms, and the Bond Registrar shall hold sufficient money or Investment Obligations that comply with the requirements of the VPSA Act for the defeasance of bonds ("Defeasance Obligations"), or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest on, all Bonds then Outstanding to the maturity date or dates of such Bonds and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable under the Resolution by the Authority, then and in that case the right, title and interest of the Bond Registrar and the bondowners in the funds mentioned in the Resolution shall thereupon cease, determine and become void and, on demand of the Authority and upon being furnished with an opinion, in form and substance satisfactory to the Bond Registrar, of bond counsel to the Authority, to the effect that all conditions precedent to the release of the Resolution have been satisfied, the Bond Registrar shall release the Resolution and shall execute such documents to evidence such release as may reasonably be required by the Authority and shall turn over to the Authority any surplus in, and all balances remaining in, all such funds established pursuant to the Resolution.

All money and Defeasance Obligations held by the Bond Registrar for the purposes described above shall be held in trust and applied to the payment, when due, of the obligations payable therewith. If the Authority shall pay or cause to be paid to the owners of less than all of the outstanding Bonds the principal of and interest on such Bonds, or such portions thereof, which is and shall thereafter become due and payable upon such Bonds, or such portions thereof, such Bonds, or such portions thereof, shall cease to be entitled to any lien, benefit or security under the Resolution.

Any outstanding Bond (or any portion thereof) shall be deemed to have been paid for the purposes of subsection (a) or (b) above when (i) there shall have been deposited with the Bond Registrar or any other Depository either moneys in an amount which, or Defeasance Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys in an amount which, together with the moneys, if any, deposited with or held by the Bond Registrar or any Depository or Paying Agent and available therefor, shall be sufficient to pay when due the principal of and interest due and to become due on such Bond (or portion thereof) on or prior to the maturity date thereof, (ii) in the event such Bond is not to mature within the next succeeding sixty (60) days, the Authority shall have given the Bond Registrar irrevocable instructions to give notice to the owner of such Bond (or portion thereof) stating that moneys or Defeasance Obligations have been deposited with the Bond Registrar or any other Depository as provided in the Resolution and that such Bond (or portion thereof) is deemed to have been paid in accordance with the Resolution and stating the maturity date upon which moneys are to be available for the payment of the principal thereof and interest thereon and (iii) provisions satisfactory to the Bond Registrar shall have been made for the payment of the Bond Registrar's fees and expenses, and any Paying Agent's or other Depository's fees and all fees and expenses payable by the Authority in connection with the defeasance of such Bond.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

The opinion of McGuireWoods LLP, Richmond, Virginia, bond counsel to the Authority ("Bond Counsel") regarding the federal income tax status of the interest on the Series 2022 Bonds will state that, under current law and assuming continuing compliance with the Covenants (as hereinafter defined), interest on the Series 2022 Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. See "Proposed Form of Opinion of Bond Counsel" in Appendix D hereto.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the excludability of interest on the Series 2022 Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Authority, the County or of the School Board of the County (the "School Board") or about the effect of future changes in the Code, the applicable regulations, or the interpretation or the enforcement thereof by the Internal Revenue Service (the "IRS") and the courts.

Although Bond Counsel is of the opinion that interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022 Bonds may otherwise affect the federal tax liability of an owner of the Series 2022 Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Series 2022 Bonds should consult their own tax advisors with respect thereto.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the federal income tax treatment of interest on the Series 2022 Bonds, Bond Counsel is relying upon (i) certifications of representatives of the Authority, the County, the School Board, the Underwriter, as hereinafter defined, and other persons as to facts material to the opinion, which Bond Counsel has not independently verified, and (ii) an opinion from another firm of municipal bond attorneys serving as bond counsel to the county regarding the application of the proceeds of the Series 2022 Bonds and the ownership, use and operation of the property financed thereby by the County and the School Board.

In addition, Bond Counsel is assuming continuing compliance with the Covenants by the Authority, the County and the School Board. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2022 Bonds in order for interest on the Series 2022 Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2022 Bonds and the use of the property financed or refinanced by the Series 2022 Bonds, limitations on the source of the payment of and the security for the Series 2022 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2022 Bonds to the United States Treasury. The tax compliance agreement for the Series 2022 Bonds contains covenants (the "Covenants") under which the Authority, the County and the School Board have agreed to comply with such requirements. Failure by the Authority, the County or the School Board to comply with the Covenants could cause interest on the Series 2022 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure were to occur, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2022 Bonds from becoming includable in gross income for Federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2022 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the tax compliance agreement, including the Covenants, may be changed and certain actions may be taken or omitted subject to the terms and conditions set forth in such agreement. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2022 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Series 2022 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2022 Bonds.

Prospective purchasers of the Series 2022 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, banks and other financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

Original Issue Discount

Series 2022 Bonds purchased in the initial public offering with yields higher than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "original issue discount." Each such Series 2022 Bond is referred to below as an "OID Bond." The excess of (i) the stated amount payable at the maturity (excluding qualified stated interest) of any OID Bond over (ii) the issue price of the OID Bond as determined under Section 1273 of the Code (which may differ from the price shown on the inside front cover page of this Official Statement) constitutes the amount of original issue discount, which is treated in the same manner as interest on the Series 2022 Bonds for federal income tax purposes.

The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest. In the case of an original owner of an OID Bond, the amount of original issue discount that is treated as having accrued on such OID Bond is added to the owner's adjusted basis in determining, for federal income tax purposes, gain or loss upon the disposition of the OID Bond (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued original issue discount will be excludable from the gross income of the owner for federal income tax purposes.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial public offering may be determined according to rules that differ from those described above.

In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed in this section. Consequently, the owner of an OID Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although such owner has not received cash attributable to such original issue discount in such year.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the original issue discount accrued upon sale or redemption of such OID Bonds (including OID Bonds not purchased in the initial public offering) and with respect to the state and local tax consequences of owning OID Bonds.

Original Issue Premium

Series 2022 Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "bond premium." Each such Series 2022 Bond is referred to below as an "OIP Bond." The excess of (i) the owner's basis in the OIP Bond immediately after acquisition over (ii) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner's yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner's OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

Information Reporting and Backup Withholding

Prospective purchasers should be aware that the interest on the Series 2022 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2022 Bonds may be subject to backup withholding if the interest is paid to an owner who or which (i) is not an "exempt recipient" and (ii) (A) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (B) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (C) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Internal Revenue Service Audits

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2022 Bonds, the IRS will, under its current procedures, treat the Authority as the taxpayer. As such, the beneficial owners of the Series 2022 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2022 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2022 Bonds.

Opinion of Bond Counsel – Virginia Income Tax Consequences

Bond Counsel will also opine that, under current law, interest on the Series 2022 Bonds is exempt from income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Series 2022 Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Series 2022 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Series 2022 Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Series 2022 Bonds in a particular state or local jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law and Regulations

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations and other guidance to interpret and apply the provisions of the Code and state law. Proceedings affecting tax-exempt obligations may be filed in federal or state courts at any time. Such guidance and the outcome of such court proceedings could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2022 Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Series 2022 Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2022 Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2022 Bonds.

Prospective purchasers of the Series 2022 Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

RATINGS

As noted on the cover page of this Official Statement, Fitch Ratings, Moody's Investors Service and S&P Global Ratings have given the Series 2022 Bonds ratings of "AAA", "Aaa" and "AAA", respectively.

Such ratings reflect only the respective views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. The ratings are not a recommendation to buy, sell or hold any Series 2022 Bond. The Authority and the County furnished to such rating agencies certain information regarding their respective policies, practices and finances, including information that is not included in this Official Statement. There is no assurance that such policies, practices and finances or such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by any rating agency, if, in the judgment thereof, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the market price or marketability of the Series 2022 Bonds.

FUTURE FINANCINGS

The Authority expects to issue additional bonds pursuant to its bond resolution adopted by the Board on October 23, 1997, as amended and restated, and as supplemented (the "1997 Resolution"), on or about November 9, 2022, and in the fall of 2022 for the purpose of purchasing general obligation school bonds to fund public school projects. Subject to market conditions, however, the Authority may undertake, at any time, the refunding for debt service savings and other purposes of any of its outstanding obligations, including bonds issued under the 1997 Resolution.

If requested by local governments, the Authority will issue additional special obligation school financing bonds under its Stand Alone Security Structure.

The Authority also expects to issue its School Technology and Security Notes (the "2023 Notes") in the spring of 2023. The 2023 Notes will be limited obligations of the Authority payable from appropriations to be made by the Virginia General Assembly from the Literary Fund and to the extent necessary from a "sum sufficient appropriation" from the General Fund of the Commonwealth in the event that "available moneys in the Literary Fund" are less than the appropriations for debt service due on the 2023 Notes.

Before the end of fiscal year 2023, the Industrial Development Authority of the County of Prince William expects to issue bonds in an approximate principal amount of up to $34,800,000 to finance capital projects for the County. Such bonds would be repaid from payments, subject to annual appropriations by the Board of Supervisors, by the County under an installment purchase contract.

The bonds and notes described in this section are secured separately from the Series 2022 Bonds and any Refunding Bonds issued under the Resolution. Market conditions permitting, however, the Authority may issue Refunding Bonds under the Resolution to provide for the refunding of other Prince William Special Obligation Bonds to achieve debt service savings. Such Refunding Bonds would be secured equally and ratably under the Resolution with the Series 2022 Bonds. See **"INTRODUCTION."**

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2022 Bonds are subject to the approving opinion of McGuireWoods LLP, Richmond, Virginia, as bond counsel to the Authority. Such opinion, substantially in the form set forth in Appendix D to this Official Statement, will be furnished at no expense to the initial purchaser of the Series 2022 Bonds upon delivery thereof. Certain legal matters will be passed upon for the Authority by the Office of the Attorney General of Virginia.

Certain legal matters relating to the authorization and validity of the Local School Bond are subject to the approving opinion of Norton Rose Fulbright US LLP, Washington, D.C., as bond counsel to the County. Certain legal matters will be passed on for the County by Michelle R. Robl, Esq., Prince William County Attorney.

LEGALITY FOR INVESTMENT

The VPSA Act provides that the Series 2022 Bonds are securities in which all public officers and bodies of the Commonwealth, counties, cities, towns, municipal subdivisions, insurance companies and associations, savings banks and savings institutions, including savings and loan associations, trust companies, beneficial and benevolent associations, administrators, guardians, executors, trustees and other fiduciaries in the Commonwealth may properly and legally invest funds under their control.

LITIGATION

The Authority is not party to any litigation. The Authority has no knowledge of any pending or threatened litigation to restrain or enjoin the issuance, sale or delivery of the Series 2022 Bonds or the entering by the Authority into the transactions contemplated by this Official Statement, or wherein an unfavorable decision would have a material adverse impact upon the operations or financial condition of the Authority.

The Authority is advised by the County Attorney that there is no litigation pending or to her knowledge, threatened, against the County that in any way questions or affects the validity of the Local School Bond, or the right of the County to levy and collect *ad valorem* taxes, without limitation of rate or amount, for the payment of the Local School Bond and the interest thereon. The County is contingently liable with respect to certain lawsuits and other claims, which have arisen in the ordinary course of its operations. It is the opinion of the County's management and the County Attorney that any losses that may ultimately be incurred as a result of these claims, whether considered individually or in the aggregate, will not have a material adverse effect on the County's ability to meet its financial obligations. See **APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE COUNTY**.

FINANCIAL ADVISORS

The Authority

Public Resources Advisory Group ("PRAG") is employed as a financial advisor to the Authority in connection with the issuance of the Series 2022 Bonds. The financial advisor's fee for services rendered with respect to the sale of the Series 2022 Bonds is contingent upon the issuance and delivery of the Series 2022 Bonds. PRAG, in its capacity as financial advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents provided, agreed to or made by others with respect to the federal income tax status of the Series 2022 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

PRAG, as the financial advisor to the Authority, has provided the following sentence for inclusion in this Official Statement. Although PRAG has assisted in the preparation of this Official Statement, PRAG is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The County

PFM Financial Advisors LLC ("PFM"), Arlington, Virginia, is serving as Financial Advisor to the County. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. PFM is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

This offering is subject to the continuing disclosure requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended from time to time ("Rule 15c2-12"). The County will undertake pursuant to a Continuing Disclosure Agreement, the form of which is attached as Appendix C to provide to the Municipal Securities Rulemaking Board (the "MSRB"), through the MSRB's Electronic Municipal Market Access system ("EMMA") or any successor thereto, certain financial information and operating data on or before March 31 following the end of any fiscal year and notice of the events specified in Rule 15c2-12. **The Authority will not undertake any continuing disclosure obligation regarding the Series 2022 Bonds.**

The obligation of the County described above requires it to provide only limited information at specific times and the information provided may not be all the information necessary to value the Series 2022 Bonds at any particular time. The County may from time to time disclose certain information and data in addition to that required by the continuing disclosure covenant described above. If the County chooses to provide any additional information, the County will have no obligation to continue to update such information or to include it in any future disclosure filing.

These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12. (See **APPENDIX C - CONTINUING DISCLOSURE UNDERTAKING**).

As a condition to the issuance of various series of bonds or certificates of participation issued by the County and other entities, the County has agreed pursuant to several continuing disclosure undertakings entered into pursuant to Rule 15c2-12 (the "County's Undertakings") to file with EMMA the County's Audited Financial Statements and other certain other information (collectively, the "Annual Filings") within the designated timeframe set forth in such undertaking, and currently the earliest deadline for such filings is within 210 days of the end of each fiscal year. Certain Annual Filings were filed but not correctly cross-referenced to all applicable bonds. The County has implemented procedures to ensure that future filing requirements in the County's Undertakings are met. In addition, the County filed its annual financial information and unaudited financial statements and draft Comprehensive Annual Financial Report for the year ended June 30, 2019, on January 25, 2020, which was prior to the deadline for such filing under County's Undertakings. The County then filed its audited financial statements and the Comprehensive Annual Financial Report for the year ended June 30, 2019, when available on March 3, 2020.

Except as described under this caption, the County has, in the five years preceding the date hereof, complied, in all material respects, with all of its previous undertakings under Rule 15c2-12.

RELATIONSHIP OF PARTIES

PFM, financial advisor to the County, serves as financial advisor to the Authority, from time to time, in matters unrelated to the Series 2022 Bonds.

David L. Richardson, Treasurer and Secretary of the Authority, is a retired former partner of McGuireWoods LLP, which is serving as bond counsel to the Authority.

McGuireWoods LLP represents the Prince William County School Board from time to time in matters unrelated to the Series 2022 Bonds.

SALE AT COMPETITIVE BIDDING

The Series 2022 Bonds were awarded pursuant to electronic competitive bidding held via Grant Street Group's MuniAuction website on Tuesday, October 25, 2022, to Morgan Stanley & Co. LLC (the "Underwriter") at a price to the Authority that results in an Underwriter's discount of $91,166.95 from the initial public offering prices derived from the prices shown on the inside cover. The Underwriter has supplied the information as to the yields and prices with respect to the Series 2022 Bonds shown on the inside cover. The Underwriter may offer to sell the Series 2022 Bonds to certain dealers and others at prices lower or yields higher than such initial public offering prices.

The Underwriter has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, the Underwriter may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, the Underwriter may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2022 Bonds.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Series 2022 Bonds, the Chief Financial Officer of the County will certify that, to the best of her knowledge, the information contained in Appendix A and Appendix B of this Official Statement did not as of its date, and does not as of the date of delivery of the Series 2022 Bonds, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Such certificate will also state, however, that the Chief Financial Officer of the County did not independently verify the information indicated in Appendix A and Appendix B to this Official Statement as having been obtained or derived from sources other than the County and its officers but that she has no reason to believe that such information contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. In addition, the Prince William County Attorney will certify that there is no litigation pending or, to her knowledge, threatened against the County that in any way questions or affects the validity of the Local School Bond, or the right of the County to levy and collect *ad valorem* taxes, without limitation of rate or amount, for the payment of the Local School Bond and the interest thereon. See **"LITIGATION."**

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MISCELLANEOUS

The foregoing summaries of certain provisions of the VPSA Act, Resolution and the Local School Bond do not purport to be complete statements of such provisions and are made subject to the detailed provisions thereof to which reference is hereby made. Copies of the VPSA Act and the Resolution are available for inspection upon request to the Authority.

Any statements in this Official Statement involving matters of opinion whether or not expressly so stated are intended as such and not as representations of fact. Capitalized terms used in this Official Statement but not otherwise defined shall have the meanings assigned to them in the Resolution.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

VIRGINIA PUBLIC SCHOOL AUTHORITY

By: */s/ John R. Riley, Jr.*
Chair

By: */s/ David L. Richardson*
Treasurer

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APPENDIX A

CERTAIN INFORMATION REGARDING THE COUNTY

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APPENDIX A

CERTAIN INFORMATION REGARDING PRINCE WILLIAM COUNTY, VIRGINIA

INDEX

SECTION I - THE COUNTY

GENERAL INFORMATION

Prince William County, Virginia (the "County"), was organized in 1731 by the Virginia General Assembly. The County, part of the Metropolitan Washington, D.C. area, is located in Northern Virginia, less than 25 miles southwest of Washington, D.C., and encompasses an area of 348 square miles. The combined area of the County and the independent cities within its boundaries is 360 square miles. Approximately 18.7 percent of land area within the County is owned by the federal government, including the Manassas National Battlefield Park, Prince William Forest Park and a portion of Marine Corps Base Quantico.

According to the U.S. Census Bureau 2020 census, the County has the second largest population (482,204) of any county in the Commonwealth of Virginia (the "Commonwealth") and is one of its most rapidly growing jurisdictions. The current population is estimated by the County Demographer at 492,576 (as of July 1, 2022).

Form and Organization of Government

Since 1972, the County has operated under the County Executive form of government, as provided for in Sections 15.2-500 *et seq.* of the Code of Virginia of 1950, as amended. The governing body of the County is an eight-member Board of County Supervisors (the "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 Chair. The current Board members were elected on November 5, 2019, and took office on January 1, 2020. The terms of all Board members expire on December 31, 2023.

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 County Executive is assisted by four Deputy County Executives and the Directors of each of the agencies, departments, and offices. The Board also appoints a County Attorney to provide legal advice to the Board, agencies, departments, and offices of the County government.

In addition to the members of the Board, County residents elect three constitutional officers: the Clerk of the Circuit Court, for a term of eight years, and the Sheriff and the 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 elected by the Virginia General Assembly. Unlike most other Virginia counties, County residents do not elect a Treasurer or a Commissioner of the Revenue. The County's Chief Financial Officer ("CFO"), who is appointed by the Board, carries out the responsibilities of these officers.

In addition, the Board maintains a robust internal audit function and two audit committees: the Board Audit Committee ("BAC") and the Joint Audit Committee of the County Government and Schools ("JAC"). The internal audit function provides an independent assessment of operations, activities, and internal controls within Prince William County Government. The internal audit function brings a systematic and disciplined approach to evaluating and improving the effectiveness of the County's risk management, internal control, and governance processes. The BAC and JAC provide oversight of the County's internal and external audit functions, respectively.

The administrative offices of the County are located at 1 County Complex Court, Prince William, Virginia 22192. The central telephone number for the County's administrative offices is (703) 792-6000. The County's website is https://www.pwcva.gov. The information on the County's website is not incorporated by reference herein, except as specified in this Appendix.

Political Subdivisions

In Virginia, cities and counties are not overlapping units of government. Manassas and Manassas Park are two independent cities (collectively, the "Cities") within the geographic boundaries of the County. On May 1, 1975, the former Town of Manassas was incorporated as a city, and on June 1, 1975, the former Town of Manassas Park was incorporated as a city.

Property within the Cities is not subject to taxation by the County, and the County generally is not required to provide governmental services to the residents of the Cities. The County, however, does provide community services to the residents of these Cities pursuant to intergovernmental agreements, which provide for compensation to the County for these services. Additionally, the County provides library services to the City of Manassas.

Four incorporated towns are located within the County: Dumfries, Haymarket, Occoquan and Quantico (collectively, the "Towns"). Although the Towns are separate units of government, the ordinances and regulations of the County, subject to certain limitations prescribed by Virginia law, are effective therein. Property in the Towns is subject to County taxation, and the County provides certain services to the residents of the Towns. The Towns may incur general obligation bonded indebtedness without the approval of the County (See Section III - DEBT ADMINISTRATION - OTHER COUNTY-RELATED INDEBTEDNESS).

Boards and Authorities of the County

The Board appoints members to numerous separate boards, committees, and commissions that establish policies, advise, or administer the operations of certain services, including the Prince William County Service Authority (the "Service Authority"). The Service Authority, a separate and independent entity, was created in 1983 pursuant to the Virginia Water and Waste Authorities Act to assume responsibility for water and sewer operations of several sanitary districts and is governed by an eight-member board of directors.

The County's Department of Parks, Recreation and Tourism ("DPRT") also has an advisory board with members appointed by the Board to assist in identifying various recreational programs for County residents. By Board action on August 4, 2020, the County transferred the management of its public libraries from a system governed by a board of trustees appointed by the Board to a County department under the governance of the Board. The board of trustees was converted into an advisory board with members appointed by the Board. There were no changes in the operation and functions of the public libraries.

The Lake Jackson Sanitary District was established in 1991, along with the Lake Jackson Service District, to provide road maintenance in the Lake Jackson community. The governing body of all sanitary districts is the Board. A sanitary district may incur indebtedness; however, such indebtedness is not an obligation of the County, but solely of the sanitary district. The Board establishes charges for services provided and levies annual property taxes within the districts to fund the operations and to pay debt service on outstanding bonds.

The operation of public schools in the County is vested in an eight-member, elected School Board (the "School Board"). Members of the School Board are elected for four-year terms, and the terms of the current members expire December 31, 2023. The School Board does not have the authority to levy taxes or issue bonds, and therefore, the local share of the cost of operating public schools in the County is provided by an appropriation and transfer of funds 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 Commonwealth of Virginia law. A Superintendent is appointed by the School Board to oversee the operations of the County's public schools.

Certain County Administrative Staff Members

ELIJAH T. JOHNSON was appointed as the acting County Executive effective January 1, 2022. Mr. Johnson served as the Deputy County Executive for Human Resources starting October 2014. In this position, he was responsible for providing administrative oversight of Prince William County's human services agencies, including Community Services, Area Agency on Aging, Office of Criminal Justice Services, Department of Social Services and the Office of Housing and Community Development. He is also the liaison with the following state-supported human services agencies: Prince William Area Public Health District, Juvenile Court Service Units and Virginia Cooperative Extension. He also works with the many community organizations who provide services for Prince William County residents. Prior to his role as the Deputy County Executive, Mr. Johnson served as Prince William County's Director for the Office of Housing and Community Development ("OHCD") for seven years. Prior to joining Prince William County, Mr. Johnson worked for Alexandria Redevelopment and Housing Authority, Arlington County's Department of Human Services Housing Office and New York City Housing Authority. He is a graduate of Hampton University with a B.A. in Mathematics.

MICHELLE A. CASCIATO was appointed Deputy County Executive in November 2016. In this position, she coordinates the County's financial, technology and human resource functions, supporting the delivery of public services consistent with the County's strategic goals. She is also the County liaison with the Prince William County Public Schools. The public libraries existed as a separate system prior to its conversion to a County department by the Board on August 4, 2020. Ms. Casciato now coordinates the functions supporting the Library Department. Her previous government service for the County includes Director of the Office of Management and Budget and Neighborhood Services Division Chief. Prior to entering the public sector, Ms. Casciato was vice president of a large real estate management firm in the Washington D.C. metropolitan area. Ms. Casciato earned a B.A. from Cornell University and both a Master of Public Administration and

Ph.D. in Political Science from George Mason University ("GMU"). She is an adjunct instructor at the GMU Schar School of Policy and Government.

REBECCA HORNER was appointed Deputy County Executive in January 2020. Ms. Horner has an extensive background and experience in public sector planning and community development. Since 2017, she has served as the Director of the County's Planning Office. Before that, she was the Assistant Director for the Planning Office after serving as the manager of the County's Current Planning Division. Prior to coming to Prince William County, Ms. Horner worked as a Senior Planner for Fairfax County, the Director of the Planning and Building Department for Sarpy County, Nebraska, and the Assistant to the Director in the Planning Department in the City of Papillion, Nebraska. Ms. Horner received her B. S. in Political Science and her Master in Community and Regional Planning from the University of Nebraska. She is also a certified zoning administrator in Virginia and a certified planner with the American Planning Association.

DANIEL ALEXANDER was appointed Deputy County Executive of Public Safety in February 2022. Mr. Alexander has a diverse experience serving in five different local governments. He has specific and extensive experience in Fire and Rescue, Police, 9-1-1 communications, and emergency management. Mr. Alexander has led efforts to reform police practices and to promote fair and impartial policing in multiple agencies. He has collaborated on executive management teams in three local governments. Mr. Alexander most recently was the Chief of Police in Boca Raton for over thirteen years. He has a B.A. in Criminal Justice and a Master of Arts in Public Administration from the University of Florida and also attended the Federal Bureau of Investigation ("FBI") National Academy.

MICHELLE L. ATTREED was appointed CFO in May 2014. Prior to this appointment she served as the County's Deputy Finance Director since March 2012 and has worked for the County since 1993. She oversees staff for the areas of Procurement Services, Financial Reporting and Control, Payroll and Disbursements Services, Real Estate Assessments, Tax Administration, Risk and Wellness Services, Financial Systems Services and Treasury Management. Prior to her appointment as Deputy Finance Director in 2012, she served as the County's Financial Reporting and Control Division Chief with responsibility over Payroll, Accounts Payable and Financial Reporting. Her professional experience includes working as a Senior Auditor with Stokes & Company, P.C., and as a staff auditor with the U.S. General Accounting Office. Ms. Attreed received her undergraduate degree from Virginia Polytechnic Institute and State University (Virginia Tech) and her Master of Public Administration from George Mason University, receiving the John D.R. Cole Award for Outstanding MPA Student. In 2019, she received a Lifetime Achievement Award from the Virginia Women in Public Finance. Ms. Attreed is a Certified Public Accountant and Chartered Global Management Accountant, a member of the American Institute of Certified Public Accountants, Government Finance Officers Association, and Virginia Government Finance Officers Association.

MICHELLE R. ROBL was appointed as County Attorney for the County by the Board of County Supervisors in December 2015. She has worked for the County in the County Attorney's Office since 1993. She had served as Acting County Attorney since June 2015 and Deputy County Attorney for six years before being named Acting County Attorney. She represents the Board and various County agencies before all levels of the Commonwealth and federal courts and administrative bodies, in various local government areas such as employment discrimination and personnel law, law enforcement and internal affairs issues, child abuse and neglect law, land use, contract matters, and general liability defense. She earned her Juris Doctor degree from the George Mason University School of Law and her undergraduate degree from Virginia Tech. Among other affiliations, she is on the Board of Directors of the Local Government Attorneys Association of Virginia, and is Past Chair, Vice-Chair and Secretary to the Virginia State Bar Fifth District Section III Disciplinary Committee.

CHRISTINA WINN was appointed as the Executive Director of the Department of Economic Development in June 2019. Prior to joining Prince William County, she led Arlington County's efforts in business retention, national recruitment, entrepreneur support, and catalyzing the innovation economy. Ms. Winn received her B.S. in Economics from Arizona State University and an M.S. in Real Estate Development from Johns Hopkins University. She serves on the boards of the Northern Virginia Chamber of Commerce, the Northern Virginia Technology Council and the Prince William Chamber of Commerce, and she will be the incoming president for the Virginia Economic Developers Association's board of directors in 2023.

LATANYA D. MCDADE, Ed.D., was appointed as the Superintendent of Prince William County Public Schools at a public meeting on March 24, 2021, effective July 1, 2021. Dr. McDade has 23 years of experience in Chicago Public Schools, the third largest district in the nation. A lifelong educator, Dr. McDade is a former teacher, principal, chief schools' officer, and district leader. Dr. McDade previously served as Chief Education Officer of Chicago Public Schools from 2017 to June 2021. Her responsibilities included overseeing all academic offices, supporting over 340,000 students across 638 schools and ensuring equity and access to high-quality educational opportunities, while managing $3.4 billion budget. She was responsible for improving and supporting all aspects of teaching and learning, including the development of curriculum and instructional policy for the district and the provision of guidance to the district's schools and administrators. Dr. McDade completed her doctorate degree in educational leadership and supervision from Lewis University in April 2021. She holds a master's degree in leadership and administration from Loyola University Chicago and a bachelor's degree in elementary education from Chicago State University.

On October 25, 2022, the Board appointed CHRISTOPHER J. SHORTER as the new County Executive, to be effective January 3, 2023. Mr. Shorter most recently served as the first Chief Administrative Officer for the City of Baltimore, Maryland. Mr. Shorter served as the Assistant City Manager for Health, Environment, Culture, and Lifelong Learning within the City of Austin, Texas. Mr. Shorter served for over ten years in various leadership roles for the District of Columbia government, including the Director of the DC Department of Public Works in 2015. Mr. Shorter also served as the Chief Operating Officer for the Department of Health and the District Department of Youth Rehabilitation Services. Prior to joining the District Government, Mr. Shorter worked for the Port Authority of New York and New Jersey.

GOVERNMENTAL SERVICES

The County provides a full range of local government services, reflecting both its form of government under Commonwealth law and its increasingly urban character. The mission of the County Government is to provide the necessary services to protect the health, welfare, safety and environment of citizens, consistent with the community's vision, values and strategic priorities. This mission is accomplished by: encouraging citizen input and involvement; preserving the County's fiscal stability; producing effective and efficient government programs; managing the County's resources; planning for the future; and representing citizens' needs and desires to other levels of government. The discussion that follows outlines several services that the County provides to its citizens and services provided in conjunction with other governmental entities.

General Government Administration

Executive Management: The Office of Executive Management ("OEM") provides leadership and executive management to achieve the goals and policies of the Board and oversees the day-to-day operations of the government. The functions of this office include overall management and policy development, administrative support to the Board, dissemination of citizen and community information, administration of affirmative action and equal employment opportunity, intergovernmental relations, and coordination of appropriate federal, Commonwealth, regional and local initiatives to further the County's Comprehensive and Strategic Plans.

Budget Management: The Office of Management and Budget ("OMB") is responsible for managing the County's resources consistent with the current Adopted Fiscal Year Budget, Five-Year Fiscal Plan, and the Six-Year Capital Improvement Program, in addition to the Strategic Plan. OMB develops and monitors the County's operating and capital budgets, evaluates agency programs and operations, provides performance measurement and management reporting, and offers management consulting to County departments. The County's Adopted Fiscal Year Budget has earned the Government Finance Officers Association ("GFOA") Distinguished Budget Presentation Award for 34 consecutive years.

Financial Management: The Department of Finance promotes excellence, quality, and efficiency by maximizing available resources and providing innovative financial and risk management services to a broad range of internal and external customers through sound financial management practices and a commitment to maintaining fiscal integrity and financial solvency of the County government. The Department of Finance is comprised of the following divisions: Financial Reporting and Control, which maintains the County's financial records and internal controls; Payroll and Disbursements Services, which coordinates disbursements to vendors and employees; Tax Administration, which assesses personal property and gross receipts taxes, and bills, collects and records all County revenues; Real Estate Assessments, which appraises all real property and administers tax relief programs; Procurement Services, which administers the procurement of all goods and services for the County and develops and monitors compliance with purchasing regulations; Treasury Management, which provides annual revenue estimates for general County revenues, coordinates debt financing for capital projects, and manages the investment of and banking services for County funds; Risk and Wellness Services, which manages the County's occupational safety, health, wellness, environmental, and workers' compensation and casualty pool self-insurance and other insurance programs; and Financial Systems Services, which maintains the functionality of the County's financial management and tax administration systems. The County's Annual Comprehensive Financial Report and Popular Annual Financial Report have earned the GFOA Certificate of Achievement for Excellence in Financial Reporting and Award for Outstanding Popular Annual Financial Reporting for 39 and 14 consecutive years, respectively.

Human Resources: Human Resources leads the County's efforts to attract, recruit, motivate, and retain a high-performing, diverse workforce in support of the County's vision, values and strategic goals.

Legal Services: The County Attorney provides legal counsel, advice, and representation to the Board, County Executive, officers, and employees of the County in the performance of their duties. This includes matters involving land use and zoning, leases and contract negotiations, bond financing, grant applications, deed preparation and review, collection of delinquent County taxes and other delinquent accounts, and personnel matters, including workers' compensation, and the drafting of ordinances, policies, and proposed legislation. The County Attorney also provides legal counsel, advice, and representation to various boards and commissions appointed by the Board.

Technology Support Services: The Department of Information Technology ("DoIT") is responsible for providing all aspects of Information Technology ("IT") across the County, including strategic planning, seat management, eGovernment, Geographic Information Systems, information technology governance and policies, information security and access control, voice and data infrastructure and support, operations data center, public safety radio systems, desktop, laptop, tablet, mobile data computer devices, and full life-cycle enterprise application management. DoIT also provides guidance and support for cybersecurity, disaster recovery, and IT strategic planning initiatives. Security efforts remain critical as the County's technology investments require constant security protection. Local governments face a challenging task of protecting their infrastructure and data. The County is meeting this challenge by focusing efforts on new technology, enhanced teamwork, employee training, and insuring against losses. DoIT performs regular adjustments and improvements in cyber capability, policy, and operational readiness. Designing enterprise communications to meet these demands is an ongoing commitment. The goal of this commitment is improved policies, systems and data security. New technologies will be embedded within new processes that enable DoIT, and the rest of the County Government, to streamline services for the County's businesses, residents, and visitors. These services include, but are not limited to, tax payments, permit applications, public safety, emergency response, parks, recreation and tourism, social services, and constituent services.

DoIT spends significant time, energy and attention designing secure infrastructure that affects all processes and applications. The security posture for the County focuses on protecting technology assets, detecting security related anomalies, and remediating potential threats. DoIT has implemented two key cybersecurity platforms, Varonis and Cisco's Secure Network Analytics, to expand monitoring and response capabilities. DUO Multi-Factor Authentication has been implemented by the County to enhance mobile security to access County systems. To address the County's IT service, infrastructure, and system security needs, DoIT is implementing a Technology Improvement Plan, with an $18.5 million investment for fiscal years 2023-2027. The plan includes enhancements to Voice Over Internet Protocol ("VOIP") infrastructure, replacement and upgrades of Community Services and Social Services software to mitigate deficiencies and meet state regulatory reporting requirements for tracking critical information, implementation of Enterprise Cloud Security to further support County's agencies with remote working capabilities and enhanced secured mobility features, as well as expansion of public Wi-fi.

The County is an active participant in multi-jurisdictional efforts to maintain interoperable emergency communications infrastructure, share threat information, and leverage resources and expertise. It is an ongoing goal of the County's Strategic Plan (described later) to provide quality education and workforce development by increasing internet access and technology accessibility. In 2021, DoIT launched its Digital Prince William program, which offers free technology classes to County residents and businesses. The program is focused on helping unserved and underserved County residents and businesses build the technology skills they need to thrive in an increasingly digital world. DoIT, in collaboration with Prince William County Schools, continues to support the County Student Hotspot Program to distribute Wi-fi hotspots to schools and to help students without reliable access to the internet. The Technology Inclusive Initiative ("TII") is another DoIT program that was implemented during the second half of 2020 to help address broadband access, affordability and technology literacy issues across the County. More information on the TII program is available on County's website at https://www.pwcva.gov/assets/2021-10/pwc_technology_inclusion.pdf. Such information on the County's website is not incorporated by reference herein.

In July 2021 and July 2022, the Center for Digital Government and the National Association of Counties recognized Prince William County in the 19th and 20th annual Digital Counties Surveys. The County placed third in 2021 and second in 2022 in the 250,000 to 499,999 population category for "the best technology practices among U.S. counties, including initiatives that streamline delivery of government services, encourage collaboration, enhance cybersecurity and apply innovative and emerging technologies to county priorities." More information on DoIT's vision and goals can be found in DoIT's strategic plan that is available on County's website at https://www.pwcva.gov/assets/documents/doit/PrinceWilliam_IT%20Done%20Right_FINAL_V2.pdf. The information on such website is not incorporated into this Appendix.

Public Safety

Police Services: The County's Police Department (the "Police Department") is a law enforcement agency, nationally accredited by the Commission on Accreditation for Law Enforcement Agencies ("CALEA"), with a professionally trained force with sworn officers and full and part-time civilian professional staff. The Police Department is organized into four divisions: Support Services, Operations, Criminal Investigations, and Financial and Technical Services; all overseen by the Office of the Chief. The Office of the Chief also includes the Office of Professional Standards and is responsible for planning and direction of all Police Department's activities, as wells as CALEA accreditation, policy review, policy amendments, and public information services. The Office of the Chief also coordinates community engagement, crime prevention, and education activities. The Support Services Division maintains the Police Department's forensic services, records, equipment, and supplies. In addition, this division coordinates and conducts all training, maintains control of evidence and recovered or confiscated property, oversees employee recruitment and selection, and enforces, educates, and coordinates animal control ordinances and services including housing unwanted animals. The Operations Division responds to citizen calls for service, performs patrol functions, executes search warrants, enforces traffic and parking regulations, and directs all special teams such as Special Weapons and Tactics, Search and Rescue Unit, Civil Disturbance Unit, Dive Team, and K-9 Unit. The Operations Division also coordinates crime prevention and education activities and enforces and oversees school crossing guard services. The Criminal Investigations Division investigates all major criminal offenses including crimes against persons or property, vice and narcotics cases, crimes committed against and by children, apprehension of criminals, participates on regional investigative task forces, and manages school resource programs in the County's schools. The Financial and Technical Services Division is responsible for coordination and management of all fiscal matters, assuring regulatory, County and internal policy compliance, asset inventory, facility planning, and supporting all aspects of the Police Department's information technology needs.

Fire and Rescue Services: The Prince William County Fire and Rescue System (career and volunteer first responders) protects lives, property, and the environment through timely, professional, and humanitarian services essential to the health, safety, and well-being of the community. Emergency response personnel respond to emergency fire, medical, hazardous materials, and service calls for assistance. They provide pre-hospital emergency medical care and fire and hazardous materials incident mitigation. Emergency medical services, including on-the-scene medical treatment and ambulance-to-hospital monitoring of patients, are provided by trained basic and advanced life support technicians on Medic Units. All emergency responders receive training to provide basic life support services, while many are trained to perform advanced life support services. Emergency Medical Service ("EMS") Operations personnel are responsible for the management of the EMS components of fire and rescue service. They provide appropriate training, supervision, procedures, policies and program support within the EMS system. Career and volunteer fire and rescue personnel staff twenty-two fire and rescue stations. Mutual aid agreements exist with all regional jurisdictions to provide prompt and efficient emergency services given existing resources and unit deployment. The Community Safety Section includes the Fire Marshal's Office ("FMO"), Office of Emergency Management ("EM"), Community Education, and Public Information. The FMO investigates the origin and cause of fires and explosions and conducts criminal investigations of arson. Fire Marshals inspect commercial properties and new construction sites to ensure compliance with fire codes, reviews building sites, fire suppression, and alarm system plans to ensure compliance with fire codes and building codes related to fire protection systems. EM develops and maintains disaster and preparedness plans as well as coordinates and conducts exercises for all such plans in accordance with federal laws and regulations to prepare for, respond to, and recover from disasters and to mitigate community hazards. The community safety program provides public information and public education, such as injury prevention and fire safety practices. The Systems Support Section provides the necessary organization and system infrastructure to provide emergency response activities, including Training, Personnel, Planning and Logistics, Fire and Rescue Call-Taking and Dispatch, Information Technology, Health and Safety, Fleet, Facilities, Finance and Administration.

Public Schools

The County's School Division is the second largest public school system in Virginia and the fourth largest in the Washington D.C. Metropolitan Region. It is known for its system of school-based management. In this management model, decision-making and accountability are based at the school level, rather than being centrally administered. Appropriations from the General Fund of the County (see Section II - FINANCIAL ADMINISTRATION - GENERAL

FUND FINANCIAL OPERATIONS) primarily fund the school system. The Commonwealth and federal governments serve as additional funding sources.

The overall instructional program in the County schools is implemented through a planned, systematic approach. It not only specifies the essential skills for all students, but it also serves as an instructional guide for teachers. Its primary intent is to assure that essential skills are learned by every child. Programs are also available for gifted and special education students. Vocational instruction in several career areas is offered as well. A limited number of parents and guardians have expressed their interest in a full-time, virtual learning program. The County's School Division will continue to offer such an option for the 2022-23 school year.

The public school system consists of sixty-one elementary schools, two elementary/middle (1-8) schools, one elementary/middle (K-8) school, seventeen middle schools, thirteen high schools, one preschool center, one nontraditional school, and one special education school, which houses special education, middle, and high school programs. As shown in the following chart, the number of students attending the County's public schools decreased in the 2020-21 school year because of the COVID-19 pandemic. As the pandemic subsided, the student enrollment number started to increase.

Public School Enrollment

School Year	Elementary	Middle	High	Special Education	Total	Percent Change
2012-13	39,269	18,902	24,015	1,365	83,551	-
2013-14	39,538	19,473	24,665	1,379	85,055	1.8%
2014-15	39,920	19,703	25,249	1,337	86,209	1.4
2015-16	40,070	20,004	25,861	1,319	87,254	1.2
2016-17	40,569	20,095	26,923	1,333	88,920	1.9
2017-18	40,482	20,713	27,261	1,405	89,861	1.1
2018-19	40,110	20,997	27,610	1,486	90,203	0.4
2019-20	40,422	21,357	28,058	1,689	91,526	1.5
2020-21	38,390	20,978	28,343	1,365	89,076	(2.7)
2021-22	38,734	20,625	28,772	1,337	89,468	0.4

Source: Prince William County Public Schools, Facilities Department, January 2022.

Transportation Infrastructure

One of the County's Strategic Plan goals is transportation and mobility, with the intent to provide an accessible, comprehensive, multimodal network of transportation infrastructure that improves local and regional mobility. This is to be accomplished by prioritizing critical infrastructure projects that expand roadway capacity through the construction of new roadways or widenings and new interchanges that support both local and regional mobility and sustainable growth. This includes improving access to and supporting transit. The County further seeks to provide equitable access to multimodal transportation options in the community by removing barriers of physical ability, geographic location, financial constraints, and digital literacy. Over the years, the County has worked to develop a transportation network that gets people to jobs, improves safety, reduces congestion, reduces travel time and enhances the County's economic development efforts. The County has invested substantially in new road construction and improvements over the past 10 years, with additional funding leveraged from the Commonwealth and the federal government. The County has also received funding for transportation improvements from the Northern Virginia Transportation Authority ("NVTA"), which is responsible for long range transportation project planning, prioritization and funding for regional transportation projects in Northern Virginia. Once road construction projects are completed, they are accepted by the Commonwealth for future maintenance. The County's current Six-Year Capital Improvement Program includes several transportation projects that will be funded with County General Funds and proffers supplemented by regional, Commonwealth, NVTA and federal funding. The approved November 2019 bond referendum authorizes the issuance of general obligation bonds of up to $355 million for transportation projects.

Human Services

County departments and various appointed boards and commissions are responsible for overseeing and advising on the planning and delivery of the County's numerous human services programs. Members of these boards and commissions are appointed by the Board. Various operating departments, in locations convenient to citizens, provide direct services, administration, and support. Among these departments, the services provided include the following:

Community Services: Community Services is the County's public behavioral health entity charged with the provision of services for individuals with serious mental health and/or substance abuse disorders and individuals with intellectual and developmental disabilities. Community Services also provides emergency services/pre-screenings for psychiatric hospitalizations and crisis intervention. In collaboration with the Police Department, Community Services provides Co-Responder teams of police and clinicians to assist individuals experiencing a crisis in connecting with treatment. Behavior health and wellness/prevention services for the County and the Cities are provided in areas such as suicide prevention and opioid overdose and use prevention. Services are community-based, provided both directly and contractually with private and other public service providers, and include case management, medication and therapeutic treatment, and specialized services such as psychosocial rehabilitation, vocational services, first episode psychosis coordinated care and residential support. Community Services serves residents of all ages, including Early Intervention Services for infants and toddlers, from birth to age three, who are at risk due to developmental delays. Operations are managed by an Executive Director assisted by a Community Services Board appointed by the Board. Funding for many services is through Medicaid and other Commonwealth and federal revenue sources.

Social Services: The mission of the Department of Social Services ("DSS") is to transform lives through safety, support, and self-sufficiency. *Safety*: Child Advocacy Center, Child and Adult Protective Services, as well as secure detention, non-secure sheltering, or community-based supervision for court-involved youth in the pretrial phase. *Support*: foster care, adoption, and ongoing family treatment. Families of children with complex behavioral, medical and/or special needs are supported with a multi-disciplinary team to assess needs and obtain services. *Self-sufficiency*: the Prince William Area Continuum of Care for Homelessness, public assistance eligibility determination, Virginia Initiative for Education and Work, and state-subsidized childcare. Operations are managed by a Social Services Director. A Social Services Advisory Board is appointed by the Prince William Board of County Supervisors. DSS is funded with local, Commonwealth, and federal funding.

Area Agency on Aging: The responsibilities of the Area Agency on Aging include maintaining the independence and quality of life for adults and their families and advocating, educating, coordinating and implementing programs and services for older adults.

Housing Opportunities and Assistance: The Office of Housing and Community Development ("OHCD") is responsible for developing affordable housing opportunities and neighborhood resources for low and moderate-income households in the County and the Cities of Manassas and Manassas Park. OHCD manages the development and implementation of the Prince William Area (the County and the Cities) Consolidated Housing and Community Development Plan to encourage and support affordable housing programs and services. OHCD primarily uses federal resources to provide housing development, rehabilitation and preservation services, home ownership financing, rental assistance through the federally-funded Housing Choice Voucher Program, the State Rental Assistance Program through both project and tenant-based vouchers for individuals within a special population as well as other housing-related services. OHCD also provides financial services to local shelters in support of their operations, essential services and rapid re-housing assistance provided to homeless families. Other programs provided by OHCD are the Neighborhood Housing Rehabilitation Program and the Dawson Beach Transitional Housing Program. The Neighborhood Housing Rehabilitation Program seeks to preserve and improve owner occupied properties and the First-Time Homebuyer Program, which provides financial assistance ranging from 23 to 33 percent of the approved sales price for down payment and closing costs to eligible low and moderate income first-time home buyers The Dawson Beach Transitional Housing Program is a two-year program providing decent, safe, and sanitary housing to eligible homeless families with children who pay a program fee of 30 percent of their household's income. The goal of these programs is to facilitate movement to independent living and self-sufficiency through individualized supportive services. These services are aimed at self-empowerment, improved employment potential, increased opportunities for economic betterment, strengthened skills in financial planning and family budgeting in addition to attempts to increase educational levels and instill effective home management.

Public Health Services: The Department of Public Health provides a wide range of services designed to promote and protect the health of the community and the environment. The Department is funded by the federal government, the Commonwealth, the County, the Cities, and Commonwealth and local user fees. It is responsible for the community and clinical preventive services, vital statistics, health information, environmental health services, and the assurance of access to needed quality health care services. The Department of Public Health's functions include the provision of preventive and other clinical services; immunizations for children and adults; prenatal care; women's wellness; sexually transmitted disease services; tuberculosis treatment and care; dental care; and nutrition services for women, infants, and children. The agency's functions also include the issuance of death certificates; inspections of food and public establishments;

inspection, testing, and permitting of water supplies and sewage disposal systems; and review of new development projects for environmental health impacts. Public Health interventional activities include the investigation and control of communicable disease outbreaks, rabies control, health and environmental hazard mitigation, and bioterrorism/public health emergency response. The Prince William Health District ("PWHD") continues to direct significant resources, including disease surveillance, investigation, and containment toward the COVID-19 response. PWHD collaborates with schools of nursing and colleges to train current and future staff to be public health ready.

Judicial Administration

The County administers judicial affairs through a court system consisting of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations Court and through the Offices of the Clerk of the Court, the Commonwealth's Attorney, the Community Corrections Agency, and the Office of Criminal Justice. Funding for the operations of the Clerk of the Court, the Circuit Court and other courts, the Magistrates, the Commonwealth's Attorney, and the Sheriff's Office is largely provided by the Commonwealth but is supplemented by the County.

The Prince William – Manassas Regional Adult Detention Center ("ADC") consists of four buildings in the County: the Main Jail facility, the Modular Jail building, the Central Jail facility, and the Annex for administrative and training use. The ADC's mission is to provide secure, safe, and cost-effective inmate housing. The ADC serves the County and the Cities and is governed by an eleven-member Regional Jail Board (the "Jail Board"). The Sheriff is an ex officio member by statute. The Board appoints eight members, and the Manassas City Council appoints two members to the Jail Board. The Commonwealth Department of Corrections operational capacities in the County as of August 2022 are estimated at 404 inmates in the Central Jail, 202 inmates in the Main Jail, 200 inmates in the Modular Jail, and 65 inmates in the Work Release center, for a total of 871 inmates. The Jail Board, with the advice of the ADC Superintendent, has set management capacities higher than operational capacities. The Central Jail and Main Jail facilities are double-bunked, and by adding staff to manage inmates, additional inmates may be housed.

Planning and Development

Transportation, Public Works, Facilities & Fleet Management and Development Services: The Departments of Transportation, Public Works, Facilities & Fleet Management and Development Services provide services to maintain and improve the safety, quality of life, and environment for County residents. These departments assist with the planning and construction of safe and adequate roadways, engineering, construction and maintenance of public facilities, property code enforcement, protection and management of the County's watersheds, and engineering review and inspections for site development, building construction and code compliance.

The Department of Transportation's goals include easing the flow of traffic and improving travel within the County for residents and visitors. Working with local, regional, Commonwealth and federal counterparts, this department is responsible for the construction management of the County's new roads and other improvements not managed by the Virginia Department of Transportation.

The Departments of Public Works and Facilities & Fleet Management provide internal services for construction management of capital projects, fleet maintenance of County vehicles and equipment, and manage the County's solid waste system which includes a sanitary landfill, yard waste composting facilities, and recycling facilities. The operation of the County's solid waste system is funded entirely through a County-wide solid waste user fee, other user fees and charges for services, and the sale of recyclable materials. The estimated useful life of the system extends to 2060.

The Department of Development Services ("DDS") is the lead development agency for the County. DDS works closely with many affiliated agencies, including Planning, the Fire Marshall/Emergency Services, Public Works, Transportation, and Information Technology to assist customers with the timely development of projects and to ensure compliance with County and Commonwealth requirements. DDS is also the lead agency responsible for updating the County's design and construction standards manual.

Land Use Planning: The Office of Planning is responsible for identifying current and future land use and public facilities needs of the County in collaboration with the County residents, agencies, and stakeholders. The Office of Planning prepares and updates the County's comprehensive plan (the "Comprehensive Plan"), the general guide to the location, character, and extent of proposed anticipated land use, including public facilities. In addition, the Office of Planning reviews proposals for compliance and prepares, updates, and enforces the zoning ordinance. The Office of Planning also reviews and provides planning analysis of proposed zoning changes and special use permits and is responsible for the implementation of proffers.

Geographic Information: Geospatial Technology Services ("GTS") is part of the Enterprise Applications Division of the Department of Information Technology. It operates the County's enterprise geospatial program to enable an effective and efficient government using advanced Geographic Information Systems ("GIS") technologies. The GTS program prepares and maintains a multipurpose data warehouse, application suite, and infrastructure, delivering specialized geospatial, geodetic, demographic, and legal information derived from authoritative resources and offered to assist the County in administering its land development and management responsibilities, enhancing public safety response, sustaining the environment, and building healthy populations with a world class GTS infrastructure. As Prince William County's official resource and subject matter experts in GIS technology, the GTS team engineers, operates, and maintains the central GIS technology platform and its associated GIS web applications, GIS desktop application and custom GIS tools. GTS serves as the official resource and geospatial service for information about the County's population, social characteristics, households, housing, and economic attributes for use by the public and County agencies, as well as operates an information and map distribution center for dissemination of geospatial and demographic information to the public, regulators, developers, businesses, and other interested parties.

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Libraries and Parks, Recreation and Tourism

Libraries: Prince William Public Libraries ("PWPL") consists of twelve branches throughout the County and the City of Manassas, providing free access to books, e-books, e-audio, print and digital magazines, mobile Wi-fi hotspots, and DVDs. PWPL also offers a Digital Library providing free access to thousands of online and digital resources and free educational and entertaining programs for all ages. In fiscal year 2022, PWPL had 675,735 library visits and more than 1.3 million web visits, circulated approximately 2.3 million print and digital materials, and hosted 3,219 programs in person and virtually for 160,621 participants.

By Board action on August 4, 2020, the County transferred the management of its public libraries from a system governed by a board of trustees (the "Library Board") appointed by the Board to a County department under the governance of the Board. The Library Board was converted into an advisory board with members appointed by the Board. The Library Department is managed by the Library Director with the assistance of the advisory board. The transition from a system to a County department did not change the operation of the public libraries and the services offered to the public.

Parks, Recreation and Tourism: The County Department of Parks, Recreation and Tourism ("DPRT") is responsible for the development, construction, operation, and maintenance of parks and recreational facilities and promoting tourism throughout the County. DPRT operates a 4,400 plus acre park system comprised of 81 properties and over 60 trail miles, as well as a diverse portfolio of recreational facilities, services, and programs, hosting over 2 million visits annually and providing leisure experiences for residents of all ages, abilities, and recreational interests. Operations are managed by the DPRT Director assisted by the Parks and Recreation Commission, an advisory commission appointed by the Board.

Water Supply and Wastewater Collection and Treatment

Prince William County Service Authority: The boundaries of its service area are coterminous with the County. All heavily developed areas of the County, with the exception of the unincorporated Dale City area in the eastern part of the County, are provided water and wastewater service by the Service Authority. The Service Authority provides service to approximately 97,000 residential and commercial accounts. Over the past five years, the Service Authority has seen a 6.6 percent increase in its customer base.

Water is supplied from a combination of sources: Service Authority-owned wells and long-term water purchase agreements with the Fairfax County Water Authority and the City of Manassas. The Service Authority's total capacity as of June 2022 was 67.8 million gallons per day ("mgd"), which is expected to meet County water needs until the year 2045. Additional capacity will be purchased when required. During fiscal year 2022, the Service Authority delivered a daily average of 32 mgd representing 99.7 percent purchased water and 0.3 percent produced water from the Service Authority's wells. The Service Authority's water storage and distribution system consists of approximately 1,308 miles of water lines, 26.1 million gallons of water storage, and various pumping stations.

The Service Authority's sewage treatment system consists of the H. L. Mooney Advanced Water Reclamation Facility ("Mooney AWRF"), with a current capacity of 24 mgd. Current capacity is expected to satisfy growth in the Service Authority's service area until the year 2030. The Service Authority's 1,150 miles of sewer mains transport wastewater to these facilities, as well as to the Upper Occoquan Sewage Authority ("UOSA") Regional Facility, which provides wastewater treatment service to the Cities and to portions of Fairfax and Prince William Counties.

Under a long-term agreement with UOSA, the County's share of the treatment capacity at the interjurisdictional UOSA plant is 19.8 mgd of the present UOSA plant capacity of 54 mgd. Current capacity, along with a planned UOSA capacity expansion, will service most of the County's sewage treatment through the year 2035. To meet sewage treatment needs beyond that time, the Service Authority plans to further expand the capacity of the Mooney AWRF and purchase additional treatment capacity at UOSA. The UOSA facility is authorized to expand to a maximum plant build-out capacity of 80 mgd.

The Service Authority is a self-supporting entity. It derives all of its operating revenues from its customer billings. The Service Authority also collects availability fees from owners and developers to cover the cost for treatment capacity and infrastructure related to growth. The Service Authority adopts an annual operating budget and capital improvement program, sets rates, and may issue revenue bonds without the approval of other governmental bodies, including the Board.

Upper Occoquan Sewage Authority: UOSA was formed on March 3, 1971, by concurrent resolutions of the governing bodies of Fairfax and Prince William Counties and the Towns (now Cities) of Manassas and Manassas Park, and was chartered by the Commonwealth of Virginia State Corporation Commission on April 1, 1971. The governing body of UOSA is an eight-member Board of Directors consisting of two members appointed for four-year terms by the governing body of each member jurisdiction. UOSA's Executive Director is responsible to the Board of Directors for the day-to-day operations of UOSA. UOSA was established to acquire, finance, construct, operate, and maintain facilities for the treatment of sewage in its service area and is organized into seven divisions: Operations and Maintenance, Treatment Process, Finance, Human Resources, Regulatory Affairs, Engineering & Technology, and Capital Improvements.

UOSA's service area encompasses approximately 246 square miles and includes portions of the County, Fairfax County and the Cities. UOSA owns and operates an advanced water reclamation facility with a capacity of 54 mgd, and a regional system of sewer lines, pump stations and force mains that deliver sewage from the member jurisdictions to the treatment plant. To meet future needs from increases in population and associated wastewater flows, UOSA has developed a capital improvement program that includes a variety of major additions, extensions and improvements to its system. The existing treatment works is designed and permitted to receive and process a rolling 30-day average of 54 mgd. For the fiscal year ended June 30, 2022, the average daily flow was 33.6 mgd. The maximum 30-day rolling flow was 39.9 mgd, 73.9 percent of capacity.

