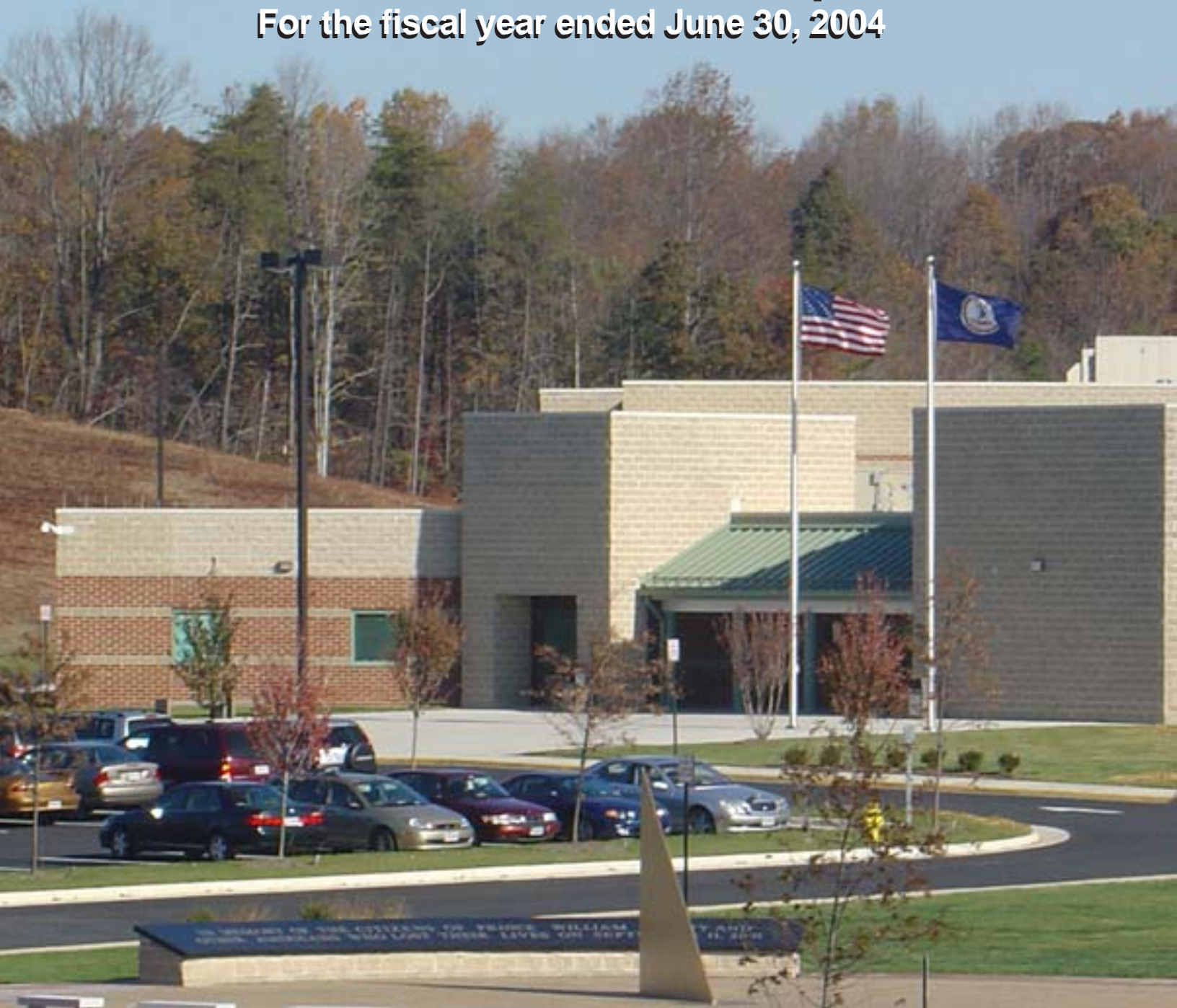


Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2004



Prince William County Public Schools
Prince William County, Virginia
A Component Unit of Prince William County



Prince William County Public Schools
A Component Unit of Prince William County, Virginia
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

School Board

Lucy S. Beauchamp, Chairperson (*At-Large*)
Milton C. Johns, Vice Chairman, *Brentsville District*
Michael I. Otaigbe Ph.D., *Coles District*
Betty D. Covington, *Dumfries District*
Donald P. Richardson, *Gainesville District*
Julie C. Lucas, *Neabsco District*
Grant E. Lattin, *Occoquan District*
Denita P. Richardson, *Woodbridge District*

Superintendent of Schools
Edward L. Kelly

Director of Finance
David S. Cline

Department of Finance
14800 Joplin Road
Manassas, Virginia 20108
(703)-791-8753

This Report Prepared By:

Department of Finance
14800 Joplin Road
Manassas, Virginia 20108
(703)-791-8753

Director of Finance
David S. Cline

Supervisor of Fiscal Operations
John M. Wallingford

Chief Accountant
Patricia Townsend

Accountants
Kathleen Addison
Maria Cavin
Karen Myers

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Prince William County, Virginia

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Prince William County Public Schools

P.O. Box 389
Manassas, VA 20108
703-791-7200

Edward Kelly
Superintendent of Schools

October 14, 2004

**Mr. Chairman, Members of the County Board of Supervisors:
Madam 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 (PWCPS), a component unit of Prince William County, Virginia, for the year ended June 30, 2004.

This report consists of management's representations concerning the finances of PWCPS. 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 PWCPS has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the PWCPS' financial statements in conformity with accounting principles generally accepted in the United States.

Because the cost of internal controls should not outweigh their benefits, the PWCPS' 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.

PWCPS' financial statements have been audited by Ernst & Young LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of PWCPS for the fiscal year ended June 30, 2004 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 PWCPS' financial statements for the fiscal year ended June 30, 2004, 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 PWCPS 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. PWCPS' MD&A can be found immediately following the report of independent auditors.

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. Prince William County has, within its boundaries, the independent cities of Manassas and Manassas Park and the incorporated towns Dumfries, Haymarket, Occoquan and Quantico. The cities of Manassas and Manassas Park have their own public school divisions.

PWCPS 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. PWCPS is organized to focus on meeting the needs of its 65,721 students while managing 80 schools and centers.

Local Economy

The local economy is inextricably linked to that of the regional Washington D.C. metropolitan area, and the area's economy performed extraordinarily well over the last year. Driven by Federal defense and homeland security spending, job growth in the area far exceeded that of any other major metropolitan area resulting in unemployment numbers under 3% and in the creation of additional demand for housing. For fiscal year 2004, Prince William County's economic story centered on the housing market, population growth, and growth in employment.

Prince William County saw its population increase by 15,250, or 4.7%, to 336,820 during fiscal year 2004. The influx of new citizens in conjunction with the low interest rate environment served to drive the County's real estate market to record price and sales volume levels. As of July 2004, calendar year-to-date home sales in the County were 6,021 units compared to 5,038 units during the same period last year according to Metropolitan Regional Information Systems, Inc. (MRIS) home sale records. The average assessed value of all residential property units in the County for 2003 was \$225,149 compared to \$189,946 in 2002 representing an increase of 18.5%. About 84% of the County's real estate tax base consists of residential housing, with approximately 15% comprised of commercial, industrial and public service properties and 1% agricultural. Further indicative of the robust real estate market, the average number of days a home was on the market dropped to 22 for the 7 months ended July 2004, down sharply from the prior year's 32 days.

One of Prince William County's strategic goals is to maintain an economic development climate that will attract and foster the expansion of environmentally-sound industries that create quality jobs, diversify the non-residential tax base, and allow people to live in, work in and visit the County. In that regard, the County's Department of Economic Development has worked diligently to attract new businesses in quality industries to locate in Prince William County. Since 1997, 171 companies have announced they would locate or expand their operations within the County. These new and expanding businesses have resulted in the announced intention to create 9,587 high-tech jobs and \$2.4 billion of announced investment. On May 8, 2002, Prince William County and the Commonwealth of Virginia welcomed Eli Lilly and Company (Lilly) to the County. Lilly announced that they would build a 600,000 square foot insulin manufacturing center on 120 acres in the technology park, INNOVATION@PrinceWilliam. Groundbreaking ceremonies for the facility construction took place in August 2003. When complete, the complex will employ 700 new workers and represent an investment of \$425 million. More recent announcements at INNOVATION have included Mediatech, a leading manufacturer of life science products, which will construct a 90,000 to 110,000 square foot building on 10 acres. This project is valued at more than \$10 million and will provide more than 200 full-time jobs when fully operational by 2006. Additionally, Geo-Centers, a scientific research company will locate in the new Logis-Tech building at 9450 Innovation Drive. The project will create 10-15 initial jobs and is valued at an estimated \$1.5 million.

Prince William County's close proximity to the federal government and affiliated contractor industries has largely isolated it from the more severe economic woes other regions of the country have experienced. Not only has this relationship provided some insulation from inevitable business cycle troughs, but it has provided the County with a demand base for its housing and retail trade. 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 over the past two years as homebuyers and consumers energized the County's economy.

In spite of the County's excellent 2004 performance, there are challenges ahead. The recent acceleration of the County's population growth requires continued management of Prince William's infrastructure needs during a time when critical commodity prices such as steel, lumber and energy have spiraled higher. The County's rapid increase in home prices has made it essential to reduce the real estate tax rate and ameliorate the impact on residential tax bills. And Prince William County must continue to manage and prepare for the threat of terrorism by working with Department of Homeland Security personnel and others to equip and train our first responders.

As Prince William County enters fiscal year 2005, the local economy is stronger than it has been in years. Expectations going forward are for continued prosperity with a mildly muted momentum. The demographics are in place to reinforce those expectations and with unemployment rates under 3%, low interest rates, and a positive regional and national economic outlook, it is likely that the current local economic climate will remain quite positive over the near term.

Long-term Financial Planning

Each year PWCPS prepares a five year budget plan. This plan incorporates expected revenue and expenditure growth to determine how future needs will be met. The goals 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 identified in the Capital Improvements Program.
4. To complete all critical capital projects identified in the Capital Improvements Program.
5. To maintain competitive salaries and benefits for all employees.

Each year PWCPS 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 PWCPS 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 PWCPS.

Cash Management and Investments

The County is the custodian of all cash and investments, except for the Student Activity funds. These funds are held in local banks within the guidelines of Virginia State Law.

Risk Financing

PWCPS maintains a separate self-insurance program for its workers' compensation insurance. The activities of this program is reported in the Internal Service Funds. Revenues come primarily from other schools' funds through "premiums" set to cover estimated self-insured claims and liabilities, excess, and other insurance premiums and operating expenses. Claims incurred (both reported and unreported) through June 30, 2004, are recorded as accrued liabilities. The program has sufficient reserves to cover its estimated claims liability. Please see note 6 of the financial statements for additional information.

Health Benefits

PWCPS 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 PWCPS insurance program. An employee may choose either the HMO plan called "*Healthkeepers Product 20*", or one of the two PPO plans offered, "*KeyCare 15 Plus*" or the "*KeyCare 20*". 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, 2004 PWCPS spent \$28,556,806 on self insured health insurance claims. The activities of these programs are reported in the Internal Service Funds. Revenues are primarily derived from other PWCPS funds, employee contributions and retiree contributions through premiums established by the insurance carriers.

Pension Benefits and Other Postemployment Benefits

PWCPS contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer public employee retirement system. The system acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. All full-time, salaried permanent employees must participate in the VRS. Benefit provisions and all other requirements are established by state statute.

PWCPS also offers, to all except substitute and temporary employees, a tax deferred annuity plan (TDC). PWCPS contributes money on the employee's behalf to purchase annuities after the employee has completed three (3) years of service with PWCPS. The School Board's contribution increases each time an employee has completed five (5), ten (10), and fifteen (15) years of service. At the end of the current year the cap on the employer contribution was \$3,185.

PWCPS provides limited postretirement health and dental benefits as provided for in Virginia state law to retirees who have 15 or more years of service with PWCPS. Retirees are granted the option to participate by paying 100% of their monthly health insurance premium to PWCPS' plan or to the carrier of their choice less a maximum credit of \$75. As of the end of the current fiscal year, there were 1,145 retirees receiving these benefits. The plan is financed by payments from Prince William County Public Schools to the VRS. For fiscal year 2004, the contribution made by PWCPS was \$1,916,943. The surplus funds are not considered advance funded because PWCPS, 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.

Financial Reporting Certificate Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a governmental entity financial report. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A GFOA Certificate is the highest form of recognition awarded in the field of governmental financial reporting and is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine the School Board's eligibility for another certificate award.

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, 2003. 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.

Acknowledgments

Many professional staff members in the Finance Office of PWCPS 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 PWCPS' departments and agencies throughout the year in the efficient administration of the PWCPS' 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 PWCPS in the preparation of this report.

