

Comprehensive Annual Financial Report

For the fiscal
year ended
June 30, 2011



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

®



A Component Unit of Prince William County, Virginia



Prince William County

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Prince William County Public Schools
A Component Unit of Prince William County, Virginia
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

School Board*

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Vice Chairman
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Woodbridge District

Mr. Grant Lattin
Occoquan District

Mr. Gil Trenum
Brentsville District

Superintendent of Schools*

Dr. Steven L. Walts

Superintendent's Staff*

Ms. Rae E. Darlington - Deputy Superintendent

Mr. David S. Cline - Associate Superintendent for Finance and Support Services

Mr. R. Todd Erickson - Associate Superintendent for Central Elementary Schools

Ms. Rita Everett Goss - Associate Superintendent for Eastern Elementary Schools

Ms. Jarcelynn Hart - Associate Superintendent for Western Elementary Schools

Mr. Timothy Healey – Associate Superintendent for Student Learning and Accountability

Mr. Keith A. Imon - Associate Superintendent for Communications and Technology Services

Mr. Keith J. Johnson - Associate Superintendent for Human Resources

Mr. Michael A. Mulgrew - Associate Superintendent for High Schools

Ms. Catherine P. Puttre – Associate Superintendent for Middle Schools

* as of November 14, 2011

The Prince William County School Division does not discriminate in employment or in its educational programs and activities against qualified individuals on the basis of race, color, national origin, religion, sex, pregnancy, age, veteran status, or disability.

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Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1 - 7
GFOA Certificate of Achievement	8
ASBO Certificate of Achievement	9
List of Elected and Appointed Officials	10
Organizational Chart	11

FINANCIAL SECTION

Independent Auditor's Report	13 - 14
Management's Discussion and Analysis	15 - 27

Basic Financial Statements

Government-Wide Financial Statements:

Exhibit 1	Statement of Net Assets	31
Exhibit 2	Statement of Activities	32

Fund Financial Statements:

Exhibit 3	Balance Sheet - Governmental Funds	33
Exhibit 4	Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	34
Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	35
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	36
Exhibit 7	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	37
Exhibit 8	Statement of Fund Net Assets – Proprietary Funds – Enterprise Fund and Internal Service Funds	38
Exhibit 9	Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds – Enterprise Fund and Internal Service Funds	39
Exhibit 10	Statement of Cash Flows – Proprietary Funds – Enterprise Fund and Internal Service Funds	40
Exhibit 11	Statement of Assets and Liabilities – Agency Funds	41

Notes to the Financial Statements:

Note 1	Summary of significant accounting policies	43 - 49
Note 2	Stewardship, compliance, and accountability	50
Note 3	Receivables, due to and from other governmental units, and unearned revenue ..	50 - 51
Note 4	Interfund receivables, payables, and transfers	51 - 52
Note 5	Long-term liabilities	52 - 53
Note 6	Self-insurance funds	53 - 54
Note 7	Capital assets	54
Note 8	Contingent liabilities	55
Note 9	Employee retirement systems and pension plans	55 - 59
Note 10	Other postemployment benefits (OPEB)	59 - 62

Table of Contents (continued)

Required Supplementary Information (Unaudited)

Virginia Retirement System Schedules of Funding Progress	64
PWCS Schedules of Funding Progress	64 - 65

Supplementary Information

Schedule 1 Combining Balance Sheet - Other Governmental Funds - Special Revenue Funds	70
Schedule 2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds - Special Revenue Funds	71
Schedule 3 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Food Services Fund.....	72
Schedule 4 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Facilities Use Fund	73
Schedule 5 Combining Statement of Fund Net Assets - Proprietary Funds - Internal Service Funds	76
Schedule 6 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds - Internal Service Funds	77
Schedule 7 Combining Statement of Cash Flows - Proprietary Funds - Internal Service Funds	78
Schedule 8 Combining Statement of Assets and Liabilities - Agency Funds	80
Schedule 9 Combining Statement of Changes in Assets and Liabilities - Agency Funds	81

STATISTICAL SECTION

Introduction Page.....	83
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Financial Trends

Table 1 Net Assets by Component	86
Table 2 Changes in Net Assets	87
Table 3 Fund Balances, Governmental Funds (Presented Pre-GASB 54)	88
Table 3A Fund Balances, Governmental Funds (Presented in Accordance with GASB 54)	89
Table 4 Changes in Fund Balances, Governmental Funds	90

Revenue Capacity - Prince William County, Virginia

This information is inserted from the Prince William County CAFR because Prince William County Public Schools has no own source revenue.

Table 5 General Governmental Revenues by Source	94
Table 5A General Governmental Tax Revenues by Source	94
Table 6 Assessed Value and Actual Value of Taxable Real Property	95
Table 6A Commercial to Total Assessment Ratio, Construction and Bank Deposits.....	95
Table 7 Direct and Overlapping Real Estate Tax Rates	96 - 97
Table 8 Principal Real Property Tax Payers	98
Table 9 Real Property Tax Levies and Collections	99

Table of Contents (continued)

Debt Capacity - Prince William County, Virginia

This information is inserted from the Prince William County CAFR because Prince William County Public Schools does not issue debt.

Table 10	Ratios of Outstanding Debt by Type, Primary Government and Component Units	102
Table 11	Ratios of General Bonded Debt Outstanding.....	103
Table 12	Direct and Overlapping Governmental Activities Debt	104
Table 13	Debt Ratio Information.....	105
Table 14	Revenue Bond Coverage for Solid Waste System Revenue Bonds.....	106

Demographic and Economic Information – Prince William County, Virginia

Table 15	Demographic and Economic Statistics	108
Table 15A	Comparative Demographic Statistics.....	108
Table 16	Principal Employers	109

Operating Information

Table 17	Full-time-Equivalent School Employees by Positions	112
Table 18	Student Enrollment	113
Table 19	Operating Statistics.....	114
Table 20	Teacher Base Salaries	115
Table 21	Food and Nutrition Services Program.....	116
Table 22	School Building Information	117
Table 23	Miscellaneous Statistical Data	118

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Introductory Section

Letter of Transmittal

Certificates of Achievement

List of Elected and Appointed Officials

Organizational Chart



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

November 14, 2011

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

We are pleased to present the Comprehensive Annual Financial Report of the Prince William County Public Schools (PWCS), a component unit of Prince William County (The County), Virginia, for the year ended June 30, 2011.

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

PWCS' financial statements have been audited by Cherry, Bekaert & Holland, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of PWCS for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the PWCS' financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The report of independent auditors is presented as the first component of the financial section of this report.

The independent audit of PWCS was part of a broader, federally mandated "Single Audit" for Prince William County (County) designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

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

DR. STEVEN L. WALT
Superintendent of Schools

Profile of the Government

Prince William County is located in Northern Virginia, approximately 35 miles southwest of Washington D.C. The County encompasses an area of 348 square miles and celebrated its 275th anniversary during 2006. Prince William County has, within its boundaries, the independent cities of Manassas and Manassas Park and the incorporated towns of Dumfries, Haymarket, Occoquan, and Quantico. The cities of Manassas and Manassas Park have their own public school divisions.

PWCS is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The eight members of the School Board are elected by the citizens of the County to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWCS is organized to focus on meeting the needs of its 79,115 students while managing the 55 elementary schools, 15 middle schools, 10 high schools, 3 special education schools, 2 alternative schools, and 2 traditional schools.

Local Economy

The Prince William County economy is an important segment of the Washington, D.C. metropolitan area economy, arguably one of the most dynamic in the world. The area's economy has proved more resilient than many other parts of the country over the last year, though certain aspects of the local economy, notably commercial real estate and unemployment rates, continue to under perform normal levels. Job growth in Prince William County outpaced Northern Virginia and the Commonwealth over the last year. After several years of double-digit annual increases in home values during the first six years of the last decade, the local residential real estate market experienced a serious correction, in which home values declined on average by more than 55 percent by February 2009. In addition, the nation-wide crisis in sub-prime credit markets was reflected locally in the form of increased delinquent and defaulted homes. In calendar year 2006, for example, less than 300 homes were reported in foreclosure. This increased nearly tenfold in 2007 to more than 2,800 foreclosed properties. The number more than doubled the following year, with more than 6,500 homes in foreclosure in 2008. In 2009, a total of 3,490 foreclosures were recorded, still a high number by historic standards, but a 46 percent decrease from the previous year. In 2010, a total of 2,115 foreclosures were recorded – a drop of 39 percent from the previous year. In 2011 (through August), a total of 969 foreclosures were recorded, which would project to a total of 1,454 for the year. This projected number would be the lowest annual total since 2007.

The housing market stabilized in 2010 and, through September, 2011, experienced modest but uneven growth. Fiscal Year 2012 residential home values grew by 5.2 percent, the largest increase since 2006. The average sold price for a home in Prince William County was \$281,244 in September 2011, a year-over-year increase of 1.5 percent and an increase of \$76,000 (37.6%) since February 2009. If the number of foreclosures continues to drop, expectations are that the average home prices will continue to rise – though a return to the prosperous days of double digit annual appreciation are not anticipated in the near future. The residential real estate outlook is for continued modestly improving conditions over the next several years.

The apartment sector of the County's residential market has been particularly strong. Tightened mortgage credit standards required to purchase homes has resulted in increased demand for rental property and higher rents. Additionally, few new apartment units have been built in the County over the last several years further compounding the supply/demand imbalance. Recently, however, activity in this market segment has accelerated with a number of new projects, either announced or begun. The expectation going forward, as new units are brought to market, is that rents will continue to increase, but at a slower pace, and apartment values should continue to trend higher.

The commercial real estate market in Prince William County improved overall in 2011 from one year earlier, with declining vacancy rates, but far less new product being built. And, vacancy rates are still elevated by historic standards – particularly in flex space. As the year progressed, however, more office, industrial and retail space was absorbed even as less new product came online. According to Costar Realty Group, a multiple listing service for commercial property, in the 3rd quarter 2011, a total of 45,109,996 square feet of commercial space (including retail) in 1,833 buildings was reported—an increase in commercial space of .4 percent year-over-year. The commercial inventory includes a total of 6.70 million square feet of office space, 5.00 million square feet of flex

space, 12.08 million square feet of industrial space and 21.34 million square feet of retail space. A total of 4,246,553 square feet (9.4 percent) of vacant commercial space (including retail) was reported during the 3rd quarter—a decrease of 9.3 percent year-over-year. This includes 979,064 square feet of vacant office space (14.6%, down from 15.2% one year ago), 999,234 square feet of vacant flex space (20.0%, compared to 14.4% one year ago), 915,637 square feet of vacant industrial space (7.6%, down from 9.0% one year ago) and 1,352,618 square feet of vacant retail space (6.3%, compare to 8.8% one year ago). Expectations are that the commercial real estate market will continue to improve over the course of the next few years, as the local economy grows.

Prince William County's population is currently estimated at 410,729 (as of September 15, 2011). Population growth has been at a much slower pace than in past years, in which annual increases approached 5 percent. Nevertheless, the County will continue to expand its population base, particularly as the real estate market continues to recover. The Metropolitan Washington Council of Governments predicts the County's population will grow by over 217,000 people or an increase of 61 percent between the years 2005 and 2040, while the region in total is expected to grow by only 36 percent. The County continues to be a young, family-oriented community, with approximately one-third of its households married with children. Despite progress in attracting jobs to the County, Prince William continues to export nearly two-thirds (62.5%) of its labor force to jobs outside the County, accounting for the twelfth longest commute in the United States. According to 2010 Census data, Metropolitan Washington ranked first in the United States for median household income, with 10 of the region's counties in the top 20 nationwide. The region's median household income of \$84,523 is 69 percent above the national median of \$50,046 and 39 percent above the state-wide median of \$60,674. Prince William County had the 9th highest median household income in the United States at \$92,655 – 10 percent higher than the region, 53 percent higher than the state and 85 percent higher than the nation. This ranking further underscores Prince William County's continued status as a premier community.

Employment in the County grew rapidly in the first half of the previous decade, fueled by a robust economy and booming housing market. In the five-year period from 1st quarter 2002 to 1st quarter 2007, Prince William County businesses increased by 37 percent, with financial, professional/business services and construction the fastest growing sectors. In the same period, employment in the County grew from 84,569 to 101,947, an increase of 20.1 percent. The fastest growing sectors for employment growth were Education/Health Services, Professional/Business Services and Construction. During the recession, from 2007 to early 2010, businesses continued to grow (from 6,605 in the 1st Quarter 2001 to 7,194 in the 1st Quarter 2010) while jobs declined (from 101,947 in 2007 to 99,874 in 2010). Over the last year, however, job growth in the County has dramatically increased and has outpaced the region and the state. At-place employment in Prince William County (107,661 in the 1st Quarter 2011) increased by 7.8 percent year-over-year and 6.1 percent since 2006. By comparison, Northern Virginia employment grew by 2.8 percent in the last year and 2.3 percent since 2006. Employment in the Commonwealth increased by 1.5 percent in the last year but declined by 1.9 percent since 2006. The impact of the housing downturn continues to severely impact those industries related to housing, as new residential construction has, to date, lagged. Construction employment, for example, declined in Prince William County by over 6,000 net jobs (-41%) between September 2005 and March 2011. Likewise, jobs in finance, insurance and real estate experienced a net loss of 591 jobs (-15.6%) since their respective peak months of the real estate boom. Those industries have not yet recovered as new residential construction continues to lag. Prince William County's unemployment rate was 5.4 percent in August 2011, well below the statewide rate of 6.5 percent and the national rate of 9.1 percent in August 2011.

Since the prosperous days of 2001-2006, when home values were increasing at double digit rates in some years, the residential market in the County experienced a major downturn, though indications are the market is stabilizing and even growing – albeit modestly. Residential building permit activity, a leading indicator for housing construction, experienced a six-year boom from 2000 to 2005 in which more than 4,300 total residential permits were issued per year. Since 2005, however, the number of permits has sharply declined. In 2007, a total of 2,451 total residential permits were issued, including 1,305 single family detached, 580 townhouse and 566 condominium permits. This represented a 15 percent decline in total permits from the previous year and a 48 percent decrease from 2005. In 2008 the decline continued, as a total of 1,909 permits were issued, including 984 single family and 260 townhouses. In 2009, a total of 1,946 permits were issued, including 1,163 single family, 381 townhouses and 402 condominiums. In 2010, a total of 2,244 permits have been issued, including 1,057 single family, 484 townhouses and 703 condominiums. In 2011 (January-September), a total of 1,183 permits

have been issued, including 603 single family, 290 townhouses and 290 multi-family units.

Recent increases in home building activity are indicative of a recovering housing market, though to date new home construction continues to lag. Home sale prices have steadily improved during 2010 and 2011, giving rise to optimism that the worst of the real estate crisis may be over. While it is too early to make this statement definitively, recent home sales numbers as reported by the Metropolitan Regional Information System (MRIS) support this sentiment. In December 2005, the peak of the market boom, the average sales price for homes in Prince William County was \$458,627. By February 2009, the average sales price for a home in the county was \$204,378 – a decrease of 55 percent. By September 2011, however, the average price of a sold home in Prince William County had climbed to \$281,244 – a 1.5 percent increase year-over-year and a 37.6 percent increase since February 2009. The total units sold in September 2011 was 410 and the average days on the market in September 2011 was 49 days for all homes sold in Prince William County.

About 78 percent of the County's real estate tax base consists of residential housing, approximately 21 percent is comprised of commercial, industrial and public service properties and less than 1 percent is undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors was responsive in adjusting the real estate tax rate dramatically, reducing the real estate tax rate from \$1.34 in fiscal year 2001 to \$0.758 per \$100 of assessed value in fiscal year 2007. In fiscal year 2008, in response to revenue shortfalls and expectations of continuation of vital County services, Prince William County adopted a real estate tax rate of \$0.97 effective for fiscal year 2009. For fiscal year 2010, the County adopted a real estate tax rate of \$1.212; for fiscal year 2011, the adopted real estate tax rate was \$1.236 per \$100 of assessed value. For fiscal year 2012, the adopted real estate tax rate is \$1.204 per \$100 of assessed value. Despite recent fiscal challenges to the County's ability to provide services, strategic goal areas and critical service needs of the community continue to be the primary focus.

One of Prince William County's strategic goals is to maintain an economic development climate that will attract and foster the expansion of industries that create high-wage jobs, diversify the non-residential tax base, and encourage people to live in, work in and visit the County. In that regard, the County's Department of Economic Development works diligently with targeted industries to attract new businesses and foster expansion of existing businesses. Since January 1997, 363 new and expanding companies have announced their intention to invest more than \$3.47 billion and add more than 14,500 jobs to the Prince William County economy. Of these announcements, 274 (75%) were targeted industry businesses accounting for \$2.75 billion (79%) of the total investment and 10,946 (75%) of the total jobs.

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

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

The ground-breaking research coming from George Mason University creates community awareness and significant economic development opportunities. Currently there are 16 life science companies that have announced their intent to invest \$201.6 million and add more than 650 new jobs.

With Prince William County's proximity to Quantico Marine Corp Base, Ft. Belvoir, the National Reconnaissance Office (NRO), and Washington DC, along with the addition of the FBI Northern Virginia Resident Agency in the County, the federal government and contractors who support the missions of federal agencies remain a key industry for economic development. Since 1997, 81 government contractors or federal agencies have announced their intent to invest \$319 million and add 3,212 new jobs to the County.

Prince William County's competitive tax structure, electricity availability and rates, and fiber optic availability, make it an ideal location for data center clients seeking a location in the Mid-Atlantic region. Further strengthening

Prince William County's position is the availability of large land parcels and minimal natural disaster threats, which allows clients to meet the high security standards that today's data market demands. Currently, there are ten companies that have announced their intent to invest \$1.86 billion and add 336 jobs in Prince William County.

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

Innovation Technology Park is anchored by George Mason Universities Life Sciences Campus. It is home to a growing life sciences cluster that, in addition to George Mason University, includes American Type Culture Collection (ATCC), Mediatech, Inc., and the Mason/NIH Biomedical Research Laboratory. Also present is an emerging forensic science/criminal justice cluster that includes: the FBI Northern Virginia Resident Agency, the Virginia Department of Forensic Science's Northern Laboratory, and the Prince William County Police Western District Station. Currently, there are 44 companies that have announced their intent to invest over \$658 million and add 2,373 new jobs in Innovation.

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

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

Prince William County's close proximity to the federal government and affiliated contractor industries has largely insulated it from the severity of normal business cycle troughs. While the County is by no means immune from economic downturns, their depth and duration tend to be ameliorated by the fairly constant uptrend in federal spending and procurement. The County depends heavily on residential housing and consumer spending to maintain its prosperity and levels of local government services. These two sectors were severely impacted by the recent economic downturn; recent trends point to improving conditions in local consumer and real estate activity, even in the presence of continued consumer worries. The County has seen, for example, nineteen consecutive months of sales tax revenue increases and the twelve-month moving average is at an all time high.

As Prince William County enters fiscal year 2012, the local economy continues to outperform the national economy but, in light of the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and Prince William County, both of which were major recipients of this good fortune.

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

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

Long-term Financial Planning

Each year PWCS, coordinating with the County, prepares a Five-Year Budget Plan. This plan incorporates expected revenue and expenditure growth to determine how future needs will be met. As part of this plan the County Board of Supervisors and the School Board have entered into a revenue sharing agreement that shares the general revenues of the County between the Schools and the County on a 56.75% to 43.25% basis, respectively.

The objectives of this five-year plan are as follows:

1. To maintain current instructional, support, and extracurricular programs and services.
2. To provide services to new students.
3. To construct and operate the new schools and facilities and complete all critical capital projects identified in the Capital Improvements Program.
4. To provide annual adjustments for inflation in supplies and materials.
5. To maintain competitive salaries and benefits for all employees.

Each year PWCS prepares a ten year Capital Improvements Plan (CIP). The CIP provides for the projected investment needs both with regard to new facilities and maintenance projects required to keep PWCS facilities in good operating condition. This document also provides the necessary input for the five year budget plan with regard to debt service.

The County has adopted several policy documents, including the *Strategic Plan*, the *Comprehensive Plan*, and the *Principles of Sound Financial Management* that help guide in both the general management and financial management of PWCS.

Relevant Financial Policies

As a component unit, PWCS is directly impacted by the County's Financial Policies that control fund balance, revenues and collections, debt management, cash management, and investments. These areas in particular have a long-term impact on the fiscal health of the County and PWCS. The policies are published in the County's Principles of Sound Financial Management.

PWCS budgets approximately one percent of our operating fund annually in reserve. The reserve is utilized to fund the costs of additional students above enrollment projections each school year and/or to respond to fiscal issues that may arise during the school year.

Major Initiatives

PWCS is the second largest of 134 school divisions in Virginia and among the 50 largest school divisions in the country. The school division provides services to over six percent of the State student enrollment. During the next five years, student membership is projected to increase by an annual rate of over two percent. This will result in more than 10,132 additional students by the 2016-2017 school year. The costs associated with these additional students for personnel, employee benefits, and material to provide school-level instructional and support services will equate to approximately \$273.6 million over the five year period.

Providing quality educational facilities is important in providing quality education. PWCS' Capital Program identifies twenty-six schools for new construction or additions over the next five years and replacement of two schools. PWCS endeavors to spend, as is recommended by the National Building Research Board, between 2% and 4% of the total replacement value of buildings on an annual basis on maintenance of existing school facilities. PWCS facilities were constructed between 1918 and 2009, with the oldest school being Dumfries Elementary School constructed 92 years ago.

Financial Reporting Certificate Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the ninth consecutive year the School Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

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

Also, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its CAFR for the fiscal year ended June 30, 2010. This was the ninth consecutive year the School Board has received this prestigious award. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. We believe that our current CAFR conforms also to the ASBO Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine the School Board's eligibility for another certificate award.

In addition to the awards for excellence in financial reporting, PWCS has earned the Meritorious Budget Award from the ASBO and the Distinguished Budget Presentation Award from the GFOA for the fiscal year ended June 30, 2011. These awards are valid for one year only and we believe that our budget report continues to conform to the program requirements of both. We will be submitting our budget to ASBO and GFOA for fiscal year 2012 to determine the School Board's eligibility for another certificate award.

Acknowledgments

Many professional staff members in the Department of Financial Services of PWCS contributed to the preparation of this report. Their hard work, professional dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to acknowledge the cooperation and assistance of the PWCS' departments and agencies throughout the year in the efficient administration of PWCS' financial operations. Additionally, we would like to thank the financial reporting and control division of Prince William County who has helped support the efforts of PWCS in the preparation of this report.