COVID-19 Matters

The County's economy continues to exhibit resilience despite the COVID-19 pandemic. Beginning with the declaration of emergency in March 2020, the County's Office of Executive Management ("OEM") has facilitated a constantly evolving and multi-faceted response to the pandemic, emphasizing community-level response for those individuals, families, and businesses most affected by the pandemic, as well as ensuring the health and safety of County employees. Over the course of pandemic, the County has received a total of $82.1 million in Coronavirus Relief Funds ("CRF") under the Coronavirus Aid, Relief, and Economic Act of 2020 (the "CARES Act") and a total of $91.4 million in Coronavirus State and Local Fiscal Recovery Fund ("CSLFRF") from the 2021 American Rescue Plan Act ("ARPA"). The Board appropriated the CRF funds for emergency housing assistance, small business micro grants, economic recovery initiatives, COVID-19 testing, homeless services, community feeding, election safety protocols, emergency response, childcare scholarship grant program, personal protective equipment, and increased cleaning frequency. The County continues to refine its plan for distribution and use of CSLFRF funds with a focus on providing a lifeline beyond the impacts of COVID-19 to the community, including residents, businesses, and employees throughout the duration of the pandemic and beyond, prioritizing basic needs and addressing disparities that were worsened by COVID-19.

The school division received a total of $221.1 million from the Commonwealth's allocated funding from CARES Act and ARPA to support virtual learning and opening school facilities during the pandemic. In addition, the school division has developed a comprehensive "Unfinished Learning Plan" aimed at addressing students' academic, social, emotional, and mental health needs as affected by COVID-19. The School Board will continue to follow the orders of the Virginia Governor, Virginia Department of Health, and Virginia Department of Education in effect relating to physical distance in classrooms, buses and cafeteria, as well as face covering and quarantine requirements. All students are to be provided with a laptop and access to free internet at home, if needed.

The COVID-19 pandemic has revealed new opportunities to reengineer existing County processes while continuing to deliver excellent service. Managing the surge capacity for increased service demands while ensuring the safety of the community and the public workforce will continue as the County redesigns systems for resiliency and response. The County is determined to maximize the lessons learned during the COVID-19 pandemic and capitalize on the possibilities to accelerate digital government, including enhancing telework capabilities while reimagining the use of existing office space, while remaining committed to the development and engagement of the workforce. More details of COVID-19's impact on the County's revenues and expenses are provided under the captions "SECTION II - FINANCIAL ADMINISTRATION - GENERAL FUND FINANCIAL OPERATIONS" and "SECTION II - FINANCIAL ADMINISTRATION - SUMMARY OF THE BUDGET FOR FISCAL YEAR 2022" below.

County leadership has evaluated the County's liquidity to meet its obligations and believes that the County has sufficient liquidity without the need to access external funding for operations. The effects of the pandemic will require constant re-evaluation of revenues and expenditures and liquidity, and the County reserves the right to employ external financing to meet such needs.

Environmental and Social Priorities

For many years, the County has taken measures to protect the natural environment and has made significant commitments to ensure that its land, air, and waterways have resources devoted to maintaining their quality. The County works jointly with other localities on matters of regional significance.

In 2003, the County adopted the Environmental Management Program to mitigate pollution liability, identify the impact of County facilities on the environment and to address such issues, and keep the County in conformance with state and federal regulations. The program oversees flood control, erosion and sediment control, protection of environmentally sensitive areas, storm water management and drainage maintenance. The County also offers a tax exemption for homeowners installing solar arrays on their homes and a streamlined permitting process.

The County has several existing policies and regulations to support environmental sustainability. The policies are related to climate and air quality, watershed planning, energy and surface and groundwater, as well as preservation of agricultural land uses. The policies encourage use of electric charging stations at all facilities and the creation of compact, walkable and integrated mixed-use developments. In addition, the County is considering introducing a plastic bag tax following the Virginia General Assembly's legislation in 2020 authorizing localities to impose a five-cent tax on each disposable plastic bag to provide an additional revenue source for environmental programs.

In November 2020, the Board, by resolution, endorsed the Metropolitan Washington Council of Governments' climate mitigation and resiliency goals. The climate mitigation goals call for a 50 percent reduction in greenhouse gas emissions from 2005 levels by 2030. Additionally, the Board set a County government goal of 100 percent of its energy to be supplied by renewable sources by 2030, 100 percent of its electricity to be supplied by renewable sources by 2035 and to be 100 percent carbon neutral by 2050. In December 2021, to advance efforts to meet these goals, the County established the Sustainability Commission with the authority to make recommendations to the Board for a Community Energy and Sustainability Master Plan ("CESMP"). The CESMP will serve as a roadmap for the County to reach its climate mitigation and resiliency goals. In May 2022, the Commission held its first meeting and announced its recommendation to the Board to immediately adopt a practice of assessing the energy and sustainability impacts of each new major land use, housing, and infrastructure decision. This assessment would include quantifying greenhouse gas emissions, energy use, resilience to climate impacts, vehicle miles traveled, and impacts on water resources.

The County's School Division has an established Energy Management and Sustainability program as well. This program's goal is to plan and manage County schools' energy use and sustainability, improve environmental and fiscal stewardship in facility use, and educate staff and students through leadership and environmentally conscious design. Since the implementation of this program, the County schools have saved an average of $6 million in utility costs annually by practicing energy reducing behaviors such as turning off lights, powering down computer equipment, conserving water, and reducing waste and recycling. In 2021, Prince William County Public Schools was named as a U.S. Department of Education Green Ribbon School District Sustainability Awardee and was one of five school divisions in the country to earn this award.

In fiscal year 2021, the County adopted its 2021-2024 Strategic Plan, which guides the County's financial investment in community services during the annual budget process. The adopted Strategic Plan, available at https://www.pwcva.gov/strategic-plan, provides a framework for a more inclusive and equitable County. Some of the goals listed in the plan are to improve awareness and access to quality affordable services that address physical, developmental, mental health and substance abuse needs; to prevent and reduce homelessness; to provide a safe and secure community through crime prevention by providing appropriate staffing, equipment, and resources to public safety and enhancing relationships among public safety departments and the communities they serve; to improve equity and fair treatment of marginalized populations and increase workforce diversity; to diversify, support, and expand the local economy to ensure equitable economic growth, as well as quality education and workforce development. Considerations for preservation and protection of natural resources are also listed in the plan. Furthermore, the County established the Office of Equity and Inclusion and a Racial and Social Justice Commission comprised of community appointees and ex-officio County members to identify issues of concern and best practices and to recommend a path forward to improve racial justice for people of color in the County. The County's Equity and Inclusion Office promotes an equitable, diverse and inclusive workforce to serve the community. The County's School Division has an established Office of Equity and Employee Relations with a focus on promoting effective management practices and workplace behaviors, positive working environments and relationships, and ensuring that an equal and diverse community is available to all qualified individuals on a nondiscriminatory and non-harassment basis.

Collective Bargaining

Effective May 1, 2021, the Virginia General Assembly amended the Code of Virginia to authorize local government entities to adopt an ordinance that allows collective bargaining. The statute, § 40.1-57.2, VA Code Ann., requires that an ordinance, if adopted, provide procedures for the certification and decertification of exclusive bargaining representatives, and a process to provide notice to and allow any employee organization to intervene in the certification procedure. At any time prior to the adoption of a collective bargaining ordinance, employee groups who self-identify as a "unit" may submit an employee certification, which is a petition with signatures from employees in favor of collective bargaining. On September 7, 2021, two employee groups from the County's Police Department and the Department of Fire and Rescue, submitted Employee Certifications. The Board is proceeding with the statutory process and directed staff to work on a collective bargaining ordinance. A draft of the ordinance was presented to the Board in May 2022 and has been revised periodically thereafter. The draft combines features of collective bargaining laws in a number of governmental jurisdictions both inside and outside of the Commonwealth with certain practices embedded in the federal National Labor Relations Act and the National Labor Relations Board's operating procedures. Additional information and a full list of previous presentations to the Board regarding collective bargaining is available at https://www.pwcva.gov/cbg. The information on such website is not incorporated into this Appendix.

DEMOGRAPHIC AND ECONOMIC FACTORS

Population Characteristics

The County's population is concentrated in two areas: the suburban areas of Woodbridge/Dale City along the Interstate-95 corridor and the north central sections of the County along Interstate 66, including the suburban neighborhoods surrounding the City of Manassas. Over the past several years, development has sprung up in all corners of the County with the most notable growth areas in the Potomac Shores development, Belmont Bay, Rivergate, around Cardinal Drive near I-95, along Manassas City's eastern boundary, near Route 28 in Bristow, around Sudley Manor Drive and Wellington Road, western Ashton Avenue, and in the Haymarket area. According to the most current U.S. census data, the County is the second most populous county in the Commonwealth and one of its most rapidly growing jurisdictions. The County's population increased from 280,813 to 482,204 between 2000 and 2020, an increase of 71.7 percent or a compound annual growth of 2.8 percent. The County's population as of July 1, 2022, is estimated by the County Demographer at 492,576, an increase of 75.4 percent or a compound annual growth of 2.6 percent. The following table provides population growth over nearly five decades between 1970 and 2020 for the County, the Washington, D.C. metropolitan statistical area ("MSA"), and the Commonwealth.

CENSUS POPULATION AND RATES OF CHANGE

Year	Prince William County[1]	Percentage Change	Washington D.C. MSA[2]	Percentage Change	Commonwealth of Virginia	Percentage Change
1970	111,102	-	2,481,489	-	4,648,494	-
1980	144,703	30.2%	3,477,972	40.2%	5,346,818	15.0%
1990	215,686	49.1	4,223,485	21.4	6,187,358	15.7
2000	280,813	30.2	4,796,183	13.6	7,078,515	14.4
2010	402,002	43.2	5,582,170	16.4	8,001,024	13.0
2020	482,204	20.0	6,385,162	14.4	8,631,393	7.9

Sources: U.S. Department of Commerce, Census Decennial Censuses, 1970-2010; U.S. Census Population Estimates Program, 2020; Prince William County Demographer, 2020.

Notes: (1) The geographic boundaries of the County changed between 1970-2010 due to the Cities becoming incorporated and independent in 1975. The population figures reflect the reported Decennial Census data and reflect the County boundary as defined at that point in time. 2020 data is from the Prince William County Demographer.

(2) The 1970 to 1990 population figures are based on the 2000 definition of the Washington, DC-VA-MD MSA.

Housing construction gradually accelerated after the 2007-2008 recession and has led to a strong housing market with a balanced distribution of new home types across all districts. Population growth in the 2020s is projected to increase by about half of the growth experienced in the 2010s as the County's population growth is projected to level off.

The following two tables show the County's population for 2010 through 2022 and the forecast for 2030, as estimated by the County in cooperation with the Metropolitan Washington Council of Governments, and other population characteristics of the County.

COUNTY POPULATION

Year	Population	Average Annual Percentage Growth
July 1, 2010[(1)]	402,002	-
July 1, 2011[(2)]	411,569	2.4%
July 1, 2012[(2)]	417,609	1.5
July 1, 2013[(2)]	423,560	1.4
July 1, 2014[(2)]	431,032	1.8
July 1, 2015[(2)]	441,935	2.5
July 1, 2016[(2)]	453,742	2.7
July 1, 2017[(2)]	460,846	1.6
July 1, 2018[(2)]	466,525	1.2
July 1, 2019[(2)]	473,901	1.6
July 1, 2020[(2)]	482,204	1.8
July 1, 2021[(3)]	488,136	1.2
July 1, 2022[(3)]	492,576	0.9
July 1, 2030[(4)]	530,300	1.0

Sources and Notes:[(1)] U.S. Department of Commerce, Census Bureau, Census 2010.
[(2)] Prince William County Geospatial Technology Services. Population estimates were restated based on the 2020 Census population value.
[(3)] Population estimates produced by the demographer based on a new methodology. The population, housing units, and households were redistributed among the years 2011-2019 by weighting the 2010-2020 population change by residential units resulting from occupancy permits issued annually.
[(4)] Estimated Metropolitan Washington Council of Governments (MWCOG) 9.2 Cooperative Forecasts for Prince William County, March 2021.

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SELECTED 2020 POPULATION CHARACTERISTICS

Characteristic	Prince William County	Virginia	United States
Median Age	35.4	38.4	38.2
Percent Age 17 or Under	27.1%	22.0%	22.4%
Percent Age 65 or Older	9.9%	15.4%	16.0%
Average Number of Persons per Household	3.21	2.60	2.60
Percent with High School Diploma or Higher (population ages 25+)	89.2%	90.3%	88.5%
Percent with Bachelor's Degree or Higher (population ages 25+)	41.9%	39.5%	32.9%

Source: U.S. Department of Commerce, Census Bureau, 2016-2020 American Community Survey 5-Year Estimates. The 2016-2020 American Community Survey is the most recent as of the date of this Official Statement.

Income

According to the 2016-2020 American Community Survey 5-Year Estimates, the 2020 median household income in Prince William County was $107,707, which ranked twenty-fourth highest among all counties and equivalents in the United States. The County has the seventh highest median household income in the Commonwealth, indicating the relative wealth of Prince William County and the greater Washington metropolitan region, which included nine of the top twenty-five counties in the nation for median household income. Comparisons of the County's 2020 median household income estimate are shown in the following table:

COMPARATIVE 2020 INCOME ESTIMATE

	Median Household Income(1)
Prince William County	$107,707
Commonwealth of Virginia	76,398
United States	64,994

Source: U.S. Department of Commerce, Census Bureau, 2016-2020 American Community Survey, 5-Year Estimates.
Note: (1) A household includes related individuals, unrelated individuals and single persons living alone.

Commerce and Employment

Major business concentrations within the County are located along the Interstate 95 and Interstate 66 corridors. Sites near Interstate 66 are particularly well-suited for industrial, high technology, and service companies. Commerce and retail development are concentrated in the eastern half of the County along the Interstate 95 and Route 1 corridor and in the western portion of the County along the Sudley Road corridor between the City of Manassas and Interstate 66 as well as the Route 29 corridor south of the Route 66 and Route 29 interchange. The I-95 and Route 1 corridors are also choice locations for federal contractors servicing Fort Belvoir and federal agencies to the north, as well as Marine Corps Base Quantico to the south. Businesses and other establishments located in the County include Sentara and Novant Health Hospitals; Kaiser Permanente; American Type Culture Collection; Corning Life Sciences – Mediatech Inc.; NOVA Bioscience Center; Live Nation (Jiffy Lube Live Amphitheater); Farm Brew Live; Potomac Mills Mall; Cabela's; Federal Bureau of Investigation; Northern Virginia Community College; George Mason University Science and Technology Campus; New Horizon Security; FedEx Ground; Medliminal, LLC; Minnieland Private Day School; US Foods; Reinhart Foodservice; Mondelēz International, and various data centers, including Iron Mountain, CloudHQ, QTS, and COPT. Overall, the largest employment sectors are services, retail and government.

Major public and private employers located within the County as of June 30, 2021, include:

MAJOR PUBLIC AND PRIVATE EMPLOYERS

Employer[(1)]	Ownership	Number of Employees[(2)]	Rank
Prince William County School Board	Local Government	1,000 and over	1
Prince William County	Local Government	1,000 and over	2
U.S. Department of Defense	Federal Government	1,000 and over	3
Walmart	Private	1,000 and over	4
Sentara Healthcare (Potomac Hospital)	Private	1,000 and over	5
Morale Welfare and Recreation	Federal Government	1,000 and over	6
Target Corporation	Private	500-999	7
Wegmans Store #07	Private	500-999	8
Fishel Company	Private	500-999	9
Food Lion	Private	500-999	10

Source: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 17.
Notes: (1) All data provided by the Virginia Employment Commission (1st Quarter 2021).
(2) The 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.

The County civilian labor force, as reported by the Bureau of Labor Statistics, was 241,803 in 2021, representing nearly the same number as five years ago and a decrease from 250,537 in 2019 due to global economic hardship induced by COVID-19. After increasing each year since 1997, the average civilian labor force in the County began to level off in 2013 with slight fluctuations between 2014 and 2016. This was likely the result of the slowing population growth after a boom in the 1990s and 2000s. In 2021, the employed labor force was 232,243, a decrease of 0.5 percent over the past five years but a substantial drop from 244,236 in 2019 due to COVID-

19's severe impact on all economic sectors, but especially the County's employment in the service industries.

The number of jobs located in the County, or at-place employment, was estimated at 129,975 in 2021, an increase of 3.8 percent from 125,254 in 2020. At-place employment in the County has increased 60.3 percent between 2001, when employment was estimated at 83,107, and 2019. In the five-year period from 2014 to 2019, at-place employment grew by 13,774 jobs, or 11.5 percent. However, COVID-19's impact in 2020 caused a drop in at-place employment from 133,237 in 2019.

The following two tables provide information on at-place employment from 2012 to 2021, as well as jobs by employment sector.

PRINCE WILLIAM COUNTY EMPLOYMENT GROWTH

Calendar Year[1]	At-Place Employment	Percent Change
2012	112,954	-
2013	116,645	3.3%
2014	119,463	2.4
2015	122,607	2.6
2016	126,283	3.0
2017	127,892	1.3
2018	130,335	1.9
2019	133,237	2.2
2020	125,254	(6.0)
2021[2]	129,975	3.8

Source: Virginia Employment Commission/Bureau of Labor Statistics.
Notes: [1] For 2012-2020, the data reflects annual averages.
[2] For 2021, the values are preliminary.

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PRINCE WILLIAM COUNTY ESTABLISHMENTS OF EMPLOYMENT AND AVERAGE EMPLOYMENT BY INDUSTRY

	Establishments of Employment					Average Employment				
	2018 2nd Qtr.		2021 2nd Qtr.		2018-2021 Change	2018 2nd Qtr.		2021 2nd Qtr.		2018-2021 Change
	#	%	#	%	%	#	%	#	%	%
Retail Trade	1,080	11.8	1,088	11.2	0.7	22,537	17.1	21,443	16.5	-4.9
Educational Services	131	1.4	152	1.6	16.0	17,257	13.1	16,392	12.6	-5.0
Health Care and Social Assistance	1,345	14.8	1,476	15.2	9.7	14,104	10.7	14,896	11.4	5.6
Construction	1,208	13.2	1,291	13.3	6.9	14,369	10.9	14,797	11.4	3.0
Accommodation and Food Services	655	7.2	711	7.3	8.5	14,524	11.0	13,231	10.2	-8.9
Professional, Scientific, and Technical Services	1,353	14.8	1,416	14.6	4.7	10,017	7.6	10,384	8.0	3.7
Public Administration	56	0.6	54	0.6	-3.6	7,581	5.8	8,327	6.4	9.8
Admin/Support and Waste Mgmt/Remediation Services	558	6.1	600	6.2	7.5	6,865	5.2	7,031	5.4	2.4
Other Services (except Public Administration)	935	10.3	867	8.9	-7.3	4,615	3.5	4,581	3.5	-0.7
Arts, Entertainment, and Recreation	137	1.5	139	1.4	1.5	4,665	3.5	3,824	2.9	-18.0
Transportation and Warehousing	191	2.1	248	2.6	29.8	2,500	1.9	3,335	2.6	33.4
Wholesale Trade	262	2.9	260	2.7	-0.8	2,975	2.3	2,745	2.1	-7.7
Manufacturing	134	1.5	162	1.7	20.9	1,971	1.5	2,036	1.6	3.3
Finance and Insurance	338	3.7	340	3.5	0.6	2,139	1.6	1,810	1.4	-15.4
Real Estate and Rental and Leasing	349	3.8	406	4.2	16.3	1,730	1.3	1,787	1.4	3.3
Information	97	1.1	110	1.1	13.4	1,522	1.2	1,340	1.0	-12.0
Utilities	14	0.2	15	0.2	7.1	727	0.6	718	0.6	-1.2
Management of Companies and Enterprises	61	0.7	58	0.6	-4.9	860	0.7	711	0.5	-17.3
Unclassified	193	2.1	271	2.8	40.4	450	0.3	625	0.5	38.9
Agriculture, Forestry, Fishing and Hunting	12	0.1	17	0.2	41.7	141	0.1	133	0.1	-5.7
Mining, Quarrying, and Oil and Gas Extraction	9	0.1	7	0.1	-22.2	105	0.1	105	0.1	0.0

Source: Virginia Employment Commission. Labor Market Information: Quarterly Census of Employment and Wages (QCEW).

The County's average unemployment rate for the first five months of 2022 was 2.8 percent compared to 4.0 percent for all of 2021. During the April-June, 2020, period following the start of the COVID-19 pandemic, the average unemployment rate was 10 percent. Prior to the pandemic, as shown in the following table, the unemployment rate in the County was consistently below Commonwealth of Virginia and national averages until 2020, when COVID-19 pushed the County's rate slightly above the rate of the Commonwealth.

HISTORICAL UNEMPLOYMENT RATES

Calendar Year	Prince William County	Commonwealth of Virginia	United States
2012	5.3%	6.1%	8.1%
2013	5.2	5.7	7.4
2014	4.9	5.2	6.2
2015	4.1	4.5	5.3
2016	3.7	4.1	4.9
2017	2.7	3.0	3.9
2018	2.5	2.8	3.7
2019	6.5	6.2	8.1
2020	3.4	3.7	4.4
2021	4.0	3.9	5.5

Source: U. S. Department of Labor, Bureau of Labor Statistics.

Assessed Value of Locally Taxed Property

The Virginia Constitution and the Code of Virginia provide that real estate and tangible personal property (except the rolling stock of public service corporations) are reserved for taxation by cities, counties, towns and other local government entities. The assessed value and the estimated market value of all taxable real estate and personal property in the County for the last ten fiscal years are presented in the following table.

Fiscal year values represent the January 1 assessed value for the prior fiscal year (e.g. fiscal year 2022 values are based on the January 1, 2021, assessment). According to the 2022 Real Estate Assessments Annual Report, published September 26, 2022, the assessed value of residential property, including vacant land and excluding rental apartments, increased 13.52 percent in tax year 2022, which is based on assessed values as of January 1, 2021. The change in the residential real estate value is due to 14.44 percent appreciation and 1.12 percent growth.

The assessed value (without estimated supplements) for all real estate property types as of January 1, 2022, recognized as fiscal year 2023 revenue, indicates an estimated increase of 14.44 percent to $82,905,795,212. The change in the real estate value is due to 12.29 percent appreciation and 2.14 percent growth.

The assessed value (without estimated supplements) for tax year 2022 and percent increase from tax year 2021 are as follows: Residential (including Apartments) $67,744,180,700 (13.78 percent increase); Commercial $12,900,525,600 (20.34 percent increase); Public Service $2,013,648,312 (1.0 percent increase); and Land and Other $247,440,600 (30.1 percent increase).

Additional information regarding real estate assessments is published in the Real Estate Assessments Office Annual Report available on the County website, https://www.pwcva.gov.

Assessed and Estimated Market Value of Taxable Property [1][2]
Last Ten Fiscal Years
($000's)

	Real Property					Personal Property[5]		Grand Total[6]	
Fiscal Year	**Locally Assessed**	**Public Service[3]**	**Total Assessed Value**	**Estimated Market Value[4]**	**% of Assessed to Estimated Market Value**	**Locally Assessed**	**Public Service[3]**	**Assessed Value**	**Estimated Market Value**
2013	$42,062,251	$1,521,977	$43,584,228	$50,810,494	85.8%	$4,083,424	$4,520	$47,672,172	$54,898,438
2014	44,775,834	1,501,931	46,277,765	57,109,671	81.0	4,320,401	3,401	50,601,567	61,433,473
2015	48,562,060	1,531,397	50,093,457	57,663,419	86.9	4,526,613	3,106	54,623,176	62,193,138
2016	52,186,351	1,678,330	53,864,681	60,222,752	89.4	4,986,744	3,536	58,854,961	65,213,032
2017	53,981,879	1,782,650	55,764,529	61,527,420	90.6	5,568,159	3,033	61,335,721	67,098,612
2018	56,065,061	1,826,020	57,891,081	65,844,401	87.9	5,861,397	3,440	63,755,918	71,709,238
2019	59,410,133	1,804,079	61,214,212	70,023,101	87.4	6,395,587	3,274	67,613,073	76,421,962
2020	62,052,211	1,888,134	63,940,345	71,962,896	88.9	6,867,508	3,837	70,811,690	78,834,241
2021	65,822,676	1,890,494	67,713,170	78,565,047	86.2	8,602,122	3,912	76,319,204	87,171,081
2022	70,736,040	1,993,711	72,729,751	78,448,222	92.7	10,307,052	6,590	83,043,393	88,761,864

Sources: Prince William County, Department of Finance (2022 Real Estate Annual Report, Table 7 and Annual Comprehensive Financial Report, fiscal year 2021, Table 21). Fiscal year 2022 values include estimates made by the County's Real Estate Division for Public Service Property until information is received from the Commonwealth. Fiscal year 2022 Personal Property values include estimates provided by the County's Tax Administration Division.

Notes: (1) Fiscal year values represent the January 1 assessed value for the prior fiscal year (e.g., fiscal year 2022 values are based on the January 2021 assessment).
(2) Assessed values include Landbook values plus all supplements.
(3) Public Service property is valued by the Virginia State Corporation Commission and the Department of Taxation at prevailing assessment ratios.
(4) The Estimated Market Value of real property (including Public Service) is calculated by dividing the assessed value by the County's assessment-to-sales price ratio as determined annually by the Virginia Department of Taxation. Since the ratios for fiscal year 2022 are not available as of the date of this Official Statement, estimates from the County Real Estate Office are reported.
(5) The estimated market value of personal property is assumed to equal 100% of the assessed value.
(6) Totals may not add due to rounding.

ASSESSED VALUE OF REAL PROPERTY[1]

($000's)

Tax Year	Residential and Condos	Apartments	Public Service Property[2]	Commercial and Industrial	All Other[3]	Total Use Value Assessment[4][5]
2013	$35,821,828	$2,185,291	$1,501,931	$6,597,590	$171,126	$46,277,766
2014	39,073,111	2,525,672	1,531,397	6,802,104	161,172	50,093,456
2015	41,983,238	2,856,819	1,678,330	7,179,333	166,961	53,864,681
2016	43,393,628	3,020,162	1,782,649	7,406,620	161,469	55,764,528
2017	44,665,855	3,047,465	1,826,020	8,185,594	166,147	57,891,081
2018	46,722,672	3,243,286	1,804,079	9,258,196	185,978	61,214,211
2019	48,810,816	3,416,858	1,888,134	9,638,310	186,227	63,940,345
2020	51,343,233	3,712,613	1,890,494	10,570,898	195,932	67,713,170
2021[6]	55,749,465	3,946,600	1,993,711	10,848,981	190,994	72,729,751
2022[6]	63,241,902	4,632,386	2,013,648	12,922,781	248,239	83,058,956

Source: Prince William County, Department of Finance (2022 Real Estate Annual Report, Table 7).

Notes: [1] Assessed values include Landbook values plus all supplements.

[2] Public Service Property is valued by Commonwealth agencies and includes land and improvements owned by utilities, railroads, and natural gas and petroleum pipeline operators. Calendar year 2021 and 2022 values include estimates for Public Service Property until information is received from the Commonwealth.

[3] The All Other category consists mainly of agricultural land.

[4] Figures do not include assessed values of properties that were assessed rollback taxes.

[5] Totals may not add due to rounding.

[6] Preliminary, subject to revision based on supplemental assessments of new construction.

The following table presents the 25 largest taxable property owners based on assessed values for January 1, 2021, which represents fiscal year 2022 revenue. The total assessed value of the largest 25 taxpayers was $6,697,680,564 representing approximately 9.2 percent of the fiscal year 2022 total taxable assessed value of real property within the County. The January 1, 2022, numbers, which represent fiscal year 2023 revenue, will not be available until the Real Estate Annual Report is published in October 2023.

PRINCIPAL REAL PROPERTY TAXPAYERS

Taxpayer	Type of Property	2021 Assessment[1]
Virginia Electric & Power Company	Utility	$ 1,842,499,686
Northern Virginia Electric Co-Op	Utility	839,381,136
Abteen Ventures LLC	Data Center	455,771,100
Mall at Potomac Mills LLC	Shopping Center	381,303,400
Washington Gas Light Company	Utility	368,330,572
Bourzou Ventures LLC	Data Center	329,248,100
Amazon Data Services Inc.	Data Center	314,298,000
Verizon South Inc.	Utility	284,478,350
Powerloft @ Innovation I LLC	Data Center	162,384,500
Virginia-American Water Co.	Utility	138,508,356
Rolling Brook Windsor LLC	Apartments	129,988,000
Transcontinental Gas Pipeline Corp.	Utility	124,644,922
Woodbridge Station Apartments LLC	Apartments	122,099,900
Chatsworth Park Investors LLC	Apartments	115,629,000
JBG/Woodbridge Retail LLC	Shopping Center	115,063,400
Columbia Gas of Virginia Inc.	Utility	108,288,642
Sutton Ballston LLC & Sutton Equity LLC	Apartments	104,832,800
Westgate Apartments Lmtd Ptnshp	Apartments	103,025,000
COPT DC 19 LLC	Data Center	102,367,900
QTS Investments Properties Manassas LLC	Data Center	101,803,900
BMF IV EP Dale Forest LLC	Apartments	93,433,900
United Dominion Realty Trust Inc.	Apartments	92,953,200
KH Data Capital Building 4 LLC	Data Center	92,767,000
13175 Marina LLC	Apartments	88,409,200
MFREVF III-Potomac Club LLC	Apartments	86,170,600
Total[2]		**$6,697,680,564**

Source: Prince William County, Department of Finance, 2022 Real Estate Annual Report, Table 12.
Notes: (1) Calendar year assessment January 2021 equates to fiscal year 2022 revenue.
(2) Total may not add due to rounding.

Commercial and Industrial Development

As of December 31, 2021, as reported by CoStar Realty Information, Inc., the total inventory of existing commercial space was approximately 52.2 million square feet. This includes 7.7 million square feet of office space, 5.9 million square feet of flex space (office and/or retail), 15.9 million square feet of industrial space, and 22.7 million square feet of retail space.

A net total of 7 million square feet of commercial space has been added to the County's inventory in the last nine years. This includes 0.27 million square feet of office space, 1.31 million square feet of flex space, 4.11 million square feet of industrial space, and 1.32 million square feet of retail space. The increase in commercial space over the last nine years has a compound annual growth rate of 1.62 percent. This includes a compound annual growth rate of 0.39 percent in office space, 2.87 percent in flex space, 3.42 percent in industrial space and 0.67 percent in retail space.

In 2021 the County added a net of 394,492 (0.76 percent) square feet to its commercial inventory. This includes an increase of 2,565 square feet of office space (0.03 percent), 108,000 square feet (1.86 percent) of flex space, 108,592 square feet (0.69 percent) of industrial space and an increase of 175,335 square feet (0.78 percent) of retail space. The current composition of the County's commercial inventory is 14.75 percent office, 11.34 percent of flex space, 30.4 percent industrial space and 43.52 percent retail space. Totals in each category in the fourth quarter of 2012 through 2021 years are shown in the following table.

COMMERCIAL, INDUSTRIAL AND RETAIL SPACE(1)
(In Square Feet)

Year	Office	Flex(2)	Industrial	Retail	Total
2012	7,436,540	4,610,835	11,772,861	21,409,602	45,229,838
2013	7,440,491	4,610,835	12,188,440	21,686,266	45,926,032
2014	7,440,491	4,752,940	12,318,290	21,792,936	46,304,657
2015	7,461,811	4,764,540	12,443,144	21,870,323	46,539,818
2016	7,458,910	5,099,700	12,458,086	21,987,479	47,004,175
2017	7,581,970	5,581,488	13,232,736	22,245,673	48,641,867
2018	7,577,419	5,581,488	14,010,676	22,270,702	49,440,285
2019	7,718,671	5,813,088	14,525,356	22,477,696	50,534,811
2020	7,700,030	5,813,088	15,769,965	22,554,251	51,837,334
2021	7,702,595	5,921,088	15,878,557	22,729,586	52,231,826

Source: CoStar Realty Information, Inc., August 2022.
Notes: (1) CoStar continually updates data regarding real estate space. The amounts are subject to revision based on supplemental review.
(2) Flex is defined by CoStar as a building designed to be versatile and may be used in combination with office, research and development, quasi-retail sales, industrial processing or high tech.

Retail Sales

The following shows taxable retail sales in the County for calendar years 2012 through 2021.

TAXABLE RETAIL SALES

Calendar Year	Taxable Retail Sales ($000's)	Percentage Change	Retail Sales Per Capita[2]
2012	$4,882,057	-	$11,677
2013	5,004,545	2.5%	11,757
2014	5,090,291	1.7	11,739
2015	5,251,291	3.2	11,891
2016	5,409,151	3.0	12,024
2017	5,540,356	2.4	12,147
2018	5,671,609	2.4	12,330
2019	5,806,143	2.4	12,517
2020	5,658,661	(2.5)	12,093
2021[1]	6,391,056	12.9	13,080

Source: Virginia Department of Taxation via Weldon Cooper Center for Public Service reported on calendar year basis. Figures may be subject to revision.

Notes: (1) Calendar year 2021 from Weldon Cooper Center is the latest data available. U.S. Department of Commerce Census Bureau population reported as of July 1 included in the Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 16.

(2) Retail sales per capita were calculated using County population statistics provided by County demographer.

The County is served by three regional shopping areas: Potomac Mills Mall (1.9 million square feet), Virginia Gateway (1.1 million square feet), and Stonebridge at Potomac Town Center (0.5 million square feet). The County is also served by many other community and neighborhood shopping centers.

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Housing

The following table illustrates the change in residential housing in the County from 1980 to 2022. Over one out of every three houses in the County has been built since 2000.

HOUSING UNITS BY TYPE OF STRUCTURE

	1980		1990		2000		2010		2022	
	No.	%	No.	%	No.	%	No.	%	No.	%
Single-family houses[1]	33,912	73.1%	43,959	58.8%	54,632	55.7%	79,574	57.8%	86,900	53.8%
Townhouses	7,141	15.4	17,932	24.0	26,288	26.8	36,343	26.4	41,038	25.4
Multi-Family	5,335	11.5	12,868	17.2	17,132	17.5	21,668	15.8	33,700	20.8
Total	46,388	100%	74,759	100%	98,052	100%	137,585	100%	161,638	100%

Sources: 1980-2000: U.S. Department of Commerce, Census Bureau 10-Year Censuses. 2010: U.S. Census Bureau and 2010 American Community Survey. 2022: Prince William County GIS Services, as of June 30, 2022.
Note: [1] Single-family data includes mobile homes, boats, recreation vehicles, and vans used as permanent residences.

New Construction

The following tables illustrate the County's permit activity from 2012 through 2021.

BUILDING PERMITS FOR NEW RESIDENTIAL CONSTRUCTION[1]

Calendar Year	Single Family	Townhouse	Condo	Apartment	Total
2012	824	276	158	188	1,446
2013	760	427	264	104	1,555
2014	656	368	185	0	1,209
2015	698	450	234	24	1,406
2016	664	451	116	28	1,259
2017	730	633	127	4	1,494
2018	729	451	32	4	1,216
2019	638	480	54	5	1,177
2020	729	630	10	8	1,377
2021	531	603	181	2	1,317

Source: Prince William County, Department of Development Services.
Note: [1] Permits are New Residential Construction only and do not include additions and alterations.

NUMBER AND DOLLAR VALUE OF PERMITS[1]

	Residential Properties[2]		Industrial and Commercial Properties[3]		Totals	
Calendar Year	**# Permits**	**Value ($000's)**	**# Permits**	**Value ($000's)**	**# Permits**	**Value ($000's)**
2012	2,700	$294,714	1,559	$299,857	4,259	$594,571
2013	2,825	321,202	1,782	175,691	4,607	496,893
2014	2,601	206,137	1,757	290,614	4,358	496,751
2015	2,765	299,465	1,752	262,011	4,517	561,476
2016	2,724	281,816	1,637	657,904	4,361	939,720
2017	2,837	296,804	1,382	260,711	4,219	557,515
2018	2,560	228,037	1,556	426,909	4,116	654,946
2019	2,348	242,445	1,395	974,797	3,743	1,217,242
2020	2,736	250,062	1,184	496,257	3,920	746,319
2021	2,502	304,582	1,261	458,926	3,763	763,509

Source: Prince William County, Department of Development Services.
Notes: (1) Permits include new construction and occupancy permits.
(2) Residential values for new construction only.
(3) Industrial and Commercial values include additions to existing properties.
(4) Totals may not add due to rounding.

Economic Development

One of the County's strategic goals is a resilient economy that diversifies, supports, and expands the local economy to ensure equitable economic growth through innovative business/talent attraction, promotion, and investment. A resilient economy for the County improves the economic well-being of the community, creates and maintains jobs, expands the commercial tax base, and enhances the quality of life for residents. The County encourages business development, redevelopment, business retention, expansion, investment, and workforce development. Further, the County attracts business investment by focusing on its targeted industries while aligning with its Comprehensive Plan. In that regard, the County's Department of Economic Development works with targeted industries to attract new businesses and foster expansion of existing businesses. Since July 2012, new and expanding companies have announced or indicated their intention to invest approximately $10.8 billion and add more than 6,981 jobs to the County's economy. Of the 214 projects completed from July 2012 to June 2022, 189 (or 88 percent) were in targeted industries.

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

County conducted a review of its targeted industries and concluded that, while they are largely appropriate, it would seek to encourage redevelopment opportunities, development within opportunity zones, small business growth (including agribusinesses), and entrepreneurship.

The County remains a focal point of the life sciences industry within Northern Virginia. The County is home to a growing ecosystem of life sciences companies, anchored by the George Mason University's Science and Technology Campus. The research generated by George Mason University creates community awareness and significant economic development opportunities.

Since 2012, 46 of the Department of Economic Development's projects have been locations or expansions by life sciences companies, accounting for intended investment of approximately $53 million and the addition of more than 430 new jobs. As a means of catalyzing additional growth, the County launched the Prince William Science Accelerator in December 2012 and completed build out in May 2014. By delivering much-needed commercially available wet lab space to the life sciences market in Northern Virginia, the public/private facility supports the growth of early-stage and small life sciences companies and provides an innovative environment for entrepreneurial research and product development. Situated in Innovation Park near George Mason University, the 9,000 square-foot facility houses nine fully built-out wet laboratory spaces suited for each tenant's specific needs. The Science Accelerator is among the largest and fastest-growing cluster of life and forensic sciences facilities in the region and is currently home to eight start-up companies. Most recently, the County, with Holladay Property Services Midwest Inc., commissioned a new 30,000-square-foot facility, which offers additional commercial wet lab space for early-stage life sciences companies. The facility opened in March 2022.

The County also offers large, affordable land parcels and minimal natural disaster threats, allowing clients to meet the high security standards that today's data center market demands. As of July 2022, there were 34 data center buildings comprising 5.8 million square feet of existing space in Prince William County. There were also 16 data center buildings in various stages of construction, which represented approximately 3.9 million square feet of data center space. Cumulatively, since 2012, companies in this market have announced their intent to invest approximately $10.3 billion and create approximately 1,350 new jobs in the County. At present, nearly 10,000 acres of land are designated as a Data Center Opportunity Zone Overlay District and the County has initiated a zoning text amendment process to review the zone boundaries.

Innovation Park and the Potomac Communities are home to approximately 43 percent of the total project announcements within the County since 2012. Innovation Park is anchored by George Mason University's Science and Technology Campus. It is home to a growing life sciences cluster that, in addition to George Mason University, includes the American Type Culture Collection, Corning Life Sciences, and the Mason/NIH BSL-3 Biomedical Research Laboratory and the Prince William Science Accelerator. Also present is an emerging forensic science and criminal justice cluster that includes the FBI Northern Virginia Resident Agency and the Virginia Department of Forensic Science's Northern Laboratory. Since 2012, 77 companies have announced their intent to invest approximately $3.6 billion and add 1,200 new jobs at Innovation Park.

The Potomac Communities include 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, D.C., 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 provide several opportunities for those looking to locate or expand in the County. The County actively works with property owners and developers who are interested in property assemblage and/or redevelopment of underutilized properties, including in designated redevelopment areas, Opportunity Zones, and Small Area Plans. A key strategy is to promote and stimulate economic viability and revitalization together with transit-oriented development along the I-95 and Route 1 Corridors. Current projects include: the Americans in Wartime Museum, Riverside Station, Dabney Road, Belmont Bay, and Potomac Shores Virginia Railway Express Station. The Potomac Communities submarket has experienced increased growth over the past few years in technology and federal government sectors culminating in 15 projects, 593 jobs and $260 million in investment since 2012.

Under current conditions brought on by the COVID-19 pandemic, the County has been working with its business community to support their continued operations. In the early days of the pandemic, the County's Department of Economic Development quickly pivoted operations to focus on providing much-needed resources and counseling for its business community and worked in collaboration with other County departments as well as local and regional allies to ensure that businesses had resources needed to maintain operations. Since 2020, the County has established the following incentive programs to assist businesses during the stabilization and recovery period:

- Small Business Relief Grants
- Micro Grants for Hotels, Motels and Inns
- Construction and Renovation Permit Rebates
- Capital Investment and Innovation Grants
- PWC Ignite Start-up Grants
- Workforce Reskilling Grants
- Small Business Technical Assistance
- PWC Retail Grants

These programs were largely financed from funds received under the CARES Act and ARPA. Going forward, the County will deploy available ongoing resources to build capacity and support the recovery of its businesses, particularly high-risk ones, through its various programs including small businesses assistance, existing business outreach and workforce development. More details of COVID-19's impact on the County's economic development are provided under the caption "SECTION I – THE COUNTY - GOVERNMENTAL SERVICES - COVID-19 Matters."

Tourism and Travel

The County has a thriving tourism economy that currently ranks in the top 10 in terms of visitor spending among all localities in Virginia, due in part to its major attractions and a location 25 miles from the nation's capital. While the COVID-19 pandemic has had a substantial impact on the hospitality and tourism sectors nationwide, Prince William is poised for a rebound in the tourism and hospitality sectors over the next decade, supported by travel from military/

government, business, sports tourism, leisure, group, and social occasions segments. In addition, the anticipated continued population growth in the Northern Virginia region will drive demand for continued investment in new attractions for residents and visitors alike. The County's lodging inventory currently includes 48 hotels with 4,859 rooms.

Located adjacent to Marine Corps Base Quantico is the state-of-the-art, interactive National Museum of the Marine Corps, which has attracted more than 6.3 million visitors since opening in November 2006. It rivals Manassas National Battlefield Park, Jiffy Lube Live Amphitheater, and Potomac Mills Mall as the County's most visited attractions. Outdoor options abound, including golf courses open for public play, three National Park units, a National Scenic Trail, two National Wildlife Refuges, two state parks, 60 community and neighborhood parks, six marinas and two waterparks. The County boasts 38 square miles of public green and open space, the most in the Metropolitan Washington DC area, with more than 155 miles of trails.

The County is also home to a thriving arts and cultural scene with the Hylton Performing Arts Center (a state-of-the-art opera house and performance venue), Jiffy Lube Live (a 25,000 seat LiveNation outdoor live concert amphitheater), performing and visual arts organizations, a children's theatre, a robust historic preservation interpretive program, and a variety of art venues, farms, and agri-tourism sites. Prince William County is also home to a bourgeoning craft beverage scene that includes more than 20 wineries, distilleries, and breweries. The County is expanding upon its role as a sports tourism destination with a variety of recent events such as Tough Mudder, USA BMX, soccer and baseball tournaments, and marathons that encourage travel and overnight stays by visitors.

Visitors to Prince William County enjoy access to some of the best transportation infrastructure in the nation, including two nearby major airport hubs (Ronald Reagan Washington National and Washington Dulles International Airports), Manassas Regional Airport, Interstates 95 and 66, waterfront marinas, and rapid rail lines with connecting Amtrak service.

Tourism development continues to expand in the County with a newly adopted agri-tourism and arts overlay district, as well as growth in the lodging, craft beverage, dining, and retail industries. Proposed developments include a $400M+ casino and hotel investment in the Town of Dumfries, the completion of a multi-year expansion of the National Museum of the Marine Corps, and the planned Americans in Wartime Museum. One of the primary opportunities for tourism growth is expected to be in the meetings, weddings, and social occasion markets due in part to nearly a dozen newly opened event venues. According to a 2020 study by the U.S. Travel Association for the Virginia Tourism Corporation, Prince William County is 8th out of 133 municipalities in the Commonwealth, with total travel-related expenditures generating over $452 million and supporting 4,711 jobs. The 2020 U.S. Travel Association study is the most current as of the date of this Official Statement.

Due to travel restrictions imposed to mitigate the spread of COVID-19 and closure of major attractions, the tourism tax collection for the County decreased in fiscal year 2021 and affected fiscal year 2022 budget. The budgeted transient occupancy tax revenue for fiscal year 2023 was increased to $4.4 million, close to pre-pandemic estimates of $4.2 million for fiscal year 2020. More details of COVID-19's impact on the County's revenues and expenses are provided under the captions "SECTION I – THE COUNTY - GOVERNMENTAL SERVICES

- COVID-19 Matters," "SECTION II - FINANCIAL ADMINISTRATION - GENERAL FUND FINANCIAL OPERATIONS" and "SECTION II - FINANCIAL ADMINISTRATION - SUMMARY OF THE BUDGET FOR FISCAL YEAR 2023."

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SECTION II - FINANCIAL ADMINISTRATION

CERTAIN FINANCIAL PROCEDURES

Accounting and Financial Operations

The accounting policies of the County, including its component units, conform to generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"). The County uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Governmental funds are used to account for most of the County's general activities including the collection and disbursement of earmarked money (special revenue funds) and the acquisition or construction of capital assets (capital projects funds). Proprietary funds are used to account for the County's business-type activities (e.g., landfill) and internal service funds (e.g., fleet management, data processing, self-insurance, etc.). Maintenance of the financial accounting system is the responsibility of the Department of Finance.

Reporting Entity

The County's reporting entity is determined by criteria set forth in promulgations of GASB. Accordingly, the County's financial statements present the County's primary government and component units over which the County exercises significant influence. The reporting entity includes the County Government as primary government, the County Schools (controlled by the School Board), and the Adult Detention Center (controlled by the Regional Jail Board) as component units. The Board appoints the majority of the members to the Regional Jail Board, and the School Board members are elected. For fiscal year 2021, the School Board issued separately audited Component Unit Financial Statements. The Service Authority, which provides water and wastewater services in the County, issues separate financial statements and is not part of the County's reporting entity.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. All Governmental (general, special revenue and capital projects), Private Purpose Trust, and Agency Funds use the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, both measurable and available. Real and personal property taxes are recorded as revenues and receivables in the fiscal year for which they are billed and used as a funding source for the approved budget. For example, tax billings based on assessed values of January 1, 2021, are recognized in total as revenues in fiscal year 2022, which began on July 1, 2021. Sales and utility taxes collected by the Commonwealth or by utility companies, and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or a utility. Licenses, permits, fines, and rents are recorded as revenues when received by the County. Intergovernmental revenues are recognized when earned or at the time of the specific expenditure. 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 long-term debt is recognized when due. In addition, an encumbrance system is employed in all governmental funds to account for expenditure commitments resulting from approved purchase orders and contracts.

Proprietary Funds and the Pension Trust Fund are accounted for using the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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.

Budget Adoption and Amendment Procedure

The preparation and adoption of the County's budget is guided by the County's Financial and Program Planning Ordinance. The requirements of this ordinance determine the process, format and substance of the annual budget. Some of these requirements include the preparation of a program and activity based budget and multi-year revenue and expenditure projections. In addition, other policy-based considerations must be taken into account in preparing the annual budget. The "Principles of Sound Financial Management" adopted by the Board in 1988, and updated most recently in April 2018, establish policies and goals concerning General Fund balance, contingency reserve, Capital Improvement Program, debt management, and revenues which must be incorporated into resource allocation decisions. Taken as a whole, these planning processes, policies, and the ordinance form the conceptual parameters for the annual budget planning process.

The County's annual budget is based on a fiscal year commencing on July 1 and ending on June 30 of the following calendar year. The County Executive's proposed budget for the following fiscal year is presented to the Board in February of each year. The County's proposed budget includes recommended funding levels for County programs, estimated revenues for the fiscal year, and proposed tax rates, service charges and any new taxes or service charges sufficient to produce the revenues contemplated in the budget. The proposed budget also includes a recommended program of capital expenditures to be financed from current revenues. A separate six-year Capital Improvement Program ("CIP") is also prepared each year (see "SECTION II - FINANCIAL ADMINISTRATION - CAPITAL IMPROVEMENT PROGRAM"). The school system's proposed annual budget, including contemplated expenditures and estimated revenues, is submitted to the Board by the School Board.

In addition to the annual budget and the six-year CIP, every year the County Executive's Office prepares a five-year fiscal plan including revenue and expenditure projections. Every year of the annual five-year fiscal plan will be balanced in compliance with the County's Principles of Sound Financial Management.

The Board holds budget work sessions and public hearings on the proposed budget, the School Board's proposed budget, and proposed tax rates in March and April. Changes in proposed appropriations and tax rates are made during this period. The Board then adopts the County's budget, including tax rates and service charges, and the School Board's budget no later than May 15. The Board only appropriates an amount of funding for the school system in aggregate. The School Board determines the exact use of the appropriated funds.

During the fiscal year, quarterly reviews of revenues and expenditures are undertaken by the County Office of Management and Budget and the Department of Finance staffs. On the basis of these reviews, the Board may make amendments to appropriations as needed or desired.

Virginia law requires the County to maintain a balanced budget in each fiscal year. The County lacks legal authority to borrow in anticipation of future fiscal years' revenues, except through the issuance of bonds or bond anticipation notes. While permitted under Virginia law, the County has not issued and does not intend to issue any tax anticipation bonds or notes.

Published Financial Information

The County issues its Annual Comprehensive Financial Report for each fiscal year ended June 30. The financial statements for fiscal year ended June 30, 2021, have been audited by the independent public accounting firm of Cherry Bekaert, LLP, Richmond, Virginia. Sections of the Annual Comprehensive Financial Report corresponding to the General Purpose Financial Statements for the fiscal year ended June 30, 2021, are presented herein as Appendix B to this Official Statement. In addition to the Annual Comprehensive Financial Report, the County also prepares and publishes an annual budget and a six-year CIP. These documents are also available for inspection at the Department of Finance, Prince William County, One County Complex Court, Prince William, Virginia 22192. For more information about the County's Annual Comprehensive Financial Report refer to Appendix B. The Annual Comprehensive Financial Report and the current five-year budget, which is not incorporated herein, are available on the County website, https://www.pwcva.gov.

Cherry Bekaert, LLP, the County's independent auditor for fiscal year ended June 30, 2021, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Cherry Bekaert, LLP, also has not performed any procedures relating to this Official Statement, including this Appendix A.

Recognition of Achievement for Budgeting and Financial Reporting

The County has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA") for its annual financial reports for each fiscal year since the fiscal year ended June 30, 1981. The County has also received the GFOA's Award for Distinguished Budget Presentation for each fiscal year since the fiscal year 1988. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

GENERAL FUND FINANCIAL OPERATIONS

The General Fund is the County's primary operating fund and is used to account for all activities of the general government not accounted for in another fund. The General Fund derives revenue from County-wide ad valorem taxes (except for those levied for fire and sanitary districts and other amounts attributable to the Special Revenue Funds), other local taxes, licenses, fees, permits, charges for services, certain revenue from federal and Commonwealth governments, and interest earned on invested cash balances. Major General Fund expenditures include the costs of general County Government operations and public services and the debt service payments of the general government. A significant portion of General Fund revenues is transferred to the School Board component unit, principally to finance a portion of the operations and debt service payments for the school system.

Fiscal Year 2021 Financial Results

The financial data presented in the tables that follow is from the Prince William County, Annual Comprehensive Financial Report for fiscal year ended June 30, 2021.

The following is a summary of fiscal year 2021 General Fund financial results. General Fund Budgetary Revenue differs from General Fund actual revenue in that it excludes the effects of fair value adjustment to the carrying amounts of investments required by GAAP.

General Fund Budgetary Revenue was $1,282,106,000 and was over the budget of $1,259,922,000 by $22,184,000, or 1.8 percent. The largest variances were due to higher General Property Taxes and Other Local Taxes.

Budgetary Expenditures were $1,262,440,000 and were under the budget of $1,293,920,000 by $31,480,000 or 2.4 percent. The major variances were in the categories of General Governmental Administration, Public Safety, Health and Welfare, and Parks and Recreation.

The resulting Budgetary Revenues over budget and the Budgetary Expenditures under budget resulted in an Excess of Revenues over Expenditures of $19,666,000 versus a budgeted deficiency of $33,998,000.

Budgetary Actual Revenues for fiscal year 2021 compared to fiscal year 2020 Budgetary Revenues were higher by $72,797,000 or 6.0 percent and Budgetary Expenditures were higher by $64,411,000 or 5.4 percent.

Fiscal Year 2022 Preliminary Financial Results

Each quarter, a report on the status of the General Fund revenue and expenditure budget and trends is presented to the Board. The fourth quarter preliminary General Fund revenue update published in August 2022, estimated a surplus of $64.5 million or approximately 5.6 percent over the $1.146 billion adopted budget for fiscal year 2022 general revenues. The fiscal year 2022 general revenue adopted budget is approximately 0.8 percent above the fiscal year 2021 actuals. The major variances were a result of residential and commercial appreciation as well as a $0.15

increase to the business tangible property tax rate for computer and peripheral equipment and continued growth of the data center industry. Furthermore, an increase of assessed values for vehicles during 2021, driven by low inventory levels, has also contributed to the personal property tax revenue surplus.

The quarterly unaudited preliminary report of the status of the General Fund expenditures and trends for the fourth quarter projected expenditures at year end to be 5.3 percent under the revised (excluding the transfer to schools, operating transfers, and restricted funds) General Fund fiscal year 2022 budget of $678.3 million. Projections as of August 15, 2022, indicate that expenditure savings at the end of the fiscal year are at approximately $35.7 million. Actual, audited financial results for the County's fiscal year 2022 may be different.

The fiscal year 2022 Fourth Quarter Review reports that real and personal property tax received and recorded is above the adopted budget. The real property tax surplus is $6.1 million or approximately 0.80 percent, and the personal property tax surplus is $28.1 million or approximately 12.36 percent. Sales tax revenue remained particularly strong with a surplus of $15 million or approximately 20.14 percent, due to robust and consistent spending behavior within the Commonwealth, a strong labor market, and a relatively healthy level of aggregate consumer savings. However, General Fund agency revenue is projected to be $18 million below budget. Social Services special education private day school placement reimbursements were at reduced levels due to the challenges of providing services in a remote environment. Parks, Recreation and Tourism revenue has improved over fiscal year 2021 but has not fully recovered to pre-pandemic levels and is projected to be $2.3 million below budget. In addition, fines and forfeitures collected by the Courts, Sheriff, and Library were all at reduced levels.

Recent Financial Summary

The following table summarizes revenues, expenditures, transfers, and changes in fund balance of the General Fund for fiscal years 2017 through 2021.

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GENERAL FUND REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCE[1]

($000's)

FISCAL YEAR	**2021**	**2020**	**2019**	**2018**	**2017**
REVENUES					
Taxes	$1,067,080	$1,003,503	$ 948,599	$ 901,168	$ 866,656
Licenses & Permits	1,760	1,982	2,070	2,057	2,119
Fines & Forfeitures	1,788	2,705	3,456	3,050	2,732
Revenues from Use of Money & Property	15	16,850	24,173	3,940	1,495
Charges for Services	7,157	11,113	14,064	13,555	13,645
Total Revenue from Local Sources	$1,077,800	$1,036,153	$ 992,362	$ 923,770	$ 886,647
Intergovernmental Revenues	165,341	167,982	162,507	159,470	153,560
Miscellaneous Revenues	29,115	14,592	9,616	11,522	23,385
Total Revenues	$1,272,256	$1,218,727	$1,164,485	$1,094,762	$1,063,592
EXPENDITURES					
Education	538,926	506,729	473,433	464,197	467,666
General Government Administration	74,746	45,490	45,704	42,300	44,340
Judicial Administration	27,290	26,035	22,512	21,052	21,292
Public Safety	284,552	273,447	259,115	240,310	226,047
Public Works	6,991	31,398	33,232	31,742	30,809
Health & Welfare	120,088	111,014	104,378	96,955	89,166
Parks, Recreation & Cultural	50,385	50,495	49,645	47,160	44,186
Community Development	13,026	12,136	10,767	10,769	11,632
Debt Service[2]	146,436	141,285	146,043	141,908	134,737
Total Expenditures	$1,262,440	$1,198,029	$1,144,829	$1,096,393	$1,069,875
Excess of Revenue Over expenditures	$ 9,816	$ 20,698	$ 19,656	$ (1,631)	$ (6,283)
OTHER FINANCING					
Transfers In	$ 53,234	$ 52,103	$ 48,562	$ 40,964	$ 34,377
Transfers Out	(28,475)	(39,452)	(67,116)	(38,388)	(55,155)
Non-Revenue Receipts	265	452	382	285	318
Total Other Financing Sources (Uses)	25,024	13,103	(18,172)	2,861	(20,460)
NET CHANGE IN FUND BALANCE	$ 34,840	$ 33,801	$ 1,484	$ 1,230	$ (26,743)
FUND BALANCE					
Fund Balance, Beginning of Year	$ 229,032	$ 195,231	$ 193,747	$ 192,517[4]	$ 219,015[3]
Restatement of fund balance-GASB 84[5]	594				
Fund Balance, End of Year	$ 264,466	$ 229,032	$ 195,231	$ 193,747	$ 192,272

Sources: Prince William County, Annual Comprehensive Financial Report, fiscal years 2017-2021, Exhibit 5.