This comprehensive annual financial report reflects the PWCPS' 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,

Edward L. Kelly
Division Superintendent

David S. Cline
Director of Finance

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, 2003

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

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

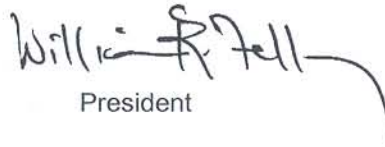


This Certificate of Excellence in Financial Reporting is presented to

Prince William County Public Schools

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

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

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Organization of Prince William County Schools

The Prince William County School Board

Lucy S. Beauchamp Chairperson, *At-Large*

Milton C. Johns, Vice Chairman, *Brentsville District*

Michael I. Otaigbe Ph.D., *Coles District*

Betty D. Covington, *Dumfries District*

Donald P. Richardson, *Gainesville District*

Julie C. Lucas, *Neabsco District*

Grant E. Lattin, *Occoquan District*

Denita P. Ramirez, *Woodbridge District*

School Division Administration

Dr. Edward L. Kelly
Superintendent of Schools

Pamela K. Gauch
Associate Superintendent
Instruction

Wayne Mallard
Associate Superintendent
Management

David Miller
Associate Superintendent
School Services

Alison Nourse-Miller
Associate Superintendent
Area 1 Schools

Karen Spillman
Associate Superintendent
Area 2 Schools

Rae Darlington
Associate Superintendent
Area 3 Schools

Marvin Thompson
Associate Superintendent
Area 4 Schools

David S. Cline
Director of Finance

John M. Wallingford
Supervisor of Fiscal Operations

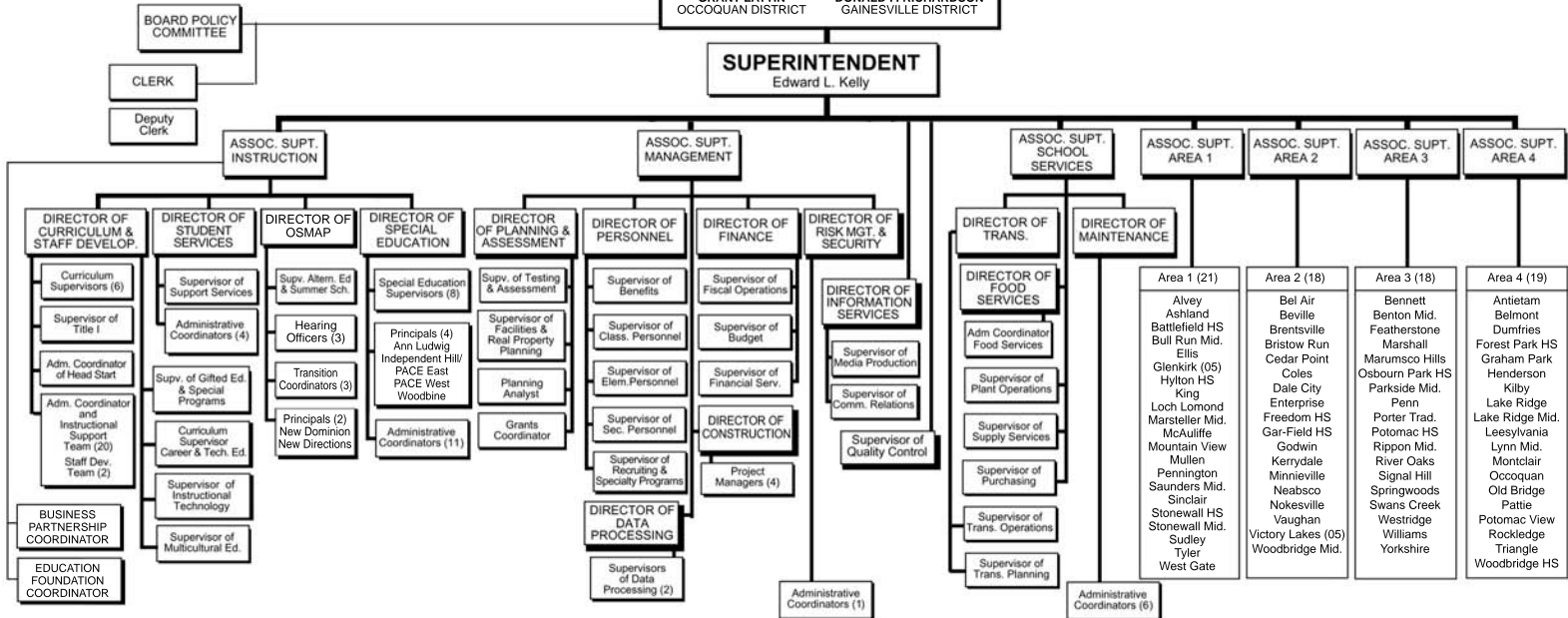
2004-2005 Organizational Chart

Prince William County Public Schools

(effective July 1, 2004)

SCHOOL BOARD

LUCY S. BEAUCHAMP CHAIRMAN AT-LARGE	JULIE C. LUCAS NEABSCO DISTRICT
MILTON C. JOHNS VICE CHAIRMAN BRENTSVILLE DISTRICT	MICHAEL I. OTAIGBE, Ph.D. COLES DISTRICT
BETTY D. COVINGTON DUMFRIES DISTRICT	DENITA S. RAMIREZ WOODBIDGE DISTRICT
GRANT LATTIN OCCOQUAN DISTRICT	DONALD P. RICHARDSON GAINESVILLE DISTRICT



Financial Section

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

Report of Independent Auditors

The School Board of
Prince William County Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Prince William County Public Schools (PWCPS), as of and for the year ended June 30, 2004, which collectively comprise the PWCPS's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the PWCPS's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Student Activity Fund, which represents 49% percent of the assets of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Student Activity 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, each major fund, and the aggregate remaining fund information of the Prince William County Public Schools, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 10 to the financial statements, PWCPS restated its net assets as of June 30, 2003 for governmental activities and internal service funds to properly recognize health insurance charges for services.

In accordance with *Government Auditing Standards*, we have also issued our report as of and for the period ended June 30, 2004, on our consideration of the PWCPS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 13 through 25, and the Schedule of Funding Progress on page 52, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Prince William County Public Schools' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors 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 statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ernst & Young LLP

October 14, 2004

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2004

This section of the Prince William County Public Schools' (PWPCS) annual financial report presents our discussion and analysis of the districts financial performance during the fiscal year ended June 30, 2004 (FY 2004). 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 \$556,754 or 87% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$82,853 or 13% of total revenues of \$639,607.
- The school division had \$568,663 in expenses related to governmental activities of which \$82,853 was offset by program specific charges, grants, or contributions. General revenues, primarily County and State, were adequate to fund the remaining expenses.
- Net assets increased by \$70,944 to a total of \$694,844. 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 fiscally dependent on Prince William County. As such, all debt related to school division assets is shown on the County's Statement of Net Assets.
- On September 30, 2003 (FY 2004) student membership was 63,109, an increase of 3,101 students, or 5.2% greater than the FY 2003 Approved budget. The student membership was also 720 students greater than projected for FY 2004. The additional students, plus changes in the demographic makeup of the student population, required additional funding of \$4,079.
- The school division received an additional \$5.4 million in County revenue for PWPCS' share of FY 2003 revenues that exceeded the original FY 2003 revenue projections. These funds were used to support the local cost of the additional students and to fund capital projects.
- J. W. Alvey Elementary School was opened in September 2003. Construction continues on two high schools and three elementary schools, due to open in FY 2005.

Using this Comprehensive Annual Financial Report

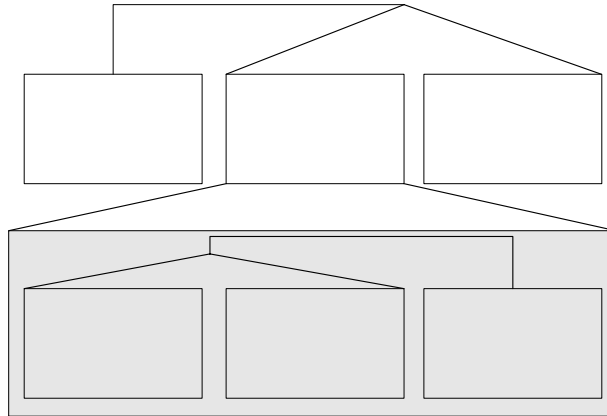
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school division.

- The first two statements are *division-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 division-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.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities that the division operates *like businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the division acts solely as a *trustee* or *agent*.

Prince William County Public Schools
Management's Discussion and Analysis
 For the Year Ended June 30, 2004

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 Division-Wide and Fund Financial Statements				
	Division-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire school division (except 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, and the Warehouse	Instances in which the school division administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> •Statement of net assets •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> •Statement of fund net assets •Statement of cash flows •Statement of revenues, expenditures, and changes in fund net assets 	<ul style="list-style-type: none"> •Statement of fiduciary net assets •Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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

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Division-wide Statements

The division-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 PWCPSS to provide programs and activities, the view of PWCPSS, as a whole, looks at all financial transactions and asks the question, "How did we do financially during FY 2004?" 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 division-wide statements report PWCPSS' *net assets* and how they have changed. Net assets – the difference between PWCPSS' 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 deteriorating, respectively.
- To assess the overall health of PWCPSS, 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, PWCPSS reports only activities related to governmental-type activities, since it has no business-type activities. PWCPSS' 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, capital projects, reimbursement to the county for debt service, food services, and community services operations.

Fund Financial Statements

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

PWCPSS has three types of funds:

- **Governmental Funds:** Most of PWCPSS' activities are reported in governmental funds, which focus 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 PWCPSS' 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 division-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 division-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. PWCPSS uses internal service funds (one kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. PWCPSS has three internal service funds, the Self Insurance fund, the Health Insurance fund, and the Warehouse fund.

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- **Fiduciary Funds:** PWCPS is a trustee or fiduciary for the Northern Virginia Regional Special Education Fund. All of the fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from PWCPS' division-wide statements because PWCPS cannot use these assets to finance its operation. The student activity monies are also accounted for in an agency fund.

Financial Analysis of PWCPS as a Whole

Net Assets:

The condensed statement of net assets describes the financial position of PWCPS on June 30, 2004. The largest portion of PWCPS net assets reflects its investment in capital assets (buildings, land, equipment, and construction-in-progress). Capital assets account for 80.7% of the total net assets and have increased by \$85,424 since June 30, 2003. This increase is primarily the result of continued construction 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, PWCPS does not have the authority to issue debt. All debt is issued by Prince William County and, therefore, shown as a liability

Condensed Statement of Net Assets			
(amounts expressed in thousands)			
	Governmental Activities		
	2004	2003	Percent Change
Current and other assets	\$ 241,683	\$ 247,345	-2.8%
Capital assets	<u>560,972</u>	<u>475,548</u>	18.0
Total assets	<u>802,655</u>	<u>722,893</u>	11.0
Current liabilities	77,410	74,954	3.3
Long-term liabilities	<u>30,401</u>	<u>24,039</u>	26.5
Total liabilities	<u>107,811</u>	<u>98,993</u>	8.9
Net assets:			
Invested in capital assets	560,972	475,548	18.0
Restricted	97,055	108,257	-10.3
Unrestricted	<u>36,817</u>	<u>40,095</u>	-8.2
Total net assets	<u>\$ 694,844</u>	<u>\$ 623,900</u>	11.4

on their Statement of Net Assets. In years where there are substantial additions to capital assets that are funded through the issuance of debt, the school division will have substantial increases in net assets. A more detailed discussion on debt is contained in a later section entitled "Outstanding Long-Term Debt".

The other components of net assets are restricted net assets and unrestricted net assets. Restricted net assets represent those resources that have externally imposed constraints on their use. Restricted net assets decreased by \$11,202 during the current fiscal year reflecting a decrease in PWCPS resources restricted for specific construction projects. Unrestricted net assets are those resources that may be used to meet the obligations placed on PWCPS 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 \$36,817, a decrease of \$3,278. All three components of net assets show positive balances.

Prince William County Public Schools
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Changes in Net Assets

(amounts expressed in thousands)

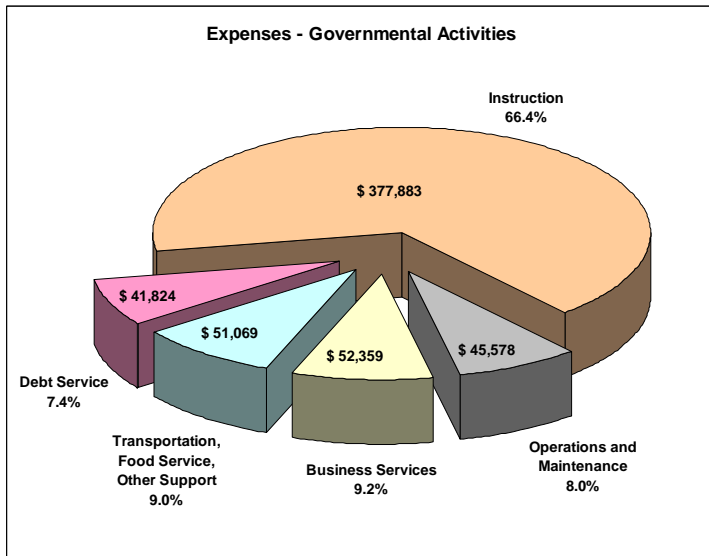
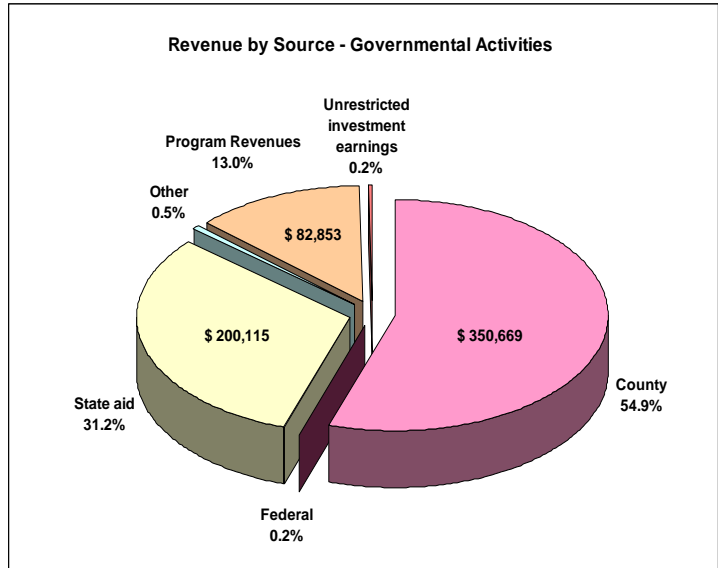
	Governmental Activities		Percent Change
	2004	2003	
Program Revenues:			
Charges for services	\$ 15,256	\$ 19,214	-20.6%
Operating grants and contributions	66,695	58,089	14.8
Capital grants and contributions	902	881	2.4
General revenues:			
Federal	1,385	1,489	-7.0
State aid	200,115	184,092	8.7
County	350,669	362,496	-3.3
Unrestricted investment earnings	1,518	2,013	-24.6
Other	3,067	11,781	-74.0
Total Revenues	639,607	640,055	-0.1
Expenses:			
Regular	268,482	248,859	7.9
Special	65,759	59,045	11.4
Other	6,694	6,128	9.2
Instructional leadership	36,898	33,531	10.0
General administration	5,028	3,954	27.1
Student services	7,238	5,665	27.8
Curricular/staff development	10,046	8,989	11.8
Pupil transportation	29,348	27,161	8.1
Operations	17,605	16,928	4.0
Utilities	14,665	14,613	0.4
Maintenance	13,308	13,349	-0.3
Central business services	30,047	28,339	6.0
Supply services	—	3,414	—
Reimbursement to County for debt service	41,824	33,682	24.2
Food service	21,232	18,467	15.0
Community service operations	489	449	8.9
Total expenses	568,663	522,573	8.8
Change in net assets	70,944	117,482	-39.6
Net assets, beginning of year	623,900	506,418	23.2
Net assets, end of year	\$ 694,844	\$ 623,900	11.4

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Changes in net assets:

Total revenues decreased by \$448 for a 0.1% decrease over fiscal year 2003. This is primarily the result of a decrease in the component of county revenue that is derived from bond sales that PWC makes on behalf of PWCPs. In FY 2003 total county bond sales on behalf of PWCPs amounted to \$87,469 while in FY 2004 this amount dropped to \$52,321 for a total decrease of \$35,148 or 40.2% decrease FY 2003 to FY 2004. All other components of county revenue increased FY 2003 to FY 2004. This increase is a function of the overall growth in general county revenues and the cooperative funding formula.

"Other" revenue disclosed on the statement of activities decreased by \$8,714. This decrease is a function of one time activity resulting from the sale of the old Marsteller Middle School in FY 2003 – in FY 2004 there were no sales of school buildings. Other decreases in revenues can be identified in charges for services and federal revenue. The decrease in charges for services was a function of the reclassification of the warehouse fund from the governmental type to the internal service fund type. This has the effect of removing the revenue and associated expense streams from the face of the Statement of Activities because the net gain or loss of internal service funds are allocated back to the governmental funds as an adjustment to expense. Federal revenues decreased over fiscal year 2003 by a total of \$104 or 7.0%.



