A photograph of four diverse children in a library setting. In the foreground, a boy in a striped sweater sits on the floor holding yellow folders, and a girl in a purple sweater sits cross-legged holding a pink folder. Behind them, another boy in a brown sweater holds green folders, and a girl in a white shirt holds yellow folders. They are all smiling. The background shows bookshelves filled with books.

# Comprehensive Annual Financial Report

For the fiscal year ended  
June 30, 2014



**Prince William County**

**PUBLIC SCHOOLS**

*Providing A World-Class Education*

P.O. Box 389, Manassas, VA 20108 • [www.pwcs.edu](http://www.pwcs.edu)

A Component Unit of Prince William County, Virginia



Prince William County Public Schools  
A Component Unit of Prince William County, Virginia  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2014

**School Board Members\***



\*as of June 30, 2014

# Prince William County Public Schools Administration\*



**Dr. Steven L. Walts**  
Superintendent of Schools



**Ms. Rae E. Darlington**  
Deputy Superintendent



**Mr. Timothy L. Healey**  
Associate Superintendent for  
Student Learning and Accountability



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



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



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



**Mrs. Rita Everett Goss**  
Associate Superintendent for  
Eastern Elementary Schools



**Mrs. Jarcelynn M. Hart**  
Associate Superintendent for  
Western Elementary Schools



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



**Mr. William G. Bixby**  
Associate Superintendent  
for Middle Schools



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

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# Table of Contents

## INTRODUCTORY SECTION

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

## FINANCIAL SECTION

Independent Auditor's Report .....	13 - 14
Management's Discussion and Analysis (Unaudited) .....	15 - 28

### Basic Financial Statements

#### Government-Wide Financial Statements:

Exhibit 1	Statement of Net Position.....	31
Exhibit 2	Statement of Activities.....	32

#### Fund Financial Statements:

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

#### Notes to the Financial Statements:

Note 1	Summary of significant accounting policies .....	43 - 49
Note 2	Stewardship, compliance, and accountability .....	49 - 50
Note 3	Receivables, due to and from other governmental units, deferred and unearned revenue.....	50 - 51
Note 4	Interfund receivables, payables, and transfers .....	51
Note 5	Long-term liabilities.....	51 - 52
Note 6	Self-insurance funds .....	52 - 53
Note 7	Capital assets .....	53 - 54
Note 8	Contingent liabilities.....	54
Note 9	Employee retirement systems and pension plans .....	54 - 60
Note 10	Other postemployment benefits (OPEB).....	60 - 65

## Table of Contents (continued)

### Required Supplementary Information (Unaudited)

Virginia Retirement System Schedules of Funding Progress .....	68
PWCS Schedule of Funding Progress .....	68
Virginia Retirement System Schedule of Employer Contributions .....	69
PWCS Schedule of Employer Contributions .....	69

### Supplementary Information

Schedule 1 Combining Balance Sheet - Other Governmental Funds - Special Revenue Funds .....	74
Schedule 2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds - Special Revenue Funds .....	75
Schedule 3 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Food & Nutrition Services Fund .....	76
Schedule 4 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Facilities Use Fund .....	77
Schedule 5 Combining Statement of Fund Net Position - Proprietary Funds - Internal Service Funds .....	80
Schedule 6 Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds - Internal Service Funds .....	81
Schedule 7 Combining Statement of Cash Flows - Proprietary Funds - Internal Service Funds .....	82
Schedule 8 Combining Statement of Assets and Liabilities - Agency Funds .....	84
Schedule 9 Combining Statement of Changes in Assets and Liabilities - Agency Funds .....	85

### STATISTICAL SECTION (Unaudited)

Introduction Page .....	87
-------------------------	----

#### Financial Trends

Table 1 Net Position by Component .....	90
Table 2 Changes in Net Position .....	91
Table 3 Fund Balances, Governmental Funds (Presented Pre-GASB 54) .....	92
Table 3A Fund Balances, Governmental Funds (Presented in Accordance with GASB 54) .....	93
Table 4 Changes in Fund Balances, Governmental Funds .....	94

#### Revenue Capacity - Prince William County, Virginia

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

Table 5 General Governmental Revenues by Source .....	96
Table 5A General Governmental Tax Revenues by Source .....	96
Table 6 Assessed Value and Actual Value of Taxable Real Property .....	97
Table 6A Commercial to Total Assessment Ratio, Construction and Bank Deposits .....	97
Table 7 Direct and Overlapping Real Estate Tax Rates .....	98
Table 8 Principal Real Property Tax Payers .....	99
Table 9 Real Property Tax Levies and Collections .....	100

## Table of Contents (continued)

### **Debt Capacity - Prince William County, Virginia**

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

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

### **Demographic and Economic Information – Prince William County, Virginia**

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

### **Operating Information**

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

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# Introductory Section

Letter of Transmittal

Certificates of Achievement

List of Elected and Appointed Officials

Organizational Chart



December 2, 2014

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

We are pleased to present the Comprehensive Annual Financial Report of the Prince William County Public Schools (PWCS), a component unit of Prince William County (The County), Virginia, for the year ended June 30, 2014. The *Code of Virginia* requires that all general-purpose local governments publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with governmental accounting standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

PWCS' financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of PWCS for the fiscal year ended June 30, 2014 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 unmodified opinion that the PWCS' financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The report of independent auditors is presented as the first component of the financial section of this report.

The independent audit of PWCS was part of a broader, federally mandated "Single Audit" for the 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 Compliance Section of the Comprehensive Annual Financial Report.

**DR. STEVEN L. WALTZ**  
*Superintendent of Schools*

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

## **Profile of the Government**

The County is located in Northern Virginia, approximately 35 miles southwest of Washington, D.C. The County encompasses 348 square miles and stretches from the Potomac River to the Bull Run Mountains. It has, within its boundaries, the independent cities of Manassas and Manassas Park and the incorporated towns of Dumfries, Haymarket, Occoquan, and Quantico. The cities of Manassas and Manassas Park have their own public school divisions.

PWCS is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The eight members of the School Board are elected by the citizens of the County to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWCS provides general education, special education, and vocational education program services to pre- K through 12 students and operates under a site-based management philosophy. PWCS is organized to focus on meeting the needs of its 85,055 students while managing the 57 elementary schools, 16 middle schools, 11 high schools, 3 special education schools, 2 alternative schools, and 3 traditional and K-8 schools.

PWCS is a component unit of the County. The county assesses organizations for potential inclusion as component units. This analysis is included in Note 1.A. of the County's Comprehensive Annual Financial Report.

Budget appropriation is an annual process and must be adopted on or before May 1, in accordance with the *Code of Virginia*. Historically, the Board of County Supervisors has appropriated the School Division's budget by the total amount. The budget process provides the capability for central office departments and schools to plan future operations in a manner to best serve the instructional and support needs of students. The budget process is a financial translation of the planning process. The budget process includes the following five basic components:

1. The establishment of an overall Division revenue target.
2. The establishment of school allocations based on projected enrollments and resources.
3. The establishment of central office support costs.
4. The development of budgets or expenditure plans for each central office department and school.
5. The assembly of individual budgets or expenditure plans into a comprehensive budget in accordance with anticipated revenues.

