

# Comprehensive Annual Financial Report

For the fiscal  
year ended  
June 30, 2010



**Prince William County**  
**PUBLIC SCHOOLS**  
*Providing A World-Class Education*®

**A Component Unit of Prince William County, Virginia**



# Prince William County

## PUBLIC SCHOOLS

*Providing A World-Class Education* ®

Prince William County Public Schools  
A Component Unit of Prince William County, Virginia  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010

### **School Board\***

Mr. Milton C. Johns  
Chairman At-Large

Mr. Gil Trenum  
Vice Chairman  
Brentsville District

Mrs. Lisa E. Bell  
Neabsco District

Dr. Michael I. Otaigbe  
Coles District

Mrs. Betty D. Covington  
Dumfries District

Mrs. Denita S. Ramirez  
Woodbridge District

Mr. Grant Lattin  
Occoquan District

Mr. Don Richardson  
Gainesville 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

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

Ms. Diana Lambert-Aikens - Associate Superintendent for Eastern Elementary Schools

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

Mrs. Alison Nourse-Miller - Associate Superintendent for Western Elementary Schools

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

\* as of November 17, 2010

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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Supervisor of Fiscal Operations  
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Chief Accountant  
Lisa M. Thorne

Accountants  
Sheryl Brooks  
Maria Cavin  
Jackie Rawlings  
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Letter of Transmittal

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List of Elected and Appointed Officials

Organizational Chart





# Prince William County

## PUBLIC SCHOOLS

*Providing A World-Class Education*

November 17, 2010

**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, Virginia, for the year ended June 30, 2010.

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 McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of PWCS for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent 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, 2010, 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.

Steven L. Walts  
*Superintendent of Schools*

## **Profile of the Government**

Prince William County is located in Northern Virginia, approximately 35 miles southwest of Washington D.C. and encompasses an area of 348 square miles and celebrated its 275<sup>th</sup> 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 76,656 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 perform below normal levels. Job growth in Prince William County showed modest gains, year-over-year, while declining in Northern Virginia and the state. Regional and state-wide job growth should improve, in part, as a result of robust federal spending, which accounts for about one-third of the region's economy. After several years of double-digit annual increases in home values during the first six years of the current decade, the local real estate housing market experienced a serious correction, in which home values declined on average by more than 50 percent by February 2009. In addition, the nation-wide crisis in sub-prime credit markets was reflected locally in the form of increased delinquent and defaulted homes. In calendar year 2006, for example, less than 300 homes were reported in foreclosure. This increased nearly ten fold in 2007 to more than 2,800 foreclosed properties. The number more than doubled the following year, with more than 6,500 homes in foreclosure in 2008. In 2009, a total of 3,490 foreclosures were recorded, still a high number by historic standards, but a 46 percent decrease from the previous year. In 2010, through June, a total of 1,108 foreclosures were recorded – on a pace of 2,216 for the year. That projected number would be the lowest annual total since 2007.

Further indications of stabilization in the local housing market appeared throughout 2010 to date, with the average home selling for \$289,704 in August 2010, a year-over-year increase of 12.5 percent and an increase of 41.7 percent since February 2009. If the number of foreclosures continues to drop, expectations are that the average home prices will continue to rise – though a return to the halcyon days of double digit annual appreciation are not anticipated. The residential real estate outlook is for gradually improving conditions over the next several years.

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

next few years, as the local economy grows.

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

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

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

Recent increases in home building activity and modest increases in home prices in Prince William County are indicative of a recovering housing market. Home sale prices have improved during the summer selling season of 2010, giving rise to optimism that the worst of the real estate crisis may be over. While it is too early to make this statement definitively, recent home sales numbers as reported by the Metropolitan Regional Information System (MRIS) support this sentiment. In December 2005, the peak of the market boom, the average sales price for homes in Prince William County was \$458,627. By February 2009, the average sales price for a home in the county was \$204,378 -- a decrease of 55 percent. By August 2010, however, the average price of a sold home in Prince William County had climbed to \$289,704 -- a 12.5 percent increase

year-over-year and a 41.7 percent increase since February 2009. The total number of units sold in August 2010 was 543 and the average days on the market in August 2010 was 44 days for all homes sold in Prince William County.

About 78 percent of the County's real estate tax base consists of residential housing, approximately 21 percent is comprised of commercial, industrial and public service properties and less than 1 percent is undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors was responsive in adjusting the real estate tax rate dramatically, reducing the real estate tax rate from \$1.36 in fiscal year 2000 to \$0.758 per \$100 of assessed value in fiscal year 2007. In fiscal year 2008, in response to revenue shortfalls and expectations of continuation of vital County services, Prince William County adopted a real estate tax rate of \$0.97 effective for fiscal year 2009. For fiscal year 2010, the County adopted a real estate tax rate of \$1.212 in response to continued revenue shortfalls. For fiscal year 2011, the adopted real estate tax rate is \$1.236 per \$100 of assessed value. Despite recent challenges to the County's ability to provide services, strategic goal areas and critical service needs of the community continue to be the primary focus.

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

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

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

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

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

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

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



the County since 1997.

Innovation Technology Park is anchored by George Mason 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 new Mason/NIH Biomedical Research Laboratory. Also present is an emerging forensic science/criminal justice cluster that includes: the FBI Northern Virginia Resident Agency, the Virginia Department of Forensic Science's Northern Laboratory, and the Prince William County Police Western District Station. Currently, there are 41 companies that have announced their intent to invest over \$473 million and add 1,799 new jobs in Innovation.

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

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

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

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

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

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

### **Long-term Financial Planning**

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 138 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 10,557 additional students by the 2015-2016 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 \$105.6 million.

Providing quality educational facilities is important in providing quality education. PWCS' Capital Program identifies twenty-one schools for new construction or additions over the next five years and replacement of one school. 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 91 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, 2009. This was the eighth 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, 2009. This was the eighth 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, 2010. These awards are valid for one period 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 2011 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 the 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  
Division Superintendent



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, 2009

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



President

Executive Director





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, 2009

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, 2010**

**Elected Officials - The Prince William County School Board\***

Milton C. Johns, Chairman *At-Large*

Gil Trenum, Vice Chairman, *Brentsville District*

Lisa E. Bell, *Neabsco District*

Betty D. Covington, *Dumfries District*

Grant Lattin, *Occoquan District*

Michael I. Otaigbe, *Coles District*

Denita S. Ramirez, *Woodbridge District*

Don Richardson, *Gainesville 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

Alison Nourse-Miller  
Associate Superintendent  
Western Elementary Schools

Catherine P. Puttre  
Associate Superintendent  
Middle Schools

R. Todd Erickson  
Associate Superintendent  
Central Elementary Schools

Diana Lambert-Aikens  
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 17, 2010

<h1>Prince William County School Board</h1>			
<p>Milton C. Johns Chairman At-Large</p>	<p>Gil Trenum Vice Chairman Brentsville District</p>	<p>Lisa E. Bell Neabsco District</p>	<p>Betty D. Covington Dumfries District</p>
<p>Grant Lattin Occoquan District</p>	<p>Michael I. Otaigbe, Ph.D. Coles District</p>	<p>Denita S. Ramirez Woodbridge District</p>	<p>Don Richardson Gainesville District</p>

Betty D. Covington  
Dumfries District

Don Richardson  
Gainesville District

Don Richardson  
Gainesville District

**Deputy  
Superintendent**  
*Rae Darlington*

High Schools	
Battlefield HS	Osborn Park HS
Brentsville HS	New Directions Alt
Forest Park HS	PACE West SE
Freedom HS	Potomac HS
Gar-Field HS	Stonewall Jackson HS
Hylton HS	Woodbridge HS
Independent Hill SE / PACE East SE	

Supervisor of  
Professional  
Development  
**Natally Walker**

**Morphoula Daoulas**  
**Cary Dougher**  
**Teresa Hopkins**  
**Rebecca Mallory**  
**Cathy Radford**  
**Cylvia Toy**  
**David Williams**  
**Rebecca Yellets**

Supervisor of  
School Health  
***Teresa Polk***

Imaging Center  
*Danny Armstrong*

Supervisor of  
Community &  
Business  
Engagement  
**Sharon Henry**

Director of  
Benefit Services  
*Deborah Sparks*

Supervisor of Land  
Acquisition & CIP  
Planning

Acquisition & CIP  
Planning  
*Maureen Hannan*

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# Financial Section

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

## Independent Auditor's 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, 2010, which collectively comprise PWCS' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the PWCS' 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 11% 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 the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide 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 respective 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, 2010, and the respective changes in financial position and, where applicable, cash flows 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 17, 2010 on our consideration of the PWCS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedules of Funding Progress and Employer Contributions for defined benefit pension and other post-employment benefit plans on pages 15 through 26 and 60 through 61 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PWCS basic financial statements. The accompanying other supplementary information, such as the combining and individual fund financial statements and schedules listed in the table of contents, introductory section, 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 fund financial 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 section and the statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Greensboro, North Carolina  
November 17, 2010

**Prince William County Public Schools**  
*Management's Discussion and Analysis*  
For the Year Ended June 30, 2010

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, 2010 (FY 2010). 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 \$829,443 or 86% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$131,211 or 14% of total revenues of \$960,654.
- The school division had \$879,013 in expenses related to governmental activities of which \$130,899 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 \$81,630 to a total of \$1,181,003. 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.
- On September 30, 2009 (FY 2010) student membership was 76,656, an increase of 2,999 students, or 4.1% greater than FY 2009. The student membership was also 1,912 students more than projected for FY 2010.
- Federal Stimulus funds of \$29,398 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 \$14,678 were used by the State to supplement State Education Basic Aid payments to the school division.
- Prince William County transferred administrative responsibility and \$312 in fund balance to the school division for the Student Age Child Care program (SACC), which oversees the provision of before and after-school care by an outside organization to PWCS students. The remainder of the fund balance, held by Prince William County, will be transferred after the conclusion of the FY 2010 audit.
- The school division granted a 2.9% cost of living allowance to its employees.

**Using this Comprehensive Annual Financial Report**

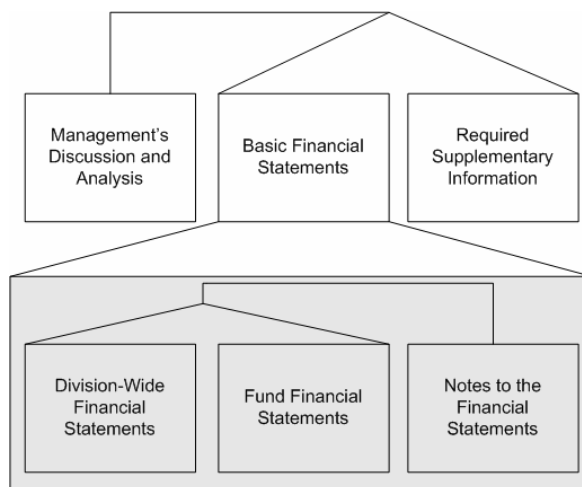
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school division.

- 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"> <li>•Statement of net assets</li> <li>•Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance sheet</li> <li>•Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of fund net assets</li> <li>•Statement of revenues, expenses and changes in fund net assets</li> <li>•Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of fiduciary net assets</li> </ul>
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 2010?” 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, 2010. The largest portion of PWCS net assets reflects its investment in capital assets (buildings, land, equipment, and construction-in-progress). Capital assets account for 82.4% of the total net assets and have increased by \$56,438 since June 30, 2009. 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 increased by \$6,444 during the current fiscal year reflecting an increase 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 \$118,989, an increase of \$18,748 from FY 2009. 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 340,034	323,135	309	-	340,343	323,135
Capital assets	973,667	917,229	-	-	973,667	917,229
<b>Total assets</b>	<b>1,313,701</b>	<b>1,240,364</b>	<b>309</b>	<b>-</b>	<b>1,314,010</b>	<b>1,240,364</b>
Current liabilities	96,675	105,989	7	-	96,682	105,989
Long-term liabilities	36,325	35,002	-	-	36,325	35,002
<b>Total liabilities</b>	<b>133,000</b>	<b>140,991</b>	<b>7</b>	<b>-</b>	<b>133,007</b>	<b>140,991</b>
Net assets:						
Invested in capital assets	973,667	917,229	-	-	973,667	917,229
Restricted	88,347	81,903	-	-	88,347	81,903
Unrestricted	118,687	100,241	302	-	118,989	100,241
<b>Total net assets</b>	<b>\$ 1,180,701</b>	<b>1,099,373</b>	<b>302</b>	<b>-</b>	<b>1,181,003</b>	<b>1,099,373</b>

## Changes in Net Assets

<b>Changes in Net Assets</b> (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Reporting Entity</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Program revenues:</b>						
Charges for services	\$ 21,691	22,990	-	-	21,691	22,990
Operating grants and contributions	109,109	106,649	312	-	109,421	106,649
Capital grants and contributions	99	1,008	-	-	99	1,008
<b>General revenues:</b>						
Federal	39,305	1,153	-	-	39,305	1,153
State	282,247	318,997	-	-	282,247	318,997
County	501,378	495,668	-	-	501,378	495,668
Unrestricted investment earnings	4,792	5,874	1	-	4,793	5,874
Miscellaneous revenues	1,720	2,030	-	-	1,720	2,030
<b>Total revenues</b>	<b>960,341</b>	<b>954,369</b>	<b>313</b>	<b>-</b>	<b>960,654</b>	<b>954,369</b>
<b>Expenses</b>						
Instruction:						
Regular	434,441	432,322	-	-	434,441	432,322
Special	94,105	99,166	-	-	94,105	99,166
Other	8,241	8,808	-	-	8,241	8,808
Instructional leadership	52,762	52,235	-	-	52,762	52,235
Support Services:						
General administration	8,771	8,841	-	-	8,771	8,841
Student services	11,139	10,985	-	-	11,139	10,985
Curricular/staff development	12,072	12,736	-	-	12,072	12,736
Pupil transportation	48,536	46,684	-	-	48,536	46,684
Operations	22,577	22,032	-	-	22,577	22,032
Utilities	24,290	25,175	-	-	24,290	25,175
Maintenance	24,404	24,432	-	-	24,404	24,432
Central business services	45,069	45,021	-	-	45,069	45,021
Reimbursement to County for debt service	60,790	59,566	-	-	60,790	59,566
Food service	30,950	30,459	-	-	30,950	30,459
Community service operations	866	1,132	-	-	866	1,132
School Age Child Care	-	-	11	-	11	-
<b>Total expenses</b>	<b>879,013</b>	<b>879,594</b>	<b>11</b>	<b>-</b>	<b>879,024</b>	<b>879,594</b>
Change in net assets	81,328	74,775	302	-	81,630	74,775
Net assets, beginning of year	1,099,373	1,024,598	-	-	1,099,373	1,024,598
<b>Net assets, end of year</b>	<b>\$ 1,180,701</b>	<b>1,099,373</b>	<b>302</b>	<b>-</b>	<b>1,181,003</b>	<b>1,099,373</b>

Total revenues increased by \$6,285 for a 0.7% increase over FY 2009. This is primarily the result of increase in Federal aid and general revenue from the County offsetting declines in charges for services and investment earnings.