This comprehensive annual financial report reflects the PWCS' commitment to the citizens of Prince William County, the Board of County Supervisors, the County School Board, and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully,



Steven L. Walts
Superintendent of Schools



David S. Cline
Associate Superintendent
Finance & Support Services



John Wallingford
Director, Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Prince William County
Public Schools, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Prince William County Public Schools
List of Elected and Appointed Officials
June 30, 2011

Elected Officials - The Prince William County School Board*

Milton C. Johns, Chairman *At-Large*

Don Richardson, Vice Chairman, *Gainesville District*

Lisa E. Bell, *Neabsco District*

Betty D. Covington, *Potomac District*

Grant Lattin, *Occoquan District*

Michael I. Otaigbe, *Coles District*

Denita S. Ramirez, *Woodbridge District*

Gil Trenum, *Brentsville District*

Appointed Officials - School Division Administration*

Steven L. Walts
Superintendent of Schools

Rae E. Darlington
Deputy Superintendent

Keith A. Imon
Associate Superintendent
Communications and Technology Services

Keith J. Johnson
Associate Superintendent
Human Resources

Timothy Healey
Associate Superintendent
Student Learning and Accountability

David S. Cline
Associate Superintendent
Finance and Support Services

Jarcelynn Hart
Associate Superintendent
Western Elementary Schools

Catherine P. Puttre
Associate Superintendent
Middle Schools

R. Todd Erickson
Associate Superintendent
Central Elementary Schools

Rita Everett Goss
Associate Superintendent
Eastern Elementary Schools

Michael A. Mulgrew
Associate Superintendent
High Schools

John M. Wallingford
Director of Financial Services

Susann M. Graham
Supervisor of Fiscal Operations

* as of November 14, 2011

FY 2012 Organizational Chart

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June 28, 2011
10:01 AM

Prince William County School Board

Milton C. Johns
Chairman
At-Large

Don Richardson
Vice Chairman
Gainesville District

Lisa E. Bell
Neabsco District

Betty D. Covington
Potomac District

Grant Lattin
Occoquan District

Michael I. Otaigbe, Ph.D.
Coles District

Denita S. Ramirez
Woodbridge District

Gil Trenum
Brentsville District

Clerk
Angela Dent

Deputy Clerk
Deborah Urban

Superintendent
Steven L. Walts

Division Counsel
James E. Fagan III

Internal Auditor
Vivian McGettigan

Director of TIPA
Natalie Bonshire

Deputy Superintendent
Rae Darlington

Associate Superintendent for Finance and Support Services
David Cline

Director of Risk Management & Security Services
Donald Mercer

Director of Financial Services
John Wallingford

Supervisor of Budget
Kathleen Addison

Supervisor of Financial Services
Niki Howell

Supervisor of Fiscal Operations
Susann Graham

Supervisor of Purchasing
James Totty

Supervisor of Supply Services
Charles Wheeler

Director of Transportation Services
Edward Bishop

Supervisor of Bus Operations
Charles Engelberger

Supervisor of Transportation Planning
Scott Withee

Director of Facilities Services
Randy Dasher

Supervisor of Facilities Management
John Windley

Supervisor of Construction
Dee Thompson

Project Managers
Don Mason
Neil Bagnell
Rodney Clayborn
Earl Kimble
Roger Wilder

Supervisor of Planning and Financial Services
Dave Beavers

Supervisor of Planning
Lionel White

Supervisor of Land Acquisition & CIP Planning
Maureen Hannan

Director of School Food and Nutrition Services
Serena Suthers

Associate Superintendent for Human Resources
Keith Johnson

Director of Human Resources
Amy White

Supervisor of Elementary Staffing Personnel
Michael Mondak

Supervisor of Middle School Staffing Personnel
Paulajane Hancock

Supervisor of High School Staffing Personnel
Tony Jones

Supervisor of Classified Personnel
Dina Mize

Supervisor of Recruiting & Specialty Pgms
Darlene Faltz

Director of Benefit Services
Deborah Sparks

Associate Superintendent for Communications and Technology Services
Keith Imon

Director of Information Technology Services
Jim Hite

Supervisor of Student Applications
Susan Dooley

Supervisor of Business Applications
Vincent Bess

Supervisor of Information Systems Support
Susan Moser

Supervisor of Network Services & Central Ops
Robert Sansone

Supervisor of Information Security Services
Jason Dasher

Supervisor of Technical Support
Octavis Jones

Imaging Center
Danny Armstrong

Director of Communications Services
Ken Blackstone

Supervisor of Community Relations
Irene Cromer

Supervisor of Media Production Services
Ben Swecker

Supervisor of Community & Business Engagement
Sharon Henry

Supervisor of Instructional Technology
Amy Jo Phillips

Associate Superintendent for Student Learning and Accountability
Timothy Healey

Director of Professional Development
Janet Greer

Director of Student Learning
Kenneth Bassett

Curriculum Supervisors
Roberta Apostolakis
W. Jason Calhoun
Jeffrey Girvan
Sarah Hopwood
Carol Knight
Fred Milbert
Joyce Zsembory

Curriculum Supervisor Career & Technical Education
David Eshelman

Supervisor of Gifted Education & Special Programs
Gail Hubbard

Supervisor of Multicultural Education
Victor Martin

Supervisor of Title I
Michelle Rowe

Director of Accountability
Jennifer Cassata

Supervisor of Testing
Paul Parker

Supervisor of Program Evaluation
Kenneth Hinson

Director of Special Education
Jane Lawson

Supervisors of Special Education
Kathy Aux
Sherley Channing
Morphoula Daoulas
Cary Dougher
Cathy Radford
Cylvia Toy
David Williams
Rebecca Yellets

Director of ESOL
Janine Sadki

Supervisor of World Languages / ESOL
Carol Bass

Director of OSMAP
Pam Brown

Supervisor of Alternative Education & Summer School
Renee Lacey

Director of Student Services
Carolyn Custard

Supervisor of Secondary Counseling and Support Services
Cheryl Hiett

Supervisor of Elementary Counseling and Support Services
Deborah Ransom

Supervisor of Student Assistance and Prevention Programs
Doreen Dauer

Supervisor of School Health
Teresa Polk

Supervisor of School Social Workers
Elizabeth Young

Eastern Elementary Schools	
Antietam ES	Potomac View ES
Belmont ES	River Oaks ES
Dumfries ES	Rockledge ES
Featherstone ES	Springwoods ES
Kilby ES	Swans Creek ES
Lake Ridge ES	Triangle ES
Leesylvania ES	Vaughan ES
Marumscot Hills ES	Westridge ES
Occoquan ES	Williams ES
Old Bridge ES	

Western Elementary Schools	
Alvey ES	Nokesville ES
Bristow Run ES	Piney Branch ES
Buckland Mills ES	Sinclair ES
Cedar Point ES	Sudley ES
Ellis ES	Tyler ES
Glenkirk ES	Victory ES
Gravelly ES	West Gate ES
Loch Lomond ES	Wood ES
Mountain View ES	Yorkshire ES
Mullen ES	

Central Elementary Schools	
Ashland ES	Marshall ES
Bel Air ES	McAuliffe ES
Bennett ES	Minnieville ES
Coles ES	Montclair ES
Dale City ES	Neabsco ES
Enterprise ES	Parks ES
Fitzgerald ES	Pattie ES
Henderson ES	Penn ES
Kerrydale ES	Signal Hill ES
King ES	Woodbine SE

Middle Schools	
Bull Run MS	Parkside MS
Benton MS	Pennington Traditional
Beville MS	Porter Traditional
Gainesville MS	Potomac MS
Godwin MS	Reagan MS
Graham Park MS	Rippon MS
Lake Ridge MS	Saunders MS
Lynn MS	Stonewall MS
Marsteller MS	Woodbridge MS
New Dominion Alt	

High Schools	
Battlefield HS	New Directions Alt
Brentsville HS	PACE West SE
Forest Park HS	Patriot HS
Freedom HS	Potomac HS
Gar-Field HS	Stonewall Jackson HS
Hylton HS	Woodbridge HS
Osborn Park HS	
Governor's School at Innovation Park	
Independent Hill SE / PACE East SE	

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Financial Section

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



Independent Auditors' Report

To the School Board and Management
Prince William County Public Schools
Manassas, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Prince William County Public Schools (PWCS), a component unit of Prince William County, Virginia, as of and for the year ended June 30, 2011, which collectively comprise PWCS' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Student Activity Agency Fund, which represents 10% of the assets of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Student Activity Agency fund, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PWCS' internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of PWCS as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011 on our consideration of PWCS' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information included in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PWCS' basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Bekant & Holland, L.L.P.

Richmond, Virginia
November 14, 2011

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2011

This section of the Prince William County Public Schools' (PWCS) annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2011 (FY 2011). Please read it in conjunction with the transmittal letter at the front of this report and the school divisions' financial statements, which immediately follow this section. (All values in MD&A expressed in thousands).

Financial Highlights

- General revenues accounted for \$738,586 or 82.5% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$156,348 or 17.5% of total revenues of \$894,934.
- The school division had \$885,980 in expenses of which \$156,348 was offset by program specific charges, grants, or contributions. General revenues, primarily County and Commonwealth (State) of Virginia, were adequate to fund the remaining expenses.
- Total net assets increased by \$8,954 to a total of \$1,193,091. The value of net assets reflects the financial health of the school division and includes certain assets procured with debt. The school division is a component unit of and is fiscally dependent on Prince William County (the County). As such, all debt related to school division assets are shown on the County's Statement of Net Assets.
- Operating grants and contributions revenue, current and other assets, and ending fund balance for FY 2010 was restated for additional USDA revenue received for the Food Services Fund in the amount of \$3,134.
- On September 30, 2010 (FY 2011) student membership was 79,115, an increase of 2,459 students, or 3.2% greater than FY 2010. The student membership was also 807 students more than projected for FY 2011.
- Federal Stimulus funds of \$28,847 were received for the fiscal year to enhance student instruction, supplement specific programs, help retain jobs and stimulate the economy. In addition, Federal Stimulus funds in the amount of \$8,626 were used by the State to supplement State Education Basic Aid payments to the school division.

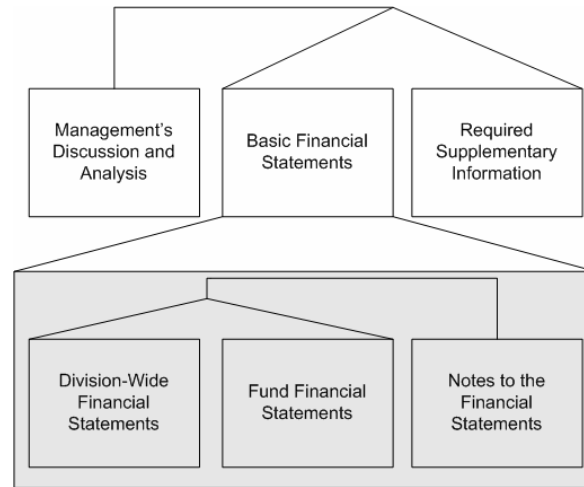
Using this Comprehensive Annual Financial Report

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school division.

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the school division's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the division, reporting the division's operations in *more detail* than the government-wide statements.
- The *governmental funds statements* describe how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- The *proprietary funds statements* offer *short-term* and *long-term* financial information about the activities that the division operates *like businesses*.
- The *fiduciary funds statements* provide information about the financial relationships in which the division acts solely as a *trustee* or *agent*.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Organization of Prince William County Public Schools Annual Financial Report



Summary ←————→ Detail

Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire school division (excludes fiduciary funds)	The activities of the school division that are not proprietary or fiduciary, such as special education and building maintenance	Activities the school division operates similar to private businesses: self-insurance, health insurance, the warehouse, and school age child care	Instances in which the school division administers resources on behalf of someone else, such as regional schools, governor's school, and student activities monies
Required financial statements	<ul style="list-style-type: none"> •Statement of net assets •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> •Statement of fund net assets •Statement of revenues, expenses and changes in fund net assets •Statement of cash flows 	<ul style="list-style-type: none"> •Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities 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; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during 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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about Prince William County Public Schools as a whole using accounting methods similar to those used in private-sector companies. While this document contains a number of

funds used by PWCS to provide programs and activities, the view of PWCS, as a whole, looks at all financial transactions and asks the question, “How did we do financially during FY 2011?” The Statement of Net Assets and the Statement of Activities answer this question. These statements report all of the assets and liabilities using the accrual basis of accounting. The accrual basis of accounting reflects all of the current year’s revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report PWCS’ *net assets* and how they have changed. Net assets – the difference between PWCS’ assets and liabilities – are one way to measure the division’s financial health or position.

- Over time increases or decreases in the division’s net assets are an indicator of whether its financial position is improving or declining, respectively.
- To assess the overall health of PWCS, additional non-financial factors may also be relevant, such as changes in the County tax base, the condition of school buildings and other facilities, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, PWCS reports amounts related to governmental-type activities, and its three internal service funds, and business-type activities. PWCS’ governmental-type activities include: regular instruction, special instruction, other instruction, instructional leadership, general administration, student services, curricular/staff development, pupil transportation, operations, utilities, maintenance, central business services, reimbursement to the county for debt service, food service, and community service operations. Business-type activities include an enterprise fund for School Age Child Care.

Fund Financial Statements

The fund financial statements provide more detailed information about PWCS most significant or “major” funds. Funds are accounting devices that PWCS uses to help keep track of specific sources of funding and spending for particular purposes:

PWCS has three types of funds:

- **Governmental Funds:** Governmental funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The focus is on how much money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of PWCS’ general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer resources that can be spent in the near future to finance educational programs. Because the governmental funds information does not encompass the additional long-term focus of the government-wide statements, additional information has been added in the form of reconciliations between the total fund balances of the governmental funds and the total net assets of the government-wide activities. An additional reconciliation is added to explain the differences between the net change in fund balance and the change in net assets of the school division.
- **Proprietary Funds:** Proprietary funds are reported on a full accrual basis and economic resources focus. PWCS maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to report activities that provide supplies and services for PWCS’ other programs and activities. PWCS’ has one enterprise fund: School Age Child Care (SACC); and three internal service funds: the Self-Insurance fund, the Health Insurance fund, and the Warehouse fund.

- **Fiduciary Funds:** PWCS is a trustee or fiduciary for the Northern Virginia Regional Special Education Fund and the Governor's School @ Innovation Park. In addition, PWCS is one of three trustees, along with the County and the Prince William County Park Authority of the Prince William County Other Postemployment Benefits trust fund (OPEB), a single agent multiple employer defined benefit postemployment benefits trust that was established in FY 2009 to provide funding for other postemployment benefit payments on behalf of retiree and COBRA participants. The fiduciary activities are reported in a separate statement of fiduciary assets and liabilities and a statement of changes in fiduciary assets and liabilities for all fiduciary funds, except for OPEB. OPEB statements are presented in the Notes to the Financial Statements. These activities are excluded from PWCS' government-wide statements because PWCS cannot use these assets to finance its operation. The student activity money is also accounted for in an agency fund.

Financial Analysis of PWCS as a Whole

Net Assets

The condensed statement of net assets describes the financial position of PWCS on June 30, 2011. The largest portion of PWCS net assets reflects its investment in capital assets (buildings, land, equipment, and construction-in-progress). Capital assets account for 87.2% of the total net assets and have increased by \$66,569 since June 30, 2010. This increase is primarily the result of continued construction and major renovations necessary to house the continuing growth in the student population. These capital assets are not net of related debt because, as a component unit (school division) in Virginia, PWCS does not have the authority to issue debt. All debt is issued by the County and, therefore, shown as a liability on its Statement of Net Assets. In years where there are substantial additions to capital assets that are funded through the issuance of debt, the school division will have substantial increases in net assets. A more detailed discussion on debt is contained in a later section entitled "Outstanding Long-Term Debt".

The other components of net assets are restricted net assets and unrestricted net assets. Restricted net assets represent those resources that have externally imposed constraints on their use. Restricted net assets decreased by \$65,219 during the current fiscal year reflecting a decrease in PWCS' resources restricted for specific construction projects. Unrestricted net assets are those resources that may be used to meet the obligations placed on PWCS by its creditors and to pay for ongoing operations of the school division. At the end of the fiscal year unrestricted net assets amounted to \$129,727, an increase of \$7,604 from FY 2010. All three components of net assets show positive balances.

Condensed Statement of Net Assets						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total Entity	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 299,842	\$ 343,168	939	309	300,781	343,477
Capital assets	1,040,236	973,667	-	-	1,040,236	973,667
Total assets	1,340,078	1,316,835	939	309	1,341,017	1,317,144
Current liabilities	109,413	96,675	-	7	109,413	96,682
Long-term liabilities	38,514	36,325	-	-	38,514	36,325
Total liabilities	147,927	133,000	-	7	147,927	133,007
Net assets:						
Invested in capital assets	1,040,236	973,667	-	-	1,040,236	973,667
Restricted	23,128	88,347	-	-	23,128	88,347
Unrestricted	128,788	121,821	939	302	129,727	122,123
Total net assets	\$ 1,192,152	\$ 1,183,835	939	302	1,193,091	1,184,137

Changes in Net Assets

Changes in Net Assets (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total Reporting Entity	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 21,227	\$ 21,691	658	-	21,885	21,691
Operating grants and contributions	134,064	112,243	303	312	134,367	112,555
Capital grants and contributions	96	99	-	-	96	99
General revenues:						
Federal	10,818	39,305	-	-	10,818	39,305
State	289,862	282,247	-	-	289,862	282,247
County	432,746	501,378	-	-	432,746	501,378
Unrestricted investment earnings	3,555	4,792	10	1	3,565	4,793
Miscellaneous revenues	1,595	1,720	-	-	1,595	1,720
Total revenues	893,963	963,475	971	313	894,934	963,788
Expenses						
Instruction:						
Regular	438,872	434,441	-	-	438,872	434,441
Special	91,911	94,105	-	-	91,911	94,105
Other	9,130	8,241	-	-	9,130	8,241
Instructional leadership	51,393	52,762	-	-	51,393	52,762
Support Services:						
General administration	9,191	8,771	-	-	9,191	8,771
Student services	9,190	11,139	-	-	9,190	11,139
Curricular/staff development	13,469	12,072	-	-	13,469	12,072
Pupil transportation	49,830	48,536	-	-	49,830	48,536
Operations	21,554	22,577	-	-	21,554	22,577
Utilities	25,430	24,290	-	-	25,430	24,290
Maintenance	25,054	24,404	-	-	25,054	24,404
Central business services	43,445	45,069	-	-	43,445	45,069
Reimbursement to County for debt service	63,800	60,790	-	-	63,800	60,790
Food service	32,480	30,950	-	-	32,480	30,950
Community service operations	897	866	-	-	897	866
School Age Child Care	-	-	334	11	334	11
Total expenses	885,646	879,013	334	11	885,980	879,024
Change in net assets	8,317	84,462	637	302	8,954	84,764
Net assets, beginning of year	1,183,835	1,099,373	302	-	1,184,137	1,099,373
Net assets, end of year	\$ 1,192,152	\$ 1,183,835	939	302	1,193,091	1,184,137

Total revenues decreased by \$68,854 for a 7.2% decrease over FY 2010. This is primarily the result of decrease in Federal aid and general revenue from the County.

48.4% of PWCS' revenue comes from the primary government (the County), 32.4% from the State, 1.2% from the Federal government, 17.4% in the form of program revenues (charges for services, operating and capital grants and contributions), and 0.6% from other categories. The funds PWCS receives from the County are comprised, primarily, of two components; 56.75% of all county general revenues, and amounts provided to PWCS that are the result of bonds sold by the County to fund schools capital projects.

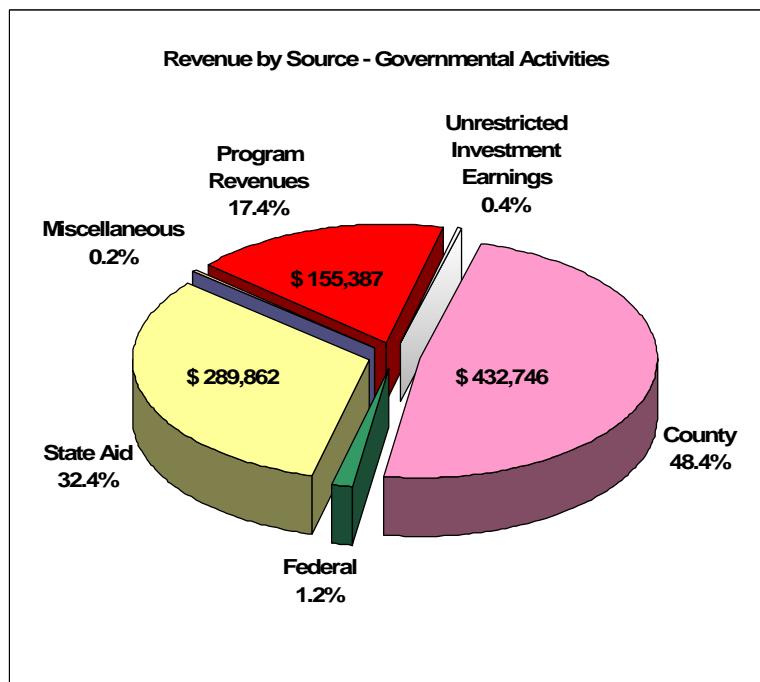
The component of PWCS' "county revenue" that is a function of bond sales decreased from FY 2010 by \$72,900 or 88.3% while all other components of "county revenue" increased by \$4,268 or 1.0%. For FY 2011 there was a 13.7% decrease of all components of "county revenue" or \$68,632. This decrease is primarily a function of a bond sale originally planned for late in FY 2011 occurring early in FY 2012.

State revenue increased \$7,615 or 2.7% due to both the increased growth in student enrollment and the calculation of the State's funding of the standards of quality.

The total cost of all programs increased by 0.8% to \$885,980 in FY 2011. This increase is a function of the

increase in the student population by 3.2% and related instructional needs as well as the division's concentrated effort to contain costs. 77.2% of the division's expenses are related to the instruction of and caring for the needs of students (instruction, transportation, student services, and food service). The division's business and administrative activities accounted for 7.5% of total costs while operations and maintenance amounted to 8.1% of total cost. Reimbursements to the County for debt service totaled 7.2% of FY 2011 costs. For the FY 2011, revenues exceeded expenses by \$8,954. A substantial portion of this excess is related to a concentrated effort by the division to manage costs and the recognition of revenues associated with capital outlay related to PWCS continued expansion of facilities.

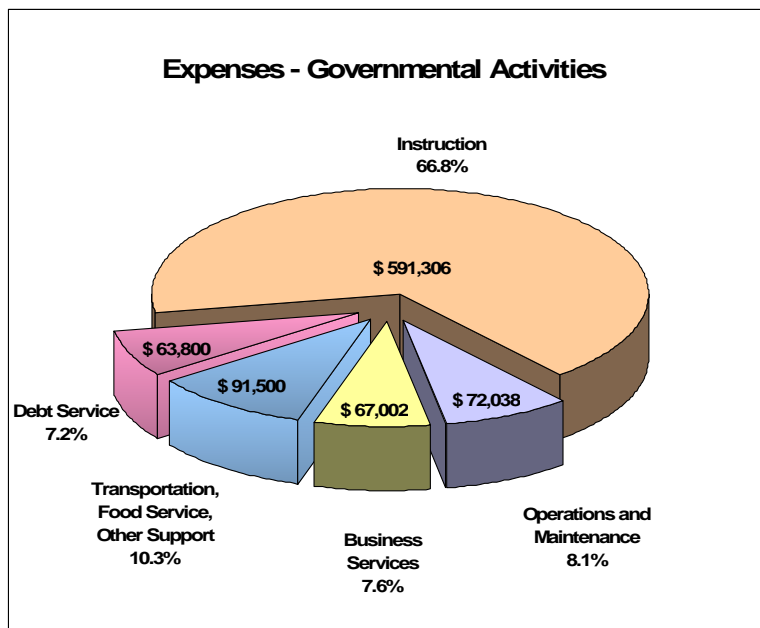
Governmental Activities



The two primary sources of revenue for the school division are from Prince William County and the Commonwealth of Virginia. Funding from the County is provided through a revenue sharing agreement whereby the school division receives 56.75% of general county revenue. The budget is developed based upon projected revenue for that year. In the following fiscal year, revenues are adjusted to reflect the difference between projected and actual revenues (plus or minus).

Prince William County has a fund balance policy which includes a provision to maintain an unassigned General Fund balance no less than 7.5% of the year's General Fund revenues in every fiscal year, with certain exceptions. The revenue sharing agreement between Prince William County and the school division requires the school division to contribute in maintaining the unassigned General fund balance and to receive a return of funds when fund balance is in excess of the

required 7.5%. There will be additional funding from Prince William County in FY 2012 related to additional recognized revenues from FY 2011 in the amount of \$866 and \$9,510 for a return of excess fund balance and recognition of additional general county revenue in excess of projections, respectively.



State funding is provided through a formula that calculates the State share of the cost of education, as determined in the Standards of Quality (SOQ), including basic aid, categorical areas, and sales tax. State funding in FY 2011 increased as a result of the State funding its share of the SOQ cost of the additional 2,459 students in the school division.

The FY 2011 expense budget was adjusted to fund schools and central departments for the costs of the additional student enrollment. The Net Cost of Governmental Activities table shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental-type activities, the total cost of services and the net cost of services. The net

cost of services reflects the support to be provided by tax revenue, State aid, and Federal aid not restricted to specific programs.

Net Cost of Governmental Activities (amounts expressed in thousands)						
	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2011	2010		2011	2010	
Instruction						
Regular	\$ 438,872	\$ 434,441	1.0%	\$ 379,215	\$ 392,899	-3.5%
Special	91,911	94,105	-2.3%	41,535	42,080	-1.3%
Other	9,130	8,241	10.8%	818	2,568	-68.1%
Instructional leadership	51,393	52,762	-2.6%	51,393	52,762	-2.6%
Total instruction	591,306	589,549	0.3%	472,961	490,309	-3.5%
Support services						
General administration	9,191	8,771	4.8%	9,191	8,771	4.8%
Student services	9,190	11,139	-17.5%	9,141	11,111	-17.7%
Curricular/staff development	13,469	12,072	11.6%	13,356	11,941	11.8%
Pupil transportation	49,830	48,536	2.7%	49,718	48,425	2.7%
Operations	21,554	22,577	-4.5%	21,272	22,507	-5.5%
Utilities	25,430	24,290	4.7%	25,430	24,290	4.7%
Maintenance	25,054	24,404	2.7%	25,055	24,404	2.7%
Central business services	43,445	45,069	-3.6%	43,164	44,840	-3.7%
Reimbursement to County for debt service	63,800	60,790	5.0%	63,800	60,790	5.0%
Food service	32,480	30,950	4.9%	(2,912)	(2,247)	29.6%
Community service operations	897	866	3.6%	83	(161)	-151.6%
Total support services	294,340	289,464	1.7%	257,298	254,671	1.0%
Total expenses	\$ 885,646	\$ 879,013	0.8%	\$ 730,259	\$ 744,980	-2.0%

- The cost of all governmental activities was \$885,646.
- The net cost of governmental activities was \$730,259.
- The amount the citizens of Prince William County paid for these activities through County taxes was \$419,837. Additional revenue from Prince William County consisted of bond sales and proffers in the amount of \$9,685 and \$3,224, respectively.
- The Commonwealth of Virginia contributed general revenue of \$289,862.
- The Federal Government contributed general revenue of \$10,818.
- Some of the other costs were paid for by:
 - Users who benefited from the programs: \$21,227.
 - Total Grants and Contributions: \$134,160.
 - Other payments: \$5,150.
- There are several significant activity changes in the net cost of services:
 - Other instruction decreased as a result of increases in operating grants and contributions.
 - Student Services decreased as a result of a baseline adjustments in the FY 2011 Approved budget.
 - Curricular and staff development increased for increases in the number of programs and an additional grant.