School and central office budgets are assembled into a comprehensive School Division budget and presented for review and approval. Since allocations are based on projected revenues, some adjustments may be required if these revenues change during the budget process. Budget allocations and school budgets will be adjusted based on the number and types of students enrolled on September 30.

## **Local Economy**

The County economy is an important segment of the Washington, D.C. metropolitan area economy, arguably one of the most dynamic in the world. The area's economy proved more resilient than many other parts of the country during the most recent recession as the federal government responded to the downturn with massive stimulus spending. However, recent signs suggest that as stimulus spending has been curbed, the area's economy has been challenged to keep pace with a general broad-based expansion underway in the nation. Nevertheless, the County economy, with a few notable exceptions, continues to exhibit healthy signs. The residential real estate market continued to improve in terms of average sold price, number of sales and average days on the market, even as rates of growth have slowed. Unemployment in the County continued to be well below the national rate, but is still high by recent standards. Foreclosure activity, as measured by monthly Courthouse recordings, continued to improve as the year progressed, with fewer than 400 for 2014 through June -- an average of less

than 70 per month. This is a great improvement over the worst period of the downturn, when a record 18,000 foreclosures were recorded in years 2006 to 2010. This trend continues downward from 2013, when fewer than 800 foreclosures were recorded. Latest at-place employment data from the Virginia Employment Commission (1<sup>st</sup> Quarter 2014) indicate continued growth in establishments, employment and wages in the County. Prince William County's commercial inventory continues to be elevated in terms of historic vacancy rates. The County economy appears to be continuing its strengthening trend. Even as, the regional economy struggles to keep up with the nation; the impact of sequestration on the local economy has yet to be fully ascertained.

The local housing market, after a major downturn in 2007 and 2008, stabilized in 2010 and gained steady momentum through 2013. Signs point to a slowing of that momentum as 2014 has progressed. According to data from Metropolitan Regional Information Systems (MRIS), during June 2014, the average home in the County sold for \$365,839. This represents an increase of 3.8% year-over-year and a 79.0% increase since February 2009 when the market was beginning its recovery. The number of homes sold in the County in June 2014 was 688 -- a decrease of 1.15% from the 696 homes sold one year earlier. The ratio of homes on the market to homes sold was 2.82, compared to 1.50 one year earlier. Average "days on the market" stood at 36 in June 2014 compared to 30 in June 2013.

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

<u>Calendar Year</u>	<u>Single Family</u>	<u>Townhouse</u>	<u>Condo/Apartment</u>	<u>Total</u>
2006	1,818	712	345	2,875
2007	1,305	580	366	2,451
2008	984	260	665	1,909
2009	1,152	381	402	1,935
2010	1,056	479	777	2,312
2011	842	349	316	1,507
2012	845	229	374	1,448
2013	756	349	538	1,643
2014 (June)	283	217	242	742

In 2013, a total of 1,643 residential occupancy permits were issued for new homes. This represents an increase of 11.9% year-over-year but well below 2010's 2,312 total new units. The mix of housing types has shifted in six years, reflecting a changed market. In 2006, 63.2% of all permits issued were for single family detached, while 24.8% were for townhouses and 12.0% for condominiums/apartments. In 2013, by comparison, 46.0% of all permits issued were for single family detached, while 21.2% were for townhouses and 32.8% were for multi-family units. As the number of foreclosures continues to drop, expectations are that the average home prices will continue to rise – though a return to the prosperous days of double digit annual appreciation are not anticipated in the near future. The residential real estate outlook is for continued modestly improving conditions over the next several years.

The County commercial inventory saw improving conditions during 2014 (through June); although vacancy rates continue to be elevated by historic trends and new construction continues at a generally reduced level. Inasmuch as the County's commercial inventory is a part of the region's inventory, it is affected by general conditions in the region's economy. Overbuilding during the last economic expansion was in part responsible for an oversupply of Office and Industrial inventory as the economy began to worsen. Furthermore, in certain types of product -- notably Flex, which is often characterized by single large and specific uses, the movement of one or two tenants can greatly impact vacancy rates. Current conditions suggest that the County commercial real estate market, while generally improving, continues to be in an absorption phase, meaning product that was developed largely before the economic downturn is still not fully leased. In June 2014, according to Costar Realty Group (Costar), the County commercial inventory included 44.2 million square feet (sq. ft.) of space in 1,941 buildings, with 3.41

million sq. ft. of vacant space -- a vacancy rate of 7.7%. Since 2010, some 1.52 million sq. ft. of commercial space has been added to the inventory, a growth rate of 3.7%. Expectations are that the commercial real estate market will improve over the course of the next few years, as the local economy grows.

About 78 percent of the County's real estate tax base consists of residential housing, approximately 22 percent is comprised of commercial, industrial, agricultural and public service properties and less than 1 percent is undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors was responsive by dramatically adjusting the real estate tax rate lower from \$1.34 in fiscal year 2001 to \$0.758 per \$100 of assessed value in fiscal year 2007. In fiscal year 2008, in response to revenue shortfalls and expectations of continuation of vital County services, the County adopted a real estate tax rate of \$0.97 effective for fiscal year 2009. Since 2010, the County real estate tax rate has been as follows:

- FY2010 - \$1.212 per \$100 of assessed value
- FY2011 - \$1.236 per \$100 of assessed value
- FY2012 - \$1.204 per \$100 of assessed value
- FY2013 - \$1.209 per \$100 of assessed value
- FY2014 - \$1.181 per \$100 of assessed value
- FY2015 - \$1.148 per \$100 of assessed value

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

Retail sales continued at a generally healthy pace during 2014, with 51 out of 53 months (through June 2014) of positive monthly year-over-year growth. Sequestration and continued federal budget uncertainty notwithstanding, and despite some uneasiness during the previous summer, the economy and consumer confidence continue positively and retailers are hopeful of continued healthy retail activity.

The County's population is currently estimated at 422,727 (as of June 30, 2014). Population growth has been at a slower pace than in past years, particularly before the economic downturn, when annual increases approached five percent. Nevertheless, the County will continue to expand its population base as the real estate market continues to strengthen. The Metropolitan Washington Council of Governments predicts the County's population will grow by over 217,000 people or an increase of 61 percent between the years 2005 and 2040, while the region in total is expected to grow by only 36 percent. The County continues to be a young, family-oriented community, with approximately one-third of its households married with children. Despite progress in attracting jobs to the County, Prince William County continues to export nearly two-thirds (63.8%) of its labor force to jobs outside the County, accounting for the fifteenth longest commute in the United States. According to 2013 Census data, Metropolitan Washington ranked first in the United States for median household income, with 9 of the region's counties in the top 20 nationwide. The County's median household income of \$95,268 is 82 percent above the national median of \$52,250 and 52 percent above the state-wide median of \$62,666. The County had the 12<sup>th</sup> highest median household income in the United States; six percent higher than the metropolitan Washington D.C. median household income of \$90,149. This ranking further underscores the County's continued status as a community of choice.

Employment in the County, year-over-year, improved in terms of jobs and establishments and remained nearly unchanged in terms of wages. According to the Virginia Employment Commission, there were 8,040 employment establishments reported in the County, an increase of two percent year-over-year and an increase of 13% since 2009. By comparison, Northern Virginia establishments increased by 0.7% in one year and by 6.5% since 2009; statewide, establishments increased by 0.9% in the last year and by 4.3% since 2009. Establishments in the County account for 11.3% of all establishments in Northern Virginia and 3.4% of all establishments in the Commonwealth.