The decrease in charges for services was a function of the reclassification of the warehouse fund from the governmental type to the internal service fund type. This has the effect of removing the revenue and associated expense streams from the face of the Statement of Activities because the net gain or loss of internal service funds are allocated back to the governmental funds as an adjustment to expense. Federal revenues decreased over fiscal year 2003 by a total of \$104 or 7.0%.

State revenue increased \$16,023 or 8.7% due to both the increased growth in student enrollment and the calculation of the state's funding of the standards of quality.

The total cost of all programs increased by 8.8% to \$568,663 in fiscal year 2004. 75.4% of the division's expenses are related to the instruction of and caring for the needs of students (instruction, transportation, student service, and food service). The division's business and administrative activities accounted for 9.2% of total costs while

operations and maintenance amounted to 8.0% of total cost. Reimbursements to the County for debt service totaled 7.4% of fiscal year 2004 costs. For the fiscal year ended 2004, revenues exceeded expenses by a total of \$70,944. A substantial portion of this excess is the recognition of revenues associated with capital outlay related to PWCPs continued expansion of facilities.

Governmental Activities

The two primary sources of revenue for the school division are from Prince William County and the Commonwealth (State) 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

Prince William County Public Schools
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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). FY 2004 County funding was increased by \$3,581 due to additional recognized revenues from FY 2003.

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 2004 increased for two primary reasons. First, State funding for basic and categorical aid increased as a result of the calculation of required state funding as defined in the state SOQ. Second, State funding also increases with growth in enrollment. State revenue increased from FY 2003 as a result of the state funding their share of the SOQ cost of the additional 3,101 students in the school division; an increase in student population of 5.2%.

The FY 2004 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 government-type activities, the total cost of services and the net cost of services. The net cost of services reflects the support to be provided by tax revenue, state aid, and federal aid not restricted to specific programs.

Net Cost of Governmental Activities						
(amounts expressed in thousands)						
	Total Cost of Services			Net Cost of Services		
	2004	2003	Percent Change	2004	2003	Percent Change
Instruction						
Regular	\$268,482	\$248,859	7.9%	\$241,827	\$227,416	6.3%
Special	65,759	59,045	11.4	35,863	32,072	11.8
Other	6,694	6,128	9.2	2,407	951	153.1
Instructional leadership	36,898	33,531	10.0	36,898	33,531	10.0
Total instruction	<u>377,833</u>	<u>347,563</u>	8.7	<u>316,995</u>	<u>293,970</u>	7.8
Support services						
General administration	5,028	3,954	27.1	5,028	3,954	27.2
Student services	7,238	5,665	27.8	7,238	5,586	29.6
Curricular/staff development	10,046	8,989	11.8	9,995	8,970	11.4
Pupil transportation	29,348	27,161	8.1	29,260	27,063	8.1
Operations	17,605	16,928	4.0	17,540	16,867	4.0
Utilities	14,665	14,613	0.4	14,665	14,613	0.4
Maintenance	13,308	13,349	-0.3	13,308	13,349	-0.3
Central business services	30,047	28,339	6.0	29,169	25,538	14.2
Supply services	—	3,414	—	—	151	—
Reimbursement to County for debt	41,824	33,682	24.2	41,823	33,682	24.2
Food service	21,232	18,467	15.0	877	671	30.9
Community service operations	489	449	8.9	(88)	(24)	266.7
Total support services	<u>190,830</u>	<u>175,010</u>	9.0	<u>168,815</u>	<u>150,420</u>	12.8
Total expenses	<u>\$568,663</u>	<u>\$522,573</u>	8.8	<u>\$485,810</u>	<u>\$443,390</u>	10.1

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Governmental Activities (continued)

- The cost of all governmental activities was \$568,663.
- The net cost of governmental activities was \$485,810.
- The amount the citizens of Prince William County paid for these activities through County taxes was \$350,669.
- The Commonwealth of Virginia contributed general revenue of \$200,115.
- Some of the other costs were paid for by:
 - Users who benefited from the programs: \$15,256,
 - Total Grants and Contributions: \$67,597,
 - Other payments: \$3,067.
- There are several significant activity changes in the net cost of services:
 - Special instruction costs increased as a result of a change to the demographic makeup of the student population, most significantly an increase in the number of students requiring services as English Speakers of other Languages (ESL).
 - The net cost of other instruction increased as a result of expanded non-tuition SOL remediation programs for students in summer school and other tuition based programs.
 - The net cost of general administration increased as a function of the opening of one new school and the staffing and startup costs associated with the two high school and three elementary schools due to open in September 2004.
 - The net costs of Student Services increased with the hiring of twenty additional nurses as part of the continued expansion of the school nurse program.
 - Curricular/staff development increased with the additional costs associated with SOL remediation.
 - Supply services (warehouse operation) costs were reclassified in FY 2004 from governmental type to internal service type fund.
 - Food services net cost increased as a result of the opening of one new school and the continued growth in student enrollment.
 - 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.

Financial Analysis of the District's Funds

Information about PWPCS' 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 \$642,832 and expenditures of \$649,732. The net change in fund balance was most significant in the Construction Fund amounting to a decrease of \$11,898. This decrease is primarily due to timing differences between the sale of bonds and the expenditures for the construction of the associated projects.

The General Fund net change in fund balance of \$5,660 reflects an increase in the Operating Fund of \$6,110 and a decrease in the funds used as payment in lieu of debt service of \$450. The change in the Operating Fund fund balance is primarily a result of greater than anticipated savings in salary and benefit accounts with the largest savings coming in from our supplemental retirement plan and health insurance premiums. The decrease in fund balance in Other Governmental Funds of \$661 is primarily attributable to the use of fund balance in the Food Services Fund to support the increased cost of operating one new school while maintaining the price of meals.

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General Fund Budgetary Highlights

The PWCPS' budget is prepared in accordance with Virginia School Laws. The most significant budgeted fund is the General Fund. During the course of fiscal year 2004, PWCPS amended its general fund budget as follows:

- Amended appropriation of \$18,558 to reflect the carryover of encumbrances from Fiscal Year 2003 to Fiscal Year 2004.
- Amended appropriation of \$21,390 to reflect the carryover of encumbrances from Fiscal Year 2004 to Fiscal Year 2005.
- Supplemental appropriation of \$5,265 for PWCPS' share of FY 2003 revenues that exceeded the original FY 2003 revenue projections. Based upon the revenue sharing agreement with the County, PWCPS develops the Approved budget based upon projected revenues. After the final close of the fiscal year, the County determines the actual revenues for the year (FY 2003). In the following fiscal year (FY 2004) an appropriation adjustment is made (plus or minus) to the school division budget to reflect the difference between the actual and projected revenues. The supplemental appropriation is net of other adjustments including contribution to the County fund balance.
- Supplemental appropriations totaling \$6,188 for increases in federal, state, and local grants and for additional state aid due to a higher student population than originally projected in the budget.

Although the division's final budget for the general fund anticipated that expenses would exceed revenues by roughly \$4,815, the actual results for the year show a savings of \$6,110 and a decrease in the funds used as payment in lieu of debt service of \$450 for a total savings of \$5,660. The increased fund balance will be utilized to support future budgets in the five-year budget plan.

Capital Assets

At the end of fiscal year 2004, PWCPS had \$560,972 invested in furniture and equipment, land, buildings, and construction in progress in governmental-type activities. The following table shows fiscal year 2004 balances, net of accumulated depreciation. Readers interested in more detailed information on capital assets should refer to the Notes to the Financial Statements.

Capital Assets			
(net of accumulated depreciation)			
(amounts expressed in thousands)			
	Governmental Activities		Percent Change
	2004	2003	
Land	\$29,640	\$29,484	0.5%
Construction in progress	31,296	50,695	-38.3
Depreciable capital assets	500,036	395,370	26.5
Total	<u>\$560,972</u>	<u>\$475,549</u>	18.0

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Major capital asset additions for FY 2004 included:

- Completion of construction and opening of J. W. Alvey Elementary School.
- Commenced construction of "mid-county" Transportation Center.
- Construction continued on the following schools:
 - Battlefield High School located near Dominion Valley subdivision, adjacent to Rt 15,
 - Freedom High School located near Northern Virginia Community College, Woodbridge,
 - Ellis Elementary School on Ashton Avenue,
 - Williams Elementary School on Four Year Trail,
 - Porter Traditional School on Blackburn Ave (Belmont).
- Additions were made to the following schools:
 - Bristow Run Elementary School.
- Major renovations were accomplished at the following schools:
 - Gar-Field High School,
 - Sudley Elementary School.
- Roof replacements at Coles and Springwoods Elementary Schools.
- Mechanical system replacements at Osbourn Park and Stonewall Jackson High Schools.
- Purchase of 143 school buses (81 replacement, 62 additional).
- Replacement of 14 trucks and other vehicles.
- Replacement of designated computers identified within the school division three year technology refresh plan.

The following major capital projects are included in PWPCS' fiscal year 2005 capital budget:

- Construction of an Elementary School at Victory Lakes.
- Construction of an Elementary School on Glenkirk Avenue.
- Construction of a Middle School on Four Year Trail.
- Building additions to:
 - Potomac View Elementary School.
- Major renovations at:
 - Stonewall Jackson High School,
 - Osbourn Park High School,
 - Woodbridge High School,
 - Minnieville Elementary School,
 - Potomac View Elementary School,
 - Vaughan Elementary School.
- Mechanical system replacements at Pattie and Potomac View Elementary Schools, Pennington School and Stonewall Jackson High School.
- Roof replacements at Henderson and Lake Ridge Elementary Schools.
- Purchase of 131 school buses (58 replacements, 73 additional).
- Replacement of 13 trucks and other vehicles.
- Replacement of designated computers identified within the school division three year technology refresh plan.

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Funding for the FY 2005 capital projects includes \$20,010 in appropriated funds and \$52,320 to be financed by Prince William County through the sale of General Obligations bonds to the Virginia Public School Authority (VPSA) in the spring of 2004.

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 government retains the liability for the portion of general obligation bonds issued to fund capital projects for Prince William County Public Schools.

The County Government appropriates funds to PWCPSS for the education of the students of Prince William County. 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 schools' 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 year-end, the County is liable for \$401,045 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2004, outstanding long-term debt increased by a net \$27,494. Consisting of:

- \$24,826 in debt principal retired during the fiscal year.
- \$48,795 new debt issued during FY 2004:
 - \$48,795 in sale of general obligation bonds to the Virginia Public School Authority (VPSA), based upon a planned sale of \$48,775.
 - In addition, a bond premium of \$3,525 was realized on the sale of the VPSA bonds. (Bringing the total funds available from the sale to \$52,756).

The FY 2005 Approved School Board budget provides funding for \$44,444 to support the payment of debt service by the County. The budgeted debt service payments support the budgeted sale of \$52,320 in new bonds to support school capital projects, as detailed in the FY2005 – 2009 Capital Improvements Program. Readers interested in more detailed information for long-term activity should refer to the Notes to the Financial Statements.

Outstanding Long-Term Debt			
(Incurred by Prince William County on behalf of PWCPSS)			
(amounts expressed in thousands)			
	Total School Division		
	2004	2003	Percent Change
General obligation bonds *	\$ 395,332	\$ 367,341	7.6%
Literary loans	5,713	6,210	-8.0
Total	<u>\$ 401,045</u>	<u>\$ 373,551</u>	7.4
*Includes G.O. bonds sold directly by County and through the Virginia Public School Authority			

Prince William County Public Schools
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For the Year Ended June 30, 2004

Bond Ratings

In October, 2004, Fitch Ratings upgraded the County's general obligation bonds from AA+ to AAA. 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 enjoyed a general obligation bond rating of AA+ and Aa1 from Fitch Ratings and Moody's Investors Service in fiscal year 2004, which is the second highest rating awarded a local government.

Factors influencing future budgets:

The FY 2005 budget provides funding for the following significant costs:

- A step increase and pay adjustment averaging 5.9%.
- A 2% cost-of-living adjustment in supplies and materials accounts.
- Funding for current programs to support an increase of 3,365 students.
- Funding to support the capital projects included in the FY 2005 – 2009 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 membership on September 30, 2004 was 66,093. This represents an increase of 3,737 students for a growth rate in excess of 5.9%. The student membership was 372 students above the 65,721 projected in the FY 2005 Approved Budget. The rate of student growth continues to place fiscal demands upon the school division requiring additional staff, buses, and classroom space.
- Not only is the student population continuing to grow, but the demographics of the student population continue to change. The changes in student demographics increases the number of students requiring additional educational services, which in turn increases school division expenses to meet those needs. The FY 2005 additional cost for the increased number of students and for the demographic changes is \$4,079.
- After a long and arduous budget process, the Commonwealth made significant budget increases for K-12 education. The Commonwealth of Virginia made policy changes to the Standards of Quality (SOQ) to provide the state share of funding to support a daily planning period, elementary resource teachers, technology teachers, technology support positions, and administrative support. The Commonwealth restored the potential loss of revenue associated with the local revenue deduction and restored 71% of the potential revenue loss associated with the federal revenue deduction. The Commonwealth also increased the state sales tax rate by ¼ cent to provide additional financial support K-12 education.
- County FY 2004 revenues exceeded the projections; the school division anticipates receiving an additional \$1,956 in December 2004. These funds will be utilized to offset the increased student costs identified above. Initial FY 2005 County revenues are slightly above budget projections.
- The school division continues to receive information and assess the potential impact and associated costs of the federal No Child Left Behind legislation. The legislation will likely result in increased costs for remediation of under-performing students, and for improved information/data processing systems to meet additional federal requirements for student assessment and reporting.
- The rate holiday for Group Life Insurance expires after the FY 2006 budget.

Prince William County Public Schools

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For the Year Ended June 30, 2004

- The Virginia Retirement System (VRS) had recommended a significant rate increase for FY 2005, and beyond, due to the impact of the stock market upon the VRS portfolio. The legislature mitigated the impact of the increases for FY 2005 and FY 2006. The legislature also initiated a study of the Virginia Retirement System during FY 2005 which will likely affect the rate structure of VRS in future years. The impact of such changes will likely be felt beginning in FY 2007.
- During the past five years, the growth in real estate values has enabled both a reduction in the real property rate of 29 cents to a value of \$1.07 while providing additional revenues to the County and School Board. While citizens are increasingly concerned about rising property valuations and resulting tax bills, the County is committed to moderating the average real estate increase to single digits levels.
- The School Board has elected not to renew the contract for the Division Superintendent. The School Board will search for and hire a new Superintendent for the period beginning July 1, 2005.