- Food Service net costs decreased due to an increase in revenue from operating grants and contributions.
- Community services operations are subject to change each year as a function of the number of activities conducted within the community use of building (rental) program.

Business-type Activities

Revenues of the school division's business-type activities increased 210.2% to \$971, while expenses increased 2,936.4% to \$334. The main factor attributable to these increases is that FY 2011 was the first full year of activity for the School Age Child Care program. The program was transferred from the County to the school division in late FY 2010.

Financial Analysis of the District's Funds

Information about PWCS' major funds begins on page 33. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$887,173 and expenditures of \$949,612. The net change in fund balance was most significant in the Construction Fund amounting to a decrease of \$83,803. This decrease is primarily due to an increase in capital outlay and current expenditures in the Construction Fund related to the construction of three schools opening in FY 2012, a new student information system, and the majority of bond sales budgeted for late FY 2011 taking place in early FY 2012.

The General Fund net increase in fund balance of \$14,286 resulted from an increase in State and County revenue and a decrease in regular instruction expenditures in comparison to FY 2010. The increase in fund balance in Other Governmental Funds of \$3,078 is primarily attributable to increased Federal revenue in the Food Services fund.

In FY 2011, PWCS implemented a new governmental accounting standard, GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. The fund balances for governmental funds are now reported in classifications that primarily comprise of a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent. Generally, what was 'reserved' is now nonspendable, restricted, or committed and 'unreserved' is now assigned or unassigned.

General Fund Budgetary Highlights

The PWCS' budget is prepared in accordance with Virginia School Laws. The most significant budgeted fund is the General Fund. During the course of FY 2011, PWCS amended its General Fund budget as follows:

- Amended appropriation of \$14,165 to reflect the carryover of encumbrances from FY 2010 to FY 2011.
- Supplemental appropriations totaled \$37,598; of which \$25,186 related to the carryover of unencumbered FY 2010 budget and appropriations, a \$11,982 increase in additional Federal, State and local grants and additional State aid due to a higher student population than originally projected in the budget and \$430 for increases in Cable Franchise tax revenue from the County.
- After the final close of the fiscal year, the County determines the actual revenues for the year (FY 2011). At the end of the fiscal year, an appropriation adjustment was made to the school division budget to reflect the difference between the actual and projected revenues of \$9,510. In addition, the supplemental appropriation includes a return of fund balance excess of \$866.

PWCS' final budget for the General Fund anticipated that expenses, including transfers, would exceed revenues by roughly \$25,245. The actual results for the year show an excess of \$14,286. The excess of \$14,286 reflects an effort by management to utilize increases in revenue and savings in expenditures to increase fund balance. The increased fund balance will be utilized to support future budgets.

Capital Assets

At the end of FY 2011, PWCS had \$1,040,236 invested in equipment, land, buildings, and construction in progress in governmental-type activities. The following table shows FY 2011 balances, net of accumulated depreciation. Readers interested in more detailed information on capital assets should refer to the Capital assets note in the Notes to the Financial Statements.

Capital Assets (net of accumulated depreciation) (amounts expressed in thousands)						
	Governmental Activities		Business-Type Activities		Total Reporting Entity	
	2011	2010	2011	2010	2011	2010
Land	\$ 64,010	\$ 64,010	-	-	64,010	64,010
Construction in progress	69,323	101,143	-	-	69,323	101,143
Depreciable capital assets	906,903	808,514	-	-	906,903	808,514
Total	\$ 1,040,236	\$ 973,667	-	-	1,040,236	973,667

Major capital asset additions for FY 2011 included:

- Completion of construction of Patriot High School, opening September 2011
- Ongoing construction of two new schools, opening in September 2011:
 - T. Clay Wood Elementary School
 - Piney Branch Elementary School
- Replacement of PWCS' student information system.
- Completed major renovations at:
 - Triangle Elementary School
 - Godwin Middle School
 - Rippon Middle School
 - Coles Elementary School
 - Nokesville Elementary
- Continued major renovations, additions, replacements or renewals at:
 - Silver Lake Middle School
 - Pennington Traditional School
 - Pace West School
 - Swans Creek Elementary School
 - West Gate Elementary School
 - Westridge Elementary School
 - Potomac High School
 - Independent Hill Complex
- Purchase of 26 school buses and 6 cars.
- Replacement of 7 trucks and 16 school buses.

The following major capital projects are included in PWCS' FY 2012 capital budget:

- Completion of T. Clay Wood Elementary School and Piney Branch Elementary School, opening September 2011
- Pace West School replacement
- Reagan Middle School
- Swans Creek Elementary addition
- Westridge Elementary addition
- Pattie Elementary renewal
- Bus operations center parking lot
- Ongoing implementation of infrastructure upgrades needed for technology improvements

Funding for the FY 2012 capital projects includes a general fund transfer of \$1,727 and \$124,681 to be financed by the County through the sale of General Obligation bonds to the Virginia Public School Authority (VPSA).

Outstanding Long-Term Debt

School divisions in the Commonwealth of Virginia are fiscally dependent, in that they do not have taxing authority and rely upon appropriations from the County/City. Only government entities with taxing authority are legally permitted to incur long-term debt. Therefore, all debt required for capital projects for the school division is incurred by the County. As a result, Prince William County retains the liability for the portion of general obligation bonds issued to fund capital projects for PWCS.

The County appropriates funds to PWCS for the education of its students. The School Board, in its annual budget process and in consultation with the County, determines the amount of these funds to support the financing of capital projects for the school division. The School Board budgeted funds are used by the County to offset the debt service cost that the County incurs on the PWCS' behalf.

The following information is provided to acknowledge the portion of long-term debt that is incurred by the County at the request of the School Board and funded by the school district. At June 30, 2011, the County is liable for \$552,775 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2011, outstanding long-term debt decreased by a net \$27,425 consisting of:

- \$37,110 in debt principal retired during the fiscal year.
 - The County refunded \$5,000 of the division's portion of a 2001 General Obligation bond and achieved debt service savings of \$129.
- \$9,685 in new debt issued during FY 2011 through the sale of Qualified School Construction Bonds (QSCBs). QSCBs are authorized by the Federal government through the American Recovery and Reinvestment Act (ARRA) of 2009. The bonds provide for reimbursement of interest paid by a credit from the US Treasury via VPSA.

During FY 2011, \$5,018 in revenue related to long-term debt was recognized by the County related to a one-time credit for the refinancing of existing VPSA bonds.

The Approved School Board budget for FY 2012 provides funding for \$67,512 to support the payment of debt service by the County. The budgeted debt service payments support the budgeted sale of \$124,681 in new bonds during FY 2012 to support school capital projects, as detailed in the FY 2012 – 2021 Capital Improvements Program (CIP). Readers interested in more detailed information for long-term debt activity should refer to the Long-term debt note in the Notes to the Financial Statements.

Outstanding Long-Term Debt

(Incurred by Prince William County on behalf of PWCS)
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Reporting Entity	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds *	\$ 549,775	\$ 576,826	-	-	549,775	576,826
Literary Loans	3,000	3,374	-	-	3,000	3,374
Total	\$ 552,775	\$ 580,200	-	-	552,775	580,200

*Includes G.O. Bonds and QSCBs sold directly by County and through the Virginia Public School Authority

Bond Ratings

The County's general obligation bonds continue to maintain a "AAA" rating by Fitch Ratings and an "Aaa" rating from Moody's Investors Service. In July 2011, Standard & Poor's awarded the County its "AAA" rating on the County's general obligation bonds. An "AAA" rating is the highest award by a credit rating agency and certifies the County's sound, consistent, and excellent financial management practices. The County has now received AAA status from all three of the major credit rating agencies – a measure that only 0.4% of local governments throughout the country have achieved.

Factors influencing future budgets:

The FY 2012 budget provides funding for the following significant costs:

- Funding for current programs to support an increase of 2,762 students.
- Funding to support the capital projects included in the FY 2012 – 2021 CIP.
- A 1.75% pay plan adjustment and a 0.6% bonus to school division employees.

At the time these financial statements were prepared, the school division was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Student growth continues to place fiscal demands upon the school division requiring additional staff, buses, and classroom space. The substantial rate of growth continues to create challenging fiscal demands in the current and future budgets. Over the past five years PWCS student enrollment has grown, on average, by just under 3.2% per year.
- Not only is the student population continuing to grow, but the demographics of the student population continue to change. Changes in student demographics increase the number of students requiring additional educational services, which in turn increases school division expenditures to meet those needs.
- Student membership on September 30, 2011 was 81,635. This represents an increase of 2,520 students for a growth rate of 3.2%. The student membership was 565 students above the 81,070 projected in the FY 2012 Approved Budget which translates to an estimated increase of \$5,650 in costs. The increase in student growth is attributable, at least in part, to the housing market beginning to stabilize and the ability to purchase foreclosed homes at lower prices.
- For fiscal years 2012 and 2013 fund balance will be supporting the General Fund budgets to the extent of \$27.8 million and \$19.4 million, respectively. This is approximately 2 to 3 percent of the General Fund budgets for the respective years and substantially more than has been provided in prior years. These funds became available, partly, through the conservative management of Federal and

other one-time funds. FY 2014 will present some budgetary challenges as these one-time funds will have been exhausted and the Division will have to replace this funding source while enrollment is still growing at 3.2% annually.

- FY 2012 is the second year of the biennial budget process for the Commonwealth of Virginia. The budget for FY 2012 may be impacted by a number of significant changes including:
 - Updated student enrollment projections,
 - Continued updating of rates for the Virginia Retirement System
- As part of the State's FY 2010-2012 biennial budget plan, the General Assembly and Governor deferred \$850 million in VRS payments to future years by lowering the required VRS contribution rates. This action has had the impact of reducing the State's obligations to the VRS trust for its own employees, reducing Virginia local school division payments for their employees to the trust, and reducing the revenue stream the State makes available to local school divisions to help defer the VRS costs to the divisions. While this action helped the State and local school divisions balance their FY 2011 budgets, it has created a substantial future liability. The budget bill for the 2010-2012 biennium states that the VRS deferral will be paid back starting in FY 2013 at the rate of earnings of the VRS trust over a ten year period. Future VRS rates are going to go up, the current question is "How Much?" The contribution rates set for FY 2012 increased by 2.4% of covered payroll which results in a 26.7% increase in costs. In FY 2013, there will be another increase to VRS contribution rate to get back to levels required to fund the VRS trust. Currently we believe the impact to the School Division may be in the range of \$15 million to \$20 Million dollars. The requirement for both the State budget and local school division budgets to bear the contribution rate increase will be challenging.
- Revenue receipts for the first quarter at the State level are slightly higher than forecasted and greater than last year first quarter receipts.
- The change in the local composite index (LCI) for the 2010-2012 biennium had an impact on funding provided to PWCS by the state. PWCS' LCI went from .4437 for the 2008-2010 biennium to .4036 for the 2010-2012 biennium. This decrease in the LCI represents the state's expectation that the locality has a decrease in ability to bear a larger burden of the funding of education and, therefore, represents an increase in the share of State education dollars to be received by PWCS.
- The County has indicated that FY 2012 revenues are currently tracking just under budget. The continued impact of changes in the local economy, the value of residential real estate, and particularly the value of commercial real estate make the revenue picture for FY 2012 somewhat uncertain for yet another year.
- During the seven year period prior to FY 2008, the growth in real estate assessed values had enabled a \$0.60 reduction in the real property tax rate to a value of \$0.76 while still providing additional revenues to the County and School Board. In FY 2008, the tax rate was increased to \$0.787 per \$100 of assessed value because of the softening values in the housing markets. In FY 2009 the rate was again raised, this time to \$0.97 per \$100 of assessed value. The decline in the value of residential real estate continued with real estate tax rates increasing to \$1.212 for FY 2010, \$1.236 in FY 2011 and \$1.2806 in FY2012. During the current calendar year, the housing market has stabilized and has continued to experience modest but uneven growth. If the increase in the value of housing indicates a stabilization of the housing market, there may be some positive impact on operating and capital budgets in future fiscal years.

Contacting the Prince William County Public Schools' Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, parents, students, and creditors with a general overview of PWCS' finances and to show PWCS' accountability for the money it receives. If you have questions about this report or need additional financial information contact the Department of Financial Services at Prince William County Public Schools, P.O. Box 389, Manassas, Virginia 20108, (703) 791-8753 or online at <http://www.pwcs.edu/departments/finance/>.

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Basic Financial Statements

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Prince William County Public Schools
Statement of Net Assets
As of June 30, 2011

Exhibit 1

	Governmental Activities	Business-Type Activities	Total Reporting Entity
ASSETS			
Equity in cash and pooled investments	\$ 229,688,704	779,414	230,468,118
Accounts receivable and other current assets	1,472,427	159,872	1,632,299
Due from other governmental units	39,174,103	-	39,174,103
Inventory	3,042,168	-	3,042,168
Prepays	2,676,729	-	2,676,729
Deposits	660,000	-	660,000
Restricted assets:			
Restricted cash	23,128,334	-	23,128,334
Capital assets:			
Land	64,009,639	-	64,009,639
Construction in progress	69,323,089	-	69,323,089
Depreciable capital assets	1,227,482,513	-	1,227,482,513
Less: accumulated depreciation	(320,579,746)	-	(320,579,746)
<i>Total assets</i>	<u>1,340,077,960</u>	<u>939,286</u>	<u>1,341,017,246</u>
LIABILITIES			
Accounts payable and accrued liabilities	16,565,730	7	16,565,737
Salaries payable and withholdings	80,148,835	38	80,148,873
Due to other governmental units	264,419	-	264,419
Retainage	4,960,607	-	4,960,607
Unearned revenue	7,473,250	-	7,473,250
Long-term liabilities:			
Due within one year	17,138,736	-	17,138,736
Due in more than one year	21,375,024	-	21,375,024
<i>Total liabilities</i>	<u>147,926,601</u>	<u>45</u>	<u>147,926,646</u>
NET ASSETS			
Invested in capital assets	1,040,235,495	-	1,040,235,495
Restricted for:			
Capital projects	23,128,334	-	23,128,334
Unrestricted	128,787,530	939,241	129,726,771
<i>Total net assets</i>	<u>\$ 1,192,151,359</u>	<u>939,241</u>	<u>1,193,090,600</u>

Prince William County Public Schools
Statement of Activities
For the Year Ended June 30, 2011

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total Reporting Entity
Governmental activities:							
Instruction:							
Regular	\$ 438,872,045	1,128,265	58,433,270	95,498	(379,215,012)	-	(379,215,012)
Special	91,910,777	133,290	50,242,141	-	(41,535,346)	-	(41,535,346)
Other	9,129,571	1,486,571	6,825,239	-	(817,761)	-	(817,761)
Instructional leadership	51,393,303	-	-	-	(51,393,303)	-	(51,393,303)
Total instruction	591,305,696	2,748,126	115,500,650	95,498	(472,961,422)	-	(472,961,422)
Support services:							
General administration	9,191,415	-	-	-	(9,191,415)	-	(9,191,415)
Student services	9,190,112	-	49,122	-	(9,140,990)	-	(9,140,990)
Curricular/staff development	13,468,910	40,207	73,079	-	(13,355,624)	-	(13,355,624)
Pupil transportation	49,829,566	111,195	-	-	(49,718,371)	-	(49,718,371)
Operations	21,553,779	281,765	-	-	(21,272,014)	-	(21,272,014)
Utilities	25,429,841	-	-	-	(25,429,841)	-	(25,429,841)
Maintenance	25,054,480	-	-	-	(25,054,480)	-	(25,054,480)
Central business services	43,444,463	280,674	-	-	(43,163,789)	-	(43,163,789)
Reimbursement to County for debt service	63,799,846	-	-	-	(63,799,846)	-	(63,799,846)
Food service	32,480,246	16,951,061	18,441,053	-	2,911,868	-	2,911,868
Community service operations	897,371	814,043	-	-	(83,328)	-	(83,328)
Total support services	294,340,029	18,478,945	18,563,254	-	(257,297,830)	-	(257,297,830)
Total governmental activities	885,645,725	21,227,071	134,063,904	95,498	(730,259,252)	-	(730,259,252)
Business-type activities:							
School Age Child Care	333,639	658,265	302,918	-	-	627,544	627,544
Total Reporting Entity	\$ 885,979,364	21,885,336	134,366,822	95,498	(730,259,252)	627,544	(729,631,708)
General revenues:							
Grants and contributions not restricted to specific programs							
Federal					10,817,425	-	10,817,425
State					289,862,403	-	289,862,403
County					432,745,724	-	432,745,724
Unrestricted investment earnings					3,554,919	9,911	3,564,830
Miscellaneous revenues					1,594,658	-	1,594,658
Total general revenues					738,575,129	9,911	738,585,040
Change in net assets					8,315,877	637,455	8,953,332
Net assets, beginning of year as restated					1,183,835,482	301,786	1,184,137,268
Net assets, end of year					<u>\$ 1,192,151,359</u>	<u>939,241</u>	<u>1,193,090,600</u>

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

Prince William County Public Schools
Balance Sheet
Governmental Funds
As of June 30, 2011

Exhibit 3

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in cash and pooled investments	\$ 143,581,730	38,032,575	15,698,600	197,312,905
Restricted cash	-	23,128,334	-	23,128,334
Accounts receivable	267,010	142,173	467,958	877,141
Due from other funds	512,724	-	-	512,724
Due from other governmental units	34,876,228	-	4,297,875	39,174,103
Inventory	930,490	-	970,944	1,901,434
Deposit	-	160,000	-	160,000
<i>Total assets</i>	<u>180,168,182</u>	<u>61,463,082</u>	<u>21,435,377</u>	<u>263,066,641</u>
LIABILITIES and FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	7,009,593	8,460,457	815,415	16,285,465
Salaries payable and withholdings	79,505,929	38,421	602,251	80,146,601
Retainage payable	-	4,960,607	-	4,960,607
Deferred revenue	10,376,074	-	-	10,376,074
Unearned revenue	901,050	-	842,308	1,743,358
<i>Total liabilities</i>	<u>97,792,646</u>	<u>13,459,485</u>	<u>2,259,974</u>	<u>113,512,105</u>
Fund Balances:				
Nonspendable:				
Inventory	930,490	-	970,944	1,901,434
Restricted:				
Regular instruction	309,015	-	-	309,015
Other instruction	4,038	-	-	4,038
General administration	169,405	-	-	169,405
Food services	-	-	15,454,330	15,454,330
Capital outlay	-	12,279,116	-	12,279,116
For payments to PWC for arbitrage rebate	-	264,419	-	264,419
Committed:				
Community service operations	-	-	2,750,129	2,750,129
Capital outlay	-	3,078,500	-	3,078,500
Assigned:				
Regular instruction	35,870,147	-	-	35,870,147
Special instruction	8,222,542	-	-	8,222,542
Other instruction	1,385,631	-	-	1,385,631
Instructional leadership	5,270,930	-	-	5,270,930
General administration	844,504	-	-	844,504
Student services	779,883	-	-	779,883
Curricular/staff development	1,773,534	-	-	1,773,534
Pupil transportation	3,945,706	-	-	3,945,706
Operations	1,346,564	-	-	1,346,564
Utilities	3,118,027	-	-	3,118,027
Maintenance	2,428,203	-	-	2,428,203
Central business services	14,946,963	-	-	14,946,963
Capital outlay	-	32,381,562	-	32,381,562
Unassigned:	1,029,954	-	-	1,029,954
<i>Total fund balances</i>	<u>82,375,536</u>	<u>48,003,597</u>	<u>19,175,403</u>	<u>149,554,536</u>
<i>Total liabilities and fund balances</i>	<u>\$ 180,168,182</u>	<u>61,463,082</u>	<u>21,435,377</u>	<u>263,066,641</u>

Prince William County Public Schools
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
As of June 30, 2011

Exhibit 4

Total fund balances - governmental funds \$ 149,554,536

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.

Land	\$ 64,009,639	
Construction in progress	69,323,089	
Library books	3,583,561	
Buildings and improvements	1,118,831,021	
Equipment	31,260,843	
Vehicles	73,807,088	
Total capital assets	<u>1,360,815,241</u>	
Accumulated depreciation	<u>(320,579,746)</u>	1,040,235,495

Prepaid other post employment benefits represent irrevocable payments made to the Prince William County, Virginia Other Post Employment Benefits Master Trust for retiree healthcare benefits in advance of total actuarial requirements to date. The advance payments are reported in the Statement of Net Assets, but as expenditures in the funds when made. 2,676,729

Certain amounts due to other governmental units are not due and payable in the current period and, therefore, are not reported in the funds. (264,419)

Certain revenues are measurable but not available to pay for current period expenditures and, therefore, are reported in the funds as deferred revenue. 10,376,074

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(27,941,081)	
Pollution remediation	<u>(1,069,207)</u>	(29,010,288)

Net Assets of internal service funds. 18,583,232

Net assets - governmental activities \$ 1,192,151,359

Prince William County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Exhibit 5

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 2,750,925	757,507	213,566	3,721,998
Use of property	-	-	814,043	814,043
Charges for services	3,539,195	-	16,921,631	20,460,826
Intergovernmental:				
Federal	58,566,369	-	17,417,511	75,983,880
State	357,613,534	-	535,410	358,148,944
County	412,880,950	12,908,771	-	425,789,721
Miscellaneous	1,729,066	-	524,201	2,253,267
Total revenues	<u>837,080,039</u>	<u>13,666,278</u>	<u>36,426,362</u>	<u>887,172,679</u>
EXPENDITURES:				
Current:				
Regular instruction	403,743,489	13,156,535	-	416,900,024
Special instruction	91,383,404	-	-	91,383,404
Other instruction	9,061,682	-	-	9,061,682
Instructional leadership	51,393,303	-	-	51,393,303
General administration	8,090,021	-	-	8,090,021
Student services	9,143,369	-	-	9,143,369
Curricular/staff development	13,440,836	-	-	13,440,836
Pupil transportation	49,191,230	-	-	49,191,230
Operations	21,418,987	-	-	21,418,987
Utilities	25,429,841	-	-	25,429,841
Maintenance	22,348,065	2,253,172	-	24,601,237
Central business services	43,625,685	-	-	43,625,685
Community service operations	-	-	897,371	897,371
Food services	-	-	32,450,529	32,450,529
Reimbursement to the County for debt service	63,682,901	742,138	-	64,425,039
Capital outlay	-	88,159,301	-	88,159,301
Total expenditures	<u>811,952,813</u>	<u>104,311,146</u>	<u>33,347,900</u>	<u>949,611,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,127,226</u>	<u>(90,644,868)</u>	<u>3,078,462</u>	<u>(62,439,180)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN:				
General fund	-	7,841,592	-	7,841,592
Construction fund	1,000,000	-	-	1,000,000
TRANSFERS OUT:				
General fund	-	(1,000,000)	-	(1,000,000)
Construction fund	(7,841,592)	-	-	(7,841,592)
Health Insurance fund	(4,000,000)	-	-	(4,000,000)
Total other financing sources (uses), net	<u>(10,841,592)</u>	<u>6,841,592</u>	<u>-</u>	<u>(4,000,000)</u>
Net change in fund balances	14,285,634	(83,803,276)	3,078,462	(66,439,180)
FUND BALANCES, beginning of year as restated	<u>68,089,902</u>	<u>131,806,873</u>	<u>16,096,941</u>	<u>215,993,716</u>
FUND BALANCES, end of year	<u>\$ 82,375,536</u>	<u>48,003,597</u>	<u>19,175,403</u>	<u>149,554,536</u>

Prince William County Public Schools
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Exhibit 6

Total net change in fund balances - total governmental funds \$ (66,439,180)

Amounts reported for governmental activities in the Statement of Activities are different because:

Certain revenues that are disclosed in the Statement of Activities do not provide current financial resources and are, therefore, not reported in the funds. 6,788,923

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the period:

Capital outlays	\$ 96,187,971	
Depreciation expense	(29,583,621)	66,604,350

The net effect of various transactions including disposal of capital assets. (36,034)

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:

Arbitrage	625,193
Compensated absences	(1,091,616)
Other postemployment benefits	-
Pollution remediation	(502,647)

Activities of Internal Service Funds that serve governmental activities. 2,366,888