At-place employment in the County (115,769 in the 1st Quarter 2014) increased by 1.3% year-over-year and by 16.2% since 2009. By comparison, Northern Virginia employment declined by 0.7% in the last year but grew by 3.4% since 2009. Employment in the Commonwealth declined by 0.02% in the last year, but increased by 1.6%

since 2009. At-place employment in the County accounted for 10.1% of all jobs in Northern Virginia and 3.2% of all jobs in the Commonwealth.

The average weekly wage in the County (\$862 in the 1st Quarter 2014) increased by 0.1% year-over-year and grew by 7.6% since 2009. At-place average weekly wages in Northern Virginia (\$1,435) grew by 1.7% in the last year and 13.0% since 2009. In Virginia, weekly wages (\$1,050) grew by 2.1% year-over-year and 14.1% since 2009.

The impact of the housing market downturn continues to be felt in those industries related to housing; however, some ground has been regained in terms of at-place employment. Construction employment, for example, declined in the County by over 7,000 jobs (-44.2%) between September 2005 and February 2010. Since that low point, Construction employment has increased by 3,098 jobs (34.6%) as of March 2014. Likewise, jobs in finance and insurance and real estate experienced a net loss of over 800 jobs (-22.2%) since their respective peak months of the real estate boom, but have increased by 438 jobs (14.9%) since that low point. Continued improvement in the local real estate market give hope that employment in these sectors will continue to improve as well. The County's unemployment rate was 4.8 percent in June 2014, well below the statewide rate of 5.4 percent and the national rate of 6.1 percent in June 2014. By comparison, the County's unemployment rate was 5.1 percent in June 2013.

The County's close proximity to the federal government and affiliated contractor industries has largely insulated it from the severity of normal business cycle troughs. While the County is by no means immune from economic downturns, their depth and duration tend to be ameliorated by the fairly constant uptrend in federal spending and procurement. However, the regional economy, given ongoing fiscal austerity at the federal level, may be more challenged than in previous times to outperform the national economy. The County depends heavily on residential housing and consumer spending to maintain its prosperity and levels of local government services. These two sectors were impacted by the recent economic downturn; recent trends point to improving conditions in local consumer and real estate activity.

As the County enters fiscal year 2015, the local economy continues to outperform the national economy but, in light of the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and the County, both of which were major recipients of this good fortune. After a rather severe correction in the housing market, current conditions suggest that a market expansion is occurring again, though at a more moderate pace than during the previous housing market boom. In addition, the impact of defense-related drawdowns in the federal budget, as well as the prospect of long-term drawdown of federal resources in general, has yet to be fully ascertained. The impact of the federal government on the regional and local economy cannot be overlooked.

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

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

Each year PWCS, coordinating with the County, prepares a Five-Year Budget Plan. This plan incorporates expected revenue and expenditure growth to determine how future needs will be met. As part of this plan the Board of County Supervisors and the School Board have entered into a revenue sharing agreement that shares the general revenues of the County between the Schools and the County on a 57.23% to 42.77% basis, respectively.

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

- To maintain current instructional, support, and extracurricular programs and services.
- To provide services to new students.
- To construct and operate the new schools and facilities and complete all critical capital projects identified in the Capital Improvements Program.
- To provide no annual adjustments for inflation in supplies and materials.
- To maintain competitive salaries and benefits for all employees.

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

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

### **Relevant Financial Policies**

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

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

In 2012, PWCS adopted a policy to establish and maintain a minimum unassigned fund balance of 1.5% of the current fiscal year's General Fund revenue. Management determined this minimum fund balance will be established incrementally over a four year period by setting aside 25% of 1.5% of the current fiscal year's General Fund revenue effective fiscal year 2012.

### **Major Initiatives**

PWCS is the second largest of 132 school divisions in Virginia and among the 40 largest school divisions in the country. The school division provides services to over six percent of the State student enrollment. During the next five years, student membership is projected to increase by an annual rate of approximately two percent. This will result in more than 10,561 additional students by the 2018-2019 school year. The costs associated with these additional students for personnel, employee benefits, and material to provide school-level instructional and support services will equate to approximately \$237.5 million over the five year period.

Providing quality educational facilities is important in providing quality education. PWCS' Capital Program identifies sixteen schools for new construction or additions over the next five years and replacement of two schools. PWCS endeavors to spend, as is recommended by the National Building Research Board, between 2% and 4% of the total replacement value of buildings on an annual basis on maintenance of existing school facilities. PWCS facilities were constructed between 1918 and 2014, with the oldest school being Dumfries Elementary School constructed 94 years ago.

### **Financial Reporting Certificate Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PWCS for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily

readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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, 2013. This was the twelfth consecutive year the School Board has received this prestigious award. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports.

This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. We believe that our current CAFR conforms also to the ASBO Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine the School Board's eligibility for another certificate award.

In addition to the awards for excellence in financial reporting, PWCS has earned the Meritorious Budget Award from the ASBO and the Distinguished Budget Presentation Award from the GFOA for the fiscal year ended June 30, 2014. These awards are valid for one year only and we believe that our budget report continues to conform to the program requirements of both. We will be submitting our budget to ASBO and GFOA for fiscal year 2015 to determine the School Board's eligibility for another certificate award.

**Acknowledgments**

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

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

Respectfully,



Steven L. Walts  
Superintendent of Schools



David S. Cline  
Associate Superintendent



John Wallingford  
Director, Financial Services  
Finance & Support Services



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Prince William County Public Schools

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Terrie S. Simmons".

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director

**Prince William County Public Schools**  
**List of Elected and Appointed Officials**  
**June 30, 2014**

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

Milton C. Johns, Chairman *At-Large*

Gil Trenum, Vice Chairman, *Brentsville District*

Lisa E. Bell, *Neabsco District*

Betty D. Covington, *Potomac District*

Lillie G. Jessie, *Occoquan District*

Michael I. Otaigbe, *Coles District*

Alyson A. Satterwhite, *Gainesville District*

Loree Y. Williams, *Woodbridge District*

**Appointed Officials - School Division Administration\***

Steven L. Walts  
Superintendent of Schools

Rae E. Darlington  
Deputy Superintendent

Keith A. Imon  
Associate Superintendent  
Communications and Technology Services

Keith J. Johnson  
Associate Superintendent  
Human Resources

Timothy L. Healey  
Associate Superintendent  
Student Learning and Accountability

David S. Cline  
Associate Superintendent  
Finance and Support Services

Jarcelynn M. Hart  
Associate Superintendent  
Western Elementary Schools

William G. Bixby  
Associate Superintendent  
Middle Schools

R. Todd Erickson  
Associate Superintendent  
Central Elementary Schools

Rita Everett Goss  
Associate Superintendent  
Eastern Elementary Schools

Michael A. Mulgrew  
Associate Superintendent  
High Schools

John M. Wallingford  
Director of Financial Services

Lisa M. Thorne  
Supervisor of Accounting  
Services

\* as of June 30, 2014

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

**FY 2015 Organizational Chart**

PWCS\_OrgChart\_FY2015\_v2.vsd August 4, 2014 3:27 PM

**Citizens of Prince William County, Virginia**

**Prince William County School Board**

Milton C. Johns Chairman At-Large	Gil Trenum Vice Chairman Brentsville District	Lisa E. Bell Neabsco District	Betty D. Covington Potomac District
Lillie G. Jessie Occoquan District	Michael I. Otaigbe, Ph.D. Coles District	Alyson Satterwhite Gainesville District	Loree Y. Williams Woodbridge District