Contacting the Prince William County Public Schools' (PWCPS) Financial Management

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

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Basic Financial Statements

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Prince William County Public Schools
Statement of Net Assets
June 30, 2004

Exhibit 1

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 119,693,272
Accounts receivable and other current assets	504,030
Due from other governmental units	20,824,293
Inventory	2,228,669
Prepays	1,377,561
Restricted assets:	
Restricted cash	97,054,869
Capital assets:	
Land	29,640,174
Construction in progress	31,295,379
Depreciable capital assets	666,185,993
Less: accumulated depreciation	(166,149,660)
<i>Total assets</i>	<u>802,654,580</u>
LIABILITIES	
Accounts payable and accrued liabilities	20,395,895
Salaries payable and withholdings	53,034,371
Deferred revenue	3,979,279
Long-term liabilities:	
Due within one year	7,836,895
Due in more than one year	22,564,638
<i>Total liabilities</i>	<u>107,811,078</u>
NET ASSETS	
Invested in capital assets	560,971,886
Restricted for:	
Capital projects	97,054,869
Unrestricted	36,816,747
<i>Total net assets</i>	<u>\$ 694,843,502</u>

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

Prince William County Public Schools
Statement of Activities
For the Year Ended June 30, 2004

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction:					
Regular	\$ 268,482,631	548,452	26,074,100	33,081	(241,826,998)
Special	65,758,678	63,218	29,832,712	-	(35,862,748)
Other	6,693,797	1,211,509	3,074,657	-	(2,407,631)
Instructional leadership	36,897,985	-	-	-	(36,897,985)
Total instruction	377,833,091	1,823,179	58,981,469	33,081	(316,995,362)
Support services:					
General administration	5,028,352	-	-	-	(5,028,352)
Student services	7,237,807	-	-	-	(7,237,807)
Curricular/staff development	10,046,059	2,395	48,556	-	(9,995,108)
Pupil transportation	29,348,024	88,237	-	-	(29,259,787)
Operations	17,605,365	65,200	-	-	(17,540,165)
Utilities	14,664,720	-	-	-	(14,664,720)
Maintenance	13,307,626	-	-	-	(13,307,626)
Central business services	30,047,439	9,266	-	868,669	(29,169,504)
Reimbursement to County for debt service	41,823,438	-	-	-	(41,823,438)
Food service	21,232,375	12,690,585	7,665,102	-	(876,688)
Community service operations	489,001	577,411	-	-	88,410
Total support services	190,830,206	13,433,094	7,713,658	868,669	(168,814,785)
Total governmental activities	\$ 568,663,297	15,256,273	66,695,127	901,750	(485,810,147)

General revenues:

Federal, State, and Local Revenues	
Federal	1,385,407
State	200,115,079
County	350,668,587
Unrestricted investment earnings	1,517,982
Miscellaneous revenues	3,066,784
Total general revenues	556,753,839

Change in net assets	70,943,692
Net assets, beginning of year, as restated (note 10)	623,899,810
Net assets, end of year	\$ 694,843,502

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

Prince William County Public Schools
 Balance Sheet
 Governmental Funds
 June 30, 2004

Exhibit 3

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and pooled investments	\$ 76,299,450	21,590,754	2,154,307	100,044,511
Restricted cash	-	97,054,869		97,054,869
Accounts receivable	241,839	85,963	78,669	406,471
Due from other funds	74,959	-	-	74,959
Due from other governmental units	19,641,811	-	1,182,482	20,824,293
Inventory	576,184	-	686,131	1,262,315
Total assets	<u>\$ 96,834,243</u>	<u>118,731,586</u>	<u>4,101,589</u>	<u>219,667,418</u>
LIABILITIES and FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,329,394	11,219,027	856,494	19,404,915
Salaries payable and withholdings	52,687,900	26,460	311,161	53,025,521
Deferred revenue	2,386,013	-	482,841	2,868,854
Total liabilities	<u>62,403,307</u>	<u>11,245,487</u>	<u>1,650,496</u>	<u>75,299,290</u>
Fund balances:				
Reserved for:				
Inventory	567,184	-	686,131	1,253,315
Encumbrances	15,951,241	80,945,422	27,424	96,924,087
Unreserved:				
Designated reported in the general fund	9,925,000	-	-	9,925,000
Designated reported in the capital projects fund	-	16,985,000	-	16,985,000
Designated reported in special revenue funds	-	-	811,771	811,771
Undesignated reported in general fund	7,987,511	-	-	7,987,511
Undesignated reported in the capital projects fund	-	9,555,677	-	9,555,677
Undesignated reported in special revenue funds	-	-	925,767	925,767
Total fund balances	<u>34,430,936</u>	<u>107,486,099</u>	<u>2,451,093</u>	<u>144,368,128</u>
Total liabilities and fund balances	<u>\$ 96,834,243</u>	<u>118,731,586</u>	<u>4,101,589</u>	<u>219,667,418</u>

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

Prince William County Public Schools
 Reconciliation of Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2004

Exhibit 4

Total fund balances -- governmental funds \$ 144,368,128

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	29,640,174	
Construction in progress	31,295,379	
Library books	2,720,164	
Buildings and improvements	603,363,749	
Equipment	8,954,255	
Vehicles	51,147,825	
Total capital assets	<u>727,121,546</u>	
Accumulated depreciation	<u>(166,149,660)</u>	560,971,886

Certain revenues are measurable but not available to pay for current period expenditures and, therefore, are reported in the funds as deferred revenue. 1,956,030

Long-term liabilities (Compensated Absences) are not reported in the fund statements. (26,504,495)

Net Assets of internal service funds. 14,051,953

Total net assets - governmental activities \$ 694,843,502

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

Prince William County Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

Exhibit 5

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Use of money and property:				
Use of money - interest	\$ 994,726	1,570,291	28,496	2,593,513
Use of property	-	-	577,411	577,411
Charges for services	4,054,095	-	12,688,585	16,742,680
Intergovernmental revenue:				
Federal	21,095,101	-	7,287,691	28,382,792
State	240,671,584	435,298	297,715	241,404,597
County	291,998,088	60,820,419	-	352,818,507
Miscellaneous revenue	43,971	184,907	84,060	312,938
Total revenues	<u>558,857,565</u>	<u>63,010,915</u>	<u>20,963,958</u>	<u>642,832,438</u>
EXPENDITURES				
Current:				
Regular instruction	253,649,658	3,232,746	-	256,882,404
Special instruction	65,204,638	-	-	65,204,638
Other instruction	6,632,490	-	-	6,632,490
Instructional leadership	36,557,237	-	-	36,557,237
General administration	5,018,194	-	-	5,018,194
Student services	7,161,580	-	-	7,161,580
Curricular/staff development	9,960,486	-	-	9,960,486
Pupil transportation	37,723,749	-	-	37,723,749
Operations	17,789,910	-	-	17,789,910
Utilities	14,664,720	-	-	14,664,720
Maintenance	13,808,242	-	-	13,808,242
Central business services	33,297,818	-	-	33,297,818
Community service operations	-	-	484,671	484,671
Food services	-	-	21,140,442	21,140,442
Reimbursement to the County for debt service	36,869,912	1,561,413	-	38,431,325
Capital outlay	-	84,973,928	-	84,973,928
Total expenditures	<u>538,338,634</u>	<u>89,768,087</u>	<u>21,625,113</u>	<u>649,731,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,518,931</u>	<u>(26,757,172)</u>	<u>(661,155)</u>	<u>(6,899,396)</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN:				
General fund	-	15,859,389	-	15,859,389
Construction fund	1,000,000	-	-	1,000,000
TRANSFERS OUT:				
Construction fund	(15,859,389)	-	-	(15,859,389)
General fund	-	(1,000,000)	-	(1,000,000)
Total other financing sources (uses)	<u>(14,859,389)</u>	<u>14,859,389</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>5,659,542</u>	<u>(11,897,783)</u>	<u>(661,155)</u>	<u>(6,899,396)</u>
FUND BALANCES, beginning of year	<u>28,771,394</u>	<u>119,383,882</u>	<u>3,112,248</u>	<u>151,267,524</u>
FUND BALANCES, end of year	<u>\$ 34,430,936</u>	<u>107,486,099</u>	<u>2,451,093</u>	<u>144,368,128</u>

The accompanying notes to the 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, 2004

Exhibit 6

Total net change in fund balances - total governmental funds \$ (6,899,396)

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:

Additional FY 2004 County general revenue allocation	1,956,030	
Additional FY 2003 County general revenue allocation	<u>(5,381,909)</u>	(3,425,879)

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 outlays exceeds depreciation in the period:

Capital outlays	101,026,829	
Depreciation expense	<u>(15,603,429)</u>	85,423,400

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(5,990,172)

Activities of Internal Service Funds that serve governmental activities

1,835,739

Change in net assets of governmental activities

\$ 70,943,692

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

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, 2004

Exhibit 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ -	994,487	994,726	239
Charges for services	1,600,176	4,232,422	4,054,095	(178,327)
Intergovernmental revenue:				
Federal	15,954,809	21,215,057	21,095,101	(119,956)
State	236,067,978	238,941,456	240,671,584	1,730,128
County	292,610,666	291,998,088	291,998,088	-
Miscellaneous revenue	1,000,000	1,295,676	43,971	(1,251,705)
<i>Total revenues</i>	<u>547,233,629</u>	<u>558,677,186</u>	<u>558,857,565</u>	<u>180,379</u>
EXPENDITURES:				
Regular instruction	263,717,413	257,303,704	253,649,658	3,654,046
Special instruction	65,167,951	67,025,307	65,204,638	1,820,669
Other instruction	5,868,017	7,044,596	6,632,490	412,106
Instructional leadership	37,507,514	36,833,156	36,557,237	275,919
General administration	4,688,966	4,976,590	5,018,194	(41,604)
Student services	7,189,879	7,134,754	7,161,580	(26,826)
Curricular/staff development	10,114,290	9,643,581	9,960,486	(316,905)
Pupil transportation	39,135,548	35,590,081	37,723,749	(2,133,668)
Operations	17,203,926	17,538,765	17,789,910	(251,145)
Utilities	19,990,990	18,255,259	14,664,720	3,590,539
Maintenance	15,358,007	14,432,076	13,808,242	623,834
Central business services	39,922,234	35,861,831	33,297,818	2,564,013
Reimbursement to the County for debt service	38,657,465	36,992,931	36,869,912	123,019
<i>Total expenditures</i>	<u>564,522,200</u>	<u>548,632,631</u>	<u>538,338,634</u>	<u>10,293,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,288,571)</u>	<u>10,044,555</u>	<u>20,518,931</u>	<u>10,474,376</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN:				
Construction fund	1,000,000	1,000,000	1,000,000	-
TRANSFERS OUT:				
Construction fund	<u>(9,907,000)</u>	<u>(15,859,389)</u>	<u>(15,859,389)</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(8,907,000)</u>	<u>(14,859,389)</u>	<u>(14,859,389)</u>	<u>-</u>
Net change in fund balance	(26,195,571)	(4,814,834)	5,659,542	10,474,376
FUND BALANCE, beginning of year	<u>28,771,394</u>	<u>28,771,394</u>	<u>28,771,394</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 2,575,823</u>	<u>23,956,560</u>	<u>34,430,936</u>	<u>10,474,376</u>

The accompanying notes to the 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, 2004

Exhibit 8

	Internal Service Funds
	<u> </u>
ASSETS	
Current assets:	
Cash and pooled investments	\$ 19,648,761
Accounts receivable and other current assets	97,559
Inventory	966,354
Prepays	<u>1,377,561</u>
Total current assets	<u>22,090,235</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	990,980
Salaries payable and withholdings	8,850
Deferred revenue	3,066,455
Due to other funds	<u>74,959</u>
Total current liabilities	<u>4,141,244</u>
Noncurrent liabilities:	
Incurred but not reported claims	<u>3,897,038</u>
Total noncurrent liabilities	<u>3,897,038</u>
Total liabilities	<u>8,038,282</u>
NET ASSETS	
Unrestricted	<u><u>\$ 14,051,953</u></u>

The accompanying notes to the 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, 2004

Exhibit 9

	<u>Total Internal Service Funds</u>
Operating Revenues:	
Charges for services	\$ 41,131,809
Total operating revenues	<u>41,131,809</u>
Operating Expenses:	
Personnel services	665,684
Materials/supplies	35,123
Administrative costs	2,381,185
Premiums	3,602,130
Claims and benefits paid	28,556,806
Losses and unallocated loss adjustment	640,451
Cost of goods sold	3,615,123
Total operating expenses	<u>39,496,502</u>
Operating income	<u>1,635,307</u>
Non-Operating Revenues:	
Interest and miscellaneous	<u>200,432</u>
Change in net assets	1,835,739
Total Net Assets, beginning of year, as restated (note 10)	<u>12,216,214</u>
Total Net Assets, end of year	<u><u>\$ 14,051,953</u></u>

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

Prince William County Public Schools
Statement of Cash Flows
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2004

Exhibit 10

	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 38,066,570
Receipts from interfund services provided	3,471,081
Payments to suppliers for goods and services	(39,634,481)
Payments to employees	(674,067)
Net cash provided by operating activities	<u>1,229,103</u>
Cash Flows from Non-capital Financing Activities:	
Transfers from other funds	74,959
Cash Flows from Investing Activities:	
Interest received from investments	<u>259,764</u>
Net increase in cash and cash equivalents	1,563,826
Cash and cash equivalents, beginning of year	<u>18,084,935</u>
Cash and cash equivalents, end of year	<u>\$ 19,648,761</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating loss	<u>\$ 1,635,307</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in assets and liabilities:	
Decrease in accounts receivable	1,901
(Increase) in inventories	(82,308)
(Increase) in prepaid	(1,377,561)
Increase in deferred revenues	403,941
Increase in accounts payable and accrued liabilities	284,280
(Decrease) in salaries payable and withholdings	(8,383)
Increase in incurred but not reported claims	371,926
Net cash provided by operating activities	<u>\$ 1,229,103</u>

The accompanying notes to the 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, 2004**

Exhibit 11

	<u>Agency Funds</u>
Assets	
Cash and pooled investments	\$ 7,181,655
Due from other governmental units	<u>1,587,741</u>
Total assets	<u><u>\$ 8,769,396</u></u>
Liabilities	
Accounts payable and accrued liabilities	<u><u>\$ 8,769,396</u></u>

The accompanying notes to the 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, 2004

NOTE 1 – Summary of significant accounting policies

A. Financial reporting entity

Prince William County Public Schools (PWPCS) 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 (County) to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWPCS is organized to focus on meeting the needs of its 63,109 students while managing 80 schools and centers. The mission of PWPCS is to provide programs to meet the educational needs of all students in the County in a safe learning environment. PWPCS 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. Accounting principles generally accepted in the United States establish PWPCS as a component unit of the County.

B. Government-wide and fund financial statements

The basic financial statements include both district-wide statements, based on the entity as a whole, and fund financial statements that focus only on the individual funds defined by PWPCS. 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 government'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 also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Fiduciary funds are not included in the government-wide financial statements.