52.2% of PWCS' revenue comes from the primary government (the County), 29.4% from the state, 4.1% from the federal government, 13.6% in the form of program revenues (charges for services, operating and capital grants and contributions), and 0.7% 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.

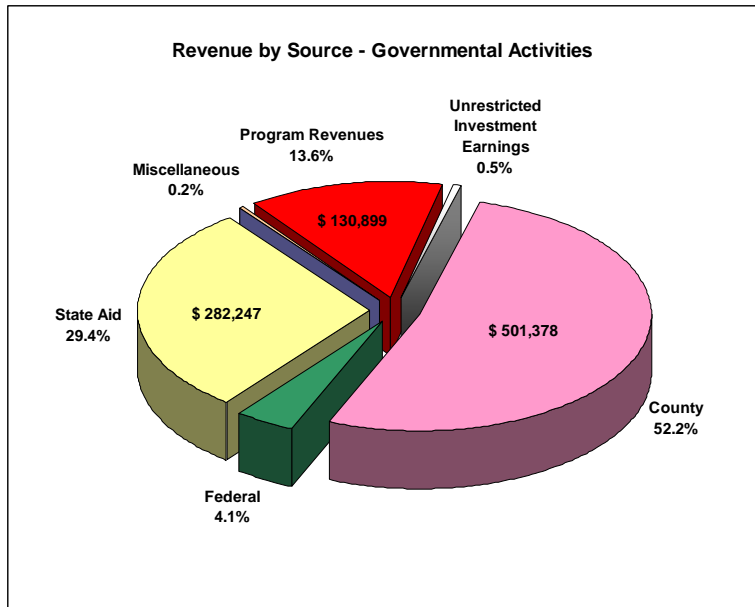
The component of PWCS' "county revenue" that is a function of bond sales increased from FY 2009 by \$26,812 or 48.1% while all other components of "county revenue" decreased by \$21,102 or 4.8%. For FY 2010 there was a 1.2% increase of all components of "county revenue" or \$5,710. This increase is primarily a function of an increase in bond sales for FY 2010. "Other revenue" displayed on the statement of activities decreased by \$310 relative to FY 2009 "miscellaneous revenue".

State revenue decreased \$36,750 or 11.5% due to reductions in state aid available for education.



The total cost of all programs decreased by 0.1% to \$879,024 in FY 2010. This cost reduction is a function of the reduction of revenue available to support instructional need and is not a reduction of actual costs associated with the education of students. 76.2% 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 8.8% of total costs while operations and maintenance amounted to 8.1% of total cost. Reimbursements to the County for debt service totaled 6.9% of FY 2010 costs. For the FY 2010, revenues exceeded expenses by a total of \$81,630. A substantial portion of this excess is the recognition of revenues associated with capital outlay related to PWCS continued expansion of facilities.

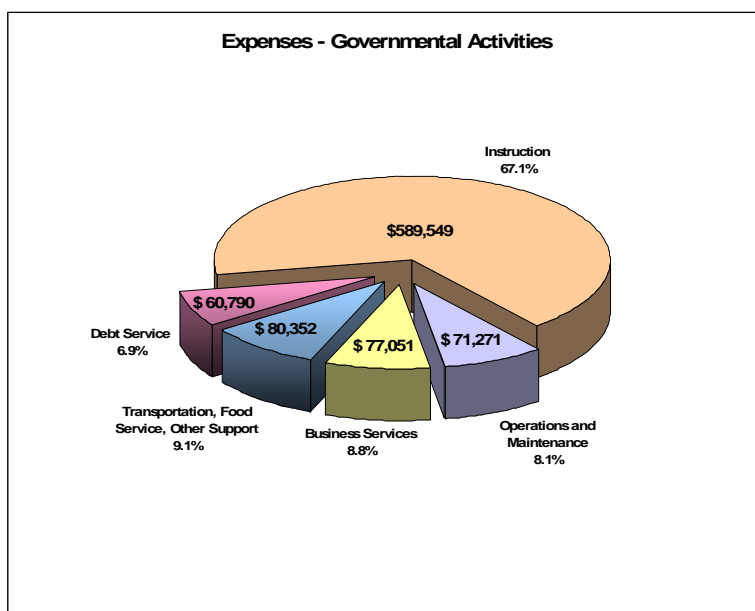
## Governmental Activities



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 2011 related to additional recognized revenues from FY 2010 in the amount of \$1,838 and \$1,749 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 2010 decreased as a result of state budget cuts to education and the use of Federal Stabilization funding to support state revenue shortfalls under State Basic Aid.

The FY 2010 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.

<b>Net Cost of Governmental Activities</b> (amounts expressed in thousands)						
	<b>Total Cost of Services</b>			<b>Net Cost of Services</b>		
	<b>2010</b>	<b>2009</b>	<b>Percent Change</b>	<b>2010</b>	<b>2009</b>	<b>Percent Change</b>
<b>Instruction</b>						
Regular	\$ 434,441	\$ 432,322	0.5%	\$ 392,899	\$ 389,908	0.8%
Special	94,105	99,166	-5.1%	42,080	51,324	-18.0%
Other	8,241	8,808	-6.4%	2,568	3,645	-29.5%
Instructional leadership	52,762	52,235	1.0%	52,762	52,235	1.0%
<b>Total instruction</b>	<u>589,549</u>	<u>592,531</u>	-0.5%	<u>490,309</u>	<u>497,112</u>	-1.4%
<b>Support services</b>						
General administration	8,771	8,841	-0.8%	8,771	8,841	-0.8%
Student services	11,139	10,985	1.4%	11,111	10,956	1.4%
Curricular/staff development	12,072	12,736	-5.2%	11,941	12,638	-5.5%
Pupil transportation	48,536	46,684	4.0%	48,425	46,512	4.1%
Operations	22,577	22,032	2.5%	22,507	21,850	3.0%
Utilities	24,290	25,175	-3.5%	24,290	25,175	-3.5%
Maintenance	24,404	24,432	-0.1%	24,404	24,432	-0.1%
Central business services	45,069	45,021	0.1%	44,840	43,979	2.0%
Reimbursement to County for debt service	60,790	59,566	2.1%	60,790	59,566	2.1%
Food service	30,950	30,459	1.6%	887	(2,314)	-138.3%
Community service operations	866	1,132	-23.5%	(161)	199	-180.9%
<b>Total support services</b>	<u>289,464</u>	<u>287,063</u>	0.8%	<u>257,805</u>	<u>251,834</u>	2.4%
<b>Total expenses</b>	<u>\$ 879,013</u>	<u>\$ 879,594</u>	-0.1%	<u>\$ 748,114</u>	<u>\$ 748,946</u>	-0.1%

- The cost of all governmental activities was \$879,013.
- The net cost of governmental activities was \$748,114.
- The amount the citizens of Prince William County paid for these activities through County taxes was \$409,530. Additional revenue from Prince William County consisted of bond sales and proffers in the amount of \$82,585 and \$9,263, respectively.
- The Commonwealth of Virginia contributed general revenue of \$282,247.
- The Federal Government contributed general revenue of \$39,305.
- Some of the other costs were paid for by:
  - Users who benefited from the programs: \$21,691.
  - Total Grants and Contributions: \$109,208.
  - Other payments: \$6,512.
- There are several significant activity changes in the net cost of services:
  - Curricular and staff development decreased for changes in the FY 2010 Approved budget.
  - Pupil transportation increased as a result of the significant increase in students for the fiscal year.
  - Operations increased due to additional snow removal requirements and increased salary expenses.

- Utilities decreased for energy efficiencies and green initiatives implemented during the fiscal year.
- Reimbursement to the County for debt service increased as a result of additional bond sales during the fiscal year.
- Food Service net costs increased due to a decrease in revenue from the state based on a mandate that allows for no more than an accumulated fund balance of three months of operating costs in the Food Services fund and increases in salary costs and food costs for FY 2010.
- 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 100.0% to \$313, while expenses increased 100.0% to \$11. Factors contributing to these results include:

- The transfer of administration of the School Age Child Care program and a portion of the fund balance from the County to the school division during the fiscal year.

### **Financial Analysis of the District's Funds**

Information about PWCS' major funds begins on page 31. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$956,955 and expenditures of \$931,652. The net change in fund balance was most significant in the General Fund amounting to an increase of \$13,102. This increase is primarily due to a decrease in transfers out to the Construction Fund for the fiscal year.

The Construction Fund net increase in fund balance of \$10,453 resulting from a decrease in regular instruction expenditures and a decrease in reimbursements to the County for debt service in comparison to FY 2009. The decrease in fund balance in Other Governmental Funds of \$252 is primarily attributable to reduced federal funding in the Food Services fund.

### **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 2010, PWCS amended its General Fund budget as follows:

- Amended appropriation of \$21,569 to reflect the carryover of encumbrances from FY 2009 to FY 2010.
- Amended appropriation of \$14,165 to reflect the carryover of encumbrances from FY 2010 to FY 2011.
- Supplemental appropriations totaled \$14,972; of which \$10,302 related to the carryover of unencumbered FY 2009 budget and appropriations and \$4,670 increases in additional Federal, State and local grants and additional State aid due to a higher student population than originally projected in the budget.
- After the final close of the fiscal year, the County determines the actual revenues for the year (FY 2010). 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 \$1,749. In addition, the supplemental appropriation includes a return of fund balance excess of \$1,838.

PWCS' final budget for the General Fund anticipated that expenses, including transfers, would exceed revenues by roughly \$33,138. The actual results for the year show an excess of \$13,102. The excess of \$13,102 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 2010, PWCS had \$973,667 invested in equipment, land, buildings, and construction in progress in governmental-type activities. The following table shows FY 2010 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.

<b>Capital Assets</b> (net of accumulated depreciation) (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Reporting Entity</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land	\$ 64,010	59,863	-	-	64,010	59,863
Construction in progress	101,143	50,124	-	-	101,143	50,124
Depreciable capital assets	808,514	807,242	-	-	808,514	807,242
<b>Total</b>	<b>\$ 973,667</b>	<b>917,229</b>	<b>-</b>	<b>-</b>	<b>973,667</b>	<b>917,229</b>

### Major capital asset additions for FY 2010 included:

- Additional land acquisition at 8613 Linton Hall Road related to the construction of Linton Hall Road Elementary School
- Completed renovations at:
  - Coles Elementary School
  - Enterprise Elementary School
  - Neabsco Elementary School
  - Sinclair Elementary School
  - West Gate Elementary School
- Continued major renovations at:
  - Triangle Elementary School
  - Godwin Middle School
  - Rippon Middle School
- Purchase of 1 school bus.
- Replacement of 2 trucks.

### The following major capital projects are included in PWCS' FY 2011 capital budget:

- T. Clay Wood Elementary School
- Linton Hall Road Elementary School
- Patriot High School
- Middle School at Silver Lake
- Upgrade of PWCS' student information system
- Ongoing implementation of an institutional technology network, I-Net.

Funding for the FY 2011 capital projects includes a general fund transfer of \$1,213 and \$49,735 to be financed by

the County through the sale of General Obligation bonds to the Virginia Public School Authority (VPSA) in the spring of 2011.

### 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 Government 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, 2010, the County is liable for \$582,200 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2010, outstanding long-term debt increased by a net \$46,636 consisting of:

- \$35,744 in debt principal retired during the fiscal year;
- \$80,380 new debt issued during FY 2010:
  - \$80,380 in sale of general obligation bonds to the VPSA;
  - In addition, a bond premium of \$2,205 was realized on the sale of the VPSA bonds, bringing the total funds available from the sale to \$82,585;

The Approved School Board budget for FY 2011 provides funding for \$58,128 to support the payment of debt service by the County. The budgeted debt service payments support the budgeted sale of \$49,375 in new bonds to support school capital projects, as detailed in the FY 2011 – 2020 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.

<b>Outstanding Long-Term Debt</b>						
(Incurred by Prince William County on behalf of PWCS)						
(amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Reporting Entity</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General Obligation Bonds *	\$ 576,826	531,815	-	-	576,826	531,815
Literary Loans	3,374	3,749	-	-	3,374	3,749
<b>Total</b>	<b>\$ 580,200</b>	<b>535,564</b>	<b>-</b>	<b>-</b>	<b>580,200</b>	<b>535,564</b>

\*Includes G.O. Bonds 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. AAA is the highest rating awarded by a credit rating agency and certifies the County's sound, consistent, and excellent financial management practices. The County is among a very select group of jurisdictions nationwide which carry AAA bond rating. In addition, as a result of the default rate on bonds issued by local governments being lower than nongovernmental entities, Moody's Investors Service ("Moody's") performed a recalibration of ratings. The

County's rating by Moodys increased from "Aa1" to "Aaa".

**Factors influencing future budgets:**

The FY 2011 budget provides funding for the following significant costs:

- Funding for current programs to support an increase of 3,564 students.
- Funding to support the capital projects included in the FY 2011 – 2020 CIP.

At the time these financial statements were prepared and audited, 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, 2010 was 79,115. This represents an increase of 2,459 students for a growth rate in excess of 3.2%. The student membership was 807 students above the 78,308 projected in the FY 2011 Approved Budget which translates to an estimated increase of \$8,100 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.
- In FY 2010 and FY 2011 the Division was awarded State Fiscal Stabilization funds (SFSF) through the American Recovery and Reinvestment Act (ARRA). In addition to the SFSF funding, the ARRA awarded amounts to Title I, Title VI-B, and other smaller grants. The expectation was that the Division would receive \$24.5 million in SFSF funding in FY 2010 and then a smaller amount in FY2011, estimated at approximately two-thirds of funding received in FY 2010. Instead, a portion of the FY 2011 funding amounts was used to make up the State basic aid shortfalls in FY 2010 and will be used for the same purpose in FY 2011. From the funding amounts the Division expected to receive in FY 2011 \$14.7 million was used to "back fill" the FY 2010 shortfall and \$8.6 million will be used to shore up the FY 2011 basic aid amounts. While the funding shift helped the State make its obligations, the funds were not utilized as *additional* amounts at the Division level. The future impact of this funding shift is that the State will have to find other additional sources to support basic aid in FY 2012 and future budgets.
- FY 2011 is the first year of the biennial budget process for the Commonwealth of Virginia. The budget for FY 2011 may be impacted by a number of significant changes including:
  - Updated student enrollment projections,
  - Continued updating of rates for the Virginia Retirement System, and
  - Programmatic changes are not likely to be significant in the second year of the biennium.
- Starting in FY 2010, the State has placed a funding cap on certain support staff positions. The reduction to the related revenue stream is approximately \$32,500 and impacts an estimated 844 positions within PWCS.