Change in net assets of governmental activities \$ 8,315,877

Prince William County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2011

Exhibit 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ -	2,750,925	2,750,925	-
Charges for services	1,709,418	3,511,210	3,539,195	27,985
Intergovernmental:				
Federal	47,954,302	56,092,641	58,566,369	2,473,728
State	354,037,349	357,284,768	357,613,534	328,766
County	405,475,629	407,098,384	412,880,950	5,782,566
Miscellaneous 40,077		703,671	1,729,066	1,025,395
Total revenues	<u>809,216,775</u>	<u>827,441,599</u>	<u>837,080,039</u>	<u>9,638,440</u>
EXPENDITURES:				
Current:				
Regular instruction	407,085,279	420,630,895	403,743,489	16,887,406
Special instruction	96,158,532	104,149,919	91,383,404	12,766,515
Other instruction	9,374,832	9,197,507	9,061,682	135,825
Instructional leadership	53,743,586	56,378,435	51,393,303	4,985,132
General administration	7,818,023	8,047,804	8,090,021	(42,217)
Student services	9,411,767	9,608,990	9,143,369	465,621
Curricular/staff development	10,536,840	13,663,474	13,440,836	222,638
Pupil transportation	46,156,811	46,830,705	49,191,230	(2,360,525)
Operations	19,823,075	20,091,445	21,418,987	(1,327,542)
Utilities	33,287,263	29,524,540	25,429,841	4,094,699
Maintenance	26,025,206	21,586,176	22,348,065	(761,889)
Central business services	51,941,998	44,392,331	43,625,685	766,646
Reimbursement to the County for debt service	58,127,770	58,484,570	63,682,901	(5,198,331)
Total expenditures	<u>829,490,982</u>	<u>842,586,791</u>	<u>811,952,813</u>	<u>30,633,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,274,207)</u>	<u>(15,145,192)</u>	<u>25,127,226</u>	<u>40,272,418</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN:				
Construction fund	1,000,000	1,000,000	1,000,000	-
TRANSFERS OUT:				
Construction fund	(1,213,000)	(7,099,454)	(7,841,592)	(742,138)
Health Insurance fund	(2,000,000)	(4,000,000)	(4,000,000)	-
Total other financing uses, net	<u>(4,213,000)</u>	<u>(10,099,454)</u>	<u>(10,841,592)</u>	<u>(742,138)</u>
Net change in fund balance	<u>(24,487,207)</u>	<u>(25,244,646)</u>	<u>14,285,634</u>	<u>39,530,280</u>
FUND BALANCE, beginning of year	<u>68,089,902</u>	<u>68,089,902</u>	<u>68,089,902</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 43,602,695</u>	<u>42,845,256</u>	<u>82,375,536</u>	<u>39,530,280</u>

Prince William County Public Schools
Statement of Fund Net Assets
Proprietary Funds
As of June 30, 2011

Exhibit 8

	Business-type Activities - Enterprise Fund	Governmental Activities -
	School Age Child Care	Internal Service Funds
ASSETS		
Current assets:		
Equity in cash and pooled investments	\$ 779,414	32,375,799
Accounts receivable and other current assets	159,872	595,286
Inventory	-	1,140,734
Deposits	-	500,000
Total current assets	<u>939,286</u>	<u>34,611,819</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	7	280,265
Salaries payable and withholdings	38	2,234
Unearned revenue	-	5,729,892
Due to other funds	-	512,724
Incurred but not reported claims	-	7,197,051
Total current liabilities	<u>45</u>	<u>13,722,166</u>
Noncurrent liabilities:		
Incurred but not reported claims	-	2,306,421
Total liabilities	<u>45</u>	<u>16,028,587</u>
NET ASSETS		
Unrestricted	<u>\$ 939,241</u>	<u>18,583,232</u>

Prince William County Public Schools
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit 9

	Business-type Activities - Enterprise Fund	Governmental Activities -
	School Age Child Care	Internal Service Funds
Operating Revenues:		
Charges for services	\$ 658,265	73,102,898
Total operating revenues	658,265	73,102,898
Operating Expenses:		
Personnel services	293,663	857,527
Materials/supplies	39,976	61,879
Administrative costs	-	3,409,801
Premiums	-	5,465,962
Claims and benefits paid	-	58,705,187
Losses and unallocated loss adjustment	-	1,839,982
Cost of goods sold	-	4,969,736
Total operating expenses	333,639	75,310,074
Operating gain (loss)	324,626	(2,207,176)
Non-Operating Revenues:		
Interest and miscellaneous	9,911	574,064
Gain (loss) before contributions and transfers	334,537	(1,633,112)
Contribution from Prince William County	302,918	-
Transfers In	-	4,000,000
Change in net assets	637,455	2,366,888
Net Assets, beginning of year	301,786	16,216,344
Net Assets, end of year	\$ 939,241	18,583,232

Prince William County Public Schools
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit 10

	Business-type Activities - Enterprise Fund	Governmental Activities -
	School Age Child Care	Internal Service Funds
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 500,260	73,056,740
Payments to suppliers for goods and services	(46,811)	(74,762,701)
Payments to employees	(293,625)	(855,470)
Net cash provided (used) by operating activities	<u>159,824</u>	<u>(2,561,431)</u>
Cash Flows from Non-capital Financing Activities:		
Contribution from Prince William County	302,918	-
Advances from other funds	-	212,269
Transfers from other funds	-	4,000,000
Net cash provided by non-capital financing activities	<u>302,918</u>	<u>4,212,269</u>
Cash Flows from Investing Activities:		
Interest received from investments	<u>8,158</u>	<u>565,332</u>
Net increase in equity in cash and pooled investments	470,900	2,216,170
Equity in cash and pooled investments, beginning of year	<u>308,514</u>	<u>30,159,629</u>
Equity in cash and pooled investments, end of year	<u>\$ 779,414</u>	<u>32,375,799</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Gain (loss)	\$ 324,626	(2,207,176)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating		
Change in assets and liabilities:		
(Increase) in accounts receivable	(158,005)	(492,513)
Decrease in due from other governmental units	-	5,618
(Increase) in inventory	-	(194,768)
Increase in unearned revenue	-	440,737
(Decrease) in accounts payable and accrued liabilities	(6,835)	(709,512)
Increase in salaries payable and withholdings	38	2,057
Increase in incurred but not reported claims	-	594,126
Net cash provided (used) by operating activities	<u>\$ 159,824</u>	<u>(2,561,431)</u>

Prince William County Public Schools
Statement of Assets and Liabilities
Agency Funds
As of June 30, 2011

Exhibit 11

Assets

Cash and pooled investments
 Due from other governmental units
 Total assets

Agency Funds

\$ 9,861,943
 2,351,260
12,213,203

Liabilities

Accounts payable and accrued liabilities
 Due to other governmental units

11,985,638
 227,565
\$ 12,213,203

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Prince William County Public Schools
Notes to the Financial Statements
June 30, 2011

NOTE 1 – Summary of significant accounting policies

A. Financial reporting entity

Prince William County Public Schools (PWCS) is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The eight members of the School Board are elected by the citizens of Prince William County (the County) to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWCS is organized to focus on meeting the needs of its 79,115 students while managing 87 schools. The mission of PWCS is to provide a world-class education. PWCS receives funding from taxes collected and allocated by the County; tuition and fees; and state and federal aid. School construction projects are funded by the proceeds of general obligation bonds issued by the County and approved by the County voters. Other sources of PWCS school construction funding are Virginia Public School Authority (VPSA) bonds, Literary Fund loans, Build America (BAB) bonds, Qualified School Construction (QSCB) bonds, and cash funding. Accounting principles generally accepted in the United States of America establish PWCS as a discretely presented component unit of the County.

B. Government-wide and fund financial statements

The basic financial statements include both government-wide statements, based on the entity as a whole, and fund financial statements that focus only on the individual funds defined by PWCS. Management's discussion and analysis, although not part of the basic financial statements, are a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis private sector entities provide in their annual reports.

Government-wide financial statements The reporting model includes financial statements prepared using full accrual accounting for all of the division's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities. Accrual accounting requires that all of the revenues and costs of providing services each year are reported, not just those received or paid in the current year or soon thereafter. The governmental activities, which are normally supported by intergovernmental revenues, are reported separately from the business-type activities, which are generally supported by charges for services. Fiduciary funds are not included in the government-wide financial statements.

The basic financial statements include both government-wide statements where the focus is on the division as a whole and fund financial statements where the focus is on the major individual funds. In the government-wide statement of net assets, assets and liabilities are (a) presented on a consolidated basis and (b) reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term obligations.

Statement of net assets - The statement of net assets is designed to display the financial position of the primary government and present the governmental and business-type activities on a consolidated basis by column. PWCS reports all capital assets in the government-wide statement of net assets and reports depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net assets of PWCS are broken down into three categories - 1) invested in capital assets 2) restricted, and 3) unrestricted.

Statement of activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each PWCS functional category or business-type activity. The expense of individual functions or activities is compared to the revenues generated directly by the function (instruction, general administration, etc.) or activity. These directly matched revenues are called program revenues. This format enables the government-wide statement of activities to reflect both the gross and net cost per

functional category or business-type activity that are otherwise being supported by general government revenues.

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 activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Other items that are not properly included among program revenues are reported as general revenues.

Direct expenses are considered those that are clearly identifiable with a specific function or activity. PWCS does not allocate indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund financial statements Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements, while business-type activities and internal service funds are reported in separate columns as well.

In the fund financial statements, financial transactions and accounts of PWCS are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental fund financial statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The proprietary funds, which are presented in the fund financial statements, distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. Revenues and expenses not meeting this criteria are reported as nonoperating revenue and expenses.

PWCS' fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of PWCS, these funds are not incorporated into the government-wide statements.

Budgetary comparison schedules Demonstrating compliance with the adopted budgets is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. For this reason, PWCS has chosen to make its budgetary comparison statement of the General Fund part of the basic financial statements. PWCS and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Non-exchange transactions include grants and donations where PWCS either gives or receives value without directly receiving or giving equal value in exchange. Revenues from general-purpose grants are recognized in the period for which they are earned.

It is PWCS policy to first use restricted resources for expenses incurred for which both restricted and unrestricted resources are available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of, and changes in financial position, and generally only current assets and current liabilities are included on the balance sheet. Revenues are recorded as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PWCS considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. PWCS' primary revenues susceptible to accrual include grants, intergovernmental revenues, charges for services, and interest on investments.

For governmental funds, it is PWCS policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted resources are available. Similarly, within unrestricted resources, the policy is to expend committed amounts first, followed by assigned amounts, and then unassigned amounts for which amounts in any of those unrestricted fund balance classifications could be used. Because different measurement focuses and bases of accounting are used in the government-wide statement of net assets than in governmental fund statements, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net assets* in the statement of net assets.

PWCS reports the following major funds:

Governmental Funds:

General Fund: The *General Fund* is the operating fund of PWCS and is used to account for the revenues and expenditures necessary for the day-to-day operation of PWCS. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Construction Fund: The *Construction Fund* is used to account for restricted or assigned financial resources to be used for the acquisition, construction, or repair of PWCS major capital facilities.

In addition to the major funds discussed above, PWCS also reports the following fund types:

Proprietary Funds:

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 a proprietary fund's principal ongoing operations.

PWCS' business-type activity fund accounts for *school age child care (SACC)* services provided to parents of students who require before and/or after school care. While this service is provided by private child-care providers for the operation of the program, the school board administers the program. Revenues are generated through application fees and slot fees.

Internal service funds account for warehouse services, self-insurance, and health insurance provided to departments of PWCS on a cost reimbursement basis.

Warehouse Fund: The *Warehouse Fund* was created to account for the operations of the warehouse. This warehouse operation maintains inventories for maintenance, educational supplies, and office supplies. Revenues and expenses are predominantly a result of operations of the warehouse function.

Self-Insurance Fund: The *Self-insurance Fund* was created to account for the accumulation of resources to pay for workers' compensation losses incurred by the partial or total retention of risk of loss

arising out of the assumption of risk rather than transferring that risk to a third party through the purchase of commercial insurance.

Health Insurance Fund: The *Health Insurance Fund* was created to better manage health care expenses within PWCS. The primary sources of revenue for this fund are employer contributions paid by the other funds and employee contributions deducted from employee pay on a semi-monthly basis.

Fiduciary Funds:

Fiduciary funds are used to account for assets held by or as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include the governor's school @ innovation park fund, the regional school fund, and the student activity fund.

D. Assets, liabilities, and net assets or equity

Deposits and investments

The County maintains a single cash and investment pool for use by the County and some of its component units, including PWCS. All PWCS funds are maintained in this account except for the School Board Student Activity Fund. Pooled cash and investments represent the majority of PWCS' available cash.

Investments are carried at fair value based on quoted market prices. In order to maximize investment returns, these funds are maintained in a fully insured or collateralized investment pool administered by the County. The County allocates investment earnings, less an administrative charge, to PWCS monthly based on PWCS' average daily balance in cash investments.

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with original maturities less than three months, including pooled investments and restricted assets, to be cash equivalents.

Deposits

At June 30, all of the County's deposits were covered by federal depository related insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the Commonwealth Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similar to depository insurance. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The Commonwealth Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

Restricted cash of \$23,128,334 consists of bond proceeds held by trustees for the funding of specific construction projects. The funds are maintained to comply with the provision of the Tax Reform Act of 1966 or as required by various bond covenants.

Cash in the student activity fund represents available cash in the local school accounts, all of which are fully insured or collateralized. Bank balances, including checking and savings accounts and certificates of deposit, are placed with banks and savings and loan institutions which are protected by FDIC laws or collateral held under the provisions of the Act.

All funds deposited in accordance with the requirements of the Act are considered fully secured and are not subject to custodial credit risk.

Investments

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth or political subdivisions thereof, obligations of the International Bank for

Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, corporate notes rated AA or better by Standard & Poor's, Inc. and Aa or better by Moody's Investors Service, Inc., bankers' acceptances, repurchase agreements, money market mutual funds, Certificates of deposit issued by qualified Virginia state depositories or under the CDARS program, the State Treasurer's Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP). PWCS' pro rata share of the County's pooled cash and investments was approximately 32.12% at June 30, 2011. The investments contained in the County's pool of investments are subject to investment rate and custodial credit risk.

The maturities of the County's investments range from one day to ten years. While the County normally plans to hold investments to maturity, it may sell securities before their maturity. For additional information please refer to the County CAFR. Copies of the County's CAFR may be obtained by writing the Finance Office at One County Complex Court, Prince William, Virginia 22192-9201 or by download from their website at <http://www.pwcgov.org>.

Receivables and payables

All interfund receivables and payables are displayed in the fund statements as "due to/due from other funds." These amounts offset each other and are eliminated from the government-wide statement of net assets, so as to not overstate PWCS' assets and liabilities. All trade receivables are reported net of an allowance for uncollectables.

Inventory

Inventory in the Warehouse and Food Services funds consists of expendable supplies held for consumption. PWCS values the inventory at cost and utilizes the consumption method of recording inventories. With the consumption method, the cost is recorded as an expenditure at the time individual inventory items are consumed. In the fund statements, General Fund and Food Service inventories are offset with a nonspendable fund balance, which indicates that they do not constitute available expendable resources, even though they are a component of assets. The value of the Warehouse inventory is determined by the weighted average cost method. The value of the Food Services inventory is determined by the first-in first-out method.

Capital assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, computer software and library books, are reported in the government-wide financial statements. Capital assets, with the exception of computer software are defined by PWCS as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Computer software are defined by PWCS as purchased software and software licenses with an initial, individual cost of more than \$250,000 and internally generated software with development costs of more than \$750,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of the donation. Utility, storm drainage, right-of-way and sight distance easements are often purchased during the construction of new schools. The easements are generally transferred to the applicable utility company or the Virginia Department of Transportation within one year of purchase.

PWCS evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) in the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by PWCS are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by PWCS are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in the impairment of a capital asset are netted against the impairment loss.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	2-50
Equipment	2-20
Vehicles	3-15
Intangible assets, including	3-10
Computer Software	
Library books	5

Compensated absences

It is PWCS' policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In general 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 vacation and sick pay benefits is recorded as a liability in the government-wide statement of net assets.

Pollution remediation

Obligations related to pollution remediation are recognized by PWCS as a liability once the school system knows or reasonably believes that a site is polluted and commences cleanup activities, or legally obligates itself by entering into a contract to assess and commence work for asbestos abatement. A liability for pollution remediation is recorded in the government-wide statement of net assets.

Fund equity

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Restricted fund balance components include: nonspendable fund balance which represents amounts that are either not in spendable form, inventories for example, or are legally or contractually required to be maintained intact, and restricted fund balance which represents amounts that have been restricted by outside parties for use for a specific purpose. Unrestricted fund balance components include: committed fund balance which represents amounts set aside for a specific purpose through resolution by the Board; assigned fund balance which represents management's plans for amounts to be used for specific purposes, but are subject to change; and, unassigned fund balance which represents a residual classification for the general fund for amounts that have not been restricted, committed, or assigned to specific purposes. The Board approved a resolution to delegate the authority to assign fund balance to the Director of Financial Services.

Encumbrances

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

Commitments

At June 30, 2011 PWCS had contractual commitments of \$20,295,953 in the General Fund, \$55,019,822 in the Construction fund for construction of various projects, and \$734,419 in the Other Governmental Funds.

E. Prior Period Adjustment

During the course of the fiscal 2011, it was discovered that an error was made in accounting for federal revenues in the Other Governmental Fund – Food Services. This error has been corrected and has the following effect on beginning fund balances for the fiscal year ended June 30, 2011:

Governmental Funds:

	Other Governmental Fund - Food Services
Beginning fund balance, as previously reported	\$ 10,385,800
Plus: Adjustment for federal revenue	3,134,017
Beginning fund balance, as restated	<u>\$ 13,519,817</u>

Governmental Activities:

Beginning net assets, as previously reported	\$1,180,701,465
Plus: Adjustment for federal revenue	3,134,017
Beginning net assets, as restated	<u>\$1,183,835,482</u>

F. Governmental Accounting Standards Board (GASB) pronouncements

GASB has issued several statements with effective implementation dates later than June 30, 2011. The statements deemed to have a future impact on PWCS are as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This statement is effective for periods beginning after June 15, 2012. PWCS is in the process of completing their assessment of GASB Statement No. 61, and does not believe the implementation will have a material impact on the financial statements of the Schools.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance. This statement is effective for periods beginning after December 15, 2011. PWCS is prepared to implement this statement during the next fiscal year.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011. PWCS is prepared to implement this statement during the next fiscal year.

Note 2 – Stewardship, compliance, and accountability

A. Budgetary information

The *Code of Virginia* requires the appointed superintendent of PWCS to submit a budget to the County Board of Supervisors, with the approval of the School Board. In February, the Superintendent submits a budget plan to the School Board and to the community. The budget plan is discussed in a series of workshops and public hearings. In March, the School Board adopts the advertised budget and forwards it to the County for inclusion in the County Executive's advertised budget plan. In April, after public hearings, the County Board of Supervisors determines the level of funding for PWCS. If the requested level of funding is approved there are no further actions taken by the School Board. If the funding request is changed by the County the budget is reworked by PWCS staff and then adopted by the School Board. The approved budget is the basis for operating PWCS in the next fiscal year.

Annual budgets are adopted for all funds except for the student activity fund. Project length financial plans are adopted for all capital projects in the Construction Fund. PWCS uses the modified accrual basis of accounting in budgeting for governmental funds. The budgets are on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at year-end. The budget is revised and amended in October based on September 30 student enrollments.

The budget is controlled at certain legal as well as administrative levels. Legal control is placed at the government-wide level of PWCS and administrative control is placed at the department level. Amendments that change the total level of expenditures require the approval of the School Board and County Board of Supervisors.

B. Excess of expenditures over appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the General Fund for General administration, Pupil transportation, Operations, Maintenance, and Reimbursement to the County for debt service. Excess budget in other functions covered the shortfall in the aforementioned functional areas. In addition, expenditures exceeded appropriations in the Food Services Fund by \$345,896. These excess expenditures were funded by greater than anticipated revenues.

Note 3 – Receivables, due to and due from other governmental units, and unearned revenue

Receivables and due from other governments at June 30, 2011 for PWCS' individual major funds, non major, internal service, enterprise, and fiduciary funds, in the aggregate, are as follows (all receivables are considered fully collectable and, therefore, an allowance for uncollectible accounts is not recorded).

	General Fund	Capital Projects	Non Major Funds	Internal Service	Enterprise	Fiduciary	Total
Other receivables	\$ 267,010	142,173	467,958	595,286	159,872	-	1,632,299
Federal	11,373,875	-	4,297,875	-	-	-	15,671,750
State	13,126,279	-	-	-	-	-	13,126,279
County	10,376,074	-	-	-	-	-	10,376,074
Other localities	-	-	-	-	-	2,351,260	2,351,260
Total	\$ 35,143,238	142,173	4,765,833	595,286	159,872	2,351,260	43,157,662

Amounts due from the Federal government in the General Fund are attributed primarily to Titles VI B, I, and II grants. Title I and II programs enhance instruction and train and recruit teachers while Title VI B helps provide special education and related services.

A significant portion of the receivable from the Commonwealth of Virginia in the General Fund is attributed to state sales taxes due to the PWCS. The Virginia Retail Sales and Use Tax Act requires one and one eighth out of every five cents collected in state sales tax to be distributed to school divisions.

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2011, deferred revenue is recorded in the General Fund for the additional County revenue for PWCS' share of the FY 2011 revenues that exceeded the original FY 2011 revenue projections which amounts to \$9,510,069. There was also an additional \$866,005 in deferred revenue in the General Fund for a return of excess fund balance from the County.

Governmental activities report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue were as follows:

<u>Governmental Activities</u>	Unearned
Food Service Fund – USDA commodities and other unearned revenue	\$ 842,308
General Fund – prepaid tuition or fees and other unearned revenue	901,050
Governmental Funds	1,743,358
Health Insurance Fund (internal service fund) – prepaid health insurance premium	5,729,892
Total	<u>\$ 7,473,250</u>

Due to other governments at June 30, 2011 for PWCS' individual major fund and fiduciary fund are as follows.

	General Fund	Fiduciary
State	\$	227,565
County	264,419	
Total	<u>\$ 264,419</u>	<u>227,565</u>

Note 4 – Interfund receivables, payables, and transfers

During the current year, PWCS had interfund receivables, payables between the following funds:

Due to other funds:	
	Warehouse Fund
Due from other funds:	
General Fund	<u>\$ 512,724</u>
Total	<u>\$ 512,724</u>

Interfund balances are generally made for the purpose of providing operational support for the receiving fund. At the end of each fiscal year, the Warehouse Fund must make purchases in advance of the sale in order to have all items in place prior to the start of the following school year. Therefore, a timing difference between the purchase and the sale of inventory exists between the General Fund and the Warehouse Fund.

During the current year, PWCS made the following interfund transfers:

Transfers Out:	Transfers In:		
	<u>General Fund</u>	<u>Construction Fund</u>	<u>Health Insurance Fund</u>
General Fund	\$ -	7,841,592	4,000,000
Construction Fund	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,000,000</u>	<u>7,841,592</u>	<u>4,000,000</u>

Interfund transfers are generally made for the purpose of providing operational support to the receiving fund. The General Fund transfer of \$7,841,592 to the Construction Fund represents funds required for building, maintenance, classroom equipment, and facility modifications. The General Fund transfer of \$4,000,000 to the Health Insurance Fund represents funds contributed to the Prince William County Other Post Employment Benefits trust fund.

Note 5 – Long-term liabilities

A. Long-term debt

PWCS is a component unit of Prince William County. As such, PWCS does not have the authority to issue long-term debt. The County, therefore, issues any general obligation, VPSA, or Literary Fund debt that is required to fund capital improvements within PWCS. PWCS initiates payments each year to defer the County's cost of this debt. Detail of general obligation, VPSA, literary debt, Build America (BAB) bonds, and Qualified School Construction (QSCB) bonds issued for PWCS can be found in the County's Comprehensive Annual Financial Report.

B. Compensated absences

Employees of PWCS are granted annual and sick leave based on their length of service, and may accrue compensatory leave for hours worked in excess of their scheduled hours. Unused annual and compensatory leave, as well as a portion of unused sick leave, is payable to employees upon termination based on the employees' current rate of pay up to certain limits.

The current portion of accrued compensated absences at June 30, 2011 is that amount of the liability that is expected to be paid within one year. The current and long-term portion of accrued compensated absences is included in long-term liabilities in the government-wide statement of net assets. Liabilities for compensated absences are liquidated by the General Fund and the Food Services Fund.

Changes in liability for compensated absences for the year ended June 30, 2011 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 26,849,465	9,509,894	(8,418,278)	27,941,081	8,872,478

C. Pollution remediation

PWCS incurs pollution remediation obligations in the form of asbestos abatement upon renovation of various buildings. PWCS legally obligates itself to commence work related to asbestos abatement upon issuance of purchase orders to various asbestos abatement contractors. PWCS calculates and recognizes a liability

based on outstanding commitments related to asbestos abatement at fiscal year end. The cost of asbestos abatement is not recoverable.

The current portion of pollution remediation is included in long-term liabilities in the government-wide statement of net assets. Liabilities for pollution remediation are liquidated by the General Fund and the Construction Fund.