The basic financial statements include both government-wide (based on PWPCS as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model, the focus is on either PWPCS as a whole or major individual funds (within the fund financial statements). PWPCS does not engage in business-type activities, and as such issues single column government-wide financial statements. In the government-wide statement of net assets, both the governmental activities' assets and liabilities (a) are presented on a consolidated basis and (b) are 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. PWPCS 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 PWPCS are broken down into three categories - 1) invested in capital assets; 2) restricted; and 3) unrestricted.

Statement of activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each PWPCS function. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). 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 (regular instruction, special instruction, pupil transportation, etc.) that are otherwise being supported by general government revenues.

Program revenues must be directly associated with a function and are restricted to meeting the operational or capital requirements of a particular function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Other items that are not properly included among program revenues are reported instead as general revenues.

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

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.

In the fund financial statements, financial transactions and accounts of PWCPs 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 fund statements are presented on a current financial resource 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.

PWCPs' 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 PWCPs, 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, PWCPs has chosen to make its budgetary comparison statement of the general fund part of the basic financial statements. PWCPs 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 PWCPs either gives or receives value without directly receiving or giving equal value in exchange. Revenues from general-purpose grants are recognized in the period to which the grant applies.

It is PWCPs 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 a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PWCPs considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. PWCPs' primary revenues susceptible to accrual include grants, intergovernmental revenues, charges for services, and interest on investments.

PWCPs reports the following major funds:

Governmental Funds:

General fund: The *General* fund is the operating fund of PWCPs and is used to account for the revenues and expenditures necessary for the day-to-day operation of PWCPs. 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 PWCPs major capital facilities.

Proprietary Funds:

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

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 PWCPs. 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.

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 expenditures are predominantly a result of operations of the warehouse function.

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 regional school fund and the student activities fund.

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

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 PWCPs. All PWCPs funds are maintained in this account except for the School Board Student Activity Funds. Cash and pooled investments represent the majority of PWCPs' 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 PWCPs monthly based on PWCPs' 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.

Cash in the student activity funds 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.

Restricted cash of \$97,054,869 consists of funds held by trustees for the funding of specific construction projects.

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., banker's acceptances, repurchase agreements, money market mutual funds, the State Treasurer's Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP).

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.

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 PWCPs' 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. PWCPS 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, 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 Service* inventory is determined by the first-in first-out method.

Capital assets

Capital assets, which include land, buildings and improvements, equipment, vehicles and library books, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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.

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 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
Library books	5

Compensated absences

It is PWCPS' 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.

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 encumbrances, inventories, and capital projects 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 reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by board resolution.

Construction Commitments

At June 30, 2004 PWCPS had contractual commitments of \$80,945,422 in the Construction fund for construction of various projects.

Note 2 - Stewardship, compliance and accountability

A. Budgetary information

The Code of Virginia requires the appointed superintendent of PWCPs 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 PWCPs. 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 PWCPs staff and then adopted by the School Board. The approved budget is the basis for operating PWCPs 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. PWCPs uses the modified accrual basis in budgeting for governmental funds. The budgets are on a basis consistent with 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. The legal level is placed at the individual fund level and administrative control is placed at the agency level. Amendments that change the total level of expenditures require the approval of the PWCPs-Board and County Board of Supervisors.

B. Excess of expenditures over appropriations

For the year ended June 30, 2004, expenditures exceeded appropriations in the Food Services Fund by \$1,393,032. These excess expenditures were funded by greater than anticipated revenues. In addition, expenditures in the general fund exceeded budget for General administration, Student services, Curricular/staff development, Pupil Transportation and Operations. Excess budget in other functions covered the shortfall in the in the mentioned functional areas.

Note 3 - Capital assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 29,483,945	156,229	-	29,640,174
Construction in Progress	50,695,016	78,821,815	(98,221,452)	31,295,379
Total capital assets, not being depreciated	<u>80,178,961</u>	<u>78,978,044</u>	<u>(98,221,452)</u>	<u>60,935,553</u>
Capital assets, being depreciated:				
Buildings and improvements	498,526,645	104,837,104	-	603,363,749
Library books	2,642,119	584,996	(506,951)	2,720,164
Equipment	6,833,096	2,121,159	-	8,954,255
Vehicles	40,852,342	12,807,069	(2,511,586)	51,147,825
Total capital assets being depreciated	<u>548,854,202</u>	<u>120,350,328</u>	<u>(3,018,537)</u>	<u>666,185,993</u>
Less accumulated depreciation for:				
Buildings and improvements	135,316,508	10,337,193	-	145,653,701
Library books	1,533,244	544,051	(506,952)	1,570,343
Equipment	3,212,722	626,968	-	3,839,690
Vehicles	13,422,198	4,095,217	(2,431,489)	15,085,926
Total accumulated depreciation	<u>153,484,672</u>	<u>15,603,429</u>	<u>(2,938,441)</u>	<u>166,149,660</u>
Total capital assets, being depreciated, net	<u>395,369,530</u>	<u>104,746,899</u>	<u>(80,096)</u>	<u>500,036,333</u>
Capital assets, net	<u>\$475,548,491</u>	<u>183,724,943</u>	<u>(98,301,548)</u>	<u>560,971,886</u>

Depreciation expense was charged to functions/programs as follows:

Instruction		
Regular		\$10,848,664
Special		145,272
Other		5,814
Support Services		
General administration		90,004
Student services		9,076
Curricular/staff development		10,571
Pupil transportation		4,120,766
Operations		49,814
Maintenance		48,683
Central business services		254,141
Food service		<u>20,624</u>
Total depreciation expense		<u>\$15,603,429</u>

Note 4 - Interfund transfers

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

Transfer In:		
	General Fund	Construction Fund
Transfer Out:		
General Fund	\$ -	15,859,389
Construction Fund	<u>1,000,000</u>	<u>-</u>
	<u>\$1,000,000</u>	<u>15,859,389</u>

Interfund transactions are generally made for the purpose of providing operational support to the receiving fund.

Note 5 – Long-Term Debt

A. Long-Term Debt

PWCPS is a component unit of Prince William County. As such PWCPS 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 PWCPS. PWCPS initiates payments each year to defer the County's cost of this debt. Detail of general obligation, VPSA, and literary debt issued for PWCPS' capital needs can be found in the County's Comprehensive Annual Financial Report.

B. Compensated absences

Employees of PWCPS 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 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, 2004 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 Service Fund.

PWCPS' changes in liability for compensated absences are as follows:

Compensated absences	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
	\$ 20,514,328	11,360,836	(5,370,669)	26,504,495	\$ 7,836,895

Note 6 – Self-Insurance

PWCPS 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 PWCPS carries commercial insurance. PWCPS 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.

PWCPS 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 PWCPS insurance program. An employee may choose either the HMO plan called "Healthkeepers Product 20", or one of the two PPO plans offered, "KeyCare 15 Plus" or the "KeyCare 20". 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, 2004, PWCPS spent \$28,556,806 on self insured health insurance claims.

Liabilities of the fund 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. PWCPS Self-Insurance, covering the risks of loss has \$350,000 per occurrence retention for all lines of coverage and purchases excess coverage insurance policy covers individual claims in excess with a \$25,000,000 per occurrence and annual limit. Settlements have not exceeded coverage for each of the past three fiscal years.

The following illustration presents a reconciliation of the PWCPS Self-Insurance's changes in the aggregate liabilities for claims for the current and prior years. These claims liabilities are included in "Long-term liabilities due in more than one year" in the government-wide Statement of Net Assets.

Changes in aggregate liabilities for claims

	<u>Health Insurance</u>	<u>Risk Management</u>
Unpaid Claims June 30, 2002	\$ 2,448,000	\$ 895,816
Incurred Claims	26,290,045	774,338
Claims Paid	<u>(26,182,319)</u>	<u>(700,768)</u>
Unpaid Claims June 30, 2003	<u>2,555,726</u>	<u>969,386</u>
Incurred Claims	28,556,806	640,451
Claims Paid	<u>(28,076,909)</u>	<u>(748,422)</u>
Unpaid Claims June 30, 2004	<u>\$ 3,035,623</u>	<u>\$ 861,415</u>

Note 7- Contingent liabilities

PWCPS 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 PWCPS' 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 8 - Employee retirement systems and pension plans

A. Virginia Retirement System

Plan description:

PWCPS contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer public employee retirement system. 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 and at age 50 with 30 years of service, payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning (limited to 5% per year) in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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 PO Box 2500, Richmond, Virginia 23218-2500.

Funding policy and annual pension cost:

Plan members are required by Title 51.1 of the Code of Virginia (1950) to contribute 5% of their annual salary to the VRS. PWCPS has assumed this member contribution for both the professional and non-professional groups. Additionally, PWCPS 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 Board of Trustees. The non-professional contribution rate for the fiscal year ended 2004 was .1% of annual covered payroll. The professional, employer, and employee contributions to the VRS for the three years ended June 30, 2004, 2003, and 2002 were \$26,221,956, \$21,891,689, and \$19,625,784, respectively, equal to the required contributions for each year. The contribution rates for the professional group for the same years were; 5% employee, 3.77% employer, 5% employee, 3.77% employer, 5% employee, 4.244% employer, respectively for the years 2004, 2003, and 2002..

The required contributions for PWCPS (professional and non-professional) were determined as part of an actuarial valuation performed as of June 30, 2003, using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8.0% investment rate of return, (b) projected salary increases that range between 4.25% and 6.10%, depending on the member's service and classification, and (c) 3.0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PWCPS' assets is equal to the modified 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, 2003, was zero years for PWCPS.

Trend information:

The following illustration summarizes the required three-year trend information for PWCPS:

Fiscal Year Ending	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)
	Employer Portion	Employee Portion paid by employer		
June 30, 2002	\$0	1,365,902	100%	\$0
June 30, 2003	\$321,034	1,605,170	100%	\$0
June 30, 2004	\$352,907	1,764,536	100%	\$0

B. Supplemental retirement

PWCPS also offers, to all except substitute and temporary employees, a tax deferred compensation plan (TDC). PWCPS contributes money on the employee's behalf to purchase annuities after the employee has completed three (3) years of service with PWCPS. The School Board's contribution increases each time an employee has completed five (5), ten (10), and fifteen (15) years of service. At the end of the current year the cap on the employer contribution was \$3,185 per employee. The total employer contribution for fiscal year 2004 was \$6,659,257. Substitutes and temporary employees who participate in the TDC plan are not eligible to receive the employer matching contribution.

Note 9 - Postemployment benefits

PWCPS provides limited postretirement health and dental benefits as provided for in Virginia state law to retirees who have 15 or more years of creditable VRS service. Retirees are granted the option to participate by paying 100% of their monthly health insurance premium to PWCPS' plan or to the carrier of their choice less a maximum credit of \$75. As of the end of the current fiscal year, there were 1,145 retirees receiving these benefits. The plan is financed by payments from Prince William County Public Schools to the VRS. For fiscal year ended June 30, 2004, the contribution made by PWCPS was \$1,916,943. The surplus funds are not considered advance funded because PWCPS, 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.

Note 10 - Health Insurance Fund Restatement

PWCPS withholds, from employee's pay, employee contributions towards their health insurance coverages. These amounts, in addition to the employer's contribution, have in the past, been posted as revenue to the Health Insurance fund in the current period. These withholdings are actually made a month in advance of coverage and, therefore, the June contributions should be deferred.

Revenue for the year ended June 30, 2003 was overstated by \$588,237 (\$2,662,514-\$2,074,277), in the Health Insurance fund. This fund received cash in the year ended June 30, 2003 from their customers for FY 2004 services and the PWCPS recorded these funds as revenue for FY 2003. For the year ended June 30, 2004, PWCPS is correcting its policy with regard to posting this health insurance revenue and has made the following restatement of FY 2004 beginning net assets in the Health Insurance fund. This restatement has also been made to net assets, as disclosed on the statement of activities.

	Health Insurance Fund	Internal Service Funds	Statement of Net Assets
Net assets June 30, 2003 (as reported)	\$ 8,585,142	14,208,844	626,562,324
Change of application of accounting principle	(2,662,514)	(2,662,514)	(2,662,514)
Reclass of Warehouse to Internal Service	—	669,884	—
Net assets June 30, 2003 (as restated)	<u>\$ 5,922,628</u>	<u>12,216,214</u>	<u>623,899,810</u>

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 PWCPs

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 1996	30,555,496	31,755,158	1,199,662	96.2%	13,730,085	8.70 %
June 30, 1998	42,309,638	40,564,608	(1,745,030)	104.3%	14,469,115	(12.10)%
June 30, 1999	49,100,496	42,810,528	(6,289,968)	114.7%	15,046,021	(41.80)%
June 30, 2000	57,514,006	45,450,123	(12,063,883)	126.5%	22,124,753	(54.53)%
June 30, 2001	63,165,383	51,837,593	(11,327,790)	121.9%	24,992,804	(45.32)%
June 30, 2002	65,439,864	59,481,428	(5,958,436)	110.0%	28,150,039	(21.17)%
June 30, 2003	67,150,184	67,302,413	152,229	99.77%	32,863,934	.46%

Supplementary Information

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Other Governmental Funds

Food Services Fund – This 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 PWCPs 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
 June 30, 2004

Schedule 1

	Food Services Fund	Facilities Use Fund	Total Other Governmental Funds
ASSETS			
Cash and pooled investments	\$ 1,210,311	943,996	2,154,307
Accounts receivable	28,804	49,865	78,669
Due from other governmental units	1,182,482	-	1,182,482
Inventory	686,131	-	686,131
<i>Total assets</i>	<u>\$ 3,107,728</u>	<u>993,861</u>	<u>4,101,589</u>
LIABILITIES and FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 850,579	5,915	856,494
Salaries payable and withholdings	251,759	59,402	311,161
Deferred revenue	482,841	-	482,841
<i>Total liabilities</i>	<u>1,585,179</u>	<u>65,317</u>	<u>1,650,496</u>
Fund Balances:			
Reserved for:			
Inventory	686,131	-	686,131
Encumbrances	24,647	2,777	27,424
Unreserved:			
Designated for future years	811,771	-	811,771
Undesignated	-	925,767	925,767
<i>Total fund balances</i>	<u>1,522,549</u>	<u>928,544</u>	<u>2,451,093</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,107,728</u>	<u>993,861</u>	<u>4,101,589</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, 2004

Schedule 2

	<u>Food Services Fund</u>	<u>Facilities Use Fund</u>	<u>Total Other Governmental Funds</u>
REVENUES:			
Use of money and property:			
Use of money - interest	\$ 18,356	10,140	28,496
Use of property	-	577,411	577,411
Charges for services	12,617,843	70,742	12,688,585
Intergovernmental revenue:			
Federal	7,287,691	-	7,287,691
State	297,715	-	297,715
Miscellaneous revenue	84,060	-	84,060
Total revenues	<u>20,305,665</u>	<u>658,293</u>	<u>20,963,958</u>
EXPENDITURES:			
Current:			
Community service operations	-	484,671	484,671
Food services	21,140,442	-	21,140,442
Total expenditures	<u>21,140,442</u>	<u>484,671</u>	<u>21,625,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(834,777)</u>	<u>173,622</u>	<u>(661,155)</u>
FUND BALANCES, beginning of year	2,357,326	754,922	3,112,248
FUND BALANCES, end of year	<u>\$ 1,522,549</u>	<u>928,544</u>	<u>2,451,093</u>