- 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 has helped the State and local school divisions balance their FY 2011 budgets, it has also 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 have already been set for FY 2012, increasing by 1.3% of covered payroll which results in a 13.7% increase in costs. In FY 2013, there should be an increased VRS contribution rate to get back to levels required to fund the VRS trust. There should also be a payment to replenish the VRS trust for the two year deferral. The requirement for both the State budget and local school division budgets to bear the contribution rate increase is will be challenging.
- Revenue receipts for the first quarter at the State level are a bit under forecast but greater than last year first quarter receipts. While there is no expectation that substantial adjustments in the State budget that took place in FY 2010 will occur in FY 2011, FY 2011 is still potentially problematic. On October 21, 2010, the Governor asked all State agencies to produce 2%, 4%, and 6% budget reduction scenarios for the coming fiscal year.
- The change in the local composite index (LCI) for the coming biennium will have 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 to share of State education dollars to be received by PWCS.
- The County has indicated that FY 2011 revenues are currently tracking just over 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 2011 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 has continued with real estate tax rates increasing to \$1.212 for FY 2010 and then again to \$1.236 in FY 2011. During the current calendar year the value of housing has increased. 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/>.

# Basic Financial Statements



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**Prince William County Public Schools**  
**Statement of Net Assets**  
**As of June 30, 2010**

**Exhibit 1**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Reporting Entity</b>
<b>ASSETS</b>			
Equity in cash and pooled investments	\$ 218,621,609	308,514	218,930,123
Accounts receivable and other current assets	1,216,285	114	1,216,399
Due from other governmental units	25,893,476	-	25,893,476
Inventory	2,779,554	-	2,779,554
Prepays	2,676,729	-	2,676,729
Deposits	500,000	-	500,000
Restricted assets:			
Restricted cash	88,346,936	-	88,346,936
Capital assets:			
Land	64,009,639	-	64,009,639
Construction in progress	101,142,822	-	101,142,822
Depreciable capital assets	1,101,725,448	-	1,101,725,448
Less: accumulated depreciation	(293,210,730)	-	(293,210,730)
<i>Total assets</i>	<u>1,313,701,768</u>	<u>308,628</u>	<u>1,314,010,396</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	6,220,815	6,842	6,227,657
Salaries payable and withholdings	79,044,894	-	79,044,894
Due to other governmental units	889,612	-	889,612
Retainage	3,857,734	-	3,857,734
Unearned revenue	6,661,877	-	6,661,877
Long-term liabilities:			
Due within one year	15,691,847	-	15,691,847
Due in more than one year	20,633,524	-	20,633,524
<i>Total liabilities</i>	<u>133,000,303</u>	<u>6,842</u>	<u>133,007,145</u>
<b>NET ASSETS</b>			
Invested in capital assets	973,667,179	-	973,667,179
Restricted for:			
Capital projects	88,346,936	-	88,346,936
Unrestricted	118,687,350	301,786	118,989,136
<i>Total net assets</i>	<u>\$ 1,180,701,465</u>	<u>301,786</u>	<u>1,181,003,251</u>

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

Prince William County Public Schools  
Statement of Activities  
For the Year Ended June 30, 2010

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
<b>Governmental activities:</b>							
Instruction:							
Regular	\$ 434,441,550	1,287,225	40,156,515	98,863	(392,898,947)	-	(392,898,947)
Special	94,104,784	150,780	51,874,286	-	(42,079,718)	-	(42,079,718)
Other	8,240,730	1,690,473	3,981,799	-	(2,568,458)	-	(2,568,458)
Instructional leadership	52,761,778	-	-	-	(52,761,778)	-	(52,761,778)
<b>Total instruction</b>	<b>589,548,842</b>	<b>3,128,478</b>	<b>96,012,600</b>	<b>98,863</b>	<b>(490,308,901)</b>	<b>-</b>	<b>(490,308,901)</b>
Support services:							
General administration	8,771,062	-	-	-	(8,771,062)	-	(8,771,062)
Student services	11,139,490	-	28,647	-	(11,110,843)	-	(11,110,843)
Curricular/staff development	12,071,794	47,970	83,226	-	(11,940,598)	-	(11,940,598)
Pupil transportation	48,535,505	110,516	-	-	(48,424,989)	-	(48,424,989)
Operations	22,576,643	69,720	-	-	(22,506,923)	-	(22,506,923)
Utilities	24,289,723	-	-	-	(24,289,723)	-	(24,289,723)
Maintenance	24,404,024	-	-	-	(24,404,024)	-	(24,404,024)
Central business services	45,069,044	228,798	-	-	(44,840,246)	-	(44,840,246)
Reimbursement to County for debt service	60,790,224	-	-	-	(60,790,224)	-	(60,790,224)
Food service	30,950,190	17,078,732	12,984,249	-	(887,209)	-	(887,209)
Community service operations	866,000	1,027,142	-	-	161,142	-	161,142
<b>Total support services</b>	<b>289,463,699</b>	<b>18,562,878</b>	<b>13,096,122</b>	<b>-</b>	<b>(257,804,699)</b>	<b>-</b>	<b>(257,804,699)</b>
<b>Total governmental activities</b>	<b>879,012,541</b>	<b>21,691,356</b>	<b>109,108,722</b>	<b>98,863</b>	<b>(748,113,600)</b>	<b>-</b>	<b>(748,113,600)</b>
<b>Business-type activities:</b>							
School Age Child Care	10,818	-	311,570	-	-	300,752	300,752
<b>Total Reporting Entity</b>	<b>\$ 879,023,359</b>	<b>21,691,356</b>	<b>109,420,292</b>	<b>98,863</b>	<b>(748,113,600)</b>	<b>300,752</b>	<b>(747,812,848)</b>
<b>General revenues:</b>							
Grants and contributions not restricted to specific programs							
Federal					39,305,234	-	39,305,234
State					282,246,649	-	282,246,649
County					501,378,389	-	501,378,389
Unrestricted investment earnings					4,791,693	1,034	4,792,727
Miscellaneous revenues					1,720,168	-	1,720,168
<b>Total general revenues</b>					<b>829,442,133</b>	<b>1,034</b>	<b>829,443,167</b>
Change in net assets					81,328,533	301,786	81,630,319
Net assets, beginning of year					1,099,372,932	-	1,099,372,932
Net assets, end of year					<b>\$ 1,180,701,465</b>	<b>301,786</b>	<b>1,181,003,251</b>

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

**Prince William County Public Schools**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2010**

**Exhibit 3**

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity in cash and pooled investments	\$ 128,341,845	47,959,364	12,160,771	188,461,980
Restricted cash	-	88,346,936	-	88,346,936
Accounts receivable	267,610	161,156	693,478	1,122,244
Due from other funds	300,455	-	-	300,455
Due from other governmental units	24,863,597	-	1,024,261	25,887,858
Inventory	837,361	-	996,227	1,833,588
Total assets	<u>154,610,868</u>	<u>136,467,456</u>	<u>14,874,737</u>	<u>305,953,061</u>
<b>LIABILITIES and FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	3,738,417	771,848	720,773	5,231,038
Salaries payable and withholdings	78,427,812	31,001	585,904	79,044,717
Retainage payable	-	3,857,734	-	3,857,734
Deferred revenue	3,587,151	-	-	3,587,151
Unearned revenue	767,586	-	605,136	1,372,722
Total liabilities	<u>86,520,966</u>	<u>4,660,583</u>	<u>1,911,813</u>	<u>93,093,362</u>
Fund balances:				
Reserved for:				
Inventory	837,361	-	996,227	1,833,588
Unreserved, reported in:				
General Fund:				
Designated for encumbrances	14,164,775	-	-	14,164,775
Designated for future years' expenditures	36,890,462	-	-	36,890,462
Designated for grants and special projects	387,738	-	-	387,738
Undesignated	15,809,566	-	-	15,809,566
Capital Projects:				
Designated for encumbrances	-	84,816,029	-	84,816,029
Designated for future years' expenditures	-	46,101,232	-	46,101,232
Designated for payments to PWC for arbitrage rebate	-	889,612	-	889,612
Nonmajor Special Revenue Funds:				
Designated for encumbrances	-	-	56,345	56,345
Designated for future years' expenditures	-	-	702,921	702,921
Undesignated	-	-	11,207,431	11,207,431
Total fund balances	<u>68,089,902</u>	<u>131,806,873</u>	<u>12,962,924</u>	<u>212,859,699</u>
Total liabilities and fund balances	<u>\$ 154,610,868</u>	<u>136,467,456</u>	<u>14,874,737</u>	<u>305,953,061</u>

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

**Prince William County Public Schools**  
**Reconciliation of the Balance Sheet of the Governmental Funds**  
**to the Statement of Net Assets**  
**As of June 30, 2010**

**Exhibit 4**

**Total fund balances - governmental funds** \$ 212,859,699

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	101,142,822	
Library books	3,490,870	
Buildings and improvements	1,000,151,181	
Equipment	27,792,453	
Vehicles	70,290,944	
Total capital assets	1,266,877,909	
Accumulated depreciation	(293,210,730)	973,667,179

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 (889,612)

Certain revenues are measurable but not available to pay for current period expenditures and, therefore, are reported in the funds as deferred revenue. 3,587,151

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

Compensated absences	(26,849,465)	
Pollution remediation	(566,560)	(27,416,025)

Net Assets of internal service funds. 16,216,344

**Net assets - governmental activities** \$ 1,180,701,465

**Prince William County Public Schools**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

**Exhibit 5**

	<b>General Fund</b>	<b>Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ 2,496,246	2,020,792	450,653	4,967,691
Use of property	-	-	1,027,142	1,027,142
Charges for services	3,547,819	-	17,045,179	20,592,998
Intergovernmental:				
Federal	71,811,503	-	12,147,494	83,958,997
State	345,862,885	-	489,696	346,352,581
County	405,968,293	91,848,184	-	497,816,477
Miscellaneous	1,858,171	-	381,102	2,239,273
Total revenues	<u>831,544,917</u>	<u>93,868,976</u>	<u>31,541,266</u>	<u>956,955,159</u>
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	406,691,671	5,797,860	-	412,489,531
Special instruction	93,425,959	-	-	93,425,959
Other instruction	8,201,373	-	-	8,201,373
Instructional leadership	52,761,778	-	-	52,761,778
General administration	7,507,572	-	-	7,507,572
Student services	11,060,304	-	-	11,060,304
Curricular/staff development	12,026,623	-	-	12,026,623
Pupil transportation	43,389,879	-	-	43,389,879
Operations	22,389,287	-	-	22,389,287
Utilities	24,289,723	-	-	24,289,723
Maintenance	24,771,741	-	-	24,771,741
Central business services	44,254,060	-	-	44,254,060
Community service operations	-	-	866,000	866,000
Food services	-	-	30,926,759	30,926,759
Reimbursement to the County for debt service	60,757,117	95,930	-	60,853,047
Capital outlay	-	82,438,342	-	82,438,342
Total expenditures	<u>811,527,087</u>	<u>88,332,132</u>	<u>31,792,759</u>	<u>931,651,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,017,830</u>	<u>5,536,844</u>	<u>(251,493)</u>	<u>25,303,181</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS IN:				
General fund	-	5,915,930	-	5,915,930
Construction fund	1,000,000	-	-	1,000,000
TRANSFERS OUT:				
General fund	-	(1,000,000)	-	(1,000,000)
Construction fund	(5,915,930)	-	-	(5,915,930)
Health Insurance fund	(2,000,000)	-	-	(2,000,000)
Total other financing sources (uses), net	<u>(6,915,930)</u>	<u>4,915,930</u>	<u>-</u>	<u>(2,000,000)</u>
Net change in fund balances	13,101,900	10,452,774	(251,493)	23,303,181
<b>FUND BALANCES, beginning of year</b>	<u>54,988,002</u>	<u>121,354,099</u>	<u>13,214,417</u>	<u>189,556,518</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 68,089,902</u>	<u>131,806,873</u>	<u>12,962,924</u>	<u>212,859,699</u>

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

**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, 2010**

**Exhibit 6**

<b>Total net change in fund balances - total governmental funds</b>	<b>\$ 23,303,181</b>
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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.	3,385,915
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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	\$ 85,245,684	
Depreciation expense	<u>(27,946,587)</u>	57,299,097

The net effect of various transactions including disposal of capital assets.	(860,430)
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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	62,823
Compensated absences	(720,767)
Other postemployment benefits	34,881
Pollution remediation	439,814

Activities of Internal Service Funds that serve governmental activities	<u>(1,615,981)</u>
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<b>Change in net assets of governmental activities</b>	<b><u><u>\$ 81,328,533</u></u></b>
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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, 2010

Exhibit 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ -	-	2,496,246	2,496,246
Charges for services	1,838,654	3,201,372	3,547,819	346,447
Intergovernmental:				
Federal	60,495,023	78,584,089	71,811,503	(6,772,586)
State	361,192,913	343,758,195	345,862,885	2,104,690
County	407,833,705	408,256,097	405,968,293	(2,287,804)
Miscellaneous	40,077	1,628,303	1,858,171	229,868
Total revenues	831,400,372	835,428,056	831,544,917	(3,883,139)
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	417,048,141	426,400,529	406,691,671	19,708,858
Special instruction	98,153,363	100,148,016	93,425,959	6,722,057
Other instruction	8,297,834	9,186,855	8,201,373	985,482
Instructional leadership	55,892,357	58,476,365	52,761,778	5,714,587
General administration	8,011,360	8,316,012	7,507,572	808,440
Student services	11,237,355	11,299,124	11,060,304	238,820
Curricular/staff development	10,525,590	12,837,427	12,026,623	810,804
Pupil transportation	42,690,975	42,035,282	43,389,879	(1,354,597)
Operations	20,378,907	20,407,538	22,389,287	(1,981,749)
Utilities	33,658,471	32,387,040	24,289,723	8,097,317
Maintenance	26,848,397	26,122,352	24,771,741	1,350,611
Central business services	47,024,948	52,729,725	44,254,060	8,475,665
Reimbursement to the County for debt service	61,400,058	61,400,058	60,757,117	642,941
Total expenditures	841,167,756	861,746,323	811,527,087	50,219,236
Excess (deficiency) of revenues over (under) expenditures	(9,767,384)	(26,318,267)	20,017,830	46,336,097
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS IN:				
Construction fund	1,000,000	1,000,000	1,000,000	-
TRANSFERS OUT:				
Construction fund	(6,126,000)	(5,820,000)	(5,915,930)	(95,930)
Health Insurance fund	-	(2,000,000)	(2,000,000)	-
Total other financing uses, net	(5,126,000)	(6,820,000)	(6,915,930)	(95,930)
Net change in fund balance	(14,893,384)	(33,138,267)	13,101,900	46,240,167
<b>FUND BALANCE, beginning of year</b>	54,988,002	54,988,002	54,988,002	-
<b>FUND BALANCE, end of year</b>	\$ 40,094,618	21,849,735	68,089,902	46,240,167