Notes: [1] The revenue is GAAP Revenue versus Budgetary Revenue. It includes the use of money and property, current and prior year fair value adjustments, and the effect of fair value adjustments to the carrying amounts of investments required by GAAP.

[2] This category includes debt service on school bonds issued to the Virginia Public School Authority.

[3] The County merged existing and created new funds for clarity of purpose, usefulness, and presentation. The changes in reporting entity resulted in a restatement of 2016 financial information. For reference see Prince William County, Annual Comprehensive Financial Report, fiscal year 2017, Note 1, R.

[4] The County dissolved the Convention and Visitors Bureau and merged its functions into the County's Department of Parks and Recreation, which resulted in a restatement of 2017 financial information. For reference see Prince William County, Annual Comprehensive Financial Report, fiscal year 2018, Note 1, R.

[5] The County implemented GASB Statement 84, Fiduciary Activities, which established clarifying guidance regarding the classification of fiduciaries activities for accounting and financial reporting purposes, which resulted in restatements of the Innovation Owners' Association, Historic Preservation, Library Donations fund, Police Donations, Animal Donation, and Liberty Donations funds from fiduciary activity funds to the General Fund. For reference see Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Note 1, R.

The following table summarizes fiscal year 2021 General Fund Final to Actual Budgetary Revenues and Budgetary Expenditures Variances.

General Fund Budget Variance
($000's)

	2021 Budget Final	2021 Actual	Variance
BUDGETARY REVENUES:[1]			
REVENUE FROM LOCAL SOURCES:			
General Property Taxes	$ 892,671	$ 903,036	$ 10,365
Other Local Taxes	134,109	164,044	29,935
Permits, Privilege Fees and Regulatory Licenses	1,930	1,760	(170)
Fines and Forfeitures	3,421	1,788	(1,633)
Revenue from Use of Money and Property	8,459	9,865	1,406
Charges for Services	14,640	7,157	(7,483)
Total Revenue from Local Sources	$1,055,230	$1,087,650	$ 32,420
REVENUE FROM FEDERAL GOVERNMENT	$28,920	$ 24,660	$ (4,260)
REVENUE FROM THE COMMONWEALTH:			
Noncategorical Aid	$ 81,025	$ 80,946	$ (79)
Shared Expenditures	6,363	6,639	276
Categorical Aid	30,478	23,132	(7,346)
Other Categorical Aid	24,408	22,736	(1,672)
Total Revenue from the Commonwealth	$ 142,274	$ 133,453	$ (8,821)
LOCAL GOVERNMENTS	$7,031	$7,228	$ 197
MISCELLANEOUS	$ 26,467	$29,115	$ 2,648
Total Budgetary Revenues	**$1,259,922**	**$1,282,106**	**$ 22,184**
BUDGETARY EXPENDITURES:			
General Governmental Administration	$ 76,873	$ 74,746	$ 2,127
Judicial Administration	27,668	27,290	378
Public Safety	291,534	284,552	6,982
Public Works	7,346	6,991	355
Health and Welfare	132,247	120,088	12,159
Education	538,931	538,926	5
Parks, Recreational and Cultural	57,637	50,385	7,252
Community Development	13,788	13,026	762
Debt Service	147,896	146,436	1,460
Total Budgetary Expenditures	**$1,293,920**	**$1,262,440**	**$ 31,480**
Excess (Deficiency) of Budgetary Revenues Over (Under) Budgetary Expenditures	**$ (33,998)**	**$ 19,666**	**$ 53,664**

Source: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Schedule 1.
Note: [1] Budgetary Revenues exclude the use of money and property, current and prior year fair value adjustments, and the effect of fair value adjustments to the carrying amounts required by GAAP.

General Fund Revenues

General Fund revenues are derived principally from taxes and are used to support a number of government functions primarily education, public safety, and health and welfare services, and are available for payment of the debt service obligations of the County.

The following table shows the County General Fund tax revenues by source for each of the last five fiscal years. Total General Fund tax revenues increased by 6.3 percent in fiscal year 2021 compared to fiscal year 2020.

GENERAL FUND TAX REVENUES BY SOURCE
Fiscal Year Ending June 30
($000's)

	2021	2020	2019	2018	2017
General Property Taxes:					
Real Property Taxes	$ 706,310	$ 675,922	$641,094	$610,916	$588,498
Personal Property Taxes	167,878	153,822	141,126	129,094	121,423
Public Service Property Taxes	21,002	21,241	20,296	20,706	19,998
Penalties and Interest	7,846	8,090	7,627	8,104	6,857
Total General Property Taxes	$ 903,036	$ 859,075	$810,143	$768,820	$736,776
Other Local Taxes:					
Local Sales Tax	$ 80,140	$ 72,341	$ 68,710	$ 64,566	$ 63,022
Utility Taxes	13,266	14,408	14,443	14,417	14,196
All Other Taxes	70,638	57,679	55,303	53,365	52,662
Total Other Local Taxes	$ 164,044	$ 144,428	$138,456	$132,348	$129,880
Total General Fund Taxes	**$1,067,080**	**$1,003,503**	**$948,599**	**$901,168**	**$866,656**

Sources: Prince William County, Annual Comprehensive Financial Report, fiscal years 2017-2021, Exhibit 5 and Schedule 1.

General Property Taxes: An annual ad valorem tax is levied by the County on the assessed value of residential, commercial and public service utility, real and tangible personal property located within the County as of January 1 of the calendar year in which said tax is due. The personal property tax on motor vehicles that are moved into the County or title transferred after January 1 is prorated on a monthly basis. The ratio of the assessed value of property to its appraised value is calculated based on statutory authority equal to 100 percent of market value in the case of real property and 100 percent of average trade-in value for personal property. Real property taxes are due July 15 and December 5 of the fiscal year for which they are levied, and personal property taxes are due October 5. The penalty for late payment of real or personal property tax is 10 percent of the amount due, and interest on delinquent taxes and penalties accrues at a rate of 10 percent per annum for the first year of delinquency, with the interest rate for subsequent years to be based on the average prime interest rate as determined semiannually. In cases of real property on which delinquent taxes are not paid within two years, the County may sell the property at public auction to pay the amounts due or seek civil judgments immediately upon delinquency. In the fiscal year ended June 30, 2021, real, personal and public service property taxes, together with penalties and interest thereon, represented 70 percent of total General Fund budgetary revenues.

The following table sets forth information concerning the County's property tax collection rate for fiscal years 2017 through 2021.

REAL PROPERTY TAX LEVIES AND COLLECTIONS
($000's except as indicated)

Fiscal Year	Total Adjusted Tax Levy[1]	Collected During the Fiscal Year of the Levy	Percent of Levy	Collections in Subsequent Years	Percent of Levy Collected
2017	$653,759	$651,883	99.7%	$1,096	99.9%
2018	682,368	681,108	99.8	613	99.9
2019	714,169	712,882	99.8	886	99.9
2020	754,389	745,087	98.8	1,131	98.9
2021	793,370	786,135	99.1	-	99.1

Source: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 10.
Note: [1] Total tax levy includes gross real estate and public service taxes less adjustments to tax due made prior to payment.

There is no legal limit on property tax rates that may be levied by the County. The following table provides the real and tangible personal property tax rates per $100 of assessed value located within the County. Personal property taxes are also levied on farmers' machinery and tools, mining and manufacturing tools, and aircraft at various rates ranging from $0.00001 to $2.00 per $100 assessed value. In addition, special categories with a reduced personal property tax rate of $0.00001 per $100 assessed value have been established for vehicles utilized by volunteer firefighters, disabled persons and for van pool vans. There are four towns within the County in which the town councils also levy real property taxes at various rates on real property in the towns, and such taxes are in addition to property taxes levied by the County in such towns.

PROPERTY TAX RATES PER $100 OF ASSESSED VALUE

Fiscal Year	2022	2021	2020	2019	2018
Real Property	$1.115	$1.125	$1.125	$1.125	$1.125
Personal Property	$ 3.7	$ 3.7	$ 3.7	$ 3.7	$ 3.7

Source: Prince William County, Department of Finance.

On April 26, 2022, the Board adopted the fiscal year 2023 real estate tax rate of $1.03 per $100 of assessed value.

In addition to the taxes levied for the General Fund shown above, the Board levies supplemental property taxes and fees for services located in specific taxing districts including volunteer fire services, highway transportation improvements, mosquito and forest pest management, and water and sewer system improvements. These amounts are recorded in various Special Revenue Funds.

The following information is for the fiscal year ended June 30, 2021.

General Sales Tax: The County, by a Board adopted ordinance, has elected to levy a one percent general retail sales tax to provide revenue for the General Fund. This tax is levied on the retail sale of rental or tangible property, excluding motor vehicle sales and trailers, vehicle rentals, boat sales, gasoline sales, natural gas, electricity, water, non-prescription drugs, and the purchases of organizations that have received tax exemption. The tax revenue is collected by the Virginia Department of Taxation, and is distributed to the County monthly. Sales taxes accounted for 6.25 percent of total General Fund budgetary revenues in fiscal year 2021.

Consumer Utility Tax: The County levies a consumer utility tax on electric and natural gas (the Commonwealth taxes telephones and the County does not tax water or sewer usage). Residential users pay a minimum billing charge per utility billed, with a graduated increase based on usage not to exceed $3.00 per month per utility. Commercial users pay a minimum billing charge of $3.35 and $2.29 respectively for natural gas and electricity, with graduated increases based on usage, not to exceed $100.00 per month per utility. In fiscal year 2021, utility taxes represented 1.03 percent of total General Fund budgetary revenues.

Other Taxes: Other taxes include business, professional and occupational license taxes, property recordation taxes, motor vehicle license taxes, and transient occupancy taxes charged on hotel and motel rooms. For fiscal year 2021, these taxes represented 5.51 percent of total General Fund budgetary revenues.

Licenses and Permits: The County requires that licenses and permits be obtained in order to perform certain activities in the County and fees paid for services provided by certain County Departments. For fiscal year 2021, these revenues accounted for 0.14 percent of total General Fund budgetary revenues.

Fines and Forfeitures: Court fines and some recovered costs, including those levied for traffic violations are recorded in this category. Revenues in this category accounted for 0.14 percent of total budgetary General Fund revenues for fiscal year 2021.

Revenue from Use of Money and Property: The principal source is interest on investments and gains or losses from the sale of investments. For fiscal year 2021, these revenues accounted for 0.77 percent of total General Fund budgetary revenues.

Charges for Services: Charges for services include all revenue derived from service or user charges for which the County charges a fee including County clerk fees, recreation fees, publication sales, and various other services. For fiscal year 2021, these revenues amounted to 0.56 percent of total General Fund budgetary revenues.

Intergovernmental Revenue: The County is reimbursed by the Commonwealth for a portion of shared expenses including certain expenditures for social services, the Sheriff's Office, courts, the Office of the Commonwealth's Attorney, and other constitutional offices. The County also receives a share of certain other Commonwealth contributions. In addition, the General Fund accounts for the receipt of certain grants for the administration of social service and other programs. For fiscal year 2021, intergovernmental revenues amounted to 12.9 percent of total General Fund budgetary revenues.

Miscellaneous Revenue: Miscellaneous revenue includes developer cash proffers for capital improvements, donations, expenditure refunds, and other revenue. Miscellaneous revenue accounted for 2.27 percent of fiscal year 2021 total General Fund budgetary revenue.

General Fund Expenditures

Costs of General County Government: The County pays from the General Fund the costs of general County Government. These costs include expenditures for general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development and general debt service. For fiscal year 2021, this classification represented approximately 56 percent of total General Fund expenditures and transfers out.

Transfer to School Fund: The County transfers money from the General Fund to the School Board component unit to pay a portion of the costs of operating public schools in the County. This transfer represented approximately 41.7 percent of total General Fund expenditures and transfers out in the fiscal year ended June 30, 2021. The transfer to the School Board component unit represents approximately 47.06 percent of total sources of the School Board's General Fund Revenue and Transfers In. Other revenues credited directly to the School Board component unit include revenues from the federal government, the Commonwealth, and other revenue derived locally from school lunches and other charges to students. Debt service on County general obligation bonds for school purposes is paid from the County's transfer to the School Board component unit. Revenues from the federal government and the Commonwealth that are credited directly to the School Board component unit are not available to pay debt service on County general obligation bonds.

Transfer to Capital Project Funds: The County provides for certain capital expenditures directly from the General Fund. In fiscal year 2021, transfers to the Capital Project Fund represented approximately 1.65 percent of total General Fund expenditures and transfers out.

Other Transfers Out: The County also provides for other transfers out directly from the General Fund. In fiscal year 2021, approximately 0.56 percent of total General Fund expenditures and transfers out went to Special Revenue, Internal Service and Enterprise Funds.

Changes in General Fund Balance

As shown in the following table, the County has maintained its unassigned General Fund Balance in each of the past five fiscal years consistent with its Principles of Sound Financial Management requiring an unassigned General Fund balance of not less than 7.5 percent of the General Fund revenues in each fiscal year. These Principles of Sound Financial Management were initially adopted by the Board in December 1988, and the most recent update was adopted in April 2018. The County's goal of having an unassigned reserve of 7.5 percent by the end of fiscal year 2007 was reached a year early in fiscal year 2006 and has been maintained in each subsequent fiscal year.

In addition to, but separate from the County's unassigned General Fund Balance, the County maintains a Revenue Stabilization Fund to provide the County with sufficient working capital and a margin of safety to withstand local and regional economic shocks, and unexpected declines in revenue without borrowing. The Principles of Sound Financial Management require that the Revenue Stabilization Fund balance will not be less than 2 percent of the year's General Fund revenues within each year of the five-year fiscal planning cycle beginning in fiscal year 2017. The Revenue Stabilization Fund may be used to cover unexpected declines in General Fund revenues greater than 3 percent as compared to the current fiscal year adopted budget. The Revenue Stabilization Fund can only be appropriated by resolution of the Board. If the Revenue Stabilization Fund is used, the policy requires the County to take measures necessary to replenish its balance to the minimum 2 percent level within five years following the year(s) in which it was used. The Revenue Stabilization Fund balance at the end of fiscal year 2021 was $25,445,000, which met the 2 percent of General Fund revenue requirement.

The County also maintains a separate Capital Reserve to provide a source of funding for one-time capital expenditures and an Economic Development Opportunity Fund ("EDOF") to provide the County with a source of working capital that can be used to incentivize economic development in key targeted industries. The Principles of Sound Financial Management require that the Capital Reserve balance will be not less than 2 percent of the current Capital Projects Funds Appropriations included in the Adopted six-year CIP. The balance in this reserve on June 30, 2021, was $61,760,000 and above the funding requirement. The EDOF Reserve shall be replenished to a targeted $3,000,000 threshold at the end of each fiscal year after the unassigned General Fund balance, Revenue Stabilization Fund Reserve and Capital Reserve required balances are met. The EDOF Reserve balance on June 30, 2021, was $3,000,000.

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The following table shows the County's General Fund balance as of June 30, 2017, through 2021:

GENERAL FUND BALANCES
FISCAL YEAR ENDED JUNE 30
($000's)

Fund Balances	**2021[1]**	**2020**	**2019**	**2018**	**2017**
Non-spendable	$ 297	$ 262	$ 396	$ 288	$ 178
Restricted	9,505	9,445	9,524	9,941	10,350
Committed	142,265	118,703	88,951	89,315	92,852
Assigned	16,940	9,217	9,025	12,096	9,123
Unassigned	95,459	91,405	87,335	82,107	79,769
Total General Fund Balance	**$264,466**	**$229,032**	**$195,231**	**$193,747**	**$192,272**
Total General Fund Balance as a % of General Fund Revenues	20.79%	18.79%	16.77%	17.70%	18.08%
Unassigned General Fund Balance as a % of General Fund Revenues	7.5%	7.5%	7.5%	7.5%	7.5%
Revenue Stabilization Fund Balance	**$ 25,445**	**$ 24,375**	**$ 23,289**	**$ 21,895**	**$ 21,272**
Revenue Stabilization Fund Balance as a % of General Fund Revenues	2%	2%	2%	2%	2%

Source: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 3 and Prince William County, Annual Comprehensive Financial Report, fiscal years 2017-2021, Illustration 11-1.

Note: [1] Beginning fiscal year 2021, the COVID-19 Response fund became a major fund and stated separately from the General fund. This fund is used to account for federal grant funds received under CARES Act of 2020 and the ARPA of 2021 in response to the COVID-19 pandemic.

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SUMMARY OF THE BUDGET FOR FISCAL YEAR 2023

The following table summarizes the sources and uses of funds in the fiscal year 2023 adopted budget.

GENERAL FUND BUDGET FOR FISCAL YEAR 2023 (Adopted)

Revenues and Transfers		Expenditures and Transfers	
General Property Taxes	$1,065,063,358	Community Development	$ 78,547,833
Other Local Taxes	182,416,000	General Governmental	86,204,953
Revenue from Use of Money and Property	8,573,520	Human Services	162,230,737
Intergovernmental Revenue		Public Safety	326,385,421
Revenue from Federal Government	22,294,123	General Debt[1]	52,935,209
Revenue from Commonwealth	89,864,987	Cash Funding of Capital Construction	-
Revenue from Other Localities	8,759,040	Transfer to Schools	716,941,735
Permits, Fees, and Licenses	1,685,701	Unclassified Administrative[2]	48,840,011
Fines and Forfeitures	3,386,189		
Charges for Services	14,279,317		
Miscellaneous Revenue	5,053,628		
Transfers from Other Funds	64,910,270		
Other Resources	5,799,766		
Total	$1,472,085,899	Total	$1,472,085,899
		Net Revenue & Resources Available	$ 0

Source: Prince William County, fiscal year 2023 Adopted Budget.
Notes: [1] Excludes debt service on general obligation school bonds (debt service for school bonds is contained in the School Board budget).
[2] The adopted budget includes the majority of this amount for self-insurance costs and non-classified internal service fund costs.

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Overview of Fiscal Year 2022 and 2023 Adopted Budgets

The following shows the County's Total Revenues and Resources, and Total Expenditures from the Adopted Budgets for fiscal year 2022 and fiscal year 2023 as originally adopted by the Board. Certain changes approved by the Board (e.g., budget carryovers) are made after the original adopted budget is published.

The fiscal year 2022 budget was adopted by the Board, at its April 27, 2021, meeting. The fiscal year 2023 budget was adopted by the Board, at its April 26, 2022, meeting. Additional fiscal year 2022 and fiscal year 2023 budget information is available on the Prince William County web site at https://www.pwcva.gov.

	Fiscal Year 2022 Original Adopted Budget	Fiscal Year 2023 Original Adopted Budget
Revenue and Resources:		
General Revenue	$1,145,901,059	$1,249,568,000
Agency Revenue	195,248,651	211,301,036
County Resources	13,072,836	11,795,433
Total Revenue & Resources Available[(1)]	**$1,354,222,545**	**$1,472,664,469**
Expenditures:		
County Government	$ 698,423,369	$ 756,958,133
Transfer to Schools	655,799,176	715,127,766
Total Expenditures[(1)]	**$1,354,222,545**	**$1,472,085,899**
Available Capacity	**$ 0**	**$ 578,570**

Sources: Prince William County, fiscal year 2022 and 2023 Adopted Budgets.
Notes: (1) Totals may not add due to rounding.

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Fiscal Year 2023 General Fund Budget (Adopted)

Expenditure by Classification:	**Fiscal Year 2023 Adopted**
Personal Services	$ 323,434,744
Fringe Benefits	120,711,044
Contractual Services	43,820,263
Internal Services	48,807,044
Other Services	83,268,237
Debt Maintenance	35,267,139
Capital Outlay	8,094,597
Leases and Rentals	11,448,743
Reserves and Contingencies	(7,912,418)
Transfers Out[1]	805,146,506
Total General Fund Expenditures	**$1,472,085,899**
Funding Sources:	
General Property Taxes	$1,065,063,358
Other Local Taxes	182,416,000
Permits, Privilege Fees and Regulatory Licenses	1,685,701
Fines and Forfeitures	3,386,189
Revenue From Use of Money and Property	8,573,520
Charges for Services	14,279,317
Miscellaneous	5,373,628
Revenue From Other Localities	8,759,040
Revenue From the Commonwealth	89,864,987
Revenue From the Federal Government	22,294,123
Transfers In[1]	64,910,270
Total General Fund Revenue	**$1,466,606,133**
Other Resources	$ 5,479,766
Total General Fund Revenue and Other Resources	**$1,472,085,899**
Revenue and Other Resources Over / (Under) Expenditures	**$ 0**

Source: Prince William County, fiscal year 2023 Budget.
Note: [1] Excludes Transfers within the General Fund.

In addition to an annual budget, the County adopts a five-year fiscal plan. The County's General Revenue Committee considers a broad variety of federal, Commonwealth, and County sources when developing five-year revenue forecasts that are utilized in creating five-year fiscal plans and annual budgets. The fiscal years 2023-2027 revenue forecast assumed stable growth. To provide a diversified and stable revenue base, the Board authorized the levy of a cigarette tax of $0.40 per pack effective January 1, 2022, and a new 4 percent food and beverage tax is included in fiscal year 2023. The adopted budget estimates for the cigarette and food and beverage taxes are $3 million and $24.5 million, respectively.

Fiscal Year 2023 General Fund Resource and Expenditure Adopted Budget

Revenue and Resources:	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**
General Revenue	$1,249,568,000	$1,318,006,000	$1,368,543,500	$1,422,718,000	$1,478,673,000
Agency Revenue	211,301,036	216,364,929	221,655,581	227,273,316	237,602,093
County Resources	11,795,433	686,463	9,995,730	(1,408,298)	(1,854,904)
Total County Revenue and Resources Available [1]	**$1,472,664,469**	**$1,535,057,392**	**$1,600,194,811**	**$1,648,583,017**	**$1,714,420,189**
Expenditures:					
County Government	$ 739,440,681	$ 765,505,421	$ 781,298,748	$ 792,815,959	$ 809,935,625
Transfer to Schools	715,127,766	754,294,834	783,217,445	814,221,511	846,244,558
County CIP	17,517,452	14,540,756	35,242,285	41,420,631	58,098,391
Total Expenditures[1]	**$1,472,085,899**	**$1,534,341,011**	**$1,599,758,478**	**$1,648,458,101**	**$1,714,278,573**
Total Revenue and Resource Balance	$ 578,570	$ 716,381	$ 436,333	$ 124,917	$ 141,615
Real Estate Tax Rate	$ 1.030	$ 1.030	$ 1.030	$ 1.030	$ 1.030

Source: Prince William County, fiscal year 2023 Adopted Budget.
Notes: [1] Totals may not add due to rounding.

The Local Economy

Prior to the COVID-19 pandemic, the County's economy had shown signs of continued strengthening in many aspects, including improving unemployment and job creation, and healthy household incomes. Steady improvement of economic conditions continued mending the County's labor market and at-place employment. The County's residential real estate market, which began to strengthen in 2011, continued that trend throughout 2021, with increases in average sale prices and declining monthly foreclosures.

In January 2021, assessed value of all residential properties (including apartments) was $59.54 billion, an increase of over $4.67 billion, or 8.52 percent from 2020. Residential properties (including apartments) currently account for 82.28 percent of the total Land Book real property assessed value including public service parcels. Factors that helped boost the market, despite increasing mortgage rates, were improving economic indicators such as employment and growth, and strong sales activity compared to available inventory of homes for sale.

The average sale price for a home in the County in December 2021 was $451,000. This represents an increase of 7.4 percent year-over-year. The number of homes sold in the County in December 2021 was 654, a decrease of 8.8 percent over 2020. The average number of days a home in the County was on the market was 19 in December 2021, compared to 13 days in December 2020.

According to the Metropolitan Regional Information Systems (MRIS) sales data for June 2022, the average residential sales price of $576,136 represents a year-over-year gain of 9.53 percent. Sales numbers for the same period were at 744 units with a decrease of 27.06 percent when compared to June 2021. The County's residential market experienced an increase in active listings, up 40.58 percent, when compared to the same period in 2021. On average, units are on the market for 8 days, an increase from 7 days the same period last year. Overall, the housing market in 2022 is slowing compared to 2020 and 2021. Rising prices and higher mortgage rates have eased demand, leading to a drop in home sales activity and slower price growth. However, tight housing supply and flexible work arrangements offered by employers continue to fuel residential home price appreciation in the County.

In December 2021, according to CoStar Realty Group, the County's commercial inventory included 51.6 million sq. ft. of space in 2,161 buildings, with 2.7 million sq. ft. of available space. The County's commercial sector, particularly in terms of vacancy rates had strengthened, prior to the outbreak of the COVID-19 pandemic. It has been stated in the Virginia Realtors most recent commercial real estate report, that the commercial market has been "very resilient during the pandemic" and continues to recover.

Among other revenue sources, local sales tax revenue increased over the last year as well. Based on the third quarter unaudited preliminary revenue and expenditures report for fiscal year 2022, a total of $82.5 million sales tax revenue was reported, an increase of 3 percent over fiscal year 2021. Sales tax revenue for fiscal year 2021 was 23 percent over budget. The preliminary Business Professional and Occupational License tax revenue for fiscal year 2022 was reported at $32 million, 43.02 percent over the adopted budget, and an increase of 7.1 percent over fiscal year 2021.

Consistent with its Principles of Sound Financial Management, the County actively manages its budget to ensure revenue and expenditures remain in balance. Adherence to these principles requires the County's five-year fiscal plan to be balanced in every year.

Overview of Expenditures and Transfers

The General Fund cost per capita of government services in fiscal year 2023 when adjusted for inflation is $2,194 compared to 2008's cost per capita of $2,217, a decrease of 1 percent from fiscal year 2008 to fiscal year 2023. During that same period, the population of the County increased 28.2 percent from 388,269 in fiscal year 2008 to a budgeted estimate of 497,889 in fiscal year 2023, an average increase of 1.9 percent per year.

The fiscal year 2023 adopted budget for general County Government services is $757 million or an 8.3 percent increase over the fiscal year 2022 adopted budget. The General Fund transfer to the school fund increased by 9 percent to $715.1 million.

The adopted fiscal year 2023 budget emphasized the following strategic goals during the planning process. The County anticipates maintaining this emphasis over the next several years.

- Health, Well-Being and Human Services
- Safe and Secure Community
- Resilient Economy
- Quality Education and Workforce Development
- Environmental Conservation

- Sustainable Growth
- Transportation and Mobility

On April 26, 2022, the Board adopted a real estate tax rate of $1.03 per $100 of assessed value for the fiscal year 2023 budget, which includes $1,473 million in General Fund budget expenditures. The adopted tax rate resulted in an average residential tax bill increase of 3.7 percent and 11.1 percent increase in an average the average commercial tax bill. At the adopted $1.03 tax rate, total general revenue in fiscal year 2023 is projected to increase compared to fiscal year 2022 revenue projections, providing capacity to fund operating budget increases and Capital Improvement Program projects.

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CAPITAL IMPROVEMENT PROGRAM

The Board annually considers and approves a six-year Capital Improvement Program ("CIP") as part of the budget process. The CIP is the capital infrastructure component of County's fiscal plan, an important part of the County's five-year fiscal plan, and an implementation tool for the County's Strategic and Comprehensive Plans. The CIP is guided by these plans and the Principles of Sound Financial Management. Together, these policy documents require that the CIP incorporate level of service standards identified in the Comprehensive Plan, the goals and strategies of the Strategic Plan, the debt financing policies in the Principles of Sound Financial Management, and integrate County Government projects with school projects, making one affordable plan. These guidelines are designed to maintain tax-supported debt expenditures at less than 10 percent of total revenues (less certain pledged revenues) and to maintain the ratio of tax-supported debt to net assessed value of property in the County at less than 3 percent.

The 2023-2028 CIP was adopted by the Board on April 26, 2022. The CIP includes several of the facilities and the amenities necessary for an improved quality of life considering the current improving economic climate. The CIP includes projects in community development, human services, public safety, technology improvements, and transportation projects. State and federal funding is being leveraged with local funding to support road projects. Fee revenues will fund new solid waste and watershed projects. Transportation projects comprise 75 percent of the CIP, excluding schools, with over $910.8 million of projected expenditures planned over the plan period. The Prince William County School Board adopted a separate ten-year CIP that details facilities construction and renovation to support education.

The following is a summary of projects included in the 2023-2028 CIP:

- Funding for transportation projects includes Route 1 (Featherstone Road to Mary's Way and Brady's Hill to Route 234), Route 28 Bypass, Balls Ford Road Interchange and Widening, Brentsville Road, Minnieville Road and University Boulevard Interchanges. Also included are two different Old Bridge Road intersection improvements, the Fuller Road and Fuller Heights Road improvements, Neabsco Mills Road (Route 1 to Dale Boulevard), Devlin Road Widening, the Potomac/Neabsco Mills Commuter Garage, University Boulevard Extension and Summit School Road;

- In the area of public safety, the CIP includes the construction of two new Fire & Rescue Stations: Station 27 (East End) and Station 28 (TBD). Additionally, funding is included for the Public Safety Training Center Expansion, Judicial Center Expansion and Renovations;

- In the area of community development, funding for parks and recreation will provide for new parks, improvement of trail segments, and sports field improvements. Additionally, funding is allocated for drainage and storm water improvements to the County's watersheds. Funding is also allocated for large-scale maintenance and repair of existing capital assets to extend the useful life of County facilities;

- In the area of General Government and Human Services, the CIP includes funding for a new Homeless Navigation Center, Juvenile Services Center, and Crisis Receiving Center. Funding is also provided for Environmental Sustainability projects and additional space for County agencies;

- Solid waste administration projects include capping existing landfill cells and creating new cells; and

- Technology improvements include upgrades or replacements to major technology infrastructure for finance, human resources, public safety, human services and development services systems.

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Fiscal Years 2023 - 2028 CIP SOURCE AND EXPENDITURE AREA SUMMARY
($000's)

Source	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**Total[2]**
Debt (County)	$ 37,126	$ 87,313	$103,921	$129,883	$ 79,290	$ 2,011	$ 439,544
Debt (Schools)	74,363	114,780	150,408	159,986	79,105	57,230	635,872
State/Federal	149,141	47,633	33,706	31,254	15,202	7,552	284,488
Schools – Cash Funded Projects	30,754	26,832	23,189	26,201	25,360	25,370	157,706
NVTA 30% & 70% Funding	120,303	75,459	44,500	59,076	43,466	955	343,759
General Fund	10,698	6,307	2,036	4,287	4,000	4,000	31,328
Capital Reserve	10,666	4,826	8,772	105	-	-	24,370
Stormwater Management Fees	3,726	3,401	3,100	3,050	3,701	3,250	20,228
Solid Waste Fees	1,170	4,400	5,630	2,200	4,430	5,670	23,500
Proffers	7,045	2,458	1,188	1,600	1,562	34	13,887
Internal Services Fund Balance	956	-	-	-	-	-	956
Recordation Tax	1,503	742	-	-	-	-	2,245
ARPA	3,880	599	-	-	-	-	4,479
Service Authority Reimbursement	1,458	31	-	-	-	-	1,489
Other Revenue	4,503	750	750	1,000	1,500	750	9,253
Grand Total[2]	$457,292	$375,531	$377,200	$418,642	$257,616	$106,822	$1,993,105

Expenditure Area	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**Total[2]**
Community Development	$ 20,664	$ 27,679	$ 24,536	$ 18,150	$ 18,880	$ 13,670	$ 123,579
Education[1]	105,117	141,612	173,597	186,187	104,465	82,600	793,578
Human Services & General Government	14,927	2,824	21,892	37,724	700	0	78,068
Public Safety	17,434	16,138	35,191	14,738	0	0	83,500
Technology Improvements	3,600	0	0	0	0	0	3,600
Transportation	295,552	187,279	121,984	161,843	133,571	10,552	910,780
Grand Total[2]	$457,294	$375,532	$377,200	$418,642	$257,616	$106,822	$1,993,105

Sources: Prince William County Capital Improvement Program, fiscal years 2023-2028 and Prince William County Schools Proposed Capital Improvement Program, fiscal years 2023-2032.

Notes: [1] Schools and Education data is a ten-year plan and based on project completion dates. Includes prior year unspent appropriations.
[2] Totals may not add due to rounding.

CASH AND INVESTMENT MANAGEMENT

The County maintains a cash and investment management program for the safeguarding and efficient management of its funds. The investment of funds is administered in accordance with the Code of Virginia and the County's written Investment Policy. The day-to-day investment of funds is directed by the County's Chief Financial Officer. An Investment Oversight Committee ("IOC") made up of senior County staff members and two citizen representatives monitors the performance and structure of the County's portfolio. A Quarterly Investment Performance Report on the status of the County's portfolio and investment performance with respect to its Investment Policy is provided to the IOC, the County Executive and to the Board. The Investment Policy is reviewed annually by the IOC and any proposed amendments are reviewed and endorsed by the County Executive and then forwarded to the Board for consideration and approval.

For the fiscal year ended June 30, 2022, the amortized value of the County's General Portfolio totaled $1,491 million with maturities ranging from one day to ten years. The weighted average maturity of the portfolio as of June 30, 2022, was approximately 3.9 years.

The County invests funds primarily in U.S. Government Obligations, municipal bonds, commercial paper, corporate bonds, negotiable and non-negotiable certificates of deposit, the Commonwealth's Local Government Investment Pool ("LGIP"), and money market mutual funds. The County's Investment Policy, available on the County Department of Finance's Publication page at https://www.pwcva.gov/department/finance/finance-and-revenue, provides the full listing of authorized investments.

General Obligation Bond proceeds are invested in accordance with the requirements and restrictions outlined in the applicable bond documents. The majority of bond proceeds are invested in the Virginia State Non-Arbitrage Program ("SNAP").

EMPLOYEES' RETIREMENT PLANS

The County (including the Adult Detention Center component unit) contributes to the Virginia Retirement System ("VRS"), a Virginia Executive Branch agency multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. Professional and non-professional employees of the School Board are also covered by the VRS. All full time, salaried permanent employees are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. VRS also provides death and disability benefits. These benefit provisions and all other requirements are established by Virginia statute. For the fiscal years ended June 30, 2021, and 2020, the County paid $45,001,000 and $38,050,000, respectively, in contributions towards the plan, while the County's fiduciary net position was $1,203,151,000 as of June 30, 2020. As of July 1, 2020, the total pension liability was $1,501,123,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2021. VRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. The report may be obtained from the VRS website https://employers.varetire.org/publications/#annual-reports or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The County also provides a Supplemental Pension Plan ("SPP") for Police Officers and uniformed Fire and Rescue personnel, effective July 1, 1985, and most recently amended, effective April 30, 2019, to add sworn and uniformed Adult Detention Center and Sheriff's Office personnel to be applied on the later of the employee's date of hire or July 1, 2019. The SPP is administered by the Supplemental Plan's Board of Trustees. It provides retirement and death benefits to plan members and beneficiaries upon retirement. The benefit amount 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. Participants vest 100 percent in the benefit provided under the SPP 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. For the fiscal years ended June 30, 2021, and 2020 the County paid $2,030,000 and $1,921,000, respectively, in contributions towards the SPP, while the County's fiduciary net position was $55,731,000 as of June 30, 2021. As of June 30, 2021, the total pension liability for the SPP was $46,810,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2021.

The County Volunteer Fire and Rescue Personnel Length of Service Award Program ("LoSAP Plan") was established on July 1, 1997, and amended on May 10, 2016. The LoSAP Plan is a multi-employer defined benefit pension plan that includes twelve volunteer companies that provide retirement benefits for certain vested volunteer fire and rescue personnel who retire from their volunteer fire and rescue company. For the fiscal years ended June 30, 2021, and 2020 the County paid $1,536,000 and $1,156,000, respectively, in contributions towards the LoSAP Plan, while fiduciary net position was $19,516,000 as of June 30, 2021. As of June 30, 2021, the total pension liability for the LoSAP Plan was $29,061,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2021.

Additional information regarding the County Employees' Retirement Plans can be found in the County's Annual Comprehensive Financial Report, fiscal year 2021, Note 13 and Schedules 4 through 6.

OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

The County provides Group Life Insurance through a multiple-employer agent defined cost-sharing plan administered by the VRS. This plan provides retirees with life insurance coverage to 25 percent of their last salary rate. The County elects to pay the employee component with the employer component of the contribution totaling 1.34 percent of covered employee compensation. The County contributed 100 percent of the actuarially determined contributions. Contributions were $4,287,000 and $3,996,000 for June 30, 2021, and 2020, respectively, while the County's fiduciary net position was $27,496,000 as of June 30, 2020. As of June 30, 2020, the total OPEB liability was $52,231,000.

The County provides limited post-retirement health and dental benefits as provided by Virginia law to retirees who have 15 or more years of service with the County through a multiple-employer agent defined plan administered by the VRS. The retirees are granted the option to participate by paying 100 percent of their monthly health insurance premium less 1.50 times years of service for a maximum credit of $45.00 from the VRS. The insurance credit is financed by payments from the County to the VRS, calculated at 0.18 percent of creditable compensation. The

County contributed 100 percent of the actuarially determined contributions. For the fiscal years ended June 30, 2021, and 2020, the County paid $522,000 and $498,000, respectively, while the County's fiduciary net position was $3,836,000 as of June 30, 2020. As of July 1, 2020, the total OPEB liability was $8,294,000. Additionally, the County offers post-retirement medical benefits premium and medical benefits credit plans. The plans are single-employer defined benefit post-employment healthcare plans that cover eligible retired employees and Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") eligible employees of the County including all departments and agencies. Participants in the Premium Plan pay 100 percent of published blended rates. Coverage ends at age 65. For the Retiree Health Insurance Credit Plan, the County will pay $5.50 per month, per eligible County retiree per year of service if they attained 15 or more years of service with the County. The Line of Duty Act ("LODA") plan provides death, disability, and healthcare benefits for public safety employees and volunteer firefighters who hold specific hazardous duty positions and die or become permanently disabled in the line of duty. For the fiscal year ended June 30, 2021, the County paid $1,475,000 in contributions towards the Premium Plan in the County's Other Post-Employment Benefits ("OPEB") Master Trust Fund, while the County's fiduciary net position was $23,902,000 as of June 30, 2021. As of June 30, 2021, the total OPEB liability for the Premium Plan was $27,142,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2021.

For the fiscal year ended June 30, 2021, the County paid $2,137,000 in contributions towards the Retiree Health Insurance Credit Plan in the County's OPEB Master Trust Fund, while the County's fiduciary net position was $23,618,000 as of June 30, 2021. As of June 30, 2021, the total OPEB liability for the Retiree Health Insurance Credit Plan was $38,394,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2021.

For the fiscal year ended June 30, 2021, the County paid $1,875,000 in contributions towards the Line of Duty Act Plan in the County's OPEB Master Trust Fund, while the County's fiduciary net position was $22,691,000 as of June 30, 2021. As of June 30, 2021, the total OPEB liability for the Line of Duty Act Plan was $17,937,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2021.

The County and School Board contract with an actuarial firm to compute the impact and costs of its OPEB liabilities on a biennial basis, and the County and School Board fully fund their OPEB liabilities through the County's OPEB Master Trust Fund. The latest actuarial consultant valuation was as of January 1, 2020. Interim valuations for trending were provided by the County Finance Department. The County's and Schools' net OPEB assets (not including VRS plans) were approximately $1,168,000 as of June 30, 2021. The County's OPEB Master Trust Fund and School Board pay 100 percent of actuarially determined contributions which totaled approximately $7,287,000 for fiscal year 2021. The School Board's portion was approximately $1,756,000 for fiscal year 2021.

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 45. Calculation of actuarial amounts are developed using the projected unit cost method for County plans and entry age normal cost method for School Board plans. The most recent biennial actuarial valuation was as of July 1, 2020, for Schools and January 1, 2020, for the County.

Additional information regarding the County retirees' OPEB Plans and the County OPEB Master Trust Fund can be found in the County's Annual Comprehensive Financial Report, fiscal year 2021, Notes 14 and Schedules 7 through 11.

CONTINGENT LIABILITIES

The County is contingently liable with respect to lawsuits and other asserted and unasserted claims that arise in the ordinary course of its operations. It is the opinion of the County's management, and the County Attorney, that any losses that may ultimately be incurred as a result of these lawsuits and claims will not have a material adverse effect on the County's ability to meet its financial obligations.

The County receives financial assistance from numerous federal and Commonwealth of Virginia agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the General Fund or other applicable funds. In the opinion of County management, if any refunds result from disallowed expenditures by grantor agencies, such refunds will not have a material adverse effect on the County's ability to meet its financial obligations.

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SECTION III - DEBT ADMINISTRATION

DEBT OF THE COUNTY

Authority to Borrow

Pursuant to the Virginia Constitution and the Code of Virginia, a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds the governing body of the county is required to levy, if necessary, an annual ad valorem tax on all property in the county subject to local taxation.

Limits on Indebtedness

Although the issuance of bonds by Virginia counties is not subject to statutory limitation, 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 ("VPSA").

The Board also has established a self-imposed limit as part of the Principles of Sound Financial Management which provides that tax supported debt should not exceed 3 percent of the net assessed valuation of taxable property in the County, and annual debt service should not exceed 10 percent of annual combined general and special revenues (excluding certain pledged revenues). The County's status with respect to its self-imposed limits is shown in the section "Additional Debt Information" below.

On November 5, 2019, Prince William County voters approved two referenda on the ballot to authorize issuance of general obligation bonds to fund mobility projects totaling $355 million and parks projects totaling $41 million.

See the front portion of this Official Statement for information on the proposed sale of County General Obligation School Bonds, Series 2022A (the "Series 2022A Bonds") to the Virginia Public School Authority.

The County may also refund certain outstanding bonds for interest savings. Debt service on the Series 2022A Bonds is to begin in fiscal year 2023 and is included in County's Debt Service by Fiscal Year table below.

Statement of Outstanding Net Tax-Supported Indebtedness

The County, pursuant to its adopted debt management policy contained in the Principles of Sound Financial Management, defines net tax-supported debt as all general obligation debt plus (i) bonds issued for obligations incurred to the VPSA and the Virginia Resources Authority ("VRA") and (ii) long-term capital leases payable in whole or in part from appropriations of tax revenue by the Board. The majority of the County's outstanding bonds are general obligations of the County and are secured by its full faith and credit. The County's outstanding general obligation bonds include various general purpose bonds. Debt payable from user charges or other non-tax revenue streams is considered self-supporting and is not included in net tax-supported debt. The following section "SECTION III - DEBT ADMINISTRATION - OTHER COUNTY-RELATED INDEBTEDNESS" describes certain other related obligations including underlying debt of the towns and debt of which the County is not the issuer but for which the County has agreed to fund certain costs of the enterprise, including debt service, to the extent these costs are not recovered from fees and charges.

The County's net tax-supported indebtedness incurred for capital purposes and outstanding on June 30, 2021, was $1,135,638,000 as shown in the following table.

NET TAX SUPPORTED DEBT OUTSTANDING
($000's)

	Outstanding on June 30, 2021
Governmental Activities	
General Obligation Bonds	$ 180,211
IDA Lease Revenue Bonds	21,153
Equipment Capital Leases	0
Real Property Capital Leases[1]	54,915
Parks and Recreation -	
Revenue Bonds Series 2020A	4,155
Equipment Capital Leases	0
Subtotal	$ 260,434
School Board Related	
General Obligation Bonds[2]	$ 879,359
Subtotal	$ 879,359
Total Primary Government Debt	**$1,139,793**
Less Self-Supporting Revenue and Other Bonds	**(4,155)**
Net Tax-Supported Debt	**$1,135,638**

Source: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 11.
Notes: [1] Includes Certificates of Participation, Lease Participation, and bonds issued to Virginia Resources Authority (VRA) debt.
[2] Includes general obligation bonds issued by the County to VPSA for both VPSA's pooled and stand-alone public issuance programs.

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Debt Service Requirements to Maturity

The following table summarizes the annual principal and interest payments on the County's outstanding tax-supported debt for fiscal year 2023 through the final maturity of all outstanding tax supported debt.

DEBT SERVICE BY FISCAL YEAR(1)

FY Ending	Existing Debt Service(2)		VPSA 2022 Debt Service(3)		Total
June 30	Principal	Interest	Principal	Interest	Debt Service(4)
2023	$ 103,541,979	$ 40,244,696	$ 0	$ 805,423	$ 144,592,098
2024	98,926,979	35,414,322	2,120,000	2,003,400	138,464,701
2025	93,761,978	30,824,074	2,120,000	1,897,400	128,603,452
2026	86,415,000	26,606,357	2,120,000	1,791,400	116,932,757
2027	81,945,000	22,797,990	2,120,000	1,685,400	108,548,390
2028	73,240,000	18,862,838	2,120,000	1,579,400	95,802,238
2029	69,930,000	15,782,141	2,120,000	1,473,400	89,305,541
2030	64,980,000	12,943,746	2,120,000	1,367,400	81,411,146
2031	60,555,000	10,538,489	2,120,000	1,261,400	74,474,889
2032	55,545,000	8,599,695	2,120,000	1,155,400	67,420,095
2033	52,940,000	6,986,227	2,120,000	1,049,400	63,095,627
2034	49,365,000	5,547,158	2,120,000	943,400	57,975,558
2035	44,970,000	4,279,090	2,120,000	837,400	52,206,490
2036	40,700,000	3,166,000	2,120,000	731,400	46,717,400
2037	31,640,000	2,203,591	2,120,000	625,400	36,588,991
2038	21,750,000	1,419,181	2,120,000	526,025	25,815,206
2039	15,955,000	851,073	2,120,000	433,275	19,359,348
2040	15,955,000	473,748	2,120,000	339,200	18,887,948
2041	10,495,000	175,434	2,120,000	243,800	13,034,234
2042	2,940,000	33,075	2,120,000	147,075	5,240,150
2043	0	0	2,120,000	49,025	2,169,025
Total(4)	**$1,075,550,936**	**$247,748,922**	**$42,400,000**	**$20,945,423**	**$1,386,645,281**

Source: Prince William County, Department of Finance.

Notes: (1) Does not include Build America Bonds (BAB) and Qualified School Construction Bonds (QSCB) refundable credit payments or the VPSA Pool refunding debt service credits.
(2) Excludes debt service on the VPSA 2022 Bonds.
(3) The VPSA 2022 Bonds are expected to be issued on November 10, 2022.
(4) Totals may not add due to rounding.

Additional Debt Information

Information concerning the County's net tax-supported debt is presented in the following tables. The tables reflect the ratio of net tax-supported debt of assessed value and net tax-supported debt per capita, and the ratio of debt service payments on net tax-supported debt to total government revenues.

RATIO OF NET TAX-SUPPORTED DEBT TO ASSESSED VALUE AND POPULATION

Fiscal Year	Net Tax-Supported Debt ($000's)[1]	Total Assessed Value ($000's)[2]	Net Debt Assessed Value	Population[3]	Net Tax-Supported Debt per Capita
2017	$1,113,800	$61,335,721	1.8%	456,126	$2,442
2018	1,136,475	63,755,919	1.8	459,966	2,471
2019	1,059,943	67,613,073	1.6	463,867	2,285
2020	1,085,368	70,811,768	1.5	467,935	2,319
2021	1,135,638	74,307,125	1.5	488,629	2,324

Source: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Tables 11, 14, and 16.

Notes: [1] Includes Capital Leases.

[2] Total Assessed Value includes assessments for taxable real, personal and public service property. With the exception of land in the County's land-use program, assessed values are calculated based on statutory authority equal to 100% of market value. Assessed values for a given fiscal year are as of the prior January. Data from the Annual Comprehensive Financial Report, fiscal year 2021, Table 14.

[3] Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 16.

[4] 2021 population data is from the Prince William County Demographer.

RATIO OF NET TAX-SUPPORTED DEBT SERVICE TO TOTAL REVENUES

Fiscal Year	Debt Service on Net Tax-Supported Debt	Total Revenues[1]	Ratio of Debt Service to Total Revenues
2017	$134,737,000	$1,649,319,000	8.2%
2018	141,908,000	1,802,191,000	7.9
2019	146,043,000	2,067,001,000	7.1
2020	141,285,000	2,139,662,000	6.6
2021	146,436,000	2,271,858,000	6.4

Source: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 14.

Note: [1] Total Revenues include revenues in the General and Special Revenue Funds, including the Fire and Rescue Levy, and revenues of the School Board and Adult Detention Center Component Units.

OTHER COUNTY-RELATED INDEBTEDNESS

Cities and Towns

As independent bodies, the debt of the four towns located within the geographic boundaries of the County, and the two cities that are surrounded by the County, are obligations of the respective town or city and not an obligation of the County. Incorporated cities are separate entities from the County, and there is no overlapping debt between any city and the County. The town council of each of the four towns located within the County is authorized by the Virginia Constitution and the Code of Virginia to issue general obligation bonds in the amount up to 10 percent of the assessed value of real estate within the town without holding a public referendum. Each town's debt outstanding, in the approximate amount as of year ended June 30, 2021, is indicated in the Overlapping Debt table in "SECTION III - DEBT ADMINISTRATION - OTHER COUNTY-RELATED INDEBTEDNESS - Overlapping Debt" below.

Community Development Authorities

The County has created Community Development Authorities (each a "CDA") that by Virginia law and their charter may issue debt as a means of financing certain projects. CDAs allow public infrastructure within a defined district to be financed with special assessments applied within a district. There are three CDAs within the County (Virginia Gateway, Heritage Hunt, and Cherry Hill); all three have issued revenue bonds secured by CDA assessments. In accordance with the Virginia Code Section 15.2-5131, the County has no obligation to repay CDA debt. The debt is considered overlapping debt and is not carried as a contingent obligation on the County's financial statements.

Virginia Gateway. The Virginia Gateway CDA, which is located on 363 acres of land at the intersection of Route 29 and Linton Hall Road, was created in 1998 to develop mixed retail and light industrial and office space. Improvements funded by the CDA include road improvements and sewer and storm water facilities.

Heritage Hunt. The Heritage Hunt CDA, which is located on 810 acres at Interstate 66 and Route 29, was created in 1999 for mixed commercial and age-restricted residential development. Improvements funded by the CDA debt include road, water and sewer improvements.

Cherry Hill. The Cherry Hill CDA (also known as Harbor Station and to be known as Potomac Shores), which is located on 1,885 acres of land that surrounds Harbor Station Park, Cherry Hill Road and Congressional Way, was created in 2005 to provide public infrastructure improvements in connection with the proposed development of mixed residential, retail and office space in addition to a Virginia Railway Express ("VRE") rail station. The mixed-use development is planned as a premier resort destination that is expected to include more than 3,000 homes, with over 3.6 million square feet of commercial space entitled, a boutique hotel, a Jack Nicklaus Signature Golf Course and a marina. Some of the improvements will be funded by the CDA debt.

Transportation System Revenue Bonds

Northern Virginia Transportation Authority ("NVTA"). The County is a member of the multi-jurisdictional NVTA. NVTA was created in 2002 to develop and implement solutions to transportation issues across the Northern Virginia region. Under a landmark Commonwealth transportation bill (HB2313) in fiscal year 2013, the Virginia General Assembly established a dedicated funding stream to fund new transportation projects in Northern Virginia. A significant part of the projects funding comes from a 0.7 percent addition to the sales tax in the region, designated for deposit to the NVTA Fund. Expected revenues are estimated to be approximately $275 million per year and distribution of revenues are split 70 percent for regional projects and up to 30 percent for jurisdictional projects. For the fiscal year ended June 30, 2021, contributions, intergovernmental revenue and investment earnings for NVTA's governmental activities totaled $351 million. By law, over time, each jurisdiction is required to receive back benefits equal to the amount that it contributes in regional funds. NVTA is authorized to issue bonds that would obligate NVTA, not local jurisdictions.

Pursuant to Virginia General Assembly House Bill 1539 (2018) (HB1539), effective on July 1, 2018, the General Assembly repealed two of NVTA's three revenue sources, the regional congestion relief fee and the transient occupancy tax. HB1539 left sales tax as the only remaining HB2313 Revenue. The County anticipates receiving less money from NVTA's 30 percent and 70 percent distributions. The County now retains the revenues from the Grantor's Tax and the Transient Occupancy Tax that were previously diverted to the NVTA. The legislation specifies the County must use the Grantor's Tax revenue for general transportation purposes. The Transient Occupancy Tax is specifically to be used for public transportation purposes.

Potomac and Rappahannock Transportation Commission ("PRTC"). The PRTC was created in fiscal year 1987, to help create and oversee the VRE commuter rail service and also to assume responsibility for bus service implementation as its member governments saw fit. The multi-jurisdictional agency represents Prince William, Stafford, and Spotsylvania Counties (the "Counties"), and the Cities of Manassas, Manassas Park, and Fredericksburg (the "Cities"). PRTC provides commuter bus service (OmniRide Express), to the Washington, D.C. metropolitan area from the County. PRTC also provides connector services to end of line Metrorail stations (OmniRide Metro Express), a cross-County route, and OmniRide Local, a local bus service that operates in the Counties and the Cities. In addition, the County, through its membership in the PRTC, joined with other jurisdictions through a Master Agreement to pay its share of the costs associated with operating and insuring the VRE, a commuter rail service operating between Northern Virginia and Washington, D.C. In May 2005, the Northern Virginia Transportation Commission ("NVTC") and PRTC entered into a $25.1 million capitalized lease obligation for the purchase of bi-level, high capacity passenger rail cars.

In fiscal year 2008, NVTC entered into an agreement with the Federal Railroad Administration ("FRA") 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 16 promissory notes were originally authorized, and during fiscal year 2012 the balances on the individual notes were consolidated into one note. The note is secured by revenues of VRE and the railcars.

In fiscal year 2018, VRE entered into a financing agreement with the VRA for the purposes of refunding the FRA promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

As of June 30, 2021, the balance of the capital lease was $7 million and the bond payable was $39.8 million. The Master Agreement requires the County's governmental officers charged with preparing its annual budget to include an amount equal to its pro rata share of the capital costs of the VRE. The County's fiscal year 2021 pro rata share was 32.32 percent. Although the participating jurisdictions have declared that it is their intent to make sufficient annual appropriations to pay their pro rata share of the costs of the VRE, the participating jurisdictions have not made a binding commitment beyond their current fiscal year, and each jurisdiction's obligation to make such payments is non-binding and subject to annual appropriation. The County's share of the outstanding debt (based on the methodology described above) is approximately $16.62 million at the end of fiscal year 2021. The County's share is expected to vary over time with shifts in population and ridership and with the inclusion of additional participating jurisdictions.

In December 2012, PRTC issued the $2,335,000 Series 2012 Revenue Bonds, (through the VRA) to repay proceeds from two interim notes issued in July 2010 to finance land acquisition, design, and construction and management costs associated with a new commuter parking lot and construction costs associated with expansion of the bus storage yard. Bond proceeds were also used to fund certain local costs of issuance and to finance the construction of an evacuation and emergency exit gate at the bus storage yard. Principal and interest payments due in annual installments of $195,000 to $285,000 plus interest will be due through October 2022.

In March 2022, the Board adopted a resolution consenting to the issuance of Series 2022 VRE bonds to fund a portion of the passenger rail service improvements, as well as the acquisition of real property within the VRE operating territory. NVTC together with PRTC will use commuter rail operating and capital funds to issue bonds and will not require credit support from the County and other VRE member jurisdictions.

Membership in PRTC allows for the collection of revenues from the 2.1 percent wholesale motor fuels tax levied by the Commonwealth for the member jurisdictions. The Commonwealth-levied Regional Motor Fuels Sales Tax was initiated in August 1986 at 2.0 percent and increased to 2.1 percent on a wholesale basis in January 2010. Debt service on the Series 2012 Revenue Bonds is secured by the 2.1 percent wholesale motor fuels tax allocable to the County, the Cities of Manassas and Manassas Park, and by a non-binding moral obligation pledge from these three localities to fund any shortfalls in debt service.

Stafford Regional Airport Authority

The Stafford Regional Airport Authority ("SRAA") operates the Stafford Regional Airport. In August 2007, SRAA issued $5,425,000 Series 2007 Revenue Bonds (through the

VRA). These bonds are secured by the revenues derived from the ownership and operation of the Stafford Regional Airport, after payment of the airport's operation and maintenance expenses. In addition, the County, Stafford County, and the City of Fredericksburg entered into a support agreement for the benefit of the VRA, pursuant to which the County, Stafford County, and the City of Fredericksburg undertook a non-binding moral obligation to appropriate from time to time funds to SRAA in connection with any shortfall in debt service payments due under SRAA's Local Obligation issued to VRA. On December 18, 2020, the SRAA entered into a loan agreement pursuant to which the SRAA borrowed $790,000 from the Virginia Airports Revolving Fund administered by VRA ("SRAA-VRA Loan"). According to the support agreement, the County provides moral obligation support in connection with the SRAA-VRA Loan. The County's proportional share equals 29 percent of the amount of any deficiency in the SRAA's revenues for certain purposes, including, but not limited to payment of debt service on the SRAA-VRA Loan. The County's obligations under the support agreement are subject to annual appropriation of funds for such purpose by the County's Board.