Prince William County Public Schools
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Food Services Fund
 For the Year Ended June 30, 2004

Schedule 3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 90,000	\$ 90,000	18,356	(71,644)
Charges for services	12,503,484	12,503,484	12,617,843	114,359
Intergovernmental revenue:				
Federal	5,581,506	5,581,506	7,287,691	1,706,185
State	303,732	303,732	297,715	(6,017)
Miscellaneous Revenue	-	-	84,060	84,060
<i>Total revenues</i>	<u>18,478,722</u>	<u>18,478,722</u>	<u>20,305,665</u>	<u>1,826,943</u>
EXPENDITURES:				
Food services	<u>19,802,042</u>	<u>19,747,410</u>	<u>21,140,442</u>	<u>(1,393,032)</u>
<i>Total expenditures</i>	<u>19,802,042</u>	<u>19,747,410</u>	<u>21,140,442</u>	<u>(1,393,032)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,323,320)</u>	<u>(1,268,688)</u>	<u>(834,777)</u>	<u>433,911</u>
FUND BALANCES, beginning of year	2,357,326	2,357,326	2,357,326	-
FUND BALANCES, end of year	<u>\$ 1,034,006</u>	<u>1,088,638</u>	<u>1,522,549</u>	<u>433,911</u>

Prince William County Public Schools
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Facilities Use Fund
 For the Year Ended June 30, 2004

Schedule 4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 15,000	15,000	10,140	(4,860)
Use of property	391,356	391,356	577,411	186,055
Charges for services	103,975	103,975	70,742	(33,233)
<i>Total revenues</i>	<u>510,331</u>	<u>510,331</u>	<u>658,293</u>	<u>147,962</u>
EXPENDITURES:				
Community service operations	510,331	505,170	484,671	20,499
<i>Total expenditures</i>	<u>510,331</u>	<u>505,170</u>	<u>484,671</u>	<u>20,499</u>
Excess of revenues over expenditures	-	5,161	173,622	168,461
FUND BALANCES, beginning of year	754,922	754,922	754,922	-
FUND BALANCES, end of year	<u>\$ 754,922</u>	<u>760,083</u>	<u>928,544</u>	<u>168,461</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 expenditures are predominantly a result of the operation of the warehouse function.

Self Insurance – 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 – PWCPS 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
 June 30, 2004

Schedule 5

	<u>Warehouse Fund</u>	<u>Self-Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and pooled investments	\$ -	6,154,566	13,494,195	19,648,761
Accounts receivable and other current assets	1,354	42,672	53,533	97,559
Inventory	966,354			966,354
Prepays		1,377,561		1,377,561
Total current assets	<u>967,708</u>	<u>7,574,799</u>	<u>13,547,728</u>	<u>22,090,235</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	355,969	79,972	555,039	990,980
Salaries payable and withholdings	-	8,850	-	8,850
Deferred Revenue	-		3,066,455	3,066,455
Due to other funds	74,959	-	-	74,959
Total current liabilities	<u>430,928</u>	<u>88,822</u>	<u>3,621,494</u>	<u>4,141,244</u>
Noncurrent liabilities:				
Incurred but not reported claims	-	861,415	3,035,623	3,897,038
Total noncurrent liabilities	<u>-</u>	<u>861,415</u>	<u>3,035,623</u>	<u>3,897,038</u>
Total liabilities	<u>430,928</u>	<u>950,237</u>	<u>6,657,117</u>	<u>8,038,282</u>
NET ASSETS				
Unrestricted	<u>\$ 536,780</u>	<u>6,624,562</u>	<u>6,890,611</u>	<u>14,051,953</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, 2004

Schedule 6

	Warehouse Fund	Self- Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Operating Revenues				
Charges for services	\$ 3,482,019	3,212,619	34,437,171	41,131,809
Total operating revenues	<u>3,482,019</u>	<u>3,212,619</u>	<u>34,437,171</u>	<u>41,131,809</u>
Operating Expenses				
Personnel services	-	307,259	358,425	665,684
Materials/Supplies	-	5,054	30,069	35,123
Administrative Costs	-	-	2,381,185	2,381,185
Premiums	-	1,340,365	2,261,765	3,602,130
Claims and benefits paid	-	-	28,556,806	28,556,806
Losses and unallocated loss adjustment	-	640,451	-	640,451
Cost of goods sold	3,615,123	-	-	3,615,123
Total operating expenses	<u>3,615,123</u>	<u>2,293,129</u>	<u>33,588,250</u>	<u>39,496,502</u>
Operating income/(loss)	<u>(133,104)</u>	<u>919,490</u>	<u>848,921</u>	<u>1,635,307</u>
Non-Operating Revenues				
Interest and miscellaneous	-	81,370	119,062	200,432
Change in net assets	(133,104)	1,000,860	967,983	1,835,739
Total Net Assets, beginning of year, as restated (note 10)	<u>669,884</u>	<u>5,623,702</u>	<u>5,922,628</u>	<u>12,216,214</u>
Total Net Assets, end of year	<u>\$ 536,780</u>	<u>6,624,562</u>	<u>6,890,611</u>	<u>14,051,953</u>

Prince William County Public Schools
Combining Statement of Cash Flows
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2004

Schedule 7

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 9,725	3,215,775	34,841,070	38,066,570
Receipts from interfund services provided	3,471,081	-	-	3,471,081
Payments to suppliers for goods and services	(3,557,083)	(3,487,400)	(32,589,998)	(39,634,481)
Payments to employees	-	(315,642)	(358,425)	(674,067)
Net cash provided (used) by operating activities	<u>(76,277)</u>	<u>(587,267)</u>	<u>1,892,647</u>	<u>1,229,103</u>
Cash Flows from Non-capital Financing Activities				
Transfers from other funds	74,959	-	-	74,959
Cash Flows from Investing Activities:				
Interest received from investments	-	76,168	183,596	259,764
Net increase (decrease) in cash and cash equivalents	(1,318)	(511,099)	2,076,243	1,563,826
Cash and cash equivalents, beginning of year	1,318	6,665,665	11,417,952	18,084,935
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>6,154,566</u>	<u>13,494,195</u>	<u>19,648,761</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities:				
Operating income/(loss)	\$ (133,104)	919,490	848,921	1,635,307
Adjustments to reconcile operating income to net cash provided by operating activities				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,213)	3,156	(42)	1,901
(Increase) in inventories	(82,308)	-	-	(82,308)
(Increase) decrease in prepaid	-	(1,377,561)	-	(1,377,561)
Increase in deferred revenues	-	-	403,941	403,941
Increase (decrease) in accounts payable and accrued liabilities	140,348	(15,998)	159,930	284,280
(Decrease) in salaries payable and withholdings	-	(8,383)	-	(8,383)
Increase (decrease) in incurred but not reported claims	-	(107,971)	479,897	371,926
Net cash provided (used) by operating activities	<u>\$ (76,277)</u>	<u>(587,267)</u>	<u>1,892,647</u>	<u>1,229,103</u>

Fiduciary Funds

Regional School – The Northern Virginia Special Education Regional Program was established in 1996 and participants include Prince William County, Manassas, and Manassas Park. PWCPSPS the funds for this Program and is responsible for the receipt and disbursement of said funds.

Student Activity – This agency fund accounts for the independent activity funds held by elementary and secondary schools for student groups by PWCPSPS.

Prince William County Public Schools
Combining Statement of Assets and Liabilities
Agency Funds
As of June 30, 2004

Schedule 8

	Northern Virginia Special Education Regional Program	Student Activitiy Fund	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and pooled investments	\$ 2,875,499	4,306,156	7,181,655
Due from other governmental units	<u>1,587,741</u>	<u>-</u>	<u>1,587,741</u>
Total assets	<u>\$ 4,463,240</u>	<u>4,306,156</u>	<u>8,769,396</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 4,463,240</u>	<u>4,306,156</u>	<u>8,769,396</u>

Prince William County Public Schools
Combining Statement of Changes in Assets and Liabilities
Agency Funds
As of June 30, 2004

Schedule 9

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
Northern Virginia Special Education Regional Program				
Assets				
Cash and pooled investments	\$ 2,200,407	21,866,085	21,190,993	2,875,499
Due from other governmental units	1,450,162	1,587,741	1,450,162	1,587,741
Total assets	<u>\$ 3,650,569</u>	<u>23,453,826</u>	<u>22,641,155</u>	<u>4,463,240</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 3,650,569</u>	<u>23,453,826</u>	<u>22,641,155</u>	<u>4,463,240</u>
Student Activity Funds				
Assets				
Cash and pooled investments	\$ 4,014,090	9,687,564	9,395,498	4,306,156
Total assets	<u>\$ 4,014,090</u>	<u>9,687,564</u>	<u>9,395,498</u>	<u>4,306,156</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 4,014,090</u>	<u>9,687,564</u>	<u>9,395,498</u>	<u>4,306,156</u>
Total Agency Funds				
Assets				
Cash and pooled investments	\$ 6,214,497	31,553,649	30,586,491	7,181,655
Due from other governmental units	1,450,162	1,587,741	1,450,162	1,587,741
Total assets	<u>\$ 7,664,659</u>	<u>33,141,390</u>	<u>32,036,653</u>	<u>8,769,396</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 7,664,659</u>	<u>33,141,390</u>	<u>32,036,653</u>	<u>8,769,396</u>

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Statistical Section

(unaudited)

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 1 - General Governmental Expenditures by Function
Last Ten Fiscal Years
(amounts expressed in thousands)

Function	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Regular instruction	**	**	**	**	**	**	\$ 206,685	\$ 215,203	\$ 239,060	\$ 256,882
Special instruction	**	**	**	**	**	**	46,938	51,935	58,647	65,205
Other instruction	**	**	**	**	**	**	5,247	5,981	6,102	6,633
Instructional leadership	**	**	**	**	**	**	28,371	30,270	33,397	36,557
General administration	**	**	**	**	**	**	3,162	3,243	3,871	5,018
Student services	**	**	**	**	**	**	3,709	4,884	5,633	7,162
Curricular/staff development	**	**	**	**	**	**	8,330	8,761	8,976	9,960
Pupil transportation	**	**	**	**	**	**	23,428	31,650	33,699	37,724
Operations	**	**	**	**	**	**	13,200	14,750	16,845	17,790
Utilities	**	**	**	**	**	**	13,071	11,865	14,655	14,665
Maintenance	**	**	**	**	**	**	12,492	11,940	13,277	13,808
Central business services	**	**	**	**	**	**	19,188	25,250	28,625	33,298
Supply services	**	**	**	**	**	**	3,249	3,249	3,429	0
Community service operations	**	**	**	**	**	**	387	393	448	485
Food services	**	**	**	**	**	**	14,420	16,925	18,420	21,140
Reimbursement to the County for debt service	**	**	**	**	**	**	26,570	28,462	33,833	38,431
Capital outlay	**	**	**	**	**	**	73,867	69,544	69,244	84,974
Total	**	**	**	**	**	**	\$ 502,314	\$ 534,305	\$ 588,161	\$ 649,732

(1) Includes expenditures of the General Fund, Construction Fund, Food Services Fund and Facilities Use Fund.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 1A - Capital Project Expenditures by Function
Last Two Fiscal Years
(amounts expressed in thousands)

Function	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Regular Instruction	**	**	**	**	**	**	\$ 70,399	\$ 66,617	\$ 68,353	\$ 83,329
Special Instruction	**	**	**	**	**	**	416	15	0	685
Administration	**	**	**	**	**	**	3,052	120	696	1,162
Transportation	**	**	**	**	**	**	-	2,792	841	15,863
Total	**	**	**	**	**	**	\$ 73,867	\$ 69,544	\$ 69,890	\$ 101,039

** Data not available in this format to provide ten years comparison data. First year producing CAFR is FY 2002.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 2 - General Governmental Revenue by Source
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Prince William County	Other Governments	Charges for Services	Use of Money and Property	Miscellaneous	Total
1995	**	**	**	**	**	**
1996	**	**	**	**	**	**
1997	**	**	**	**	**	**
1998	**	**	**	**	**	**
1999	**	**	**	**	**	**
2000	**	**	**	**	**	**
2001	\$ 278,183	\$ 212,054	\$ 17,114	\$ 5,871	\$ 844	\$ 514,066
2002	302,203	225,330	17,738	3,527	1,790	550,588
2003	357,115	244,442	18,175	2,668	10,290	632,690
2004	352,818	269,788	16,743	3,170	313	642,832

** Data not available in this format to provide ten years comparison data. First year producing CAFR is FY 2002.

(1) Includes revenue of the General Fund, Construction Fund, Food Services Fund, and Facilities Use Fund.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 3 - Cost Per Pupil
Last Ten Years

Fiscal Year	Cost Per Pupil (1)	Average Daily Attendance (2)	Average Daily Membership (2)
1995	5,721	42,998	45,626
1996	5,697	44,651	46,925
1997	6,011	45,376	48,202
1998	6,263	46,786	49,611
1999	6,448	47,628	50,720
2000	6,805	49,211	52,543
2001	7,246	51,925	54,955
2002	7,361	54,241	57,264
2003	7,862	55,966	59,747
2004	7,853	58,573	61,679

(1) Sources: For years through fiscal year 2003 - Virginia Department of Education's Superintendent's Annual Report for Virginia. Fiscal year 2004 is estimated by the PWCPS Finance Department

(2) Source: Planning and Assessment Office of Prince William County Public Schools.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 4 - Student Enrollment
Last Ten Fiscal Years

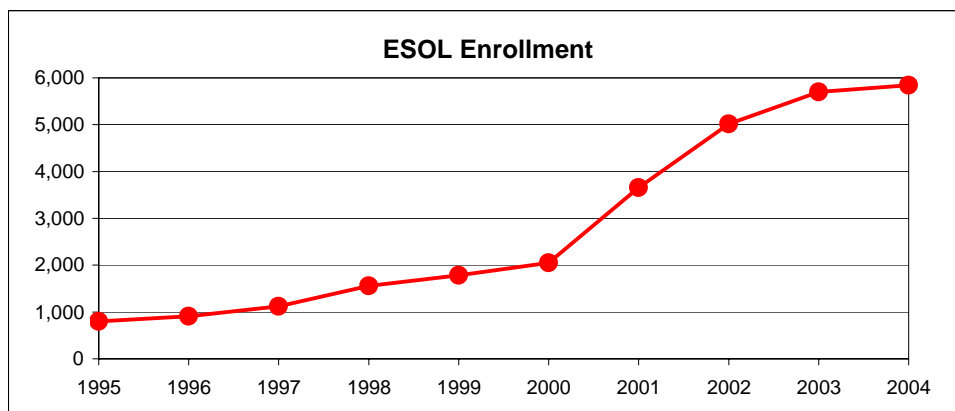
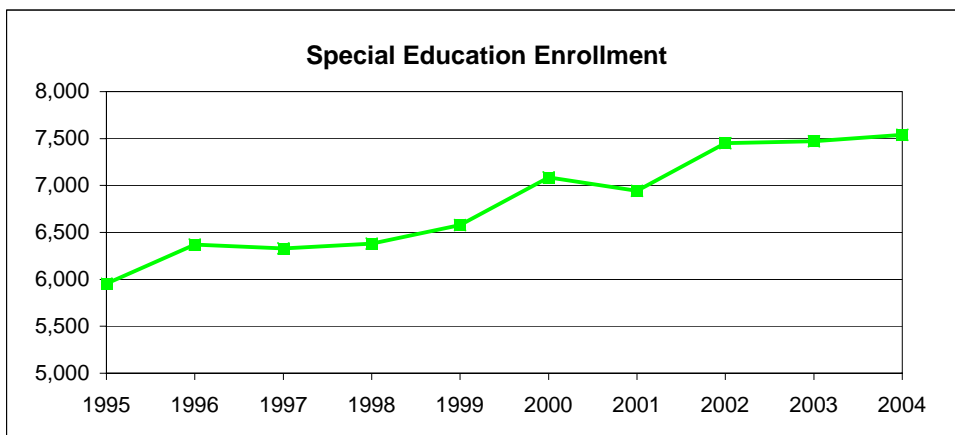
Fiscal Year	Student Enrollment (1)	Special Education Enrollment (2)	ESOL Enrollment (3)
1995	47,072	5,953	801
1996	48,333	6,371	912
1997	49,905	6,328	1,121
1998	51,111	6,382	1,561
1999	52,551	6,579	1,781
2000	53,210	7,086	2,050
2001	54,646	6,943	3,657
2002	57,831	7,450	5,014
2003	63,109	7,471	5,700
2004	63,109	7,540	5,841

Note: Student Enrollment at September 30, 2004.