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



**Prince William County Public Schools**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**As of June 30, 2010**

**Exhibit 8**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities -</b>
	<b>School Age Child Care</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>		
Current assets:		
Equity in cash and pooled investments	\$ 308,514	30,159,629
Accounts receivable and other current assets	114	94,041
Due from other governmental units	-	5,618
Inventory	-	945,966
Deposits	-	500,000
Total current assets	<u>308,628</u>	<u>31,705,254</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	6,842	989,777
Salaries payable and withholdings	-	177
Unearned revenue	-	5,289,155
Due to other funds	-	300,455
Incurred but not reported claims	-	7,001,748
Total current liabilities	<u>6,842</u>	<u>13,581,312</u>
Noncurrent liabilities:		
Incurred but not reported claims	-	1,907,598
Total liabilities	<u>6,842</u>	<u>15,488,910</u>
<b>NET ASSETS</b>		
Unrestricted	<u>\$ 301,786</u>	<u>16,216,344</u>

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

**Prince William County Public Schools**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

**Exhibit 9**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities -</b>
	<b>School Age Child Care</b>	<b>Internal Service Funds</b>
<b>Operating Revenues:</b>		
Charges for services	\$ -	67,456,750
Total operating revenues	-	67,456,750
<b>Operating Expenses:</b>		
Personnel services	-	869,888
Materials/supplies	7,756	77,468
Administrative costs	-	3,283,333
Professional services	3,062	-
Premiums	-	5,600,838
Claims and benefits paid	-	55,380,227
Losses and unallocated loss adjustment	-	2,049,584
Cost of goods sold	-	4,896,299
Total operating expenses	10,818	72,157,637
Operating loss	(10,818)	(4,700,887)
<b>Non-Operating Revenues:</b>		
Interest and miscellaneous	1,034	1,084,906
Loss before contributions and transfers	(9,784)	(3,615,981)
Contribution from Prince William County	311,570	-
Transfers In	-	2,000,000
Change in net assets	301,786	(1,615,981)
<b>Net Assets, beginning of year</b>	-	17,832,325
<b>Net Assets, end of year</b>	\$ 301,786	16,216,344

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

**Prince William County Public Schools**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

**Exhibit 10**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities -</b>
	<b>School Age Child Care</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers and users	\$ -	68,004,668
Payments to suppliers for goods and services	(3,976)	(70,400,094)
Payments to employees	-	(869,711)
Net cash used by operating activities	<u>(3,976)</u>	<u>(3,265,137)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>		
Contribution from Prince William County	311,570	-
Advances from other funds	-	17,802
Transfers from other funds	-	2,000,000
Net cash provided by non-capital financing activities	<u>311,570</u>	<u>2,017,802</u>
<b>Cash Flows from Investing Activities:</b>		
Interest received from investments	<u>920</u>	<u>1,167,544</u>
Net increase (decrease) in equity in cash and pooled investments	308,514	(79,791)
Equity in cash and pooled investments, beginning of year	-	30,239,420
Equity in cash and pooled investments, end of year	<u>\$ 308,514</u>	<u>30,159,629</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>		
Operating Loss	\$ (10,818)	(4,700,887)
Adjustments to reconcile operating loss to net cash used by operating activities		
Change in assets and liabilities:		
Decrease in accounts receivable	-	2,103
(Increase) in due from other governmental units	-	(5,618)
Decrease in inventory	-	47,946
Increase in unearned revenue	-	551,433
Increase (decrease) in accounts payable and accrued liabilities	6,842	(202,752)
Increase in salaries payable and withholdings	-	177
Increase in incurred but not reported claims	-	1,042,461
Net cash used by operating activities	<u>\$ (3,976)</u>	<u>(3,265,137)</u>

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

**Prince William County Public Schools  
Statement of Assets and Liabilities  
Agency Funds  
As of June 30, 2010**

**Exhibit 11**

	<u><b>Agency Funds</b></u>
<b>Assets</b>	
Cash and pooled investments	\$ 9,295,387
Due from other governmental units	<u>2,606,720</u>
Total assets	<u><u>11,902,107</u></u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	<u><u>\$ 11,902,107</u></u>

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

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**Prince William County Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2010**

***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 76,656 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, 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.

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 the 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 \$88,346,936 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 for 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

31.4% at June 30, 2010. 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 by a fund balance reserve, 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
Computer Software	3-5
Library books	5

### **Compensated absences**

It is PWCS' policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. 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, or legally obligates itself to commence, cleanup activities for asbestos abatement upon entering into a contract to assess and commence work. 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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management plans that are subject to change. Fund balances in the governmental funds are reserved for inventories to indicate the amounts are not available for other expenditures.

### **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 designations of fund balance, since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by County Board resolution.

### **Construction commitments**

At June 30, 2010 PWCS had contractual commitments of \$84,816,029 in the Construction fund for construction of various projects.

## **E. Governmental Accounting Standards Board (GASB) pronouncements**

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

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for periods beginning after June 15, 2010. PWCS is in the process of completing their assessment of GASB Statement No. 54. PWCS is prepared to implement this statement during the next fiscal year.

GASB Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* to address the issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. This statement is effective for periods beginning after June 15, 2011. PWCS is prepared to implement this statement during the next fiscal year.

GASB Statement No. 59 *Financial Instruments Omnibus*. This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement is effective for periods beginning after June 15, 2010. PWCS is in the process of completing their assessment of GASB Statement No. 59, and does not believe the implementation will have a material impact on the financial statements of the Schools.

## **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 agency 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, 2010, expenditures exceeded appropriations in the General Fund for Pupil transportation and Operations. Excess budget in other functions covered the shortfall in the aforementioned functional areas.

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

Receivables and due from other governments at June 30, 2010 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	\$ 267,610	161,156	693,478	94,041	114	-	1,216,399
Federal	10,229,467	-	1,024,261	5,618	-	-	11,259,346
State	11,046,979	-	-	-	-	-	11,046,979
County	3,587,151	-	-	-	-	-	3,587,151
Other localities	-	-	-	-	-	2,606,720	2,606,720
Total	\$ 25,131,207	161,156	1,717,739	99,659	114	2,606,720	29,716,595

Amounts due from the Federal government in the General Fund are attributed primarily to Titles VI B, I, II, and State Fiscal Stabilization Funding (SFSF) grants. Titles I and II programs enhance instruction and train and recruit teachers while Title VI B helps provide special education and related services. SFSF funds have been provided by the Federal government, through the American Recovery and Reinvestment Act, to help stabilize state and local government budgets in order to minimize and avoid reductions in education and other essential public 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, 2010, deferred revenue is recorded in the General Fund for the additional County revenue for PWCS' share of the FY 2010 revenues that exceeded the original FY 2010 revenue projections which amounts to \$1,749,151. There was also an additional \$1,838,000 in deferred revenue in the General Fund for a return of excess fund balance from the County.

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Internal service funds also defer revenue recognition in connection with resources received, but not earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental and internal service funds were as follows:

	Unearned
Food Service Fund – USDA commodities and other unearned revenue	\$ 605,136
General Fund – prepaid tuition or fees and other unearned revenue	767,586
Governmental Funds	1,372,722
Health Insurance Fund (internal service fund) – prepaid health insurance premium	5,289,155
Total	\$ 6,661,877

#### Note 4 – Interfund transfers

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

Transfers In:			
	General Fund	Construction Fund	Health Insurance Fund
<b>Transfers Out:</b>			
General Fund	\$ -	5,915,930	2,000,000
Construction Fund	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,000,000</u>	<u>5,915,930</u>	<u>2,000,000</u>

Interfund transfers are generally made for the purpose of providing operational support to the receiving fund. The General Fund transfer of \$5,915,930 to the Construction Fund represents funds required for building, maintenance, classroom equipment, and facility modifications. The General Fund transfer of \$2,000,000 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, and literary debt 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, 2010 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, 2010 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	\$ 26,128,698	8,454,272	(7,733,505)	26,849,465	8,123,539

##### 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 and long-term 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, 2010 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	\$ 1,006,374	573,158	1,012,972	566,560	566,560

#### **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, 2010 PWCS incurred \$55,604,374 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, 2008	\$ 5,797,443	2,106,220
Incurring Claims	55,908,232	1,340,345
Claims Paid	(55,934,720)	(1,350,635)
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

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	\$5,995,102	1,006,646	8,123,539	566,560	15,691,847
Due in more than one year	-	1,907,598	18,725,926	-	20,633,524
Total	<u>\$5,995,102</u>	<u>2,914,244</u>	<u>26,849,465</u>	<u>566,560</u>	<u>36,325,371</u>

#### Note 7 – Capital assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 59,862,969	4,146,670	-	64,009,639
Construction in Progress	<u>50,123,628</u>	<u>78,054,404</u>	<u>(27,035,210)</u>	<u>101,142,822</u>
Total capital assets, not being depreciated	<u>109,986,597</u>	<u>82,201,074</u>	<u>(27,035,210)</u>	<u>165,152,461</u>
Capital assets, being depreciated:				
Buildings and improvements	974,784,599	27,043,030	(1,676,448)	1,000,151,181
Library books	3,795,800	671,735	(976,665)	3,490,870
Equipment	25,863,762	2,094,318	(165,627)	27,792,453
Vehicles	<u>70,671,603</u>	<u>278,557</u>	<u>(659,216)</u>	<u>70,290,944</u>
Total capital assets being depreciated	<u>1,075,115,764</u>	<u>30,087,640</u>	<u>(3,477,956)</u>	<u>1,101,725,448</u>
Less accumulated depreciation for:				
Buildings and improvements	221,643,684	19,978,104	(837,046)	240,784,742
Library books	2,382,254	698,174	(976,665)	2,103,763
Equipment	9,806,518	2,197,858	(144,282)	11,860,094
Vehicles	<u>34,041,393</u>	<u>5,072,451</u>	<u>(651,713)</u>	<u>38,462,131</u>
Total accumulated depreciation	<u>267,873,849</u>	<u>27,946,587</u>	<u>(2,609,706)</u>	<u>293,210,730</u>
Total capital assets, being depreciated, net	<u>807,241,915</u>			<u>808,514,718</u>
Capital assets, net	<u>\$917,228,512</u>			<u>973,667,179</u>



Depreciation expense was charged to functions/programs as follows:

Instruction	
Regular	\$20,109,548
Special	167,813
Other	23,972
Support Services	
General administration	976,103
Student services	9,063
Curricular/staff development	8,652
Pupil transportation	5,341,059
Operations	51,845
Maintenance	89,636
Central business services	1,145,465
Food service	23,431
Total depreciation expense	<u>\$27,946,587</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. The system 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 must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service or at age 50 with 30 years of service, payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00 percent per year. AFC is defined as the highest consecutive 36 months of reported compensation. 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.

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 to VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500 or by download from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf>.

**Funding policy:**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. 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 the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. PWCS' non-professional contribution rate for the fiscal year ended 2010 was 13.30% of annual covered payroll. The professional employer and employee contributions to the VRS for the three years ended June 30, 2010, 2009, and 2008 were \$49,261,400, \$56,889,753, and \$60,555,320, respectively, and were equal to the required contributions for each year. The contribution rates for the professional group were; 5% employee, 8.81% employer for the first nine months and 0% for the last three months of the fiscal year, 5% employee, 8.81% employer, 5% employee, 10.3% employer and, respectively for the years 2010, 2009, and 2008.

**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, 2010, PWCS' annual pension cost of \$6,577,090 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, 2008	\$ 4,012,420	\$ 2,455,582	100%	\$ -
June 30, 2009	4,122,811	2,483,621	100	-
June 30, 2010	4,104,500	2,472,590	100	-

The required contribution was determined as part of an actuarial valuation performed as of June 30, 2007, using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 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 (c) a cost-of-living adjustment of 2.50% per year. Both (a) and (b) 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, 2007 was 20 years.

**Funding status and funding progress:**

As of June 30, 2009, the most recent actuarial valuation date, the non-professional agent multiple-employer retirement plan was 91.80% funded. The actuarial accrued liability for benefits was \$126,869,954 and the actuarial value of assets was \$116,465,974 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,403,979. The covered payroll (annual payroll of active employees covered by the plan) for the fiscal year ended June 30, 2009 was \$49,331,503, and the ratio of the UAAL to covered payroll was 21.09%.

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

**B. VRS Health Insurance Credit****Plan description:**

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 1,720 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, 2010, the contribution made by PWCS was \$3,421,811. 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, 2010 was .43% 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, 2007 using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% 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, 2009 was 27 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, 2010 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, 2008	\$ 5,102,228	100%	\$ -
June 30, 2009	4,580,419	100	-
June 30, 2010	3,421,811	100	-

**Funding status and funding progress:**

As of June 30, 2009, the most recent actuarial valuation date, the VRS health insurance credit program was 32.3% funded. The actuarial accrued liability for benefits was \$1,401,970 and the actuarial value of assets was \$452,820, resulting in an unfunded actuarial accrued liability (UAAL) of \$949,150. The covered payroll for the fiscal year ended June 30, 2009 was \$49,331,503 and the ratio of the UAAL to covered payroll was 1.9%.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, present multiyear trend information about whether the actuarial 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 2010 was \$8,983,917. 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, 2010 (in thousands):

<b>Summary of Fiduciary Net Assets As of June 30, 2010</b>				
	<b>County</b>	<b>Park Authority</b>	<b>PWCS</b>	<b>Total OPEB Master Trust Fund</b>
<b>ASSETS</b>				
Restricted cash	\$ 1	1	1	3
Money market mutual funds	10,311	434	7,071	17,816
Total assets	10,312	435	7,072	17,819
<b>LIABILITIES</b>				
Accounts payable	2,428	27	-	2,455
Total liabilities	2,428	27	-	2,455
<b>NET ASSETS</b>				
Held in trust for other post employment benefits	\$ 7,884	408	7,072	15,364

The following is a summary of changes in fiduciary net assets of the OPEB Master Trust for the year ended June 30, 2010 (in thousands):

<b>Summary of Changes in Fiduciary Net Assets For the Year Ended June 30, 2010</b>				
	<b>County</b>	<b>Park Authority</b>	<b>PWCS</b>	<b>Total OPEB Master Trust Fund</b>
<b>ADDITIONS</b>				
Employer contributions	\$ 4,304	157	2,000	6,461
Net investment income	120	5	72	197
Total Additions	4,424	162	2,072	6,658
<b>DEDUCTIONS</b>				
Other post employment benefit payments	2,428	27	-	2,455
Total Deductions	2,428	27	-	2,455
Change in net assets	1,996	135	2,072	4,203
<b>NET ASSETS, beginning of year</b>	5,888	273	5,000	11,161
<b>NET ASSETS, end of year</b>	<b>\$ 7,884</b>	<b>408</b>	<b>7,072</b>	<b>15,364</b>

As of July 1, 2008, the latest actuarial valuation date, membership in the OPEB Master Trust for PWCS' Retiree Health Insurance Premium Plan is as follows:

Active Plan Members	10,214
Retirees and beneficiaries receiving benefits	486
Terminated plan members entitled to but not yet receiving benefits	-

**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, 2010, all Trust funds were invested in the Local Government Investment Pool (LGIP).

## **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, 2010 is 453.

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, 2010 is 197.

### **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 \$2,000,000 to the OPEB Master Trust Fund to fund the current year liability. Plan members received \$6,146,930 in benefits and contributed \$3,068,119 in premiums, resulting in net benefits paid by the School Board of \$3,078,811 for the year ended June 30, 2010.