Northern Virginia Criminal Justice Training Academy

The Northern Virginia Criminal Justice Training Academy ("NVCJTA") was re-chartered by the Commonwealth of Virginia in 1977. It was originally established in 1965 as the Northern Virginia Police Academy. There are four participating jurisdictions included in the financing of the new Emergency Vehicle Operations Center ("EVOC"): The 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 of their participation in the EVOC. The County Police Department withdrew from the NVCJTA in 1994, although the County continued its financial support. The County's share of both the operating and debt service was set at 30 percent in a Memorandum of Understanding between NVCJTA and the County, and was approved by the Board of County Supervisors in September 2005.

The Industrial Development Authority of Loudoun County, Virginia, issued $18,650,000 of Lease Revenue Bonds in November 2006 to finance the construction and equipping of the EVOC. The 2006 Lease Revenue Bonds were refunded in September 2015. The outstanding par amount as of June 30, 2022, for which the County is responsible, is $1,190,936 or 32.8 percent of outstanding principal amount of the refunded bonds.

Water and Sewer Debt

The Service Authority finances its capital needs through the issuance of debt that is not backed by the full faith and credit of the County but by revenues derived from charges for services rendered. As of June 30, 2021, the Service Authority's outstanding debt was $98.2 million. Long-term debt consisted of four outstanding financing agreements with VRA related to upgrades to the H. L. Mooney Advanced Water Reclamation Facility, as well as two outstanding revenue bonds that were issued in 2013 and 2015. In February 2022, the Service Authority closed on an additional $100 million bond with VRA. These bonds and loans are payable solely from the revenues generated by the system.

UOSA has issued various regional sewage system revenue bonds to pay the costs of its sewer and sewage disposal system. UOSA's annual debt service is funded by each of the participating jurisdictions based on their allocated capacity with certain modifications. In fiscal year 2021, the Service Authority paid approximately $11.1 million in UOSA debt service. Historically, the County made an annual fixed payment towards the UOSA debt service with the Service Authority paying the balance. Effective January 1, 2013, the Service Authority assumed the County's obligation. See Note 17 to the audited financial statements for the fiscal year ended June 30, 2021, in Appendix B.

In November 2020, UOSA issued $199,755,000 of Revenue and Refunding Bonds, Series of 2020 to refund the outstanding portion of its Regional Sewerage System Revenue Bonds, Series 2014 and fund certain capital costs. The allocation of the aggregate debt service of UOSA's outstanding bonds after this issue remains relatively the same between Fairfax County, Prince William County, City of Manassas, and City of Manassas Park.

Park Authority Revenue Bonds

The Park Authority was created by ordinance adopted by the Board on October 11, 1977. Effective July 1, 2012, the Park Authority is no longer a separate corporate entity and is now a department within the County, the Department of Parks, Recreation and Tourism. On April 14, 2010, while it was a separate entity, the Park Authority issued $13,285,000 Prince William County Park Authority Park Facilities County Contribution Revenue Bonds Series 2010 (the "2010 Park Authority Bonds") which together with other funds refinanced for debt service savings the Park Authority's outstanding Park Facilities Revenue Refunding and Improvement Bonds, Series 1999. At that time, the County and the Park Authority entered into a Contributions Agreement by the terms of which the County agreed to make, subject to annual appropriation, contributions to the Park Authority proportionate to the debt service on the 2010 Park Authority Bonds, and the Park Authority assigned its rights to receive the contributions to a paying agent. Effective July 1, 2012, with the dissolution of the Park Authority as a separate entity, the 2010 Park Authority Bonds remain a debt of the County. On October 15, 2020, the County refunded the outstanding 2010 Park Authority Bonds with a portion of the proceeds of the Industrial Development Authority of the County's Prince William County Facilities Revenue and Refunding Bonds, Series 2020A. The County will continue to make its contributions, subject to annual appropriation of funds for the purpose, to the paying agent, in order to make debt service payments on such bonds.

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Overlapping Debt

Three towns in the County and three CDAs mentioned above have issued bonds payable from real property taxes or assessments on property within their respective boundaries and also within the boundaries of the County. In addition, the County has assumed responsibility for payments to two regional issuers for a percentage of the debt service on certain of their obligations. The amounts of these tax supported obligations are shown in the following table.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
($000's)
Based on Assessed Values

	Outstanding on June 30, 2021	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value
Direct:				
Net Tax Supported Debt	**$1,135,638**	**100.00%**	**$1,135,638**	**1.6771%**
Overlapping:				
Town of Dumfries	9,100	100.00	9,100	0.0134
Town of Haymarket	627	100.00	627	0.0009
Town of Occoquan	32	100.00	32	0.0000
Town of Quantico	81	100.00	81	0.0001
Heritage Hunt Commercial - CDA Special Assessment Bonds Series 1999B	745	100.00	745	0.0011
Virginia Gateway Community - CDA Refunding Bond Series 1999 and 2003 B	7,240	100.00	7,240	0.0107
Cherry Hill Community - CDA[(1)] Special Assessment Bonds Series 2015	29,340	100.00	29,340	0.0433
Northern Virginia Transportation Commission - Virginia Railway Express[(2)]	51,433	32.32	16,623	0.0245
Northern Virginia Criminal Justice Training Academy (NVCJTA)[(2)]	4,511	33.10	1,493	0.0022
Total Overlapping Governmental Activities Debt	**$ 103,109**	**63.31%**	**$65,281**	**0.0964%**
Total Direct and Overlapping Governmental Activities Debt	**$1,238,747**	**96.95%**	**$1,200,919**	**1.7735%**

Sources: Prince William County, Annual Comprehensive Financial Report, fiscal year 2021, Table 13. Also see Prince William County, Annual Comprehensive Financial Report fiscal year 2021, Table 7, Notes 10, 18 and 20.

Notes: (1) On June 7, 2022, the Cherry Hill Community – CDA issued $67,320,000 in additional bonds.
(2) Amount applicable determined on basis other than assessed value of taxable property.

Lease Commitments and Obligations

The County leases real estate and equipment under operating and capital leases expiring at various dates through fiscal year 2031. All capital leases are non-cancelable, except that they are contingent upon the Board appropriating funds for each year's payments. The County, pursuant to its adopted debt management policy contained in the Principles of Sound Financial Management, includes capital leases outstanding in its computation of net tax-supported debt and in its debt-capacity calculation. See "SECTION III - DEBT ADMINISTRATION – DEBT OF THE COUNTY – Statement of Outstanding Net Tax-Supported Indebtedness".

The County also has various short-term leases for real estate and equipment with initial or remaining noncancelable lease terms of less than one year. As of June 30, 2021, the County's total rental expense under operating leases of the primary government was approximately $9,011,000. Further information concerning these obligations is included in Note 10 to the Prince William County, audited financial statements for the fiscal year ended June 30, 2021, in Appendix B.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS
OF THE COUNTY

The appended General Purpose Financial Statements were reproduced from the County's audited financial statements included in its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

Additional information relative to the County's financial operations and long-term debt is presented in Appendix A of this Official Statement.

In order to preserve cross-references within this Appendix, this Appendix has not been repaginated and, accordingly, retains the original pagination.

Cherry Bekaert LLP, the County's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Cherry Bekaert LLP also has not performed any procedures relating to this Official Statement.

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Cherry Bekaert LLP
CPAs & Advisors

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, 2021, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Restatement
As described in Note 1.R. to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, related net position and fund balances have been restated. Our opinions are not modified with respect to this matter.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, on our consideration of the County's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
May 23, 2022

Management's Discussion and Analysis
June 30, 2021
(amounts expressed in millions)

Prince William County's 2021 fiscal performance continues to demonstrate the successful implementation of its Strategic Plan. This report provides accountability to the County's goals and objectives defined with its residents and adopted by the Board of County Supervisors. This section of the Annual Comprehensive Financial Report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. All amounts in the discussion and analysis, unless otherwise indicated, are expressed in millions of dollars. Throughout this section of the report, the primary government is referred to as the "County", and the "Total Reporting Entity" is the County and component units combined. Due to the material relationship between the County and its component units (School Board and Adult Detention Center), the Total Reporting Entity information more accurately reflects the comprehensive financial operations of Prince William County.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

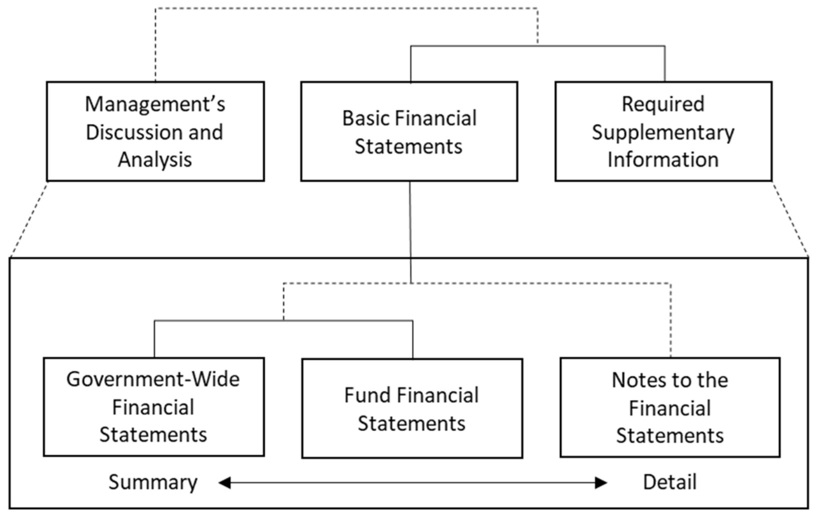
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual operations of the County government, reporting in more detail than the government-wide statements.
    - The governmental funds statements reflect how general government services, like public safety, are financed in the short-term as well as what remains for future spending.
    - Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the landfill.
    - Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources belong, such as the County's pension and other

FINANCIAL HIGHLIGHTS

- The total reporting entity, which includes component units, has positive net position of $1,164 at June 30, 2021, which represents an increase of $185 or 18.9 percent from the prior year.
- The total cost of the County's governmental programs increased 12.8 percent to $1,641 during fiscal year 2021, while the County's total revenues increased by 10.9 percent to $1,633.
- Net position of governmental activities decreased 3.2 percent from negative ($274) the prior year. The County's total costs in governmental activities increased $184 or 12.8 percent from prior year, while program revenues increased by 43.5 percent, and general revenues grew by 4.6 percent.
- At June 30, 2021, the County had $1,135 of debt outstanding, including $927 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, 2021 exceeded its assets and deferred outflows by $283 (net deficit).
- Total net position of the County's business-type activities increased by 3.0 percent to $70.2 as revenues exceeded expenses during the year, bolstered by landfill charges that exceeded costs (after transfers) by $2.
- At the end of the current year, the unassigned fund balance of $95 in the general fund was maintained at 7.5 percent of the total general fund revenues. The unassigned fund balance increased 4.4 percent from the prior year. The increase is primarily attributable to revenue growth during the fiscal year that outpaced the growth in expenditures.
- General fund revenues exceeded the budget by $12; alternatively, expenditure savings of $31 under the budget helped to provide additional available resources to fund the County's reserves available for future appropriation.
- As of January 1, 2020, (the assessment date pertinent to real estate taxes supporting fiscal year 2021) the total assessed values of taxable property increased by 5.9 percent compared to the prior year, with residential values accounting for 75.8 percent of the total assessed values. Real estate taxes contributed 48.2 percent of the total revenues for the primary government of the County during fiscal year 2021.

post-employment benefit plans; the special welfare program; and the community services board, and housing federal self-sufficiency payee programs for certain recipients of welfare, mental health and housing services.

Figure A-1
Required Components of Prince William County's Comprehensive Annual Financial Report



The financial statements also include note disclosures that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this financial section are arranged and related to one another. In addition to these required elements, the financial statements include a section with combining statements that provide details about the County's nonmajor governmental funds, internal service funds, fiduciary funds and discretely presented component units, each of which are combined and presented in single columns in the basic financial statements.

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

Figure A-2
Major Features of Prince William County's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire County government (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary, such as police, fire, and community development	Activities the County operates in a manner 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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Basis of Accounting and Measurement Focus	Accrual basis of accounting and economic resources measurement focus	Modified accrual basis of accounting and current financial resources measurement focus	Accrual basis of accounting and economic resources measurement focus	Accrual basis of accounting and economic resources measurement focus
Type of Deferred Outflow/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 could
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

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds—not the County as a whole. Funds are accounting tools the County establishes to control and manage money for specified purposes (e.g., Streets & Roads capital projects fund) or to show that it is properly using certain taxes and grants (e.g., Transportation Districts or Housing special revenue funds).

The County's funds are organized into three broad categories:

- Governmental Funds—Most of the County's basic services are included in various 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 financial statements of the governmental funds provide a detailed view that focuses on fiscal accountability and the financial resources currently available to support the County's programs in the near future. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the statements.

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

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

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

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

Government-Wide Statements

The government-wide statements are derived from the fund financial statements, and 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 and deferred outflows of resources, as well as its liabilities and deferred inflows of resources. All of the revenues and expenses related to the current fiscal year are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the change in the County's net position. Net position – the difference between the County's assets, deferred outflows, liabilities and deferred inflows – is one way to measure the County's financial health. Over time, significant increases or decreases in the County's net position are an indicator of improving or deteriorating financial health, respectively. To assess the overall health of the County, one must consider additional factors, such as changes in the County's property tax base.

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

- Governmental Activities—Most of the County's basic services are included here, such as police, fire, public works, transportation, community development, and general government administration. Property and other taxes and state and federal grants are the primary funding source of these activities. Additionally, the County's internal service funds, such as Fleet Management, are predominantly used to provide goods and services to the funds and departments of the County and are included in governmental activities.

- Business-Type Activities—The County's Landfill, Innovation Technology Park, and Parks and Recreation enterprise operations. The County charges fees to customers to cover the costs of these operations.

- Component Units—The County includes two other entities in its report—the Prince William County School Board and the Adult Detention Center. Although legally separate, these entities are considered to be "discretely presented component units" because the County is financially accountable for their operations.

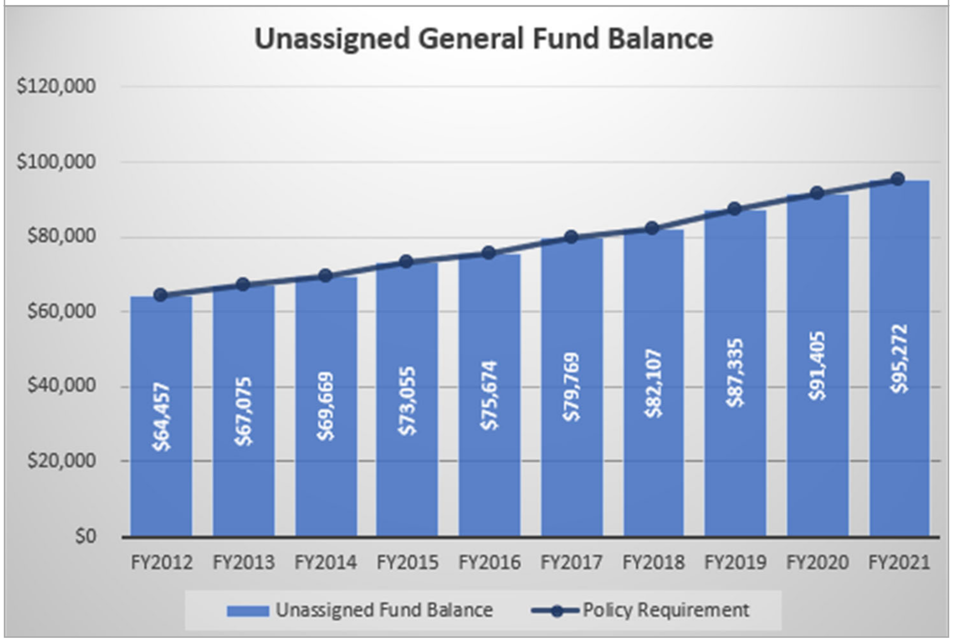
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board adopted its Principles of Sound Financial Management in 1988 and amended its Principles in April 2018. Following these Principles has enhanced the County's image and credibility with the public, credit rating agencies, and investors. Section 1.02 of the Principles requires a General Fund unassigned fund balance of 7.5 percent of the current year's General Fund revenues, a level that has been maintained since 2006. The purpose of the unassigned fund balance is to provide the County with sufficient working capital, and to maintain a margin of safety to address emergency needs or unexpected declines in revenue. The County has done an excellent job achieving and maintaining its minimum fund balance requirement since establishment. Figure A-3 shows the County's unassigned General Fund balance as compared to the policy requirement. Additions to the unassigned fund balance come from a combination of revenues over projections and current year expenditure savings.

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. As the County completed the year, its governmental funds reported a combined fund balance of $453, an increase of $46 or 11 percent from the prior year's $407 combined fund balance.

Figure A-3



- The County's General Fund balance increased $36 or 15.8 percent; while revenues increased $54 or 4.4 percent, fueled mainly by increases in general property taxes which resulted from increases in assessed values of residential real estate from the prior year, expenditure increases were impactful at $64 or 5.4 percent.

- The Capital Projects funds balances, which can tend to increase and decrease from one year to the next due to the accumulation and subsequent expenditure of funds for major capital improvement projects, decreased by $3 during the current year due to the expenditure of funds on numerous projects.

- Fund balance for the Fire & Rescue Levy Fund increased 3.3 percent or $1 during fiscal year 2021. Total revenues were down slightly over the prior year by $1 or 2.4 percent, fueled primarily by decreases in use of money & property and a slight increase of general property taxes, while expenditures of $25 were slightly higher than the $23 expended in the prior year. Fund balances for Other Governmental Funds increased $12 or 27.1 percent compared with $7.9 or 21.2 percent during the prior year, fueled by revenue growth of $75 or 88.6 percent being slightly outpaced by expenditures increases of $71.2 or 100 percent.

- Fund balance for the COVID-19 Relief fund remained relatively flat. Total revenues and expenditures increased by $70 or 1368%. The stark increase was due to additional federal funding received to manage COVID-19 relief efforts.

- The financial results as detailed in the governmental funds demonstrate the County's accountability to its five strategic goal areas of robust economy, safe and secure community, well-being, quality education, workforce development; and mobility aligned to address the impact of population growth and increased needs of the community.

  - ♦ Debt service costs increased $5 during fiscal year 2021 to $146. The County increased its investment in health and welfare, adding $9 over the prior year expenditures, or 9.1 percent. Additionally, general fund support for public safety increased $11 or 4.1% from the prior year.

  - ♦ The County continued its mobility goal of alleviating congestion by investing $80 on the construction of various streets and roads during fiscal year 2021. Upon completion, these road projects will be transferred to and become assets of the Commonwealth of Virginia.

  - ♦ The County's general fund support to the School Board was $539 compared with $507 in the prior year. This represents a 6.4 percent increase as the County dedicated funding to reduce class sizes.

Proprietary Funds

Unrestricted net position of the Landfill increased by less than $1 in fiscal year 2021. Innovation Technology Park's unrestricted net position increased by $2, fueled primarily by charges for services. Net position of the Parks and Recreation enterprise fund increased by $1 or 51 percent, fueled primarily by decreases in personnel expenses.

The Statement of Cash Flow, for the proprietary funds provides more detailed information.

General Fund Budgetary Highlights

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

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

After these adjustments, budgetary expenditures were $31 lower than the final budget amounts and budgetary revenues exceeded the final budget by more than $22. These two factors, combined with the effect of transfers to other funds, resulted in an increase in the total fund balance of the General Fund, of $36 during the fiscal year. The most significant revenue variances were related to other local taxes ($30 higher than final budget) and general property taxes ($10 higher than final budget) resulting from increases in assessed values. Actual expenditures were lower in all categories, most notably public safety; health and welfare; parks, recreation and cultural and community development, as the County reacted to the onset of the COVID-19 pandemic and sought immediate spending reductions to prepare for the potential impacts, including possible economic downturn.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

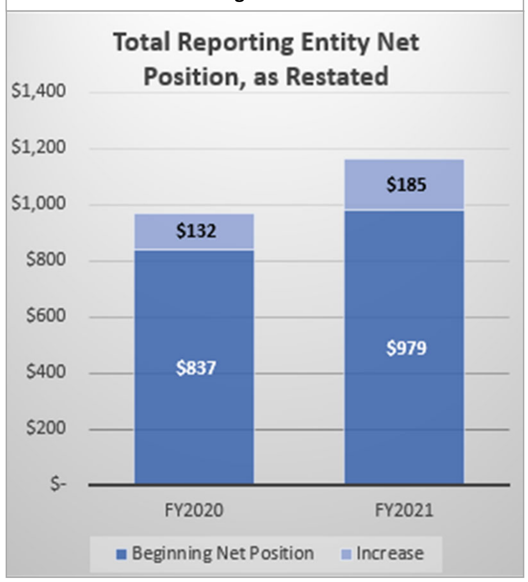
Net Position

The total reporting entity net position increased from the prior year balance of $979 (after the restatement) by 18.9 percent to $1,165.

Governmental Activities

Net position of the County's governmental activities decreased by 3.2 percent to ($283) during the year. The $(213) deficit net position of the primary government results largely from the County issuing debt to finance capital projects, which are donated to other entities. Therefore, while the debt is reflected as an obligation of the primary government of the County, the related assets are recorded by the entities to which the capital projects are donated. These donations are planned as part of the County's capital improvement program to further its quality education and workforce development, mobility, safe and secure communities and robust economy strategic goals, and thereby increase services and improve the quality of life in Prince William County.

Figure A-4



As of June 30, 2021, the County has $1,135 of outstanding debt (compared with $1,085 as of June 30, 2020) of which $1,060 is related to assets donated to other entities as follows:

- $879; Prince William County School Board
- $133; Commonwealth of Virginia
- $48; Prince William County Adult Detention Center

This represents 93.0 percent of the County's total general obligation, capital leases and other long-term debt. Because the County does not retain ownership of the related assets which, therefore, are not presented on the County's Statement of Net Position, 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.

Consequently, the debt used to finance the purchase or construction of assets recorded by other entities results in a deficit in net position of governmental activities of the County. Additionally, as discussed in the analysis of the County's governmental funds, revenues of the County's governmental activities increased by 10.9 percent compared to those of the prior year, and expenses increased by 12.8 percent during fiscal year 2021.

Business-Type Activities

The net position of the County's business-type activities increased 6.3 percent to $72 in fiscal year 2021 compared to $68 in the prior year. The results of the County's business-type activities are attributable to the activities discussed in the analysis of the County's proprietary funds. The $72 net position of the County's business-type activities will not be used to offset the net position deficit in governmental activities. The County generally uses the positive net position to finance the continuing operations of the Landfill, Innovation Technology Park and Parks and Recreation.

Table A-1 Net Position									
		Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (Including Component Units)	
		2021	2020	2021	2020	2021	2020	2021	2020
Current assets and other	$	983	1,018	53	51	1,036	1,069	1,743	1,578
Capital assets		639	620	49	44	688	664	2,550	2,475
Total assets		**1,622**	**1,638**	**102**	**95**	**1,724**	**1,733**	**4,293**	**4,053**
Deferred outflows of resources		**167**	**118**	**2**	**1**	**169**	**119**	**493**	**358**
Other liabilities		413	375	7	6	420	381	620	563
Long-term liabilities*		1,515	1,385	25	22	1,540	1,407	2,754	2,503
Total liabilities		**1,928**	**1,760**	**32**	**28**	**1,960**	**1,788**	**3,373**	**3,066**
Deferred inflows of resources		**145**	**270**	**-**	**-**	**145**	**270**	**247**	**376**
Net position:									
Net investment in capital assets		541	547	45	39	586	586	2,512	1,566
Restricted		126	110	-	-	126	110	204	143
Unrestricted*		(951)	(931)	27	29	(924)	(902)	(1,551)	(740)
Total net position*	**$**	**(284)**	**(274)**	**72**	**68**	**(212)**	**(206)**	**1,165**	**969**

The aforementioned factors contributing to changes in the governmental net position and the business-type net position of the County combined to create an overall decrease in net position of the primary government of $6 during fiscal year 2021. The assets and deferred outflows of resources of the primary government are less than the liabilities and deferred inflows of resources by $212.

The component units (the Prince William County School Board and the Adult Detention Center) are a significant portion of the total reporting entity, the assets of which represent 59.86 percent of the total reporting entity. Component unit net position increased 17.0 percent to $1,377 during 2021, with an increase in funding of $52 from the County as well as increased funding from the state of $20. The net position of the primary government of negative ($214) combined with the net position of the component units of $1,377 resulted in total net position for the total reporting entity of $1,164, after considering the effect of restatement of beginning net position.

Changes in Net Position

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately. See Figures A-5, A-6 and A-7 for the revenue percentages and net costs for governmental activities.

Revenues for the County's governmental activities increased 11 percent to $1,603, and total expenses increased 12.8 percent to $1,616, which, after considering the effect of transfers, resulted in a $9 decrease in net position during the current year, compared to $14 increase in the prior year.

71 percent of revenues related to governmental activities are derived from taxes (see Figure A-5). Tax revenues increased by $67 or 6.2 percent, driven mainly to an increase in real estate tax revenues from $755 in fiscal year 2020 to $787 in fiscal year 2021. Despite no change in the total direct tax rate, a 5.9 percent increase in the total taxable assessed value of real estate in the County pushed real estate tax revenues higher during fiscal year 2021, and increased levels of support received from both the state and federal government coupled with falling investment earnings; the overall revenue increases mitigated the impact of the rising cost of vital services provided by the County. These outcomes are attributable to a more positive real estate market than the County has experienced over the past few fiscal years, with residential real estate values, which make up 75.8 percent of total assessments, increasing 5.2 percent. Commercial and industrial values increased 9.7 percent and apartment real estate values increased 8.7 percent.

Table A-2 Changes in Net Position								
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (Including Component Units)	
	2021	2020	2021	2020	2021	2020	2021	2020
Program revenues:								
Charges for services $	45	51	29	26	74	77	80	95
Operating grants and contributions	185	111	-	-	185	111	480	297
Capital grants and contributions	110	76	-	-	110	76	110	76
General revenues:								
Taxes:								
Real property	787	755	-	-	787	755	787	755
Personal property	175	163	-	-	175	163	175	163
Other taxes	176	153	-	-	177	153	177	153
Payment from primary government	-	-	-	-	-	-	827	775
Grants and contributions not restricted to specific programs	78	81	-	-	78	81	570	552
Unrestricted investment earnings	16	38	-	1	16	39	16	46
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-
Miscellaneous	29	17	1	1	31	18	41	23
Total revenues	**1,603**	**1,445**	**30**	**28**	**1,633**	**1,473**	**3,263**	**2,935**
Expenses:								
General government administration	95	51	-	-	95	51	95	51
Judicial administration	29	27	-	-	29	27	29	27
Public safety	376	324	-	-	376	324	376	324
Public works	94	102	-	-	94	102	94	102
Health and welfare	137	111	-	-	137	111	137	111
Education	694	634	-	-	694	634	694	634
Parks, recreational, and cultural	51	57	-	-	51	57	51	57
Community development	91	76	-	-	91	76	91	76
Interest on long-term debt	49	50	-	-	49	50	49	50
Enterprise*	-	-	23	22	23	22	23	22
Component units	-	-	-	-	-	-	1,438	1,349
Total expenses	**1,616**	**1,432**	**23**	**22**	**1,639**	**1,454**	**3,077**	**2,803**
Excess/(deficiency)in net position before transfers	(13)	13	7	6	(6)	19	186	132
Transfers	3	1	(3)	(1)	-	-	-	-
Increase/(decrease) in net position	(10)	14	4	5	(6)	19	186	132
Net position, beginning of year*	(274)	(288)	68	63	(206)	(225)	979	837
Net position, end of year	(284)	(274)	72	68	(212)	(206)	1,165	969

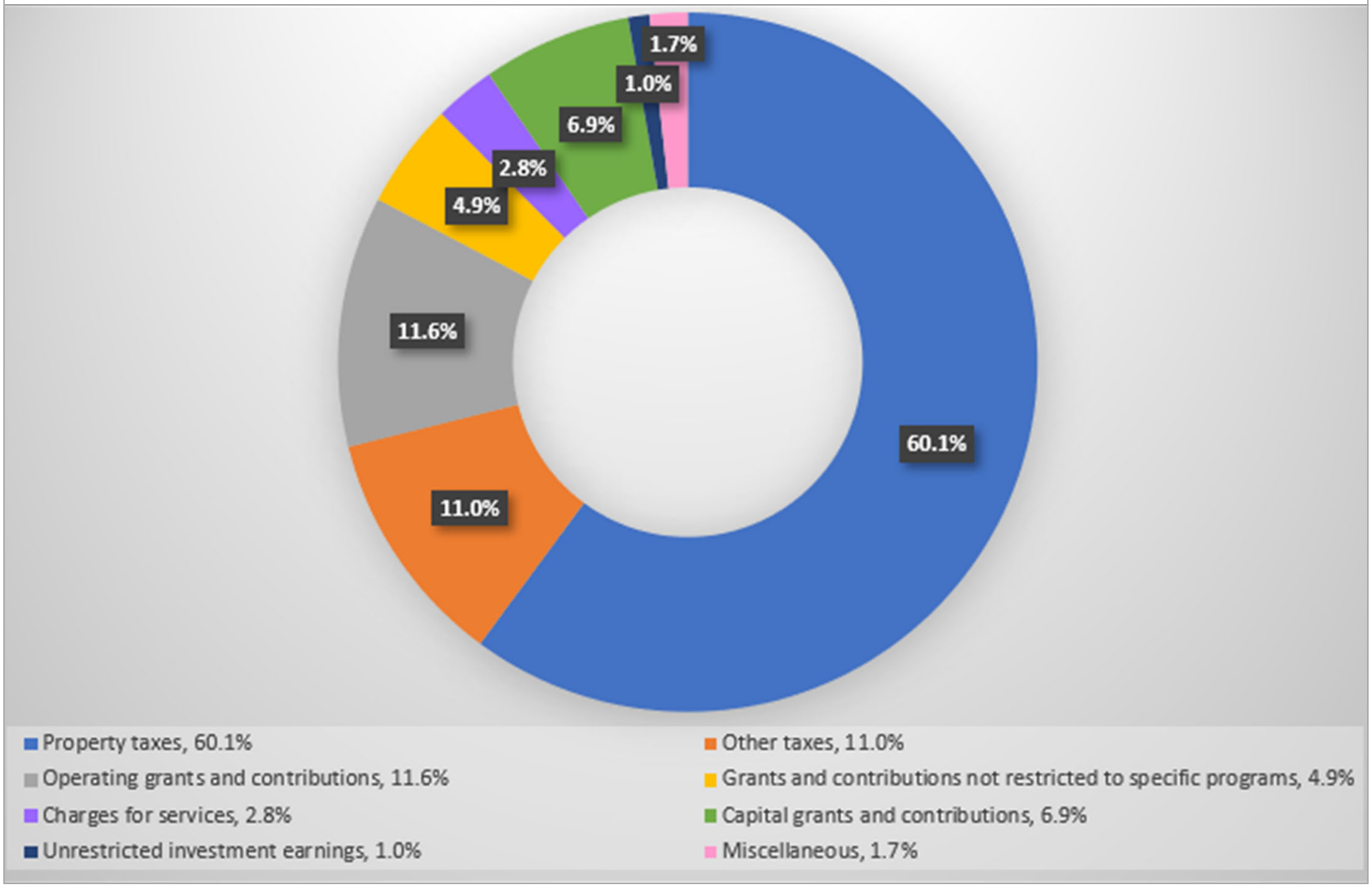
** - as restated; see Note 1.R for further information*

The total reporting entity net position increased by $196 in fiscal year 2021 (includes restatement). Factors impacting the change in net position include total revenues of $3,263 (11.1 percent higher than fiscal year 2020) which exceeded total expenses of $3,077, (9.7 percent higher than expenses of the prior year).

The County's Primary Government total revenues increased 10.9 percent to $1,633 (see Table A-2). Over 60.0 percent of the County's revenue comes from ad valorem taxes. The County's total revenue is divided into three major sources: 71.1 percent of every dollar raised comes from some type of tax; over 18.0 percent of revenues come from local, state and federal aid; charges for services comprise 2.9 percent and the remaining 2.9 percent is from other sources.

The total cost of all County programs and services increased by $185 or 12.8 percent to $1,639. The County's expenses cover a range of services, with 65.2 percent related to public safety and education (see Table A-2). Quality education, workforce development, and safe and secure community are significant goal areas in the Strategic Plan.

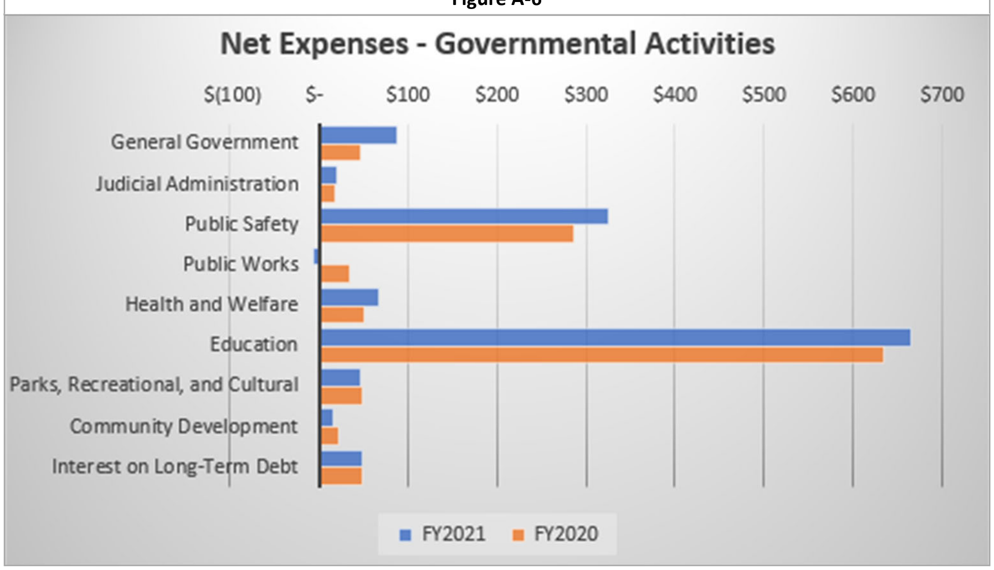
Figure A-5



Local sales tax revenues produced a 11.1 percent increase from $72 in fiscal year 2020 to $80 in fiscal year 2021, and accounted for nearly all of the increase in 'Other taxes' as shown in Table A-2. Operating grants and contributions increased by 67.2 percent, while capital grants and contributions increased by 45.3 percent. Investment earnings in fiscal year 2021 were down $31 from $46 in fiscal year 2020 to $15 in fiscal year 2021.

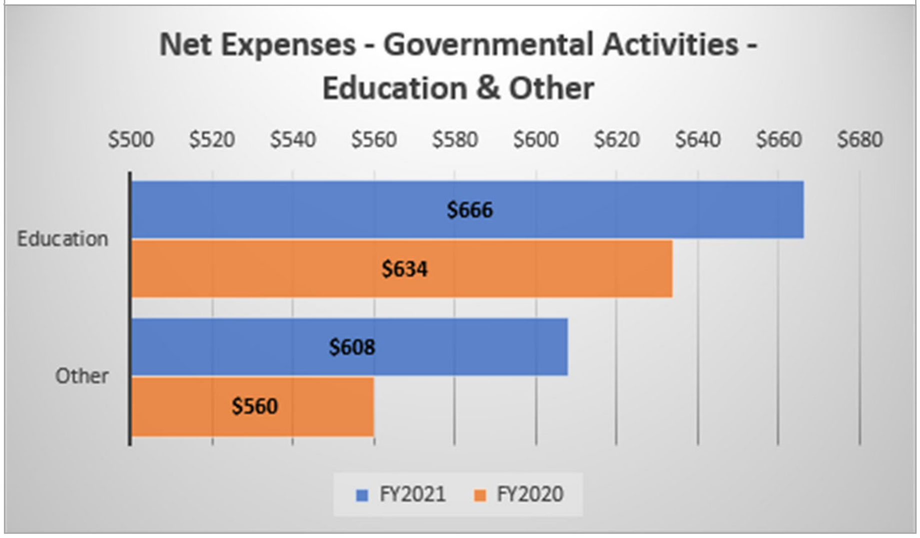
Education remains the biggest expense for governmental activities. The School Board receives 57.23 percent of general revenues per the revenue-sharing agreement with the County. The Board of County Supervisors created a grant funding opportunity intended to help the School Board address the issue that Prince William County School class sizes are at a maximum permitted under Virginia law. This Class Size Reduction Grant of up to one million dollars is in addition to the revenue sharing agreement with the County. Student enrollment as of September 2021, as reported to the Virginia Department of Education, for all Prince William County Schools is 89,076 students, decreasing 2,448 students or 2.7 percent from fiscal year 2020.

Figure A-6



Net expenses for Public Works decreased by $24 compared to fiscal year 2020, with an increase in operating grants and contributions during fiscal year 2021. In fiscal year 2021, the Police Department and Fire and Rescue added 7 and 14 FTE positions, respectively. Judicial Administration experienced a minimal increase of $1. Health and Welfare was up $9, with the addition of over 36 FTEs, mostly in Social Services.

Figure A-7



Additionally, other functions and programs remained relatively consistent with prior year levels. Figures A-6 and A-7 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 $1,616. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services $46;
- Other governments and organizations that subsidized certain programs with grants and contributions of $296.

Business-Type Activities

Revenues of the County's business-type activities increased by $3 to $29 and expenses of $25, increased by $3 as compared to the prior year (refer to Table A-2). Factors contributing to these results include:

Charges for services of $29, increased for Innovation Technology Park , while Parks and Recreation and Landfill remained relatively flat.

Expenses were relatively stable, up only marginally from $22 in fiscal year 2020 to $25 in fiscal year 2021.

These conditions contributed to a net income before transfers of $1, $5 decrease from during the prior year. The County's business-type activi- ties had miscellaneous revenue of $1 as well as transfers to the General Fund of $3 and transfers out to the Capital Projects Fund of $3, re-sulting in a negative change in net position of $2 during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the total reporting entity had invested $2,550 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 $75 or 3.0 percent, over fiscal year 2020. The Primary Government had invested $688 in capital assets, net of accumulated depreciation. Accumulated depreciation remained stable between fiscal year 2021 and 2020. More detailed information about the County's capital assets is presented in Note Disclosure 9 to the financial statements.

Table A-3
County's Capital Assets

		Total Primary Government		Total Reporting Entity	
		2021	2020	2021	2020
Land and Contruction in Progress	$	206	190	349	483
Buildings and other capital assets, net of depreciation		482	474	2,201	1,992
Total Capital Assets	**$**	**688**	**664**	**2,550**	**2,475**

Major Capital Asset Additions

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

- the County's capital project activities for fiscal year 2021 included $10 expended on technology infrastructure and other technology improvements, and $8 on the animal shelter expansion.
- The School Board reported capital asset increases of $56, which includes increases to buildings and improvements to sites of $194. Major capital asset additions in fiscal year 2021 include completed construction of two new schools.
- The Adult Detention Center (ADC) component unit's assets increased $12 as a result of continued construction in progress on the ADC expan-

sion Phase II project.

Long-Term Debt And Other Obligations

At year-end the County's governmental activities had total debt and other obligations of $1,642, of which, bonded debt outstanding represented $1,059, all of which is backed by the full faith and credit of the government. Of the County's bonded debt, $62 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations increased to $1,667 during the current fiscal year. The key components of the current year activities were the issuance and sale of school-related debt as well as the issuance of $49 for county projects. More detailed information about the County's long-term debt is presented in Note Disclosure 10 to the financial statements.

Bond Ratings

The County maintains ratings of AAA from Fitch Ratings, Aaa from Moody's Investors Services and AAA from Standard and Poor's. These ratings are the highest ratings awarded to a local government and is an achievement held by less than one percent of local governments nationwide. All three ratings were reconfirmed during fiscal year 2021.

Table A-4
County's Long-Term Debt and Other Obligations

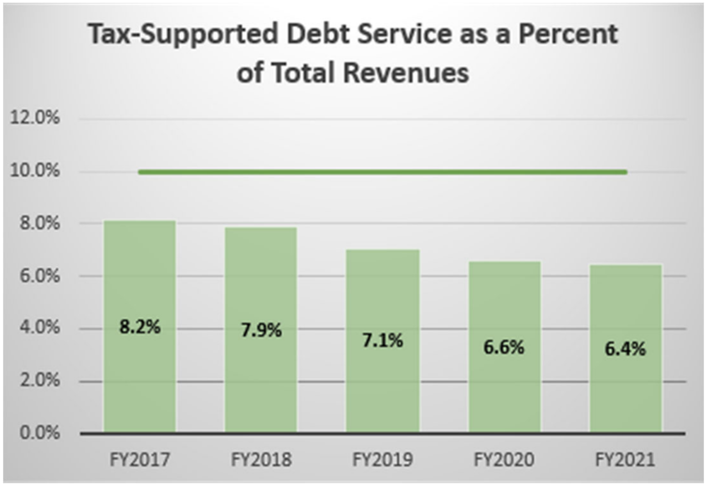
		Governmental Activities		Business-Type Activities		Total Primary Government	
		2021	2020	2021	2020	2021	2020
General obligation bonds:							
Tax-exempt bonds	$	890	821	-	-	890	821
Taxable bonds		107	156	-	-	107	156
Revenue tax-exempt bonds		62	19	5	5	67	24
Total bonded debt		1,059	996	5	5	1,064	1,001
Loans payable		21	21	-	-	21	21
Capital lease obligations		55	68	-	-	55	68
Unpaid losses and related liabilities		22	22	-	-	22	22
Net pension and OPEB obligation		321	246	4	3	325	249
Surplus distribution payable		2	4	-	-	2	4
Compensated absences		47	43	1	1	47	44
Unamortized premiums		114	112	-	-	114	112
Accrued closure liability*		-	-	16	13	16	13
Total long-term debt and other obligations	**$**	**1,642**	**1,512**	**25**	**22**	**1,667**	**1,534**

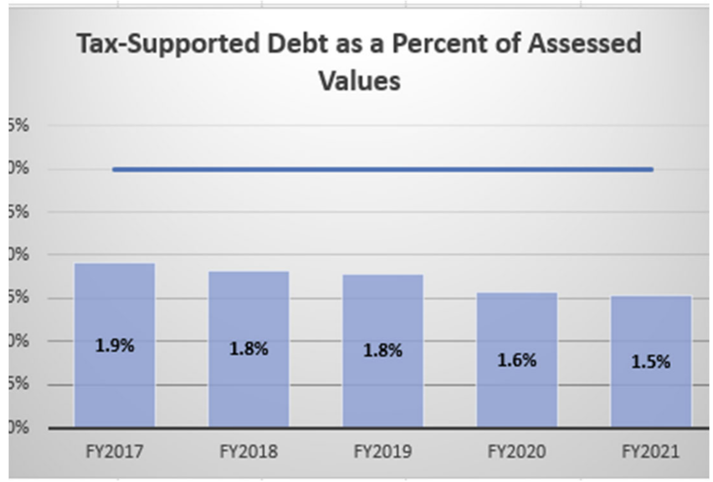
More detailed information about the County's long-term debt is presented in Note Disclosure 10 to the financial statements.

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 to no more than three percent of the assessed value of taxable property; and annual debt service payments to no more than 10 percent of County revenues. As of June 30, 2021, the amount of tax-supported debt outstanding represented 1.5 percent of the total assessed valuation of taxable real and personal property of $74 billion at January 1, 2020, which is the valuation date to determine fiscal year 2021 tax revenues. Annual debt service payments during fiscal year 2021 represented 6.3 percent of revenues in compliance with the County's *Principles of Sound Financial Management* (as depicted in Figure A-8, below). See Table 14 in the Statistical Section for further explanation of the calculations.

Figure A-8





ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County include the following:

- During 2021, (COVID-19) continued to have an economic impact globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the County's anticipated future revenues and operations for an indeterminable period of time. Other financial impacts could occur, but are unknown as of the date of publication of this financial report.
- In response to the COVID-19 global pandemic, the federal government has made funding available via the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the American Rescue Plan Act of 2021 (ARPA) to aid localities in their response to the health crisis. Expenditures of this federal funding are subject to audit by the grantor under the Uniform Guidance, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the County's management, no material refunds will be required as a result of expenditures disallowed by the grantor. See the results of the Single Audit in the County's Single Audit Report for further information; both reports will be issued at a later date.
- The Board of County Supervisors has kept the real estate tax rate flat at $1.125 per $100 of assessed value in fiscal year 2021.
- The real estate tax base has increased from $63.6 billion supporting fiscal year 2020, to $67.7 billion for fiscal year 2021, which is an increase of 5.9 percent.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money received. Questions about this report or inquiries for additional information may be addressed to the Office of the Finance Director, 1 County Complex Court, Prince William, Virginia, 22192-9201 or financedirectorsoffice@pwcgov.org.

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 **Exhibit 1**
Statement of Net Position **Page 1 of 2**
June 30, 2021
(amounts expressed in thousands)

	Primary Government				
	Governmental Activities	**Business-Type Activities**	**Total**	**Component Units**	**Total Reporting Entity**
ASSETS					
Equity in pooled cash and investments	$ 817,668	31,259	848,927	570,695	1,419,622
Cash held by other fiscal agents	-	-	-	2,347	2,347
Investments	18,051	-	18,051	-	18,051
Property taxes receivable, net	13,252	-	13,252	-	13,252
Accounts receivable, net	15,079	329	15,408	4,639	20,047
Investment in direct financing leases	5,661	-	5,661	-	5,661
Notes receivable, current	-	199	199	-	199
Due from other governmental units	68,465	173	68,638	37,973	106,611
Due from primary government	-	-	-	13,146	13,146
Internal balances	306	(306)	-	-	-
Inventory	627	4,454	5,081	7,623	12,704
Prepaid items	2,652	20	2,672	4	2,676
Notes receivable, noncurrent	-	172	172	-	172
Net OPEB assets	4,070	-	4,070	3,786	7,856
Restricted assets:					
Temporarily restricted:					
Restricted cash and temporary investments	24,843	16,816	41,659	65,825	107,484
Restricted investments	1,250	-	1,250	-	1,250
Water and sewer availability credit	11,119	-	11,119	-	11,119
Capital assets:					
Land and construction in progress	171,887	34,025	205,912	143,517	349,429
Buildings and other capital assets, net of depreciation	467,000	15,431	482,431	1,719,152	2,201,583
Total assets	1,621,930	102,572	1,724,502	2,568,707	4,293,209
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding deferred	27,960	8	27,968	-	27,968
Deferred outflows related to OPEB	12,321	143	12,464	30,584	43,048
Deferred outflows related to pensions	126,629	1,506	128,135	294,055	422,190
Total deferred outflows of resources	166,910	1,657	168,567	324,639	493,206
LIABILITIES					
Accounts payable	65,349	3,284	68,633	18,864	87,497
Wages and benefits payable	17,605	333	17,938	134,502	152,440
Deposits and escrows	37,757	28	37,785	-	37,785
Accrued interest	15,733	52	15,785	-	15,785
Due to other governmental units	1,718	-	1,718	-	1,718
Due to component units	13,146	-	13,146	-	13,146
Retainage	2,478	70	2,548	7,517	10,065
Unearned revenue	131,772	2,853	134,625	14,265	148,890
Noncurrent liabilities:					
Due within one year	127,795	768	128,563	24,287	152,850
Due in more than one year	1,514,558	24,693	1,539,251	1,214,323	2,753,574
Total liabilities	1,927,911	32,081	1,959,992	1,413,758	3,373,750
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	124,159	-	124,159	-	124,159
Deferred inflows related to OPEB	17,556	178	17,734	37,443	55,177
Deferred inflows related to pensions	3,077	22	3,099	64,282	67,381
Total deferred inflows of resources	144,792	200	144,992	101,725	246,717

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

(amounts expressed in thousands)

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	Component Units	Total Reporting Entity
NET POSITION					
Net investment in capital assets	541,191	44,730	585,921	1,862,670	2,512,932 A
Restricted for:					
Capital projects	-	-	-	57,857	(6,484) A
Net OPEB assets	4,070	-	4,070	3,786	7,856
Special levy districts	49,012	-	49,012	-	49,012
Development fee services	10,545	-	10,545	-	10,545
Housing	4,692	-	4,692	-	4,692
Transient occupancy tax	4,171	-	4,171	-	4,171
Grantor's / deed tax	25,538	-	25,538	-	25,538
Internal service fund	3,255	-	3,255	-	3,255
Public safety	4,495	-	4,495	-	4,495
Grants	8,843	-	8,843	-	8,843
Donations	658	-	658	-	658
Water and sewer availability credit	11,119	-	11,119	-	11,119
Education	-	-	-	80,468	80,468
Unrestricted	(951,452)	27,218	(924,234)	(626,918)	(1,551,152) A
Total net position / (deficit)	$ (283,863)	71,948	(211,915)	1,377,863	1,165,948

A The sum of the columns does not equal the Total Reporting Entity column by a difference of $957,429 because the debt related to the School Board ($879,359) and the debt related to the Adult Detention Center ($48,070) is reflected in the primary government's general governmental activities row reducing the unrestricted row as Net Investment in Capital Assets. The Total Reporting Entity column matches the asset with the debt and reports the net amount in the component unit on the Net Investment in Capital Assets. The Net Investment in Capital Assets increased by School Board's unspent bond proceeds of $64,341 with a corresponding decrease in the Restricted Capital Projects row.