Changes in liability for pollution remediation for the year ended June 30, 2011 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Pollution Remediation	\$ 566,560	1,009,188	506,541	1,069,207	1,069,207

Note 6 – Self-insurance funds

PWCS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which PWCS carries commercial insurance. PWCS established a limited risk management program for workers' compensation. Premiums are paid into the Self-Insurance internal service fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

PWCS participates in a Consortium Group Health Insurance Program made up of employers who provide health insurance to their employees and dependents under one program. Each participant in the program is separately rated and has separate accounting. Anthem Blue Cross/Blue Shield is the plan administrator. Delta Dental Plan of Virginia, Inc. (Delta Dental) is the dental insurance carrier. All full-time and part-time employees who are working at least 17½ hours per week are eligible to enroll in the health insurance program. There are three (3) plans offered through the PWCS insurance program. An employee may choose either the HMO plan called “*Healthkeepers*”, or one of the two PPO plans offered, “*KeyCare Enhanced*” or the “*KeyCare Core*”. All three plans include comprehensive medical, preventive care, vision, and prescription drug coverage. The basis for estimating incurred, but not reported, claims at year-end is an annual analysis performed by the plan’s administrator. For the fiscal year ended June 30, 2011 PWCS incurred \$54,705,188 in self-insured health insurance claims.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. PWCS Self-Insurance, covering the risks of loss, has \$350,000 per occurrence retention and purchases excess insurance coverage which covers individual claims with a \$75,000,000 limit. There have been no significant reductions in insurance coverage in the prior year, and settlements have not exceeded coverage for each of the past three fiscal years.

The following illustration presents a reconciliation of the changes in the aggregate liabilities for claims for the current and prior years. These claims liabilities are included in Long-term liabilities in the government-wide statement of net assets.

Changes in aggregate liabilities for claims are as follows:

	Health Insurance	Self-Insurance
Unpaid Claims June 30, 2009	\$ 5,770,955	2,095,930
Incurring Claims	55,604,374	2,867,898
Claims Paid	55,380,227	2,049,584
Unpaid Claims June 30, 2010	5,995,102	2,914,244
Incurring Claims	54,705,188	1,839,982
Claims Paid	54,537,051	1,413,993
Unpaid Claims June 30, 2011	\$ 6,163,239	3,340,233

Unpaid claims, compensated absences and pollution remediation reconcile to the statement of net assets as follows:

	Health Insurance Fund	Self-Insurance Fund	Compensated Absences	Pollution Remediation	Total
Due within one year	\$6,163,239	1,033,812	8,872,478	1,069,207	17,138,736
Due in more than one year	-	2,306,421	19,068,603	-	21,375,024
Total	<u>\$6,163,239</u>	<u>3,340,233</u>	<u>27,941,081</u>	<u>1,069,207</u>	<u>38,513,760</u>

Note 7 – Capital assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 64,009,639	-	-	64,009,639
Construction in Progress	<u>101,142,822</u>	<u>86,720,214</u>	<u>(118,539,947)</u>	<u>69,323,089</u>
Total capital assets, not being depreciated	<u>165,152,461</u>	<u>86,720,214</u>	<u>(118,539,947)</u>	<u>133,332,728</u>
Capital assets, being depreciated:				
Buildings and improvements	1,000,151,181	118,679,840	-	1,118,831,021
Library books	3,490,870	713,350	(620,659)	3,583,561
Equipment	27,792,453	3,698,995	(230,605)	31,260,843
Vehicles	<u>70,290,944</u>	<u>4,915,519</u>	<u>(1,399,375)</u>	<u>73,807,088</u>
Total capital assets being depreciated	<u>1,101,725,448</u>	<u>128,007,704</u>	<u>(2,250,639)</u>	<u>1,227,482,513</u>
Less accumulated depreciation for:				
Buildings and improvements	240,784,742	21,278,780	-	262,063,522
Library books	2,103,763	716,713	(620,659)	2,199,817
Equipment	11,860,094	2,351,008	(194,571)	14,016,531
Vehicles	<u>38,462,131</u>	<u>5,237,120</u>	<u>(1,399,375)</u>	<u>42,299,876</u>
Total accumulated depreciation	<u>293,210,730</u>	<u>29,583,621</u>	<u>(2,214,605)</u>	<u>320,579,746</u>
Total capital assets, being depreciated, net	<u>808,514,718</u>			<u>906,902,767</u>
Capital assets, net	<u>\$973,667,179</u>			<u>1,040,235,495</u>

Depreciation expense was charged to functions/programs as follows:

Instruction	
Regular	\$21,396,308
Special	172,788
Other	47,326
Support Services	
General administration	988,609
Student services	9,412
Curricular/staff development	9,811
Pupil transportation	5,494,464
Operations	51,686
Maintenance	97,787
Central business services	1,285,713
Food service	29,717
Total depreciation expense	<u>\$29,583,621</u>

Note 8 – Contingent liabilities

PWCS is contingently liable with respect to certain lawsuits, as well as other asserted and unasserted claims that have arisen in the course of its operations. It is the opinion of the PWCS' management and attorneys that any losses that may ultimately be incurred, as a result of these claims, will not be material.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Note 9 – Employee retirement systems and pension plans

A. Virginia Retirement System

Plan description:

PWCS contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS. VRS acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. Benefit provisions and all other requirements are established by state statute. Professional employees participate in a VRS statewide teacher cost sharing pool, and non-professional employees participate, as a separate group, in the agent multiple-employer retirement system.

All full-time salaried permanent employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave, and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

- Members hired or rehired on or later July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. 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 for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to VRS's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding policy:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. PWCS has assumed this member contribution for both the professional and non-professional groups. Additionally, PWCS is required to contribute the remaining amounts necessary to fund its participation in VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. PWCS' non-professional contribution rate for the fiscal year ended 2011 was 11.65% of annual covered payroll. The non-professional employer and employee contributions to the VRS for the three years ended June 30, 2011, 2010, and 2009 were \$48,216,450, \$49,261,400, and \$56,889,753, respectively, and were equal to the required contributions for each year. The contribution rates for the professional group were; 5.00% employee, 3.93% employer, 5.00% employee, 8.81% employer for the first nine months and 0% for the last three months of the fiscal year, and 5.00% employee, 8.81% employer, respectively for the years 2011, 2010, and 2009.

Annual pension cost:

The following illustration summarizes the required three-year trend information for the PWCS non-professional agent multiple-employer retirement plan. For the fiscal year ended June 30, 2011, PWCS' annual pension cost of \$5,617,216 for VRS was equal to the required and actual contributions.

Three-Year Trend Information for PWCS

Fiscal Year Ending	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)
	Employer Portion	Employee Portion paid by employer		
June 30, 2009	\$ 4,122,811	\$ 2,483,621	100%	\$ -
June 30, 2010	4,104,500	2,472,590	100	-
June 30, 2011	3,206,394	2,410,822	100	-

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases that range between 3.75% and 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement offices, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both (a) and (b) also include an inflation component of 2.50%. The actuarial value of PWCS' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. PWCS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the unfunded actuarial accrued liability (AAL) was 20 years.

Funding status and funding progress:

As of June 30, 2010, the most recent actuarial valuation date, the non-professional agent multiple-employer retirement plan was 84.14% funded. The actuarial accrued liability for benefits was \$143,319,543 and the actuarial value of assets was \$120,585,801, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,733,742. The covered payroll (annual payroll of active employees covered by the plan) for the fiscal year ended June 30, 2010 was \$49,748,192, and the ratio of the UAAL to covered payroll was 45.70%.

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

B. VRS Health Insurance Credit

Plan description:

The VRS Health Insurance Credit Program is a single-employer, defined benefit postemployment health insurance credit plan. Retirees who have 15 or more years of creditable VRS service are granted the option to participate in the VRS Health Insurance Credit Program by paying 100 percent of their monthly health insurance premium less a \$1.50 per month per year of service for a maximum health insurance credit of \$45.00 from the VRS. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend the benefit provisions to the General Assembly of Virginia. As of the end of the current fiscal year, there were 2,229 retirees receiving health insurance credits from the VRS. The health insurance credit program is financed by payments from Prince William County Public Schools for all active employees to the VRS. For fiscal year ended June 30, 2011, the contribution made by PWCS was \$2,665,633. The surplus funds are not considered advance funded because PWCS, its employees, and retirees have no vested rights to access the excess funds. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of that report may be obtained by writing VRS at P.O. Box 2500, Richmond, Virginia 23218-2500 or by download from their website at <http://www.varetire.org>.

Funding policy and annual benefit contribution:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute an actuarial percentage of their annual reported compensation to the VRS for the retiree health insurance credit. PWCS has assumed this contribution. In addition, PWCS is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. PWCS' required contribution rate for the fiscal year ended June 30, 2011 was .26% of annual covered payroll (annual payroll of non-professional active employees covered by the plan).

Actuarial methods and assumptions:

The required contributions for PWCS were determined as part of an actuarial valuation performed as of June 30, 2010 using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2010 included (a) 7.00% investment rate of return, and (b) a projected payroll growth rate of 3.00%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of PWCS' assets is equal to the market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was 26 years.

Trend information:

The School Board's annual benefit cost (ABC), the percentage of annual benefit cost contributed to the plan, and the net benefit obligation for the year ended June 30, 2011 for the non-professional employee group were as follows:

Fiscal Year Ending	Annual Benefit Cost (ABC) – Employer Portion	Percentage of ABC Contributed	Net Benefit Obligation
June 30, 2009	\$ 4,580,419	100%	\$ -
June 30, 2010	3,421,811	100	-
June 30, 2011	2,665,633	100	-

Funding status and funding progress:

As of June 30, 2010, the most recent actuarial valuation date, the VRS health insurance credit program was 40.84% funded. The actuarial accrued liability for benefits was \$1,604,168 and the actuarial value of assets was \$655,202, resulting in an unfunded actuarial accrued liability (UAAL) of \$948,966. The covered payroll for the fiscal year ended June 30, 2010 was \$49,748,192 and the ratio of the UAAL to covered payroll was 1.91%.

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

C. Supplemental Retirement Plan

PWCS offers a tax deferred compensation supplemental pension plan (TDC) to all employees in the form of a single-employer defined contribution plan administered by Lincoln Financial Group. The plan provisions were established under the authority of the School Board. Any amendments to the plan must be approved by the School Board. Employees are eligible to participate in the plan immediately upon employment or anytime thereafter.

PWCS contributes money on the eligible employee's behalf to purchase annuities after the employee has completed one (1) year of service with PWCS. The School Board's contribution increases each time an employee has completed three (3), five (5), ten (10), and fifteen (15) years of service. At the end of the current year, the cap on the employer contribution was \$3,614 per employee. The total employer contribution

for fiscal year 2011 was \$3,928,350. Substitutes and temporary employees who participate in the TDC plan are not eligible to receive the employer matching contribution.

Note 10 – Other postemployment benefits (OPEB)

A. OPEB Master Trust Fund

Plan description:

PWCS contributes to the Prince William County Other Post Employment Benefits trust fund (OPEB Master Trust), a single agent multiple-employer defined benefit postemployment benefits trust fund, administered by Prince William County. OPEB Master Trust was established by the Prince William County Board of County Supervisors (BOCS) on June 23, 2009 by BOCS Res. 09-544 to provide funding for benefit payments on behalf of retiree and COBRA participants. On June 30, 2009, funds were transferred into three separate trust fund sub-accounts for the County, the Prince William County Park Authority, and PWCS. Although the assets of the Trust fund are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance to the terms of the Trust Agreement.

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

Prince William County issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the OPEB Master Trust. A copy of that report may be obtained by writing Prince William County at 1 County Complex Court, Prince William, Virginia 22192 or by download from their website at <http://www.pwcgov.org>.

The following is a summary of fiduciary net assets of the OPEB Master Trust as of June 30, 2011:

Summary of Fiduciary Net Assets				
As of June 30, 2011				
(in thousands)				
	County	Park Authority	PWCS	Total OPEB Master Trust Fund
ASSETS				
Restricted cash	\$ 1	1	1	3
Restricted investments, at fair value	13,134	604	11,087	24,825
Total assets	13,135	605	11,088	24,828
LIABILITIES				
Due to other funds	2,320	29	-	2,349
Total liabilities	2,320	29	-	2,349
NET ASSETS				
Held in trust for other post employment benefits	\$ 10,815	576	11,088	22,479

The following is a summary of changes in fiduciary net assets of the OPEB Master Trust for the year ended June 30, 2011:

Summary of Changes in Fiduciary Net Assets For the Year Ended June 30, 2011 (in thousands)				
	County	Park Authority	PWCS	Total OPEB Master Trust Fund
ADDITIONS				
Employer contributions	\$ 5,228	196	4,000	9,424
Net investment income	23	1	16	40
Total Additions	5,251	197	4,016	9,464
DEDUCTIONS				
Other post employment benefit payments	2,320	29	-	2,349
Total Deductions	2,320	29	-	2,349
Change in net assets	2,931	168	4,016	7,115
NET ASSETS, beginning of year	7,884	408	7,072	15,364
NET ASSETS, end of year	\$ 10,815	576	11,088	22,479

Summary of significant accounting policies:

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

Method Used to Value Investments. Investments are reported at fair value, which for OPEB Master Trust is determined by the mean and most recent bid and asked prices as obtained from dealers that make market in such securities. Securities for which market quotations are not readily available are valued at fair value as determined by the custodian under the direction of the OPEB Master Trust Finance Board (Trustees) with assistance of a valuation service. As of June 30, 2011, all Trust funds were invested in the Local Government Investment Pool (LGIP).

Contribution information:

As of July 1, 2010, the latest actuarial valuation date, membership in the OPEB Master Trust for PWCS' Retiree Health Insurance Premium Plan is as follows:

Active Plan Members	10,017
Retirees and beneficiaries receiving benefits	455
Terminated plan members entitled to but not yet receiving benefits	-

B. Prince William County Public Schools retiree health insurance premium plan

Plan description:

Other postemployment benefits provided by PWCS 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 Prince William County School Board (School Board). Any amendments to the plans must be approved by the School Board.

The PWCS single-employer self-insurance medical plan allows retirees under age 65 to remain in the same medical and dental plan as active employees. Membership as of June 30, 2011 is 467.

The PWCS 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 PWCS 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 PWCS group health insurance plan, and meet the service requirements to participate in the PWCS 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. Membership as of June 30, 2011 is 201.

Summary of significant accounting policies:

Postemployment 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. These expenses are paid as they come due.

Funding policy:

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. The School Board currently pays benefits on a pay-as-you-go basis. The School Board contributed \$4,000,000 to the OPEB Master Trust Fund to fund the current year liability. Plan members received \$6,041,123 in benefits and contributed \$3,255,352 in premiums, resulting in net benefits paid by the School Board of \$2,785,771 for the year ended June 30, 2011.

Annual OPEB cost and net OPEB obligation:

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 7,267,732
Interest on net OPEB obligation	(187,371)
Adjustment to annual required contribution	(294,590)
Annual OPEB cost (expense)	6,785,771
Employer contributions:	
To OPEB Master Trust	(4,000,000)
Subsidies paid under Plan on behalf of retirees	(2,785,771)
Total Employer contributions	(6,785,771)
Increase (decrease) in net OPEB (asset) obligation	-
Net OPEB (asset) obligation, beginning of year	(2,676,729)
Net OPEB (asset) obligation, end of year	\$ (2,676,729)

Trend information:

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 5,034,454	185.8%	\$ (2,641,848)
June 30, 2010	5,043,930	100.7	(2,676,729)
June 30, 2011	6,785,771	100.0	(2,676,729)

Funded status and funding progress:

As of July 1, 2010, the most recent actuarial valuation date, the plan was 100 percent funded. For the year ended June 30, 2011, the estimated actuarial accrued liability for benefits was \$65,721,869, and the actuarial value of assets was \$11,087,606, resulting in an unfunded actuarial accrued liability (UAAL) of \$54,634,263. For the fiscal year ended June 30, 2011, the covered payroll (annual payroll of active employees covered by the plan) was \$471,686,071, and the ratio of the UAAL to the covered payroll was 11.6 percent.

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

Actuarial methods and assumptions:

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after six years. Both rates include a 2.5 percent inflation assumption. The actuarial value of assets is based on the current market value of the investments held in the OPEB Trust as of the valuation date. The UAAL is being amortized as a percentage of projected payroll of 2.5 percent based on a zero population growth assumption. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2010, was 30 years.

Required Supplementary Information

(Unaudited)

A schedule of funding progress for the Virginia Retirement System is provided in the illustration below:

Virginia Retirement System
Schedule of Funding Progress for PWCS Non-Professional Employee Group

Actuarial Valuation Date June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2006	\$ 80,602,356	\$ 96,526,181	\$ 15,923,825	83.50%	\$ 44,148,347	36.07%
2007	93,336,253	109,664,238	16,327,985	85.11	48,077,577	33.96
2008	111,104,708	120,094,902	8,990,194	92.51	49,524,997	18.15
2009	116,465,974	126,869,954	10,403,979	91.80	49,331,503	21.09
2010	120,585,801	143,319,543	22,733,742	84.14	49,748,192	45.70

A schedule of funding progress for the Virginia Retirement System Health Insurance Credit Program is provided in the illustration below:

Virginia Retirement System Health Insurance Credit Program
Schedule of Funding Progress for PWCS Non-Professional Employee Group

Actuarial Valuation Date June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ 403,530	\$ 1,845,086	\$ 1,441,556	21.87%	\$ 49,524,997	2.91%
2009	452,820	1,401,970	949,150	32.30	49,331,503	1.92
2010	655,202	1,604,168	948,966	40.84	49,748,192	1.91

A schedule of funding progress and a schedule of employer contributions for the Post-retirement Medical and the Retiree Health Insurance Premium Contribution plan are provided in the illustrations below:

**Prince William County Schools Retiree Health
Insurance Premium Plan**
Schedule of Funding Progress

Actuarial Valuation Date July 1,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2006	\$ -	\$32,965,000	\$32,965,000	0.0%	\$444,898,029	6.6%
2008	-	38,645,301	38,645,301	0.0	461,618,497	8.4
2010	7,072,002	60,171,990	53,099,988	12.0	484,987,933	11.0

Virginia Retirement System Health Insurance Credit Program
Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 4,580,419	100.0 %
2010	3,421,811	100.0
2011	2,665,633	100.0

Prince William County Schools Post-retirement Medical and Retiree Health
Insurance Premium Contribution Plan
Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 5,034,454	185.8 %
2010	5,064,760	100.7
2011	6,785,771	100.0

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Supplementary Information

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Other Governmental Funds

Special Revenue Funds

Food Services Fund – The Food Services Fund is used to account for the operations of food service activities throughout the school division. Revenues come primarily from sales of meals and through participation in the National School Lunch and Breakfast Programs.

Facilities Use Fund – The Facilities Use Fund accounts for the use, by external organizations, of PWCS facilities. The administrative cafeteria is also accounted for in this fund.

Prince William County Public Schools
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
As of June 30, 2011

Schedule 1

	Food Services Fund	Facilities Use Fund	Total Other Governmental Funds
ASSETS			
Equity in cash and pooled investments	\$ 13,076,037	2,622,563	15,698,600
Accounts receivable	295,155	172,803	467,958
Due from other governmental units	4,297,875	-	4,297,875
Inventory	970,944	-	970,944
<i>Total assets</i>	<u>18,640,011</u>	<u>2,795,366</u>	<u>21,435,377</u>
LIABILITIES and FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	802,253	13,162	815,415
Salaries payable and withholdings	570,176	32,075	602,251
Unearned revenue	842,308	-	842,308
<i>Total liabilities</i>	<u>2,214,737</u>	<u>45,237</u>	<u>2,259,974</u>
Fund Balances:			
Nonspendable:			
Inventory	970,944	-	970,944
Restricted:			
Food services	15,454,330	-	15,454,330
Committed:			
Community service operations	-	2,750,129	2,750,129
<i>Total fund balances</i>	<u>16,425,274</u>	<u>2,750,129</u>	<u>19,175,403</u>
<i>Total liabilities and fund balances</i>	<u>\$ 18,640,011</u>	<u>2,795,366</u>	<u>21,435,377</u>

Prince William County Public Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 2011

Schedule 2

	Food Services Fund	Facilities Use Fund	Total Other Governmental Funds
REVENUES:			
Use of money and property:			
Use of money - interest	\$ 179,681	33,885	213,566
Use of property	-	814,043	814,043
Charges for services	16,699,183	222,448	16,921,631
Intergovernmental:			
Federal	17,417,511	-	17,417,511
State	535,410	-	535,410
Miscellaneous	524,201	-	524,201
<i>Total revenues</i>	<u>35,355,986</u>	<u>1,070,376</u>	<u>36,426,362</u>
EXPENDITURES:			
Current:			
Community service operations	-	897,371	897,371
Food services	32,450,529	-	32,450,529
<i>Total expenditures</i>	<u>32,450,529</u>	<u>897,371</u>	<u>33,347,900</u>
Excess of revenues over expenditures	2,905,457	173,005	3,078,462
FUND BALANCES, beginning of year as restated	13,519,817	2,577,124	16,096,941
FUND BALANCES, end of year	<u>\$ 16,425,274</u>	<u>2,750,129</u>	<u>19,175,403</u>

Prince William County Public Schools

Schedule 3

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

Food Services Fund

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 250,000	250,000	179,681	(70,319)
Charges for services	17,321,660	17,321,660	16,699,183	(622,477)
Intergovernmental:				
Federal	14,012,726	14,012,726	17,417,511	3,404,785
State	465,725	465,725	535,410	69,685
Miscellaneous	50,000	50,000	524,201	474,201
<i>Total revenues</i>	<u>32,100,111</u>	<u>32,100,111</u>	<u>35,355,986</u>	<u>3,255,875</u>
EXPENDITURES:				
Current:				
Food services	<u>32,519,866</u>	<u>32,104,633</u>	<u>32,450,529</u>	<u>(345,896)</u>
<i>Total expenditures</i>	<u>32,519,866</u>	<u>32,104,633</u>	<u>32,450,529</u>	<u>(345,896)</u>
Excess (deficiency) of revenues over (under) expenditures	(419,755)	(4,522)	2,905,457	2,909,979
FUND BALANCES, beginning of year as restated	13,519,817	13,519,817	13,519,817	-
FUND BALANCES, end of year	<u>\$ 13,100,062</u>	<u>13,515,295</u>	<u>16,425,274</u>	<u>2,909,979</u>

Prince William County Public Schools

Schedule 4

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

Facilities Use Fund

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 35,000	35,000	33,885	(1,115)
Use of property	800,000	800,000	814,043	14,043
Charges for services	249,375	249,375	222,448	(26,927)
<i>Total revenues</i>	<u>1,084,375</u>	<u>1,084,375</u>	<u>1,070,376</u>	<u>(13,999)</u>
EXPENDITURES:				
Current:				
Community service operations	1,423,886	1,104,700	897,371	207,329
<i>Total expenditures</i>	<u>1,423,886</u>	<u>1,104,700</u>	<u>897,371</u>	<u>207,329</u>
Excess (deficiency) of revenues over (under) expenditures	(339,511)	(20,325)	173,005	193,330
FUND BALANCES, beginning of year	2,577,124	2,577,124	2,577,124	-
FUND BALANCES, end of year	<u>\$ 2,237,613</u>	<u>2,556,799</u>	<u>2,750,129</u>	<u>193,330</u>

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Internal Service Funds

Warehouse Fund – The Warehouse Fund is used to account for the operations of the warehouse. Revenues and expenses are predominantly a result of operations of the warehouse function.

Self-Insurance Fund – The Self-Insurance Fund accounts for the self-insured workers compensation program. Other insurance costs are also accounted for in this fund. Revenues are derived from “premiums” charged to the other funds.

Health Insurance Fund – PWCS is self-insured for health insurance. This fund accounts for all claims payments. Revenues are a result of employer contributions and employee payroll deductions.