**Superintendent**  
*Steven L. Walts*

Clerk *Deborah Urban* Deputy Clerk *Vacant*

Division Counsel *James E. Fagan III* Chief Internal Auditor *Gary R. Maness*

**Deputy Superintendent**  
*Rae Darlington*

Director of TIPA *Natalie Bonshire*

**Associate Superintendent for Finance and Support Services**  
*David Cline*

Director of Risk Management & Security Services *Patti Pittman*

Director of Financial Services *John Wallingford*

Supervisor of Budget *Kathleen Addison*

Supervisor of Financial Services *Niki Howell*

Supervisor of Accounting Services *Lisa Thorne*

Supervisor of Purchasing *James Totty*

Supervisor of Supply Services *Charles Wheeler*

Director of Transportation Services *Edward Bishop*

Supervisor of Bus Operations *Shirley Posey*

Supervisor of Transportation Planning *Scott Withee*

Director of Facilities Services *John Windley*

Supervisor of Facilities Management *Rodney Clayborn*

Supervisor of Construction *Dee Thompson*

Supervisor of Planning and Financial Services *Dave Beavers*

Supervisor of Planning *Matt Cartledge*

Supervisor of Land Acquisition & CIP Planning *Maureen Hannan*

Project Managers  
*Neil Bagnell, Shelly Clayborn, John Mills, Roger Wilder, Vacant*

**Associate Superintendent for Human Resources**  
*Keith Johnson*

Director of Human Resources *Amy White*

Supervisor of Elementary Staffing Personnel *Michele Salzano*

Supervisor of Middle School Staffing Personnel *Paulajane Hancock*

Supervisor of High School Staffing Personnel *Tony Jones*

Supervisor of Classified Personnel *Dina Mize*

Supervisor of Recruiting & Specialty Pkgs *Darlene Faltz*

Supervisor of Community Relations *Irene Cromer*

Supervisor of Media Production Services *Vacant*

Supervisor of Community & Business Engagement *Sharon Henry*

Supervisor of Instructional Technology *Amy Jo Phillips*

Director of Benefit Services *Deborah Sparks*

**Associate Superintendent for Communications and Technology Services**  
*Keith Imon*

Director of Information Technology Services *Steve George*

Supervisor of Student Applications *Susan Dooley*

Supervisor of Business Applications *Vincent Bess*

Supervisor of Information Systems Support *Susan Moser*

Supervisor of Network Services & Central Ops *Chris Hinzman*

Supervisor of Information Security Services *Jason Dasher*

Supervisor of Help Desk & Workstation Support *John Harrison*

Imaging Center *Danny Armstrong*

Supervisor of Community Relations *Irene Cromer*

Supervisor of Media Production Services *Vacant*

Supervisor of Community & Business Engagement *Sharon Henry*

Supervisor of Instructional Technology *Amy Jo Phillips*

Supervisor of Secondary Counseling and Student Support Services *Rebekah Schlatter*

Supervisor of Elementary Counseling and Related Services *Deborah Ransom*

Supervisor of Student Assistance and Prevention Programs *Doreen Dauer*

Supervisor of School Health *Teresa Polk*

Supervisor of School Social Workers *Elizabeth Young*

Supervisor of School Age Child Care (SACC) *Damon Cerrone*

Director of Communications Services *Philip Kavits*

Supervisor of Community Relations *Irene Cromer*

Supervisor of Media Production Services *Vacant*

Supervisor of Community & Business Engagement *Sharon Henry*

Supervisor of Instructional Technology *Amy Jo Phillips*

**Associate Superintendent for Student Learning and Accountability**  
*Timothy Healey*

Director of Student Learning *Kenneth Bassett*

Director of Accountability *Jennifer Cassata*

Supervisor of Testing *Paul Parker*

Supervisor of Program Evaluation *Kenneth Hinson*

Director of Professional Learning *Janet Greer*

Supervisor of Global Learning and Culturally Responsive Instruction *Maria Burgos-Singleton*

Supervisor of Leadership Development *Anita Taylor*

Director of Special Education *Jane Lawson*

Supervisors of Special Education  
*Sherley Channing, Morphoula Daoulas, Cary Dougher, Cathy Radford, Michelle Roper, David Williams, Rebecca Yellets, Vacant*

Supervisor of Student Management *Karyn Riddle*

Director of Non-Traditional Education Opportunities *Renee Lacey*

Supervisor of Student Management *Karyn Riddle*

Director of ESOL *Janine Sadki*

Supervisor of EL Instruction *Christine Jennings*

Director of Student Services *Carolyn Custard*

Supervisor of Secondary Counseling and Student Support Services *Rebekah Schlatter*

Supervisor of Elementary Counseling and Related Services *Deborah Ransom*

Supervisor of Student Assistance and Prevention Programs *Doreen Dauer*

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Supervisor of Network Services & Central Ops *Chris Hinzman*

Supervisor of Information Security Services *Jason Dasher*

Supervisor of Help Desk & Workstation Support *John Harrison*

Imaging Center *Danny Armstrong*

Director of Student Learning *Kenneth Bassett*

Curriculum Supervisors  
*Schenell Agee, Roberta Apostolakis, Carol Bass, W. Jason Calhoun, Jeffrey Girvan, Carol Knight, Fred Milbert, Joyce Zsembery*

Curriculum Supervisor Career & Technical Education  
*Douglas Wright*

Supervisor of Gifted Education & Special Programs  
*Jim Mudd*

Supervisor of Title I  
*Michelle Rowe*

Director of Student Learning *Kenneth Bassett*

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Curriculum Supervisor Career & Technical Education  
*Douglas Wright*

Supervisor of Gifted Education & Special Programs  
*Jim Mudd*

Supervisor of Title I  
*Michelle Rowe*

**Eastern Elementary Schools**

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

**Western Elementary Schools**

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

**Central Elementary Schools**

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

**Middle Schools**

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

**High Schools**

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

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# Financial Section

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

## **Report of Independent Auditor**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Prince William County Public Schools ("PWCS"), a component unit of Prince William County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the PWCS' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Student Activity Funds, an agency fund of PWCS's, which represents 53% of the total assets of the aggregate total agency funds and 8% of the total assets of the aggregate remaining fund information. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Student Activity Fund, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Prince William County Public Schools, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PWCS's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014, on our consideration of PWCS'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 under the heading *Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PWCS's internal control over financial reporting and compliance.