(1) Source: Budget Office Prince William County Public Schools.

(2) Source: Special Education Office Prince William County Public Schools.

(3) Source: ESOL and Foreign Language Office of Prince William County Public Schools.



PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 5 - Food and Nutrition Services Program
Last Seven 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	Adult Breakfast (1)	Adult Lunch (1)
		Elementary	Middle School	High School							
1998	23,537	1.40	1.45	1.45	**	3,503	0.90	**	11,015	1.00	2.00
1999	25,470	1.45	1.50	1.50	**	4,252	0.90	**	**	1.00	2.00
2000	26,841	1.45	1.50	1.50	69	3,960	0.90	63	11,057	1.00	2.00
2001	28,553	1.50	1.55	1.55	71	5,180	1.00	67	11,701	1.10	2.05
2002	30,243	1.55	1.60	1.60	73	4,948	1.00	68	13,007	1.10	2.10
2003	32,479	1.60	1.65	1.65	75	5,578	1.00	70	15,756	1.10	2.15
2004	35,241	1.70	1.75	1.75	75	6,459	1.10	69	16,512	1.20	2.25

** Data not available at time of compilation.

Note: Table Source: Food Service Department of Prince William County Public Schools. Exception is noted.

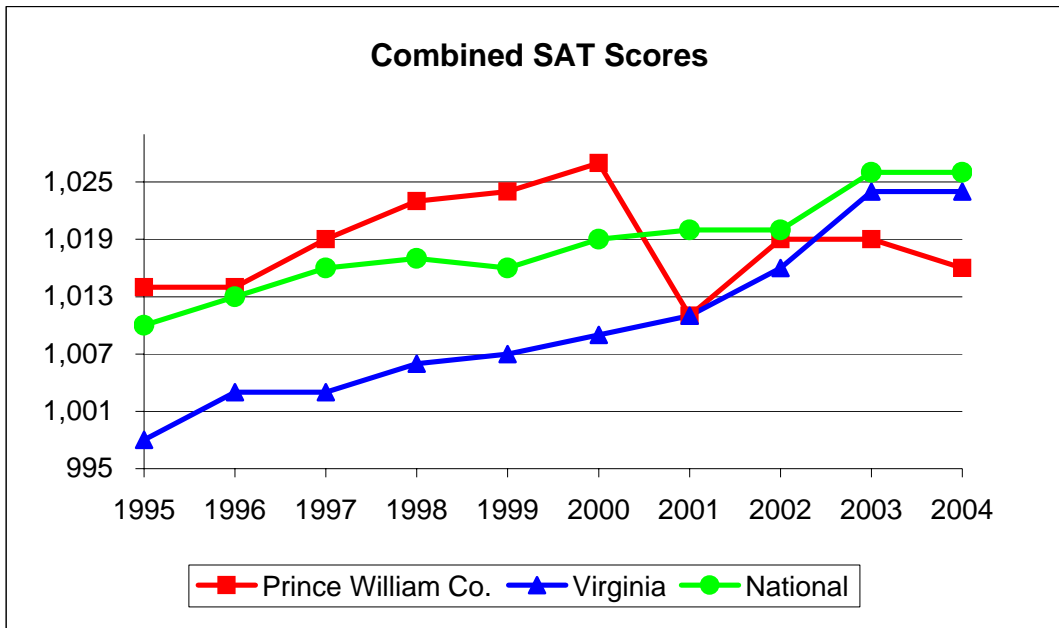
(1) Source: Budget Office of Prince William County Public Schools.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 6 - Scholastic Aptitude Test (SAT) Scores (1)
Last Ten Fiscal Years

Fiscal Year	Prince William Co.	Virginia	National
1995	1,014	998	1,010
1996	1,014	1,003	1,013
1997	1,019	1,003	1,016
1998	1,023	1,006	1,017
1999	1,024	1,007	1,016
2000	1,027	1,009	1,019
2001	1,011	1,011	1,020
2002	1,019	1,016	1,020
2003	1,019	1,024	1,026
2004	1,016	1,024	1,026

Source: Planning and Assessment Office of Prince William County Public Schools.

(1) Combined SAT Scores - Verbal and Math.



PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 7 - Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Total Tax Levy Collected	Prior Years (Delinquent) Tax Collected	Penalties on Taxes Collected	Total Tax Collections	Total Tax Collections as a Percent of Total Tax Levy	Unpaid Delinquent Taxes (3)	Unpaid Delinquent Taxes as a Percent of Total Tax Levy
1995	219,368	211,220	96.3%	6,459	1,716	219,395	100.0%	26,203	11.9%
1996	229,580	221,415	96.4%	5,235	1,733	228,383	99.5%	25,334	11.0%
1997	240,193	231,047	96.2%	6,160	1,948	239,155	99.6%	25,365	10.6%
1998	249,353	240,756	96.6%	6,126	2,149	249,031	99.9%	24,989	10.0%
1999	262,964	249,885	95.0%	6,787	1,394	258,066	98.1%	28,670	10.9%
2000	281,542	270,486	96.1%	10,726	2,092	283,304	100.6%	26,274	9.3%
2001	306,300	297,000	97.0%	9,468	2,220	308,688	100.8%	23,517	7.7%
2002	340,289	333,639	98.0%	8,633	2,492	344,764	101.3%	20,830	6.1%
2003	389,745	382,887	98.2%	8,711	2,676	394,274	101.2%	17,103	4.4%
2004	441,740	434,901	98.5%	7,320	2,791	445,012	100.7%	16,586	3.8%

Source: County of Prince William, Virginia.

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

2) Current tax collections include collection of current tax less refunds for adjustments to tax due made after payment. For fiscal years 2000 to 2004, the current tax collections also include reimbursement from the Commonwealth under the Personal Property Tax Relief Act. The Personal Property Tax Relief Act amounts received for fiscal years 2000 to 2004 are as follows:

Fiscal year 2000 = \$12,976

Fiscal year 2001 = \$26,814

Fiscal year 2002 = \$41,144

Fiscal year 2003 = \$45,426

Fiscal year 2004 = \$50,625

(3) Includes penalties due on unpaid delinquent taxes. Fiscal years 1995 and forward exclude unpaid taxes which are not yet due under the County's tax deferral program for the elderly and disabled.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 8 - Assessed and Estimated Market Value of Taxable Property (1)
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	-----Real Property-----					--Personal Property--(4)		-----Grand Total-----	
	Locally Assessed	Public Service (2)	Total Assessed Value	Estimated Market Value (3)	Ratio of Assessed to Estimated Market Value	Locally Assessed	Public Service (2)	Assessed Value	Market Value
1995	11,823,767	832,542	12,656,309	13,880,348	91.2%	1,179,422	3,415	13,839,146	15,063,185
1996	12,113,013	835,163	12,948,176	14,318,943	90.4%	1,345,221	2,770	14,296,167	15,666,934
1997	12,484,177	825,729	13,309,906	14,600,367	91.2%	1,470,444	2,407	14,782,757	16,060,346
1998	12,963,930	830,431	13,794,361	14,926,746	92.4%	1,535,033	2,414	15,331,808	16,462,986
1999	13,616,951	866,814	14,483,765	15,735,569	92.0%	1,753,134	2,912	16,239,712	17,493,778
2000	14,420,406	871,897	15,292,303	16,774,388	91.2%	1,820,491	2,453	17,115,248	18,597,331
2001	15,744,880	877,768	16,622,648	18,945,065	87.7%	2,044,228	1,980	18,668,856	20,991,273
2002	17,901,735	887,526	18,789,261	23,421,267	80.2%	2,410,777	2,113	21,202,151	25,834,157
2003	21,889,375	901,202	22,790,577	28,546,061	79.8%	2,758,620	2,599	25,551,796	31,307,280
2004	26,610,055	945,931	27,555,986	31,293,057	88.1%	2,939,510	3,329	30,498,825	34,235,896

Source: County of Prince William, Virginia.

(1) Fiscal year values represent the assessed value for the prior January 1 (e.g. fiscal year 2004 values are based on the January 1, 2003 assessment).

(2) Public Service property is valued by the State Corporation Commission and the Department of Taxation at prevailing assessment ratios.

(3) The estimated market value of real property (including public service) is calculated by dividing the assessed value by the County's assessment-to-sales price ratio as determined annually by the Virginia Department of Taxation. Since the ratios for the two most current years are not available, estimates from the Real Estate Assessments Office are reported. Where no ratio is calculated because of insufficient sales, the county average is used.

(4) The estimated market value of personal property is assumed to equal 100% of the assessed value.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 9 - Property Tax Rates for Direct and Overlapping Governments
Last Ten Fiscal Years
(Tax Rate per \$100 of Assessed Value)

Type of Tax	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
PRINCE WILLIAM COUNTY										
<i>Countywide Tax Levies:</i>										
Real Estate	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.34	\$ 1.30	\$ 1.23	\$ 1.16
Personal Property -										
General Class	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70
Heavy Equipment and Machinery	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70
Computer Equipment	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 1.50	\$ 1.50	\$ 1.25	\$ 1.25	\$ 1.25
Farmers Machinery and Tools	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Aircraft (small scheduled)	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Aircraft (all other aircraft)	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Mining & Manufacturing Tools	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Mobile Homes	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.34	\$ 1.30	\$ 1.23	\$ 1.16
Research & Development	\$ 2.00	\$ 2.00	\$ 2.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Van Pool Vans	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Emergency Volunteer Vehicles	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Auxiliary Volunteer Fire Vehicles	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Vehicles Modified for Disabled	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Watercraft-Recreation Use Only	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Watercraft-Weighing 5 tons or more	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Camping Trailers and Motor Homes	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Owned by Certain Elderly and Handicapped Persons	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<i>Special District Levies: (1)</i>										
Fire and Rescue Levies -										
Countywide								\$.0728	\$.0728	\$.0728
Dumfries (Fire)	\$.038	\$.038	\$.038	\$.040	\$.040	\$.040	\$.040	--	--	--
Dumfries (Rescue)	\$.027	\$.027	\$.026	\$.029	\$.030	\$.030	\$.030	--	--	--
Occoquan	\$.045	\$.045	\$.045	\$.054	\$.058	\$.058	\$.058	--	--	--
Neabsco	\$.057	\$.057	\$.057	\$.062	\$.074	\$.074	\$.074	--	--	--
Stonewall Jackson	\$.032	\$.032	\$.032	\$.036	\$.039	\$.039	\$.039	--	--	--
Coles	\$.080	\$.080	\$.080	\$.086	\$.093	\$.093	\$.093	--	--	--
Yorkshire	\$.080	\$.080	\$.080	\$.087	\$.100	\$.100	\$.100	--	--	--
Lake Jackson	\$.080	\$.080	\$.080	\$.085	\$.092	\$.092	\$.092	--	--	--
Gainesville	\$.044	\$.053	\$.053	\$.056	\$.061	\$.061	\$.061	--	--	--
Evergreen	\$.065	\$.065	\$.065	\$.070	\$.079	\$.079	\$.079	--	--	--
Nokesville	\$.080	\$.080	\$.080	\$.085	\$.098	\$.098	\$.098	--	--	--
Buckhall	\$.080	\$.080	\$.080	\$.089	\$.096	\$.096	\$.096	--	--	--
Wellington	\$.070	\$.070	\$.070	\$.098	\$.098	\$.098	\$.098	--	--	--
Recreation Levies -										
Dale City	\$.020	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Sanitary District Levy										
Bull Run	\$.180	\$.180	\$.180	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Occoquan Forest	\$.160	\$.160	\$.160	\$.160	\$.160	\$.160	\$.160	\$.160	\$ 0.00	\$ 0.00
Service District Levies -										
Bull Run	\$.060	\$.100	\$.100	\$.100	\$.100	\$.100	\$.100	\$.100	\$.100	\$.100
Lake Jackson	\$.110	\$.110	\$.110	\$.110	\$.110	\$.110	\$.110	\$.110	\$.110	\$.110
Circuit Court	--	--	--	--	--	--	--	--	--	\$.280
Transportation District Levies -										
Prince William Parkway	\$.200	\$.200	\$.200	\$.200	\$.200	\$.200	\$.200	\$.200	\$.200	\$.200
234-Bypass	\$.020	\$.020	\$.020	\$.020	\$.020	\$.020	\$.020	\$.020	\$.020	\$.020
Foremost Court Service	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$.230	\$.230	\$.230	\$.230	\$.230	\$.230
Woodbine Forest Service	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$.140	\$.140	\$.140	\$.140	\$.070	--
Gypsy Moth Levy (Countywide)	\$.003	\$.003	\$.003	\$.003	\$.003	\$.003	\$.003	\$.004	\$.004	\$.004
OVERLAPPING GOVERNMENTS										
<i>Real Estate Tax Levy:</i>										
Town of Dumfries	\$ 0.11	\$ 0.11	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.1242	\$ 0.1242	\$ 0.1242	\$ 0.1242
Town of Haymarket	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14
Town of Occoquan	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Town of Quantico	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20

Source: County of Prince William, Virginia.