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

(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue	
					Primary	
Functions / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**
Primary Government:						
Governmental activities:						
General government administration	$ 95,112	1,643	5,924	-	(87,545)	-
Judicial administration	29,253	2,133	6,227	-	(20,893)	-
Public safety	375,682	11,937	27,800	10,661	(325,284)	-
Public works	93,970	8,983	223	90,239	5,475	-
Health and welfare	136,895	1,082	69,025	-	(66,788)	-
Education	694,445	-	28,228	-	(666,217)	-
Parks, recreational and cultural	51,025	2,716	428	19	(47,862)	-
Community development	90,729	16,801	47,649	9,309	(16,970)	-
Interest on long-term debt	49,053	-	-	-	(49,053)	-
Total governmental activities	1,616,164	45,295	185,504	110,228	(1,275,137)	-
Business-type activities:						
Landfill	17,889	20,094	-	-	-	2,205
Innovation Technology Park	746	5,660	-	-	-	4,914
Parks and recreation	4,293	3,290	-	-	-	(1,003)
Total business-type activities	22,928	29,044	-	-	-	6,116
Total primary government	$ 1,639,092	74,339	185,504	110,228	(1,275,137)	6,116
Component Units:						
School Board	$ 1,380,099	5,562	282,763	127	-	-
Adult Detention Center	56,297	223	12,427	-	-	-
Total component units	$ 1,436,396	5,785	295,190	127	-	-

	Governmental Activities	Business-Type Activities
General revenues:		
Taxes:		
Real property	$ 787,059	-
Personal property	175,182	-
Local sales	80,140	-
Consumer's utility	13,266	-
Business, professional and occupational licenses (BPOL)	29,882	-
Recordation	20,067	-
Motor vehicle licenses	12,550	-
Other local taxes	14,499	-
Short term rental, bank stock, public utility gross receipts	5,213	-
Payments from primary government	-	-
Grants and contributions not restricted to specific programs:		
Federal revenues	68	-
State revenues	70,286	-
Local revenues	7,227	-
Investment earnings	15,825	104
Insurance claims and recoveries	18	-
Miscellaneous	30,526	990
Transfers	3,205	(3,205)
Total general revenues and transfers	1,265,013	(2,111)
Change in net position	(10,124)	4,005
NET POSITION, beginning of year, prior to restament	(274,333)	67,943
Restatement of beginning net position (Footnote 1R)	594	-
NET POSITION, end of year	$ (283,863)	71,948

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:
(87,545)	-	(87,545)	General government administration
(20,893)	-	(20,893)	Judicial administration
(325,284)	-	(325,284)	Public safety
5,475	-	5,475	Public works
(66,788)	-	(66,788)	Health and welfare
(666,217)	-	(666,217)	Education
(47,862)	-	(47,862)	Parks, recreational and cultural
(16,970)	-	(16,970)	Community development
(49,053)	-	(49,053)	Interest on long-term debt
(1,275,137)	-	(1,275,137)	Total governmental activities
			Business-type activities:
2,205	-	2,205	Landfill
4,914	-	4,914	Innovation Technology Park
(1,003)	-	(1,003)	Parks and recreation
6,116	-	6,116	Total business-type activities
(1,269,021)	-	(1,269,021)	**Total primary government**
			Component Units:
-	(1,091,647)	(1,091,647)	School Board
-	(43,647)	(43,647)	Adult Detention Center
-	(1,135,294)	(1,135,294)	**Total component units**
			General revenues:
			Taxes:
787,059	-	787,059	Real property
175,182	-	175,182	Personal property
80,140	-	80,140	Local sales
13,266	-	13,266	Consumer's utility
29,882	-	29,882	Business, professional and occupational licenses (BPOL)
20,067	-	20,067	Recordation
12,550	-	12,550	Motor vehicle licenses
14,499	-	14,499	Other local taxes
5,213	-	5,213	Short term rental, bank stock, public utility gross receipts
-	826,798	826,798	Payments from primary government
			Grants and contributions not restricted to specific programs:
68	692	760	Federal revenues
70,286	485,651	555,937	State revenues
7,227	4,691	11,918	Local revenues
15,929	3,162	19,091	Investment earnings
18	-	18	Insurance claims and recoveries
31,516	6,451	37,967	Miscellaneous
-	-	-	Transfers
1,262,902	1,327,445	2,590,347	Total general revenues and transfers
(6,119)	192,151	186,032	Change in net position
(206,390)	1,175,327	968,937	**NET POSITION, beginning of year, prior to restament**
594	10,385	10,979	Restatement of beginning net position (Footnote 1R)
(211,915)	1,377,863	1,165,948	**NET POSITION, end of year**

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 3**

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2021

(amounts expressed in thousands)

		Capital Projects						
	General Fund	Streets & Roads	Other Capital Projects	Education	Fire & Rescue Levy	COVID-19 Response	Other Governmental Funds	Total Governmental Funds
ASSETS								
Equity in pooled cash and investments	$ 511,804	41,240	51,689	-	50,579	50,398	58,132	763,842
Restricted cash and temporary investments	6	806	6,161	-	-	-	-	6,973
Property taxes receivable, net	12,970	-	-	-	257	-	25	13,252
Accounts receivable, net	8,402	309	-	-	161	164	1,169	10,205
Due from other funds	306	-	-	-	-	-	-	306
Due from other governmental units	25,022	42,732	583	-	-	-	122	68,459
Investments in direct financing leases	5,661	-	-	-	-	-	-	5,661
Inventory	297	-	-	-	-	-	24	321
Prepaid items	-	-	-	-	-	9	2,163	2,172
Total assets	$ 564,468	85,087	58,433	-	50,997	50,571	61,635	871,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
LIABILITIES								
Accounts payable	$ 38,441	18,477	4,420	-	1,411	190	39	62,978
Wages and benefits payable	15,909	-	-	-	-	21	1,008	16,938
Deposits and escrows	37,714	-	-	-	1	-	42	37,757
Due to other governmental units	410	1,280	-	-	-	-	28	1,718
Retainage	-	806	1,672	-	-	-	-	2,478
Unearned revenues	79,230	-	-	-	-	50,244	2,299	131,773
Total liabilities	171,704	20,563	6,092	-	1,412	50,455	3,416	253,642
DEFERRED INFLOWS OF RESOURCES								
Prepaid taxes	114,932	-	-	-	8,238	-	989	124,159
Unavailable transportation revenues	-	27,214	-	-	-	-	-	27,214
Unavailable taxes	8,371	-	-	-	165	-	5	8,541
Unavailable lease revenues	4,995	-	-	-	-	-	-	4,995
Total deferred inflows of resources	128,298	27,214	-	-	8,403	-	994	164,909
FUND BALANCES								
Non-spendable	297	-	-	-	-	9	2,187	2,493
Restricted	9,505	-	-	-	41,182	107	55,038	105,832
Committed	142,265	37,310	52,341	-	-	-	-	231,916
Assigned	16,940	-	-	-	-	-	-	16,940
Unassigned	95,459	-	-	-	-	-	-	95,459
Total fund balances	264,466	37,310	52,341	-	41,182	116	57,225	452,640
Total liabilities, deferred inflows of resources and fund balances	$ 564,468	85,087	58,433	-	50,997	50,571	61,635	871,191

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 4**

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

As of June 30, 2021

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3)		$ 452,640
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes $4,108, related to Internal Service Fund assets, which is included in Internal Service Fund net position below).		634,779
Deferred outflows of resources are not financial resources and, therefore are not reported in the funds:		
Deferred loss on bond refundings		27,960
Deferred outflows of resources from OPEB (excludes $458 related to Internal Service Fund)		11,863
Deferred outflows of resources from pensions (excludes $5,098 related to Internal Service Fund)		121,531
Deferred inflows of resources are not available to pay for current-period expenditures:		
Deferred inflows of resources - Unavailable transportation revenues		27,214
Deferred inflows of resources - Unavailable taxes		8,541
Deferred inflows of resources - Unavailable lease revenues		4,995
Deferred inflows of resources - OPEBs (excludes $438 related to Internal Services Fund)		(17,118)
Deferred inflows of resources - pensions (excludes $75 related to Internal Services Fund)		(3,002)
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.		62,746
Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due.		(15,733)
Sewer and water availability credits were not recognized in the governmental funds, but rather, are recognized as an expenditure when used.		11,119
Assets are not due in the current period, and, therefore, are not reported in the funds:		
Net OPEB assets		4,070
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note Disclosure 10):		
Other long-term obligations (excludes $13,063 related to Internal Service Fund)	$ (307,912)	
Loans payable	(21,153)	
Bonds payable	(180,211)	
School bonds payable	(879,359)	
Capital lease obligations	(54,915)	
Compensated absences (excludes $2,110 related to Internal Service Fund)	(44,686)	
Operating settlement - School Board	(13,146)	
Premiums on bonds issued	(114,086)	
Total long-term liabilities		(1,615,468)
Net position of governmental activities (Exhibit 1)		$ (283,863)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 5**
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	General Fund	Capital Projects: Streets & Roads	Capital Projects: Other Capital Projects	Capital Projects: Education	Fire & Rescue Levy	COVID-19 Response	Other Governmental Funds	Total Governmental Funds
REVENUES:								
General property taxes	$ 903,036	-	-	-	52,448	-	5,678	961,162
Other local taxes	164,044	-	-	-	-	-	11,573	175,617
Permits, privilege fees and regulatory licenses	1,760	-	-	-	-	-	19,128	20,888
Fines and forfeitures	1,788	-	-	-	-	-	-	1,788
From use of money and property	15	12	12	-	(124)	146	8	69
Charges for services	7,157	-	27	-	-	-	15,435	22,619
Intergovernmental revenues:								
Federal	24,660	9,328	-	-	-	75,111	32,400	141,499
State	133,453	25,728	36	-	-	-	484	159,701
Local	7,228	43,533	49	-	-	-	-	50,810
Miscellaneous	29,115	1,528	-	-	227	-	20	30,890
Total revenues	1,272,256	80,129	124	-	52,551	75,257	84,726	1,565,043
EXPENDITURES:								
Current:								
General government administration	74,746	-	-	-	-	3,463	-	78,209
Judicial administration	27,290	-	-	-	-	-	-	27,290
Public safety	284,552	-	20,802	-	25,478	18,058	18,620	367,510
Public works	6,991	-	-	-	-	-	381	7,372
Health and welfare	120,088	-	-	-	-	10,641	-	130,729
Education	538,926	-	-	-	-	28,240	-	567,166
Parks, recreational and cultural	50,385	-	-	-	-	150	-	50,535
Community development	13,026	-	-	-	-	14,591	48,210	75,827
Debt service:								
Principal retirement	101,010	-	-	-	-	-	-	101,010
Interest and other debt costs	45,426	-	-	-	-	-	-	45,426
Capital outlays	-	87,368	44,292	116,528	-	-	-	248,188
Total expenditures	1,262,440	87,368	65,094	116,528	25,478	75,143	67,211	1,699,262
Excess / (deficiency) of revenues over / (under) expenditures	9,816	(7,239)	(64,970)	(116,528)	27,073	114	17,515	(134,219)
OTHER FINANCING SOURCES / (USES):								
Transfers in	53,234	20,295	10,095	-	-	-	5,425	89,049
Transfers out	(28,475)	(13,641)	(119)	-	(27,438)	-	(10,854)	(80,527)
Issuance of debt	-	-	44,770	106,510	-	-	-	151,280
Premium on debt	-	-	7,450	10,018	-	-	-	17,468
Insurance claims and recoveries	18	-	-	-	-	-	-	18
Sale of surplus property	247	-	-	-	1,648	-	20	1,915
Total other financing sources / (uses)	25,024	6,654	62,196	116,528	(25,790)	-	(5,409)	179,203
Net change in fund balances	34,840	(585)	(2,774)	-	1,283	114	12,106	44,984
FUND BALANCE, beginning of year	229,032	37,895	55,115	-	39,899	2	45,119	407,062
Restatement of fund balance (Footnote 1R)	594	-	-	-	-	-	-	594
FUND BALANCE, end of year	$ 264,466	37,310	52,341	-	41,182	116	57,225	452,640

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 6**

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

For the Fiscal Year Ended June 30, 2021

(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5)		$ 44,984
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 (exlcudes $1,612 for Internal Service Funds)	$ 51,226	
Add donated infrastucture for community development	9,309	
Add donated land for parks, recreation and cultural	19	
Subtract depreciation (excludes $1,521 related to Internal Service Fund assets included in Internal Service Fund net position below)	(36,965)	23,589
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.		(5,019)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Add revenues recognized for the water and sewer availability credits refunded		(113)
Add amortized premiums		15,650
Add current year's deferred inflows of resources related to unavailable transportation revenue	27,214	
Subtract prior year's deferred inflows of resources related to unavailable transportation revenue	(15,492)	11,722
Add current year's deferred inflows of resources related to unavailable lease revenue (Note Disclosure 5)	4,995	
Subtract prior year's deferred inflows of resources related to unavailable lease revenue	(6,125)	(1,130)
Add current year's deferred inflows of resources related to financing activities and uncollectible tax billings (Note Disclosure 4)	8,541	
Subtract prior year's deferred inflows of resources related to financing activities and uncollectible tax billings	(7,463)	1,078
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 repayments reduce long-term liabilities in the Statement of Net Position (Note Disclosure 10).		
Add debt principal repayment	101,010	
Subtract premium	(17,468)	
Subtract issuance of debt	(151,280)	(67,738)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Amortized bond refunding losses		(3,512)
Add prior year operating settlement - School Board	2,398	
Subtract current year operating settlement - School Board	(13,147)	(10,749)
Add prior year's compensated absences liability (excludes $2,003 for Internal Service Fund)	40,773	
Subtract current year's compensated absences liability (excludes $2,110 for Internal Service Fund)	(44,685)	(3,912)
Add prior year's net OPEB accrual (excludes $2,067 for Internal Service Fund)	45,560	
Subtract current year's net OPEB accrual (excludes $1,751 for Internal Service Fund)	(41,825)	3,735
Add prior year's net pension accruals (excludes $6,308 for Internal Service Fund)	131,369	
Subtract current year's net pension accruals (excludes $6,269 for Internal Service Fund)	(148,743)	(17,374)
Add prior year's accrued interest liability	15,619	
Subtract current year's accrued interest liability	(15,733)	(114)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue / (expense) of the internal service funds are reported with governmental activities:		
Add internal service funds' change in net position		(1,221)
Change in net position of governmental activities (Exhibit 2)		$ (10,124)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 7**
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2021
(amounts expressed in thousands)

	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	$ 20,314	10,944	1	31,259	53,826
Restricted cash and temporary investments	16,325	-	491	16,816	17,870
Investments	-	-	-	-	18,051
Accounts receivable, net	283	32	14	329	4,875
Notes receivable	199	-	-	199	-
Due from other governmental units	173	-	-	173	6
Inventory	12	4,394	48	4,454	306
Prepaid items	-	-	20	20	480
Total current assets	37,306	15,370	574	53,250	95,414
Non-current assets:					
Restricted investments	-	-	-	-	1,250
Notes receivable	172	-	-	172	-
Capital assets:					
Land and construction in progress	30,376	1,083	2,566	34,025	155
Buildings and other capital assets, net of depreciation	14,263	-	1,168	15,431	3,953
Total non-current assets	44,811	1,083	3,734	49,628	5,358
Total assets	82,117	16,453	4,308	102,878	100,772
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	8	8	-
Deferred outflows related to OPEB	143	-	-	143	458
Deferred outflows related to pensions	1,506	-	-	1,506	5,098
Total deferred outflows of resources	1,649	-	8	1,657	5,556
LIABILITIES					
Current liabilities:					
Accounts payable	2,961	155	168	3,284	2,370
Wages and benefits payable	191	-	142	333	667
Deposits and escrows	-	19	9	28	-
Retainage	70	-	-	70	-
Accrued interest	-	-	52	52	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	7,431
Due to other funds	-	-	306	306	-
Unearned revenues	2,625	-	228	2,853	-
Current portion of surplus distributions payable	-	-	-	-	836
Current portion of bonds payable	-	-	630	630	-
Current portion of bond premiums	-	-	97	97	-
Current portion of compensated absences	38	-	3	41	150
Total current liabilities	5,885	174	1,635	7,694	11,454
Noncurrent liabilities:					
Accrued closure liability	16,206	-	-	16,206	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	15,062
Surplus distributions payable	-	-	-	-	1,530
Bonds payable, net of current portion	-	-	3,525	3,525	-
Bond premiums, net of current portion	-	-	483	483	-
Net OPEB liabilities	603	-	-	603	1,771
Net pension liabilities	3,338	-	-	3,338	11,292
Compensated absences	497	-	41	538	1,960
Total noncurrent liabilities	20,644	-	4,049	24,693	31,615
Total liabilities	26,529	174	5,684	32,387	43,069
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to OPEB	178	-	-	178	438
Deferred inflows related to pensions	22	-	-	22	75
Total deferred inflows of resources	200	-	-	200	513
NET POSITION					
Net investments in capital assets	44,639	1,084	(993)	44,730	4,108
Restricted for self-insurance funds	-	-	-	-	3,255
Unrestricted	12,398	15,195	(375)	27,218	55,383
Total net position / (deficit)	$ 57,037	16,279	(1,368)	71,948	62,746

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 8**
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes to Net Position
For the Fiscal Year Ended June 30, 2021
(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	$ 20,094	5,660	3,290	29,044	118,745
Miscellaneous	781	-	209	990	5,703
Total operating revenues	20,875	5,660	3,499	30,034	124,448
OPERATING EXPENSES:					
Personnel expenses	5,565	-	426	5,991	17,787
Contractual services	4,688	260	2,844	7,792	28,045
Materials / supplies	3,580	9	285	3,874	6,606
Depreciation	1,131	-	234	1,365	1,521
Closure expenses	2,603	-	-	2,603	-
Costs of sale of land	-	385	-	385	-
Other	133	92	5	230	792
Claims and premiums	-	-	-	-	56,249
OPEB costs	-	-	-	-	4,835
Losses and loss adjustment expenses	-	-	-	-	4,519
Total operating expenses	17,700	746	3,794	22,240	120,354
Operating income / (loss)	3,175	4,914	(295)	7,794	4,094
NON-OPERATING REVENUES / (EXPENSES):					
Interest income	(15)	(2)	121	104	107
Interest and other debt costs	-	-	(470)	(470)	-
Loss on sale of capital assets	(189)	-	(29)	(218)	(105)
Total non-operating revenues / (expenses)	(204)	(2)	(378)	(584)	2
Income / (loss) before transfers	2,971	4,912	(673)	7,210	4,096
TRANSFERS:					
Transfers in from:					
General fund	-	35	1,682	1,717	80
Special revenue funds	-	-	-	-	401
Fire & rescue levy fund	-	-	-	-	98
Capital projects funds	-	71	-	71	4
Transfers out to:					
General fund	(2,302)	-	-	(2,302)	(2,000)
Capital projects funds	-	(2,691)	-	(2,691)	(3,900)
Total transfers	(2,302)	(2,585)	1,682	(3,205)	(5,317)
Change in net position	669	2,327	1,009	4,005	(1,221)
NET POSITION, beginning of the year	56,368	13,952	(2,377)	67,943	63,967
NET POSITION, end of the year	$ 57,037	16,279	(1,368)	71,948	62,746

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

Exhibit 9
Page 1 of 2

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 18,891	5,660	3,583	28,134	117,574
Cash received / (paid) from / (to) other entities	452	-	(29)	423	6,174
Payments for claims and premiums	-	-	-	-	(65,047)
Payments to suppliers for goods and services	(5,735)	(2,286)	(3,566)	(13,821)	(37,979)
Payments to employees for services	(5,394)	-	(460)	(5,854)	(16,901)
Net cash provided / (used) by operating activities	8,213	3,374	(472)	8,882	3,821
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Surplus distributions paid	-	-	-	-	(271)
Proceeds from notes receivable	198	-	-	198	-
Transfers in	-	106	1,682	1,788	583
Transfers out	(2,302)	(2,691)	-	(4,993)	(5,900)
Net cash provided / (used) by non-capital financing activities	(2,104)	(2,585)	1,682	(3,007)	(5,588)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(6,696)	-	(88)	(4,551)	(1,611)
Proceeds from the sale of capital assets	122	-	-	122	3
Principal paid on bonds, leases, and other debt	-	-	(1,255)	(1,255)	-
Interest paid on bonds, leases, and other debt costs	-	-	71	71	-
Net cash used by capital and related financing activities	(6,574)	-	(1,272)	(5,613)	(1,608)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from maturities of investments	-	-	-	-	15,240
Purchases of investments	-	-	-	-	(14,597)
Interest and dividends received on investments	(13)	4	374	365	316
Net cash provided by investing activities	(13)	4	374	365	959
Net increase (decrease) in cash and cash equivalents	(478)	793	312	627	(2,416)
CASH AND CASH EQUIVALENTS, beginning of year	37,117	10,151	180	47,448	74,112
CASH AND CASH EQUIVALENTS, end of year	$ 36,639	10,944	492	48,075	71,696

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

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	**Innovation Technology Park**	**Parks & Recreation**	**Totals**	
RECONCILIATION OF OPERATING INCOME / (LOSS) TO NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES:					
Operating income / (loss)	$ 3,175	4,914	(295)	5,776	4,094
Adjustments to reconcile operating income / (loss) to net cash provided / (used) by operating activities:					
Depreciation	1,131	-	234	1,365	1,521
Dividends applied to premiums	-	-	-	-	(1,300)
Change in assets:					
(Increase) / decrease in:					
Accounts receivable, net of accrued interest	(92)	-	31	(48)	746
Due from other governmental units	(140)	-	-	(140)	(6)
Due from component units	-	-	-	-	103
Due to related party	-	-	-	-	(170)
Inventory	(5)	(1,714)	15	(1,704)	226
Prepaid items	-	-	-	-	(35)
Change in deferred outflows of resources:					
Increase in:					
Deferred outflows related to OPEB	(14)	-	10	(4)	(47)
Deferred outflows related to pensions	(646)	-	61	(585)	(2,166)
Change in liabilities:					
Increase / (decrease) in:					
accrued interest interest	2,389	155	157	2,701	(2,869)
Retainage	70	-	-	70	-
Unpaid losses and related liabilities	-	-	-	-	914
Accrued closure liability	2,602	-	-	2,602	-
Due from other funds	-	-	(496)	(496)	-
Unearned revenues	(1,111)	-	52	(1,287)	-
Deposits and escrows	-	19	-	19	-
Other long term liabilities	926	-	(220)	706	3,141
Change in deferred inflows of resources:					
Increase / (decrease) in:					
Deferred inflows related to OPEB	71	-	(9)	62	157
Deferred inflows related to pensions	(143)	-	(12)	(155)	(488)
Total adjustments	5,038	(1,540)	(392)	3,106	(273)
Net cash provided / (used) by operating activities	$ 8,213	3,374	(472)	8,882	3,821

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 10**
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
June 30, 2021
(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) and Pension Trust Funds	Custodial Funds
ASSETS		
Equity in pooled cash and investments	$ -	1,055
Cash held by other fiscal agents	-	101
Restricted cash	513	-
Accounts receivable, net of interest and dividends	146	96
Restricted investments:		
Money market mutual funds	1,112	-
Equity investments	120,962	-
Real estate investments	6,664	-
Fixed return investments	55,030	-
Life insurance annuity	19,529	-
Total investments	203,297	-
Total assets	203,956	1,252
LIABILITIES		
Accounts payable	4,376	531
Escrow and deposits	-	527
Total liabilities	4,376	1,058
NET POSITION		
Net position restricted for pensions	75,247	-
Net position restricted for OPEB	124,333	-
Net position restricted for other purposes	-	194
Total net position	$ 199,580	194

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 11**
FIDUCIARY FUNDS
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) and Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Member	$ 2,030	-
Employer	10,853	-
Total contributions	12,883	-
Collections on behalf of individuals for programs	-	967
Sales taxes collected for other governments	-	712
Other income	12	-
Investment income:		
Interest and dividends	3,874	(3)
Net appreciation in fair value of investments	33,884	-
Total investment income	37,758	(3)
Less: investment expenses	(338)	-
Net investment income	37,420	(3)
Total additions	50,315	1,676
DEDUCTIONS		
Pension and OPEB payments	7,133	-
Refund of members' contributions	222	-
Payments on behalf of individuals for programs	-	904
Payments of sales taxes to other governments	-	712
Administrative expenses	352	-
Miscellaneous expenses	-	80
Total deductions	7,707	1,696
Change in net position	42,608	(20)
NET POSITION, beginning of year	156,972	-
Restatement of net position (Footnote 1R)	-	214
NET POSITION, end of year	$ 199,580	194

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

COUNTY OF PRINCE WILLIAM, VIRGINIA **Exhibit 12**

COMPONENT UNITS

Combining Statement of Net Position

June 30, 2021

(amounts expressed in thousands)

	School Board	Adult Detention Center	Totals
ASSETS			
Equity in pooled cash and investments	$ 557,193	13,502	570,695
Cash held by other fiscal agents	-	2,347	2,347
Accounts receivable, net	4,637	2	4,639
Due from other governmental units	36,016	1,957	37,973
Due from primary government	13,146	-	13,146
Inventory	7,623	-	7,623
Prepaid items	4	-	4
Net OPEB assets	3,002	784	3,786
Restricted assets:			
Restricted cash and temporary investments	65,818	7	65,825
Capital assets:			
Land and construction in progress	143,466	51	143,517
Buildings and other capital assets, net of depreciation	1,616,840	102,312	1,719,152
Total assets	2,447,745	120,962	2,568,707
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	29,230	1,354	30,584
Deferred outflows related to pensions	281,406	12,649	294,055
Total deferred outflows of resources	310,636	14,003	324,639
LIABILITIES			
Accounts payable	18,182	682	18,864
Wages and benefits payable	133,014	1,488	134,502
Retainage	7,510	7	7,517
Unearned revenues	14,265	-	14,265
Noncurrent liabilities:			
Due within one year	24,012	275	24,287
Due in more than one year	1,179,532	34,791	1,214,323
Total liabilities	1,376,515	37,243	1,413,758
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	35,051	2,392	37,443
Deferred inflows related to pensions	63,884	398	64,282
Total deferred inflows of resources	98,935	2,790	101,725
NET POSITION			
Net investment in capital assets	1,760,307	102,363	1,862,670
Restricted for:			
Capital projects	57,857	-	57,857
Net OPEB asset	3,002	784	3,786
Food and nutrition services	64,284	-	64,284
Other purposes	16,184	-	16,184
Unrestricted	(618,703)	(8,215)	(626,918)
Total net position	$ 1,282,931	94,932	1,377,863

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

PRINCE WILLIAM COUNTY

Combining Statement of Activities
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

			Program Revenues		
Functions / Programs		**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
School Board					
Instruction	$	903,136	2,043	209,917	127
Support services		472,117	2,833	70,259	-
Business-type activities		1,632	686	-	-
Education foundation		3,214	-	2,587	-
Adult Detention Center		56,297	223	12,427	-
Total component units	$	1,436,396	5,785	295,190	127

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

Net (Expense) / Revenue and Changes in Net Position

	School Board	Adult Detention Center	Totals	Functions / Programs
				School Board
	(691,049)	-	(691,049)	Instruction
	(399,025)	-	(399,025)	Support services
	(946)	-	(946)	Business-type activities
	(627)	-	(627)	Education foundation
	-	(43,647)	(43,647)	Adult Detention Center
	(1,091,647)	(43,647)	(1,135,294)	**Total component units**
				General revenues:
$	774,260	52,538	826,798	Payment from primary government
	692	-	692	Federal revenues
	485,651	-	485,651	State revenues
	-	4,691	4,691	Local revenues
	3,288	(126)	3,162	Investment earnings
	5,575	876	6,451	Miscellaneous
	1,269,466	57,979	1,327,445	Total general revenues
	177,819	14,332	192,151	Change in net position
	1,096,906	78,421	1,175,327	**NET POSITION, beginning of year**
	8,206	2,179	10,385	Restatement of net position (Footnote 1R)
$	1,282,931	94,932	1,377,863	**NET POSITION - end of year**

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

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Prince William, Virginia (the County) prepares its financial statements, commonly known as the Annual Comprehensive Financial Report (ACFR), in conformity with accounting principles generally accepted in the United States (GAAP). 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 remaining notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2021.

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 ACFR.

Illustration 1-1
Potential Component Units

The following are blended component units included due to a financial benefit / burden relationship where the two Boards are substantially the same:	
Prince William Parkway District	Exercise the powers and duties enumerated in the Code of Virginia related to the transportation improvement district.
Route 234 Bypass District	Authorized by the Code of Virginia and established by Board resolution. Set the appropriate tax rate to fund improvements within the district and act on transportation matters within the district.
The following are blended component units included due to a financial benefit / burden relationship where majority of the Board is appointed by the County:	
Self-Insurance Group Workers' Compensation Association	Authorized by the Code of Virginia and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective workers' compensation insurance protection for participating members.
Self-Insurance Group Casualty Pool	Authorized by the Code of Virginia and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective casualty insurance protection for participating members.

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

The following are discretely presented component units where the County can impose its will through the appointment of a voting majority of the Board and a financial benefit / burden relationship exists:

Adult Detention Center (ADC)	Authorized by the Code of Virginia. Establish policy for operation of Prince William County-Manassas regional adult detention center, providing care and confinement for County and adjoining city prisoners.

The following are discretely presented component units where fiscal dependency exists, but the two Boards are separate and independent, and the component unit provides services to the County:

School Board	Authorized by the Code of Virginia and established by Board resolution to provide educational services to the County. The School board cannot issue bonded debt and receives a large portion of its operating funds from the County. The County make policies governing school division.

The following are jointly governed organizations where none of the inclusion criteria have been met:

District Home Board	Agreement between the five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria) pursuant to the Code of Virginia. Establishes policy for operations of two district homes.
Northern Virginia Health Center Commission	Board resolution created a commission for the operation of a nursing home pursuant to the Code of Virginia. Develops and establishes policies for the operation of a nursing home. Service agreement between five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria).
Northern Virginia Special Education Regional Program	Agreement between Prince William County School Division and the Cities of Manassas and Manassas Park to foster cooperation in the development and delivery of special education programs and other appropriate educational services.
Governor's School @Innovation Park	Agreement between Prince William County School Division and the Cities of Manassas and Manassas Park to deliver an advanced and intensive program in science, technology, engineering, and mathematics (STEM) for selected high school juniors and seniors.
Manassas Regional Airport	Agreement between Prince William County and the City of Manassas for the establishment and operation of a regional airport

The following are related organizations where none of the inclusion criteria have been met (see Note 17):

Industrial Development Authority (IDA)	Authorized by the Code of Virginia and established by Board resolution. Promotes industry and economic development by inducing businesses to locate or remain in the State and County.
Service Authority	Authorized by the Code of Virginia and established by Board resolution. Provide water and sewer utilities to County residents.
Northern Virginia Criminal Justice Training Academy (NVCJTA)	Established by Board resolution. Construct an Emergency Vehicle Operations Center in which the County has a 30% interest.

Illustration 1-1 (cont'd) Potential Component Units	
Northern Virginia Transportation Authority (NVTA)	Authorized by the Code of Virginia. Focused on delivering real transportation solutions and value for Northern Virginia's transportation
The following are joint ventures where there is an ongoing financial responsibility, but no ongoing financial interest and no explicit and measurable equity interest is deemed to exist (see Note 18):	
Potomac & Rappahannock Transportation Commission (PRTC)	Joint venture between Prince William County and Stafford County, the Cities of Manassas, Manassas Park and Fredericksburg. Manages and operates OmniRide (regional) and OmniLink (County-wide) bus system as well as the Virginia Railway Express (VRE), the regional train system. Operations are funded by the State 2% Motor Fuel Tax. Each jurisdiction has a representative on the PRTC Board. The County also funds PRTC's lease payments.

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

The 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.

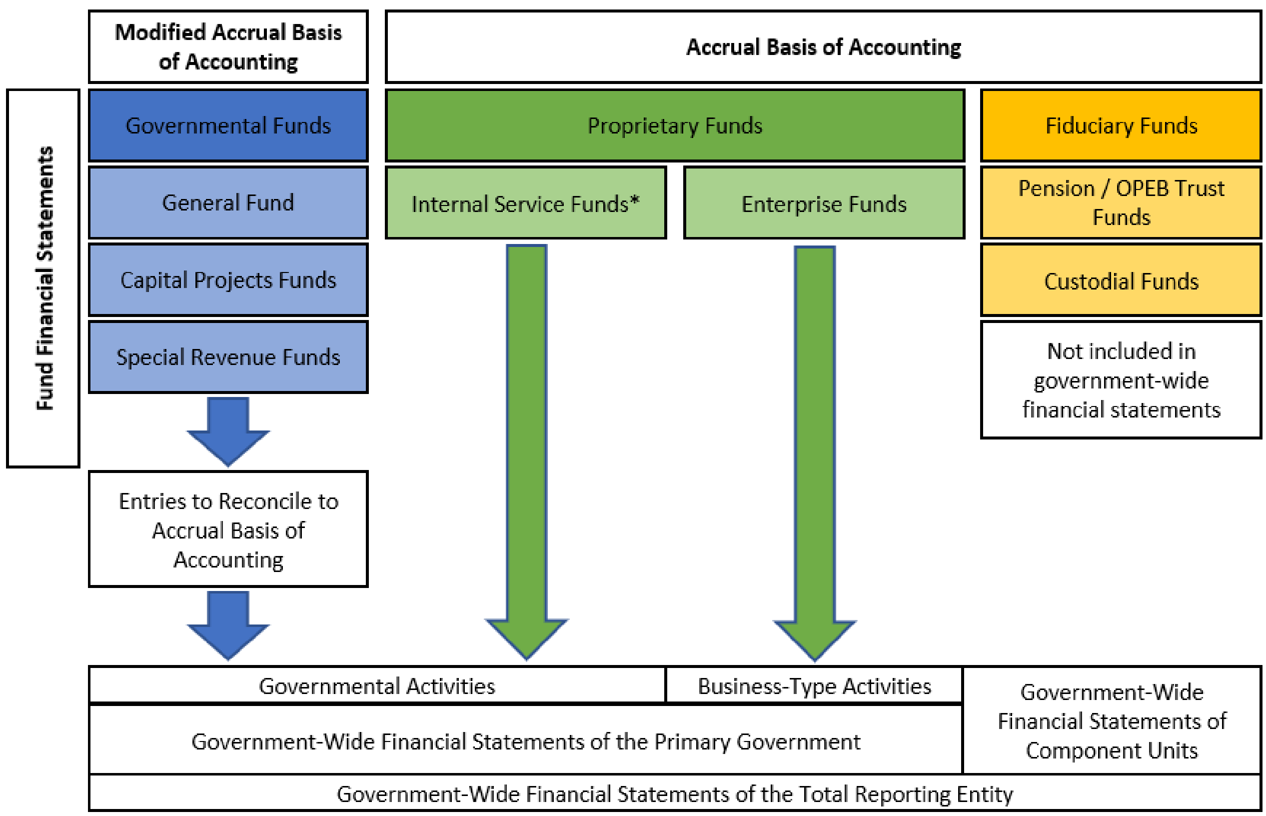
The Adult Detention Center, a discretely presented component unit of the County, does not issue separately audited financial statements.

All accounts of the County and its component units are reported as of and for the year ended June 30, 2021.

B. Basis of Presentation

The basic financial statements include both fund financial statements which are based on major individual funds, and government-wide financial statements, which are based on the County as a whole (see Illustration 1-2, below).

Illustration 1-2
Basis of Financial Statement Presentation



* - The County's Internal Service Funds predominantly serve funds of the County Government.

Fund Financial Statements:

At the most basic level, 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 the assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity (including reserves), revenues and expenditures / expenses related to a specific group of activities of the government. 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. Certain funds that do not meet the criteria specified in GASB Statement No. 34 to be treated as major funds are nonetheless presented as major due to the specific community focus on the activities of the fund. 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 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.

- Educational Capital Projects Fund – 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 in support of those projects.

- Fire & Rescue Levy Special Revenue Fund – The Fire & Rescue Levy Special Revenue fund is used to account for fire and rescue services. Revenues are principally derived from tax levy and interest earnings. Expenditures consist of the cost of delivering fire and rescue services.

- COVID-19 Response Fund – The COVID-19 Response Special Revenue Fund is used to account for federal grant funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and the American Rescue Plan Act (ARPA) of 2021 in response to the COVID-19 pandemic.

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 legally adopted budget. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column on the government-wide financial statements, reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

Proprietary Funds:

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

- Landfill Fund – The Prince William County Landfill provides refuse disposal services.

- Innovation Technology Park Fund – Innovation Technology Park provides land for economic development purposes.

- Parks & Recreation Fund – The Prince William County Department of Parks, Recreation and Tourism provides recreation services to County residents at the golf courses, Waterworks and Splashdown Water Park.

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

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

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

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

Fiduciary Funds:

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

- Supplemental Pension Plan (SSP) Trust Fund – The County accounts for a defined benefit trust to provide Supplemental Pension Plan benefits to sworn and uniformed police officers, fire fighters and Sheriff and Adult Detention Center personnel.

- 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.

- Custodial Funds – The County accounts for receipts and disbursements of monies for certain County welfare, mental health services and federal self-sufficiency program recipients as well as shares a portion of the sales taxes collected to the Towns of Dumfries, Quantico, Occoquan, and Haymarket.

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

Government-Wide Financial Statements:

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all 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 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.

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

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

D. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year. Budgets for all governmental funds of the Primary Government and Discretely Presented Component Units of the County are adopted by the Board annually on a non-GAAP basis which excludes the effects of fair value adjustments to the carrying amounts of investments required by GASB Statement No. 31 and GASB Statement No. 72 (see Note Disclosure 1.G). Reconciliations between the non-GAAP basis amounts presented for budgetary comparisons and the GAAP basis amounts presented elsewhere in the ACFR are shown on the face of the budgetary comparison schedules (Schedules 1, 2, 3, 15, 16, 17, 18, 19, 20, 21, 22 and 23).

Project length financial plans are adopted for all capital projects funds. However, the County's Capital Improvement Plan is a five year plan identifying which projects the County is planning on initiating and the Board budgets and appropriates project length budgets for new capital projects for the first year of the Plan. In mid-February, the County Executive submits to the Board, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

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

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

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

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

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

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

- On schedule 1, the sheriff and transportation costs exceeded the amount budgeted for fiscal year 2021. The sheriff and transportation incurred additional costs due to overtime and salary costs.

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

E. Encumbrances

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

F. Cash and Investments

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

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

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

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

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

G. Fair Value Measurements

Fair value was estimated for each class of financial instrument for which it was practical to estimate fair value. Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. Market participants are assumed to be independent, knowledgeable, able, and willing to transact an exchange and not acting under duress. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets to estimate fair value. The three levels of the fair value hierarchy are defined as follows:

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

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

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

H. Inventories and Prepaid items

Inventory is valued at cost for all governmental funds and at lower of cost or market for all other funds using the first-in, first-out method. Inventory in the General Fund as well as certain Enterprise and Internal Service Funds consists of expendable supplies held for consumption and land held for resale. The cost is recorded as an expenditure / expense 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 expended / expensed in the period they are used.

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

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

J. Compensated Absences

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

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

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

L. Capital Assets

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

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value as of the date of donation per GASB Statement No.72, Fair Value Measurement and Application.

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

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis -- for State and Local Governments, and GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, the County's infrastructure and commercial "off-the-shelf" software has been capitalized retroactively, to 1980. Of the $241 million in capitalized infrastructure as of June 30, 2021, approximately $190 million was valued using actual historical cost records and approximately $51 million was estimated.

Using current replacement cost for a similar asset and deflating this cost using price indices to the acquisition year. $63 million of intangible software capitalized on June 30, 2021, was valued using project costing models. The County does not capitalize streets and roads as these are transferred to and become property of the Commonwealth of Virginia upon completion.

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

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

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

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

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

M. Deferred Outflows / Inflows of Resources

Deferred outflows of resources are reported in a separate section, immediately following assets, on the Statements of Net Position and Balance Sheets. Deferred outflows of resources represent a consumption of resources that benefit future period(s) and will be recognized in future periods as an expenditure/expense when they are used. Prince William County has the following deferred outflows of resources: deferred loss on refunding and deferred outflows related to pensions and OPEB.

Deferred inflows of resources are reported in a separate section, immediately following liabilities, on the Statements of Net Position and Balance Sheets. Deferred inflows represent an acquisition of resources that will be used in future reporting periods and will be recognized as revenues in future periods. Prince William County has the following deferred inflows of resources: prepaid and unavailable taxes, transportation revenues, lease revenues and deferred inflows related to pensions and OPEB.

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

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

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

O. Fund Balance

Non-spendable fund balances represent amounts that cannot be spent because they are not in spendable form. Restricted fund balances represent those portions of fund balance which have constraints placed upon their use by either external sources or imposed by law through constitutional provisions or enabling legislation. Committed and assigned fund balances represent the County's managerial plans for future use of financial resources. Unassigned, fund balance is the residual classification for the General Fund. For more detail information, see Note Disclosure 11, Fund Balances / Net Position.

The 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. Department directors have the authority to approve the assignment of fund balance through encumbrance of funds, and the County Executive has the authority to modify or rescind any fund balance assignment per §100.12(D)2.a of the County's Purchasing Regulations.

P. Leases

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

Q. Deferred Gain (Loss) on Debt Refundings

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

R. Restatements due to the Implementation of GASB 84, Fiduciary Activities

GASB 84, Fiduciary Activities issued January 2017, is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The County implemented the requirements of this standard.

i. Impact on Prince William County's ACFR:

The County and Prince William County Schools (Schools) implemented GASB Statement No. 84, Fiduciary Activities, in fiscal year 2021, which established clarifying guidance regarding the classification of fiduciary activities for accounting and financial reporting purposes.

The County reviewed existing fiduciary activity as well as other activity that might classify as fiduciary activity under the new guidance and determined the following:

- Confirmed that the County's Pension Plans and Other Post-Employment Benefit Plans (OPEB) will remain classified as a fiduciary activity in the County's financial statements and is considered a component unit under GASB 84.

- Reclassify the Innovation Owners' Association fund, Historic Preservation Foundation fund, Library Donations fund, Police Donations fund, Animal Donations fund, and Liberty Donations fund from fiduciary activity funds to the General Fund.

- Reclassify the Special Welfare fund, Community Services Board Payees fund, and Housing FSS Recipients fund to an updated fiduciary activity classification known as Custodial Funds.

- Reclassify Sales Taxes Collected on Behalf of the Towns from the General Fund to a Fiduciary Activity – Custodial Fund.

The implementation of GASB 84 had the following effect on beginning fund balance and net position of the County as reported for the fiscal year ended June 30, 2021:

Illustration 1-3
Restated County Net Position

		Previously Reported Beginning Net Position	GASB 84 Reclassification	Restated Beginning Net Position
Government-Wide:				
Governmental Activities	$	(274,330)	594	(273,736)

Illustration 1-4
Restated County Fund Balance

		Previously Reported Beginning Net Position	GASB 84 Reclassification	Restated Beginning Net Position
Governmental Funds:				
General Fund	$	229,032	594	229,626
Total Governmental Funds		407,065	594	407,659

ii. Impact on Prince William County's Adult Detention Center (ADC) ACFR:

The County reviewed other activity not previously identified as fiduciary activity that might classify as fiduciary activity under the new guidance and determined the following:

- The County reviewed ADC's commissary account and determined that its activity should be classified as activity under ADC's General Operating Fund. See Illustrations 1-5 and 1-6.

- The County reviewed ADC's Inmate Accounts and determined that they comply with the definition of Fiduciary Activity – Custodial Fund with a net position of $118, which is immaterial to the County. Therefore, we will pass on presenting Statements for Fiduciary Activities.

The implementation of GASB 84 had the following effect on beginning fund balance and net position of the ADC as reported for the fiscal year ended June 30, 2021:

Illustration 1-5
Restated ADC Net Position

		Previously Reported Beginning Fund Balance	GASB 84 Reclassification	Restated Beginning Fund Balance
Government-Wide:				
Governmental Activities	$	48,421	2,179	80,600

Illustration 1-6 Restated ADC Fund Balance				
		Previously Reported Beginning Fund Balance	GASB 84 Reclassification	Restated Beginning Fund Balance
Governmental Funds:				
General Fund	$	8,294	2,179	10,473
Total Governmental Funds		(5,670)	2,179	(3,491)

iii. Impact on Prince William County Schools' ACFR:

Prince William County Schools (PWCS) adopted GASB Statement No. 84, Fiduciary Activities, in FY 2021. GASB 84 establishes specific criteria for identifying fiduciary activities and the requirements for financial statement reporting. The PWCS reviewed its funds for proper classification and decided to reclassify the Student Activity Fund (SAF) from Fiduciary fund to Special Revenue fund as part of Governmental Funds. The Governor's School @Innovation Park fund and the Regional School Fund met the new custodial fund criteria and remain as Fiduciary Funds.

The SAF restricted accounts and balances were reclassified from PWCS' Fiduciary Net Position to the Governmental Restricted Fund Balance. The reclassification prompted PWCS to restate the following statements for the fiscal year ended June 30, 2020: Governmental Fund Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances; Fiduciary Fund Statement of Fiduciary Net Position; and Custodial Fund Schedule of Changes in Assets and Liabilities.

The implementation of GASB 84 had the following effect on beginning fund balance and net position of the Schools as reported for the fiscal year ended June 30, 2021:

Illustration 1-7 Restated Schools Net Position				
		Previously Reported Beginning Fund Balance	GASB 84 Fund Reclassification	Restated Beginning Fund Balance
Government-Wide:				
Governmental Activities	$	1,096,906	8,206	1,105,112

Illustration 1-8 Restated Schools Fund Balance				
		Previously Reported Beginning Fund Balance	GASB 84 Fund Reclassification	Restated Beginning Fund Balance
Governmental Funds:				
Other Non-Major Governmental Funds	$	3,688	8,207	11,894
Total Governmental Funds		293,536	8,207	301,743

NOTE (2) - CASH AND INVESTMENTS

A. Cash Deposits

All cash of the County is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), §2.2-4400 through 2.2-4411 of the Code of Virginia. Under the Act, qualified public depositories shall elect to secure deposits by either the pooled method or the dedicated method. Every qualified public depository shall deposit with a qualified escrow agent eligible collateral equal to or in excess of the required collateral. If any qualified public depository fails, the collateral pool becomes available to satisfy the claims of governmental entities. The Commonwealth Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act. Funds deposited in accordance with the requirements of the Act are considered fully secured and are not subject to custodial credit risk.

B. Investments

County Investments

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

Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in bond documents. Bond proceeds shall be invested in the Virginia State Non-Arbitrage Program (SNAP) (or its equivalent) or in individual portfolios that aid 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, 2021, the Self-Insurance Workers’ Compensation Association had $1,001 in U.S. Government Agency Securities deposited with the State Treasurer to comply with the $750 requirement, including $250 serving as a security deposit in lieu of a surety bond. The remainder serves as additional collateral because the Association does not maintain aggregate excess insurance. As of June 30, 2021, the Casualty Pool had $799 in U.S. Government Agency Securities deposited with the State Treasurer to comply with the $500 requirement since the Pool does not maintain aggregate excess insurance. While these securities are held by the State Treasurer, they are in the name of the Association and the Pool and are included in the investments of those funds.

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

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the County’s investment policy states that at the time of purchase, the weighted average maturity of the portfolio as a whole may not exceed five (5) years. Further, the County may not directly invest in securities maturing in more than ten (10) years from the date of purchase (unless the investment is maturity matched to long term cash flow requirements).

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

Illustration 2-1 reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2021.

Illustration 2-1
Fair Value and Weighted Average Maturity of Investments
June 30, 2021

		Fair Value	Weighted Average Maturity (Years)
Primary Government, School Board, and ADC			
Money Markets and Money Market Mutual Funds:			
Local Government Investment Pool (LGIP)	$ 261,442		0.003
State Non-Arbitrage Program (SNAP)	68,829		0.003
PFM Money Market	10,139		0.003
Other Money Market	22,346		0.003
NOW Accounts	73,032		0.003
Certificate of Deposits	25,000		0.044
U.S. Treasury Notes	5,289		3.877
U.S. Government Agency Securities	696,256		6.411
Corporate Bonds	173,852		2.041
Municipal Bonds	205,274		5.896
Total Primary Government, School Board, and ADC		1,541,459	
Total Reporting Entity Investments		$ 1,541,459	3.926

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 its investments will be held to maturity.

Credit Risk – State statutes authorize the County to invest in various instruments as described above. The County's Investment Policy provides for investment in obligations of other states and political subdivisions outside of the Commonwealth of Virginia rated at least AA by two Nationally Recognized Statistical Rating Organizations (NRSROs). It is also County policy to invest in negotiable certificates of deposits from banks with a rating of at least A-1 by Standard & Poor's and P-1 by Moody's Investors Service for maturities of one year or less. The County may also invest in corporate notes that have a rating of at least Aa by Moody's Investors Service and AA by Standard & Poor's. Furthermore, the County will only invest in money market or mutual funds with a rating of AAA by at least one NRSRO; "prime quality" commercial paper rated by at least two of the following: Moody's Investors Service within its NRSRO/Moody's rating of Prime 1; Standard & Poor's within its rating of A-1; Fitch Ratings Inc. within its rating of F-1; or by their corporate successors, provided that at the time of any such investment the issuing corporation has a net worth of at least $50 million and the net income of the issuing corporation has averaged $3 million per year for the previous five years and all existing senior bonded indebtedness of the issuer is rated A or its equivalent by at least two of the following: Moody's Investors Service, Standard & Poor's or Fitch Ratings Inc.; and banker's acceptances with U.S. banks or domestic offices of international banks provided that the bank's assets exceed $500 million or $1 billion respectively.

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

It is the PWSIG's policy to invest in obligations issued or guaranteed by the U.S. government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs); repurchase agreements collateralized by obligations issued or guaranteed by the U.S. Government, an agency thereof, or GSEs; non-negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act; municipal debt with a rating of at least AA by one NRSRO, negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least P-1 by Moody's Investors Service, and A-1 by Standard and Poor's; bankers' acceptances with major U.S. banks and domestic offices of international banks provided that the bank's assets exceed $500 million or $1 billion respectively; "prime quality" commercial paper rated by at least two of the following: P-1 by Moody's Investors Service, A-1 by Standard & Poor's or F-1 by Fitch Ratings Inc. ; corporate notes with at least two of the following ratings: Aa by Moody's Investor's Services and AA by Standard & Poor's; money market, mutual funds or the LGIP with a minimum credit rating of AAA by at least one NRSRO.

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

The County's investment ratings as of June 30, 2021, are presented in Illustration 2-2.

Illustration 2-2
Primary Government, School Board, and ADC Investment Credit Risk
June 30, 2021

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	AAA	16.96%
State Non-Arbitrage Program (SNAP)	AAA	4.47%
PFM Money Market	AAA	0.66%
Other Money Market	AAA	1.45%
NOW Accounts	Not applicable	4.74%
Certificate of Deposits	Not applicable	1.62%
U.S. Treasury Notes	AA	0.34%
U.S. Government Agency Securities	Aa+ or Higher	45.16%
Corporate Bonds	AA- or Higher	11.28%
Municipal Bonds	A- or Higher	13.32%
		100.00%

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

Concentration of Credit Risk – To minimize credit risk, the County's Investment Policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument at the time of purchase as follows: 100% for U.S. Agency Obligations (not to exceed 40% for any one agency); 35% for any municipal issuance outside of the Commonwealth of Virginia (not to exceed 5% in any one issuer); 35% for "prime quality" commercial paper (not to exceed 5% in any one issuer); 40% for negotiable certificates of deposit (not to exceed 5% for any one issuer); 40% for bankers' acceptances (not to exceed 5% for any one issuer); 10% for U.S. Treasury Certificates; 30% for repurchase agreements (not to exceed 30% with the County's primary bank and 10% with any other institution/dealer); 60% for money market funds (not to exceed 20% in any one money market fund); 35% 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 50% 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).

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

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

Interest Rate Risk – In accordance with state statute and the policy of the Supplemental Pension Plan, investments of the Plan are diversified 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, 2021. 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
June 30, 2021

		Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Supplemental Pension Plan Trust Fund:			
Money Market Mutual Funds	$	832	0.101 (a)
U.S. Treasury Notes		9,039	0.73 (b)
US Government Agency Securities		4,756	0.73 (b)
Corporate Bonds		1,782	2.78 (b)
Equity Mutual Funds		35,999	Not applicable
Real Assets		2,730	Not applicable
Total Supplemental Pension Plan Trust Fund Investments	$	55,138	

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, 2021, is presented in Illustration 2-4.

Illustration 2-4
Supplemental Pension Plan Credit Risk
June 30, 2021

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Pension Plan Trust Fund Investments:		
Money Market Mutual Funds	AAA	1.51%
U.S. Treasury Notes	AAA	16.39%
US Government Agency Securities	AAA	8.63%
Corporate Bonds	BBB or higher	3.23%
Equity Mutual Funds	Not rated	65.29%
Real Assets	Not rated	4.95%
		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
June 30, 2021

Asset Class	Policy Percent	Target Range Percent	Actual Percentage
Supplemental Pension Plan Trust Fund Investments:			
Tactical	0%	0% - 0%	0.00%
Equity	64%	54% - 74%	65.29%
Real Assets	6%	0% - 12%	4.95%
Fixed Income	30%	25% -35%	28.25%
Cash Equivalents	0%	0% - 0%	1.51%
	100%		100.00%

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

Concentrations. As of June 30, 2021, 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, 2021.

Illustration 2-6
LoSAP Fair Value and Weighted Average Maturity/Duration of Investments
June 30, 2021

		Fair Value	Weighted-Average Maturity (a) / Modified Duration (b) (Years)
LoSAP Trust Fund Investments:			
Life Insurance Funds - Mass Mutual Annuity	$	19,529	Not Applicable

Concentrations. As of June 30, 2021, the LoSAP Plan's investments were 100% invested in an insurance annuity fund and are not subject to concentration of credit risk.

Other Post-Employment Benefits (OPEB) Master Trust Investments

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

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

Illustration 2-7 reflects the fair value of the County's Other Post-Employment Benefits Master Trust fixed income investments as of June 30, 2021. 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 (OPEB) Fair Value and Weighted Average Maturity/Duration of Investments
June 30, 2021

		Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Other Post-Employment Benefits (OPEB) Master Trust Fund:			
Money Market Mutual Funds		$ 280	0.003(a)
Equity Mutual Funds		79,703	Not applicable
Real Assets		9,194	Not applicable
Bond Funds			
Baird Core Plus	$ 10,464		6.36(b)
DoubleLine Core Fixed Income	4,812		4.83(b)
PGIM Total Return Bond	12,728		7.57(b)
Voya Intermediate Bond	6,810		5.96(b)
iShares 5-10 Year IG Corporate Bond	2,519		6.49(b)
iShares JP Morgan USD Emerging Mkts Bond ETF	1,158		8.53(b)
MainStay MacKay High Yield Corp Bond Fund	962		3.42(b)
Total Bond Funds		39,453	
Total Other Post-Employment Benefits Master Trust Fund Investments		$ 128,630	

The Other Post-Employment Benefits Master Trust's rating and credit exposure as of June 30, 2021, is shown in Illustration 2-8.

Illustration 2-8

Other Post-Employment Benefits Master Trust (OPEB) Credit Risk

June 30, 2021

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Other Post-Employment Benefits (OPEB) Master Trust Fund Investments:		
Money Market Mutual Funds	AAA	0.22%
Equity Mutual Funds	Not rated	61.96%
Real Assets	Not rated	7.15%
Bond Funds		
Baird Core Plus	A	8.13%
DoubleLine Core Fixed Income	A	3.74%
PGIM Total Return Bond	A	9.90%
Voya Intermediate Bond	A	5.29%
iShares 5-10 Year IG Corporate Bond	BBB	1.96%
iShares JP Morgan USD Emerging Mkts Bond ETF	BB	0.90%
MainStay MacKay High Yield Corp Bond Fund	BB	0.75%
		100.00%

Concentration of credit risk:

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

Illustration 2-9
Statement of Investment Policy
Other Post-Employment Benefits (OPEB) Master Trust Fund Concentrations
June 30, 2021

Asset Class	Policy Percent	Target Range Percent	Actual Percent
Other Post-Employment Benefits Master Trust Fund Investments:			
Domestic Equity	40%	20% - 60%	40.10%
International Equity	20%	0% - 40%	21.86%
Other Growth Assets	0%	0% - 20%	0.00%
Fixed Income	40%	20% - 60%	30.67%
Other Income Assets	0%	0% - 20%	0.00%
Real Assets	0%	0% - 20%	7.15%
Cash Equivalents	0%	0% - 20%	0.22%
	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 fair value 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 fair value may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio. Private equity and publicly traded Real Estate Investment Trusts (REITS) will be categorized in the Other Growth Assets category. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. On June 30, 2021, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

There are no investments other than those issued or explicitly guaranteed by the U.S. Government that represent 5% or more of the OPEB Master Trust fiduciary net position.

Reconciliation of Cash and Investments

Reconciliation of total cash and investments to the entity-wide financial statements on June 30, 2021, is shown in Illustration 2-10.

Illustration 2-10
Reconciliation of Cash and Investments to Entity-Wide Financial Statements
June 30, 2021

Investments		
Primary Government and Component Units	$	1,541,459
Supplemental Pension Plan Trust Fund		55,138
LoSAP Trust Fund		19,529
Other Post-Employment Benefits (OPEB) Master Trust Fund		128,630
Total Investments		1,744,756
Add: Cash on hand		42
Deposits		12,610
Total Cash and Investments		1,757,408
Less: Supplemental Pension Plan Trust Fund's cash and investments		(55,651)
LoSAP Trust Fund cash and investments		(19,529)
OPEB Master Trust Fund cash and investments		(128,630)
Custodial Funds equity in pooled cash and investments		(1,156)
School Board Fiduciary Funds cash and investments		(3,688)
Total Reporting Entity cash and investments	$	1,548,754

		Governmental Activities	Business-Type Activities	Total	Component Units	Total Reporting Entity
Primary Government:						
Equity in Pooled Cash and Investments	$	817,668	31,259	848,927	570,695	1,419,622
Cash held by other fiscal agents		-	-	-	2,347	2,347
Investments		18,051	-	18,051	-	18,051
Restricted Cash and Temporary Investments		24,843	16,816	41,659	65,825	107,484
Restricted Investments		1,250	-	1,250	-	1,250
Total Cash and Investments	$	861,812	48,075	909,887	638,867	1,548,754

Fair Value Measurements

Fair value was estimated for each class of financial instrument for which it was practical to estimate fair value. Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not acting under duress. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets to estimate fair value. The three levels of the fair value hierarchy are defined as follows:

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

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

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

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

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

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

Illustration 2-11
Fair Value - Primary Government, School Board and ADC
June 30, 2021

			Fair Value Measurement Using:		
			Level 1	**Level 2**	**Level 3**
Primary Government, School Board, ADC					
Investments by Fair Value					
US Treasury Notes		5,289	5,289	-	-
US Government Agency	$	696,256	-	696,256	-
Corporate Bonds		173,852	-	173,852	-
Municipal Bonds		205,274	-	205,274	-
		1,080,671	5,289	1,075,382	-
Investments by Amortized Cost					
LGIP		261,442			
SNAP		68,829			
PFM Money Market		10,139			
Other Money Market Accounts		22,346			
Certificate of Deposits		25,000			
		387,756			
Cash and Cash Equivalents					
Now Accounts		73,032			
Total	$	1,541,459			

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

Illustration 2-12
Fair Value - Supplement Pension, LoSAP Trust and OPEB Master Trust Funds
June 30, 2021

			Fair Value Measurement Using:		
			Level 1	**Level 2**	**Level 3**
Supplement Pension Plan Trust Fund					
Investments by Fair Value					
US Treasury Notes		9,039	9,039	-	-
US Government Agency	$	4,756	-	4,756	-
Corporate Bonds		1,782	-	1,782	-
Equity Mutual Funds		35,999	35,999	-	-
Real Assets		2,730	-	-	2,730
		54,306	45,038	6,538	2,730
Investments by Amortized Cost					
Money Market Mutual Funds		832			
		55,138			
LoSAP Trust Fund					
Investments by Amortized Cost					
Life Insurance Funds - Mass Mutual Annuity		19,529			
		19,529			
OPEB Master Trust Fund					
Investments by Fair Value					
Equity Mutual Funds		79,703	79,703	-	-
Real Assets		9,194	-	-	9,194
Bond Mutual Funds		39,453	-	39,453	-
		128,350	79,703	39,453	9,194
Investments by Amortized Cost					
Money Market Mutual Funds		280			
		128,630			
Total	$	203,297			

Restricted cash and investments consist of a closure fund required by the Virginia Resource Authority (VRA) for the Landfill, capitalized interest accounts required to be used for debt service, unspent debt proceeds required to be used for capital projects, and retainages as depicted in Illustration 2-13.

Illustration 2-13
Restricted Cash and Investments
June 30, 2021

	Restricted Cash & Temporary Investments	Restricted Investments
Primary Government		
General Fund:		
Bonds	$ 6	$ -
Total General Fund	6	-
Capital Projects Funds:		
Bonds	4,489	-
Retainage	2,478	-
Total Capital Projects Funds	6,967	-
Enterprise Funds:		
VRA Closure Fund	16,255	-
Parks & Recreation	491	-
Retainage	70	-
Total Enterprise Funds	16,816	-
Internal Service Funds:		
PWSIG	17,870	-
Insurance Pool Collateral	-	1,250
Total Internal Service Funds	17,870	1,250
Total Primary Government	41,659	1,250
Component Units		
ADC:		
Retainage	7	-
Total ADC	7	-
School Board:		
School Bonds	64,341	-
Education Foundation	1,477	-
Total School Board	65,818	-
Total Component Units	65,825	-
Total Reporting Entity	$ 107,484	$ 1,250

NOTE (3) - PROPERTY TAXES RECEIVABLE

The County's real estate and personal property taxes are levied respectively of the July 1, 2021, tax levy, on the assessed value as of the prior January 1, for all property located in the County. Real estate taxes are due in two installments on July 15 and December 5 and personal property taxes are due on October 5. After October 5, personal property taxes are due 30 days following the levy date until the end of the fiscal year. Penalties and interest are assessed on taxes not paid by the due dates. Property tax levies are recorded as receivables and revenue, net of allowance for estimated uncollectible on the payment due dates. Property taxes due, but not collected within 60 days after fiscal year-end, are reflected as deferred inflows of resources.

Assessed values are established at 100% of appraised fair 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 on January 1, 2020, upon which the July 1, 2020, levy was based, was approximately $76 billion.

Current real estate and personal property tax collections for the year ended June 30, 2021, were 99.3% and 96.5%, respectively of the July 1, 2020, tax levy. Real property taxes attach an enforceable lien on property if not paid on the due date. Collections received on or before June 30, 2021, related to property taxes due on July 15 of the following fiscal year are recorded as deferred inflows of resources on June 30, 2021.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2021, is detailed in Illustration 3-1.

Illustration 3-1
Property Taxes Receivable
June 30, 2021

		Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	$	6,766	1,537	5,229
Personal property taxes		11,390	3,367	8,023
Total	$	18,156	4,904	13,252

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

Unearned revenue, as shown in Illustration 4-1, represents amounts for which asset recognition criteria were met, but for which revenue recognition criteria were not met.

Illustration 4-1
Unearned Revenue
June 30, 2021

Primary Government		
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums and other	$	134,625
Total Primary Government		134,625
Component Unit		
School Board		14,265
Total Component Unit		14,265
Total Reporting Entity	$	148,890

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

Illustration 4-2
Deferred Inflows of Resources
June 30, 2021

Primary Government		
Prepaid taxes – Taxes due subsequent to June 30, 2021, but paid in advance by taxpayers	$	124,159
Deferred inflows related to OPEB		17,734
Deferred inflows related to pensions		3,099
Total Primary Government		144,992
Component Units		
Deferred inflows related to OPEB		37,443
Deferred inflows related to pensions		64,282
Total Component Unit		101,725
Total Reporting Entity	$	246,717

Deferred inflows of resources for Governmental Fund represents amounts for which the revenue recognition was not met under the modified accrual basis of accounting for the period ended June 30, 2021.

Illustration 4-3
Governmental Funds Deferred Inflows of Resources
June 30, 2021

General Fund		
Prepaid Taxes – Taxes due subsequent to June 30, 2021, but paid in advance by taxpayers	$	114,932
Unavailable taxes – Taxes not paid within sixty days of June 30, 2021		8,371
Unavailable lease revenue – Uncollected revenues associated with direct financing leases		4,995
Total General Fund		128,298
Streets and Roads Capital Projects Fund		
Unavailable transportation revenue – Revenue not received within sixty day of June 30, 2021		27,214
Total Street and Roads Capital Projects Fund		27,214
Fire & Rescue Levy		
Prepaid Taxes – Taxes due subsequent to June 30, 2021, but paid in advance by taxpayers		8,238
Unavailable taxes – Taxes not paid within sixty days of June 30, 2021		165
Total Fire & Rescue Levy		8,403
Other Governmental Funds		
Prepaid Taxes – Taxes due subsequent to June 30, 2021, but paid in advance by taxpayers		989
Unavailable taxes – Taxes not paid within sixty days of June 30, 2021		5
Total Other Governmental Fund		994
Total Deferred Inflows of Resources of Governmental Funds	$	164,909

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 as of June 30, 2021.