Prince William County Public Schools
Combining Statement of Fund Net Assets
Proprietary Funds - Internal Service Funds
As of June 30, 2011

Schedule 5

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current assets:				
Equity in cash and pooled investments	\$ -	8,287,256	24,088,543	32,375,799
Accounts receivable and other current assets	-	32,907	562,379	595,286
Inventory	1,140,734	-	-	1,140,734
Deposits	-	500,000	-	500,000
Total current assets	<u>1,140,734</u>	<u>8,820,163</u>	<u>24,650,922</u>	<u>34,611,819</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	107,860	172,220	185	280,265
Salaries payable and withholdings	-	450	1,784	2,234
Unearned revenue	-	-	5,729,892	5,729,892
Due to other funds	512,724	-	-	512,724
Incurred but not reported claims	-	1,033,812	6,163,239	7,197,051
Total current liabilities	<u>620,584</u>	<u>1,206,482</u>	<u>11,895,100</u>	<u>13,722,166</u>
Noncurrent liabilities:				
Incurred but not reported claims	-	2,306,421	-	2,306,421
Total liabilities	<u>620,584</u>	<u>3,512,903</u>	<u>11,895,100</u>	<u>16,028,587</u>
NET ASSETS				
Unrestricted	<u>\$ 520,150</u>	<u>5,307,260</u>	<u>12,755,822</u>	<u>18,583,232</u>

Prince William County Public Schools
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2011

Schedule 6

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Operating Revenues:				
Charges for services	\$ 4,959,797	3,133,105	65,009,996	73,102,898
Total operating revenues	<u>4,959,797</u>	<u>3,133,105</u>	<u>65,009,996</u>	<u>73,102,898</u>
Operating Expenses:				
Personnel services	-	370,243	487,284	857,527
Materials/supplies	-	26,869	35,010	61,879
Administrative costs	-	206,834	3,202,967	3,409,801
Premiums	-	1,824,506	3,641,456	5,465,962
Claims and benefits paid	-	-	58,705,187	58,705,187
Losses and unallocated loss adjustment	-	1,839,982	-	1,839,982
Cost of goods sold	<u>4,969,736</u>	<u>-</u>	<u>-</u>	<u>4,969,736</u>
Total operating expenses	<u>4,969,736</u>	<u>4,268,434</u>	<u>66,071,904</u>	<u>75,310,074</u>
Operating loss	<u>(9,939)</u>	<u>(1,135,329)</u>	<u>(1,061,908)</u>	<u>(2,207,176)</u>
Non-Operating Revenues:				
Interest and miscellaneous	<u>-</u>	<u>124,816</u>	<u>449,248</u>	<u>574,064</u>
Loss before transfers	<u>(9,939)</u>	<u>(1,010,513)</u>	<u>(612,660)</u>	<u>(1,633,112)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>
Change in net assets	<u>(9,939)</u>	<u>(1,010,513)</u>	<u>3,387,340</u>	<u>2,366,888</u>
Net Assets, beginning of year	<u>530,089</u>	<u>6,317,773</u>	<u>9,368,482</u>	<u>16,216,344</u>
Net Assets, end of year	<u>\$ 520,150</u>	<u>5,307,260</u>	<u>12,755,822</u>	<u>18,583,232</u>

Prince William County Public Schools
Combining Statement of Cash Flows
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2011

Schedule 7

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 4,959,797	3,132,688	64,964,255	73,056,740
Payments to suppliers for goods and services	(5,172,066)	(3,445,499)	(66,145,136)	(74,762,701)
Payments to employees	-	(369,970)	(485,500)	(855,470)
Net cash used by operating activities	<u>(212,269)</u>	<u>(682,781)</u>	<u>(1,666,381)</u>	<u>(2,561,431)</u>
Cash Flows from Non-capital Financing Activities:				
Advances from other funds	212,269	-	-	212,269
Transfers from other funds	-	-	4,000,000	4,000,000
Net cash provided by non-capital financing activities	<u>212,269</u>	<u>-</u>	<u>4,000,000</u>	<u>4,212,269</u>
Cash Flows from Investing Activities:				
Interest received from investments	-	122,199	443,133	565,332
Net increase (decrease) in equity in cash and pooled investments	-	(560,582)	2,776,752	2,216,170
Equity in cash and pooled investments, beginning of year	-	8,847,838	21,311,791	30,159,629
Equity in cash and pooled investments, end of year	<u>\$ -</u>	<u>8,287,256</u>	<u>24,088,543</u>	<u>32,375,799</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:				
Operating loss	\$ (9,939)	(1,135,329)	(1,061,908)	(2,207,176)
Adjustments to reconcile operating loss to net cash used by operating activities				
Change in assets and liabilities:				
(Increase) in accounts receivable	-	(417)	(492,096)	(492,513)
Decrease in due from other governmental units	-	-	5,618	5,618
(Increase) in inventory	(194,768)	-	-	(194,768)
Increase in unearned revenue	-	-	440,737	440,737
Increase (decrease) in accounts payable and accrued liabilities	(7,562)	26,703	(728,653)	(709,512)
Increase in salaries payable and withholdings	-	273	1,784	2,057
Increase in incurred but not reported claims	-	425,989	168,137	594,126
Net cash used by operating activities	<u>\$ (212,269)</u>	<u>(682,781)</u>	<u>(1,666,381)</u>	<u>(2,561,431)</u>

Agency Funds

The Governor's School @ Innovation Fund – The Governor's School Fund was established in 2009 and participants include Prince William County, Manassas, and Manassas Park. PWCS holds the funds for this Program and is responsible for the receipt and disbursement of said funds.

Regional School Fund – The Regional School Fund was established in 1996 and participants include Prince William County, Manassas, and Manassas Park. PWCS holds the funds for this Program and is responsible for the receipt and disbursement of said funds.

Student Activity Fund – The Student Activity Fund accounts for independent activity funds held by elementary and secondary schools for student groups by PWCS.

Prince William County Public Schools
Combining Statement of Assets and Liabilities
Agency Funds
As of June 30, 2011

Schedule 8

	Governor's School @ Innovation Park	Regional School Fund	Student Activity Fund	Total Agency Funds
Assets				
Cash and pooled investments	\$ 342,368	2,900,169	6,619,406	9,861,943
Due from other governmental units	-	2,351,260	-	2,351,260
Total assets	<u>342,368</u>	<u>5,251,429</u>	<u>6,619,406</u>	<u>12,213,203</u>
Liabilities				
Accounts payable and accrued liabilities	114,803	5,251,429	6,619,406	11,985,638
Due to other governmental units	227,565	-	-	227,565
	<u>\$ 342,368</u>	<u>5,251,429</u>	<u>6,619,406</u>	<u>12,213,203</u>

Prince William County Public Schools
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011

Schedule 9

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Governor's School @ Innovation Park				
Assets				
Cash and pooled investments	\$ 66,333	902,267	626,232	342,368
Due from other governmental units	6,981	-	6,981	-
Total assets	<u>73,314</u>	<u>902,267</u>	<u>633,213</u>	<u>342,368</u>
Liabilities				
Accounts payable and accrued liabilities	73,314	674,702	633,213	114,803
Due to other governmental units	-	227,565	-	227,565
	<u>\$ 73,314</u>	<u>902,267</u>	<u>633,213</u>	<u>342,368</u>
Regional School Fund				
Assets				
Cash and pooled investments	\$ 2,718,915	30,294,283	30,113,029	2,900,169
Due from other governmental units	2,599,739	2,351,260	2,599,739	2,351,260
Total assets	<u>5,318,654</u>	<u>32,645,543</u>	<u>32,712,768</u>	<u>5,251,429</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 5,318,654</u>	<u>32,645,543</u>	<u>32,712,768</u>	<u>5,251,429</u>
Student Activity Fund				
Assets				
Cash and pooled investments	<u>\$ 6,510,139</u>	<u>12,175,875</u>	<u>12,066,608</u>	<u>6,619,406</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 6,510,139</u>	<u>12,175,875</u>	<u>12,066,608</u>	<u>6,619,406</u>
Total Agency Funds				
Assets				
Cash and pooled investments	\$ 9,295,387	43,372,425	42,805,869	9,861,943
Due from other governmental units	2,606,720	2,351,260	2,606,720	2,351,260
Total assets	<u>11,902,107</u>	<u>45,723,685</u>	<u>45,412,589</u>	<u>12,213,203</u>
Liabilities				
Accounts payable and accrued liabilities	11,902,107	45,496,120	45,412,589	11,985,638
Due to other governmental units	-	227,565	-	227,565
	<u>\$ 11,902,107</u>	<u>45,723,685</u>	<u>45,412,589</u>	<u>12,213,203</u>

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Statistical Section

(unaudited)

Statistical Section

This section of the Prince William County Public Schools' (PWCS) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the school divisions' overall financial health.

This information is inserted from the Prince William County CAFR because Prince William County Public Schools does not issue debt and has no own source revenue.

Financial Trends - These tables contain trend information to help the reader understand how the School Divisions' financial performance and well-being have changed over time.

Revenue Capacity - The revenue capacity section of the statistical tables contains information to help the reader assess the factors affecting the School Divisions' ability to generate its own source revenue. Because over 95% of PWCS' revenue is from federal, state, and county sources, PWCS discloses no own source revenue. PWCS does, however, include the revenue capacity information from the primary government's (PWC) statistical tables to help the financial statement user assess the primary government's ability to generate its own source revenue.

Debt Capacity - The debt capacity tables present information to help the reader assess the affordability of the current levels of outstanding debt associated with the School Division and the ability to issue additional debt in the future for construction of school related projects. School divisions in the Commonwealth of Virginia are fiscally dependent, and as a requirement of law, all debt required for capital projects for the school division must be issued by the County. The debt capacity tables contained in this section represent all debt issued by PWC and **do not** represent debt issued or held by PWCS.

Demographic and Economic Information - These tables offer demographic and economic indicators to help the reader understand the environment within which the school division's financial activities take place and to aid the reader in making comparisons over time with other governments.

Operating Information - These tables provide contextual information about PWCS' operations and resources to assist readers in using financial statement information to understand and assess the divisions' economic condition.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The School Division produced its first CAFR and implemented GASB Statement 34 in fiscal year 2002.

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Financial Trends

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 1 - Net Assets by Component

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
Invested in capital assets	\$ 406,747	475,548	560,972	633,276	718,755	777,983	860,721	917,228	973,667	1,040,236
Restricted	75,502	108,257	97,055	89,379	91,598	106,607	86,387	81,904	88,347	23,128
Unrestricted	26,243	42,757	36,817	69,701	77,145	95,163	77,490	100,241	121,821	128,788
Total governmental activities net assets	<u>\$ 508,492</u>	<u>626,562</u>	<u>694,844</u>	<u>792,356</u>	<u>887,498</u>	<u>979,753</u>	<u>1,024,598</u>	<u>1,099,373</u>	<u>1,183,835</u>	<u>1,192,152</u>
Business-type activities: ⁽¹⁾										
Invested in capital assets	\$ -	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	302	939
Total business-type activities net assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302</u>	<u>939</u>
Total reporting entity:										
Invested in capital assets	\$ 406,747	475,548	560,972	633,276	718,755	777,983	860,721	917,228	973,667	1,040,236
Restricted	75,502	108,257	97,055	89,379	91,598	106,607	86,387	81,904	88,347	23,128
Unrestricted	26,243	42,757	36,817	69,701	77,145	95,163	77,490	100,241	122,123	129,727
Total reporting entity net assets	<u>\$ 508,492</u>	<u>626,562</u>	<u>694,844</u>	<u>792,356</u>	<u>887,498</u>	<u>979,753</u>	<u>1,024,598</u>	<u>1,099,373</u>	<u>1,184,137</u>	<u>1,193,091</u>

⁽¹⁾ PWCS established a business-type activity in fiscal year 2010.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 2 - Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting; amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 222,940	248,579	268,483	309,172	331,903	392,821	416,988	432,322	434,441	438,872
Special	51,884	58,980	65,759	72,039	83,794	90,322	95,345	99,166	94,105	91,911
Other	5,945	6,122	6,694	7,995	8,657	9,151	9,521	8,807	8,241	9,130
Instructional leadership	30,166	33,494	36,898	40,212	43,389	48,346	51,412	52,235	52,762	51,393
Support services:										
General administration	3,290	3,950	5,028	4,960	6,045	6,856	7,622	8,841	8,771	9,191
Student services	4,876	5,659	7,238	7,808	8,820	9,892	10,604	10,985	11,139	9,190
Curricular/staff development	8,735	8,979	10,046	10,606	12,036	12,735	13,353	12,736	12,072	13,469
Pupil transportation	26,796	27,121	29,348	35,292	40,152	45,570	49,304	46,684	48,536	49,830
Operations	14,705	16,908	17,605	20,024	21,618	20,120	21,172	22,033	22,577	21,554
Utilities	11,865	14,590	14,665	16,889	19,586	21,448	23,682	25,175	24,290	25,430
Maintenance	11,960	13,334	13,308	15,892	19,547	23,284	23,707	24,432	24,404	25,054
Central business services	25,189	28,298	30,047	35,235	42,117	37,801	45,996	45,021	45,069	43,445
Supply services ⁽¹⁾	3,249	3,414	-	-	-	-	-	-	-	-
Reimbursement to County for debt service	28,462	33,682	41,823	47,582	48,220	52,929	57,493	59,566	60,790	63,800
Food service	16,813	18,427	21,232	23,629	23,163	25,492	27,191	30,459	30,950	32,480
Community service operations	392	449	489	499	649	698	785	1,132	866	897
Total governmental activities expenses	<u>467,267</u>	<u>521,986</u>	<u>568,663</u>	<u>647,834</u>	<u>709,696</u>	<u>797,465</u>	<u>854,175</u>	<u>879,594</u>	<u>879,013</u>	<u>885,646</u>
Business-type activities: ⁽²⁾										
School Age Child Care	-	-	-	-	-	-	-	-	11	334
Total reporting entity expenses	<u>\$ 467,267</u>	<u>521,986</u>	<u>568,663</u>	<u>647,834</u>	<u>709,696</u>	<u>797,465</u>	<u>854,175</u>	<u>879,594</u>	<u>879,024</u>	<u>885,980</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 2,718	1,842	1,823	2,118	2,189	2,354	2,998	3,499	3,128	2,748
Curricular/staff development	-	-	-	-	-	-	-	-	-	40
Pupil transportation	123	97	88	85	146	129	118	171	110	111
Operations	-	-	-	-	-	-	-	-	-	282
Central business services ⁽³⁾	1,726	1,956	9	7	6	13	110	133	229	281
Food services	11,342	11,515	12,691	14,243	15,326	16,676	17,741	18,071	17,079	16,951
Community service operations	434	473	577	640	804	886	1,039	933	1,027	814
Supply services ⁽¹⁾	3,242	3,264	-	-	-	-	-	-	-	-
Other activities	64	67	68	48	58	38	92	183	118	-
Operating grants and contributions	56,136	58,089	66,695	77,713	84,723	93,536	98,392	106,649	112,243	134,064
Capital grants and contributions	1,653	881	902	904	961	990	1,029	1,008	99	96
Total governmental activities program revenues	<u>77,438</u>	<u>78,184</u>	<u>82,853</u>	<u>95,758</u>	<u>104,213</u>	<u>114,622</u>	<u>121,519</u>	<u>130,647</u>	<u>134,033</u>	<u>155,387</u>
Business-type activities:										
School Age Child Care	-	-	-	-	-	-	-	-	-	658
Charges for services	-	-	-	-	-	-	-	-	-	303
Operating grants and contributions	-	-	-	-	-	-	-	-	312	961
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312</u>	<u>961</u>
Total reporting entity program revenues	<u>\$ 77,438</u>	<u>78,184</u>	<u>82,853</u>	<u>95,758</u>	<u>104,213</u>	<u>114,622</u>	<u>121,519</u>	<u>130,647</u>	<u>134,345</u>	<u>156,348</u>
Net (Expense) Revenues										
Governmental activities	\$ (389,829)	(443,802)	(485,810)	(552,076)	(605,483)	(682,843)	(732,656)	(748,947)	(744,980)	(730,259)
Business-type activities	-	-	-	-	-	-	-	-	301	627
Total reporting entity net (expense) revenues	<u>\$ (389,829)</u>	<u>(443,802)</u>	<u>(485,810)</u>	<u>(552,076)</u>	<u>(605,483)</u>	<u>(682,843)</u>	<u>(732,656)</u>	<u>(748,947)</u>	<u>(744,679)</u>	<u>(729,632)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Unrestricted grants and contributions	\$ 469,899	548,078	552,169	643,416	691,987	764,084	769,061	815,818	822,930	733,426
Unrestricted investment earnings	3,076	2,013	1,518	2,499	5,409	6,712	6,665	5,874	4,792	3,555
Miscellaneous revenues	2,958	3,373	3,067	3,673	3,229	4,302	1,775	2,030	1,720	1,595
Gain on sale of capital assets ⁽⁴⁾	-	8,407	-	-	-	-	-	-	-	-
Total governmental activities general revenues	<u>475,933</u>	<u>561,871</u>	<u>556,754</u>	<u>649,588</u>	<u>700,625</u>	<u>775,098</u>	<u>777,501</u>	<u>823,722</u>	<u>829,442</u>	<u>738,576</u>
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	-	-	1	10
Total reporting entity general revenues and other changes in net assets	<u>\$ 475,933</u>	<u>561,871</u>	<u>556,754</u>	<u>649,588</u>	<u>700,625</u>	<u>775,098</u>	<u>777,501</u>	<u>823,722</u>	<u>829,443</u>	<u>738,586</u>
Change in Net Assets										
Governmental activities	\$ 86,104	118,069	70,944	97,512	95,142	92,255	44,845	74,775	84,462	8,317
Business-type activities	-	-	-	-	-	-	-	-	302	637
Total reporting entity	<u>\$ 86,104</u>	<u>118,069</u>	<u>70,944</u>	<u>97,512</u>	<u>95,142</u>	<u>92,255</u>	<u>44,845</u>	<u>74,775</u>	<u>84,764</u>	<u>8,954</u>

⁽¹⁾ The decrease in supply services expenses and revenues resulted from the reclassification of the Warehouse Fund from a special revenue fund to an internal service fund.

⁽²⁾ PWCS established a business-type activity in fiscal year 2010.

⁽³⁾ The decrease in central business services program revenues from fiscal year 2003 to fiscal year 2004 is a result of a change in the method of recognizing certain revenues.

⁽⁴⁾ The gain on sale of capital assets includes the sale of the "old" Marstell Middle School, located in the City of Manassas.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 3 - Fund Balances, Governmental Funds (Presented Pre-GASB 54)

Last Nine Fiscal Years ⁽¹⁾

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved for:									
Inventory	\$ 466	499	567	681	814	824	808	803	837
Prepays	-	-	-	-	-	-	56	-	-
Encumbrances ⁽²⁾	16,786	18,557	15,951	14,890	-	-	-	-	-
Unreserved:									
Designated for encumbrances ⁽²⁾	-	-	-	-	20,048	25,431	19,777	21,569	14,165
Designated for future years' expenditures	6,959	7,648	9,925	11,179	12,736	13,242	8,516	24,540	36,890
Designated for grants and special projects	-	-	-	-	-	58	74	444	388
Undesignated	3,749	2,067	7,988	11,363	6,904	6,120	13,382	7,632	15,810
Total General Fund	<u>27,960</u>	<u>28,771</u>	<u>34,431</u>	<u>38,113</u>	<u>40,502</u>	<u>45,675</u>	<u>42,613</u>	<u>54,988</u>	<u>68,090</u>
All Other Governmental Funds:									
Capital Projects									
Reserved for:									
Encumbrances ⁽²⁾	104,637	96,799	80,945	91,739	-	-	-	-	-
Unreserved:									
Designated for encumbrances ⁽²⁾	-	-	-	-	48,134	76,784	77,099	95,026	84,816
Designated for future years' expenditures	-	-	16,985	28,609	76,858	75,045	40,337	25,376	46,101
Designated for payments to PWC for arbitrage rebate ⁽³⁾	-	-	-	-	402	811	1,255	952	890
Undesignated reported in capital projects fund	(29,668)	22,585	9,556	-	-	-	-	-	-
Nonmajor Special Revenue Funds									
Reserved for:									
Inventory	1,508	1,530	686	935	1,113	1,103	1,706	1,245	996
Encumbrances ⁽²⁾	899	705	27	24	-	-	-	-	-
Unreserved:									
Designated for encumbrances ⁽²⁾	-	-	-	-	59	42	523	45	56
Designated for future years' expenditures	781	1,028	812	120	118	712	340	944	703
Undesignated reported in special revenue funds	1,291	519	926	1,160	3,152	5,326	8,061	10,980	14,342
Total all other governmental funds	<u>\$ 79,448</u>	<u>123,166</u>	<u>109,937</u>	<u>122,587</u>	<u>129,836</u>	<u>159,823</u>	<u>129,321</u>	<u>134,568</u>	<u>147,904</u>

⁽¹⁾ This table reports financial information based on the modified accrual basis of accounting. PWCS implemented GASB 54, the new reporting standard, in fiscal year 2011. The changes to the fund balance presentation will not be made retroactively; therefore, the required ten years of data is separated into two tables.

⁽²⁾ In fiscal year 2006, PWCS reclassified encumbrances from reserved for encumbrances to unreserved designated for encumbrances.

⁽³⁾ In prior years, PWCS recognized an expense and liability for amounts representing arbitrage for bonds sold by PWC on behalf of PWCS. In fiscal year 2006 this treatment has been changed to meet the requirements of accounting principles generally accepted in the United States of America. PWCS now designates amounts necessary to cover potential arbitrage rebate penalties.

TABLE 3A - Fund Balances, Governmental Funds (Presented in Accordance with GASB 54)**Last Fiscal Year ⁽¹⁾***(modified accrual basis of accounting; amounts expressed in thousands)*

	Fiscal Year
	2011
General Fund	
Nonspendable	\$ 930
Restricted	482
Assigned	79,933
Unassigned	1,030
Total General Fund	<u>82,375</u>
All Other Governmental Funds:	
Capital Projects	
Restricted	12,544
Committed	3,078
Assigned	32,382
Nonmajor Special Revenue Funds	
Nonspendable	971
Restricted	15,454
Committed	2,750
Total all other governmental funds	<u>\$ 67,179</u>

⁽¹⁾ This table reports fund balance for governmental funds in classifications that primarily comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent. Generally, what was 'reserved' is now nonspendable, restricted, or committed and 'unreserved' is now assigned or unassigned.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 4 - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting; amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Federal sources:										
Food services	\$ 5,816	5,927	7,288	8,631	9,431	10,578	11,570	14,015	15,281	17,418
Other federal sources	14,273	16,970	21,095	23,085	24,660	26,335	26,960	28,102	71,812	58,566
Total federal sources	20,089	22,897	28,383	31,716	34,091	36,913	38,530	42,117	87,093	75,984
State sources:										
Basic aid	111,694	128,214	136,549	161,357	165,957	189,043	194,121	225,563	194,124	206,773
Food services	274	298	298	322	349	393	410	451	490	535
Lottery proceeds ⁽⁴⁾	9,071	8,740	8,363	9,014	9,502	9,150	8,988	7,952	4,818	-
Regional school program	7,806	8,868	10,063	11,486	11,646	11,297	12,005	13,261	14,081	15,016
Sales tax	33,604	36,699	42,068	49,470	58,257	65,004	62,998	59,695	60,182	62,525
Special education SOQ ⁽³⁾	8,417	8,753	9,086	13,314	16,485	15,079	15,410	16,574	17,279	17,221
Other state sources	34,375	29,973	34,977	39,388	43,539	58,402	71,217	61,831	55,379	56,079
Total state sources	205,241	221,545	241,404	284,351	305,735	348,368	365,149	385,327	346,353	358,149
County sources:										
County bond sale transfer	64,925	93,324	52,321	66,161	63,958	68,141	49,233	55,773	82,585	9,685
County general transfer ⁽¹⁾	233,019	261,541	296,998	326,284	362,035	390,017	404,322	430,650	405,968	412,881
County proffer transfer	4,259	2,250	3,500	9,660	10,906	10,687	7,104	8,018	9,263	3,224
Total county sources	302,203	357,115	352,819	402,105	436,899	468,845	460,659	494,441	497,816	425,790
Local sources:										
Charges for services	6,467	6,718	4,125	6,171	5,468	5,422	3,317	3,834	3,548	3,762
Food service sales	11,271	11,457	12,618	14,137	15,196	16,641	17,701	18,014	17,045	16,699
Interest and other income	3,076	2,195	2,593	3,222	6,922	10,939	10,375	6,899	4,968	3,722
Use of property	451	473	577	640	804	886	1,039	933	1,027	814
Other local sources	1,790	10,290	313	43	48	1,705	2,250	2,603	2,239	2,253
Total local sources	23,055	31,133	20,226	24,213	28,438	35,593	34,682	32,283	28,827	27,250
Total revenues	550,588	632,690	642,832	742,385	805,163	889,719	899,020	954,168	960,089	887,173
Expenditures										
Instruction:										
Regular	215,203	239,060	256,882	302,094	322,684	378,732	400,959	412,562	412,490	416,900
Special	51,935	58,647	65,205	73,042	83,897	90,532	94,645	98,453	93,426	91,384
Other	5,981	6,102	6,632	8,103	8,673	9,175	9,462	8,802	8,201	9,062
Instructional leadership	30,270	33,397	36,557	40,212	43,389	48,346	51,412	52,235	52,762	51,393
Support services:										
General administration	3,243	3,871	5,018	5,394	6,077	6,856	7,235	7,969	7,507	8,090
Student services	4,884	5,633	7,162	7,891	8,826	9,909	10,533	10,914	11,060	9,143
Curricular/staff development	8,761	8,976	9,960	10,691	12,060	12,770	13,281	12,664	12,027	13,441
Pupil transportation	31,650	33,699	37,724	41,874	37,656	43,359	50,403	43,851	43,390	49,191
Operations	14,750	16,845	17,790	20,310	21,641	20,091	21,000	21,859	22,389	21,419
Utilities	11,865	14,655	14,665	16,889	19,586	21,448	23,682	25,175	24,290	25,430
Maintenance	11,940	13,277	13,808	15,971	19,520	23,358	23,592	23,352	24,772	24,601
Central business services	25,250	28,625	33,298	38,900	43,192	43,327	46,159	43,994	44,254	43,626
Community service operations	393	448	485	500	649	698	785	1,132	866	897
Supply services ⁽²⁾	3,249	3,429	-	-	-	-	-	-	-	-
Food service	16,925	18,420	21,140	23,608	23,162	25,488	27,198	30,436	30,927	32,451
Reimbursement to County for debt service	28,462	33,833	38,431	43,685	47,977	52,520	57,049	59,869	60,853	64,425
Capital Outlay	69,544	69,244	84,974	76,889	90,689	68,050	95,188	78,279	82,438	88,159
Total expenditures	534,305	588,161	649,731	726,053	789,678	854,659	932,583	931,546	931,652	949,612
Excess (deficiency) of revenues over (under) expenditures	16,283	44,529	(6,899)	16,332	15,485	35,060	(33,563)	22,622	28,437	(62,439)
Other Financing Sources (Uses):										
Transfers in:										
General fund	1,000	1,000	1,000	1,000	1,000	1,200	2,000	1,000	1,000	1,000
Construction fund	8,395	13,638	15,859	18,204	23,606	16,864	11,094	35,026	5,916	7,842
Transfers out:										
General fund	(8,395)	(13,638)	(15,859)	(18,204)	(23,606)	(16,864)	(11,094)	(40,026)	(7,916)	(11,842)
Construction fund	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(1,000)
Other Governmental funds	-	-	-	-	-	(100)	-	-	-	-
Total other financing sources, net	-	-	-	-	-	100	-	(5,000)	(2,000)	(4,000)
Net change in fund balances	\$ 16,283	44,529	(6,899)	16,332	15,485	35,160	(33,563)	17,622	26,437	(66,439)

⁽¹⁾ The County general transfer is reduced at year end by the amount of interest income earned in the General Fund during the fiscal year.