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

Tysons Corner, Virginia  
December 2, 2014

**Prince William County Public Schools**  
*Management's Discussion and Analysis*  
For the Year Ended June 30, 2014

This section of the Prince William County Public Schools' (PWCS) annual financial report presents our discussion and analysis of the division's financial performance during the fiscal year ended June 30, 2014 (FY 2014). 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 \$900,686 or 84.7% of total revenues of \$1,062,894. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$162,208 or 15.3% of total revenues.
- The School Division had \$998,912 in expenses of which \$162,208 was offset by program specific charges, grants, or contributions. General revenues, primarily County and Commonwealth (State) of Virginia, were adequate to fund the remaining expenses.
- Total net position increased by \$63,982 to a total of \$1,336,790. The value of net position reflects the financial health of the School Division and includes certain assets procured with debt. The School Division is a component unit of and is fiscally dependent on Prince William County (the County). As such, all debt related to School Division assets are shown on the County's Statement of Net Position.
- On September 30, 2013 (FY 2014) student membership was 85,055, an increase of 1,504 students, or 1.8% greater than FY 2013. The student membership was also 241 students less than projected for FY 2014.

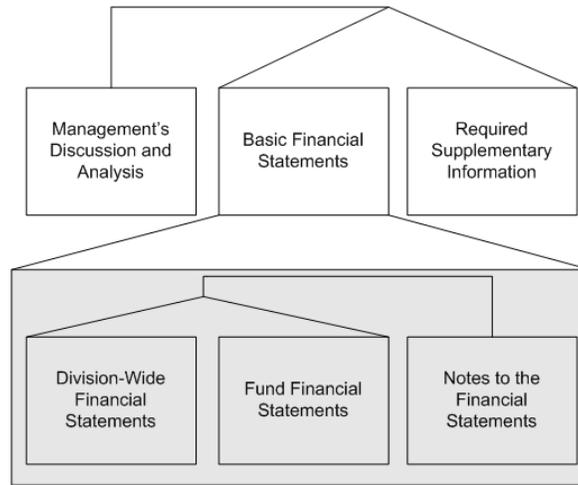
**Using this Comprehensive Annual Financial Report**

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

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

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

Organization of Prince William County Public Schools Annual Financial Report



Summary ←————→ Detail

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

**Government-wide Statements**

The government-wide statements report information about PWCS as a whole using accounting methods similar to those used in private-sector companies. While this document contains a number of funds used by PWCS to provide programs and activities, the view of PWCS, as a whole, looks at all financial transactions and asks the

question, “How did we do financially during FY 2014?” The Statement of Net Position and the Statement of Activities answer this question. These statements report all of the assets and liabilities using the accrual basis of accounting. The accrual basis of accounting reflects all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

## **Fund Financial Statements**

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

PWCS has three types of funds:

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

Postemployment Benefits trust fund (OPEB), an agent multiple employer defined benefit postemployment benefits trust that was established in FY 2009 to provide funding for other postemployment benefit payments on behalf of retiree and COBRA participants. The fiduciary activities are reported in a separate statement of fiduciary assets and liabilities and a combining statement of changes in fiduciary assets and liabilities for all fiduciary funds, except for OPEB. OPEB statements are presented in the Notes to the Financial Statements. All of these activities are excluded from PWCS' government-wide statements because PWCS cannot use these assets to finance its operation.

## Financial Analysis of PWCS as a Whole

### Net Position

The condensed statement of net position describes the financial position of PWCS on June 30, 2014. The largest portion of PWCS net position reflects its investment in capital assets (buildings, land, equipment, vehicles, and construction-in-progress). Capital assets account for 88.3% of the total net position and have increased by \$54,884 since June 30, 2013. This increase is primarily the result of continued construction and major renovations necessary to house the continuing growth in the student population. These capital assets are not net of related debt because, as a component unit (school division) in Virginia, PWCS does not have the authority to issue debt. All debt is issued by the County and, therefore, shown as a liability on its Statement of Net Position. 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 position. A more detailed discussion on debt is contained in a later section entitled "Outstanding Long-Term Debt".

The other components of net position are restricted net position and unrestricted net position. Restricted net position represents those resources that have externally imposed constraints on their use. Restricted net position increased by a net of \$6,677 during the current fiscal year reflecting an increase in PWCS' resources restricted for specific construction projects of \$2,705 and a net increase in restricted for food & nutrition services, self-insurance, and other purposes of \$3,972. Unrestricted net position are those resources that may be used to meet the obligations placed on PWCS by its creditors and to pay for ongoing operations of the School Division. At the end of the fiscal year unrestricted net position amounted to \$107,122, an increase of \$2,421 from FY 2013. All three components of net position show positive balances.

<b>Condensed Statement of Net Position</b>						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total Entity	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 318,979	\$ 298,877	560	664	319,539	299,541
Capital assets	1,179,899	1,125,015	-	-	1,179,899	1,125,015
<b>Total assets</b>	<b>1,498,878</b>	<b>1,423,892</b>	<b>560</b>	<b>664</b>	<b>1,499,438</b>	<b>1,424,556</b>
Current liabilities	118,793	109,621	-	-	118,793	109,621
Long-term liabilities	43,855	42,127	-	-	43,855	42,127
<b>Total liabilities</b>	<b>162,648</b>	<b>151,748</b>	<b>-</b>	<b>-</b>	<b>162,648</b>	<b>151,748</b>
Net position:						
Invested in capital assets	1,179,899	1,125,015	-	-	1,179,899	1,125,015
Restricted	49,769	43,092	-	-	49,769	43,092
Unrestricted	106,562	104,037	560	664	107,122	104,701
<b>Total net position</b>	<b>\$ 1,336,230</b>	<b>\$ 1,272,144</b>	<b>560</b>	<b>664</b>	<b>1,336,790</b>	<b>1,272,808</b>

## Changes in Net Position

<b>Changes in Net Position</b> (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Reporting Entity</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Program revenues:</b>						
Charges for services	\$ 23,114	\$ 23,300	475	425	23,589	23,725
Operating grants and contributions	138,511	136,285	-	-	138,511	136,285
Capital grants and contributions	108	113	-	-	108	113
<b>General revenues:</b>						
Federal	2,429	2,803	-	-	2,429	2,803
State	353,041	347,674	-	-	353,041	347,674
County	535,335	532,717	-	-	535,335	532,717
Unrestricted investment earnings	3,123	1,724	13	(5)	3,136	1,719
Miscellaneous revenues	6,745	3,480	-	-	6,745	3,480
<b>Total revenues</b>	<b>1,062,406</b>	<b>1,048,096</b>	<b>488</b>	<b>420</b>	<b>1,062,894</b>	<b>1,048,516</b>
<b>Expenses</b>						
<b>Instruction:</b>						
Regular	489,514	485,165	-	-	489,514	485,165
Special	104,231	101,696	-	-	104,231	101,696
Other	9,607	9,565	-	-	9,607	9,565
Instructional leadership	57,186	57,215	-	-	57,186	57,215
<b>Support Services:</b>						
General administration	9,988	10,023	-	-	9,988	10,023
Student services	13,323	10,446	-	-	13,323	10,446
Curricular/staff development	12,707	14,092	-	-	12,707	14,092
Pupil transportation	55,479	53,658	-	-	55,479	53,658
Operations	23,168	22,858	-	-	23,168	22,858
Utilities	22,649	23,321	-	-	22,649	23,321
Maintenance	35,983	31,147	-	-	35,983	31,147
Central business services	51,164	52,343	-	-	51,164	52,343
Reimbursement to County for debt service	74,691	70,605	-	-	74,691	70,605
Food & nutrition services	37,430	38,551	-	-	37,430	38,551
Community service operations	1,200	1,267	-	-	1,200	1,267
School Age Child Care	-	-	592	594	592	594
<b>Total expenses</b>	<b>998,320</b>	<b>981,952</b>	<b>592</b>	<b>594</b>	<b>998,912</b>	<b>982,546</b>
Change in net position	64,086	66,144	(104)	(174)	63,982	65,970
Net position, beginning of year	1,272,144	1,206,000	664	838	1,272,808	1,206,838
<b>Net position, end of year</b>	<b>\$ 1,336,230</b>	<b>\$ 1,272,144</b>	<b>560</b>	<b>664</b>	<b>1,336,790</b>	<b>1,272,808</b>

Total revenues increased by \$14,378 for a 1.4% increase over FY 2013. This is primarily the result of increase in State aid and general revenue from the County.