Illustration 5-1
Investment in Direct Financing Leases
June 30, 2021

		Volunteer Fire & Rescue Companies
Total minimum lease payments to be received	$	5,661
Less: Unearned revenue		(666)
Net investment in direct financing leases	$	4,995

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2021.

Illustration 5-2
Scheduled Minimum Lease Payments
June 30, 2021

Fiscal year Ending June 30:		**Volunteer Fire & Rescue Companies**
2022	$	1,360
2023		1,318
2024		955
2025		618
2026		498
2027 thru 2029		912
Total minimum lease payments	$	5,661

Accounts receivables are recorded net of allowance for uncollectible accounts as shown in Illustration 5-3 as of June 30, 2021.

Illustration 5-3
Accounts Receivable
June 30, 2021

			Component Units		
		Primary Government	**School Board**	**ADC**	**Reporting Entity Total**
Accrued interest	$	3,363	-	-	3,363
Enterprise operations		571	-	-	571
Utility / consumption taxes		2,027	-	-	2,027
Transient occupancy taxes		1,211	-	-	1,211
Stormwater management fees		208	-	-	208
Cable franchise taxes		319	-	-	319
Other post-employment benefits		4,423	-	-	4,423
Other		5,066	4,637	2	9,705
Total accounts receivable		17,188	4,637	2	21,287
Allowance for doubtful accounts		(1,780)	-	-	(1,780)
Total Accounts Receivables, Net	$	15,408	4,637	2	20,047

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

Amounts due from other governmental units as of June 30, 2021, are detailed in Illustration 6-1.

Illustration 6-1
Due from Other Governmental Units
June 30, 2021

PRIMARY GOVERNMENT				
General Fund:				
From the Federal Government	$	2,669		
Local sales taxes		14,701		
Other		7,652	$	25,022
Street & Road Capital Projects Fund:				
From the Federal Government		5,146		
From the Commonwealth		15,236		
From other localities		22,350		42,732
Other Capital Projects Fund:				
From the Commonwealth		583		583
Nonmajor Governmental Funds:				
From the Federal Government		110		
From the Commonwealth		12		122
Landfill Enterprise Fund:				
From other localities		173		173
Internal Service Funds:				
From other localities		6		6
Total Primary Government				68,638
COMPONENT UNITS				
School Board:				
From the Federal Government		14,737		
From the Commonwealth		21,279		36,016
Adult Detention Center:				
From other localities		1,957		1,957
Total Component Units				37,973
Total Reporting Entity			$	106,611

Illustration 6-2 details the amounts due to other governmental units as of June 30, 2021.

Illustration 6-2
Due to Other Governmental Units
June 30, 2021

PRIMARY GOVERNMENT				
General Fund:				
To Other Localities	$	322		
To the Federal Government		88	$	410
Streets & Roads Capital Projects Fund:				
To Other Localities		1,280		1,280
Nonmajor Governmental Funds:				
To the Commonwealth		28		28
Total Primary Government				1,718
Total Reporting Entity			$	1,718

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, 2021, the County made inter-fund transfers as shown in illustration 7-1.

Illustration 7-1
Internal Balances
June 30, 2021

		Due from Other Funds	Due to Other Funds
General Fund	$	306	-
Parks and Recreation - Enterprise Fund		-	306
Total Reporting Entity	$	306	306

Illustration 7-2
Inter-fund Transfers
For the Year Ended June 30, 2021

Transfer to General Fund from:			**Transfer from General Fund to:**
Streets & Roads - Capital Projects Fund	$ 13,291	$ 17,604	Streets & Roads – Capital Projects Fund
Other - Capital Projects Fund	44	3,649	Other - Capital Projects Fund
Fire & Rescue Levy Fund	27,340	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	8,257	5,425	Nonmajor Governmental Funds
Landfill - Enterprise Fund	2,302	-	Landfill - Enterprise Fund
Parks & Recreation - Enterprise Fund	-	1,682	Parks & Recreation - Enterprise Fund
Innovation - Enterprise Fund	-	35	Innovation - Enterprise Fund
Internal Service Funds	2,000	80	Internal Service Funds
Total General Fund Transfers In	53,234	28,475	Total General Fund Transfers Out
Transfer to Streets & Roads - Capital Projects Fund from:			**Transfer from Streets & Roads - Capital Projects Fund to:**
General Fund	17,604	13,291	General Fund
Other - Capital Projects Fund	-	350	Other - Capital Projects Fund
Innovation - Enterprise Fund	2,691	-	Innovation - Enterprise Fund
Total Streets& Roads - Capital Projects Fund Transfers In	20,295	13,641	Total Streets & Roads - Capital Projects Fund Transfers Out
Transfer to Other - Capital Projects Fund from:			**Transfer from Other - Capital Projects Fund to:**
General Fund	3,649	44	General Fund
Streets and Roads - Capital Projects Fund	350	-	Streets and Roads - Capital Projects Fund
Nonmajor Governmental Funds	2,196	-	Nonmajor Governmental Funds
Innovation - Enterprise Fund	-	71	Innovation - Enterprise Fund
Internal Service Funds	3,900	4	Internal Service Funds
Total Other - Capital Projects Fund Transfers In	10,095	119	Total Other - Capital Projects Fund Transfers Out
Transfers to Fire & Rescue Levy Fund from:			**Transfers from Fire & Rescue Levy Fund to:**
General Fund	-	27,340	General Fund
Internal Service Funds	-	98	Internal Service Funds
Total Fire & Rescue Levy Fund Transfers In	-	27,438	Total Fire & Rescue Levy Funds Transfers Out
Transfer to Nonmajor Governmental Funds from:			**Transfer from Nonmajor Governmental Funds to:**
General Fund	5,425	8,257	General Fund
Other - Capital Projects Fund	-	2,196	Other - Capital Projects Fund
Internal Service Funds	-	401	Internal Service Funds
Total Nonmajor Governmental Funds Transfers In	5,425	10,854	Total Nonmajor Governmental Fund Transfers Out
Transfers to Landfill Enterprise Fund from:			**Transfers from Landfill Enterprise Fund to:**
General Fund	-	2,302	General Fund
Total Landfill Enterprise Fund Transfers In	-	2,302	Total Landfill Enterprise Fund Transfers Out
Transfers to Innovation - Enterprise Fund from:			**Transfers from Innovation - Enterprise Fund to:**
General Fund	35	-	General Fund
Streets & Roads - Capital Projects Fund	-	2,691	Streets & Roads - Capital Projects Fund
Other - Capital Projects Fund	71	-	Other - Capital Projects Fund
Total Innovation - Enterprise Fund Transfers In	106	2,691	Total Innovation - Enterprise Fund Transfers Out
Transfers to Parks & Recreation - Enterprise Fund from:			**Transfers from Parks & Recreation - Enterprise Fund to:**
General Fund	1,682	-	General Fund
Total to Parks & Recreation - Enterprise Fund Transfers In	1,682	-	Transfers from Parks & Recreation Enterprise Transfers Out
Transfers to Internal Service Funds from:			**Transfers from Internal Service Funds to:**
General Fund	80	2,000	General Fund
Other - Capital Projects Fund	4	3,900	Other - Capital Projects Fund
Fire & Rescue Levy Fund	98	-	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	401	-	Nonmajor Governmental Funds
Fire & Rescue Levy Fund	-	-	Fire & Rescue Levy Fund
Total Internal Service Funds Transfers In	583	5,900	Total Internal Service Funds Transfers Out
Total Primary Government Transfers In	$ 91,420	$ 91,420	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 as of June 30, 2021.

Illustration 8-1
Due from Primary Government/Due to Component Units
June 30, 2021

		Due to Primary Government	Due from Component Units
PRIMARY GOVERNMENT			
Governmental activities	$	13,146	-
COMPONENT UNITS			
School Board	$	-	13,146

NOTE (9) - CAPITAL ASSETS

As of July 1, 2020, the County's Capital Asset Policy was updated to change the capitalization threshold of non-grant funded assets from $5,000 per a unit to $10,000 per a unit. The capitalization threshold of grant funded assets remains at $5,000 per unit and intangibles remains at $100,000 per unit. The County retired non-grant funded assets less than $10,000 per a unit in FY 2021. Illustration 9-1 summarizes the total dollar value of the assets retired by type of activity. These amounts are reflected as part of the deletions in Illustration 9-2, 9-3, and 9-4 below.

Illustration 9-1
Retired Capital Assets Due to Change in Capitalization Threshold Policy

		Governmental Assets	Business Type Activities' Assets	Total Reporting Entity's Assets	ADC Assets
Capital assets not being depreciated	$	528	8	536	-
Buildings and other capital assets, being depreciated		13,957	694	14,651	279
Less accumulated depreciation		(10,652)	(558)	(11,210)	(177)
Buildings and other capital assets, net		3,305	136	3,441	102
Capital assets, net	$	3,833	144	3,977	102

Illustration 9-2 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2021.

Illustration 9-2
Governmental Activities – Changes in Capital Assets

		June 30, 2020	Additions / Transfers	Deletions / Transfers	June 30, 2021
Governmental Activities					
Capital assets not being depreciated:					
Land	$	131,963	-	(2,128)	129,835
Construction in progress		28,887	35,773	(22,608)	42,052
Total capital assets not being depreciated		160,850	35,773	(24,736)	171,887
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites		398,456	14,742	(432)	412,766
Equipment		99,959	13,360	(14,781)	98,538
Vehicles		61,625	10,514	(2,539)	69,600
Infrastructure		240,621	9,308	(729)	249,200
Intangibles		62,823	-	-	62,823
Library collections		16,846	1,075	(2,109)	15,812
Total buildings and other capital assets being depreciated		880,330	48,999	(20,590)	908,739
Less accumulated depreciation for:					
Buildings and improvements to sites		(179,734)	(11,469)	358	(190,845)
Equipment		(78,124)	(8,752)	12,407	(74,469)
Vehicles		(42,345)	(6,481)	2,489	(46,337)
Infrastructure		(65,975)	(5,377)	226	(71,126)
Intangibles		(42,194)	(4,539)	-	(46,733)
Library collections		(12,470)	(1,868)	2,109	(12,229)
Total accumulated depreciation		(420,842)	(38,486)	17,589	(441,739)
Buildings and other capital assets, net		459,488	10,513	(3,001)	467,000
Capital assets, net	$	620,338	46,286	(27,737)	638,887

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

General government administration	$	8,801
Judicial administration		1,200
Public safety		11,518
Public works		3,440
Health and welfare		333
Parks, recreational and cultural		6,012
Community development		5,661
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets		1,521
Total	$	38,486

Illustration 9-3 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2021.

Illustration 9-3
Business-type Activities – Changes in Capital Assets

		June 30, 2020	Additions / Transfers	Deletions / Transfers	June 30, 2021
Business-Type Activities:					
Capital assets not being depreciated:					
Land	$	26,987	1,758	(8)	28,737
Construction in progress		2,046	3,412	(170)	5,288
Total capital assets not being depreciated		29,033	5,170	(178)	34,025
Buildings and other capital assets, being depreciated					
Buildings and improvements to sites		73,288	-	(18)	73,270
Equipment		9,683	1,358	(2,020)	9,021
Infrastructure		1,566	-	-	1,566
Vehicles		2,531	424	(5)	2,950
Total buildings and other capital assets being depreciated		87,068	1,782	(2,043)	86,807
Less accumulated depreciation for:					
Buildings and improvements to sites		(63,875)	(412)	21	(64,266)
Equipment		(5,600)	(743)	1,685	(4,658)
Infrastructure		(273)	(78)	-	(351)
Vehicles		(1,974)	(132)	5	(2,101)
Total accumulated depreciation		(71,722)	(1,365)	1,711	(71,376)
Buildings and other capital assets, net		15,346	417	(332)	15,431
Capital assets, net	$	44,379	5,587	(510)	49,456

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

Landfill	$	1,131
Parks, recreational & cultural		234
Total	$	1,365

Illustration 9-4 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2021.

Illustration 9-4
Adult Detention Center Component Unit – Changes in Capital Assets

		June 30, 2020	Additions / Transfers	Deletions / Transfers	June 30, 2021
Adult Detention Center:					
Capital assets not being depreciated:					
Land	$	31	-	-	31
Construction in progress		51,052	323	(51,355)	20
Total capital assets not being depreciated		51,083	323	(51,355)	51
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites		85,887	49,060	(36)	134,911
Equipment		1,173	2,418	(243)	3,348
Vehicles		734	82	-	816
Total buildings and other capital assets being depreciated		87,794	51,560	(279)	139,075
Less accumulated depreciation:					
Buildings and improvements to sites		(31,982)	(3,140)	32	(35,090)
Equipment		(788)	(438)	154	(1,072)
Vehicles		(539)	(62)	-	(601)
Total accumulated depreciation		(33,309)	(3,640)	186	(36,763)
Buildings and other capital assets, net		54,485	47,920	(93)	102,312
Capital assets, net	$	105,568	48,243	(51,448)	102,363

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

Public safety	$	3,640
Total	$	3,640

Illustration 9-5 summarizes the construction in progress of governmental activities.

Illustration 9-5
Construction in Progress
June 30, 2021

		Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT				
800 MHz Radio Communications System	$	2,554	1,319	1,235
Land Use Information System		1,246	295	951
Potomac Heritage National Scenic Trial – Featherstone Segment		873	599	274
Rollins Ford Park – Phase II		7,326	661	6,665
Broad Run Trail		1,004	576	428
Catharpin Park Trail		30	25	5
Lake Ridge Trail		1,207	488	719
Neabsco Trail		335	275	60
Neabsco Commuter Garage/Potomac Town Center Commuter Lot		52,940	1,348	51,592
Locust Shade Maintenance Building		1,300	279	1,021
Courthouse Security System		4,789	3,779	1,010
Animal Shelter Expansion		16,745	10,715	6,030
Catharpin Park Phase II		5,905	4,777	1,128
Potomac Heritage National Scenic Trail – Occoquan Refuge		433	424	9
McCoart ADA Parking Improvements		320	230	90
Human Capital Management System Replacement		13,000	3,174	9,826
Harbor Park Drive		1,512	773	739
Potomac Heritage National Scenic Trail – Highman's Parcel		40	36	4
Potomac Heritage National Scenic Trail – Neabsco Creek Wetlands Boardwalk		1,176	464	712
Covered Storage – Parks		450	81	369
Long Park Auxiliary Building		1,104	909	195
Hammil Mill Park ADA & Retaining Wall Improvements		450	26	424
Orchard Bridge Park Field Improvements		51	28	23
Howison Park Improvements		397	236	161
Cloverdale Park Improvements		439	137	302
Potomac Heritage National Scenic Trail – Rippon Landing		505	337	168
Lake Ridge Marina – Dock Replacement		625	28	597
Technology Infrastructure Improvements		16,196	1,043	15,153
CR Micro Trans – TIP		1,000	67	933
Potomac Heritage National Scenic Trail – Heritage Harbor		100	6	94
Security at County Facilities		800	356	444
Hellwig Park Improvements		989	872	117
Ascend Cloud Migration		3,930	2,049	1,881
Pat White Elevator		295	56	239
Locust Shade Challenge Course		520	273	247
Forest Green Golf Course Bunkers		394	349	45
Neabsco Creek Bandalong		300	129	171
Interactive Virtual Incident Simulator		255	249	6
Fire and Rescue Vehicles		361	259	102
HID Safe Software		122	122	-
Other Technology Improvements and Equipment		46	7	39
Hammill Mill Park ADA Improvements		4,196	4,196	-
	$	**146,260**	**42,052**	**104,208**

Construction in progress for business-type activities as of June 30, 2021 is $5,288. This amount ($5,288) was recorded in the Landfill enterprise fund and represents capital improvements at the landfill complex, including the construction and installation of landfill liners and wetland mitigation to improve the landfill and protect public health, ground water and the environment. The $3,412 of the construction in progress additions as of June 30, 2021 recorded in the Public works (Landfill) enterprise fund represents capital expenditure on the construction of the Landfill Liner Phase III, Cell A.

The $20 construction in progress balance as of June 30, 2021, of the Adult Detention Center component unit represents capital improvements related to the jail expansion project.

Illustration 9-6 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2021.

Illustration 9-6
School Board Component Unit – Changes in Capital Assets

		June 30, 2020	Additions / Transfers	Deletions / Transfers	June 30, 2021
School Board:					
Capital assets not being depreciated:					
Land	$	95,888	8,348	-	104,236
Construction in progress		145,892	88,312	(194,974)	39,230
Total capital assets not being depreciated		241,780	96,660	(194,974)	143,466
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites		1,908,356	194,974	-	2,103,330
Library collections		3,084	743	(640)	3,187
Equipment		51,715	2,242	(325)	53,632
Intangibles		5,840	-	-	5,840
Vehicles		113,429	5,355	(3,517)	115,267
Total buildings and other capital assets being depreciated		2,082,424	203,314	(4,482)	2,281,256
Less accumulated depreciation for:					
Buildings and improvements to site		(523,826)	(37,185)	-	(561,011)
Library collections		(1,964)	(637)	640	(1,961)
Equipment		(38,388)	(2,509)	251	(40,646)
Intangibles		(4,282)	(341)	-	(4,623)
Vehicles		(51,483)	(8,019)	3,327	(56,175)
Total accumulated depreciation		(619,943)	(48,691)	4,218	(664,416)
Buildings and other capital assets, net		1,462,481	154,623	(264)	1,616,840
Capital assets, net	$	1,704,261	251,283	(195,238)	1,760,306

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

Instruction:		
Regular	$	36,290
Special		1,071
Other		13
Support Services:		
General administration		1,103
Student services		10
Curricular/staff development		5
Pupil transportation		8,056
Maintenance		380
Central business services		1,483
Food and nutrition services		98
Business-Type Activities		
Aquatics Center		182
Total	$	48,691

NOTE (10) - LONG-TERM DEBT

The following debt was issued during fiscal year 2021:

- On September 22, 2020, the Board of County Supervisors approved Resolution No. 20-645 to authorize the issuance of one or more General Obligation School Bonds of the County in an aggregate amount not to exceed $119,450 to finance certain capital projects for school purposes and to refund other outstanding General Obligation School Bonds and to approve the sale of such bonds to the Virginia Public School Authority. On October 15, 2020, the County sold the VPSA Special Obligation School Financing Bonds Series VPSA 2020 in the amount of $106,510 par to provided construction and cost of issuance funds for construction of 2 new schools, the renovation of 3 schools, and architectural and engineering design services for a future construction and improvements.

- On October 29, 2020, the County entered an Installment Purchase Contract with the Industrial Development Authority of Prince William County (IDA) as security for the IDA's issuance of $49,580 par amount of the IDA of Prince William County, VA Facilities Revenue and Refunding Bonds, Series 2020A with a true interest cost of 1.66%. The Authorization of the Installment Purchase Contract was approved by the Board on September 22, 2020, by Resolution Number 20-649. $44,770 of the bond proceeds provided construction and cost of issuance funds for three County projects: the expansion of the Adult Detention Center, Fire and Rescue Station 22, and the Animal Shelter. Additionally, $4.8M of the bond proceeds were used to refund the remaining $5.4M balance of the Park Facilities County Contribution Revenue Bonds, Series 2010, to achieve interest savings for the Parks and Recreation Enterprise Fund. Payments due under the terms of the Installment Purchase Contract are subject to annual appropriation. The County has assumed all responsibilities for continuing disclosure.

Unless otherwise noted, the County offers its debt through public sales. Official Statements describing the terms, collateral, and remedies are prepared in conjunction with each sale and are reviewed by counsel prior to the issuance of debt. Depending on the type of debt, different remedies may be pursuable under Virginia law. The County's Official Statements can be found on the Municipal Securities Rulemaking Board's website at https://emma.msrb.org/.

Bonds Payable:

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

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 new money 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 in its determination of total bonded debt. Additionally, there are several limitations and restrictions contained in the various bond indentures. The County follows all such limitations and restrictions.

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

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

The annual debt service requirements of general obligation and lease revenue bonds outstanding in governmental funds as of June 30, 2021, including interest payments, are shown in Illustration 10-1. Refer to Schedule 40 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

Designated for Roads, Parks & Other General County Projects		**Principal**	**Interest**	**Total**
Fiscal year Ending June 30:				
2022	$	16,706	6,438	23,144
2023		16,718	5,672	22,390
2024		16,784	4,875	21,659
2025		15,785	4,097	19,882
2026		12,865	3,444	16,309
2027 thru 2031		53,147	10,507	63,654
2032 thru 2036		37,035	3,445	40,480
2037 thru 2041		11,171	571	11,742
Subtotal		180,211	39,049	219,260
Designated for School Board Projects				
Fiscal year Ending June 30:				
2022		75,619	34,252	109,871
2023		72,652	30,668	103,320
2024		69,731	27,246	96,977
2025		65,845	23,992	89,837
2026		63,455	20,949	84,404
2027 thru 2031		270,358	64,075	334,433
2032 thru 2036		191,775	22,361	214,136
2037 thru 2041		69,924	3,435	73,359
Subtotal		879,359	226,978	1,106,337
Total	$	1,059,570	266,027	1,325,597

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2021, including interest payments, are shown in Illustration 10-2. Refer to Schedule 40 for information related to maturity dates and interest rates for these obligations.

Illustration 10-2
Business-type Activities – Debt Service Requirements – Revenue Bonds

Fiscal year Ending June 30:		**Principal**	**Interest**	**Total**
2022	$	630	192	822
2023		665	160	825
2024		700	126	826
2025		725	90	815
2026		765	53	818
2027		670	15	685
Subtotal		4,155	636	4,791
Add: unamortized premium on issuance of revenue bonds		580		
Total	$	4,735		

Operating and Capital Leases

The County leases real estate and equipment under operating and capital leases expiring at various dates through 2031. 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, 2021. Total rental expense under operating leases of the primary government for the year ended June 30, 2021, was $9,011. Illustration 10-3 summarizes the minimum lease commitments under the County's operating leases.

Illustration 10-3
Minimum Lease Commitments – Operating Leases

Fiscal year Ending June 30:		
2022	$	7,004
2023		6,341
2024		5,302
2025		4,636
2026		3,483
2027 thru 2031		7,007
Total minimum payments	$	33,773

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

Illustration 10-4 presents the assets that were acquired through capital lease obligations as of June 30, 2021.

Illustration 10-4
Assets Acquired Through Capital Lease Obligations
June 30, 2021

		Governmental Activities	ADC Component Unit
Other capital assets:			
Buildings	$	92,138	6,459
Improvements		13,534	76
Machinery and Equipment		972	-
Vehicles		1,118	-
Less: accumulated depreciation		(58,798)	(4,936)
Total assets acquired through capital lease obligations	$	48,964	1,599

Illustration 10-5 presents a summary of minimum lease commitments on all capital leases. Refer to Schedule 40 for information related tomaturity dates and interest rates for these obligations.

Illustration 10-5
Minimum Lease Commitments – Capital Lease Obligations

Fiscal year Ending June 30:		**Primary Government**
2022	$	12,592
2023		12,167
2024		9,919
2025		9,217
2026		6,794
2027 thru 2030		12,560
Total minimum payments		63,249
Less: Interest		(8,334)
Present value of future minimum payments	$	54,915

Loans Payable:

The County's tri-party direct borrowing debt obligation among the County, the IDA, and Wells Fargo Bank N.A is a variable rate draw down loan. The loan bears interest monthly at the LIBOR Index Rate. The full principal of the loan is due on August 22, 2023. The proceeds of the loan will finance a portion of the expansion of the County's Adult Detention Center and will pay the costs of issuance associated with the Loan. The loan balance as of June 30, 2021, is $21,153.

The obligation of the IDA or the County to pay debt service on the loan is subject to appropriation by the Board of County Supervisors and no collateral was pledged. Default under the Loan Agreement may allow the entire principal amount plus accrued interest to become immediately due and payable. In the event of default, Wells Fargo may seek other remedies with financial consequences against the IDA and/or County.

Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended June 30, 2021, are shown in Illustration 10-6.

Illustration 10-6
Governmental Activities – Changes in Long-Term Liabilities
June 30, 2021

		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	$	150,761	44,770	(15,320)	180,211	163,505	16,706
Designated for School Board projects		845,159	106,510	(72,310)	879,359	803,740	75,619
Subtotal		995,920	151,280	(87,630)	1,059,570	967,245	92,325
Capital lease obligations		68,295	-	(13,380)	54,915	44,735	10,180
Loans payable		21,153	-	-	21,153	21,153	-
Unpaid losses and related liabilities (Footnote 15)		21,579	50,158	(49,244)	22,493	15,062	7,431
Net pension liabilities (Footnote 13)		198,005	80,559	-	278,564	278,564	-
Net OPEB liabilities (Footnote 14)		47,779	-	(5,368)	42,411	42,411	-
Surplus distribution payable		3,937	-	(1,571)	2,366	1,530	836
Compensated absences		42,776	16,698	(12,679)	46,795	43,676	3,119
Unamortized premium		112,268	17,468	(15,650)	114,086	100,182	13,904
Total	$	1,511,712	316,163	(185,522)	1,642,353	1,514,558	127,795

Long-term liabilities of governmental activities are generally liquidated by the General Fund. During fiscal year 2021, funds of the intra-county services fund were used to liquidate approximately 4.45% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2021, are shown in Illustration 10-7.

Illustration 10-7
Business-Type Activities – Changes in Long-Term Liabilities
June 30, 2021

		Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
Revenue bonds	$	5,410	4,810	(6,065)	4,155	3,525	630
Unamortized premium on issuance of revenue bonds		8	677	(105)	580	483	97
Revenue bonds, net		5,418	5,487	(6,170)	4,735	4,008	727
Compensated absences		597	(746)	728	579	538	41
Net pension liabilities (Footnote 13)		2,491	847	-	3,338	3,338	-
Net OPEB liabilities (Footnote 14)		744	-	(141)	603	603	-
Accrued closure liabilities (Footnote 12)		13,604	2,602	-	16,206	16,206	-
Total	$	22,854	8,190	(5,583)	25,461	24,693	768

Changes in deferred outflows of resources of governmental activities for the year ended June 30, 2021, are shown in Illustration 10-8.

Illustration 10-8
Governmental Activities – Changes in Deferred Outflow of Resources
June 30, 2021

		Beginning Balance	Additions	Reductions	Ending Balance
Unamortized deferred loss on refunding	$	31,474	-	(3,514)	27,960
Related to OPEB (Footnote 14)		11,430	12,321	(11,430)	12,321
Related to pensions (Footnote 13)		75,285	51,344	-	126,629
Total	$	118,189	63,665	(14,944)	166,910

Changes in deferred outflows of resources of business-type activities for the year ended June 30, 2021, are shown in Illustration 10-9.

Illustration 10-9
Business-Type Activities – Changes in Deferred Outflow of Resources
June 30, 2021

		Beginning Balance	Additions	Reductions	Ending Balance
Unamortized deferred loss on refunding	$	261	9	(262)	8
Related to OPEB		139	4	-	143
Related to pensions		921	585	-	1,506
Total	$	1,321	598	(262)	1,657

Changes in long-term liabilities of the component units for the year ended June 30, 2021, are shown in Illustration 10-10.

Illustration 10-10
Component Units – Changes in Long-Term Liabilities
June 30, 2021

		Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
School Board:							
Compensated absences	$	36,718	16,137	(12,196)	40,659	28,094	12,565
Net pension liabilities (Footnote 13)		880,641	123,101	-	1,003,742	1,003,742	-
Net OPEB liabilities (Footnote 14)		159,353	(19,589)	-	139,764	139,764	-
Pollution remediation		462	1,531	(1,152)	841	-	841
Claims liabilities		14,108	96,218	(94,790)	15,536	4,930	10,606
Total School Board component unit		1,091,282	220,400	(108,138)	1,203,544	1,179,532	24,012
Adult Detention Center:							
Compensated absences		4,253	(526)	643	4,370	4,095	275
Net pension liabilities (Footnote 13)		17,828	8,673	-	26,501	26,501	-
Net OPEB liabilities (Footnote 14)		4,524	-	(329)	4,195	4,195	-
Total Adult Detention Center component unit		26,605	8,147	314	35,066	34,791	275
Total	$	1,117,887	228,547	(107,824)	1,238,610	1,214,323	24,287

Defeasance of Long-Term Debt

In the current and 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. On June 30, 2021, $128,535 in principal of bonds outstanding is considered defeased by the County.

A. Component Unit Debt

The Code of Virginia establishes the School Board as a legal entity holding title to all school assets but having no taxing authority. The County must issue debt through bond referendum, Virginia Public School Authority or Literary Fund. Historically, the County has reported all School Board assets along with the related debt in the School Board component unit column of its ACFR. 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. On June 30, 2021, the County has outstanding debt of $879,359 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. On June 30, 2021, the County has outstanding debt of $48,070 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County, respectively that relates to the Adult Detention Center.

To assist the readers in understanding this relationship and to reflect the total entity's financial condition more accurately, 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 on June 30, 2021.

Illustration 11-1
Fund Balances
June 30, 2021

	Governmental Funds						
	General Fund	**Capital Projects Funds**	**Fire & Rescue Levy Funds**	**COVID-19 Response Fund**	**Other Funds Governmental**	**Total Governmental Funds**	**ADC Component Unit**
Nonspendable Fund Balance:							
Inventory	297	-	-	-	24	321	-
Prepaid expenditures	-	-	-	9	2,163	2,172	-
Total Nonspendable Fund Balance	297	-	-	9	2,187	2,493	-
Restricted Fund Balance:							
Grants	8,846	-	-	107	-	8,953	-
Donations	659	-	-	-	-	659	
General government administration	-	-	-	-	25,538	25,538	-
Public safety	-	-	41,182	-	18,300	59,482	-
Public works	-	-	-	-	5,528	5,528	-
Community development	-	-	-	-	5,672	5,672	-
Total Restricted fund balance	9,505	-	41,182	107	55,038	105,832	-
Committed Fund Balance:							
Capital reserve	61,760	-	-	-	-	61,760	-
Revenue stabilization reserve	25,445	-	-	-	-	25,445	-
Emergency response reserve	10,000	-	-	-	-	10,000	-
Economic development opportunity fund (EDOF)	5,534	-	-	-	-	5,534	-
General government administration	5,684	16,854	-	-	-	22,538	-
Judicial administration	1,735	577	-	-	-	2,312	-
Public safety	-	8,826	-	-	-	8,826	-
Public works	17,691	37,567	-	-	-	55,258	-
Health and welfare	-	142	-	-	-	142	-
Education	12,913	-	-	-	-	12,913	-
Parks, recreational, and cultural	1,492	11,692	-	-	-	13,184	-
Community development	11	13,993	-	-	-	14,004	-
Total Committed Fund Balance	142,265	89,651	-	-	-	231,916	-
Assigned Fund Balance:							
General government administration	3,715	-	-	-	-	3,715	-
Judicial administration	179	-	-	-	-	179	-
Public safety	2,140	-	-	-	-	2,140	5,023
Public works	4,007	-	-	-	-	4,007	-
Health and welfare	2,099	-	-	-	-	2,099	-
Parks, recreational, and cultural	3,744	-	-	-	-	3,744	-
Community development	1,056	-	-	-	-	1,056	-
Total Assigned Fund Balance	16,940	-	-		-	16,940	5,023
Total Unassigned Fund Balance	95,459	-	-	-	-	95,459	10,615
Total Fund Balance	264,466	89,651	41,182	116	57,225	452,640	15,638

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

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

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

Restricted Fund Balances. The portion of fund balance appropriated for expenditures or legally segregated for a specific future use. The County's restricted fund balance includes amounts restricted for unspent bond proceeds, cash equivalents, grants, debt service, net pension assets, and revenues from Special Revenue funds.

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

Assigned Fund Balance. Assignment of fund balance occurs only through the encumbrance of funds for specific future transactions identified during the current fiscal year and are not related to transactions captured in restricted or committed fund balances. Department directors have the authority to approve such encumbrances; the County Executive has the authority to modify or rescind any fund balance assignment per §100.12(D)2. (a) of the County's Purchasing Regulations.

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

Illustration 11-2 details the encumbrances of the County's Governmental funds and Adult Detention Center (ADC) component unit on June 30, 2021.

Illustration 11-2
June 30, 2021
Encumbrances

		Governmental Funds					
		General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Funds Governmental	Total Governmental Funds	ADC Component Unit
Encumbrances	$	20,796	229,622	6,016	3,106	259,540	5,023

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

In fiscal year 2021, the Landfill enterprise fund had no outstanding debt and there were no bond coverage requirements.

State and federal laws and regulations require the County to place a final cover on its Independent Hill landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of the end of each fiscal year. The $16,206 reported as landfill closure and post closure care liability on June 30, 2021, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill, and 41.50% of Phase II and III of the landfill, which are the only remaining disposal phases in the southern portion of the landfill. The total landfill capacity for the southern portion which include phases I, II and III for post closure is 61.06%.

The total maximum exposure liability for closure and post closure care for Phases II and III of the landfill is estimated at $41,217 at June 30, 2021. The County has paid $3,525 of closure costs as of June 30, 2021. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of $21,485 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 2021. The County expects to complete filling the southern portion of the landfill site in the year 2033 and to close the remaining phases of the southern portion of the landfill by 2038. The northern portion of the landfill is estimated to be closed around 2060-2065. The total current cost of landfill closure and post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

NOTE (13) - DEFINED BENEFIT PENSION PLANS

1. Prince William County Pension Plans

The County maintains three pension plans for its employees:

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

The aggregate amount of net pension liability / (asset), related deferred outflows of resources, deferred inflows of resources, and pension expense for the County's pension plans as of June 30, 2021, with measurement date of June 30, 2020, are summarized in Illustration 13-1 below.

Illustration 13-1
Prince William County Defined Benefit Pension Plans
Net Pension / (Asset) Liability and Related Amounts
June 30, 2021

MEASUREMENT DATE 6/30/20		Net Pension Liability / (Asset)		Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Virginia Retirement System	$	297,972		134,486	1,991	64,932
Supplemental Pension Plan		263		4,478	1,403	1,124
Length of Service Award Program		10,168		1,820	103	2,416
Total Pension	$	308,403		140,784	3,497	68,472
Primary Government:						
Governmental Funds	$	267,272		121,531	3,002	59,341
Intra-County Services		10,815		4,883	72	2,357
Health Insurance		477		215	3	104
Total Governmental Funds		278,564		126,629	3,077	61,802
Landfill		3,338		1,506	22	727
Total Proprietary Funds		3,338		1,506	22	727
Total Primary Government (A)		281,902		128,135	3,099	62,529
Component Unit:						
Adult Detention Center (B)		26,501		12,649	398	5,943
Total Pension - County Funded (A+B)	$	308,403	*	140,784	3,497	68,472
Schools Pensions Plans (C)**	$	1,003,741		281,406	63,884	125,714
Total Component Units (B+C)		1,030,242		294,055	64,282	131,657
Total Reporting Entity (A+B+C)	$	1,312,144	*	422,190	67,381	194,186

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

*Supplemental Pension Plan net pension assets cannot be netted against net pension liabilities of other pension plans.

** Please see Schools separately issued financial statements for further information and Illustration 13-31 below.

Summary Financial Statements for Single-Employer Defined Benefit Pension Plans Self-Insured by the County for the fiscal year ending June 30, 2021:

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

Illustration 13-2
Prince William County - Pension Trust Funds
Statement of Fiduciary Net Position
June 30, 2021

		Supplemental Pension Plan Trust Fund	LoSAP Trust Fund	Total Pension Plan Trust Funds
Assets:				
Restricted cash	$	513	-	513
Restricted investments		55,138	19,529	74,667
Accounts Receivable		146		146
Total Assets		55,797	19,529	75,326
Liabilities:				
Accounts payable		66	13	79
Total Liabilities		66	13	79
Net position:				
Net position restricted for pensions		55,731	19,516	75,247
Total net position	$	55,731	19,516	75,247

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

Illustration 13-3
Prince William County - Pension Trust Funds
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2021

		Supplemental Pension Plan Trust Fund	LoSAP Trust Fund	Total Pension Plan Trust Funds
Additions				
Member contributions	$	2,030	-	2,030
Employer contributions		2,030	1,536	3,566
Total contributions		4,060	1,536	5,596
Other Income		12	-	12
Investment Income				
Total investment income		11,070	547	11,617
Less: investment expense		(130)	-	(130)
Net investment income		10,940	547	11,487
Total additions		15,012	2,083	17,095
Deductions				
Benefit payments		2,288	567	2,855
Refund of members' contributions		222	-	222
Administrative expenses		182	155	337
Total deductions		2,692	722	3,414
Change in net position		12,320	1,361	13,681
Net position, beginning of year		43,411	18,155	61,566
Net position, end of year	$	55,731	19,516	75,247

A. County's Virginia Retirement System (VRS)

County's Plan Overview:

County's plan administration. The County and the Adult Detention Center component unit contribute to the Virginia Retirement System (VRS), a multi-employer, agent pension plan administered by the Virginia Retirement System (the "System"), along with plans for other employer groups in the Commonwealth of Virginia. All full-time, salaried permanent employees of the County and the Adult Detention Center are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

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

Plan description. All full-time, salaried permanent employees of the County are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

County's benefits provided. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and a Hybrid Retirement Plan. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are discussed in Illustration 13-4.

<table>
<tr><th colspan="3">Illustration 13-4
Prince William County - Virginia Retirement System (VRS) Pension Plan
VRS Retirement Plan Provisions</th></tr>
<tr><th>VRS Plan 1</th><th>VRS Plan 2</th><th>Hybrid Retirement Plan</th></tr>
<tr><td colspan="3">About the Plans</td></tr>
<tr><td>Plan 1 is a defined benefit plan. The retirement benefits are based on a member's age, service credit and average final compensation at retirement using a formula.</td><td>Plan 2 is a defined benefit plan. The retirement benefits are based on a member's age, service credit and average final compensation at retirement using a formula.</td><td>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.
• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
• The benefit from the defined contribution component of the plan depends on the member and County contributions made to the plan and the investment performance of those contributions.
• In addition to the monthly benefit payments payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td></tr>
</table>

<table>
<tr><th colspan="3">Illustration 13-4 (cont'd)
Prince William County - Virginia Retirement System (VRS) Pension Plan
VRS Retirement Plan Provisions</th></tr>
<tr><th>VRS Plan 1</th><th>VRS Plan 2</th><th>Hybrid Retirement Plan</th></tr>
<tr><td colspan="3">Eligible Members</td></tr>
<tr>
<td>Eligible Members:
Employees are in Plan 1 if their membership date is before July 1, 2010, and were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election:
VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</td>
<td>Eligible Members:
Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election:
Eligible Plan 2 members could make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</td>
<td>Eligible Members:
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
County employees*
Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
*Non-Eligible Members:
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
County employees who are covered by enhanced benefits for hazardous duty employees.
Those employees eligible for an optional retirement plan (ORP) must elect the optional retirement plan (ORP) plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</td>
</tr>
</table>

Illustration 13-4 (cont'd) Prince William County - Virginia Retirement System (VRS) Pension Plan VRS Retirement Plan Provisions		
VRS Plan 1	**VRS Plan 2**	**Hybrid Retirement Plan**
Retirement Contributions		
Employees contribute 5% of their compensation each month to their member contributions account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The County makes a separate actuarially determined contrition to VRS for all covered employees. VRS invests both member and County contributions to provide funding for the future benefit payments.	Same as Plan 1.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the County to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required for both the member and the County. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the County is required to match those voluntary contribution according to specified percentages.
Service Credit		
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the County offers the health insurance credit.	Same as Plan 1.	*Defined Benefit Component:* Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the County offers the health insurance credit. *Defined Contribution Component:* Under the defined contribution component, service credit is used to determine vesting for the County contribution portion of the plan.
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 service credit.	Same as Plan 1.	**Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit.

Illustration 13-4 *(cont'd)* Prince William County - Virginia Retirement System (VRS) Pension Plan VRS Retirement Plan Provisions		
VRS Plan 1	**VRS Plan 2**	**Hybrid Retirement Plan**
Vesting (cont'd)		
Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. *Defined Contribution Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the County contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of County contributions to the defined contribution component of the plan, based on service. • 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. • After four or more years, a member is 100% vested and may withdraw 100% of County contributions. Distribution is not required, except as governed by law.
Calculating the Benefit		
The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	Same definition under Plan 1.	*Defined Benefit Component:* See definition under Plan 1. *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.

Illustration 13-4 *(cont'd)* Prince William County - Virginia Retirement System (VRS) Pension Plan VRS Retirement Plan Provisions		
VRS Plan 1	**VRS Plan 2**	**Hybrid Retirement Plan**
Average Final Compensation		
The member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	The member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier		
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for each employee class is as follows: • 1.70% for non-hazardous duty members. • 1.85% for sheriffs and regional jail superintendents. • 1.85% as elected by the County for eligible County hazardous duty employees other than sheriffs and regional jail superintendents.	Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013. Same as Plan 1 for sheriffs, regional jail superintendents and all other hazardous duty employees.	*Defined Benefit Component:* The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable for sheriffs, regional jail superintendents and all other hazardous duty employees. *Defined Contribution Component:* Not applicable.
Normal Retirement Age		
VRS: Age 65. *County hazardous duty employees:* Age 60.	*VRS:* Normal Social Security retirement age. *County hazardous duty employees:* Same as Plan 1.	*Defined Benefit Component:* *VRS:* Same as Plan 2. *County hazardous duty employees:* Not applicable. *Defined Contribution Component:* Members are eligible to receive distribution upon leaving employment, subject to restrictions.

Illustration 13-4 (cont'd) Prince William County - Virginia Retirement System (VRS) Pension Plan VRS Retirement Plan Provisions		
VRS Plan 1	**VRS Plan 2**	**Hybrid Retirement Plan**
Earliest Unreduced Retirement Eligibility		
VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. *County hazardous duty employees:* Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	*VRS:* Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and plus service equals 90. *County hazardous duty employees:* Same as Plan 1.	*Defined Benefit Component:* *VRS:* Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90. *County hazardous duty employees:* Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility		
VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credits. *County hazardous duty employees:* Age 50 with at least five years of service credits.	*VRS: Age 60 with at least five years (60 months) of service credit.* *County hazardous duty employees: Same as Plan 1.*	*Defined Benefit Component:* *VRS:* Age 60 with at least five years (60 months) of service credit. *County hazardous duty employees:* Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost of Living Adjustment (COLA) in Retirement		
The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility:* For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, 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 service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility:* Same as Plan 1.	*Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility:* Same as Plan 1 and Plan 2.

Illustration 13-4 (cont'd) **Prince William County - Virginia Retirement System (VRS) Pension Plan** **VRS Retirement Plan Provisions**		
VRS Plan 1	**VRS Plan 2**	**Hybrid Retirement Plan**
Cost of Living Adjustment (COLA) in Retirement (cont'd)		
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. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor, or beneficiary is eligible for a monthly death-in-service benefit.	*Exceptions to COLA Effective Dates:* Same as Plan 1.	*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

Illustration 13-4 (cont'd) Prince William County - Virginia Retirement System (VRS) Pension Plan VRS Retirement Plan Provisions		
VRS Plan 1	**VRS Plan 2**	**Hybrid Retirement Plan**
Cost of Living Adjustment (COLA) in Retirement (cont'd)		
• 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.	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.	Employees of the County (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless the County provides a County-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service		
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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	*Defined Benefit Component:* Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

County Employees Covered by Benefit Terms. As of June 30, 2019, actuarial valuation, the following County employees were covered by benefit terms of the pension plan in Illustration 13-5.

Illustration 13-5
Prince William County - Virginia Retirement System (VRS) Pension Plan
Plan Membership as of the Valuation Date of June 30, 2019

Inactive plan members or their beneficiaries currently receiving benefits	2,382
Inactive members:	
Vested inactive members	698
Non-vested inactive members	1,267
Inactive members active elsewhere in VRS	664
Total inactive members	2,629
Active employees	4,177
Total covered members	9,188

County contributions. The VRS contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County’s contractually required employer contribution rate for the fiscal year ended June 30, 2020, was 14.68% of the covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS pension plans from the County were $45,001 and $38,050 for the years ended June 30, 2021, and June 30, 2020, respectively.

County’s Net Pension Liability:

The County's net pension liability (NPL) is calculated separately for each employer and represents the County's total pension liability determined in accordance with GASB Statement No. 68, less the County's fiduciary net position. For the County, the NPL was measured as of June 30, 2020. The total pension liability used to calculate the NPL was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

County's actuarial assumption. The total pension liability for employees in the County's VRS pension plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 13-6, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 20120.

Illustration 13-6
Prince William County - Virginia Retirement System Pension Plan
Actuarial Methods and Assumptions as of the Valuation Date of June 30, 2019

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent closed
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation*
Inflation	2.50%
Payroll Growth Rate	3.00%
Cost-of Living Increase	2.50% Plan 1; 2.25% all other members
General Employees:	
Salary Increase	3.50% - 5.35%, including inflation
Mortality Rates	20% of deaths are assumed to be service related
Mortality:	
Pre-Retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates
Post-Retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-Disablement	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates
Public Safety Employees with Hazardous Duty Benefits:	
Salary Increase	3.50% - 4.75%, including inflation
Mortality Rates	70% of deaths are assumed to be service related
Mortality:	
Pre-Retirement	RP-2014 Employee rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year
Post-Retirement	RP-2014 Employee rates to age 49, Healthy Annuitant Rates at age 50 and older, projected with scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement	RP-2014 Disability Life Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

The actuarial assumptions used in the June 30, 2019, valuation was based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019.

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

County's General Employees.

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14.00% to 20.00%
Discount Rate	Decrease rate from 7.00% to 6.75%

County's Public Safety Employees with Hazardous Duty Benefits.

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

County's long-term expected rate of return. The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Illustration 13-7.

Illustration 13-7
Prince William County - Virginia Retirement System Pension Plan
Long-Term Expected Rate of Return
For the Year Ended June 30, 2021

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	46.00%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

County's discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the County's 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. For the fiscal year ended June 30, 2021, the rate contributed by the for the County's VRS Retirement Plan will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

County's Changes in Net Pension Liability:

Illustration 13-8 presents the changes in net position liabilities from June 30, 2019, to June 30, 2020, which is the measurement date for the fiscal year ended June 30, 2021.

Illustration 13-8
Prince William County - Virginia Retirement System Pension Plan
Changes in Net Pension Liability

		Total Pension Liability	Plan Fiduciary Net Position- Increase (Decrease)	Net Pension Liability
Balances on June 30, 2019 for FY 2020	$	1,399,469	1,191,921	207,548
Changes for the year:				
Service cost		39,422	-	39,422
Interest		92,309	-	92,309
Changes in assumptions		-	-	-
Differences between expected and actual experience		33,766	-	33,766
Contributions - employer		-	38,018	(38,018)
Contributions - employee		-	15,122	(15,122)
Net investment income		-	22,732	(22,732)
Benefit payments, including refunds of employee contributions		(63,843)	(63,843)	-
Administrative expenses		-	(770)	770
Other changes		-	(29)	29
Net changes		101,654	11,230	90,424
Balances on June 30, 2020 for FY 2021	$	1,501,123	1,203,151	297,972

Sensitivity of the County's net pension liability to changes in the discount rate. Illustration 13-9 presents the net pension liability of the County measured as of June 30, 2020, for the fiscal year ended as of June 30, 2021, using the discount rate of 6.75%, as well as the County's net pension liability if calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

Illustration 13-9
Prince William County - Virginia Retirement System Pension Plan
Sensitivity of Net Pension Liability to Changes in the Discount Rate
June 30, 2021

		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
County's Net Pension Liability	$	492,065	297,972	136,676

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

For the fiscal year ended June 30, 2021, and measured as of June 30, 2020, the County recognized pension expense of $64,932. On June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the sources displayed in Illustration 13-10.

Illustration 13-10
Prince William County - Virginia Retirement System Pension Plan
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	30,289	1,991
Change in actuarial assumptions		23,141	-
Net difference between projected and actual earnings on pension plan investments		36,055	-
Employer contributions subsequent to the measurement date		45,001	-
Total	$	134,486	1,991

$45,001 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 for the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as displayed in Illustration 13-11.

Illustration 13-11
Prince William County - Virginia Retirement System Pension Plan
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	18,203
2023		29,197
2024		25,558
2025		14,536
2026		-
Thereafter		-
Total	$	87,494

Pension plan data. Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at: https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Prince William County Supplemental Pension Plan for Sworn & Uniformed Public Safety

Plan Activity for the fiscal year ending June 30, 2021:

County's Plan Description:

County's plan administration. The Supplemental Pension Plan is a single employer defined benefit pension plan administered by the Plan's Board of Trustees. Terms and provisions of the Plan may be recommended for amendment to the Board of County Supervisors by the Plan's Board of Trustees. The Supplemental Pension Plan was amended per Resolutions No. 20-540 on July 21, 2020, and 21-297 on May 18, 2021, by the Board of County Supervisors. The plan does not issue a stand-alone financial report.

Each police officer and uniformed Fire & Rescue Department personnel employed by the County prior to July 1, 1985, is eligible to participate in the Plan as of July 1, 1985, if they were covered by and participating in the VRS and elected to participate in the Plan. Each police officer and uniformed Fire & Rescue Department personnel, hired after June 30, 1985, becomes a participant on his or her date of employment. The Supplemental Pension Plan provides retirement and death benefits to plan members and beneficiaries. The 2019 Plan amendment extended Plan benefits to sworn and uniformed employees of the Sheriff's Office and the Prince William-Manassas Regional Adult Detention Center effective on the later of the employee's date of hire or July 1, 2019.

County's benefits provided. The Plan is designed to provide a benefit upon the retirement of participants, the amount of which considers the length of service and the compensation paid by the County to such employees with recognition given to the benefits that will be provided by the VRS. The normal retirement date is the earlier of the participant's 55th birthday or the completion of 25 years of credited service. Benefits, at the participants' irrevocable election, are i) the larger of 1.5% of the participant's final average annual compensation times credited service or 1.65% of the participant's final average compensation in excess of $1.2 multiplied by the years of credited service; ii) for Participants whose most recent date of hire is prior to January 1, 2018 and who have Credited Service on or after March 30, 2001, a guaranteed monthly benefit of $0.64 thousand for 180 months; for Participants whose most recent date of hire is on or after January 1, 2018 and who retire with at least twenty-five (25) years of Credited Service, a guaranteed monthly benefit of $0.64 thousand for 180 months; for Participants with Credited Service on or after July 1, 2021, the benefit shall be applied by substituting $0.79 thousand for $0.64 thousand; or iii) a lump sum benefit of the participant's contribution with interest plus the employer's contributions during the period of employment. Final average compensation for participants hired or rehired before July 1, 2010, is the highest compensation received during the 36 consecutive calendar months producing the highest average, or if the participant has less than 36 consecutive months of credited service, it is the average annual compensation received during the entire period of credited service prior to the termination of employment. Final average compensation for participants hired after June 30, 2010, is the highest compensation received during the 60 consecutive calendar months producing the highest average or if the participant has less than 60 consecutive months of credited service, it is the average annual compensation received during the entire period of credited service prior to the termination of employment.

Participants shall vest 100% in the benefit provided under the Plan upon attainment of the participant's normal retirement date. Participants are considered vested and eligible for early retirement after 20 years of credited service. Early retirement benefits at the participants' election are i) for Participants whose most recent date of hire is prior to January 1, 2018 and who have Credited Service on or after March 30, 2001, a guaranteed monthly benefit of $0.32 thousand for 180 months; for Participants whose most recent date of hire is on or after January 1, 2018 and who retire with at least twenty-five (25) years of Credited Service, a guaranteed monthly benefit of $0.32 thousand for 180 months; for Participants with Credited Service on or after July 1, 2021, the benefit shall be applied by substituting $0.395 thousand for $0.32 thousand; or ii) the withdrawal benefit plus an employer match equal to 100% multiplied by the ratio of number of completed years of service at early retirement to 25 years. Any participant or spouse receiving a monthly benefit for at least one year is eligible for the pension increase each July 1st. For participants hired before July 1, 2010, the benefit will be increased by 100% of the first 3% increase in the cost-of-living index plus 50% of the increase in the cost-of-living index in excess of 3%. Increases in the cost-of-living index in excess of 7% are not recognized, for a maximum increase under the Plan of 5%. For participants hired after June 30, 2010, the benefit will be increased by 100% of the first 2% increase in the cost-of-living index plus 50% of the increase in the cost-of-living index in excess of 2%. Increases in the cost- of-living index in excess of 6% are not recognized, for a maximum increase under the Plan of 4%. Increases do not apply to supplemental benefits or early retirement pensions.

County employees covered by benefit terms. The Supplemental Pension Plan membership covered by the benefit terms as of the July 1, 2019, actuarial valuation, is presented in Illustration 13-12.

Illustration 13-12
Prince William County - Supplemental Pension Plan
Plan Membership as of June 30, 2020

Inactive plan members or their beneficiaries currently receiving benefits	211
Inactive members not currently receiving benefits:	
Vested inactive members	450
Non-vested inactive members	129
Total inactive members	579
Active employees	1,670
Total covered members	2,460

County contributions. The Plan's Board of Trustees establishes rates based on an actuarially determined rate recommended by an independent actuary. The County is not required to contribute the difference between the actuarially determined rate and the contribution rate of plan members to the Plan Trust Fund. However, as specified in the County's Principles of Sound Financial Management, the County intends to make the entire recommended contribution amount each year. For the year ended June 30, 2021, the average contribution rate was 1.44% of annual payroll.

This rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Supplemental Pension Plan by the County were $2,030 and $1,921 for the years ended June 30, 2021, and June 30, 2020, respectively.

Illustration 13-13
Prince William County - Supplemental Pension Plan
Actuarial Valuation Methods and Assumptions as of June 30, 2019

Actuarial Cost Method	Aggregate
Amortization Method	Level percentage of projected payroll
Asset Valuation Method	Asset smoothing method. Spreading the investment gains or losses in excess of the assumed rate over a 5-year period
Investment Rate of Return	6.75%, net of pension plan investment expense
Salary Increase	4.50%, including inflation
Inflation	3.00%
Mortality Rates	RP-2000 Combined Healthy table with Blue Collar adjustment with generational projection by Scale AA. 20% of active participant deaths are assumed to be line-of-duty.

County's Net Pension Liability (Asset):

The County's net pension liability (asset) was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of July 1, 2019, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. GASB 68 pension liabilities were calculated using sworn police and fire participants' data as of June 30, 2019, and including Sheriff or ADC participants who entered the plan on July 1, 2019, with no prior service credits. The discount rate assumption used in the valuation at June 30, 2020, was 6.75%.

County's actuarial assumption. The total pension liability for employees in the Supplemental Pension Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 13-14, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

County's changes in assumptions and benefit terms. There were no changes to the actuarial assumptions related to the net pension liability (asset) that was measured as of June 30, 2020.

Historical long term average returns have been used as a reasonable expectation of returns. The returns presented here are nominal, 20-year arithmetic means of the corresponding benchmark, less 2.2% to account for expected rate of inflation. Based on the 64.0% Equity, 6.0% Real Assets, and 30.0% Fixed Income policy target allocation of the Plan, we are comfortable with a long-term net return of 6.75%. For the short term, we assumed that the current volatility in the markets could persist and assigned a 50% discount to long-term expectations.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, (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
For the Year Ended June 30, 2021
Long-Term Expected Rate of Return

Asset Class	Target Allocation	Benchmark Index	Long Term Real Annualized Return*
Domestic Equity	40.0%	Russell 3000	8.0%
International Equity Developed	16.0%	Blended Developed	5.8%
International Equity Emerging	8.0%	MSCI Emerging Markets	10.1%
Real Estate	6.0%	NCREIF NFI-ODCE	6.1%
Fixed Income US Investment Grade	30.0%	Bloomberg Int. Gov/Cred	1.9%
	100.0%	Real Return	5.8%

*For illustrative purposes, historical long-term average returns have been used as a reasonable expectation of returns. The returns presented are nominal, 20-year arithmetic means of the corresponding benchmark, less 2.2% to account for expected rate of inflation. Based on the 64.0% Equity, 6.0% Real Assets, and 30.0% Fixed Income policy target allocation of the Plan, we are comfortable with a long-term net return of 6.75%. For the short term, we assumed that the current volatility in the markets could persist and assigned a 50% discount to long-term expectations.

County's money-weighted rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 25.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

County's discount rate. The discount rate used to measure the total pension liability / asset was 6.75% for the measurement date as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

County's Changes in Net Pension Liability (Asset):

Illustration 13-15 presents the changes in net pension liability (asset) from June 30, 2019, to June 30, 2020, which is the measurement date for the fiscal year ended June 30, 2021.