### **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	\$ 5,064,760
Interest on net OPEB obligation	(184,929)
Adjustment to annual required contribution	164,099
Annual OPEB cost (expense)	5,043,930
Employer contributions:	
To OPEB Master Trust	(2,000,000)
Subsidies paid under Plan on behalf of retirees	(3,078,811)
Total Employer contributions	(5,078,811)
Increase (decrease) in net OPEB (asset) obligation	(34,881)
Net OPEB (asset) obligation, beginning of year	(2,641,848)
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, 2010 were as follows:

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
June 30, 2008	\$ 3,542,000	52.6%	\$ 1,677,000
June 30, 2009	5,034,454	185.8	(2,641,848)
June 30, 2010	5,043,930	100.7	(2,676,729)

**Funded status and funding progress:**

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0 percent funded. For the year ended June 30, 2010, the estimated actuarial accrued liability for benefits was \$43,440,851, and the actuarial value of assets was \$ 7,350,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$36,090,851. For the fiscal year ended June 30, 2010, the covered payroll (annual payroll of active employees covered by the plan) was \$474,083,863, and the ratio of the UAAL to the covered payroll was 7.6 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, 2008 actuarial valuation, the projected unit credit 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 9.0 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, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. 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, 2008, was 29 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
2004	\$ 68,955,014	\$ 76,461,317	\$ 7,506,303	90.18%	\$ 36,584,066	20.52%
2005	73,434,081	89,566,018	16,131,937	81.99	40,599,997	39.73
2006	80,602,356	94,242,745	13,640,389	85.53	44,148,347	30.90
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

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
2007	\$ 291,434	\$ 2,269,438	\$ 1,978,004	12.8%	\$ 48,077,577	4.1%
2008	403,530	1,845,086	1,441,556	21.9	49,524,997	2.9
2009	452,820	1,401,970	949,150	32.3	49,331,503	1.9

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	\$0	\$32,965,000	\$32,965,000	0%	\$444,898,029	6.6%
2008	0	38,645,301	38,645,301	0	461,618,497	8.4

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
2008	\$3,542,000	52.6%
2009	5,034,454	185.8
2010	5,064,760	100.7

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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, 2010**

**Schedule 1**

	<b>Food Services Fund</b>	<b>Facilities Use Fund</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>			
Equity in cash and pooled investments	\$ 9,810,043	2,350,728	12,160,771
Accounts receivable	430,258	263,220	693,478
Due from other governmental units	1,024,261	-	1,024,261
Inventory	996,227	-	996,227
<i>Total assets</i>	<u>12,260,789</u>	<u>2,613,948</u>	<u>14,874,737</u>
<b>LIABILITIES and FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	710,813	9,960	720,773
Salaries payable and withholdings	559,040	26,864	585,904
Unearned revenue	605,136	-	605,136
<i>Total liabilities</i>	<u>1,874,989</u>	<u>36,824</u>	<u>1,911,813</u>
Fund Balances:			
Reserved for:			
Inventory	996,227	-	996,227
Unreserved:			
Designated for future years' expenditures	363,709	339,212	702,921
Designated for encumbrances	56,046	299	56,345
Undesignated	8,969,818	2,237,613	11,207,431
<i>Total fund balances</i>	<u>10,385,800</u>	<u>2,577,124</u>	<u>12,962,924</u>
<i>Total liabilities and fund balances</i>	<u>\$ 12,260,789</u>	<u>2,613,948</u>	<u>14,874,737</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, 2010**

**Schedule 2**

	<b>Food Services Fund</b>	<b>Facilities Use Fund</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES:</b>			
Use of money and property:			
Use of money - interest	\$ 375,607	75,046	450,653
Use of property	-	1,027,142	1,027,142
Charges for services	16,841,332	203,847	17,045,179
Intergovernmental:			
Federal	12,147,494	-	12,147,494
State	489,696	-	489,696
Miscellaneous	381,102	-	381,102
<i>Total revenues</i>	<u>30,235,231</u>	<u>1,306,035</u>	<u>31,541,266</u>
<b>EXPENDITURES:</b>			
Current:			
Community service operations	-	866,000	866,000
Food services	30,926,759	-	30,926,759
<i>Total expenditures</i>	<u>30,926,759</u>	<u>866,000</u>	<u>31,792,759</u>
Excess (deficiency) of revenues over (under) expenditures	(691,528)	440,035	(251,493)
<b>FUND BALANCES, beginning of year</b>	11,077,328	2,137,089	13,214,417
<b>FUND BALANCES, end of year</b>	<u>\$ 10,385,800</u>	<u>2,577,124</u>	<u>12,962,924</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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ 180,000	180,000	375,607	195,607
Charges for services	17,965,139	17,965,139	16,841,332	(1,123,807)
Intergovernmental:				
Federal	11,740,112	11,740,112	12,147,494	407,382
State	435,774	489,696	489,696	-
Miscellaneous	25,000	25,000	381,102	356,102
<i>Total revenues</i>	<u>30,346,025</u>	<u>30,399,947</u>	<u>30,235,231</u>	<u>(164,716)</u>
<b>EXPENDITURES:</b>				
Current:				
Food services	<u>30,691,346</u>	<u>31,278,744</u>	<u>30,926,759</u>	<u>351,985</u>
<i>Total expenditures</i>	<u>30,691,346</u>	<u>31,278,744</u>	<u>30,926,759</u>	<u>351,985</u>
Deficiency of revenues under expenditures	(345,321)	(878,797)	(691,528)	187,269
<b>FUND BALANCES, beginning of year</b>	11,077,328	11,077,328	11,077,328	-
<b>FUND BALANCES, end of year</b>	<u><u>\$ 10,732,007</u></u>	<u><u>10,198,531</u></u>	<u><u>10,385,800</u></u>	<u><u>187,269</u></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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ 20,000	20,000	75,046	55,046
Use of property	780,000	780,000	1,027,142	247,142
Charges for services	226,800	226,800	203,847	(22,953)
<i>Total revenues</i>	<u>1,026,800</u>	<u>1,026,800</u>	<u>1,306,035</u>	<u>279,235</u>
<b>EXPENDITURES:</b>				
Current:				
Community service operations	1,065,267	1,065,267	866,000	199,267
<i>Total expenditures</i>	<u>1,065,267</u>	<u>1,065,267</u>	<u>866,000</u>	<u>199,267</u>
Excess (deficiency) of revenues over (under) expenditures	(38,467)	(38,467)	440,035	478,502
<b>FUND BALANCES, beginning of year</b>	2,137,089	2,137,089	2,137,089	-
<b>FUND BALANCES, end of year</b>	<u>\$ 2,098,622</u>	<u>2,098,622</u>	<u>2,577,124</u>	<u>478,502</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, 2010**

**Schedule 5**

	<b>Warehouse Fund</b>	<b>Self-Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Equity in cash and pooled investments	\$ -	8,847,838	21,311,791	30,159,629
Accounts receivable and other current assets	-	29,873	64,168	94,041
Due from other governmental units	-	-	5,618	5,618
Inventory	945,966	-	-	945,966
Deposits	-	500,000	-	500,000
Total current assets	<u>945,966</u>	<u>9,377,711</u>	<u>21,381,577</u>	<u>31,705,254</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	115,422	145,517	728,838	989,777
Salaries payable and withholdings	-	177	-	177
Unearned revenue	-	-	5,289,155	5,289,155
Due to other funds	300,455	-	-	300,455
Incurred but not reported claims	-	1,006,646	5,995,102	7,001,748
Total current liabilities	<u>415,877</u>	<u>1,152,340</u>	<u>12,013,095</u>	<u>13,581,312</u>
Noncurrent liabilities:				
Incurred but not reported claims	-	1,907,598	-	1,907,598
Total liabilities	<u>415,877</u>	<u>3,059,938</u>	<u>12,013,095</u>	<u>15,488,910</u>
<b>NET ASSETS</b>				
Unrestricted	<u>\$ 530,089</u>	<u>6,317,773</u>	<u>9,368,482</u>	<u>16,216,344</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, 2010**

**Schedule 6**

	<b>Warehouse Fund</b>	<b>Self-Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 4,860,448	3,122,241	59,474,061	67,456,750
Total operating revenues	<u>4,860,448</u>	<u>3,122,241</u>	<u>59,474,061</u>	<u>67,456,750</u>
<b>Operating Expenses:</b>				
Personnel services	-	333,239	536,649	869,888
Materials/supplies	-	5,048	72,420	77,468
Administrative costs	-	215,394	3,067,939	3,283,333
Premiums	-	1,885,825	3,715,013	5,600,838
Claims and benefits paid	-	-	55,380,227	55,380,227
Losses and unallocated loss adjustment	-	2,049,584	-	2,049,584
Cost of goods sold	<u>4,896,299</u>	<u>-</u>	<u>-</u>	<u>4,896,299</u>
Total operating expenses	<u>4,896,299</u>	<u>4,489,090</u>	<u>62,772,248</u>	<u>72,157,637</u>
Operating loss	<u>(35,851)</u>	<u>(1,366,849)</u>	<u>(3,298,187)</u>	<u>(4,700,887)</u>
<b>Non-Operating Revenues:</b>				
Interest and miscellaneous	<u>-</u>	<u>339,029</u>	<u>745,877</u>	<u>1,084,906</u>
Loss before transfers	<u>(35,851)</u>	<u>(1,027,820)</u>	<u>(2,552,310)</u>	<u>(3,615,981)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
Change in net assets	<u>(35,851)</u>	<u>(1,027,820)</u>	<u>(552,310)</u>	<u>(1,615,981)</u>
<b>Net Assets, beginning of year</b>	<u>565,940</u>	<u>7,345,593</u>	<u>9,920,792</u>	<u>17,832,325</u>
<b>Net Assets, end of year</b>	<u>\$ 530,089</u>	<u>6,317,773</u>	<u>9,368,482</u>	<u>16,216,344</u>

**Prince William County Public Schools**  
**Combining Statement of Cash Flows**  
**Proprietary Funds - Internal Service Funds**  
**For the Year Ended June 30, 2010**

**Schedule 7**

	<b>Warehouse Fund</b>	<b>Self-Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers and users	\$ 4,861,059	3,123,733	60,019,876	68,004,668
Payments to suppliers for goods and services	(4,878,861)	(3,340,076)	(62,181,157)	(70,400,094)
Payment for deposits	-	-	-	-
Payments to employees	-	(333,062)	(536,649)	(869,711)
Net cash used by operating activities	<u>(17,802)</u>	<u>(549,405)</u>	<u>(2,697,930)</u>	<u>(3,265,137)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Advances from other funds	17,802	-	-	17,802
Transfers from other funds	-	-	2,000,000	2,000,000
Net cash provided by non-capital financing activities	<u>17,802</u>	<u>-</u>	<u>2,000,000</u>	<u>2,017,802</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received from investments	-	362,708	804,836	1,167,544
Net increase (decrease) in equity in cash and pooled investments	-	(186,697)	106,906	(79,791)
Equity in cash and pooled investments, beginning of year	-	9,034,535	21,204,885	30,239,420
Equity in cash and pooled investments, end of year	<u>\$ -</u>	<u>8,847,838</u>	<u>21,311,791</u>	<u>30,159,629</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>				
Operating loss	\$ (35,851)	(1,366,849)	(3,298,187)	(4,700,887)
Adjustments to reconcile operating loss to net cash used by operating activities				
Change in assets and liabilities:				
Decrease in accounts receivable	611	1,492	-	2,103
(Increase) in due from other governmental units	-	-	(5,618)	(5,618)
Decrease in inventory	47,946	-	-	47,946
Increase in unearned revenue	-	-	551,433	551,433
(Decrease) in accounts payable and accrued liabilities	(30,508)	(2,539)	(169,705)	(202,752)
Increase in salaries payable and withholdings	-	177	-	177
Increase in incurred but not reported claims	-	818,314	224,147	1,042,461
Net cash used by operating activities	<u>\$ (17,802)</u>	<u>(549,405)</u>	<u>(2,697,930)</u>	<u>(3,265,137)</u>

## Agency 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.

**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.



**Prince William County Public Schools**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**As of June 30, 2010**

**Schedule 8**

	<b>Governor's School @ Innovation Park</b>	<b>Regional School Fund</b>	<b>Student Activity Fund</b>	<b>Total Agency Funds</b>
<b>Assets</b>				
Cash and pooled investments	\$ 66,333	2,718,915	6,510,139	9,295,387
Due from other governmental units	6,981	2,599,739	-	2,606,720
Total assets	<u>73,314</u>	<u>5,318,654</u>	<u>6,510,139</u>	<u>11,902,107</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	<u>\$ 73,314</u>	<u>5,318,654</u>	<u>6,510,139</u>	<u>11,902,107</u>

Prince William County Public Schools  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2010

Schedule 9

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>Governor's School @ Innovation Park</b>				
<b>Assets</b>				
Cash and pooled investments	\$ -	114,168	47,835	66,333
Due from other governmental units	-	6,981	-	6,981
Total assets	<u>-</u>	<u>121,149</u>	<u>47,835</u>	<u>73,314</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>121,149</u>	<u>47,835</u>	<u>73,314</u>
<b>Regional School Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 1,966,448	43,877,393	43,124,926	2,718,915
Due from other governmental units	2,856,650	2,599,739	2,856,650	2,599,739
Total assets	<u>4,823,098</u>	<u>46,477,132</u>	<u>45,981,576</u>	<u>5,318,654</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	<u>\$ 4,823,098</u>	<u>46,477,132</u>	<u>45,981,576</u>	<u>5,318,654</u>
<b>Student Activity Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 6,003,556	12,344,738	11,838,155	6,510,139
Total assets	<u>6,003,556</u>	<u>12,344,738</u>	<u>11,838,155</u>	<u>6,510,139</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	<u>\$ 6,003,556</u>	<u>12,344,738</u>	<u>11,838,155</u>	<u>6,510,139</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 7,970,004	56,336,299	55,010,916	9,295,387
Due from other governmental units	2,856,650	2,606,720	2,856,650	2,606,720
Total assets	<u>10,826,654</u>	<u>58,943,019</u>	<u>57,867,566</u>	<u>11,902,107</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	<u>\$ 10,826,654</u>	<u>58,943,019</u>	<u>57,867,566</u>	<u>11,902,107</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 Nine Fiscal Years <sup>(1)</sup>**

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

	<b>Fiscal Year</b>								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:									
Invested in capital assets	\$ 406,747	475,548	560,972	633,276	718,755	777,983	860,721	917,228	973,667
Restricted	75,502	108,257	97,055	89,379	91,598	106,607	86,387	81,904	88,347
Unrestricted	26,243	42,757	36,817	69,701	77,145	95,163	77,490	100,241	118,687
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>1,180,701</u>
Business-type activities: <sup>(2)</sup>									
Invested in capital assets	\$ -	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	302
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>
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
Restricted	75,502	108,257	97,055	89,379	91,598	106,607	86,387	81,904	88,347
Unrestricted	26,243	42,757	36,817	69,701	77,145	95,163	77,490	100,241	118,989
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>1,181,003</u>

<sup>(1)</sup> This table discloses financial information based on the accrual basis of accounting. PWCS implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

<sup>(2)</sup> PWCS established a business-type activity in fiscal year 2010.