PWCS' revenue comes from the primary government (50.4% - the County), 33.2% from the State, .3% from the Federal government, 15.2% in the form of program revenues (charges for services, operating, and capital grants and contributions), and .9% from other categories. The funds PWCS receives from the County are comprised, primarily, of two components; 57.23% of all County general revenues, excluding recordation tax, and amounts provided to PWCS that are the result of bonds sold by the County to fund schools capital projects.

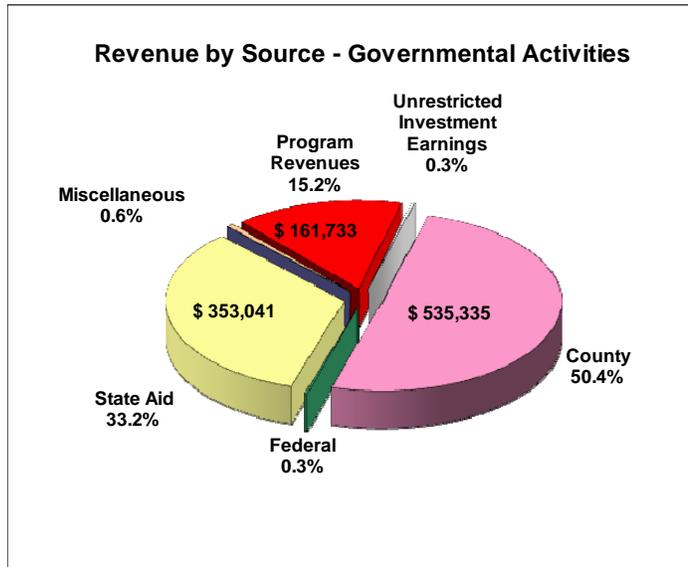
The component of PWCS' "County revenue" that is a function of bond sales decreased from FY 2013 by \$10,200 or 13.1% while all other components of "county revenue" increased by \$12,818 or 2.8%. For FY 2014 there was a net .5% increase of all components of "county revenue" or \$2,618. This increase is primarily a function of an increase in County general revenues FY 2014.

State revenue increased \$5,367 or 1.5% 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 1.7% to \$998,911 in FY 2014. This increase is a function of the increase in the student population by 1.8% and related instructional needs, as well as a pay adjustment for

employees of 2%. Of the Division's expenses, 76.8% are related to the instruction of and caring for the needs of students (instruction, transportation, student services, and food & nutrition services). The Division's business and administrative activities accounted for 7.5% of total costs while operations and maintenance amounted to 8.2% of total cost. Reimbursements to the County for debt service totaled 7.5% of FY 2014 costs. For the FY 2014, revenues exceeded expenses by \$63,982. A substantial portion of this excess is related to a concerted effort by the Division to manage costs and the recognition of revenues associated with capital outlay related to PWCS continued expansion of facilities.

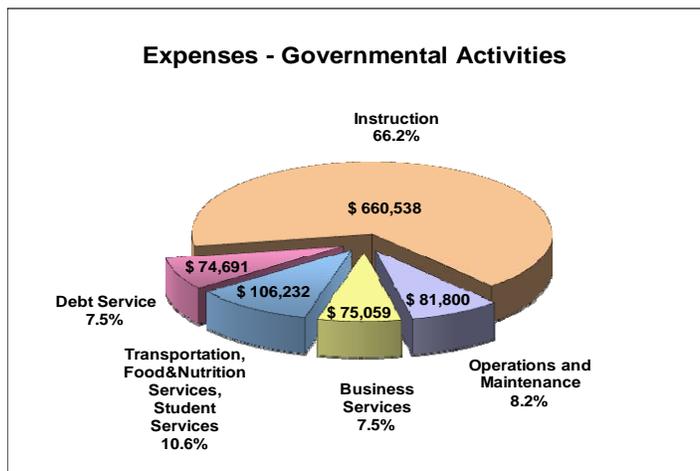
**Governmental Activities**



The two primary sources of revenue for the School Division are from Prince William County and the Commonwealth of Virginia. Funding from the County is provided through a revenue sharing agreement whereby the School Division received 57.23% of general county revenue. This was a change from prior years of 56.75%. The budget was developed based upon projected revenue for that year. During the Board of County Supervisors (BOCS) review of the FY 2014 proposed budget, the revenue growth assumptions were reduced from 4% per year to 2.3% in FY 2014. Although the overall revenues were reduced, the BOCS remained committed to the general revenue amount that had been advertised in the FY 2014 Proposed School budget. The BOCS amended the revenue sharing agreement to reflect the new School Division's share of 57.23% of general revenues. In the following fiscal year, revenues are adjusted to reflect the difference

between projected and actual revenues.

The County has a fund balance policy which includes a provision to maintain an unassigned General Fund balance no less than 7.5% of the year's General Fund revenues in every fiscal year, with certain exceptions. The revenue sharing agreement between the County and the School Division requires the School Division to contribute in maintaining the unassigned General fund balance and to receive a return of funds when fund balance is in excess of the required 7.5%. There will be additional funding from the County in FY 2015 related to additional recognized revenues from FY 2014 in the amount of \$14 and \$81 due to recognition of additional revenue in excess of projections and cable franchise tax grant, respectively. Additionally, County general revenues were less than projected amounts, resulting in a reduction in recognized general revenues of \$3,355. Also, \$1,485 was needed to maintain the 7.5% of unassigned General Fund balance. This netted to a decrease in revenue from FY 2014 in the amount of \$4,840.



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 2014 increased as a result of the State funding its share of the SOQ cost of the additional 1,504 students in the School Division.

The FY 2014 expense budget was adjusted to fund schools and central departments for the costs of the additional student enrollment. The Net Cost of Governmental Activities table shows the cost of program services and the charges for services and grants offsetting those services. The following table

shows, for governmental-type activities, the total cost of services and the net cost of services. The net cost of services reflects the support provided by tax revenue, State aid, Federal aid not restricted to specific programs, and miscellaneous revenue.