Illustration 13-15
Prince William County - Supplemental Pension Plan
Changes in Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net Pension Liability (Asset)
Balances on June 30, 2019 for FY 2020	$	40,862	41,679	(817)
Changes for the year:				
Service cost		2,701	-	2,701
Interest		2,664	-	2,664
Differences between expected and actual experience		(469)	-	(469)
Changes of assumptions		694	-	694
Contributions - employer		-	1,921	(1,921)
Contributions - employee		-	1,921	(1,921)
Net investment income		-	812	(812)
Benefit payments, including refunds of employee contributions		(2,778)	(2,778)	-
Administrative expenses		-	(144)	144
Net changes		2,812	1,732	1,080
Balances on June 30, 2020 for FY 2021	$	43,674	43,411	263

Sensitivity of the County's net pension liability (asset) to changes in the discount rate. Illustration 13-16 presents the net pension liability (asset) of the County measures as of June 30, 2020, for the fiscal year ending June 30, 2021, using the discount rate of 6.75% for the measurement date as of June 30, 2020. Therefore, both discount rates are used in the sensitivity analysis to calculate the County's net pension liability (asset) one percentage point lower (5.75% / 6.00%) and one percentage point higher (7.75% / 8.00%) from the current discount rate (6.75% / 7.00%).

Illustration 13-16
Prince William County - Supplemental Pension Plan
Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

Fiscal Year Ended:		1.00% Decrease (5.75% / 6.00%)	Current Discount Rate (6.75% / 7.00%)	1.00% Increase (7.75% / 8.00%)
June 30, 2021	$	(5,982)	(8,922)	(11,627)
June 30, 2020	$	3,140	263	(2,383)

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

For the fiscal year ended June 30, 2021, and measured as of June 30, 2020, the County recognized pension expense of $1,124. On June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-17.

Illustration 13-17
Prince William County - Supplemental Pension Plan
Deferred Outflows and (Inflows) of Resources
June 30, 2021

MEASUREMENT DATE 6/30/20		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	1,403
Changes of assumptions		595	
Net difference between projected and actual earnings on pension plan investments		1,853	-
Employer contributions subsequent to the measurement date		2,030	-
Total	$	4,478	1,403

The $2,030 reported as deferred outflows of resources related to pensions resulting from the County's contributions to the Plan subsequent to the measurement date, June 30, 2020, will be recognized as a reduction of the net pension liability for the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as displayed in Illustration 13-18.

Illustration 13-18
Prince William County - Supplemental Pension Plan
Amortization of Deferred Outflow and (Inflow) of Resources

Fiscal year ended June 30,		
2022	$	(56)
2023		264
2024		414
2025		398
2026		(8)
Thereafter		33
Total	$	1,045

County's fiduciary net position. The components of the net pension liability / (asset) for the Supplemental Pension Plan as of June 30, 2021, are shown in Illustration 13-19.

Illustration 13-19
Prince William County - Supplemental Pension Plan
Supplemental Pension Plan Net Pension Liability / (Asset)

Measurement Date		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)	Net Position as % of Total Pension Liability
June 30, 2021	$	46,810	55,731	(8,921)	119.06%
June 30, 2020	$	43,674	43,411	263	99.40%

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

Plan Activity for the fiscal year ending June 30, 2021:

County's Plan Description:

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

Certified active-duty fire department and rescue squad volunteers are eligible to participate in LoSAP upon attainment of the minimum age of 21 years, and a minimum of ten months of service credit (30 hours per month), or a minimum of 360 hours of service credit. Each certified active-duty fire department and rescue squad volunteer becomes a participant on July 1 coinciding with or the next following year when all the eligibility requirements are met. The LoSAP plan provides retirement and death benefits to plan members and beneficiaries.

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

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

County employees covered by benefit terms. The LoSAP plan membership covered by the benefit terms as of the July 1, 2019, actuarial valuation, is presented in Illustration 13-20.

Illustration 13-20
Prince William County - LoSAP Plan
Plan Membership as of July 1, 2019

Inactive plan members or their beneficiaries currently receiving benefits	291
Inactive members not currently receiving benefits:	
Vested inactive members	911
Non-vested inactive members	233
Total inactive members	1,435
Active participants	430
Total covered members	1,865

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

Contributions to the LoSAP plan by the County were $1,536 and $1,156 for the years ended June 30, 2021, and June 30, 2020, respectively.

County's Net Pension Liability:

The County's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2019, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

County's actuarial assumption. The total pension liability for employees in the LoSAP plan was based on an actuarial valuation as of July 1, 2019, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 13-21, applied to all periods included in the measurement and rolled forward to the measurement date of July 31, 2020.

Illustration 13-21
Prince William County- LoSAP Plan
Actuarial Valuation Methods and Assumptions as of July 1, 2019

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, including inflation
Asset Valuation Method	Fair Value
Investment Rate of Return	3.00%
Discount Rate	3.00%
Tax-exempt, high-quality general obligation municipal bond index rate	N/A
Salary Increase	N/A *
Inflation	2.50%
Retirement age	Low to Medium Rates between Ages 60 and 69; 100% at age 70
Mortality Rates	Society of Actuaries Public Safety (Above-Median Income) Mortality Table adjusted by Scale MP-2019
Disability rates	N/A
Withdrawal rates	10.00%-17.50% depending on age

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

County's changes in assumptions and benefit terms. There were no changes to the actuarial assumptions related to the net pension liability that was measured as of June 30, 2020.

County's long-term expected rate of return. On June 30, 2021, the LoSAP Trust Fund's investments were 100% invested in a general investment account at Mass Mutual with a guaranteed 3.0% investment return.

County's money-weighted rate of return. For the fiscal year ending June 30, 2021, the annual money-weighted rate of return of LoSAP plan's investments, net of pension plan investment expense, as of the measurement date of June 30, 2020, was 3.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

The discount rate to measure the total pension liability was estimated to be 3.00%. The projection of cash flows used to determine the discount rate assumed that the County's contributions will be made each year as recommended by the actuarially determined contribution amount.

County's Changes in Net Pension Liability:

Illustration 13-22 presents the changes in net pension liability from June 30, 2019 to June 30, 2020, which is the measurement date for the fiscal year ended June 30, 2021.

Illustration 13-22
Prince William County - LoSAP Plan
Changes in Net Pension Liability

		Total Pension Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net Pension Liability
Balances on June 30, 2019 for FY 2020	$	27,826	17,050	10,776
Changes for the year:				
Service cost		428	-	428
Interest		840	-	840
Differences between expected and actual experience		(202)	-	(202)
Changes of assumptions		(80)	-	(80)
Contributions - employer		-	1,156	(1,156)
Net investment income		-	517	(517)
Benefit payments, including refunds of employee contributions		(489)	(489)	-
Administrative expenses		-	(79)	79
Net changes		497	1,105	(608)
Balances on June 30, 2020 for FY 2021	$	28,323	18,155	10,168

Sensitivity of the County's net pension liability to changes in the discount rate. Illustration 13-23 presents the net pension liability of the County measured as of Jun 30, 2020, for the fiscal year ended June 30, 2021, using the discount rate of 3.00%, as well as the County's net position liability calculated using a discount rate that is one percentage point lower (2.00%) and one percentage point higher (4.00%) than the current rate.

Illustration 13-23
Prince William County - LoSAP Plan
Sensitivity of Net Pension Liability to Changes in the Discount Rate

Measurement Date		1.00% Decrease (2.00%)	Current Discount Rate (3.00%)	1.00% Increase (4.00%)
June 30, 2021	$	15,659	9,545	4,870
June 30, 2020	$	16,196	10,168	5,560

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

For the fiscal year ended June 30, 2021, and measured as of June 30, 2020, the County recognized pension expense of $2,416 and deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-24.

Illustration 13-24
Prince William County - LoSAP Plan
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	66
Change in actuarial assumptions		-	37
Net difference between projected and actual earnings on pension plan investments		284	-
Employer contributions subsequent to the measurement date		1,536	-
Total	$	1,820	103

$1,536 was contributed to the LoSAP plan subsequent to the measurement date of June 30, 2020, and is reported as a deferred outflow of resources, which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as displayed in Illustration 13-25.

Illustration 13-25
Prince William County - LoSAP Plan
Amortization of Deferred Outflow and (Inflow) of Resources

Fiscal year ended June 30,		
2022	$	84
2023		95
2024		1
2025		1
2026		-
Thereafter		-
Total	$	181

County's fiduciary net position. The components of the net pension liability for the LoSAP Pension Plan as of June 30, 2021, are shown in Illustration 13-26.

Illustration 13-26
Prince William County - LoSAP Plan
LoSAP Plan Net Position Liability

Measurement Date		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Net Position as % of Total Pension Liability
June 30, 2021	$	29,061	19,516	9,545	67.16%
June 30, 2020	$	28,323	18,155	10,168	64.10%

D. Prince William County's 401(a) Money Purchase Plan

Plan description. The 401(a) Money Purchase Plan (the Plan) is a defined contribution plan to provide County employees an additional way to save for retirement. On September 17, 2019, the Board of County Supervisors established a Board of Trustees per Resolution No. 19-444, adopted Bylaws, and appointed Trustees to serve as the investment fiduciary responsible for the selection and retention of professional advisors for the Plan's portfolio. The Director of Finance and the Human Resources Benefits Manager serve as non-rotating Trustees for the Plan in addition to four current employees and one retiree, who are nominated by the County Executive to the Board of County Supervisors to each serve a three-year term. Empower administers the Plan under the purview of the Trustees, who have administrative oversight and to ensure the proper administration of the Plan. In fiscal year 2021, the County contributed $1,506 towards County employee's 401(a) accounts.

Plan benefits. All full-time and part-time active employees who work at least 15 hours per week are eligible to participate in the Plan. Employees have a one-time, irrevocable opportunity to enroll upon commencement of employment. The Plan includes a 0.5% contribution from employees' gross salary on a pre-tax basis and receive an equal County match. Contributions may increase and decrease each fiscal year if approved by the Board of County Supervisors.

Employees who separate service with the County and withdraw funds from their account prior to age 59 ½ may incur an additional 10% tax penalty. Upon separation from the County, employees may elect to have their leave payout rolled into the Plan. As of July 2021, employees can borrow funds from their account in the Plan for any reason for as little as $1,000 or up to 50% of their contributions. However, the employee must repay the loan via payroll deductions no later than 5 years with after-tax dollars. Additionally, the loan incurs interest at a rate of 1% above the prime rate and is deposited in the employee's account.

E. Prince William County Schools (PWCS) Pension Plans

Prince William County Schools, a component unit of the County, also participates the VRS Pension plans. The aggregate amount of net pension liability related deferred outflows of resources and deferred inflows of resources, and pension expense for the Schools' pension plans are summarized in Illustration 13-27.

Illustration 13-27
Prince William County Schools - Virginia Retirement System Plans
Net Pension Liability and Related Amount
June 30, 2021

		Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Virginia Retirement System Plans					
VRS Pension Plans – For Professional Group	$	983,823	268,431	63,099	120,131
VRS Pension Plans – For Non-Professional Group		19,918	12,975	785	5,583
Total Schools' Pension Plans	$	1,003,741	281,406	63,884	125,714

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

Schools' Plan Description:

All full-time, salaried permanent (professional) employees of public-school divisions are automatically covered by VRS Teacher Retirement Plan upon employment. All full-time, salaried permanent (nonprofessional) employees of PWCS are automatically covered by a VRS Retirement Plan upon employment. Both plans are administered by the VRS along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The VRS administers three different benefit structures for covered employees in both employee groups: Plan 1, Plan 2, and the Hybrid Retirement Plan (Hybrid Plan). Each of these benefit structures have different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out below:

Plan 1

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

- *Eligible members:* Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

- *Hybrid opt-in election:* VRS non-hazardous duty covered Plan 1 members could make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Plan and remain as Plan 1 or ORP.

- *Retirement contributions:* Members contribute 5.0% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.
- *Service Credit:* Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It may also include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the employer offers the health insurance credit.

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

- *Calculating the benefit:* The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

- *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 non-professional hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

- *Normal retirement age:* Normal retirement age is 65. For non-professional hazardous duty employees, normal retirement age is 60.

- *Earliest reduced retirement eligibility:* Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Hazardous duty members: age 50 with at least five years of service credit.

- *Cost-of-Living Adjustment (COLA) in retirement:* The COLA matches the first 3.0% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.0%) up to a maximum COLA of 5.0%.

  - *Eligibility for COLA:* For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, 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 service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

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

    - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.

- The member retires on disability.
- The non-professional member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor, or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

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

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

Plan 2

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

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

- *Hybrid opt-in election:* Eligible Plan 2 members could make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Plan and remain as Plan 2 or ORP.

- *Retirement contributions*: Same as Plan 1.

- *Service credit*: Same as Plan 1.

- *Vesting*: Same as Plan 1.

- *Calculating the benefit*: See definition under Plan 1.

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

- *Service retirement multiplier*: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013. The retirement multiplier for sheriffs and regional jail superintendents is the same as Plan 1. The retirement for non-professional hazardous duty employees is the same as Plan 1.

- *Normal retirement age:* Normal Social Security retirement age. Non-professional hazardous duty employee's retirement age is the same as Plan 1.

- *Earliest unreduced retirement eligibility:* Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. Hazardous duty members are same as Plan 1.

- *Earliest reduced retirement eligibility:* Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit. Hazardous duty employees are same as Plan 1.

- *COLA in retirement:* The COLA matches the first 2.0% increase in the CPI-U and half of any additional increase (up to 2.0%), for a maximum COLA of 3.0%.
    - *COLA eligibility*: Same as Plan 1.
    - *Exceptions to COLA effective dates*: Same as Plan 1.
- *Disability Coverage*: Non-professional members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.
- *Purchase of prior service:* Same as Plan 1. Disability Coverage: Non-professional members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.
- *Purchase of prior service*: Same as Plan 1.

Hybrid Plan

- *About the Hybrid Plan*: The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan.
    - The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
    - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
    - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
- *Eligible members*: Employees are in the Hybrid Plan if their membership date is on or after January 1, 2014. This includes:
    - Professional employees
    - Non-professional employees*
    - Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- *Non-Eligible Members: Some employees are not eligible to participate in the Hybrid Plan. They include:
        - Non-professional employees who are covered by enhanced benefits for hazardous duty employees.
        - Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
    - Those employees eligible for an ORP must elect the ORP plan or the Hybrid Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- *Retirement contributions*: A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- *Service Credit*:
    - *Defined benefit component*: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for

prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the employer offers the health insurance credit.

- *Defined contributions component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

- *Vesting*:

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

  - *Defined contributions component*: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

  - After two years, a member is 50% vested and may withdraw 50% of employer contributions.

  - After three years, a member is 75% vested and may withdraw 75% of employer contributions.

  - After four or more years, a member is 100% vested and my withdrawal 100% of employer contributions. Distribution is not required by law.

- *Calculating the benefit: Defined Benefit Component:* See definition under Plan 1. Defined Contributions Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- *Average final compensation*: Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

- *Service retirement multiplier*: The retirement multiplier is 1.0%. For members that opted into the Hybrid Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. The service retirement multiplier is not applicable to the defined contribution component.

- *Normal retirement age*:

  - *Defined benefit component:* Same as Plan 2. Not applicable for nonprofessional hazardous duty employees.

  - *Defined contributions component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

- *Earliest unreduced retirement eligibility*:

  - *Defined benefit component:* Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. Not applicable to non-professional hazardous duty employees.

  - *Defined contributions component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

- *Earliest reduced retirement eligibility*:

  - *Defined benefit component:* Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit. Not applicable to non-professional hazardous duty employees.

- *Defined contribution component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

- *COLA in retirement*:

  - *Defined benefit component:* Same as Plan 2.

  - *Defined contribution component:* Not applicable.

    - *COLA eligibility*: Same as Plan 1 and Plan 2.

    - *Exceptions to COLA effective dates*: Same as Plan 1 and Plan 2.

- *Disability coverage*: Eligible non-professional and professional employees (including Plan 1 and Plan 2 opt-ins) may participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

- *Purchase of prior service:*

- *Defined benefit component:* Same as Plan 1, except for Hybrid Plan members are ineligible for ported service.

- *Defined contribution component:* Not applicable.

Schools' employees covered by benefit terms. As of the June 30, 20119 actuarial valuations, the following employees of the non-professional group were covered by the benefit terms of the pension plan as displayed by Illustration 13-28.

Illustration 13-28
Schools' VRS Pension Plan – For Non-Professional Group
Plan Membership as of the Valuation Date of June 30, 2019

Inactive members or their beneficiaries currently receiving benefits	909
Inactive members:	
Vested inactive members	253
Non-vested inactive members	573
Inactive members active elsewhere in VRS	243
Total inactive members	1,069
Active members	1,844
Total covered employees	3,822

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

Non-professional group. The non-professional group's contractually required contribution rate for the year ended June 30, 2021, was 6.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the non-professional group were $3,654 and $3,140 for the years ended June 30, 2021, and June 30, 2020, respectively.

Professional group. Each professional group's contractually required contribution rate for the year ended June 30, 2021, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the professional group were $101,153 and $93,207 for the years ended June 30, 2021, and June 30, 2020, respectively.

Schools' actuarial assumptions. The total pension liability for general employees in the non-professional and professional group was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net pension plan investment expense, including inflation*

*Administrative expense as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets of all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceed the projected benefit payment, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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

The actuarial assumptions used in the June 30, 2019, valuation was based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

	Non-hazardous Duty for Non-professional Group	Professional Group
	20% of deaths are assumed to be service related.	15% of deaths are assumed to be service related.
Pre-Retirement:	RP-2014 Employee Rates to age 80. Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 White Collar employee Rates to age 80. White Collar Healthy Annuitant Rates at age 81 and older projected with scale BB 2020.
Post-Retirement:	RP-2014 Employee Rates to age 49. Healthy Annuitant Rates at age 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.00% increase compounded from ages 70 to 90.	RP-2014 White Collar employee Rates to age 49. White Collar Healthy Annuitant Rates at age 50 and older projected with scale BB 2020; males 1.00% increase compounded from age 70 to 90; females set back 3 years with 1.50% increase compounded from age 65 to 70 and 2.00% increase compounded from age 75 to 90.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110.0% rates; females 125.00% rates.	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115.00% of rates for males and females.

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

	Largest 10 Non-Hazardous Duty	All Others (Non 10 Largest) Non-Hazardous Duty	Professional Group
Retirement rates	Lower rates at older ages and changed final retirement from 70 to 75	Lower rates at older ages and changed final retirement from 70 to 75	Lower rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rate	Lower rates	Lower rates	Adjusted rates to better match experience
Salary scale	No change	No change	No change
Line of Duty Disability	Increase from 14.00% to 20.00%	Increase from 14.00% to 20.00%	Not applicable
Discount rate	Decrease rate from 7.00% to 6.75%	Decrease rate from 7.00% to 6.75%	Decrease rate from 7.00% to 6.75%

Schools' long-term expected rate of return. The long-term expected rate of return on pension VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Illustration 13-29.

Illustration 13-29
Prince William County Schools - Virginia Retirement System Pension Plans
Long-Term Expected Rate of Return

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. On October 10,2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. Most recent capital market assumptions complied for the FY2020 actuarial valuations, provide a median return of 6.81%.

Schools' discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Schools' Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability

On June 30, 2021, the professional group reported a liability of $983,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The professional group's proportion of the net pension liability was based on the professional group's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the professional group's proportion was 6.76% as compared to 6.68% on June 30, 2019.

The non-professional net pension liability was measured as of June 30, 2020, for the fiscal year ended June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

Illustration 13-30 presents the change in the net pension liability from June 30, 2019, to June 30, 2020, which is the measurement date for the fiscal year ended June 30, 2021.

Illustration 13-30
Schools' VRS Pension Plan – For Non-Professional Group
Changes in Net Pension Liability

		Total Pension Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net Pension Liability
Balances on June 30, 2019 for FY 2020	$	221,126	210,575	10,551
Changes for the year:				
Service cost		5,342	-	5,342
Interest		14,579	-	14,579
Changes of assumptions		-	-	-
Differences between expected and actual experience		(621)	-	(621)
Contributions – employer		-	3,200	(3,200)
Contributions - employee		-	2,881	(2,881)
Net investment income		-	3,993	(3,993)
Benefit payments, including refunds of employee contributions		(10,290)	(10,290)	-
Administrative expenses		-	(137)	137
Other changes		-	(4)	4
Net changes		9,010	(357)	9,367
Balances on June 30, 2020 for FY 2021	$	230,136	210,218	19,918

Sensitivity of the Schools' net pension liability / (asset) to changes in the discount rate. Illustration 13-31 presents the net pension liability / (asset) of the non-professional group measured as of June 30, 2020, for the fiscal year ended June 30, 2021, using the discount rate of 6.75%, as well as the non-professional group's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate.

Illustration 13-31
Schools' VRS Pension Plan – For Non-Professional Group
Sensitivity of Net Pension Liability / (Asset) to Changes in the Discount Rate

		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Schools' Non-Professional Group's Net Pension Liability / (Asset)	$	47,348	19,918	(3,035)

Illustration 13-32 presents the professional group's proportionate share of the net pension liability measured as of June 30, 2020, for the fiscal year ended June 30, 2021, using the discount rate of 6.75%, as well as the professional group's proportionate share of the net pension liability calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate.

Schedule 13-32
Schools' VRS Pension Plan – For Professional Group
Sensitivity of Net Pension Liability to Changes in the Discount Rate

		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Schools' Professional Group's Proportionate Share of the VRS Teacher Employee Retirement Plan Net Pension Liability	$	1,443,489	983,823	603,621

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

For the year ended June 30, 2021, the non-professional group recognized pension benefit of $5,583. On June 30, 2021, the non-professional group reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-33.

Illustration 13-33
Schools' VRS Pension Plan – For Non-Professional Group
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	190	785
Change in actuarial assumptions		2,783	-
Net difference between projected and actual earnings on pension plan investments		6,348	-
Employer contributions subsequent to the measurement date		3,654	-
Total	$	12,975	785

$3,654 reported as deferred outflows of resources related to pensions resulting from PWCS' non-professional group contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses in future reporting periods displayed in Illustration 13-34.

Illustration 13-34
Schools' VRS Pension Plan – For Non-Professional Group
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	1,724
2023		2,748
2024		2,049
2025		2,015
2026		-
Thereafter		-
Total	$	8,536

Professional Group

For the year ended June 30, 2021, PWCS recognized pension expense of $120,131 related to the professional group. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

On June 30, 2021, the professional group's reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources displayed in Illustration 13-35.

Illustration 13-35
Schools' VRS Pension Plan – For Professional Group
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	57,667
Change in actuarial assumptions		67,159	-
Net difference between projected and actual earnings on pension plan investments		74,831	-
Changes in proportion and differences between Employer Contributions and proportionate share of contributions		25,288	5,432
Employer contributions subsequent to the measurement date		101,153	-
Total	$	268,431	63,099

PWCS' professional group contribution of $101,153, made subsequent to the measurement date and reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods presented in Illustration 13-36.

Illustration 13-36
Schools' VRS Pension Plans – For Professional Group
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	7,800
2023		31,573
2024		36,607
2025		28,536
2026		(337)
Thereafter		-
Total	$	104,179

Schools' Pension Plan Fiduciary Net Position

The VRS issues a publicly available Annual Comprehensive Financial report (ACFR) that includes financial statements and required supplementary information (RSI) for the plans administered by VRS. A copy of the 2020 VRS ACFR may be obtained for the VRS web site at www.varetire.org, or by writing to VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

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

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

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

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

Illustration 14-1
Prince William County's Other Post-Employment Benefit (OPEB) Plans
Net OPEB Liability (Asset) and Related Amounts
June 30, 2021

		Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
MEASUREMENT DATE 6/30/2021					
OPEB Master Trust Fund Plan:					
County LODA Plan*	$	(4,854)	1,744	8,308	477
MEASUREMENT DATE 6/30/2020					
Virginia Retirement System Plans:					
VRS Group Life Insurance Program	$	24,735	9,262	739	1,298
VRS Retiree Health Insurance Credit		4,458	1,047	73	518
MEASUREMENT DATE 6/30/2021					
OPEB Master Trust Fund Plans:					
County Premium Plan		3,240	1,110	7,497	43
County RHICP		14,776	655	3,509	1,347
Total OPEB – County Funded	$	47,209	12,074	11,818	3,206
Primary Government:					
Governmental Funds (F)	$	(4,070)	1,462	6,966	400
Component units:					
Adult Detention Center (E)		(784)	282	1,342	77
Subtotal Governmental Funds from LODA Plan	$	(4,854)	1,744	8,308	477
Primary Government:					
Governmental Funds	$	40,640	10,401	10,152	2,759
Intra-County Services		1,704	439	424	116
Health Insurance		67	19	14	4
Subtotal Governmental Funds from all other OPEB Plans (A)		42,411	10,859	10,590	2,879
Total Governmental Funds (A+F excluding net OPEB asset)=(H)		42,411	12,321	17,556	3,279

Illustration 14-1 *(cont'd)*
Prince William County's Other Post-Employment Benefit (OPEB) Plans
Net OPEB Liability (Asset) and Related Amounts
June 30, 2021

		Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Primary Government-Business-Type:					
Parks		-	-	-	-
Landfill		603	143	178	42
Total Proprietary Funds (B)		603	143	178	42
Total Primary Government (H+B)		43,014	12,464	17,734	3,321
Component units:					
Adult Detention Center (C)		4,195	1,072	1,050	285
Total OPEB - County Funded (H+B+C)	$	47,209	13,536	18,784	3,606
School Board's OPEB Plans **					
School Board Premium	$	(3,002)	3,865	30,796	(1,222)
Other School Pension Plans		142,766	25,365	4,255	10,390
Total School Board's OPEB Plans (D)		139,764	29,230	35,051	9,168
Total Component Units *** (C+D+E excluding net OPEB asset)		146,961	30,584	37,433	9,530
Total Reporting Entity (Sum of A thru F, excluding net OPEB asset)	$	189,975	43,048	55,177	12,851

Note: Amounts are allocated based on proportion of OPEB contributions paid.
* The County LODA Plan net OPEB assets cannot be netted against the net OPEB liabilities of other OPEB plans.
** Please see Schools separately issued financial statements for further information and Illustration 14-47 below.
*** Total Component Units' Net OPEB Assets is $3,786.

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

County's VRS Plans Overview:

County's plan administration: The County and the Adult Detention Center component unit contribute to the Virginia Retirement System (VRS) Group Life Insurance (GLI) Program, a cost-sharing, multi-employer, defined benefit employee and OPEB plan. The County also participates in the Retiree Health Insurance Credit (HIC) Program Other Post- Employment Benefits (OPEB) Plan, a multiple-employer, agent defined benefit OPEB plan. Both, the GLI and HIC Programs, are administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. All full-time, salaried permanent employees of the County and ADC are automatically covered by the VRS GLI and HIC Programs upon employment.

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

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

1. County's VRS Group Life Insurance (GLI) Program OPEB

Summary of significant accounting policies: The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to § 51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

County's VRS GROUP LIFE INSURANCE PROGRAM PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts
The benefits payable under the Group Life Insurance Program have several components.
• **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
• **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
• **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    • Accidental dismemberment benefit
    • Safety belt benefit
    • Repatriation benefit
    • Felonious assault benefit
    • Accelerated death benefit option

Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

County's contributions. The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. The County elects to pay the employee component with the employer component of the contribution. Contributions to the GLI Program from the County were $4,287 and $3,996 for the years ended June 30, 2021, and June 30, 2020, respectively.

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

On June 30, 2021, the County reported a liability of $24,735 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The County's proportion of the Net GLI OPEB Liability was based on the County's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the County's proportion was 1.48218% as compared to 1.43243% on June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of $1,298. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the sources displayed in Illustration 14-2.

Illustration 14-2
County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	1,587	222
Change in actuarial assumptions		1,237	517
Net difference between projected and actual earnings on OPEB plan investments		743	-
Changes in Proportionate Share		1,408	-
Employer contributions subsequent to the measurement date		4,287	-
Total	$	9,262	739

$4,287 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as shown in Illustration 14-3.

Illustration 14-3
County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	728
2023		937
2024		1,123
2025		1,057
2026		349
Thereafter		42
Total	$	4,236

County's actuarial assumptions. The total GLI OPEB liabilities were based on actuarial valuations as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020 as displayed in Illustration 14-4.

Illustration 14-4
County's Virginia Retirement System - Group Life Insurance (GLI) Program
Other Post -Employment Benefits (OPEB) Plan
Actuarial Methods and Assumptions

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% net investment expense, including inflation*
Inflation	2.50%
Healthcare Trend Rate	N/A - the benefit is not based on healthcare costs but rather on compensation
General Employees:	
Payroll Growth	3.50%-5.35%, includes inflation
Mortality	
Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Illustration 14-4 *(cont'd)*
County's Virginia Retirement System - Group Life Insurance (GLI) Program
Other Post -Employment Benefits (OPEB) Plan
Actuarial Methods and Assumptions

Public Safety Employees with Hazardous Duty Benefits:

Payroll Growth	3.50%-4.75%, includes inflation
Mortality	
Pre-Retirement	RP-2014 Employee Rates to age 80, Health Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, unisex using 100% male.

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate from 7.00% to 6.75%, which was based on VRS Board action effective as of July 1, 2019.

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

General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disability)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.0% to 20.0%
Discount Rate	Decrease rate 7.00% to 6.75%

Public Safety Employees with Hazardous Duty Benefits:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60.0% to 70.0%
Discount Rate	Decrease rate 7.00% to 6.75%

County's Net GLI OPEB Liability (NOL):

The County's net OPEB liability for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, net OPEB liability amounts for the GLI Program are displayed in Illustration 14-5.

Illustration 14-5

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

Net OPEB Liability

Fiscal Year Ending		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability
June 30, 2021	$	52,231	27,496	24,735	52.6%

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

County's long-term expected rate of return. The long-term expected rate of return on the VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Illustration 14-6.

Illustration 14-6
County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan
Long-Term Expected Rate of Return
For the Year Ended June 30, 2021

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

County's discount rate. The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions and the County will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rates contributed by the County for the GLI OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the County's proportionate share of the net GLI OPEB liability to changes in the discount rate. Illustration 14-7 presents the County's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as the County's proportionate share of the net GLI OPEB liability calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate.

Illustration 14-7
County's Virginia Retirement System – Group Life Insurance (GLI) Program Other Post-Employment Benefits (OPEB) Plan
Sensitivity of Net OPEB Liability Discount Rate

Fiscal Year Ended:		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
June 30, 2021	$	32,516	24,735	18,416

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

County's GLI fiduciary net position. Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

2. County's Virginia Retirement System (VRS) – Retiree Health Insurance Credit (HIC) Program Other Post-Employment Benefits (OPEB)

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

Plan description: All full-time, salaried permanent employees of the County are automatically covered under the VRS HIC OPEB upon employment. This plan is administered by VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The retiree health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the County's HIC OPEB, including eligibility, coverage and benefits is set out in the table below:

County's VRS RETIREE HEALTH INSURANCE CREDIT PROGRAM PROVISIONS
Eligible Employees The County VRS Retiree Health Insurance Credit Program was established July 1, 1993, for retired County employees of employers who elect the benefit and who retire with at least 15 years of service credit. Full-time permanent salaried employees of the County who are covered under the VRS pension plan are enrolled automatically upon employment.
Benefit Amounts The County's VRS Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **<u>At Retirement</u>** – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • **<u>Disability Retirement</u>** – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
County VRS Retiree Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the Retiree Health Insurance Credit as a retiree.

County employees covered by benefit terms. As of the June 30, 2019, actuarial valuation, employees covered by the benefit terms of the VRS HIC OPEB Plan are displayed in Illustration 14-8.

Illustration 14-8
County's Virginia Retirement System Retiree Health Insurance Credit (HIC) Program
Other Post-Employment Benefits (OPEB) Plan
Plan Membership as of the Valuation Date of June 30, 2019

Inactive plan members or their beneficiaries currently receiving benefits	1,091
Inactive members:	
Vested inactive members	-
Total inactive members	1,091
Active employees	3,796
Total covered members	4,887

County's contributions. The contributions requirement for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to the County by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2021, was 0.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the VRS HIC Program were $522 and $498 for the years ended June 30, 2021 and June 30, 2020, respectively.

County's Net VRS HIC OPEB Liability:

The County's net VRS HIC OPEB liability was measured as of June 30, 2020. The total VRS HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

County's actuarial assumptions. The total VRS HIC OPEB liability was based on actuarial valuations as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020 as displayed in Illustration 14-9.

Illustration 14-9
County's Virginia Retirement System Retiree Health Insurance Credit (HIC) Program
Other Post-Employment Benefits (OPEB) Plan
Actuarial Methods and Assumptions

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% net investment expense, including inflation*
Inflation	2.50%
Healthcare Trend Rate	N/A - the benefit is not based on healthcare costs but rather on compensation

Illustration 14-9 *(cont'd)* County's Virginia Retirement System Retiree Health Insurance Credit (HIC) Program Other Post-Employment Benefits (OPEB) Plan Actuarial Methods and Assumptions	
General Employees:	
Payroll Growth	3.50%-5.35%, includes inflation
Mortality	
Pre-Retirement	RP-2014 Employee Rates to age 80, Health Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disability	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.
Public Safety Employees with Hazardous Duty Benefits:	
Payroll Growth	3.50%-4.75%, includes inflation
Mortality	
Pre-Retirement	RP-2014 Employee Rates to age 80, Health Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disability	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, unisex using 100% male.

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

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

General Employees:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disability)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 20.00%
Discount Rate	Decrease rate 7.00% to 6.75%
Public Safety Employees with Hazardous Duty Benefits:	
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60.00% to 70.00%
Discount Rate	Decrease rate 7.00% to 6.75%

County's long-term expected rate of return. The long-term expected rate of return on the VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Illustration 14-10.

Illustration 14-10
County's Virginia Retirement System – Retiree Health Insurance Credit (HIC) Program
Other Post-Employment Benefits (OPEB) Plan
Long-Term Expected Rate of Return
For the Year Ended June 30, 2021

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

County's discount rate. The discount rate used to measure the total VRS HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rates contributed by the entity for the VRS HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VRS HIC OPEB fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VRS HIC OPEB liability.

County's Changes in Net VRS HIC OPEB Liability:

Illustration 14-11 presents the change in the net OPEB liability from June 30, 2019 to June 30, 2020, which is the measurement date for the fiscal year ended June 30, 2021.

Illustration 14-11
County's Virginia Retirement System
Retiree Health Insurance Credit (HIC) Program Other Post-Employment Benefits (OPEB) Plan
Changes in Net OPEB Liability

		Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability
Balances on June 30, 2019 for FY 2020	$	8,004	3,836	4,168
Changes for the year:				
Service cost		188	-	188
Interest		521	-	521
Changes of assumptions			-	-
Differences between expected and actual experience		149	-	149
Contributions - employer		-	498	(498)
Net investment income		-	76	(76)
Benefit payments, including refund of employee contributions		(566)	(566)	-
Administrative expenses		-	(8)	8
Other costs		(2)	-	(2)
Net changes		290	-	290
Balances on June 30, 2020 for FY 2021	$	8,294	3,836	4,458

Sensitivity of the County's VRS Health Insurance Credit net OPEB liability to changes in the discount rate. Illustration 14-12 presents the County VRS HIC's net OPEB liability measured as of June 30, 2020, for the fiscal year ended June 30, 2021, using the discount rate of 6.75%, as well as the County's net OPEB liability calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate.

Illustration 14-12
County's Virginia Retirement System
Retiree Health Insurance Credit (HIC) Program Other Post-Employment Benefits (OPEB) Plan Sensitivity of Net OPEB Liability
Discount Rate

Fiscal Year Ended:		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
June 30, 2021	$	5,362	4,458	3,690

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

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

For the year ended June 30, 2021, the County recognized VRS HIC OPEB expense of $518. On June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the County VRS HIC OPEB Plan as displayed in Illustration 14-13.

Illustration 14-13
County's Virginia Retirement System
Retiree Health Insurance Credit (HIC) Program Other Post-Employment Benefits (OPEB) Plan
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	252	-
Change in actuarial assumptions		146	73
Net difference between projected and actual earnings on OPEB plan investments		127	-
Employer contributions subsequent to the measurement date		522	-
Total	$	1,047	73

$522 of the reported as VRS HIC's deferred outflows of resources is related to the County's contributions made subsequent to the measurement date and will be recognized as a reduction of the Net VRS HIC's OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HIC OPEB Plan will be recognized in the VRS HIC OPEB expense in future reporting periods displayed in Illustration 14-14.

Illustration 14-14
County's Virginia Retirement System
Retiree Health Insurance Credit (HIC) Program Other Post-Employment Benefits (OPEB) Plan
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	59
2023		88
2024		89
2025		89
2026		66
Thereafter		61
Total	$	452

County's VRS HIC fiduciary net position. Information about the VRS Retiree Health Insurance Credit's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR), which can be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf , or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

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

Summary Financial Statements for Single-Employer Defined Benefit Pension Plans Self-Insured by the County for the fiscal year ending June 30, 2021:

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

Illustration 14-15
Prince William County – OPEB Master Trust Fund
Statement of Fiduciary Net Positions
June 30, 2021

		County Premium Plan	County RHICP	LODA Plan	School Board Premium Plan	Total OPEB Master Trust Fund
Assets:						
Restricted investments	$	25,307	25,705	23,487	54,131	128,630
Total assets		25,307	25,705	23,487	54,131	128,630
Liabilities:						
Accounts payable		1,405	2,088	796	8	4,297
Total liabilities		1,405	2,088	796	8	4,297
Net position:						
Net position restricted for OPEB		23,902	23,617	22,691	54,123	124,333
Total net position	$	23,902	23,617	22,691	54,123	124,333

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

Illustration 14-16
Prince William County – OPEB Master Trust Fund
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2021

		County Premium Plan	County RHICP	LODA Plan	School Board Premium Plan	Total OPEB Master Trust
Additions:						
Employer contributions	$	1,475	2,137	1,875	1,800	7,287
Total contributions		1,475	2,137	1,875	1,800	7,287
Investment income:						
Total investment income		5,709	4,623	4,988	10,821	26,141
Less: investment expense		(46)	(37)	(39)	(86)	(208)
Net investment income		5,663	4,586	4,949	10,735	25,933
Total additions		7,138	6,723	6,824	12,535	33,220
Deductions:						
Benefit payments		1,400	2,085	793	-	4,278
Administrative expenses		-	-	-	15	15
Total deductions		1,400	2,085	793	15	4,293
Change in net position:		5,738	4,638	6,031	12,520	28,927
Net position, beginning of year		18,164	18,979	16,660	41,603	95,406
Net position, end of year	$	23,902	23,617	22,691	54,123	124,333

County's Plans Descriptions:

The Prince William County Other Post-Employment Benefits (OPEB) Master Trust Fund, administered by Prince William County (the County) and the OPEB Master Trust Fund Finance Board (the Trustees), was established by the County Board on June 23, 2009, by Resolution No. 09-544 to provide funding for benefit payments on behalf of retirees and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. On June 30, 2009, funds were transferred to establish separate trust fund accounts for the four single-employer, defined benefit OPEB plans operating under the OPEB Master Trust:

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

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

Contributions and earnings on the contributions to the OPEB Master Trust are irrevocable and can only be used by the Trust. All OPEB Trust plan assets are dedicated to providing OPEB benefits to plan members in accordance with benefit terms. OPEB plan assets are legally protected from the creditors of the County, Schools and the OPEB Trust Board and are legally protected from creditors of any plan members.

County's long-term expected rate of return. All OPEB Master Trust Plans' assets are commingled for investment purposes. However, only the assets for each Plan can be used to pay for the benefits of that specific Plan. The long-term expected rate of return on the County's Premium Plan's investments is derived using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, expectations for inflation, productivity, and labor force growth. The target asset allocation and best estimate of geometric rates of return for each major asset class are summarized in Illustration 14-17.

Illustration 14-17
Prince William County – OPEB Master Trust Fund
Long-Term Expected Rate of Return
For the Year Ended June 30, 2021

Asset Class	Target Allocation	Capital Market Assumptions	Expected Long-term Rate of Return
OPEB Master Trust Fund Investments:			
Domestic Equity	40.0%	7.5%	5.0%
International Developed Equity	15.0%	7.6%	5.1%
International Emerging Markets Equity	5.0%	7.9%	5.4%
Core Bonds	20.0%	3.8%	1.3%
Investment Grade Corporate Debt	10.0%	4.2%	1.7%
Emerging Markets Debt	5.0%	6.1%	3.6%
High Yield	5.0%	6.0%	3.5%
	100.0%		
		Inflation	2.5%
	Long-Term Expected Rate of Return		6.3%

County's money weighted rate of return. The annual money-weighted rate of return on OPEB plan investments calculated as the internal rate of return, net of plan investment expenses, is 26.05% The money-weighted rate of return expresses investment performance, net of investment expenses, and adjusted for the changing amounts actually invested.

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

Plan Activity for the Fiscal Year Ending June 30, 2021:

County's Premium Plan Description:

The Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan) covers eligible retired employees and Consolidated Omnibus Budget Reconciliation Act (COBRA) eligible employees of the County, including all departments and agencies. The County Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. 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 County Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the County Premium Plan. Terminated plan members and beneficiaries are required to pay 100% of published blended premium rates to the County.

County employees covered by benefit terms. Illustration 14-18 summarizes the membership in the OPEB Master Trust Fund – County Premium Plan as of January 1, 2020, the latest actuarial valuations for the County.

Illustration 14-18
Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan)
Plan Membership as of the Valuation Date of January 1, 2020

Active employees	3,351
Inactive members receiving benefits	221
Total covered members	3,572

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

The County contributed $1,475 to the OPEB Master Trust's County Premium Plan for the year ended June 30, 2021. The contribution amounts were determined using the actuarial valuations performed as of January 1, 2020 and valuation rolled forward to June 30, 2021. The actuarially determined contribution amount were derived with the expectation of financing costs for members benefits earned during the current fiscal year and include an additional amount to finance any unfunded accrued liability, if needed.

County's Net OPEB Liability:

The County's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2020, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

County actuarial assumption. The total OPEB liability for employees in the County's Premium Plan in the Master Trust Fund was calculated using the actuarial valuation performed as of January 1, 2020, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 14-19, applied to all periods included in the measurement year and rolled forward to the measurement date of June 30, 2021.

Illustration 14-19
Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan)
Actuarial Methods and Assumptions

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of projected pay, closed
Remaining Amortization Period	17 years, closed
Asset Valuation Method	Fair Value
Investment Rate of Return	7.0%, net of expenses
Inflation	2.50%
Payroll Growth	3.50%
Healthcare Cost Trend Rates	4.7% base; 4.0% ultimate (pre-Medicare); does not provide post-Medicare coverage

County discount rate. The discount rate used to measure the total OPEB liability for the County's Premium Plan was 7.00%. The projection of cash flows used to determine the discount rate assumed that the County intends to contribute the full contribution amount actuarially determined and charge the Trust to recover any payments made for claims, net of retiree and COBRA insured premiums, made by the County during the current fiscal year. Since the Plan's current target allocation is 60% equity and 40% fixed income, the discount rate is realized. The returns presented below are calculated using geometric return projections based on long-term capital market assumptions. As a result, the Trust's fiduciary net position was projected to be available to make all projected benefit payments for eligible members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

County's net OPEB liability. The components of the net position liability for the County Premium Plan of the OPEB Master Trust Fund as of June 30, 2021 are shown in Illustration 14-20.

Illustration 14-20 Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan) Net OPEB Liability					
Fiscal Year Ended:		**Total OPEB Liability**	**Plan Fiduciary Net Position**	**Net OPEB Liability**	**Net Position as % of Total OPEB Liability**
June 30, 2021	$	27,142	23,902	3,240	88.06%

County's Changes in Net OPEB Liability:

Illustration 14-21 presents the changes in net pension liability from June 30, 2020 to June 30, 2021.

Illustration 14-21 Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan) Changes in Net OPEB Liability				
		Total OPEB Liability	**Plan Fiduciary Net Position - Increase (Decrease)**	**Net OPEB Liability**
Balances on June 30, 2020	$	25,390	18,164	7,226
Changes for the year:				
Service cost		1,202	-	1,202
Interest		1,736	-	1,736
Differences between expected and actual experience		214	-	214
Contributions - employer		-	1,475	(1,475)
Net investment income		-	5,663	(5,663)
Benefit payments, including refund of employee contributions		(1,400)	(1,400)	-
Administrative expenses		-	-	-
Net changes		1,752	5,738	(3,986)
Balances on June 30, 2021	$	27,142	23,902	3,240

Sensitivity of the County's net OPEB liability to changes in the discount rate. Illustration 14-22 presents the net OPEB liability of the County Premium Plan using the discount rate of 7.00%, as well as the net OPEB liability calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate.

Illustration 14-22 Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan) Sensitivity of Net OPEB Liability to Changes in the Discount Rate For the Year Ended June 30, 2021				
Fiscal Year Ended:		**1.00% Decrease (6.00%)**	**Current Discount Rate (7.00%)**	**1.00% Increase (8.00%)**
County's Net OPEB Liability	$	5,738	3,240	821

Sensitivity of the County's net pension liability (asset) to changes in the healthcare cost trend rate. Illustration 14-23 presents the net OPEB liability (asset) of the County Premium Plan using the current Healthcare Cost Trend Rate of 4.70% base with an 4.00% ultimate Medicare coverage and it is not applicable to post-Medicare coverage as well as the net OPEB liability (asset) calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) and one percentage point higher (5.00%) than the current rate.

Illustration 14-23 Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan) Sensitivity of Net OPEB Liability (Asset) to Changes in the Medical Trend For the Year Ended June 30, 2021				
Fiscal Year Ended:		**1.00% Decrease (3.00%)**	**Medical Trend (4.00%)**	**1.00% Increase (5.00%)**
County's Net OPEB Liability (Asset)	$	(37)	3,240	6,901

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

For the year ended June 30, 2021, the County Premium Plan recognized OPEB expense of $43. On June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources presented in Illustration 14-24.

Illustration 14-24 Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan) Deferred Outflows and (Inflows) of Resources June 30, 2021			
		Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$	1,110	2,259
Change in actuarial assumptions		-	1,462
Net difference between projected and actual earnings on OPEB plan investments		-	3,776
Total	$	1,110	7,497

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the County Premium Plan's OPEB expense in future reporting periods displayed by Illustration 14-25.

Illustration 14-25 Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan) Amortization of Deferred Outflows and (Inflows) of Resources		
Fiscal year ended June 30,		
2022	$	(1,666)
2023		(1,594)
2024		(1,562)
2025		(1,532)
2026		(32)
Thereafter		(1)
Total	$	(6,387)

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

Plan Activity for the Fiscal Year Ending June 30, 2021:

County's Plan Description:

The Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit Plan (County RHICP) 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. 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. To receive the subsidy, the retiree must have 15 years of service with the County and must be receiving a pension payment from the VRS or the County Supplemental Pension Plan. Terminated vested employees are allowed. The health insurance credit cannot be used for spousal coverage. The retirees are granted the option to participate by paying 100% of their monthly health insurance premium towards the County Premium Plan less \$0.0055 times years of service for a maximum health insurance credit rate of \$0.165 from the County.

County employees covered by benefit terms. Illustration 14-26 summarizes the membership in the County RHICP as of January 1, 2020 the latest actuarial valuations for the County.

Illustration 14-26
Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHICP) Plan
Plan Membership as of the Valuation Date of January 1, 2020

Active employees	4,181
Inactive members receiving benefits	1,255
Total covered members	5,436

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

The County contributed \$2,137 to the County RHICP for the year ended June 30, 2021. The contribution amounts were determined using the actuarial valuations performed as of January 1, 2020 and rolled forward to June 30, 2021. The actuarially determined contribution amount were derived with the expectation of financing costs for members benefits earned during the current fiscal year and include an additional amount to finance any unfunded accrued liability, if needed.

County's Net OPEB Liability:

The County's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2020, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

County actuarial assumption. The total OPEB liability for employees in the County's RHICP was calculated using the actuarial valuation performed as of January 1, 2020, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 14-27, applied to all periods included in the measurement year and rolled forward to the measurement date of June 30, 2021.

Illustration 14-27
Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHICP) Plan
Actuarial Methods and Assumptions

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of projected pay, closed
Remaining Amortization Period	18 years, closed
Asset Valuation Method	Fair Value
Investment Rate of Return	7.0%, net of expenses
Inflation	2.50%
Payroll Growth	3.50%
Healthcare Cost Trend Rates	Not applicable - This Plan does not depend on healthcare cost trend rates.

County's changes in assumptions and benefit terms. There were no changes to the actuarial assumptions related to the net position liability that was measured as of June 30, 2021.

County's discount rate. The discount rate used to measure the total OPEB liability for the County's RHICP was 7.00%. The projection of cash flows used to determine the discount rate assumed that the County intends to contribute the full contribution amount actuarially determined and charge the Trust to recover any payments made for claims, net of retiree and COBRA insured premiums, made by the County during the current fiscal year. Since the Plan's current target allocation is 60% equity and 40% fixed income, the discount rate is realized. The returns presented below are calculated using geometric return projections based on long-term capital market assumptions. As a result, the Trust's fiduciary net position was projected to be available to make all projected benefit payments for eligible members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

County's net OPEB liability. The components of the net OPEB liability for the OPEB Master Trust's County RHICP are shown in Illustration 14-28.

Illustration 14-28
Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (County RHICP) Plan
Net OPEB Liability

Fiscal Year Ended:		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Net Position as % of Total OPEB Liability
June 30, 2021	$	38,394	23,618	14,776	61.51%

County's Changes in Net OPEB Liability:

Illustration 14-29 presents the changes in net pension liability from June 30, 2020 to June 30, 2021.

Illustration 14-29
Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHICP) Plan
Changes in Net OPEB Liability

		Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability
Balances on June 30, 2020	$	37,323	18,979	18,344
Changes for the year:				
Service cost		803	-	803
Interest		2,533	-	2,533
Differences between expected and actual experience		(180)	-	(180)
Contributions - employer		-	2,137	(2,137)
Net investment income		-	4,587	(4,587)
Benefit payments, including refund of employee contributions		(2,085)	(2,085)	-
Net changes		1,071	4,639	(3,568)
Balances on June 30, 2021	$	38,394	23,618	14,776

Sensitivity of the County's net OPEB liability to changes in the discount rate. Illustration 14-30 presents the net OPEB liability of the County using the discount rate of 7.00%, as well as the County's net OPEB liability calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate.

Illustration 14-30
Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHICP) Plan
Sensitivity of Net OPEB Liability to Changes in the Discount Rate
For the Year Ended June 30, 2021

Fiscal Year Ended:		1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
County's Net OPEB Liability	$	19,195	14,776	11,056

Sensitivity of the County's net pension liability to changes in the healthcare cost trend rate. There is no valuation health care cost trend assumption for the Prince William County Credit Plan because the benefit provided to participants is not dependent on medical claims costs, but rather is equal to $0.0055 per month per year of service.

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

For the year ended June 30, 2021, the County recognized OPEB expense of $1,347. On June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources displayed in Illustration 14-31.

Illustration 14-31
Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHICP) Plan
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	655	313
Change in actuarial assumptions		-	702
Net difference between projected and actual earnings on OPEB plan investments		-	2,494
Total	$	655	3,509

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the County RHICP's OPEB expense in future reporting periods as shown in Illustration 14-32.

Illustration 14-32
Prince William County Post-Retirement Medical Benefits Retiree Health Insurance Credit (RHICP) Plan
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	(697)
2023		(684)
2024		(712)
2025		(745)
2026		-
Thereafter		(16)
Total	$	(2,854)

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

Plan Activity for the Fiscal Year Ending June 30, 2021:

County's Plan Description:

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

The County LODA Plan provides death, disability and healthcare benefits for public safety employees and volunteer firefighters who hold specified hazardous duty positions and who die or who become permanently disabled in the line of duty. The LODA Plan includes a $100 life insurance benefit for death occurring as a direct or proximate result of duties, a $25 death benefit for death by presumptive clause within five years of retirement, and lifetime medical benefits for the disabled employee and their surviving spouse with certified children covered to age 26, comparable to the medical coverage held by the deceased or disabled employee or volunteer at the time of the qualifying incident.

To be eligible to receive LODA benefits, the disabled or deceased employee or volunteer must be certified by the Virginia Department of Human Resource Management. 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 enrolled in a state-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 Commonwealth premium rate state sponsored group healthcare plans. County employees covered by benefit terms. Illustration 14-39 summarizes the membership in the OPEB Master Trust Fund – County LODA Plan as of January 1, 2020, the latest actuarial valuations for the County.

County employees covered by benefit terms. Illustration 14-33 summarizes the membership in the OPEB Master Trust Fund – County LODA Plan as of January 1, 2020 the latest actuarial valuations for the County.

Illustration 14-33
Prince William County Line of Duty Act (LODA) Trust Fund Plan
Plan Membership as of the Valuation Date of January 1, 2020

Active employees	2,322
Inactive members receiving benefits	42
Total covered members	2,364

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

The County contributed $1,875 to the LODA Plan for the year ended June 30, 2021. The contribution amounts were determined using the actuarial valuations performed as of January 1, 2020 and valuation rolled forward to June 30, 2021. The actuarially determined contribution amount were derived with the expectation of financing costs for members benefits earned during the current fiscal year and include an additional amount to finance any unfunded accrued liability, if needed.

County's Net OPEB Liability (Asset):

The County's net OPEB liability was measured as of June 30, 2021. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation performed as of January 1, 2020, using actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

County actuarial assumption. The total OPEB liability for employees in the County's LODA Plan was calculated using the actuarial valuation performed as of January 1, 2020, using the Entry Age Normal actuarial cost method and the assumptions displayed in Illustration 14-34, applied to all periods included in the measurement year and rolled forward to the measurement date of June 30, 2021.

Illustration 14-34 Prince William County Line of Duty Act (LODA) Trust Fund Plan Actuarial Methods and Assumptions	
Valuation Date	January 1, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of projected pay, closed
Remaining Amortization Period	22 years, closed
Asset Valuation Method	Fair Value
Investment Rate of Return	7.0%, net of expenses
Inflation	2.50%
Payroll Growth	3.50%
Healthcare Cost Trend Rates	4.7% base; 4.0% ultimate (pre-Medicare); Virginia LODA and Medicare Part B coverage

County's changes in assumptions and benefit terms. There were no changes to the actuarial assumptions related to the net position liability that was measured as of June 30, 2021.

County's discount rate. The discount rate used to measure the total OPEB liability for the County's LODA Plan was 7.00%. The projection of cash flows used to determine the discount rate assumed that the County intends to contribute the full contribution amount actuarially determined and charge the Trust to recover any payments made for claims, net of retiree and COBRA insured premiums, made by the County during the current fiscal year. Since the Plan's current target allocation is 60% equity and 40% fixed income, the discount rate is realized. The returns presented below are calculated using geometric return projections based on long- term capital market assumptions. As a result, the Trust's fiduciary net position was projected to be available to make all projected benefit payments for eligible members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

County's net OPEB liability (asset). Illustration 14-35 shows the net OPEB liability (asset) for the OPEB Master Trust's County LODA Plan was measured as of June 30, 2021.

Illustration 14-35
Prince William County Line of Duty Act (LODA) Trust Fund Plan
Net OPEB Liability (Asset)

Fiscal Year Ended		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Net Position as % of Total OPEB Liability (Asset)
June 30, 2021	$	17,837	22,691	(4,854)	127.21%

County's Changes in Net OPEB Liability (Asset):

Illustration 14-36 presents the changes in net pension liability (asset) from June 30, 2020 to June 30, 2021.

Illustration 14-36
Prince William County Line of Duty Act (LODA) Trust Fund Plan
Changes in Net OPEB Liability (Asset)

		Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability (Asset)
Balances on June 30, 2020	$	15,873	16,660	(787)
Changes for the year:				
Service cost		1,726	-	1,726
Interest		1,082	-	1,082
Differences between expected and actual experience		(51)	-	(51)
Changes in assumptions		-	-	-
Contributions - employer		-	1,875	(1,875)
Net investment income		-	4,988	(4,988)
Benefit payments, including refund of employee contributions		(793)	(793)	-
Administrative expenses		-	(39)	39
Net changes		1,964	6,031	(4,067)
Balances on June 30, 2021	$	17,837	22,691	(4,854)

Sensitivity of the County's net OPEB liability (asset) to changes in the discount rate. Illustration 14-37 presents the net OPEB liability (asset) of the County LODA Plan using the discount rate of 7.00%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

Illustration 14-37
Prince William County Line of Duty Act (LODA) Trust Fund Plan
Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate
For the Year Ended June 30, 2021

Fiscal Year Ended:		1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
County's Net OPEB Liability (Asset)	$	(3,107)	(4,854)	(6,468)

Sensitivity of the County's net OPEB liability (asset) to changes in the discount rate. Illustration 14-38 presents the net OPEB liability (asset) of the County LODA plan using the current Healthcare Cost Trend Rate of 4.70% base with 4.00% ultimate, Virginia LODA premiums and the Medicare B premiums, as well as the net OPEB liability (asset) calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) and one percentage point higher (5.00%) than the current rate.

Illustration 14-38 Prince William County Line of Duty Act (LODA) Trust Fund Plan Sensitivity of Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate For the Year Ended June 30, 2021				
Fiscal Year Ended:		**1.00% Decrease (3.00%)**	**Current Discount Rate (4.00%)**	**1.00% Increase (5.00%)**
County's Net OPEB Liability (Asset)	$	(7,478)	(4,854)	(1,800)

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

For the year ended June 30, 2020, the County recognized OPEB expense of $477. On June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources displayed in Illustration 14-39.