**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**

**TABLE 2 - Changes in Net Assets**

**Last Nine Fiscal Years <sup>(1)</sup>**

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
Governmental activities:									
Instruction:									
Regular	\$ 222,940	248,579	268,483	309,172	331,903	392,821	416,988	432,322	434,441
Special	51,884	58,980	65,759	72,039	83,794	90,322	95,345	99,166	94,105
Other	5,945	6,122	6,694	7,995	8,657	9,151	9,521	8,807	8,241
Instructional leadership	30,166	33,494	36,898	40,212	43,389	48,346	51,412	52,235	52,762
Support services:									
General administration	3,290	3,950	5,028	4,960	6,045	6,856	7,622	8,841	8,771
Student services	4,876	5,659	7,238	7,808	8,820	9,892	10,604	10,985	11,139
Curricular/staff development	8,735	8,979	10,046	10,606	12,036	12,735	13,353	12,736	12,072
Pupil transportation	26,796	27,121	29,348	35,292	40,152	45,570	49,304	46,684	48,536
Operations	14,705	16,908	17,605	20,024	21,618	20,120	21,172	22,033	22,577
Utilities	11,865	14,590	14,665	16,889	19,586	21,448	23,682	25,175	24,290
Maintenance	11,960	13,334	13,308	15,892	19,547	23,284	23,707	24,432	24,404
Central business services	25,189	28,298	30,047	35,235	42,117	37,801	45,996	45,021	45,069
Supply services <sup>(2)</sup>	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
Food service	16,813	18,427	21,232	23,629	23,163	25,492	27,191	30,459	30,950
Community service operations	392	449	489	499	649	698	785	1,132	866
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>
Business-type activities: <sup>(3)</sup>									
School Age Child Care	-	-	-	-	-	-	-	-	11
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>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Instruction	\$ 2,718	1,842	1,823	2,118	2,189	2,354	2,998	3,499	3,128
Pupil transportation	123	97	88	85	146	129	118	171	110
Central business services <sup>(4)</sup>	1,726	1,956	9	7	6	13	110	133	229
Food services	11,342	11,515	12,691	14,243	15,326	16,676	17,741	18,071	17,079
Community service operations	434	473	577	640	804	886	1,039	933	1,027
Supply services <sup>(2)</sup>	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	109,109
Capital grants and contributions	1,653	881	902	904	961	990	1,029	1,008	99
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>130,899</u>
Business-type activities:									
Operating grants and contributions	-	-	-	-	-	-	-	-	312
School Age Child Care	-	-	-	-	-	-	-	-	-
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>131,211</u>
<b>Net (Expense) Revenues</b>									
Governmental activities	\$ (389,829)	(443,802)	(485,810)	(552,076)	(605,483)	(682,843)	(732,656)	(748,947)	(748,114)
Business-type activities	-	-	-	-	-	-	-	-	301
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>(747,813)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Unrestricted grants and contributions	\$ 469,899	548,078	552,169	643,416	691,987	764,084	769,061	815,818	822,930
Unrestricted investment earnings	3,076	2,013	1,518	2,499	5,409	6,712	6,665	5,874	4,792
Miscellaneous revenues	2,958	3,373	3,067	3,673	3,229	4,302	1,775	2,030	1,720
Gain on sale of capital assets <sup>(5)</sup>	-	8,407	-	-	-	-	-	-	-
Total government 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>
Business-type activities:									
Unrestricted investment earnings	-	-	-	-	-	-	-	-	1
Total reporting entity	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 86,104	118,069	70,944	97,512	95,142	92,255	44,845	74,775	81,328
Business-type activities	-	-	-	-	-	-	-	-	302
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>81,630</u>

<sup>(1)</sup> This table discloses financial information based on the accrual basis of accounting. PWCS implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

<sup>(2)</sup> 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.

<sup>(3)</sup> PWCS established a business-type activity in fiscal year 2010.

<sup>(4)</sup> 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.

<sup>(5)</sup> The gain on sale of capital assets includes the sale of the "old" Marstellar Middle School, located in the City of Manassas.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 3 - Fund Balances, Governmental Funds**  
**Last Nine Fiscal Years <sup>(1)</sup>**

(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 <sup>(2)</sup>	16,786	18,557	15,951	14,890	-	-	-	-	-
Unreserved									
Designated for encumbrances <sup>(2)</sup>	-	-	-	-	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 <sup>(2)</sup>	104,637	96,799	80,945	91,739	-	-	-	-	-
Unreserved									
Designated for encumbrances <sup>(2)</sup>	-	-	-	-	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 <sup>(3)</sup>	-	-	-	-	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 <sup>(2)</sup>	899	705	27	24	-	-	-	-	-
Unreserved									
Designated for encumbrances <sup>(2)</sup>	-	-	-	-	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	11,208
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>144,770</u>

<sup>(1)</sup> This table reports financial information based on the modified accrual basis of accounting. PWCS' first year producing a CAFR was fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

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

<sup>(3)</sup> 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.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 4 - Changes in Fund Balances, Governmental Funds**  
**Last Nine Fiscal Years <sup>(1)</sup>**  
*(modified accrual basis of accounting; amounts expressed in thousands)*

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>									
Federal sources:									
Food services	\$ 5,816	5,927	7,288	8,631	9,431	10,578	11,570	14,015	12,147
Other federal sources	14,273	16,970	21,095	23,085	24,660	26,335	26,960	28,102	71,812
Total federal sources	<u>20,089</u>	<u>22,897</u>	<u>28,383</u>	<u>31,716</u>	<u>34,091</u>	<u>36,913</u>	<u>38,530</u>	<u>42,117</u>	<u>83,959</u>
State sources:									
Basic aid	111,694	128,214	136,549	161,357	165,957	189,043	194,121	225,563	194,124
Food services	274	298	298	322	349	393	410	451	490
Lottery proceeds	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
Sales tax	33,604	36,699	42,068	49,470	58,257	65,004	62,998	59,695	60,182
Special education SOQ <sup>(4)</sup>	8,417	8,753	9,086	13,314	16,485	15,079	15,410	16,574	17,279
Other state sources	34,375	29,973	34,977	39,388	43,539	58,402	71,217	61,831	55,379
Total state sources	<u>205,241</u>	<u>221,545</u>	<u>241,404</u>	<u>284,351</u>	<u>305,735</u>	<u>348,368</u>	<u>365,149</u>	<u>385,327</u>	<u>346,353</u>
County sources:									
County bond sale transfer	64,925	93,324	52,321	66,161	63,958	68,141	49,233	55,773	82,585
County general transfer <sup>(2)</sup>	233,019	261,541	296,998	326,284	362,035	390,017	404,322	430,650	405,968
County proffer transfer	4,259	2,250	3,500	9,660	10,906	10,687	7,104	8,018	9,263
Total county sources	<u>302,203</u>	<u>357,115</u>	<u>352,819</u>	<u>402,105</u>	<u>436,899</u>	<u>468,845</u>	<u>460,659</u>	<u>494,441</u>	<u>497,816</u>
Local sources:									
Charges for services	6,467	6,718	4,125	6,171	5,468	5,422	3,317	3,834	3,548
Food service sales	11,271	11,457	12,618	14,137	15,196	16,641	17,701	18,014	17,045
Interest and other income	3,076	2,195	2,593	3,222	6,922	10,939	10,375	6,899	4,968
Use of property	451	473	577	640	804	886	1,039	933	1,027
Other local sources	1,790	10,290	313	43	48	1,705	2,250	2,603	2,239
Total local sources	<u>23,055</u>	<u>31,133</u>	<u>20,226</u>	<u>24,213</u>	<u>28,438</u>	<u>35,593</u>	<u>34,682</u>	<u>32,283</u>	<u>28,827</u>
Total revenues	<u>550,588</u>	<u>632,690</u>	<u>642,832</u>	<u>742,385</u>	<u>805,163</u>	<u>889,719</u>	<u>899,020</u>	<u>954,168</u>	<u>956,955</u>
<b>Expenditures</b>									
Instruction:									
Regular	215,203	239,060	256,882	302,094	322,684	378,732	400,959	412,562	412,490
Special	51,935	58,647	65,205	73,042	83,897	90,532	94,645	98,453	93,426
Other	5,981	6,102	6,632	8,103	8,673	9,175	9,462	8,802	8,201
Instructional leadership	30,270	33,397	36,557	40,212	43,389	48,346	51,412	52,235	52,762
Support services:									
General administration	3,243	3,871	5,018	5,394	6,077	6,856	7,235	7,969	7,507
Student services	4,884	5,633	7,162	7,891	8,826	9,909	10,533	10,914	11,060
Curricular/staff development	8,761	8,976	9,960	10,691	12,060	12,770	13,281	12,664	12,027
Pupil transportation	31,650	33,699	37,724	41,874	37,656	43,359	50,403	43,851	43,390
Operations	14,750	16,845	17,790	20,310	21,641	20,091	20,091	21,859	22,389
Utilities	11,865	14,655	14,665	16,889	19,586	21,448	23,682	25,175	24,290
Maintenance	11,940	13,277	13,808	15,971	19,520	23,358	23,592	23,352	24,772
Central business services	25,250	28,625	33,298	38,900	43,192	43,327	46,159	43,994	44,254
Community service operations	393	448	485	500	649	698	785	1,132	866
Supply services <sup>(3)</sup>	3,249	3,429	-	-	-	-	-	-	-
Food service	16,925	18,420	21,140	23,608	23,162	25,488	27,198	30,436	30,927
Reimbursement to County for debt service	28,462	33,833	38,431	43,685	47,977	52,520	57,049	59,869	60,853
Capital Outlay	69,544	69,244	84,974	76,889	90,689	68,050	95,188	78,279	82,438
Total expenditures	<u>534,305</u>	<u>588,161</u>	<u>649,731</u>	<u>726,053</u>	<u>789,678</u>	<u>854,659</u>	<u>932,583</u>	<u>931,546</u>	<u>931,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,283</u>	<u>44,529</u>	<u>(6,899)</u>	<u>16,332</u>	<u>15,485</u>	<u>35,060</u>	<u>(33,563)</u>	<u>22,622</u>	<u>25,303</u>
<b>Other Financing Sources (Uses):</b>									
Transfers in:									
General fund	1,000	1,000	1,000	1,000	1,000	1,200	2,000	1,000	1,000
Construction fund	8,395	13,638	15,859	18,204	23,606	16,864	11,094	35,026	5,916
Transfers out:									
General fund	(8,395)	(13,638)	(15,859)	(18,204)	(23,606)	(16,864)	(11,094)	(40,026)	(7,916)
Construction fund	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)
Other Governmental funds	-	-	-	-	-	(100)	-	-	-
Total other financing sources, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>(5,000)</u>	<u>(2,000)</u>
Net change in fund balances	<u>\$ 16,283</u>	<u>44,529</u>	<u>(6,899)</u>	<u>16,332</u>	<u>15,485</u>	<u>35,160</u>	<u>(33,563)</u>	<u>17,622</u>	<u>23,303</u>

<sup>(1)</sup> This table discloses financial information based on the modified accrual basis of accounting. PWCS' first year of producing a CAFR was FY2002. Therefore, ten years of data is not available but will be accumulated over time.

<sup>(2)</sup> The County general transfer is reduced at year end by the amount of interest income earned in the General Fund during the fiscal year.

<sup>(3)</sup> 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.

<sup>(4)</sup> Standards of Quality

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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<sup>(1)</sup>**  
**Last Ten Fiscal Years**

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

Fiscal Year	Taxes <sup>(2)</sup>	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property	Charges for Services	Inter-Governmental <sup>(2)</sup>			Total
						PPTRA	All Others	Miscellaneous	
2001	\$ 356,677	\$ 16,608	\$ 2,044	\$ 21,933	\$ 23,811	\$ 26,814	\$ 280,942	\$ 8,548	\$ 737,377
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	661,024	24,325	1,499,854
Change									
2001 - 2010	90.08%	-36.07%	40.22%	54.58%	46.47%	102.46%	135.29%	184.57%	103.40%

Source: County of Prince William, Virginia.

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

<sup>(2)</sup> 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 47.5% for fiscal year 2001, 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 <sup>(1)</sup>	Public Service	Total General <sup>(2)</sup> Property Taxes	Sales Tax	Utility Taxes	BPOL Tax	All Other	Total
2001	\$ 223,922	\$ 42,636	\$ 12,452	\$ 279,010	\$ 31,603	\$ 17,806	\$ 11,806	\$ 16,452	\$ 356,677
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
Change									
2001 - 2010	121.64%	49.32%	24.64%	106.26%	46.05%	-27.89%	71.68%	41.06%	90.08%

Source: County of Prince William, Virginia.

<sup>(1)</sup> 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.

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

Source: County of Prince William, Virginia.

<sup>(1)</sup> Net of tax-exempt property:

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

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

Source: County of Prince William, Virginia.

<sup>(1)</sup> Building Development Division, Department of Public Works.

<sup>(2)</sup> Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2001-2010, Federal Deposit Insurance Corporation, (commercial and savings bank deposits) and National Credit Union Administration (credit union deposits).

**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	2001	2002	2003	2004	2005
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$ 1.34000	\$ 1.30000	\$ 1.23000	\$ 1.16000	\$ 1.07000
Fire and Rescue Levy (Countywide)	--	\$ 0.07280	\$ 0.07280	\$ 0.07280	\$ 0.06600
Gypsy Moth Levy (Countywide)	\$ 0.00280	\$ 0.00400	\$ 0.00400	\$ 0.00400	\$ 0.00400
Total Direct Tax Rate	<u>\$ 1.34280</u>	<u>\$ 1.37680</u>	<u>\$ 1.30680</u>	<u>\$ 1.23680</u>	<u>\$ 1.14000</u>
<i>Special District Levies <sup>(1)</sup>:</i>					
<i>Fire and Rescue Levies -</i>					
Dumfries (Fire)	\$ 0.04000	--	--	--	--
Dumfries (Rescue)	\$ 0.03000	--	--	--	--
Occoquan	\$ 0.05770	--	--	--	--
Neabsco	\$ 0.07410	--	--	--	--
Stonewall Jackson	\$ 0.03870	--	--	--	--
Coles	\$ 0.09250	--	--	--	--
Yorkshire	\$ 0.10000	--	--	--	--
Lake Jackson	\$ 0.09210	--	--	--	--
Gainesville	\$ 0.06070	--	--	--	--
Evergreen	\$ 0.07860	--	--	--	--
Nokesville	\$ 0.09840	--	--	--	--
Buckhall	\$ 0.09630	--	--	--	--
Wellington	\$ 0.09800	--	--	--	--
<i>Sanitary District Levy</i>					
Bull Run	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Occoquan Forest	\$ 0.16000	\$ 0.16000	\$ 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
<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	\$ 0.23000	\$ 0.22000
Woodbine Forest Service	\$ 0.14000	\$ 0.14000	\$ 0.07000	--	--
<b>OVERLAPPING GOVERNMENTS</b>					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.12420
Town of Haymarket	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000
Town of Occoquan	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000
Town of Quantico	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000

Source: County of Prince William, Virginia

<sup>(1)</sup> All special levies are assessed on real estate only.