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 10 - Principal Real Property Owners
Fiscal Year 2004
(amounts expressed in thousands)

Taxpayer	Type of Property	1/1/2003 Assessed Value	Percent of Total Assessed Value
Virginia Electric & Power Company	Electric Utility	\$ 369,242	1.3%
Potomac Mills Phase III Ltd. Ptnshp.	Shopping Center	287,657	1.0%
Northern Virginia Electric Co-op	Electric Utility	172,502	0.6%
Verizon South Inc	Telephone Utility	134,313	0.5%
Dominion Country Club LP	Residential/Commercial	97,900	0.4%
America Online Inc.	Office and Technology	94,493	0.3%
Manassas Mall LLC	Shopping Center	81,461	0.3%
US Home Corporation	Home Builder	75,222	0.3%
WNH Limited Partnership	Apartments	66,748	0.2%
Washington Gas Light Company	Natural Gas Utility	65,524	0.2%
Brookfield Braemar II LLC	Home Builder	64,246	0.2%
LBK LP	Apartments	61,897	0.2%
KIR Smoketown Station LP	Shopping Center	59,317	0.2%
Prince William Square Associates	Shopping Center	56,202	0.2%
Harrison Limited Partnership	Residential/Commercial	52,664	0.2%
Richmond American Homes of VA	Home Builder	49,171	0.2%
Dale Forest Investments LLC	Many Parcels	47,670	0.2%
NVR INC	Residential/Commercial	43,783	0.2%
IBV-Immobilienfonds Int'l 2 USA LP	Shopping Center	42,641	0.2%
Westminster Presbyterian Retirement	Retirement Community	40,798	0.1%
United Dominion Realty Trust Inc.	Apartments	37,056	0.1%
Miller & Smith at Pembroke LLC	Residential/Commercial	36,267	0.1%
Westgate Apartments Limited Ptnshp.	Apartments	35,350	0.1%
Metropolitan Life Insurance Company	Apartments	35,107	0.1%
TC Carlyle Station Co.	Apartments	35,101	0.1%
		\$ 2,142,332	7.5%

Source: County of Prince William, Virginia.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 11 - Computation of Net Tax-Supported Debt
June 30, 2004
(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 \$85,149 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2004. These authorized bonds are for construction of roads and road improvements.

The Board of County Supervisors also has established a self-imposed limit which provides that tax supported debt should not exceed 3% of the net assessed valuation of taxable property in the County, and annual debt service should not exceed 10% of annual governmental revenues. The County's standing with respect to its self-imposed limit is shown in Tables 12 and 13.

Outstanding Debt of Reporting Entity	Outstanding on 6/30/2003	Retired During Fiscal Year 2004	Issued During Fiscal Year 2004	Outstanding on 6/30/2004
Primary Government				
General Obligation Bonds	\$ 106,367	8,897	20,353	117,823
Solid Waste System Revenue Bonds**	18,327	1,148	--	17,179
IDA Lease Revenue Bonds	12,875	560	--	12,315
Commuter Rail Capital Lease**	3,301	324	--	2,977
Real Property Capital Leases	78,590	4,290	6,345	80,645
Equipment Capital Leases	562	123	88	527
Installment Notes Payable	1,045	121	--	924
Taxable Revenue Notes	250	--	--	250
Internal Service Funds Capital Lease Obligations	12	12	--	-
<i>Subtotal</i>	221,329	15,475	26,786	232,640
School Board Component Unit				
General Obligation Bonds	367,341	20,801	48,793	395,333
Literary Fund Loans	6,209	496	--	5,713
<i>Subtotal</i>	373,550	21,297	48,793	401,046
Park Authority Component Unit (1)				
Series 1999 Revenue Bonds**	20,425	375	--	20,050
Installment Notes Payable** (restated in FY 2003)**	2,003	394	--	1,609
Installment Loans Payable** (restated in FY 2003)**	1,718	639	--	1,079
<i>Subtotal</i>	24,146	1,408	--	22,738
All Outstanding Debt	619,025	38,180	75,579	656,424
Less Self-Supporting Revenue and Other Bonds	45,774	2,880	--	42,894
Net Tax-Supported Debt	\$ 573,251	35,300	75,579	613,530

Source: County of Prince William, Virginia.

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

(1) The Park Authority Component Unit reports its financial statements on a calendar year basis. The amounts shown are for its fiscal year ended December 31, 2003.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 12 - Ratio of Net Tax-Supported Debt to Taxable Property Value and
Net Tax-Supported Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Net Tax-Supported Debt (1)**	Assessed Value of Taxable Property (2)**	Net Tax-Supported Debt as a Percent of Assessed Value	Population (3)	Net Tax-Supported Debt per Capita
1995	285,868	13,835,731	2.1%	246,595	1,159
1996	274,197	14,296,167	1.9%	253,487	1,082
1997	298,026	14,782,757	2.0%	260,313	1,145
1998	308,609	15,331,807	2.0%	268,894	1,148
1999	327,864	16,239,811	2.0%	277,359	1,182
2000	364,448	17,115,247	2.1%	280,813	1,298
2001	414,119	18,668,856	2.2%	294,798	1,405
2002	477,281	21,202,151	2.3%	309,351	1,543
2003	573,251	25,551,796	2.2%	321,570	1,783
2004	613,530	30,498,825	2.0%	336,820	1,822

Source: County of Prince William, Virginia.

***Amounts expressed in thousands.

(1) From Table 11.

(2) From Table 8.

(3) 2000 population from U.S. Bureau of the Census, Census 2000 as of April 1, 2000; 2001 population estimated as of September 15th by Prince William County Office of Information Technology; All other years are estimated as of June 30th by Prince William County Office of Information Technology.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 13 - Ratio of Annual Debt Service Expenditures on Net Tax-Supported Debt to
General Governmental Expenditures and Revenues
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>General Government (1)</u>									
Fiscal Year	Principal	Interest (2)	Park Authority Debt Service (3)	Internal Service Fund Debt Service (4)	Debt Service on Net Tax Supported Debt	Total General Government Expenditures (5)	Ratio of Debt Service to Expenditures	Total Revenues (6)	Ratio of Debt Service to Revenues
1995	21,135	13,657	834	556	36,182	452,173	8.0%	456,919	7.9%
1996	18,759	14,384	--	260	33,403	481,924	6.9%	480,122	7.0%
1997	20,154	14,094	--	244	34,492	497,039	6.9%	515,869	6.7%
1998	20,357	15,469	--	76	35,902	536,617	6.7%	549,340	6.5%
1999	22,407	15,924	--	24	38,355	572,800	6.7%	587,032	6.5%
2000	23,836	16,699	--	6	40,541	619,665	6.5%	646,920	6.3%
2001	25,370	18,195	--	24	43,589	672,002	6.5%	716,538	6.1%
2002	26,892	20,035	--	11	46,938	744,959	6.3%	775,222	6.1%
2003	30,929	23,959	--	12	54,900	845,231	6.5%	820,368	6.7%
2004	35,165	25,247	--	12	60,424	925,778	6.5%	956,529	6.3%

Source: County of Prince William, Virginia.

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

(2) Excludes bond issuance and other costs.

(3) Debt service for the Park Authority's Series 1990 Revenue Bonds is included since the County has agreed, subject to annual appropriation, to make payments to the Park Authority sufficient to pay the debt service on the bonds.

(4) 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.

(5) Total expenditures excluding capital projects from Table 1 in Prince William County, Virginia CAFR.

(6) 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.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 14 - Computation of Net Tax-Supported and Overlapping Debt
June 30, 2004
(amounts expressed in thousands)

	Outstanding on 6/30/2004	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value (2)
Direct:				
Net Tax Supported Debt (1)	\$ 613,530	100.00%	\$ 613,530	2.0117%
Overlapping:				
Town of Dumfries	2,656	100.0%	2,656	0.0087%
Town of Quantico	305	100.0%	305	0.0010%
Town of Haymarket	1,270	100.0%	1,270	0.0042%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 A and B	6,661	100.00%	6,661	0.0218%
Virginia Gateway Community Development Authority Special Assessment Bonds Series 1999 and 2003B	13,590	100.00%	13,590	0.0446%
Northern Virginia Transportation District Commission - Virginia Railway Express (3)	76,334	37.39%	28,541	
Upper Occoquan Sewage Authority (UOSA) (3)	168,012	4.47%	7,509	0.0294%
			\$ 674,062	2.2101%

Source: County of Prince William, Virginia

(1) From Table 11.

(2) Assessed value of taxable property is from Table 12.

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

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

Year	Population (1)	Per Capita Income (2)	Fall School Enrollment (3)	Average Civilian Labor Force (4)	Average Unemployment Rate (4)
1995	246,595	24,574	47,072	130,787	3.3%
1996	253,487	24,976	48,333	128,161	2.8%
1997	260,313	26,107	49,905	130,234	2.7%
1998	268,894	27,053	51,111	134,985	2.0%
1999	277,359	28,226	52,551	137,586	2.0%
2000	280,813	29,967	53,210	148,618	1.5%
2001	298,797	31,244	54,646	152,086	2.4%
2002	309,351	31,436	57,831	154,545	3.3%
2003	321,570	**	60,541	167,865	3.6%
2004	336,820	**	63,109	174,247	2.6%

** Data Not available

Source: County of Prince William, Virginia.

(1) 2000 population from U.S. Bureau of the Census, Census 2000 as of April 1, 2000. Figures for 1994-1999 are estimated based on occupancy permits issued from 04/02/90 to 6/15/99. Figures for 2001-2002 are estimates based on occupancy permits issued from 04/02/00 to 06/15/03. Estimated by Prince William County Office of Information Technology.

(2) Bureau of Economic Analysis, U.S. Department of Commerce. Includes cities of Manassas and Manassas Park.(data as of May 2004)

(3) Superintendent's Annual Report, Virginia Department of Education; Prince William County Public Schools.

(4) 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
Population:					
Median Age	29.0	31.9	34.9	35.7	35.3
Percent School Age	21.2%	24.4%	20.8%	20.8%	21.8%
Percent Working Age	65.1%	62.3%	63.7%	61.5%	58.9%
Percent 65 and over	3.0%	4.8%	9.1%	11.2%	12.4%
Education:					
High School or Higher	87.8%	88.8%	*	81.5%	80.4%
Bachelor's Degree or Higher	27.6%	31.5%	*	29.5%	24.4%
Income:					
Median Family Income	\$52,078	\$71,622	*	*	*
Percent Below Poverty Level	3.2%	4.4%	*	9.6%	12.4%
Housing:					
Number Persons / Household	3.0	2.9	2.6	2.5	2.6
Percent Owner Occupied	71.0%	71.0%	64.0%	68.1%	66.2%
Owner Occupied Median Value	\$138,500	\$149,600	*	\$125,400	\$119,600

* Not available

Source: County of Prince William, Virginia

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 16 - Real Property Assessed Value
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Residential	Apartments	Commercial & Industrial	Public Service	Vacant Land & Other	Total Taxable	Tax Exempt	Grand Total
1995	8,803,947	500,796	1,951,947	832,542	567,077	12,656,309	1,344,010	14,000,319
1996	9,188,858	508,438	1,895,894	835,163	519,823	12,948,176	1,370,067	14,318,243
1997	9,485,587	529,799	1,953,576	825,729	515,215	13,309,906	1,388,769	14,698,675
1998	9,860,168	549,715	2,012,227	830,431	541,820	13,794,361	1,410,548	15,204,909
1999	10,369,910	617,459	2,160,784	866,714	468,799	14,483,666	1,438,236	15,921,902
2000	11,098,694	643,009	2,257,216	871,897	421,488	15,292,304	1,443,971	16,736,275
2001	12,227,393	665,112	2,473,855	877,768	378,120	16,622,248	1,466,410	18,088,658
2002	13,995,425	770,902	2,797,878	887,526	337,530	18,789,261	1,529,681	20,318,942
2003	17,609,310	895,236	3,135,552	901,202	249,277	22,790,577	1,646,501	24,437,078
2004	22,066,665	1,036,502	3,279,611	945,931	227,277	27,555,986	1,695,543	29,251,529

Source: County of Prince William, Virginia.

TABLE 16A - Commercial to Total Assessment Ratio, Construction and Bank Deposits
Last Ten Fiscal Years
(dollars expressed in millions)

Fiscal Year	Commercial as a Percent of Total Taxable	Commercial & Public Service to Total	New Construction (1)				Bank Deposits (2)
			Residential		Non-Residential		
			Permits	Value	Permits	Value	
1995	15.4%	22.0%	2,093	\$188	54	\$50	\$993
1996	14.6%	21.1%	2,369	\$216	40	\$31	\$961
1997	14.7%	20.9%	2,464	\$250	56	\$68	\$939
1998	14.6%	20.6%	2,412	\$245	37	\$50	\$1,009
1999	14.9%	20.9%	3,207	\$323	75	\$171	\$1,126
2000	14.8%	20.5%	3,404	\$381	66	\$88	\$1,240
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	***

*** Data Not available.

Source: County of Prince William, Virginia.

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

(2) Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 1992-1994, Financial Institute Data Exchange, Charlottesville, Virginia; 1995-2003, Federal Deposit Insurance Corporation (commercial and savings bank deposits) and National Credit Union Administration (credit union deposits).

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 17 - Miscellaneous Statistical Data
June 30, 2004

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the Code of Virginia)
Area:	348 Square Miles
Number of general County personnel (full-time equivalent)	3,131
Facilities and Services of Primary Government:	
Fire protection:	
Number of stations	18
Number of career employees	333
Number of volunteers	855
Police protection:	
Number of stations	2
Number of police officers	461
Public Safety Communications:	
Number of employees	88
Libraries:	
Number of regional and community libraries	4
Number of neighborhood libraries	6
Facilities and Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	70
Number of public high schools	10
Average daily membership (last full school year)	61,679
Number of personnel (full-time equivalent)	8,490
Recreation (Park Authority Component Unit):	
Acres developed or reserved for County parks	3,164
Number of personnel (full-time equivalent)	396
Facilities in County parks:	
Athletic fields (1)	304
Aquatics & fitness center	2
Baseball stadium	1
Community centers	3
Hiking and fitness trails	10
Indoor gymnasiums (1)	59
Indoor ice rinks	2
Marinas	2
Miniature golf courses	2
Nature areas	3
Outdoor basketball courts	23
Outdoor swimming pools	6
Outdoor volleyball courts	11
Picnic shelters	63
Playgrounds	29
Regulation Golf courses	4
Skateboard/BMX courses	2
Tennis and racquetball courts	51

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 17 - Miscellaneous Statistical Data (continued)
June 30, 2004

Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	402
Capacity of work-release center	65
Number of personnel (full-time equivalent)	230

Other statistical data:

Elections:	
Registered voters at last general election	173,957
Number of votes cast in last general election	46,370
Percent voting in last general election	27%
Water and Wastewater Treatment (provided by Prince William County Service Authority):	
Miles of water mains	820
Miles of sanitary sewer mains	862

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.

Source: County of Prince William, Virginia.

(1) *Includes facilities at school sites which host community activities managed by the Park Authority.*