⁽²⁾ The decrease in supply services expenditures and revenues resulted from the reclassification of the Warehouse Fund from a special revenue fund to an internal service fund.

⁽³⁾ Standards of Quality

⁽⁴⁾ Effective FY 2011 lottery proceeds no longer provided to support school facilities.

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Revenue Capacity

This information is inserted from the Prince William County CAFR because Prince William County Public Schools does not have any own source revenue.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 5 - General Governmental Revenues by Source⁽¹⁾
Last Ten Fiscal Years

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

Fiscal Year	Taxes ⁽²⁾	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property	Charges for Services	Inter-Governmental ⁽²⁾			Total
						PPTRA	All Others	Miscellaneous	
2002	\$ 384,431	\$ 19,123	\$ 2,020	\$ 12,399	\$ 27,854	\$ 41,144	\$ 311,322	\$ 11,015	\$ 809,308
2003	438,410	21,552	1,880	9,774	29,581	45,426	372,912	16,563	936,098
2004	495,667	23,480	2,329	7,470	34,373	50,625	403,194	8,198	1,025,336
2005	566,885	20,418	2,392	16,486	35,983	52,350	461,853	19,184	1,175,551
2006	619,011	18,793	2,469	26,200	38,476	59,994	495,108	26,463	1,286,514
2007	664,724	14,596	2,767	42,906	37,528	54,274	618,695	26,591	1,462,081
2008	686,107	13,607	2,664	43,952	39,947	54,288	574,967	28,013	1,443,545
2009	744,490	11,374	2,759	31,019	36,836	54,288	614,146	28,953	1,523,865
2010	677,954	10,617	2,866	33,903	34,877	54,288	641,187	24,324	1,480,016
2011	688,372	11,495	3,241	12,406	34,953	54,288	661,774	12,273	1,478,802
Change									
2002 - 2011	79.06%	-39.89%	60.45%	0.06%	25.49%	31.95%	112.57%	11.42%	82.72%

Source: County of Prince William, Virginia.

⁽¹⁾ Includes revenues of the General Fund, Special Revenue Funds, Capital Project Funds and the School Board and Adult Detention Center Component Units.

⁽²⁾ Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 70.0% for fiscal years 2002 through 2006, and 61.5% for FY 2007 through 2008. The reimbursement for fiscal year 2010 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

TABLE 5A - General Governmental Tax Revenues by Source
Last Ten Fiscal Years

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

Fiscal Year	Real Estate	Personal Property ⁽¹⁾	Public Service	Total General ⁽²⁾ Property Taxes	Sales Tax	Utility Taxes	BPOL Tax	All Other	Total
2002	\$ 248,430	\$ 38,675	\$ 12,286	\$ 299,391	\$ 33,444	\$ 19,247	\$ 13,385	\$ 18,964	\$ 384,431
2003	287,517	45,739	11,757	345,013	35,224	20,257	14,836	23,080	438,410
2004	329,073	48,368	11,679	389,120	40,721	22,870	17,564	25,392	495,667
2005	375,345	49,645	14,227	439,217	43,857	25,452	19,534	38,825	566,885
2006	410,127	59,075	12,131	481,333	46,649	26,295	23,071	42,663	620,011
2007	452,553	71,290	9,627	533,470	47,921	18,522	22,810	42,002	664,725
2008	474,398	73,311	10,682	558,391	46,155	12,354	21,173	48,034	686,107
2009	531,882	75,986	13,394	621,262	45,055	12,596	19,931	45,646	744,490
2010	496,297	63,666	15,520	575,483	46,155	12,840	20,269	23,207	677,954
2011	494,894	68,792	17,051	580,737	49,554	13,190	20,965	23,926	688,372
Change									
2002 - 2011	99.21%	77.87%	38.78%	93.97%	48.17%	-31.47%	56.63%	26.17%	79.06%

Source: County of Prince William, Virginia.

⁽¹⁾ Starting in fiscal year 2000, the personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act. See Note "2" of Table 9 for a complete listing of the amounts received each year from the Commonwealth.

⁽²⁾ Excludes administration fees, penalties and interest related to property taxes. These revenues are included in "All Other" column.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 6 - Assessed Value and Actual Value of Taxable Real Property

Last Ten Fiscal Years

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

Fiscal Year	Residential ⁽¹⁾	Apartments ⁽¹⁾	Commercial & Industrial ⁽¹⁾	Public Service ⁽¹⁾	Vacant Land & Other ⁽¹⁾	Total Taxable Assessed Value	Total Direct Tax Rate ⁽²⁾	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2002	\$ 13,995,425	\$770,902	\$2,797,878	\$887,526	\$337,530	\$18,789,261	\$1.38	\$23,422,264	80.22%
2003	17,609,310	895,236	3,135,552	901,202	249,277	22,790,577	1.31	28,546,061	79.84%
2004	22,066,665	1,036,502	3,279,611	945,931	227,277	27,555,986	1.24	33,941,300	81.19%
2005	27,573,301	1,190,201	3,868,984	1,249,775	257,786	34,140,047	1.14	45,520,808	75.00%
2006	36,143,674	1,338,215	4,721,938	1,253,506	282,495	43,739,828	0.97	60,203,453	72.65%
2007	48,617,154	1,588,255	5,667,015	1,355,894	428,530	57,656,848	0.81	64,002,474	90.09%
2008	48,185,629	1,759,043	6,592,385	1,448,737	305,617	58,291,411	0.84	61,439,875	94.88%
2009	41,980,642	1,904,868	7,595,528	1,471,669	273,037	53,225,744	1.03	51,665,113	103.02%
2010	29,888,134	1,801,532	6,726,623	1,360,944	214,673	39,991,906	1.29	47,228,010	84.68%
2011	30,434,819	1,451,944	5,722,158	1,466,645	180,505	39,256,071	1.31	43,756,257	89.72%

Source: County of Prince William, Virginia.

⁽¹⁾ Net of tax-exempt property:

2002 - \$1,529,681	2007 - \$3,049,599
2003 - \$1,646,501	2008 - \$3,867,736
2004 - \$1,695,543	2009 - \$3,722,543
2005 - \$2,223,993	2010 - \$3,451,863
2006 - \$2,567,585	2011 - \$3,119,173

⁽²⁾ See Table 7, Direct and Overlapping Real Estate Tax Rates.

TABLE 6A - Commercial to Total Assessment Ratio, Construction and Bank Deposits

Last Ten Fiscal Years

(dollars expressed in millions)

Commercial as a Percent of Total Taxable		New Construction ⁽¹⁾					
Fiscal Year	Commercial to Total	Commercial & Public Service to Total	Residential		Non-Residential		Bank Deposits ⁽²⁾
			Permits	Value	Permits	Value	
2002	14.9%	19.6%	4,528	\$ 502	83	\$ 132	\$ 1,433
2003	13.8%	17.7%	5,141	\$ 723	200	\$ 495	\$ 1,694
2004	11.9%	15.3%	4,938	\$ 654	217	\$ 320	\$ 2,007
2005	11.3%	15.0%	5,249	\$ 718	219	\$ 477	\$ 2,319
2006	10.8%	13.7%	3,871	\$ 552	299	\$ 576	\$ 2,681
2007	9.8%	12.2%	2,744	\$ 397	301	\$ 379	\$ 2,864
2008	11.3%	13.8%	1,568	\$ 228	259	\$ 183	\$ 2,863
2009	14.3%	17.0%	1,782	\$ 270	203	\$ 195	\$ 3,135
2010	16.8%	20.2%	1,996	\$ 297	152	\$ 92	\$ 3,322
2011	14.6%	18.3%	1,377	\$ 242	99	\$ 53	\$ 3,531

Source: County of Prince William, Virginia.

⁽¹⁾ Building Development Division, Department of Public Works.

⁽²⁾ Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2002-2011, Federal Deposit Insurance Corporation, (commercial and savings bank deposits) and National Credit Union Administration (credit union deposits).

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 7 - Direct and Overlapping Real Estate Tax Rates
Last Ten Fiscal Years
(tax rate per \$100 of assessed value)

Type of Tax	2002	2003	2004	2005	2006
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$ 1.30000	\$ 1.23000	\$ 1.16000	\$ 1.07000	\$ 0.91000
Fire and Rescue Levy (Countywide)	\$ 0.07280	\$ 0.07280	\$ 0.07280	\$ 0.06600	\$ 0.05600
Gypsy Moth Levy (Countywide)	\$ 0.00400	\$ 0.00400	\$ 0.00400	\$ 0.00400	\$ 0.00250
Total Direct Tax Rate	<u>\$ 1.37680</u>	<u>\$ 1.30680</u>	<u>\$ 1.23680</u>	<u>\$ 1.14000</u>	<u>\$ 0.96850</u>
<i>Special District Levies⁽¹⁾:</i>					
<i>Fire and Rescue Levies -</i>					
Dumfries (Fire)	--	--	--	--	--
Dumfries (Rescue)	--	--	--	--	--
Occoquan	--	--	--	--	--
Neabsco	--	--	--	--	--
Stonewall Jackson	--	--	--	--	--
Coles	--	--	--	--	--
Yorkshire	--	--	--	--	--
Lake Jackson	--	--	--	--	--
Gainesville	--	--	--	--	--
Evergreen	--	--	--	--	--
Nokesville	--	--	--	--	--
Buckhall	--	--	--	--	--
Wellington	--	--	--	--	--
<i>Sanitary District Levy</i>					
Bull Run	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Occoquan Forest	\$ 0.16000	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
<i>Service District Levies -</i>					
Bull Run	\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.10000
Lake Jackson	\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000
Circuit Court	--	--	\$ 0.28000	\$ 0.28000	\$ 0.23000
<i>Transportation District Levies -</i>					
Prince William Parkway	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000
234-Bypass	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000
Foremost Court Service	\$ 0.23000	\$ 0.23000	\$ 0.23000	\$ 0.22000	--
Woodbine Forest Service	\$ 0.14000	\$ 0.07000	--	--	--
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.13000
Town of Haymarket	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000
Town of Occoquan	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000
Town of Quantico	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.15000

Source: County of Prince William, Virginia

⁽¹⁾ All special levies are assessed on real estate only.

2007	2008	2009	2010	2011	Type of Tax
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
\$ 0.75800	\$ 0.78700	\$ 0.97000	\$ 1.21200	\$ 1.23600	Real Estate - General Fund
\$ 0.04660	\$ 0.04840	\$ 0.05970	\$ 0.07460	\$ 0.07610	Fire and Rescue Levy (Countywide)
\$ 0.00250	\$ 0.00250	\$ 0.00250	\$ 0.00250	\$ 0.00250	Gypsy Moth Levy (Countywide)
<u>\$ 0.80710</u>	<u>\$ 0.83790</u>	<u>\$ 1.03220</u>	<u>\$ 1.28910</u>	<u>\$ 1.31460</u>	Total Direct Tax Rate
<i>Special District Levies ⁽¹⁾:</i>					
Fire and Rescue Levies -					
--	--	--	--	--	Dumfries (Fire)
--	--	--	--	--	Dumfries (Rescue)
--	--	--	--	--	Occoquan
--	--	--	--	--	Neabsco
--	--	--	--	--	Stonewall Jackson
--	--	--	--	--	Coles
--	--	--	--	--	Yorkshire
--	--	--	--	--	Lake Jackson
--	--	--	--	--	Gainesville
--	--	--	--	--	Evergreen
--	--	--	--	--	Nokesville
--	--	--	--	--	Buckhall
--	--	--	--	--	Wellington
Sanitary District Levy					
--	--	--	--	--	Bull Run
--	--	--	--	--	Occoquan Forest
Service District Levies -					
\$ 0.12000	\$ 0.12000	\$ 0.13800	\$ 0.19900	\$ 0.20100	Bull Run
\$ 0.11000	\$ 0.11000	\$ 0.12300	\$ 0.17200	\$ 0.17500	Lake Jackson
\$ 0.19000	\$ 0.19000	\$ 0.15000	--	--	Circuit Court
Transportation District Levies -					
\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	Prince William Parkway
\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	234-Bypass
--	--	--	--	--	Foremost Court Service
--	--	--	--	--	Woodbine Forest Service
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
\$ 0.18000	\$ 0.18000	\$ 0.18000	\$ 0.35330	\$ 0.33350	Town of Dumfries
\$ 0.12000	\$ 0.12800	\$ 0.16400	\$ 0.16400	\$ 0.16400	Town of Haymarket
\$ 0.08500	\$ 0.08500	\$ 0.10000	\$ 0.10000	\$ 0.10000	Town of Occoquan
\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	Town of Quantico

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 8 - Principal Real Property Tax Payers
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value ⁽¹⁾
Virginia Electric & Power Company	\$ 705,155	1	1.80%	\$ 392,130	1	2.09%
Potomac Mills Operating Co., LLC	400,609	2	1.02%	238,986	2	1.27%
Northern Virginia Electric Co-op	263,114	3	0.67%	156,279	3	0.83%
Verizon South, Inc.	169,997	4	0.43%	136,455	4	0.73%
Washington Gas Light Company	96,901	5	0.25%	62,206	7	0.33%
Prince William Square Investors LLC	81,111	6	0.21%	-	-	-
Manassas Owner LLC	77,179	7	0.20%	-	-	-
TR Rolling Brook Corp.	75,033	8	0.19%	-	-	-
Stellar Chatsworth LLC	72,568	9	0.18%	-	-	-
Dominion Country Club, LP	67,914	10	0.17%	-	-	-
AOL LLC	-	-	-	73,681	5	0.39%
Manassas Mall LLC	-	-	-	65,048	6	0.35%
WNH Limited Partnership	-	-	-	61,715	8	0.33%
Kir Smoketown Station LP	-	-	-	52,297	9	0.28%
Hylton Irene Trust	-	-	-	47,258	10	0.25%
	<u>\$ 2,009,581</u>		<u>5.12%</u>	<u>\$ 1,286,055</u>		<u>6.85%</u>

Source: County of Prince William, Virginia

⁽¹⁾ See Table 6 for a ten-year listing of Taxable Assessed Values.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 9 - Real Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Total Adjusted Tax Levy ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Percentage of Levy Collected	Penalties on Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy				Amount	Percentage of Levy
2002	\$ 258,953	\$ 256,934	99.2%	\$ 1,709	99.9%	\$ 1,134	\$ 259,777	100.3%
2003	\$ 298,674	\$ 296,421	99.2%	\$ 1,849	99.9%	\$ 1,050	\$ 299,320	100.2%
2004	\$ 340,760	\$ 338,870	99.4%	\$ 1,746	100.0%	\$ 1,221	\$ 341,837	100.3%
2005	\$ 388,254	\$ 386,367	99.5%	\$ 1,694	100.0%	\$ 1,367	\$ 495,970	100.8%
2006	\$ 420,203	\$ 418,111	99.5%	\$ 1,973	100.0%	\$ 1,507	\$ 421,591	100.3%
2007	\$ 461,108	\$ 458,438	99.4%	\$ 2,505	100.0%	\$ 1,748	\$ 462,691	100.3%
2008	\$ 484,124	\$ 481,069	99.4%	\$ 2,717	99.9%	\$ 1,905	\$ 485,691	100.3%
2009	\$ 544,909	\$ 541,235	99.3%	\$ 3,263	99.9%	\$ 2,065	\$ 546,563	100.3%
2010	\$ 510,988	\$ 508,264	99.5%	\$ 1,794	99.8%	\$ 1,698	\$ 511,756	100.2%
2011	\$ 511,316	\$ 509,154	99.6%	\$ --	99.6%	\$ 1,376	\$ 510,530	99.8%

Source: County of Prince William, Virginia

⁽¹⁾ Total tax levy includes gross real estate and public service taxes less adjustments to tax due made prior to payment.

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Debt Capacity

This information is inserted from the Prince William County CAFR
because Prince William Public Schools does not issue debt.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 10 - Ratios of Outstanding Debt by Type, Primary Government and Component Units

Last Ten Fiscal Years

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary Government										
<i>Governmental Activities:</i>										
General Obligation Bonds ⁽¹⁾										
General Government	\$ 92,272	\$ 96,668	\$ 108,292	\$ 140,039	\$ 128,525	\$ 149,362	\$ 136,200	\$ 165,649	\$ 151,352	\$ 156,520
School Board-Related	305,091	367,341	395,333	432,562	467,363	502,453	515,486	531,815	576,826	549,775
Park Authority-Related	2,888	9,699	9,531	7,000	6,267	5,537	4,810	8,477	7,842	7,210
IDA Lease Revenue Bonds	13,410	12,875	12,315	11,970	11,140	10,430	9,680	8,870	8,030	7,160
Literary Fund Loans	6,093	6,209	5,713	5,316	4,918	4,520	4,124	3,749	3,374	3,000
Real Property Capital Leases										
General Government	55,245	78,590	80,645	79,025	132,825	150,189	151,039	179,298	169,012	156,854
Adult Detention Center	--	--	--	--	--	68,005	66,275	64,550	34,825	33,100
Park Authority	--	--	--	--	--	594	561	528	495	462
Commuter Rail Capital Leases**	3,608	3,301	2,977	2,629	2,258	1,863	1,442	992	511	--
Equipment Capital Leases	--	562	527	381	228	68	--	--	--	485
Installment Notes Payable	1,158	1,045	924	795	657	509	351	182	--	--
Internal Service Funds Leases and Notes	24	12	--	--	--	--	--	--	--	--
<i>Business-Type Activities:</i>										
Solid Waste System Revenue Bonds**	\$ 20,119	\$ 18,327	\$ 17,179	\$ 13,920	\$ 12,550	\$ 11,065	\$ 9,535	\$ 7,945	\$ 6,295	\$ 4,595
Sanitary District Bonds**	--	--	--	--	--	--	--	--	--	--
Taxable Revenue Notes	1,100	250	250	250	3,250	3,250	--	--	--	--
Total Primary Government	\$ 501,008	\$ 594,879	\$ 633,686	\$ 693,887	\$ 769,981	\$ 907,845	\$ 899,503	\$ 972,055	\$ 958,562	\$ 919,161
Percentage of Personal Income ⁽²⁾	4.31%	4.80%	4.62%	4.62%	4.79%	5.28%	4.93%	5.19%	4.78%	*
Per Capita ⁽²⁾	1,676	1,908	1,960	2,056	2,196	2,528	2,444	2,594	2,464	2,263
Component Units										
Park Authority Component Unit ⁽³⁾ :										
Series 1999 Revenue Bonds**	\$ 20,780	\$ 20,425	\$ 19,112	\$ 18,795	\$ 18,459	\$ 18,101	\$ 17,725	\$ 17,323	\$ 12,481	\$ 12,008
Equipment Capital Leases**	527	2,003	1,833	1,353	2,249	1,710	3,116	2,800	2,254	1,689
Installment Notes Payable** ⁽⁴⁾	2,087	1,718	1,023	904	780	651	517	376	230	78
Total Component Units	23,394	24,146	21,968	21,052	21,488	20,462	21,358	20,499	14,965	13,775
Total Reporting Entity Outstanding Debt	524,402	619,025	655,654	714,939	791,469	928,307	920,861	992,554	973,527	932,936
Less: Self-Supporting Revenue and Other Bonds	47,121	45,774	42,124	37,601	36,296	33,390	32,335	29,436	21,771	18,370
Net Tax-Supported Debt	\$ 477,281	\$ 573,251	\$ 613,530	\$ 677,338	\$ 755,173	\$ 894,917	\$ 888,526	\$ 963,118	\$ 951,756	\$ 914,566

Source: County of Prince William, Virginia

* Not available

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

⁽¹⁾ Includes general obligation bonds associated with School Board-Related Debt and Park Authority-Related Debt; see Exhibit 1, PWC CAFR.

⁽²⁾ See Table 15 for personal income and population data.

⁽³⁾ The Park Authority Component Unit debt for fiscal years prior to 2004 is shown on a calendar year basis, with amounts shown as of December 31.

⁽⁴⁾ Restated in FY 2003.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 11 - Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds ⁽¹⁾	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Total	Percentage of Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
2002	\$ 400,251	\$ 13,410	\$ 20,119	\$ 433,780	1.85%	\$ 1,452
2003	473,708	12,875	18,327	504,910	1.77%	1,620
2004	513,156	12,315	17,179	542,650	1.60%	1,678
2005	579,601	11,970	13,920	605,491	1.33%	1,794
2006	602,155	11,140	12,550	625,845	1.04%	1,785
2007	657,352	10,430	11,065	678,847	1.06%	1,890
2008	656,496	9,680	9,535	675,711	1.10%	1,836
2009	705,941	8,870	7,945	722,756	1.40%	1,929
2010	736,020	8,030	6,295	750,345	1.59%	1,929
2011	713,505	7,160	4,595	725,260	1.66%	1,786

Source: County of Prince William, Virginia

⁽¹⁾ Includes general obligation bonds associated with School Board-Related and Park Authority-Related Debt; see Table 10.

⁽²⁾ See Table 6 for property value data.

⁽³⁾ See Table 15 for population data.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 12 - Direct and Overlapping Governmental Activities Debt

As of June 30, 2011

(amounts expressed in thousands)

	Outstanding on 6/30/2011	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ⁽²⁾
Direct:				
Net Tax Supported Debt ⁽¹⁾	\$ 914,566	100.00%	\$ 914,566	2.3297%
Overlapping:				
Town of Dumfries	3,122	100.00%	3,122	0.0080%
Town of Quantico	230	100.00%	230	0.0006%
Town of Haymarket	2,062	100.00%	2,062	0.0053%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 A and B	1,957	100.00%	1,957	0.0050%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	12,128	100.00%	12,128	0.0309%
Northern Virginia Transportation Commission - Virginia Railway Express ⁽³⁾	107,767	39.73%	42,815	0.1091%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ⁽³⁾	15,505	28.02%	4,345	0.0111%
Upper Occoquan Sewage Authority (UOSA) ⁽³⁾	276,288	1.55%	4,270	0.0109%
Total Overlapping Governmental Activities Debt	\$ 419,059	16.93%	\$ 70,929	0.1807%
Total Direct and Overlapping Governmental Activities Debt	\$ 1,333,625	73.90%	\$ 985,495	2.5104%

Source: County of Prince William, Virginia

⁽¹⁾ From Table 10.

⁽²⁾ Assessed value of taxable property is from Table 6.