Illustration 14-39 Prince William County Line of Duty Act (LODA) Trust Fund Plan Deferred Outflows and (Inflows) of Resources June 30, 2021			
		Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$	604	5,078
Change in actuarial assumptions		1,140	-
Net difference between projected and actual earnings on OPEB plan investments		-	3,230
Total	$	1,744	8,308

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the County LODA Plan's OPEB expense in future reporting periods as shown in Illustration 14-40.

Illustration 14-40 Prince William County Line of Duty Act (LODA) Trust Fund Plan Amortization of Deferred Outflows and (Inflows) of Resources		
Fiscal year ended June 30,		
2022	$	(1,168)
2023		(1,105)
2024		(1,074)
2025		(1,048)
2026		(291)
Thereafter		(1,878)
Total	$	(6,564)

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

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

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

The aggregate amount of net OPEB liability (asset), related deferred outflows of resources and deferred inflows of resources, and OPEB expense for the County's OPEB plans are summarized in Illustration 14-41 below.

Illustration 14-41
Prince William County School Board's (Schools) Other Post-Employment Benefit (OPEB) Plans
Net OPEB Liability (Asset) and Related Amounts

		Net OPEB Liability (Asset)	Deferred Outflow of Resources	Deferred Inflows of Resources	OPEB Expense/ (Income)
MEASUREMENT DATE 6/30/2020					
School Board Premium Plan		(3,002)	3,865	30,796	(1,222)
VRS Group Life Insurance Program	$	53,380	12,645	1,827	2,416
VRS Health Insurance Credit					
Non-Professional Group		884	227	124	194
Professional Group		88,502	12,493	2,304	7,780
Total VRS Health Insurance Credit		89,386	12,720	2,428	7,974
Total OPEB – Schools Funded		142,766	25,365	4,255	10,390

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

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

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

The HIC program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public-school divisions are automatically covered by the VRS Teacher Employee HIC program. All full-time, salaried permanent (non-professional) employees of Schools are automatically covered by the VRS Prince William County Schools HIC program upon employment. These plans are administered by VRS. Members earn one month of service credit toward the benefit for each month they are employed and for which Schools pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Schools' benefit amounts. For professional employees who retire, the monthly benefit is $0.004 per year of service per month with no cap on the benefit amount. For professional employees who retire on disability or go on long-term disability under the Virginia Long-term Disability Program (VLDP), the monthly benefit is either: (a) $0.004 per month, multiplied by twice the amount of service credit, or (b) $0.004 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. For eligible non-professional employees who retire, the monthly benefit is $0.0015 per year of service per month with a maximum benefit of $0.045 per month. For eligible non-professional employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is $0.045 per month.

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

Schools' Contributions – Non-Professional Group

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted because of funding provided to Schools by the Virginia General Assembly. The non-professional group's contractually required contribution rate for the year ended June 30, 2021 was 0.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Schools to the VRS HIC program for the non-professional group were $126 and $129 for the years ended June 30, 2021 and June 30, 2020, respectively.

Schools' Contributions – Professional Group

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted because of funding provided to Schools by the Virginia General Assembly. Schools' contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Schools to the VRS HIC program for the professional group were $7,326 and $7,134 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

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

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

On June 30, 2021, the professional group reported a liability of $88,502 for its proportionate share of the VRS HIC program net OPEB liability. The net VRS HIC program OPEB liability was measured as of June 30, 2020 and the total VRS HIC program OPEB liability used to calculate the net VRS HIC program OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. Schools' proportion of the net VRS HIC program OPEB liability was based on the Schools actuarially determined employer contributions to the VRS HIC program OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, Schools' proportion of the VRS HIC program for professional group was 6.78% as compared to 6.64% on June 30, 2019.

The non-professional HIC program OPEB liability was measured as of June 30, 2020. The total non-professional HIC program OPEB liability used to calculate the net non-professional HIC program OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

Illustration 14-42 present the change in the net OPEB liability from June 30, 2019 to June 30, 2020, which is the measurement date for June 30, 2021.

Illustration 14-42

School Board's (Schools) Virginia Retirement System (VRS) – Health Insurance Credit (HIC) Plan

Non-Professional Groups Changes in Net OPEB Liability

		Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability
Balances on June 30, 2019 for FY 2020	$	2,482	1,709	773
Changes for the year:				
Service cost		66	-	66
Interest		163	-	163
Changes of assumptions		94	-	94
Differences between expected and actual experience		(52)	-	(52)
Contributions - employer		-	129	(129)
Net investment income		-	34	(34)
Benefit payments, including refund of employee contributions		(132)	(132)	-
Administrative expenses		-	(3)	3
Net changes		139	28	111
Balances on June 30, 2020 for FY 2021	$	2,621	1,737	884

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

Illustration 14-43 presents the VRS HIC program net OPEB liability of the non-professional group measured as of June 30, 2020, for the fiscal year ended June 30, 2021, using the discount rate of 6.75%, as well as the non-professional group's net HIC OPEB liability calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate.

Illustration 14-43

School Board's (Schools) Virginia Retirement System (VRS) – Health Insurance Credit (HIC) Plan – Non-Professional Groups

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

June 30, 2021

Fiscal Year Ended:		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability - Non-Professional Group	$	1,183	884	622

Illustration 14-44 present the professional's group proportionate share of the VRS HIC program net liability measured as of June 30, 2020, for the fiscal year ended June 30, 2021, using the discount rate of 6.75%, as well as the professional group's proportionate share of the net HIC OPEB liability calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate.

Illustration 14-44
School Board's (Schools) Virginia Retirement System (VRS) – Health Insurance Credit (HIC) Plan – Professional Groups
Sensitivity of Net OPEB Liability to Changes in the Discount Rate
June 30, 2021

Fiscal Year Ended:		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability - Professional Group	$	99,068	88,502	79,521

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

For the year ended June 30, 2021, Schools recognized VRS HIC program OPEB expense of $194 for the non-professional group. On June 30, 2021, Schools reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program OPEB for the non-professional group from the sources displayed in Illustration 14-45.

Illustration 14-45
School Board's (Schools) Virginia Retirement System (VRS) – Health Insurance Credit (HIC) Plan –Non-Professional Groups
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	97
Change in actuarial assumptions		43	27
Net difference between projected and actual earnings on OPEB plan investments		58	-
Employer contributions subsequent to the measurement date		126	-
Total	$	227	124

$126 reported as deferred outflows of resources related to the non-professional group HIC OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net non-professional group HIC OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the non-professional group HIC OPEB will be recognized in the OPEB expense in the future reporting periods shown in Illustration 14-46.

Illustration 14-46
School Board's (Schools) Virginia Retirement System (VRS) – Health Insurance Credit (HIC) Plan – Non-Professional Groups
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	(17)
2023		(6)
2024		-
2025		9
2026		(6)
Thereafter		(3)
Total	$	(23)

Professional Group

For the year ended June 30, 2021, Schools recognized VRS HIC program OPEB expense of $7,780 for the professional group.

On June 30, 2021, Schools reported deferred outflows of resources and deferred inflows of resources related to the Schools' VRS HIC OPEB program for the professional group from the sources displayed in Illustration 14-47.

Illustration 14-47
School Board's (Schools) Virginia Retirement System (VRS) – Health Insurance Credit (HIC) Plan – Professional Groups
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	1,182
Change in actuarial assumptions		1,749	483
Net difference between projected and actual earnings on OPEB plan investments		392	-
Employer contributions and proportionate share of Contributions		3,026	639
Employer contributions subsequent to the measurement date		7,326	-
Total	$	12,493	2,304

$7,326 reported as deferred outflow of resources related to Schools' VRS HIC OPEB program for the professional resulting from Schools' contribution subsequent to the measurement date will be recognized as a reduction of the net professional group HIC OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflow of resources and the deferred inflow of resources related to Schools' VRS HIC OPEB program for the professional group will be recognized in the OPEB expense in the future reporting periods displayed in illustration 14-48.

Illustration 14-48
School Board's (Schools) Virginia Retirement System (VRS) – Health Insurance Credit (HIC) Plan – Professional Groups
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	533
2023		572
2024		558
2025		538
2026		381
Thereafter		281
Total	$	2,863

Schools' VRS HIC Program Fiduciary Net Position

Detailed information about Schools' VRS HIC program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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

Schools' Plan Description

Schools participates in the VRS GLI Program to provide other postemployment benefits to eligible retired employees. The VRS GLI program is a multiple employer, cost-sharing, defined benefit plan. The GLI program was established pursuant to § 51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. It provides a basic group life insurance benefit for eligible employees.

All full-time, salaried permanent Schools employees are automatically covered by the VRS Group Life Insurance Program upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

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

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

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

Minimum Schools' benefit amount and COLA. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI program. The minimum benefit was set at $8.0 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8.6.

Schools' Contributions

The contribution requirements for Schools' GLI program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to Schools by the Virginia General Assembly. The total rate for the GLI program was 1.34% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all the employer contribution. Schools has elected to pay the employee share. Schools' contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Schools to the VRS GLI program were $3,636 and $3,423 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

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

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

On June 30, 2021, Schools reported a liability of $53,380 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. Schools' proportion of the net GLI OPEB liability was based on Schools' actuarially determined employer contributions to the VRS GLI program for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, Schools' proportion for the professional and non-professional groups, respectively, was 2.90% and 0.30% as compared to 2.85% and 0.30% on June 30, 2019.

For the year ended June 30, 2021, Schools recognized GLI OPEB expense of $2,416. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2021, Schools reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources displayed in Illustration 14-49.

Illustration 14-49
School Board's (Schools) Virginia Retirement System (VRS) – Group Life Insurance (GLI) Plan
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	3,424	479
Change in actuarial assumptions		2,670	1,115
Net difference between projected and actual earnings on OPEB plan investments		1,603	-
Change in proportion and differences between employer contributions and proportionate share of contributions		1,312	233
Employer contributions subsequent to the measurement date		3,636	-
Total	$	12,645	1,827

$3,636 reported as deferred outflow of resources related to the GLI OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in the future reporting periods displayed in Illustration 14-50.

Illustration 14-50
School Board's (Schools) Virginia Retirement System (VRS) –Group Life Insurance (GLI) Plan
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	1,184
2023		1,637
2024		1,948
2025		1,835
2026		522
Thereafter		56
Total	$	7,182

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

The following presents Schools' proportionate share of the VRS GLI program net OPEB liability using the discount rate of 6.75%, as well as the Schools' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) and one percentage point higher (7.75%) than the current rate displayed in Illustrations 14-51 and 14-52.

Illustration 14-51
School Board's (Schools) Virginia Retirement System (VRS) – Group Life Insurance (GLI) Plan – For Non-Professional
Sensitivity of Net OPEB Liability to Changes in the Discount Rate
June 30, 2021

		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Proportionate share of the VRS HIC OPEB Plan Net – GLI OPEB Liability	$	6,586	5,010	3,730

Illustration 14-52
School Board's (Schools) Virginia Retirement System (VRS) – Group Life Insurance (GLI) Plan – For Professional
Sensitivity of Net OPEB Liability to Changes in the Discount Rate
June 30, 2021

		1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Proportionate share of the VRS HIC OPEB Plan Net – GLI OPEB Liability	$	63,586	48,370	36,013

Schools' VRS GLI Program Fiduciary Net Position

Detailed information about Schools' VRS HIC program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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

Plan Activity for the Fiscal Year Ending June 30, 2021:

Schools' Plan Description

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

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

All OPEB Master Trust Plans' assets are aggregated together for investment purposes. Please refer to the previous discussion in footnote 14, section B and Illustration 14-15 for overall OPEB Master Trust Plans' information, such as, long-term expected rate of return and annual money-weighted rate of return.

Contributions:

The Schools' actuarially determined contribution amount for the year ended June 30, 2021, was $3,556. This rate was based on an actuarially determined rate from an actuarial valuation as of July 1, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Schools into the OPEB Master Trust Fund were $1,800 and $1,800 for the years ended June 30, 2021, and June 30, 2020, respectively. Additional information about Schools net benefits paid for the year ended June 30, 2021 are in Illustrations 14-16.

Schools' Net OPEB Liability (Asset)

Schools' net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Illustration 14-53
School Board (Schools) Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan
Net OPEB Liability (Asset)

Fiscal Year Ended:		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Net Position as % of Total OPEB Liability
June 30, 2021	$	39,793	54,123	(14,330)	136.0%

Sensitivity of Schools' Net OPEB Liability (Asset) to Change in Discount Rate

Illustration 14-54 represents the net OPEB liability (asset) measured calculated using a discount rate of 7.00%, as well as the net OPEB liability (asset) calculated using a discount rate one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate.

Illustration 14-54
School Board (Schools) Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan
Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.0% Increase (8.00%)
Net OPEB Liability (Asset)	(11,376)	(14,330)	(17,048)

Sensitivity of Schools' Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

Illustration 14-55 represents the total and net OPEB liability (asset) calculated using the stated health care cost trend assumption, as well as the OPEB liability (asset) calculated using a healthcare cost trend rate of 4.00% as well as the net OPEB liability (asset) calculated using a discount rate of one percentage point lower (3.00%) and one percentage point higher (5.00%) than the assumed rate.

Illustration 14-55
School Board (Schools) Other Post-Employment Benefits (OPEB) Master Trust Fund Plans – School Board Premium Plan
Sensitivity of Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

		1.00% Decrease (3.00%)	Current Discount Rate (4.00%)	1.00% Increase (5.00%)
Net OPEB Liability (Asset)	$	(18,455)	(14,330)	(9,526)

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

Schools' Plan Description

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

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

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

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

On July 1, 2020 (valuation date), the following employees were covered by the benefit terms displayed in Illustration 14-56.

Illustration 14-56
Prince William County School Board (Schools) – Retiree Health Insurance Premium Plan
Plan Membership as of the Valuation Date of July 1, 2020

Active employees	6,739
Inactive members receiving benefits	270
Total covered members	7,009

Schools' Contributions

Post-employment healthcare expenses, depending on the number of sick leave days exchanged, are made from the Health Insurance Fund, which is maintained on the full accrual basis of accounting. The School Board establishes employer contribution rates for plan participants and determines how the plan will be funded as part of the budgetary process each year. Retirees pay the full budgeted rates for coverage under the medical plan. Schools currently pays benefits on a pay-as-you-go basis and contributed $1,800 to Schools' OPEB Master Trust Fund – School Board Premium Plan to fund the current year liability. For the year ended June 30, 2021, plan members received $4,492 in benefits and contributed $2,736 in premiums, resulting in net benefits paid by Schools of $1,756.

Schools' Actuarial Methods and Assumptions

Schools' total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified in Illustration 14-57.

Illustration 14-57

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

Actuarial Methods and Assumptions

Valuation date	July 1, 2020	
Measurement date	June 30, 2020	
Actuarial cost method	Entry Age Normal	
Asset valuation method	Fair value of assets, assets were assumed to earn 7.00% per annum	
Payroll growth	3.00% per year-used in level percentage of pay amortization	
Subsidy rate	It is assumed that all retirees will receive a 30.00% subsidy. This is based on the average of all current subsidies, and not an actual subsidy option.	
Medical trend	The medical trend assumption is based on a model developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in September 2019. We have a blended medical trend rate of 2.00% based on the following baseline assumptions were used as input variables into a model:	
	Rate of Inflation	2.50%
	Rate of Growth in real income / GDP per capita	1.50%
	Extra Trend due to Technology and other factors	1.10%
	Expected Health Share of GDP in 2019	20.00%
	Health Share of GDP Resistance Point	25.00%
	Year of Limiting Cost Growth to GDP Growth	2075
Discount rate / Investment rate of return	7.00% per annum. Because the plan's assets are currently 65.00% of the liabilities, and Schools intends to continue to contribute, the long-term expected rate of return on assets of 7.00% can be used as the discount rate.	
Coverage status and age of spouse	Active employees that currently have coverage: 35.00% are assumed to continue coverage in retirement. Females are assumed to be 3 years younger than male spouse. Of active employees electing retirement health coverage 25.00% are assumed to have spousal or family coverage. Of these 25.00% with spouse or family coverage, approximately 75.00% are assumed to have retiree and spouse and 25.00% have family coverage. Employees currently waiving coverage are assumed to continue to waive coverage in retirement.	
Professional / Non-Professional	It is assumed that 80.00% of actives are professionals and 20.00% are non-professionals. This is used to determine the subsidy, since the active subsidy is different for professionals and non-professionals.	
Amortization method	Unfunded (Surplus) liabilities are amortized using level percentage of projected pay.	
Amortization period	The amortization period is closed and equals 28 years as of June 30, 2020.	
Decrement assumptions	VRS Termination Rates for Teachers	
Mortality assumption	None – not material, since benefits end at 65.	

Claims assumptions:	The three Anthem plans are self-insured. To determine the assumed cost and the retiree contributions, we weighted the FY 2020 premium rates by the current enrollment. Gross claims are equal to the age adjusted assumed cost. The results were increased by a load of 1.25 so that the 2020 retiree portion of premiums would equal the expected FY 2020 retiree paid claims. The resulting average per age 65 claims were age adjusted. The chart below shows the current cost broken down between the published per capita cost (i.e., the blended rates) and the hidden subsidy.

FYE 2021 Total Costs (per annum)	Single	Family
1. Assumed Costs (Explicit costs)		
a. Pre-medicare	$8,351	$18,595
2. Total Medicare Costs (including prescription drugs)		
a. Under 50	$8,917	$19,854
b. Age 50-54	$11,099	$24,713
c. Age 55-59	$13,663	$30,423
d. Age 60-64	$16,778	$37,358

Schools' Net OPEB Liability (Asset)

Schools' net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2020.

Illustration 14-58
Prince William County School Board (Schools) – Retiree Health Insurance Premium Plan
Net OPEB Liability (Asset)

Fiscal Year Ended:		Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Net Position as % of Total OPEB Liability
June 30, 2021	$	38,601	41,603	(3,002)	107.78%

Illustration 14-59 presents the change in net OPEB liability (asset) from June 30 2020 to June 30, 2021, which is the measurement date for the fiscal year ended June 30, 2021.

Illustration 14-59
Prince William County School Board (Schools) – Retiree Health Insurance Premium Plan
Changes in Net OPEB Liability (Asset)

		Total OPEB Liability	Plan Fiduciary Net Position - Increase (Decrease)	Net OPEB Liability (Asset)
Balances on June 30, 2019 for FY 2020	$	57,676	37,324	20,352
Changes for the year:				
Service cost		2,913	-	2,913
Interest		3,903	-	3,903
Differences between expected and actual experience		(22,626)	-	(22,626)
Contributions - employer		-	4,845	(4,845)
Net investment income		-	2,494	(2,494)
Changes in Assumptions		(220)	-	(220)
Benefit payments, including refund of employee contributions		(3,045)	(3,045)	-
Administrative expenses		-	(15)	15
Net changes		(19,075)	4,279	(23,354)
Balances on June 30, 2020 for FY 2021	$	38,601	41,603	(3,002)

Sensitivity of Schools' Net OPEB Liability (Asset) to Changes in the Discount Rate

Illustration 14-60 represents the net OPEB liability (asset) measured as of June 30, 2020, for the fiscal year ended June 30, 2021, using the discount rate of 7.00% calculated using the discount rate of 7.00%, as well as what the net OPEB liability (asset) calculated using a discount rate that is one percentage point lower (6.00%) and one percentage point higher (8.00%) than the current rate.

Illustration 14-60
Prince William County School Board (Schools) – Retiree Health Insurance Premium Plan
Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate

Fiscal Year Ended:		1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net OPEB Liability (asset)	$	(182)	(3,002)	(5,595)

Sensitivity of Schools' Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

Illustration 14-61 represents the total and net OPEB liability (asset) calculated using the stated health care cost trend assumption of 4.00%, as well as the net OPEB liability (asset) calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the assumed trend rate.

Illustration 14-61
Prince William County School Board (Schools) – Retiree Health Insurance Premium Plan
Sensitivity of Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

		1.00% Decrease (3.00%)	Current Discount Rate (4.00%)	1.00% Increase (5.00%)
Net OPEB Liability (Asset)	$	(6,629)	(3,002)	1,217

Schools' OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, Schools recognized OPEB income of $1,222. At June 30, 2021, Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources displayed in Illustration 14-62.

Illustration 14-62
Prince William County School Board (Schools) – Retiree Health Insurance Premium
Deferred Outflows and (Inflows) of Resources
June 30, 2021

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	30,603
Change of Assumptions			193
Net difference between projected and actual earnings on OPEB plan investments		309	-
Employer contributions subsequent to the measurement date		3,556	-
Total	$	3,865	30,796

$3,556 reported as deferred outflows of resources related to OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense per Illustration 14-63.

Illustration 14-63
Prince William County School Board (Schools) – Retiree Health Insurance Premium Plan
Amortization of Deferred Outflows and (Inflows) of Resources

Fiscal year ended June 30,		
2022	$	(5,361)
2023		(5,510)
2024		(5,468)
2025		(5,496)
2026		(2,941)
Thereafter		(5,711)
Total	$	(30,487)

NOTE (15) – SELF INSURANCE

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

The Prince William County Self-Insurance Group Casualty Pool provides coverage to the County and the Adult Detention Center. The Casualty Pool has a $750 per occurrence retention of coverage, except ambulances and fire trucks, $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 of the $1,500 per occurrence and a $1,000 excess retention limit for employers' liability coverage.

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

The County's pre-65 retirees with over fifteen (15) years of service and permanent employees are eligible to enroll in one of three health insurance plans and a dental plan. All three health insurance plans include comprehensive medical, preventive care, vision, and prescription drug coverage. Three of the health insurance plans are self-insured with a $225 specific individual stop loss limit. The dental plan is also self-insured. The basis for estimating incurred but not reported (IBNR) claims at year-end is an annual analysis performed by the plan's administrator. The County also offers fully insured HMO and vision options to employees. The County expended $50,191 for claims and administration in fiscal year 2021.

All the County's Self-Insurance plans also have excess reinsurance administered by a commercial insurance carrier. This is to prevent settlements from exceeding our insurance coverage at any time. In fiscal years 2021, 2020 and 2019, settlements did not exceed our insurance coverage in each of our Self-Insurance plans in each fiscal year.

All of the County's Self-Insurance plans also have excess reinsurance administered by a commercial insurance carrier. This is to prevent settlements from exceeding our insurance coverage at any time. In fiscal years 2021, 2020 and 2019, settlements did not exceed our insurance coverage in each of our Self-Insurance plans in each fiscal year.

Illustration 15-1 presents a reconciliation of the changes in the aggregate liabilities for claims for the current and prior fiscal years. These claims liabilities are included in accrued liabilities in the accompanying statement of fund net position (Exhibit 7 and Schedule 24).

Illustration 15-1
Prince William County Self-Insurance
Other Self Insurance, Casualty Pool, Workers' Compensation Association and Health Insurance
Changes in the Aggregate Liabilities for Claims

		Other Self-Insurance	Casualty Pool	Workers' Compensation Association	Health Insurance*
Unpaid claims June 30, 2019		268	747	15,260	4,419
Total claims incurred, fiscal year 2020		-	659	4,015	46,033
Total claims paid, fiscal year 2020		(47)	(568)	(2,962)	(46,245)
Unpaid claims June 30, 2020		221	838	16,313	4,207
Total claims incurred, fiscal year 2021		-	452	3,761	45,945
Total claims paid, fiscal year 2021		(19)	(377)	(3,209)	(45,639)
Unpaid claims June 30, 2021	$	202	913	16,865	4,513

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

NOTE (16) - INTERJURISDICTIONAL AGREEMENT

The County has entered into a contractual agreement with Fairfax County for the purpose of exchanging solid waste. The agreement allows for the sharing of solid waste facilities between counties. Revenues and expenses generated by this agreement are recorded in the Landfill enterprise fund with billing for any balances to occur during the second half of the fiscal year or reconciliation at the end the fiscal year. Neither party is obligated to make payment unless the funds have been appropriated. The agreement is cancelable by giving 120 days written notice. The amounts due from and due to Fairfax County are $173 and $0 respectively on June 30, 2021.

NOTE (17) - RELATED ORGANIZATIONS

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

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

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

B. Service Authority

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

Upon creation, the Service Authority assumed and manages the County's interest in the Upper Occoquan Sewage Authority (UOSA), a regional joint venture, to supplement the County's water and sewage capacity needs, especially as the County grows. In 1992, the County entered into a Service Agreement with the Service Authority for the Service Authority to assume and pay the County's remaining debt service balance due to UOSA for an annual contribution that declined over a period of years until paid off in 2021. On December 11, 2012, the County and the Service Authority amended their agreement whereby the Service Authority assumed the County's remaining debt service balance due to UOSA and established a non-cash credit for the benefit of the County of $13,782, equal to the County's previous payments to UOSA. The County may use this credit to purchase water and sewer availability, or any Service Authority asset offered for sale and will be reduced accordingly. The balance of the County's unused portion of the credit on June 30, 2021, is $11,119. More information about the Service Authority can be found at https://www.pwcsa.org/.

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

The Northern Virginia Criminal Justice Training Academy (NVCJTA) was re-chartered by the Commonwealth of Virginia in 1997. It was originally established in 1965 as the Northern Virginia Police Academy. NVCJTA serves 17 participating law enforcement agencies in the Metropolitan DC area and partners with Fairfax County and Prince William County Criminal Justice Academies for operating and maintaining its Emergency Vehicle Operations Center (EVOC). In 2006, the County and some surrounding jurisdictions agreed to issue bonds to finance the construction and equip the EVOC. The County, specifically, agreed to pay up to 30% of the total debt service payments as well as a pro rata portion of operating and maintenance expenses as was approved by the Board of County Supervisors on September 6, 2005 via Resolution Number 05-770. The County has no role in managing the EVOC's day-to-day operations. The EVOC was completed in 2012.

On September 24, 2015, NVCJTA issued by means of Loudoun County's Industrial Development Authority the 2015 Private Placement Bonds in the amount of $9,613 to advance refund the 2006 Series Revenue Bonds outstanding balance of $11,990, with maturity date of June 1, 2026. In exchange for using the Center and taking advantage of the savings from refunding debt, the County agreed to pay $3,800, a portion of the total debt service. The County Board commits funds during the general fund's annual budget adoption process. The County paid its portion of the 2015 Series Bonds debt service payments of $344 and $153 for the County's portion of operating expenses as of June 30, 2021. See Illustration 17-1 for future long-term obligations regarding County payments to cover the 2015 Series Bonds debt service.

Illustration 17-1
County's Share of NVCJTA Debt Service Requirements

Fiscal year Ending June 30:		
2022	$	337
2023		330
2024		323
2025		316
2026		292
Total	$	1,598

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

D. Northern Virginia Transportation Authority

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

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

NOTE (18) - JOINT VENTURES

A. Potomac and Rappahannock Transportation Commission

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

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

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

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

NOTE (19) - COMMITMENTS AND CONTINGENCIES

Legal Matters

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

Virginia Railway Express

In May 2005, NVTC and PRTC entered a capitalized lease obligation on behalf of VRE in the amount of $25,100 for the acquisition of 11 cab cars. As of June 30, 2021, the outstanding balance on the capitalized lease was approximately $6,985.

In fiscal year 2008, VRE entered into an agreement with the Federal Railroad Administration for a loan of up to $72.5 million to purchase 50 Gallery railcars. In fiscal year 2009, the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance on the individual notes were combined into a consolidated note. The note was secured by the revenues of VRE and the railcars. In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA consolidated promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full from the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA. The VRA Bond payable amount on June 30, 2021, was $39,770.

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 ensuring 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 $5,931 annually and will be provided by a direct transfer of funding in the Northern Virginia Transportation Authority (NVTA) 30% funds to the VRE. More information about VRE can be found at https://www.vre.org.

Other Matters

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak as a global pandemic, and new variants of COVID-19 continue to spread throughout the United States and world today. The continued adverse impacts on the national and global economies, supply chain disruptions, economic downturn, disruption of many industries, and continued volatility and decline in national and global financial markets still hinder the economic recovery and community outreach still needed to respond to the pandemic. Local governments, like the County, are continuing to respond to the pandemic and longest lasting emergency in new ways to support our communities and residents during continued challenging times through the use of the remaining Coronavirus Aid, Relief, and Economic Security (CARES) Act funds and the beginning of the American Rescue Plan Act of 2021 (ARPA) funds. The pandemic still potentially could have a material, adverse impact on economic and market conditions. Although it is not possible to reliably estimate the length and severity of the pandemic or the financial impact to the County now and in the future, the County is navigating the emergency by utilizing existing County policies and processes as well as adhering to its Principles of Sound Financial Management and leveraging our past experience with laws and regulations around the use of federal funds.

NOTE (20) – SUBSEQUENT EVENTS

Land Donation:

On September 7, 2021, the Board of County Supervisors approved Resolution No. 21-476 accepting and authorizing the execution of a deed of dedication and gift from The Villages at Rippon Landing Homeowner's Association, Inc. for the conveyance of 56.442 acres of land on two parcels at 15601 and 15535 Blackburn Road for inclusion into Neabsco Regional Park.

Land Purchases:

On November 9, 2021, the Board of County Supervisors approved Resolution No. 21-613 authorizing the purchase of approximately 2 acres of land at 16117 John Marshall Highway for $300,000. Settlement occurred in November 2021.

On December 7, 2021, the Board of County Supervisors approved Resolution No. 21-658 authorizing the purchase of 2.24 acres of land at 16205, 16141, 16151, and 16133 John Marshall Highway for $1,825,000. Settlement occurred in January 2022.

On December 14, 2021, the Board of County Supervisors approved Resolution No. 21-683 authorizing the purchase of approximately 54.6 acres of land at 14202 Van Doren Road for $2,900,000. The County anticipates settlement by December 2021.

Land Sales:

On July 13, 2021, the Board of County Supervisors approved Resolution No. 21-405 authorizing the sale of approximately 10 acres of County-owned property located at 13600 Carriage Ford Road for a sales price of $901,000. Settlement occurred in November 2021.

Bonds:

On October 21, 2021, the County sold the VPSA Special Obligation School Financing Bonds, Series 2021A, in the par amount of $58,855 with a true interest cost of 1.67%. The sale of the bonds was approved by the Board on October 12, 2021, by Resolution No. 21-549. The proceeds of the bonds provided funds for construction and cost of issuance for various capital school improvement projects.

Policy Updates:

On February 15, 2022, the Board of County Supervisors approved the amendment of the County's Procurement Regulations to be consistent with section 2.2-4303 of the Code of Virginia, Virginia Public Procurement Act, as amended under Resolution No. 22-098.

Changes in Executive Leadership:

On December 31, 2021, Mr. Christopher E. Martino, the previous County Executive, retired after 26 years of service with the County. On January 1, 2022, the Board appointed Mr. Elijah T. Johnson, one of the County's Deputy County Executives, as Acting County Executive. The Board also commenced a nationwide search for a permanent County Executive. Under Mr. Johnson's leadership, the County will continue to adhere to existing County policies and procedures and follow the Board's Principles of Sound Financial Management to support its daily operations.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

COUNTY OF PRINCE WILLIAM, VIRGINIA
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 Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	**Final**	**2021 Actuals**	**(Unfavorable)**
BUDGETARY REVENUES:				
FROM LOCAL SOURCES:				
GENERAL PROPERTY TAXES:				
Real property taxes	$ 699,108	699,108	706,310	7,202
Real and personal property taxes of public service corporations	21,454	21,454	21,002	(452)
Personal property taxes	218,206	163,918	167,878	3,960
Penalties and interest	8,191	8,191	7,846	(345)
Total general property taxes	946,959	892,671	903,036	10,365
OTHER LOCAL TAXES:				
Short term rental taxes	519	519	885	366
Local sales taxes	65,130	65,130	80,140	15,010
Consumer's utility taxes	14,700	14,700	13,266	(1,434)
Bank stock taxes	2,300	2,300	2,571	271
Motor vehicle license taxes	12,840	12,840	12,550	(290)
Recordation taxes	9,930	9,930	20,067	10,137
Business, professional and occupational license taxes	24,375	24,375	29,882	5,507
Public utility gross receipts taxes	1,515	1,515	1,757	242
Transient occupancy taxes	2,800	2,800	2,926	126
Total other local taxes	134,109	134,109	164,044	29,935
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:				
Animal licenses	141	246	212	(34)
Fire protection permits	1,296	141	142	1
Health protection permits	176	176	175	(1)
Cable franchise fees	1,296	1,296	1,117	(179)
Permits and other licenses	71	71	114	43
Total permits, privilege fees and regulatory licenses	2,980	1,930	1,760	(170)
FINES AND FORFEITURES:	3,421	3,421	1,788	(1,633)
FROM USE OF MONEY AND PROPERTY:				
Use of money	7,942	7,477	8,782	1,305
Use of property	982	982	1,083	101
Total revenues from use of money and property	8,924	8,459	9,865	1,406
CHARGES FOR SERVICES:				
Court costs	1,969	1,969	2,116	147
Correction and detention	1,101	1,101	316	(785)
Commonwealth's Attorney	-	-	17	17
Parks and recreation	8,548	8,548	2,598	(5,950)
Mental health and developmental disabilities	740	740	882	142
Welfare and social services	193	193	24	(169)
Library	589	589	118	(471)
Public safety	1,022	1,022	598	(424)
Facilities and fleet management	179	179	75	(104)
Other charges	299	299	413	114
Total charges for services	14,640	14,640	7,157	(7,483)
Total revenues from local sources	1,111,033	1,055,230	1,087,650	32,420

(amounts expressed in thousands)

	Budgeted Amounts		2021	Variance With Final Budget Favorable
	Original	Final	Actuals	(Unfavorable)
THE FEDERAL GOVERNMENT:				
Payments in lieu of taxes	75	75	68	(7)
Categorical aid grants:				
Aging programs	1,333	1,845	1,176	(669)
United States Department of Agriculture	110	110	41	(69)
Welfare programs	14,922	18,328	17,393	(935)
Mental health, developmental disabilities and substance abuse programs	2,891	3,336	2,229	(1,107)
Homeland Security grants	262	4,629	1,311	(3,318)
Other	49	597	2,442	1,845
Total revenues from the federal government	19,642	28,920	24,660	(4,260)
THE COMMONWEALTH:				
NONCATEGORICAL AID:				
Personal property tax relief act	-	54,288	54,288	-
Communications sales and use taxes	15,780	15,780	14,672	(1,108)
Anti-Annexation public safety	9,835	9,835	10,661	826
Mobile home taxes	44	44	28	(16)
Rental car taxes	985	985	1,204	219
Rolling stock taxes	93	93	93	-
Total noncategorical aid	26,737	81,025	80,946	(79)
SHARED EXPENDITURES:				
Commonwealth's Attorney	1,744	1,744	1,999	255
Sheriff	1,889	1,889	1,902	13
Director of Finance	736	736	721	(15)
Registrar	92	92	92	-
Clerk of the Court	1,788	1,902	1,925	23
Total shared expenditures	6,249	6,363	6,639	276
CATEGORICAL AID:				
Public safety	1,715	2,067	2,134	67
Fire programs	1,635	1,698	1,955	257
Library	498	522	278	(244)
Public assistance and welfare administration	25,439	25,888	18,250	(7,638)
Public health	303	303	515	212
Total categorical aid	29,590	30,478	23,132	(7,346)
OTHER CATEGORICAL AID:				
Aging program	461	479	453	(26)
Community services	19,953	20,234	18,332	(1,902)
Juvenile detention	2,328	2,368	2,305	(63)
Criminal justice services	1,029	1,029	1,083	54
Police extraditions	30	30	11	(19)
Sheriff extraditions	25	25	6	(19)
Victim / witness program	-	-	95	95
Other	217	243	451	208
Total other categorical aid	24,043	24,408	22,736	(1,672)
Total revenues from the Commonwealth	86,619	142,274	133,453	(8,821)
LOCAL GOVERNMENTS:				
City of Manassas	5,321	5,321	5,624	303
City of Manassas Park	1,710	1,710	1,604	(106)
Total revenues from local governments	7,031	7,031	7,228	197

(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	2021 Actuals	Variance With Final Budget Favorable (Unfavorable)
MISCELLANEOUS:				
Expenditure refunds	831	831	685	(146)
Donations - Proffers	915	24,100	26,677	2,577
Donations - Other	180	1,010	445	(565)
Other	330	526	1,308	782
Total miscellaneous revenues	2,256	26,467	29,115	2,648
Total budgetary revenues	1,226,581	1,259,922	1,282,106	22,184
BUDGETARY EXPENDITURES:				
GENERAL GOVERNMENTAL ADMINISTRATION:				
Board of County Supervisors	4,009	4,094	3,559	535
County Attorney	4,069	3,899	3,855	44
Executive Management	12,501	9,434	9,434	-
Finance	22,706	23,697	23,124	573
Audit Services	815	800	800	-
Human Rights	842	851	790	61
Board of Registration / Elections	3,570	3,811	3,317	494
Mailroom and Print Shop	31	32	4	28
Facility and Fleet Management	29,501	30,206	29,863	343
Contingency reserve	3,100	49	-	49
Total general governmental administration	81,144	76,873	74,746	2,127
JUDICIAL ADMINISTRATION:				
Commonwealth's Attorney	6,664	6,816	6,816	-
Sheriff	12,967	13,821	13,857	(36)
Juvenile and Domestic Relations Court	250	257	249	8
Clerk of Court / Judges Chambers	5,475	5,918	5,725	193
General District Court	763	738	526	212
Magistrates	114	118	117	1
Total judicial administration	26,233	27,668	27,290	378
PUBLIC SAFETY:				
Public Works - Development	2,423	2,482	2,475	7
Police	112,934	117,153	117,153	-
Juvenile Court Services Unit	1,080	1,069	997	72
Adult Detention Center	31,818	32,562	32,038	524
Correction and detention of youth	7,940	7,925	7,069	856
Criminal Justice Services	5,068	5,336	5,036	300
Public Safety Communications	13,007	12,934	12,563	371
Fire and Rescue	103,421	111,728	106,876	4,852
Northern Virginia Criminal Justice Training Academy	345	345	345	-
Total public safety	278,036	291,534	284,552	6,982
PUBLIC WORKS:				
Public Works	2,319	2,748	2,748	-
Transportation	3,027	3,317	3,336	(19)
Property and Miscellaneous Insurance	7,627	1,281	907	374
Total public works	12,973	7,346	6,991	355

COUNTY OF PRINCE WILLIAM, VIRGINIA
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 Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	Budgeted Amounts		2021	Variance With Final Budget Favorable
	Original	**Final**	**Actuals**	**(Unfavorable)**
HEALTH AND WELFARE:				
Social Services	64,120	66,817	59,798	7,019
Public Health	3,786	3,760	3,652	108
Community Services Board	52,890	53,167	49,131	4,036
Aging	7,528	8,503	7,507	996
Total health and welfare	128,324	132,247	120,088	12,159
EDUCATION:				
Schools	629,310	538,931	538,926	5
PARKS, RECREATIONAL AND CULTURAL:				
Parks and recreation	36,129	38,386	32,439	5,947
Library	19,261	19,251	17,946	1,305
Total parks, recreational and cultural	55,390	57,637	50,385	7,252
COMMUNITY DEVELOPMENT:				
Planning	4,040	4,611	4,544	67
Economic and community development	7,120	8,016	7,350	666
Extension and continuing education	1,019	1,161	1,132	29
Total community development	12,179	13,788	13,026	762
DEBT SERVICE:				
Principal retirement	24,920	101,010	101,010	-
Interest and other debt costs	14,416	46,886	45,426	1,460
Total debt service	39,336	147,896	146,436	1,460
Total budgetary expenditures	1,262,925	1,293,920	1,262,440	31,480
Excess / (deficiency) of budgetary revenues over / (under) expenditures	(36,344)	(33,998)	19,666	53,664
OTHER FINANCING SOURCES / (USES):				
TRANSFERS IN FROM:				
Fire & rescue levy fund	27,340	27,340	27,340	-
Special revenue funds	8,105	8,331	8,257	(74)
Capital projects funds	273	13,335	13,335	-
Enterprise funds	2,302	2,302	2,302	-
Internal service funds	2,000	2,000	2,000	-
Total transfers in	40,020	53,308	53,234	(74)
TRANSFERS OUT TO:				
Special revenue funds	(5,113)	(5,425)	(5,425)	-
Capital projects funds	(58)	(21,253)	(21,253)	-
Enterprise funds	(1,717)	(1,717)	(1,717)	-
Internal service funds	-	(80)	(80)	-
Total transfers out	(6,888)	(28,475)	(28,475)	-
NON-REVENUE RECEIPTS:				
Insurance claims and recoveries	-	-	18	18
Sale of surplus property	320	320	247	(73)
Total non-revenue receipts	320	320	265	(55)
Total other financing sources	33,452	25,153	25,024	(129)
Net change in budgetary fund balance	(2,892)	(8,845)	44,690	53,535
BUDGETARY FUND BALANCE, beginning of year	225,262	225,262	225,262	-
Restatement of fund balance (Footnote 1R)	-	-	594	594
BUDGETARY FUND BALANCE, end of year	$ 222,370	216,417	270,546	54,129

COUNTY OF PRINCE WILLIAM, VIRGINIA
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 Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	2021 Actuals	(Unfavorable)
Reconciliation of Budgetary Basis to GAAP Basis:				
From use of money and property (Schedule 1)	$ 8,924	8,459	9,865	1,406
Current year fair value adjustment	-	-	(9,850)	(9,850)
From use of money and property (Exhibit 5)	8,924	8,459	15	(8,444)
Cumulative fair value adjustments of prior periods	-	-	3,770	3,770
BUDGETARY FUND BALANCE, end of year	222,370	216,417	270,546	54,129
Total adjustments	-	-	(6,080)	(6,080)
FUND BALANCE, end of year	$ 222,370	216,417	264,466	48,049

COUNTY OF PRINCE WILLIAM, VIRGINIA **Schedule 2**
SPECIAL REVENUE FUND - Fire & Rescue Levy
Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	Budgeted Amounts		2021	Variance With Final Budget Favorable
	Original	Final	Actuals	(Unfavorable)
BUDGETARY REVENUES:				
General property taxes	$ 51,675	51,675	52,448	773
From use of money and property	381	381	532	151
Miscellaneous	381	-	227	227
Total budgetary revenues	52,437	52,056	53,207	1,151
BUDGETARY EXPENDITURES:				
Public Safety - Fire & Rescue	29,658	30,690	25,478	5,212
Total budgetary expenditures	29,658	30,690	25,478	5,212
OTHER FINANCING SOURCES (USES):				
Transfers out to:				
General fund	(27,340)	(27,340)	(27,340)	-
Internal service funds	(98)	(98)	(98)	-
Sales of surplus property	-	-	1,648	1,648
Total other financing sources / (uses)	(27,438)	(27,438)	(25,790)	1,648
Net change in budgetary fund balance	(4,659)	(6,072)	1,939	8,011
BUDGETARY FUND BALANCE, beginning of year	40,420	40,420	40,420	-
BUDGETARY FUND BALANCE, end of year	$ 35,761	34,348	42,359	8,011

Reconciliation of Budgetary Basis to GAAP Basis:				
From use of money and property (Schedule 2)	$ 381	381	532	151
Current year fair value adjustment	-	-	(656)	(656)
From use of money and property (Exhibit 5)	381	381	(124)	(505)
Cumulative fair value adjustments of prior periods	-	-	(521)	(521)
BUDGETARY FUND BALANCE, end of year	35,761	34,348	42,359	8,011
Total adjustments	-	-	(1,177)	(1,177)
FUND BALANCE, end of year	$ 35,761	34,348	41,182	6,834

APPENDIX C

CONTINUING DISCLOSURE UNDERTAKING

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated as of November 10, 2022, is executed and delivered by Prince William County, Virginia (the "County") in connection with the issuance by the Virginia Public School Authority (the "Authority"), of $42,400,000 principal amount of the Authority's Special Obligation School Financing Bonds, Prince William County Series 2022 (the "VPSA Bonds"), dated November 10, 2022, and pursuant to a resolution adopted by the Board of County Supervisors of the County on October 11, 2022 (the "Resolution"). The proceeds of the VPSA Bonds are being used by the Authority to purchase the General Obligation School Bond of the County pursuant to a bond sale agreement between the Authority and the County (the "Bond Sale Agreement"). Capitalized terms used in this Agreement shall have the respective meanings specified above or in Article I hereof. Pursuant to the Bond Sale Agreement and the Resolution, the County hereby agrees as follows:

ARTICLE I
DEFINITIONS

1.1 **Definitions**. The following terms used in this Agreement shall have the following respective meanings:

"**Annual Financial Information**" means, collectively, (1) the financial information and operating data with respect to the County for each fiscal year of the type described in Appendix A to the Official Statement relating to the VPSA Bonds, dated October 25, 2022 in the tables captioned "Assessed and Estimated Market Value of Taxable Property," "Taxable Retail Sales," "General Fund Revenues, Expenditures, Transfers and Changes in Fund Balance," "General Fund Tax Revenues by Source," "Real Property Tax Levies and Collections," "Property Tax Rates per $100 of Assessed Value," "General Fund Balances," "Net Tax Supported Debt Outstanding," and "Debt Service by Fiscal Year," and (2) information regarding any amendments to this Agreement required pursuant to Sections 4.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (1) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

"Audited Financial Statements" means the annual financial statements, if any, of the County, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the County may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to EMMA, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

"Counsel" means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the County.

"EMMA" means the MSRB's Electronic Municipal Market Access system, the current Internet address of which is http://emma.msrb.org, and any successor thereto.

"Event Notice" means a notice of a Notice Event.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB").

"Notice Event" means any of the following events with respect to the VPSA Bonds, whether relating to the County or otherwise:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to or other material events affecting the tax-exempt status of the security;
(g) modifications to rights of security holders, if material;
(h) bond calls, if material, and tender offers;
(i) defeasances;
(j) release, substitution, or sale of property securing repayment of the securities, if material;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the County; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;
(n) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
(o) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material; and
(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Official Statement" means the "final official statement" with respect to the VPSA Bonds as defined in paragraph (f)(3) of the Rule.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

"SEC" means the United States Securities and Exchange Commission.

"State" means the Commonwealth of Virginia.

"Unaudited Financial Statements" has the same meaning as Audited Financial Statements, except the same shall not have been audited.

"Underwriters" means any of the original underwriters of the VPSA Bonds required to comply with the Rule in connection with the offering of such VPSA Bonds.

ARTICLE II
THE UNDERTAKING

2.1 Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the VPSA Bonds, and is being executed and delivered solely to assist the Underwriters in complying with paragraph (b)(5) of the Rule.

2.2 Annual Financial Information.

(a) The County shall provide Annual Financial Information for the County with respect to each fiscal year of the County, on or before the March 31 after the end of such fiscal year (commencing with its fiscal year ended June 30, 2022) to the MSRB.

(b) The County shall provide, in a timely manner, notice of any failure of the County to provide the Annual Financial Information by the date specified in subsection (a) above to EMMA.

2.3 Audited Financial Statements. If not provided in conjunction with the Annual Financial Information by the dates required by Section 2.2(a) hereof, the County shall provide Audited Financial Statements, when and if available, to the MSRB.

2.4 Notices of Notice Events.

(a) If a Notice Event occurs, the County shall provide, within 10 business days of the occurrence of the Notice Event, an Event Notice to the MSRB.

(b) Upon any legal defeasance of the VPSA Bonds, the County shall cause to be provided notice of such defeasance to the MSRB, which notice shall state whether the VPSA Bonds to be defeased have been defeased to maturity or to a date fixed for redemption and the timing of such maturity or redemption.

2.5 Additional Disclosure Obligations. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County, and that under some circumstance compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

2.6 Additional Information. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Event Notice, in addition to that which is required by this Agreement. If the County chooses to include any information in any Annual Financial Information or Event Notice, in addition to that which is specifically required by this Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

2.7 No Previous Non-Compliance. The County represents that, except as set forth in the Official Statement dated October 25, 2022, relating to the VPSA Bonds, it has not failed, in the five years preceding the date hereof, to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE III
OPERATING RULES

3.1 **Reference to Other Documents**. It shall be sufficient for purposes of Section 2.2 hereof if the County provides Annual Financial Information by specific reference to documents (i) either (1) provided to EMMA, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from EMMA.

3.2 **Submission of Information**. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. The County shall provide such information (or cause such information to be provided) to the MSRB in an electronic format as prescribed by the MSRB and with the identifying information as prescribed by the MSRB.

3.3 **Event Notices**. Each Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the VPSA Bonds.

3.4 **Transmission of Information and Notices**. Unless otherwise required by law and, in the County's sole determination, subject to technical and economic feasibility, the County shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the County's information and notices.

ARTICLE IV
TERMINATION, AMENDMENT AND ENFORCEMENT

4.1 **Termination**.

(a) The County's obligations under this Agreement shall terminate upon legal defeasance, prior redemption or payment in full of all of the VPSA Bonds.

(b) This Agreement or any provision hereof shall be null and void in the event that the County (1) receives an opinion of Counsel, addressed to the County, to the effect that those portions of the Rule which require the provisions of this Agreement or any of such provisions do not or no longer apply to the VPSA Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to EMMA.

4.2 **Amendment**.

(a) This Agreement may be amended, by written agreement of the County Executive of the County, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the County shall have received an opinion of Counsel addressed to the County, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the holders of the VPSA Bonds, and (4) the County delivers copies of such opinion and amendment to EMMA.

(b) In addition to subsection (a) above, this Agreement may be amended and any provision of this Agreement may be waived, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Agreement, (2) the County shall have received an opinion of Counsel to the effect that performance by the County under this Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the County shall have delivered copies of such opinion and amendment to EMMA.

(c) To the extent any amendment to this Agreement results in a change in the types of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made shall present, to the extent practicable, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the County to EMMA.

4.3 Benefit; Third-Party Beneficiaries; Enforcement.

(a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the VPSA Bonds. Beneficial owners of the VPSA Bonds shall be third-party beneficiaries of this Agreement.

(b) Except as provided in this subparagraph (b), the provisions of this Agreement shall create no rights in any person or entity. The obligations of the County to comply with the provisions of this Agreement shall be enforceable by the holders of the VPSA Bonds, including beneficial owners thereof. The rights of the holders of VPSA Bonds to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Agreement and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of VPSA Bonds pursuant to subsection (a) of this Section 4.3, beneficial owners shall be deemed to be holders of VPSA Bonds for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Agreement shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

PRINCE WILLIAM COUNTY, VIRGINIA

By: ____
Title: Chief Financial Officer

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

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Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel, regarding the Series 2022 Bonds. It is preliminary and subject to change prior to the delivery of the Series 2022 Bonds.

[Letterhead of McGuireWoods LLP]

November 10, 2022

Virginia Public School Authority
Richmond, Virginia

VIRGINIA PUBLIC SCHOOL AUTHORITY

$42,400,000
Special Obligation School Financing Bonds,
Prince William County
Series 2022

Ladies and Gentlemen:

We have served as bond counsel to the Virginia Public School Authority ("VPSA") in connection with the issuance of VPSA's $42,400,000 Special Obligation School Financing Bonds, Prince William County Series 2022 (the "Series 2022 Bonds") dated the date of their delivery. VPSA issued the Series 2022 Bonds pursuant to (i) Chapter 11, Title 22.1, Code of Virginia, 1950, as amended (the "VPSA Act"), and (ii) a bond resolution adopted by VPSA's Board of Commissioners on September 15, 2022 (the "Resolution"). We refer you to the Series 2022 Bonds and the Resolution for a description of the purposes for which the Series 2022 Bonds are issued, the terms of the Series 2022 Bonds and the security for the Series 2022 Bonds. Unless otherwise defined, each capitalized term used in this opinion letter has the meaning given it in the Resolution.

In connection with this opinion letter, we have examined the Constitution of Virginia and the applicable laws of both the United States and the Commonwealth of Virginia (the "Commonwealth"), including without limitation the Internal Revenue Code of 1986, as amended (the "Code"), and the VPSA Act, and such certified proceedings and other documents of VPSA as we deem necessary to render the opinions contained herein.

As to questions of fact material to this opinion letter, we have relied upon and are assuming the accuracy of (i) certifications and representations of VPSA, VPSA officers and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including without limitation, certifications as to the use of proceeds of the Series 2022 Bonds, without undertaking to verify any of them by independent investigation, and (ii) other certifications of public officials furnished to us, including certifications made on behalf of Prince William County, Virginia (the "County"), and the Prince William County School Board (the "School Board").

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this transaction have been duly authorized, executed, and delivered by all parties to them other than VPSA, and we have further assumed the due organization, existence, and powers of all parties other than VPSA.

Based on the foregoing, we are of the opinion that, under current law:

(1) VPSA is a public body corporate and an agency and instrumentality of the Commonwealth duly created by and existing pursuant to the VPSA Act.

(2) The Resolution has been duly adopted by VPSA.

(3) VPSA has the requisite authority and power under the VPSA Act to adopt the Resolution, to issue and sell the Series 2022 Bonds and to apply the proceeds from the issuance and sale of the Series 2022 Bonds as set forth in the Resolution. All conditions precedent to the issuance of the Series 2022 Bonds as set forth in the VPSA Act and the Resolution have been fulfilled.

(4) The Series 2022 Bonds have been duly authorized, executed, and delivered in accordance with the VPSA Act and the Resolution and constitute valid and binding limited obligations of VPSA.

(5) The Series 2022 Bonds issued under the Resolution for the purpose of providing funds for the purchase of a general obligation school bond of the County (the "Local School Bond"), are payable from certain funds of VPSA pledged to their payment, including (i) payments derived from the Local School Bond of principal, interest and redemption premium, if any, credited to the Virginia Public School Authority Prince William County – Purchase Fund (the "Purchase Fund"), (ii) the proceeds of the sale of the Local School Bond and (iii) payments of monies derived from operation of the "State Aid Intercept Provision" contained in Section 15.2-2659, Code of Virginia of 1950, as amended, in the event of default in payment of debt service on the Local School Bond. The Series 2022 Bonds do not constitute a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth, and neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision thereof is or shall be pledged to the payment of the principal of, premium, if any, or interest on the Series 2022 Bonds.

(6) Interest on the Series 2022 Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Series 2022 Bonds.

In rendering this opinion letter, we are (i) relying on an opinion from another firm of municipal bond attorneys serving as bond counsel to the County regarding the application of the proceeds of the Series 2022 Bonds and the ownership, use and operation of the property financed thereby by the County, and (ii) assuming continuing compliance with the Covenants (as defined below) by VPSA, the County and the School Board, so that interest on the Series 2022 Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Code. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2022 Bonds in order for interest on the Series 2022 Bonds to be and remain excludable from gross income for purposes of federal income taxation under Section 103 of the Code. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2022 Bonds and the use of the property financed or refinanced by the Series 2022 Bonds, limitations on the source of the payment of and the security for the Series 2022 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2022 Bonds to the United States Department of the Treasury. The tax certificates and related documents for the Series 2022 Bonds (collectively, the "Tax Certificates") delivered at closing by the VPSA, the County and the School Board contain covenants (the "Covenants") with which each has agreed to comply. Any failure to comply with the Covenants could cause interest on the Series 2022 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2022 Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2022 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificates, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion concerning any effect on the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes under Section 103 of the Tax Code of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

(7) In accordance with Section 22.1-172 of the VPSA Act, the Series 2022 Bonds, their transfer and the income from them, including any profit made on their sale, are exempt from taxation by the Commonwealth and any municipality, county or other political subdivision thereof. We express no opinion regarding (i) other tax consequences arising with respect to the Series 2022 Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Series 2022 Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth and its political subdivisions.

The rights of the owners of the Series 2022 Bonds and the enforceability of VPSA's obligations under the Series 2022 Bonds and the Resolution may be limited or otherwise affected by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or equity. Additional bonds may be issued under the Resolution on parity with the Series 2022 Bonds upon the terms and conditions set forth in the Resolution.

Our services as bond counsel to VPSA have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to opine on the validity of the Series 2022 Bonds, the enforceability of the Resolution and the tax status of the interest on the Series 2022 Bonds. None of the foregoing opinions is in any respect an opinion as to VPSA's business or financial resources or its ability to provide for the payment of the Series 2022 Bonds or the accuracy or completeness of any information, including VPSA's Preliminary Official Statement dated October 18, 2022, and Official Statement dated October 25, 2022, that anyone may have relied upon in making the decision to purchase the Series 2022 Bonds.

This opinion letter is given as of the date hereof, and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2022 Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of United States ("U.S.") and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bond (the "Beneficial Owner") is in turn to be recorded on the records of Direct Participants and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from Direct Participants or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (an "Omnibus Proxy") to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2022 Bonds are required to be printed and delivered to DTC.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2022 Bonds will be printed and delivered.

Neither the Authority, the County, nor the Underwriters will have any responsibility or obligation to Direct Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant, or any Indirect Participant, (ii) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Series 2022 Bonds, (iii) any notice which is permitted or required to be given to bondholders, (iv) any consent given by DTC or other action taken by DTC as bondholder, or (v) the selection by DTC or any Direct Participant or Indirect Participant of any Beneficial Owners to receive payment in the event of a partial redemption of the Series 2022 Bonds.

So long as Cede & Co. is the registered owner of the Series 2022 Bonds, as nominee of DTC, references in this Official Statement to the Owner or Owners of the Series 2022 Bonds or Owners shall mean Cede & Co. and shall not mean the Beneficial Owners.

The Authority may enter into amendments to its agreement with DTC or any successor depository without the consent of the Beneficial Owners.