<b>Net Cost of Governmental Activities</b> (amounts expressed in thousands)							
	<b>Total Cost of Services</b>			<b>Percent Change</b>	<b>Net Cost of Services</b>		<b>Percent Change</b>
	<b>2014</b>	<b>2013</b>			<b>2014</b>	<b>2013</b>	
<b>Instruction</b>							
Regular	\$ 489,514	\$ 485,165	0.9%	\$ 438,595	\$ 434,026	1.1%	
Special	104,231	101,696	2.5%	45,125	43,658	3.4%	
Other	9,607	9,565	0.4%	1,177	1,184	-0.6%	
Instructional leadership	57,186	57,215	-0.1%	57,186	57,215	-0.1%	
<b>Total instruction</b>	<u>660,538</u>	<u>653,641</u>	<u>1.1%</u>	<u>542,083</u>	<u>536,083</u>	<u>1.1%</u>	
<b>Support services</b>							
General administration	9,988	10,023	-0.3%	9,989	10,023	-0.3%	
Student services	13,323	10,446	27.5%	13,202	10,424	26.7%	
Curricular/staff development	12,707	14,092	-9.8%	12,636	14,030	-9.9%	
Pupil transportation	55,479	53,658	3.4%	55,417	53,579	3.4%	
Operations	23,168	22,858	1.4%	22,863	22,467	1.8%	
Utilities	22,649	23,321	-2.9%	22,649	23,321	-2.9%	
Maintenance	35,983	31,147	15.5%	35,983	31,147	15.5%	
Central business services	51,164	52,343	-2.3%	50,675	51,963	-2.5%	
Reimbursement to County for debt service	74,691	70,605	5.8%	74,691	70,605	5.8%	
Food & nutrition services	37,430	38,551	-2.9%	(3,512)	(1,629)	115.6%	
Community service operations	1,200	1,267	-5.3%	(89)	241	-136.9%	
<b>Total support services</b>	<u>337,782</u>	<u>328,311</u>	<u>2.9%</u>	<u>294,504</u>	<u>286,171</u>	<u>2.9%</u>	
<b>Total expenses</b>	<u>\$ 998,320</u>	<u>\$ 981,952</u>	<u>1.7%</u>	<u>\$ 836,587</u>	<u>\$ 822,254</u>	<u>1.7%</u>	

- The cost of all governmental activities was \$998,320.
- The net cost of governmental activities was \$836,587.
- The amount the citizens of Prince William County paid for these activities through County taxes was \$467,568. Additional revenue from the County consisted of bond sales in the amount of \$67,776.
- The Commonwealth of Virginia contributed general revenue of \$353,041.
- The Federal Government contributed general revenue of \$2,429.
- Some of the other costs were paid for by:
  - Users who benefited from the programs: \$23,114;
  - Total Grants and Contributions: \$138,619;
  - Other payments: \$9,868.
- There are several significant activity changes in the net cost of services:
  - Student services net costs primarily increased due to a reallocation of functional expenses.
  - Maintenance net costs increased due to increased costs of repair and maintenance supplies, consulting services, and personnel costs.

## **Business-type Activities**

Revenues of the School Division's business-type activities increased 16.2% to \$488, while expenses decreased .3% to \$592. The revenue increased primarily as a result of a change to the flat-fee contractual arrangement with the vendor for providing the services.

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

Information about PWCS' major funds begins on page 33. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$1,062,491 and expenditures of \$1,047,014. The net change in fund balance was most significant in the Construction Fund amounting to an increase of \$24,604. This increase is primarily due to the transfer into the Construction Fund.

The General Fund net decrease in fund balance of \$16,708 resulted from an increase in operating transfers to the Construction Fund in comparison to FY 2013. These increases in transfers are a result of increased costs related to new construction. The increase in fund balance in Other Governmental Funds of \$3,981 is primarily attributable to increased Federal revenues and decreased expenditures in the Food & Nutrition Services fund.

## **General Fund Budgetary Highlights**

The PWCS' budget is prepared in accordance with Virginia School Laws. The most significant budgeted fund is the General Fund. During the course of FY 2014, PWCS amended its General Fund budget as follows:

- Amended appropriation of \$14,618 to reflect the carryover of encumbrances from FY 2013 to FY 2014.
- Supplemental appropriations totaled \$13,123; of which \$9,326 related to the carryover of unencumbered FY 2013 budget and appropriations, a \$3,616 increase in additional Federal, State and local grants and additional State aid due to the continuing increase in enrollment, and \$181 for increases in Cable Franchise tax revenue from the County.

PWCS' final budget for the General Fund anticipated that expenditures, including transfers, would exceed revenues by roughly \$28,476. The actual results for the year show expenditures exceeded revenues by \$16,708. Key factors contributing to the significant changes in revenues/appropriations from the final budgeted amounts include:

- Utility expenditures were \$3,418 less than final budgeted amounts due to the results of the Energy Conservation Program and conservative budgeting efforts. These efforts also allowed for a decrease in final budget from original budget of \$13,566.

## **Capital Assets**

At the end of FY 2014, PWCS had \$1,179,899 invested in buildings, land, equipment, vehicles, and construction-in-progress in governmental-type activities. The following table shows FY 2014 balances, net of accumulated depreciation/amortization. Readers interested in more detailed information on capital assets should refer to the Capital assets note in the Notes to the Financial Statements.

<b>Capital Assets</b>						
(net of accumulated depreciation)						
(amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Reporting Entity</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 67,374	\$ 67,374	-	-	67,374	67,374
Construction in progress	52,660	102,856	-	-	52,660	102,856
Depreciable/amortizable capital assets	<u>1,059,865</u>	<u>954,785</u>	<u>-</u>	<u>-</u>	<u>1,059,865</u>	<u>954,785</u>
<b>Total</b>	<b><u>\$ 1,179,899</u></b>	<b><u>\$ 1,125,015</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,179,899</u></b>	<b><u>1,125,015</u></b>

**Major capital asset additions for FY 2014 included:**

- Completed construction on two new schools:
  - Nokesville K-8;
  - Haymarket Elementary School.
- Continued construction of two new schools:
  - 12<sup>th</sup> High School;
  - Devlin Road Elementary School.
- Began construction of one new schools:
  - Ferlazzo Elementary School.
- Completed major renovations, additions, replacements at:
  - Sudley Elementary School;
  - West Gate Elementary School;
  - Sinclair Elementary School;
  - Mullen Elementary School;
  - Penn Elementary School;
  - Potomac Middle School;
  - Benton Middle School;
  - Potomac High School;
  - Loch Lomond Elementary School;
- Continued major renovations, additions, replacements or renewals at:
  - King Elementary School;
  - Lake Ridge Elementary School;
  - Springwoods Elementary School;
  - Henderson Elementary School;
  - Featherstone Elementary School;
  - Parkside Middle School;
  - River Oaks Elementary School;
  - Loch Lomond Elementary School;
  - Dumfries Elementary School;
  - Independent Hills Complex;
- Purchased 23 school buses and 2 cars.
- Replaced 61 school buses, 36 trucks, and 3 cars.

**The following major capital projects are included in PWCS' FY 2015 capital budget:**

- Elementary School on Devlin Road;
- Ferlazzo Elementary School;
- Continued construction of 12<sup>th</sup> high school;
- Dumfries Elementary School, Henderson Elementary School, King Elementary School, Lake Ridge Elementary School, Loch Lomond Elementary School, and Springwoods Elementary School major renewals/renovations;
- Additions to Featherstone Elementary School;
- Ongoing implementation of infrastructure upgrades needed for technology improvements.