2006	2007	2008	2009	2010	Type of Tax
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
\$ 0.91000	\$ 0.75800	\$ 0.78700	\$ 0.97000	\$ 1.21200	Real Estate - General Fund
\$ 0.05600	\$ 0.04660	\$ 0.04840	\$ 0.05970	\$ 0.07460	Fire and Rescue Levy (Countywide)
\$ 0.00250	\$ 0.00250	\$ 0.00250	\$ 0.00250	\$ 0.00250	Gypsy Moth Levy (Countywide)
<b>\$ 0.96850</b>	<b>\$ 0.80710</b>	<b>\$ 0.83790</b>	<b>\$ 1.03220</b>	<b>\$ 1.28910</b>	<b>Total Direct Tax Rate</b>
<i>Special District Levies <sup>(1)</sup>:</i>					
Fire and Rescue Levies -					
--	--	--	--	--	Dumfries (Fire)
--	--	--	--	--	Dumfries (Rescue)
--	--	--	--	--	Occoquan
--	--	--	--	--	Neabsco
--	--	--	--	--	Stonewall Jackson
--	--	--	--	--	Coles
--	--	--	--	--	Yorkshire
--	--	--	--	--	Lake Jackson
--	--	--	--	--	Gainesville
--	--	--	--	--	Evergreen
--	--	--	--	--	Nokesville
--	--	--	--	--	Buckhall
--	--	--	--	--	Wellington
Sanitary District Levy					
\$ 0.00001	--	--	--	--	Bull Run
\$ 0.00001	--	--	--	--	Occoquan Forest
Service District Levies -					
\$ 0.10000	\$ 0.12000	\$ 0.12000	\$ 0.13800	\$ 0.19900	Bull Run
\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.12300	\$ 0.17200	Lake Jackson
\$ 0.23000	\$ 0.19000	\$ 0.19000	\$ 0.15000	--	Circuit Court
Transportation District Levies -					
\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	Prince William Parkway
\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	234-Bypass
--	--	--	--	--	Foremost Court Service
--	--	--	--	--	Woodbine Forest Service
<b>OVERLAPPING GOVERNMENTS</b>					
<i>Real Estate Tax Levy:</i>					
\$ 0.13000	\$ 0.18000	\$ 0.18000	\$ 0.18000	\$ 0.35330	Town of Dumfries
\$ 0.14000	\$ 0.12000	\$ 0.12800	\$ 0.16400	\$ 0.16400	Town of Haymarket
\$ 0.05000	\$ 0.08500	\$ 0.08500	\$ 0.10000	\$ 0.10000	Town of Occoquan
\$ 0.15000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	Town of Quantico

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

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value <sup>(1)</sup>
Virginia Electric & Power Company	\$ 667,953	1	1.68%	\$ 410,719	1	2.46%
Potomac Mills Operating Co., LLC	459,135	2	1.15%	54,784	10	0.33%
Northern Virginia Electric Co-op	249,171	3	0.62%	157,947	3	0.95%
Verizon South, Inc.	141,946	4	0.35%	-	-	-
WNH Limited Partnership	96,152	5	0.24%	62,889	6	0.38%
Washington Gas Light Company	92,745	6	0.23%	59,462	8	0.36%
Stellar Chatsworth LLC	92,637	7	0.23%	-	-	-
Dominion Country Club, LP	88,512	8	0.22%	-	-	-
Lee Carolina LLC	85,219	9	0.21%	-	-	-
Kir Smoketown Station LP	83,937	10	0.21%	-	-	-
Washington Outlet Mall, Ltd.	-	-	-	192,584	2	1.16%
GTE South, Inc.	-	-	-	136,738	4	0.82%
AOL LLC	-	-	-	71,065	5	0.43%
Manassas Mall LLC	-	-	-	61,474	7	0.37%
Hylton Irene Trust	-	-	-	57,915	9	0.35%
	<u>\$ 2,057,407</u>		<u>5.14%</u>	<u>\$ 1,265,577</u>		<u>7.61%</u>

Source: County of Prince William, Virginia

<sup>(1)</sup> 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 <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Percentage of Levy Collected	Penalties on Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy				Amount	Percentage of Levy
2001	\$ 235,721	\$ 232,407	98.6%	\$ 2,745	99.8%	\$ 860	\$ 236,012	100.1%
2002	\$ 258,953	\$ 256,934	99.2%	\$ 1,709	99.9%	\$ 1,134	\$ 259,777	100.3%
2003	\$ 298,674	\$ 296,421	99.2%	\$ 1,849	99.9%	\$ 1,050	\$ 299,320	100.2%
2004	\$ 340,760	\$ 338,870	99.4%	\$ 1,746	100.0%	\$ 1,221	\$ 341,837	100.3%
2005	\$ 388,254	\$ 386,367	99.5%	\$ 1,694	100.0%	\$ 1,367	\$ 495,970	100.8%
2006	\$ 420,203	\$ 418,111	99.5%	\$ 1,973	100.0%	\$ 1,507	\$ 421,591	100.3%
2007	\$ 461,108	\$ 458,438	99.4%	\$ 2,505	100.0%	\$ 1,748	\$ 462,691	100.3%
2008	\$ 484,124	\$ 481,069	99.4%	\$ 2,717	99.9%	\$ 1,905	\$ 485,691	100.3%
2009	\$ 544,909	\$ 541,235	99.3%	\$ 2,706	99.8%	\$ 2,065	\$ 546,006	100.2%
2010	\$ 510,988	\$ 508,264	99.5%	\$ --	99.5%	\$ 1,698	\$ 509,962	99.8%

Source: County of Prince William, Virginia

<sup>(1)</sup> 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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Primary Government</b>										
<i>Governmental Activities:</i>										
General Obligation Bonds <sup>(1)</sup>										
General Government	\$ 100,205	\$ 92,272	\$ 96,668	\$ 108,292	\$ 140,039	\$ 128,525	\$ 149,362	\$ 136,200	\$ 165,649	\$ 151,352
School Board-Related	257,943	305,091	367,341	395,333	432,562	467,363	502,453	515,486	531,815	576,826
Park Authority-Related	3,060	2,888	9,699	9,531	7,000	6,267	5,537	4,810	8,477	7,842
IDA Lease Revenue Bonds	13,920	13,410	12,875	12,315	11,970	11,140	10,430	9,680	8,870	8,030
Literary Fund Loans	6,452	6,093	6,209	5,713	5,316	4,918	4,520	4,124	3,749	3,374
Real Property Capital Leases										
General Government	26,140	55,245	78,590	80,645	79,025	132,825	150,189	151,039	179,298	169,012
Adult Detention Center	--	--	--	--	--	--	68,005	66,275	64,550	34,825
Park Authority	--	--	--	--	--	--	594	561	528	495
Commuter Rail Capital Leases**	3,895	3,608	3,301	2,977	2,629	2,258	1,863	1,442	992	511
Equipment Capital Leases	--	--	562	527	381	228	68	--	--	--
Installment Notes Payable	1,264	1,158	1,045	924	795	657	509	351	182	--
Internal Service Funds Leases and Notes	35	24	12	--	--	--	--	--	--	--
<i>Business-Type Activities:</i>										
Solid Waste System Revenue Bonds**	\$ 21,885	\$ 20,119	\$ 18,327	\$ 17,179	\$ 13,920	\$ 12,550	\$ 11,065	\$ 9,535	\$ 7,945	\$ 6,295
Sanitary District Bonds**	480	--	--	--	--	--	--	--	--	--
Taxable Revenue Notes	5,100	1,100	250	250	250	3,250	3,250	--	--	--
<b>Total Primary Government</b>	<b>\$ 440,379</b>	<b>\$ 501,008</b>	<b>\$ 594,879</b>	<b>\$ 633,686</b>	<b>\$ 693,887</b>	<b>\$ 769,981</b>	<b>\$ 907,845</b>	<b>\$ 899,503</b>	<b>\$ 972,055</b>	<b>\$ 958,562</b>
Percentage of Personal Income <sup>(2)</sup>	3.94%	4.31%	4.80%	4.62%	4.63%	4.80%	5.36%	5.12%	5.13%	*
Per Capita <sup>(2)</sup>	1,549	1,683	1,919	1,971	2,079	2,226	2,573	2,494	2,655	2,528
<b>Component Units</b>										
Park Authority Component Unit <sup>(3)</sup> :										
Series 1999 Revenue Bonds**	\$ 21,120	\$ 20,780	\$ 20,425	\$ 19,112	\$ 18,795	\$ 18,459	\$ 18,101	\$ 17,725	\$ 17,323	\$ 13,285
Equipment Capital Leases**	549	527	2,003	1,833	1,353	2,249	1,710	3,116	2,800	2,254
Installment Notes Payable** <sup>(4)</sup>	210	2,087	1,718	1,023	904	780	651	517	376	230
<b>Total Component Units</b>	<b>21,879</b>	<b>23,394</b>	<b>24,146</b>	<b>21,968</b>	<b>21,052</b>	<b>21,488</b>	<b>20,462</b>	<b>21,358</b>	<b>20,499</b>	<b>15,769</b>
<b>Total Reporting Entity Outstanding Debt</b>	<b>462,258</b>	<b>524,402</b>	<b>619,025</b>	<b>655,654</b>	<b>714,939</b>	<b>791,469</b>	<b>928,307</b>	<b>920,861</b>	<b>992,554</b>	<b>974,331</b>
Less: Self-Supporting Revenue and Other Bonds	48,139	47,121	45,774	42,124	37,601	36,296	33,390	32,335	29,436	22,575
<b>Net Tax-Supported Debt</b>	<b>\$ 414,119</b>	<b>\$ 477,281</b>	<b>\$ 573,251</b>	<b>\$ 613,530</b>	<b>\$ 677,338</b>	<b>\$ 755,173</b>	<b>\$ 894,917</b>	<b>\$ 888,526</b>	<b>\$ 963,118</b>	<b>\$ 951,756</b>

Source: County of Prince William, Virginia

\* Not available

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

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

<sup>(2)</sup> See Table 15 for personal income and population data.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 <sup>(1)</sup>	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Sanitary District Bonds	Total	Percentage of Actual Taxable Value of Property <sup>(2)</sup>	Per Capita <sup>(3)</sup>
2001	\$ 361,208	\$ 13,920	\$ 21,885	\$ 480	\$ 397,493	2.09%	\$ 1,398
2002	400,251	13,410	20,119	--	433,780	1.85%	1,457
2003	473,708	12,875	18,327	--	504,910	1.77%	1,628
2004	513,156	12,315	17,179	--	542,650	1.60%	1,688
2005	579,601	11,970	13,920	--	605,491	1.33%	1,814
2006	602,155	11,140	12,550	--	625,845	1.04%	1,810
2007	657,352	10,430	11,065	--	678,847	1.06%	1,924
2008	656,496	9,680	9,535	--	675,711	1.10%	1,874
2009	705,941	8,870	7,945	--	722,756	1.12%	1,974
2010	736,144	8,030	6,295	--	750,469	1.59%	1,979

Source: County of Prince William, Virginia

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

<sup>(2)</sup> See Table 6 for property value data.

<sup>(3)</sup> See Table 15 for population data.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**

**TABLE 12 - Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2010**

(amounts expressed in thousands)

	Outstanding on 6/30/2010	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value <sup>(2)</sup>
<b>Direct:</b>				
Net Tax Supported Debt <sup>(1)</sup>	\$ 951,756	100.00%	\$ 951,756	2.3799%
<b>Overlapping:</b>				
Town of Dumfries	1,739	100.00%	1,739	0.0043%
Town of Quantico	241	100.00%	241	0.0006%
Town of Haymarket	2,264	100.00%	2,264	0.0057%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 A and B	2,014	100.00%	2,014	0.0050%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	12,419	100.00%	12,419	0.0311%
Northern Virginia Transportation Commission - Virginia Railway Express <sup>(3)</sup>	114,455	37.69%	43,142	0.1079%
Northern Virginia Criminal Justice Training Academy (NVCJTA) <sup>(3)</sup>	16,325	28.39%	4,635	0.0116%
Upper Occoquan Sewage Authority (UOSA) <sup>(3)</sup>	225,177	2.09%	4,697	0.0117%
<b>Total Overlapping Governmental Activities Debt</b>	<b>\$ 374,634</b>	<b>18.99%</b>	<b>\$ 71,151</b>	<b>0.1779%</b>
<b>Total Direct and Overlapping Governmental Activities Debt</b>	<b>\$ 1,326,390</b>	<b>77.12%</b>	<b>\$ 1,022,907</b>	<b>2.5578%</b>

Source: County of Prince William, Virginia

<sup>(1)</sup> From Table 10.

<sup>(2)</sup> Assessed value of taxable property is from Table 6.

<sup>(3)</sup> 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 \$341,630 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2010. These authorized bonds are for the construction of roads, road improvements, parks, libraries, and schools.

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government <sup>(1)</sup>										
Principal	\$ 25,370	\$ 26,892	\$ 30,929	\$ 35,165	\$ 39,975	\$ 47,584	\$ 52,060	\$ 59,741	\$ 61,303	\$ 91,742
Interest <sup>(2)</sup>	18,195	20,035	23,959	25,247	29,849	32,995	37,524	39,865	41,032	43,272
Internal Service Fund Debt Service <sup>(3)</sup>	24	11	12	12	--	--	--	--	--	--
Debt Service on Net Tax-Supported Debt	43,589	46,938	54,900	60,424	69,824	80,579	89,584	99,606	102,335	135,014
Total Government Expenditures <sup>(4)</sup>	672,002	744,959	845,342	925,866	1,033,382	1,125,453	1,310,566	1,325,488	1,331,692	1,386,902
Ratio of Debt Service to Expenditures	6.5%	6.3%	6.5%	6.5%	6.8%	7.2%	6.8%	7.5%	7.7%	9.7%
Total Revenues <sup>(5)</sup>	716,538	775,222	820,465	956,529	1,089,605	1,188,320	1,360,579	1,364,972	1,441,690	1,392,237
Ratio of Debt Service to Revenues	6.1%	6.1%	6.7%	6.3%	6.4%	6.8%	6.6%	7.3%	7.1%	9.7%
Net Tax-Supported Debt <sup>(6)</sup>	414,119	477,281	573,251	613,530	677,338	755,173	894,917	888,526	963,118	951,756
Assessed Value of Taxable Property <sup>(7)</sup>	18,668,856	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
Ratio of Net Tax-Supported Debt to Assessed Value	2.2%	2.3%	2.2%	2.0%	1.8%	1.6%	1.5%	1.4%	1.7%	2.2%

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Excludes bond issuance and other costs.

<sup>(3)</sup> 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.

<sup>(4)</sup> Total Expenditures excluding capital projects from Table 22, PWC CAFR.

<sup>(5)</sup> 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.

<sup>(6)</sup> From Table 10.