⁽³⁾ Amount applicable determined on basis other than assessed value of taxable property.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 13 - Debt Ratio Information

Last Ten Fiscal Years

(amounts expressed in thousands)

The issuance of bonds by Virginia counties is not subject to statutory limitation. However, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority. The County has \$325,945 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2011. These authorized bonds are for the construction of roads, road improvements, parks, libraries, and schools.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government ⁽¹⁾										
Principal	\$ 26,892	\$ 30,929	\$ 35,165	\$ 39,975	\$ 47,584	\$ 52,060	\$ 59,741	\$ 61,303	\$ 91,742	\$ 66,299
Interest ⁽²⁾	20,035	23,959	25,247	29,849	32,995	37,524	39,865	41,032	43,272	43,783
Internal Service Fund Debt Service ⁽³⁾	11	12	12	--	--	--	--	--	--	--
Debt Service on Net Tax-Supported Debt	46,938	54,900	60,424	69,824	80,579	89,584	99,606	102,335	135,014	110,082
Total Government Expenditures ⁽⁴⁾	744,959	845,342	925,866	1,033,382	1,125,453	1,310,566	1,325,488	1,331,692	1,386,901	1,336,447
Ratio of Debt Service to Expenditures	6.3%	6.5%	6.5%	6.8%	7.2%	6.8%	7.5%	7.7%	9.7%	8.2%
Total Revenues ⁽⁵⁾	775,222	820,465	956,529	1,089,605	1,188,320	1,360,579	1,364,972	1,441,690	1,392,237	1,444,804
Ratio of Debt Service to Revenues	6.1%	6.7%	6.3%	6.4%	6.8%	6.6%	7.3%	7.1%	9.7%	7.6%
Net Tax-Supported Debt ⁽⁶⁾	477,281	573,251	613,530	677,338	755,173	894,917	888,526	963,118	951,756	914,566
Assessed Value of Taxable Property ⁽⁷⁾	21,202,151	25,551,796	30,498,825	37,138,437	47,160,546	61,267,297	62,011,351	56,999,051	43,359,775	42,750,432
Ratio of Net Tax-Supported Debt to Assessed Value	2.3%	2.2%	2.0%	1.8%	1.6%	1.5%	1.4%	1.7%	2.2%	2.1%

NOTE: The 2010 debt service ratios are significantly closer to the limits due to a one-time principal reduction payment of \$28 million resulting from support received from the Commonwealth of Virginia for the County's Adult Detention Center Expansion and Renovation project. If the effect of this non-recurring payment was removed, the 2010 ratio of debt service to revenues would have been 7.7%.

⁽¹⁾ Includes debt service expenditures of the General Fund, Special Revenue Funds (excluding the PRTC lease), Capital Projects Funds and the School Board and Adult Detention Center Component Units.

⁽²⁾ Excludes bond issuance and other costs.

⁽³⁾ Debt Service expenditures in the Internal Service Funds are included since operating revenues available to pay debt service in these funds comes primarily from charges to the General Fund.

⁽⁴⁾ Total Expenditures excluding capital projects from Table 22, PWC CAFR.

⁽⁵⁾ Includes revenues of the General Fund, Special Revenue Funds (excluding the Fire & Rescue Levy Fund) and the School Board and Adult Detention Center Component Units for all years through fiscal year 2002. Beginning in fiscal year 2003 the Fire & Rescue Levy Fund is included.

⁽⁶⁾ From Table 10.

⁽⁷⁾ From Table 7 and Table 21, PWC CAFR.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 14 - Revenue Bond Coverage for Solid Waste System Revenue Bonds

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	System Revenues ⁽¹⁾	Operating Expenses and Transfers ⁽²⁾	Closure Payment ⁽³⁾	Net Revenue Available for Debt	Debt Service Payments ⁽⁴⁾		Total	Coverage ⁽⁶⁾
					Principal ⁽⁵⁾	Interest		
2002	\$ 11,622	\$ 6,893	\$ --	\$ 4,729	\$ 1,766	\$ 1,222	\$ 2,988	1.58
2003	12,724	8,027	1,244	3,453	1,793	1,187	2,980	1.16
2004	13,606	7,013	1,798	4,795	1,148	1,162	2,310	2.08
2005	14,715	10,090	1,752	2,873	1,323	1,114	2,437	1.18
2006	14,653	9,615	2,594	2,444	1,370	501	1,871	1.31
2007	16,535	9,970	2,199	4,366	1,485	562	2,047	2.13
2008	17,342	10,651	3,015	3,676	1,530	504	2,034	1.81
2009	17,795	15,027	--	2,768	1,590	435	2,025	1.37
2010	17,925	10,423	--	7,502	1,650	362	2,012	3.73
2011	18,861	11,694	749	6,418	1,700	295	1,995	3.22

Source: County of Prince William, Virginia.

⁽¹⁾ Includes "Total Operating Revenues" (exclusive of fees collected on behalf of the Park Authority), "Grants from the Commonwealth," and "Interest and Miscellaneous Income" from the Statement of Revenues, Expenses and Changes in Fund Net Assets.

⁽²⁾ Includes "Total Operating Expenses" (exclusive of "Depreciation" and "Closure Expense"), and "Operating Transfers", from the Statement of Revenues, Expenses and Changes in Fund Net Assets.

⁽³⁾ There is no provision for FY 2002, 2009, 2010 or 2011 closure payment due to revised engineering estimate increasing the capacity because of changes in slope design.

⁽⁴⁾ Principal, accreted value of and interest (including other debt costs) paid during the fiscal year on bonded indebtedness of the Solid Waste System.

⁽⁵⁾ In FY2005, certain bonds were refunded, and a portion of the proceeds were used to pay down principal resulting in excess principal payments of \$1.9 million. This amount is excluded from the normal principal payments noted above.

⁽⁶⁾ Required coverage is 1.15.

Demographic and Economic Information

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 15- Demographic and Economic Statistics
Last Ten Years

Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (in thousands)	Per Capita Income ⁽²⁾	Fall School Enrollment ⁽³⁾	Average Civilian Labor Force ⁽⁴⁾	Average Unemployment Rate ⁽⁴⁾
2002	298,843	\$ 11,616,846	\$ 32,563	57,397	168,053	3.6%
2003	311,749	12,399,884	33,636	59,835	174,911	3.9%
2004	323,377	13,723,915	35,963	62,691	183,258	3.1%
2005	337,439	15,012,664	38,120	65,541	192,173	3.0%
2006	350,612	16,088,936	40,238	67,708	198,763	2.6%
2007	359,174	17,200,916	42,267	70,195	202,351	2.6%
2008	368,016	18,244,144	44,265	72,186	206,764	3.4%
2009	374,776	18,745,817	43,827	73,918	213,697	5.9%
2010	389,001	20,051,058	42,901	76,874	215,230	5.8%
2011	406,110	*	*	79,379	216,725	5.3%

Source: County of Prince William, Virginia

* Not available

⁽¹⁾ US Census Bureau, Population Estimates Program (data as of July 1, 2010).

⁽²⁾ Bureau of Economic Analysis, U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of April, 2009). 2010 data estimated based upon ten-year growth rates on BEA data from 2000 through 2009.

⁽³⁾ Fall Membership by Division, by Grade, Virginia Department of Education; Prince William County Public Schools, as of December 2, 2010.

⁽⁴⁾ Bureau of Labor Statistics, LAUS data (data are annual averages with the exception of the most recent monthly data)

TABLE 15A - Comparative Demographic Statistics
2000 & 2010 U.S. Census

	2000 Census	2010 Census			
	Prince William County	Prince William County	Washington MSA	Virginia	United States
Population¹:					
Median Age	31.9	33.5	33.8	37.5	37.2
Percent School Age	24.4%	23.1%	15.1%	19.7%	20.4%
Percent Working Age	62.3%	61.9%	68.1%	61.8%	60.0%
Percent 65 and over	4.8%	6.8%	11.5%	12.2%	13.1%
Education²:					
High School or Higher	88.8%	87.6%	89.6%	86.5%	85.6%
Bachelor's Degree or Higher	31.5%	36.9%	46.8%	34.2%	28.2%
Income²:					
Median Family Income	\$71,622	\$102,117	\$100,921	\$72,476	\$60,609
Percent Below Poverty Level	4.4%	4.4%	5.4%	7.7%	11.3%
Housing:					
Number Persons / Household ¹	2.9	3.1	2.1	2.5	2.6
Percent Owner Occupied ²	71.0%	73.2%	42.0%	67.2%	65.1%
Owner Occupied Median Value ²	\$149,600	\$316,600	\$376,200	\$249,100	\$179,900

Source: County of Prince William, Virginia

¹ U.S. Bureau of the Census Bureau, 2000 and 2010 Census Data.

² U.S. Bureau of the Census Bureau, 2000 and 2010 American Community Survey - 1 Year Estimates.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 16 - Principal Employers
Current Year and Nine Years Ago

Employer ⁽¹⁾	2011			2002		
	Ownership	Rank	Number of Employees ⁽²⁾	Ownership	Rank	Number of Employees ⁽²⁾
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
U.S. Department of Defense	Federal Government	2	1000 and over	Federal Government	3	1000 and over
County of Prince William	Local Government	3	1000 and over	Local Government	2	1000 and over
U.S. Federal Bureau of Investigation	Federal Government	4	1000 and over			
Walmart	Private	5	1000 and over	Private	9	500 to 999
Sentara Healthcare/Potomac Hospital Corp	Private	6	1000 and over	Private	5	500 to 999
Morale Welfare and Recreation	Federal Government	7	1000 and over	Federal Government	10	500 to 999
Target Corp	Private	8	500 to 999			
Wegmans Store #07	Private	9	500 to 999			
Minnieland Private Day School	Private	10	500 to 999			
Temporary Solutions				Private	4	1000 and over
S.W. Rogers Corporation				Private	6	500 to 999
Giant Food				Private	7	500 to 999
Northern Virginia Community College				State Government	8	500 to 999

Source: County of Prince William, Virginia

⁽¹⁾ All data provided by the Virginia Employment Commission (1st Quarter, 2011 & 2002).

⁽²⁾ Prince William County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act of 2002 - Title V of Public Law 107-347.

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Operating Information

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 17 - Full-time-Equivalent School Employees by Positions

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
School -Based Positions										
Teachers ⁽¹⁾										
Classroom teachers	3,776	4,014	-	-	-	-	-	-	-	-
Regular classroom teachers	-	-	2,926	3,193	3,290	3,553	3,757	3,799	3,756	3,827
Special education teachers	-	-	621	661	759	767	700	700	687	695
Vocational education teachers	-	-	201	210	212	213	215	200	186	183
Speech therapists	-	-	68	69	72	73	75	73	70	64
Physical therapists	-	-	20	21	8	25	25	24	25	21
Guidance counselors	-	-	146	171	166	169	170	188	184	181
Librarians	-	-	83	88	92	93	95	97	97	97
Physical education	-	-	165	190	201	213	212	217	214	218
Technology teachers	-	-	-	-	76	77	79	81	78	77
Other	-	-	-	-	74	80	78	80	63	35
School-Based Administrators										
Principals	73	76	79	82	84	84	86	87	88	89
Assistant principals	81	70	88	108	122	104	117	104	105	105
Guidance directors	20	21	21	23	23	24	25	10	9	10
Student activity directors	8	8	8	10	10	10	10	10	10	10
Other	73	69	71	79	-	-	-	-	-	-
Education Specialist										
Education specialist	83	94	-	-	-	-	-	-	-	-
School-based curriculum specialists	-	-	8	10	8	8	-	-	23	7
Program specialists	-	-	15	86	19	15	10	14	16	1
Social workers	-	-	34	39	39	45	46	45	44	6
Psychologists	-	-	35	35	40	44	43	43	43	4
Instructional Assistants	481	505	534	551	599	669	669	734	689	655
Other Positions										
School office assistant staff	370	384	399	421	461	475	470	486	482	472
Custodial staff	348	362	366	410	425	435	438	442	437	424
Other	126	-	-	-	-	-	-	-	37	36
Noninstructional specialists	-	97	85	89	-	-	-	39	52	42
Security	-	31	41	49	64	67	53	64	57	61
School nurse	-	32	51	55	60	67	69	72	73	76
Total School-Based Positions	<u>5,439</u>	<u>5,763</u>	<u>6,065</u>	<u>6,650</u>	<u>6,904</u>	<u>7,310</u>	<u>7,442</u>	<u>7,609</u>	<u>7,525</u>	<u>7,396</u>
Nonschool-Based Positions										
Technical support	67	70	121	139	244	206	146	170	134	123
Management	109	110	96	127	138	143	149	148	148	96
Education specialist	52	32	32	48	33	32	86	31	32	201
Office assistants	131	115	119	136	122	136	139	143	139	146
Custodial/maintenance	230	240	252	220	230	258	299	308	302	231
Leadership team	8	8	8	8	10	10	10	11	11	11
Bus drivers	453	489	511	565	645	654	659	680	668	664
Bus drivers' aides	92	98	97	119	135	130	136	132	147	148
Cafeteria staff	376	393	406	441	518	537	513	517	530	543
Other	13	34	35	37	62	20	122	17	25	86
Total Nonschool Based Positions	<u>1,531</u>	<u>1,589</u>	<u>1,677</u>	<u>1,840</u>	<u>2,137</u>	<u>2,126</u>	<u>2,259</u>	<u>2,157</u>	<u>2,136</u>	<u>2,249</u>
Total ⁽²⁾	<u>6,970</u>	<u>7,352</u>	<u>7,742</u>	<u>8,490</u>	<u>9,041</u>	<u>9,436</u>	<u>9,701</u>	<u>9,766</u>	<u>9,661</u>	<u>9,645</u>

Source: FY 2011 WABE Guide

⁽¹⁾ Detailed information was not available prior to FY2004.

⁽²⁾Total positions include the General Fund and Food Services Fund only.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 18 - Student Enrollment
Last Ten Fiscal Years

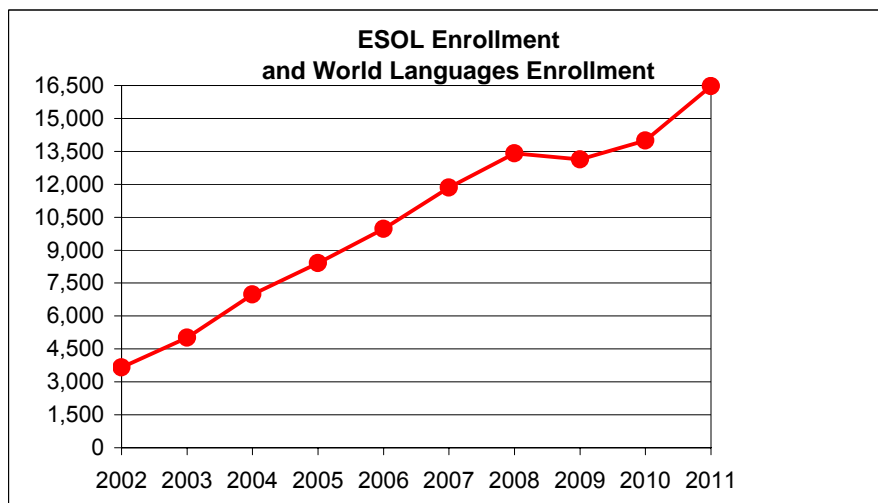
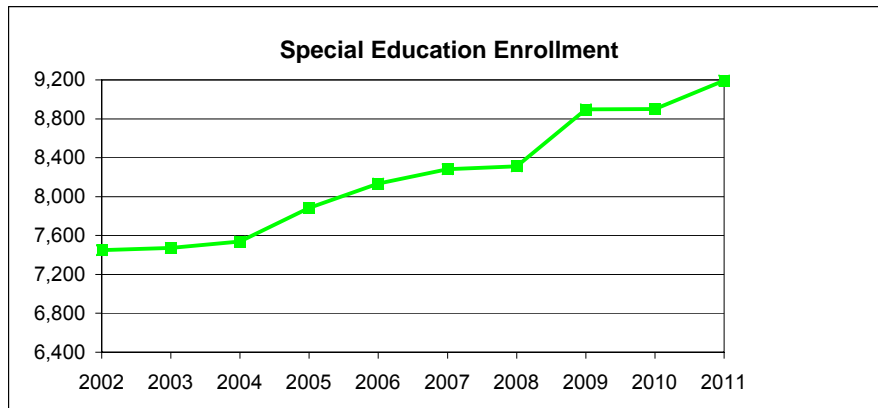
Fiscal Year	Total Student Enrollment ⁽¹⁾	Special Education Enrollment ⁽²⁾	ESOL and World Languages Enrollment ⁽³⁾
2002	57,397	7,450	3,657
2003	60,541	7,471	5,014
2004	62,691	7,540	6,979
2005	66,093	7,883	8,415
2006	68,225	8,134	9,963
2007	70,723	8,283	11,847
2008	72,654	8,312	13,409
2009	73,657	8,898	13,130
2010	76,656	8,900	13,999
2011	79,115	9,195	16,467

Note: Student Enrollments are at September 30th for each fiscal year for Total Student Enrollment and ESOL and World Languages.

⁽¹⁾ Source: School Board Approved Budget fiscal year 2012.

⁽²⁾ Student Enrollment at December 1, 2010. Source: Special Education Office Prince William County Public Schools.

⁽³⁾ Source: ESOL and World Languages Office of Prince William County Public Schools.



PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 19 - Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Student Enrollment ⁽¹⁾	Operating Expenditures ⁽²⁾	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff ⁽³⁾	Pupil-Teacher Ratio
2002	57,397	\$ 421,779,000	\$ 7,348	*	\$ 467,267,000	\$ 8,141	*	*	*
2003	60,541	470,595,054	7,773	5.8%	521,985,921	8,622	5.9%	*	*
2004	62,691	515,766,698	8,227	5.8%	568,663,297	9,071	5.2%	3,748	16.7
2005	66,093	592,505,238	8,965	9.0%	647,834,147	9,802	8.1%	4,064	16.3
2006	68,225	646,400,810	9,475	5.7%	709,695,642	10,402	6.1%	4,261	16.0
2007	70,723	719,045,975	10,167	7.3%	797,464,538	11,276	8.4%	4,533	15.6
2008	72,654	752,843,056	10,362	1.9%	854,174,576	11,757	4.3%	4,672	15.6
2009	73,657	777,018,397	10,549	1.8%	879,594,362	11,942	1.6%	4,699	15.7
2010	76,656	756,589,970	9,870	-6.4%	879,012,541	11,467	-4.0%	4,629	16.6
2011	79,115	756,111,504	9,557	-3.2%	885,645,725	11,194	-2.4%	4,705	16.8

* Data not available.

⁽¹⁾ The student enrollment as of September 30th for each fiscal year. Source: School Board Approved Budget fiscal year 2012.

⁽²⁾ Operating expenditures are total General Fund expenditures and transfers out for capital projects less Governmental Fund reimbursements to the County for debt service. These numbers are on a modified accrual basis.

⁽³⁾ Teaching staff count includes regular classroom teachers, special education teachers, and vocational education teachers. Source: School Board Budget Office.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 20 - Teacher Base Salaries
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Bachelors Minimum Salary</u>	<u>Bachelors Average Salary</u>	<u>Masters Mid-Point Salary</u>	<u>Masters Maximum Salary</u>
2002	\$ 33,115	\$ 44,798	\$ 46,205	\$ 66,038
2003	34,423	46,155	48,234	69,684
2004	35,455	47,963	50,460	74,519
2005	36,519	50,215	51,974	76,754
2006	37,615	51,607	53,533	83,548
2007	40,788	53,413	55,245	86,372
2008	41,604	55,788	56,350	90,656
2009	42,354	57,406	57,364	94,969
2010	42,863	59,330	57,309	97,723
2011	42,863	60,163	57,309	97,723

Source: Washington Area Boards of Education (WABE) Guide FY2011

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 21 - Food and Nutrition Services Program
Last Ten Fiscal Years

Fiscal Year	Number of Lunches Served Daily	Student Lunch Price			Lunch Sites	Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility	Free and Reduced Eligibility %	Adult Breakfast	Adult Lunch
		Elementary	Middle School	High School								
2002	30,243	\$ 1.55	\$ 1.60	\$ 1.60	73	4,948	\$ 1.00	68	13,007	22.7%	\$ 1.10	\$ 2.10
2003	32,479	1.60	1.65	1.65	75	5,578	1.00	70	15,756	26.0%	1.10	2.15
2004	35,241	1.70	1.75	1.75	75	6,459	1.10	69	16,512	26.3%	1.20	2.25
2005	39,062	1.70	1.85	1.85	82	7,211	1.10	79	18,640	28.2%	1.20	2.25
2006	41,057	1.85	1.90	1.90	82	8,210	1.10	78	19,166	28.1%	1.35	2.40
2007	44,288	2.00	2.15	2.25	84	9,619	1.20	85	20,588	29.2%	1.75	3.00
2008	45,725	2.00	2.15	2.25	86	8,904	1.20	87	21,459	30.2%	1.75	3.00
2009	46,714	2.10	2.25	2.35	88	10,102	1.20	88	24,152	32.6%	1.75	3.10
2010	48,828	2.10	2.25	2.35	88	11,659	1.20	88	27,289	35.3%	1.75	3.10
2011	50,777	2.10	2.25	2.35	88	13,413	1.20	88	29,108	36.8%	1.75	3.10

Source: Food Service Department of Prince William County Public Schools.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 22 - School Building Information
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Elementary Schools</u>					<u>Middle Schools</u>					<u>High Schools</u>				
	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
2002	45	2,532,618	25,938	191	719.5	11	1,420,340	12,193	7	392.1	8	2,288,253	17,178	6	594.7
2003	46	2,615,702	26,790	191	737.6	13	1,690,958	14,659	27	452	8	2,288,253	17,178	6	594.7
2004	47	2,699,786	27,642	191	757.6	13	1,690,958	14,659	27	452	8	2,288,253	17,178	6	594.7
2005	49	2,859,570	29,048	191	901.2	13	1,690,958	14,659	27	452	10	2,844,241	21,284	9	719.5
2006	51	3,030,766	30,824	191	939.1	13	1,690,958	14,659	27	452	10	2,844,241	21,284	9	719.5
2007	53	3,221,129	31,986	182	858.1	14	1,813,410	15,892	20	476.4	10	2,843,179	21,284	14	722.6
2008	55	3,422,613	33,990	166	887.3	15	1,948,719	17,125	20	515.8	10	2,843,179	21,284	21	722.6
2009	55	3,496,885	35,114	149	887.3	15	1,948,719	17,125	21	515.8	10	2,843,179	21,284	36	722.6
2010	55	3,559,956	35,600	143	887.3	15	1,948,719	17,125	21	515.8	10	2,843,179	21,284	39	722.6
2011	57	3,842,068	37,448	132	934.9	15	1,949,341	17,125	31	515.8	11	3,202,296	23,337	21	782.6

<u>Fiscal Year</u>	<u>Alternative Schools</u>					<u>Special Schools</u>					<u>Traditional Schools</u>				
	<u>Buildings⁽¹⁾</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
2002	1	14,749	**	0	9.3	4	104,241	**	5	28.7	1	56,330	648	2	15
2003	1	14,749	**	0	9.3	4	104,241	**	5	28.7	1	56,330	648	2	15
2004	1	14,749	**	0	9.3	4	104,241	**	5	28.7	1	56,330	648	2	15
2005	2	34,994	**	0	9.3	4	104,241	**	5	28.7	2	127,575	1,320	2	31.9
2006	2	34,994	**	0	9.3	4	104,241	**	5	28.7	2	127,575	1,320	2	31.9
2007	2	34,994	**	12	5	4	104,241	**	10	28.7	2	127,575	1,320	2	31.9
2008	2	34,994	**	12	5	4	104,241	**	9	28.7	2	127,575	1,320	2	31.9
2009	2	34,994	**	10	5	4	104,241	**	10	28.7	2	127,575	1,320	2	31.9
2010	2	34,994	**	10	5	3	90,021	**	10	23.9	2	127,575	1,320	2	31.9
2011	2	34,994	**	10	5	3	90,021	**	10	23.9	2	127,575	1,320	0	31.9

<u>Fiscal Year</u>	<u>Total School Buildings</u>				
	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
2002	70	6,416,531	55,957	211	1,759.3
2003	73	6,770,233	59,275	231	1,837.3
2004	74	6,854,317	60,127	231	1,857.3
2005	80	7,661,579	66,311	234	2,142.6
2006	82	7,832,775	68,087	234	2,180.5
2007	85	8,144,528	70,482	240	2,122.7
2008	88	8,481,321	73,719	230	2,191.3
2009	88	8,555,593	74,843	228	2,191.3
2010	87	8,604,444	75,329	225	2,186.5
2011	90	9,246,295	79,230	204	2,294.1

Source: School Board Construction and Planning Office.

** Data not available.

(1) The building added in FY 2005 is leased.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 23 - Miscellaneous Statistical Data
June 30, 2011

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the <i>Code of Virginia</i>)
Area:	348 Square Miles
Services of Primary Government:	
Fire protection:	
Number of career employees	468
Number of volunteers	1,027
Police protection:	
Number of police officers	569
Public Safety Communications:	
Number of employees	98
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	77
Number of public high schools	10
Membership as of September 30, 2010 (FY11)	79,115 ⁽¹⁾
Number of personnel (full-time equivalent)	9641 ⁽²⁾
Recreation (Park Authority Component Unit):	
Acres developed or reserved for County parks	3,886
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	402
Capacity of central jail	200
Capacity of work-release center	65
Number of personnel (full-time equivalent)	337
Other statistical data:	
Elections:	
Registered voters at last general election	224,401
Number of votes cast in last general election	96,366
Percent voting in last general election	43%
Water and Wastewater Treatment (provided by Prince William County Service Authority):	
Miles of water mains	1,149
Miles of sanitary sewer mains	1,082

Source: County of Prince William, Virginia.

Gas, electricity, and telephone are furnished by private corporations. Water and sewage treatment for serviceable areas not covered by the Service Authority is provided by other private corporations.

⁽¹⁾ Source: Prince William County Schools Fiscal Year 2012 Approved Budget Book. Number differs from other sources due to criteria used for determining membership.

⁽²⁾ Source: Prince William County Schools Fiscal Year 2011 Approved Budget book. Does not include Regional Schools personnel.



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