<sup>(7)</sup> 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 <sup>(1)</sup>	Operating Expenses and Transfers <sup>(2)</sup>	Closure Payment <sup>(3)</sup>	Net Revenue Available for Debt	Debt Service Payments <sup>(4)</sup>		Total	Coverage <sup>(6)</sup>
					Principal <sup>(5)</sup>	Interest		
2001	\$ 13,042	\$ 7,454	\$ 912	\$ 4,676	\$ 1,368	\$ 1,636	\$ 3,004	1.56
2002	11,622	6,893	--	4,729	1,766	1,222	2,988	1.58
2003	12,724	8,027	1,244	3,453	1,793	1,187	2,980	1.16
2004	13,606	7,013	1,798	4,795	1,148	1,162	2,310	2.08
2005	14,715	10,090	1,752	2,873	1,323	1,114	2,437	1.18
2006	14,653	9,615	2,594	2,444	1,370	501	1,871	1.31
2007	16,535	9,970	2,199	4,366	1,485	562	2,047	2.13
2008	17,342	10,651	3,015	3,676	1,530	504	2,034	1.81
2009	17,795	15,027	--	2,768	1,590	435	2,025	1.37
2010	17,925	10,423	--	7,502	1,650	362	2,012	3.73

Source: County of Prince William, Virginia.

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> There is no provision for FY2002, 2009 or 2010 closure payment due to revised engineering estimate increasing the capacity because of changes in slope design.

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

<sup>(5)</sup> 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.

<sup>(6)</sup> 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 <sup>(1)</sup>	Personal Income <sup>(2)</sup> (in thousands)	Per Capita Income <sup>(2)</sup>	Fall School Enrollment <sup>(3)</sup>	Average Civilian Labor Force <sup>(4)</sup>	Average Unemployment Rate <sup>(4)</sup>
2001	284,301	\$ 11,175,436	\$ 32,515	54,646	160,420	2.5%
2002	297,738	11,619,339	32,570	57,397	168,053	3.6%
2003	310,048	12,402,464	33,643	59,835	174,911	3.9%
2004	321,537	13,703,067	35,908	62,691	183,258	3.1%
2005	333,786	14,986,283	38,053	65,541	192,173	3.0%
2006	345,852	16,056,949	40,158	67,708	199,579	2.6%
2007	352,828	16,932,501	41,607	70,195	203,050	2.5%
2008	360,610	17,566,024	42,620	72,186	207,262	3.3%
2009	366,092	18,937,687	43,877	73,918	211,979	5.7%
2010	379,166	*	*	76,874	213,955	5.9%

Source: County of Prince William, Virginia

\* Not available

<sup>(1)</sup> US Census Bureau, Population Estimates Program (data as of July 1, 2009).

<sup>(2)</sup> Bureau of Economic Analysis, U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of April, 2008). 2009 data estimated based upon ten-year growth rates on BEA data from 1999 through 2008.

<sup>(3)</sup> Fall Membership by Division, by Grade, Virginia Department of Education; Prince William County Public Schools, as of August 12th, 2010.

<sup>(4)</sup> Virginia Employment Commission, LAUS data (data are annual averages with the exception of the most recent monthly data)

**TABLE 15A - Comparative Demographic Statistics**  
**1990 & 2000 U.S. Census**

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

Source: County of Prince William, Virginia

\* Not available

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

Employer <sup>(1)</sup>	2010			2001		
	Ownership	Rank	Number of Employees <sup>(2)</sup>	Ownership	Rank	Number of Employees <sup>(2)</sup>
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
Walmart	Private	4	1000 and over			
Potomac Hospital Corporation	Private	5	1000 and over	Private	5	500 to 999
Morale Welfare and Recreation	Federal Government	6	1000 and over	Federal Government	9	500 to 999
Wegmans Store #07	Private	7	500 to 999			
Target Corp	Private	8	500 to 999			
Northern Virginia Community College	State Government	9	500 to 999	State Government	10	500 to 999
Minnieland Private Day School	Private	10	500 to 999			
Temporary Solutions				Private	4	1000 and over
S.W. Rogers Corporation				Private	7	500 to 999
Giant Food				Private	8	500 to 999
The Home Depot				Private	6	500 to 999

Source: County of Prince William, Virginia

<sup>(1)</sup> All data provided by the Virginia Employment Commission (1st Quarter, 2010 & 2001).

<sup>(2)</sup> Prince William County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act - 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
School -Based Positions										
Teachers <sup>(1)</sup>										
Classroom teachers	3,599	3,776	4,014	-	-	-	-	-	-	-
Regular classroom teachers	-	-	-	2,926	3,193	3,290	3,553	3,757	3,799	3,756
Special education teachers	-	-	-	621	661	759	767	700	700	687
Vocational education teachers	-	-	-	201	210	212	213	215	200	186
Speech therapists	-	-	-	68	69	72	73	75	73	70
Physical therapists	-	-	-	20	21	8	25	25	24	25
Guidance counselors	-	-	-	146	171	166	169	170	188	184
Librarians	-	-	-	83	88	92	93	95	97	97
Physical education	-	-	-	165	190	201	213	212	217	214
Technology teachers	-	-	-	-	-	76	77	79	81	78
Other	-	-	-	-	-	74	80	78	80	63
School-Based Administrators										
Principals	71	73	76	79	82	84	84	86	87	88
Assistant principals	74	81	70	88	108	122	104	117	104	105
Guidance directors	20	20	21	21	23	23	24	25	10	9
Student activity directors	8	8	8	8	10	10	10	10	10	10
Other	77	73	69	71	79	-	-	-	-	-
Education Specialist										
Education specialist	74	83	94	-	-	-	-	-	-	-
School-based curriculum specialists	-	-	-	8	10	8	8	-	-	23
Program specialists	-	-	-	15	86	19	15	10	14	16
Social workers	-	-	-	34	39	39	45	46	45	44
Psychologists	-	-	-	35	35	40	44	43	43	43
Instructional Assistants	442	481	505	534	551	599	669	669	734	689
Other Positions										
School office assistant staff	355	370	384	399	421	461	475	470	486	482
Custodial staff	333	348	362	366	410	425	435	438	442	437
Other	69	126	-	-	-	-	-	-	-	37
Noninstructional specialists	-	-	97	85	89	-	-	-	39	52
Security	-	-	31	41	49	64	67	53	64	57
School nurse	-	-	32	51	55	60	67	69	72	73
Total School-Based Positions	<u>5,122</u>	<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>
Nonschool-Based Positions										
Technical support	62	67	70	121	139	244	206	146	170	134
Management	102	109	110	96	127	138	143	149	148	148
Education specialist	63	52	32	32	48	33	32	86	31	32
Office assistants	122	131	115	119	136	122	136	139	143	139
Custodial/maintenance	224	230	240	252	220	230	258	299	308	302
Leadership team	8	8	8	8	8	10	10	10	11	11
Bus drivers	391	453	489	511	565	645	654	659	680	668
Bus drivers' aides	87	92	98	97	119	135	130	136	132	147
Cafeteria staff	527	376	393	406	441	518	537	513	517	530
Other	8	13	34	35	37	62	20	122	17	25
Total Nonschool Based Positions	<u>1,594</u>	<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>
Total <sup>(2)</sup>	<u>6,716</u>	<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>

Source: FY 2010 WABE Guide

<sup>(1)</sup> Detailed information was not available prior to FY2004.

<sup>(2)</sup> Total positions include the General Fund and Food Services Fund only.



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

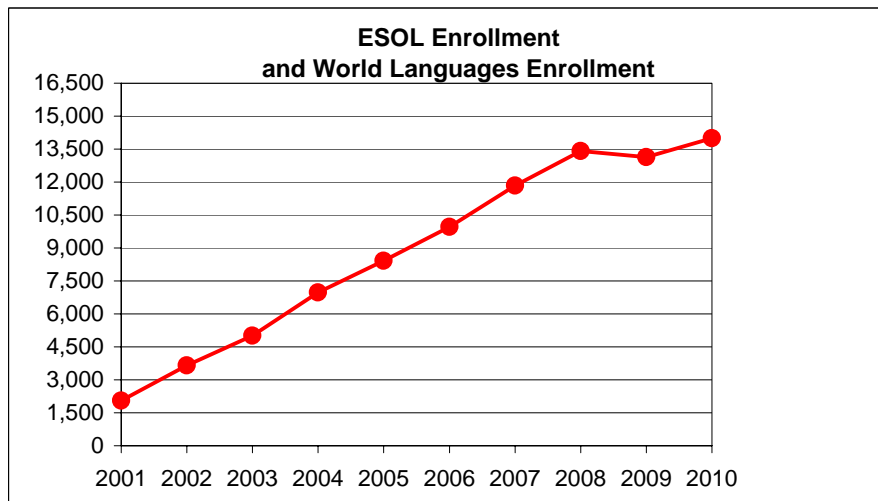
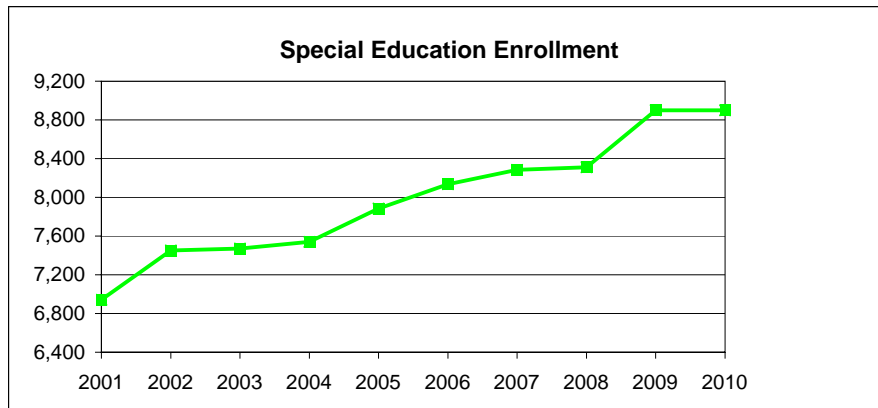
Fiscal Year	Total Student Enrollment <sup>(1)</sup>	Special Education Enrollment <sup>(2)</sup>	ESOL and World Languages Enrollment <sup>(3)</sup>
2001	54,646	6,943	2,050
2002	57,397	7,450	3,657
2003	60,541	7,471	5,014
2004	62,691	7,540	6,979
2005	66,093	7,883	8,415
2006	68,225	8,134	9,963
2007	70,723	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

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

<sup>(1)</sup> Source: School Board Approved Budget fiscal year 2011.

<sup>(2)</sup> Student Enrollment at December 1, 2009. Source: Special Education Office Prince William County Public Schools.

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



**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 19 - Operating Statistics**  
**Last Nine Fiscal Years <sup>(1)</sup>**

Fiscal Year	Student Enrollment <sup>(2)</sup>	Operating Expenditures <sup>(3)</sup>	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff <sup>(4)</sup>	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

\* Data not available.

<sup>(1)</sup> PWCS' first year producing a CAFR was fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

<sup>(2)</sup> The student enrollment as of September 30th for each fiscal year. Source: School Board Approved Budget fiscal year 2011.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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>
2001	\$ 31,777	\$ 43,046	\$ 43,620	\$ 61,973
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

Source: Washington Area Boards of Education (WABE) Guide FY2010

**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								
2001	28,553	\$ 1.50	\$ 1.55	\$ 1.55	71	5,180	\$ 1.00	67	11,701	21.4%	\$ 1.10	\$ 2.05
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

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>	
2001	43	2,372,810	24,460	188	685.5		11	1,420,340	12,193	7	392.1		8	2,288,253	17,178	6	594.7	
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	

<u>Fiscal Year</u>	<u>Alternative Schools</u>						<u>Special Schools</u>						<u>Traditional Schools</u>					
	<u>Buildings<sup>(1)</sup></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>	
2001	1	14,749	**	0	9.3		4	284,724	**	5	61.3		1	56,330	648	2	15	
2002	1	14,749	**	0	9.3		4	284,724	**	5	61.3		1	56,330	648	2	15	
2003	1	14,749	**	0	9.3		4	284,724	**	5	61.3		1	56,330	648	2	15	
2004	1	14,749	**	0	9.3		4	284,724	**	5	61.3		1	56,330	648	2	15	
2005	2	14,749	**	0	9.3		4	284,724	**	5	61.3		2	127,575	1,320	2	31.9	
2006	2	14,749	**	0	9.3		4	284,724	**	5	61.3		2	127,575	1,320	2	31.9	
2007	2	14,749	**	12	5		4	301,208	**	10	63.5		2	127,575	1,320	2	31.9	
2008	2	14,749	**	12	5		4	301,208	**	9	63.5		2	127,575	1,320	2	31.9	
2009	2	14,749	**	10	5		4	301,208	**	10	63.5		2	127,575	1,320	2	31.9	
2010	2	14,749	**	10	5		3	286,988	**	10	58.7		2	127,575	1,320	2	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>	
2001	68	6,437,206	54,479	208	1,757.9	
2002	70	6,597,014	55,957	211	1,791.9	
2003	73	6,950,716	59,275	231	1,869.9	
2004	74	7,034,800	60,127	231	1,889.9	
2005	80	7,821,817	66,311	234	2,175.2	
2006	82	7,993,013	68,087	234	2,213.1	
2007	85	8,321,250	70,482	240	2,157.5	
2008	88	8,658,043	73,719	230	2,226.1	
2009	88	8,732,315	74,843	228	2,226.1	
2010	87	8,781,166	75,329	225	2,221.3	

Source: School Board Construction and Planning Office.

\*\* Data not available.

(1) The building added in FY 2005 is leased, therefore, the square footage and acreage did not increase.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 23 - Miscellaneous Statistical Data**  
**June 30, 2010**

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<b>Date of County Organization:</b>	March 25, 1731
<b>Form of Government:</b>	County Executive (as provided for by the <i>Code of Virginia</i> )
<b>Area:</b>	348 Square Miles
<b>Services of Primary Government:</b>	
Fire protection:	
Number of career employees	422
Number of volunteers	835
Police protection:	
Number of police officers	564
Public Safety Communications:	
Number of employees	98
<b>Services not included in the Primary Government:</b>	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	77
Number of public high schools	10
Membership as of September 30, 2009 (FY10)	76,656 <sup>(1)</sup>
Number of personnel (full-time equivalent)	9,656 <sup>(2)</sup>
Recreation (Park Authority Component Unit):	
Acres developed or reserved for County parks	3,880
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	402
Capacity of central jail	200
Capacity of work-release center	65
Number of personnel (full-time equivalent)	337
<b>Other statistical data:</b>	
Elections:	
Registered voters at last general election	216,037
Number of votes cast in last general election	75,123
Percent voting in last general election	35%
Water and Wastewater Treatment (provided by Prince William County Service Authority):	
Miles of water mains	1,135
Miles of sanitary sewer mains	1,052

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.

<sup>(1)</sup> Source: Prince William County Schools Fiscal Year 2011 Approved Budget Book. Number differs from other sources due to criteria used for determining membership.

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



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**Financial Services**  
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