Funding for the FY 2015 capital projects includes a general fund transfer of \$12,632 and \$88,746 to be financed by the County through the sale of General Obligation bonds to the Virginia Public School Authority (VPSA).

**Outstanding Long-Term Debt**

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

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

The following information is provided to acknowledge the portion of long-term debt that is incurred by the County at the request of the School Board and funded by the school division. At June 30, 2014, the County is liable for \$596,438 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2014, outstanding long-term debt increased by a net \$13,969 consisting of:

- \$46,021 in debt principal retired during the fiscal year.
- \$59,990 in new debt issued during FY 2014 through the sale of general obligation bonds to the VPSA:
  - In addition, a bond premium of \$7,786 was realized on the sale of the VPSA bonds, bringing the total bonds available from the sale to \$67,776.

During FY 2014, \$3,146 in revenue related to long-term debt was recognized by the County related to a one-time credit for the refinancing of existing VPSA bonds.

The Approved School Board budget for FY 2015 provides funding for \$77,964 to support the payment of debt service by the County. The budgeted debt service payments support the budgeted sale of \$88,746 in new bonds during FY 2015 to support school capital projects, as detailed in the FY 2015 – 2024 Capital Improvements Program (CIP). Readers interested in more detailed information for long-term debt activity should refer to the Long-term debt note in the Notes to the Financial Statements.

## Bond Ratings

<b>Outstanding Long-Term Debt</b>						
(Incurred by Prince William County on behalf of PWCS)						
(amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Reporting Entity</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General Obligation Bonds *	\$ 594,188	\$ 579,969	-	-	594,188	579,969
Literary Loans	2,250	2,500	-	-	2,250	2,500
<b>Total</b>	<b>\$ 596,438</b>	<b>\$ 582,469</b>	<b>-</b>	<b>-</b>	<b>596,438</b>	<b>582,469</b>

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

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

### Factors influencing future budgets:

The FY 2015 budget provides funding for the following significant costs:

- Funding for current programs to support an approximate increase of 1,500 students;
- Funding to support the capital projects included in the FY 2015 – 2024 CIP;
- A salary scale adjustment of 3% to School Division employees;
- An overall increase of 4% in health insurance costs.

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

- Student growth continues to place fiscal demands upon the School Division requiring additional staff, buses, and classroom space. The substantial rate of growth continues to create challenging fiscal demands in the current and future budgets. Over the past five years PWCS student enrollment has grown, on average, by just over 2.4% per year. FY 2015 is the second year that September 30<sup>th</sup> enrollments were short of projections; this year was short by 1.03% or 899. Division staff will have to monitor this change and evaluate if there has been a long term shift in enrollment growth. This growth pattern has the potential to have substantial impacts on future budgets and capital plans.
- Student demographics will continue to change regardless of the growth rates. Changes in student demographics increase the number of students requiring additional educational services, which in turn increases School Division expenditures to meet those needs. Increases in populations of students whose primary language is not English and students with special needs, for example, increase School Division operating costs.
- Student membership on September 30, 2014 was 86,209. This represents an increase of 1,154 students for a growth rate of 1.4%. Student membership was 899 students below the 87,108 projected in the FY 2015 Approved Budget which translates to an estimated net savings of \$5,433 in costs. Continued student growth is attributable, at least in part, to the housing market beginning to stabilize and the ability to purchase homes at lower prices relative to other northern Virginia localities.
- For fiscal years 2015 and 2016 fund balance will be supporting the General Fund budgets to the

extent of \$18.5 million and \$12.2 million, respectively. This is approximately 1.4% to 2.0% of the General Fund budgets for the respective years. The Budget for FY 2015 through FY 2017 will present some challenges as this use of fund balance will have been exhausted and the Division will have to replace this funding source while enrollment is still growing at a projected rate of 1.8% annually.

- FY 2015 is the first year of the biennial budget process for the Commonwealth of Virginia. The budget for FY 2015 may be impacted by a number of significant changes including:
  - Rebenchmarking that should increase funding to the Division as a result of increased costs to operate schools;
  - Updated student enrollment projections;
  - Continued updating of rates for the VRS.
- As part of the State's FY 2010-2012 biennial budget plan, the General Assembly and Governor deferred \$850 million in VRS payments to future years by lowering the required VRS contribution rates for both the teacher pool and the state employee pool. This action had the impact of reducing the State's FY 2011 and FY 2012 obligations to the VRS trust for its own employees, reducing Virginia local school division payments for their employees to the trust, and reducing the revenue stream the State makes available to local school divisions related to VRS. While this action helped the State and local school divisions balance their FY 2011 budgets, it created substantial future liabilities. The budget bill that passed for the 2010-2012 biennium states that the VRS deferral will be paid back starting in FY 2013 at the rate of earnings of the VRS trust (7%) over a ten year period. Future VRS rates are going to go up, the current question is "How Much?". The contribution rates set for FY 2012 increased by 2.4% of covered payroll which resulted in a 26.7% increase in costs. In FY 2013, VRS rates increased by just under 6% of covered payroll for a cost increase of just over 34% and for FY 2014 there were no rate changes. The current expectation is that VRS rates will continue to climb but at reduced rates. For the 2012-2014 biennium the rate increased by just under 3%. Finally, the current requirement of the VRS, that employees make a contribution to their pension, is being implemented at a 1% per year pace. For each percent the employee contributes, there will be a commensurate 1% increase in salary. For FY 2015 employees will be required to make a 3% contribution, for FY 2016 a 4% contribution, and for FY 2017 a 5% contribution. This new rule will be fully implemented in FY 2017 with employees making a contribution capped at the 5% rate.
- GASB 68, accounting rules related to pension accounting, will require local school divisions in Virginia to recognize their portion of the liabilities of the Virginia Retirement System teacher's pool. This may make many school divisions in Virginia show a net position deficit on their Statement of Net Position and may also create net position issues for cities and counties in Virginia as school divisions are a component unit of their associated county or city government. If PWCS were to book these liabilities in FY 2012, the Division would disclose a net position of \$1,024 million. This would be equivalent to a net position reduction of approximately \$960 million.
- The GASB released an exposure draft this past May that will have impact on accounting for other postemployment benefits (OPEB). This new rule will mirror the new rules associated to pension accounting (GASB 67 and 68) and will further increase the liabilities disclosed on the Division balance sheet.
- PWCS' local composite index (LCI) went from .3787 for the 2012-2014 biennium to .3822 for the 2014-2016 biennium. This increase in the LCI represents the state's expectation that the locality has an increase in ability to bear the burden of the funding of education and, therefore, represents a decrease in the share of State education dollars to be received by PWCS. It is expected that the LCI will continue to move higher in the 2016-2018 biennium as the value of housing in the county improves relative to the value of real estate state wide. This LCI move will have a negative impact on future funding received from the state, relative to other localities in Virginia.
- During the seven year period prior to FY 2008, the growth in real estate assessed values had enabled a \$0.60 reduction in the real property tax rate to a value of \$0.76 while still providing additional revenues to the County and School Board. In FY 2008, the tax rate was increased to \$0.787 per \$100 of assessed value because of the softening values in the housing markets. In FY 2009 the rate was again raised, this time to \$0.97 per \$100 of assessed value. Real estate rates continued increasing to

\$1.212 for FY 2010, \$1.236 in FY 2011, and decreased to \$1.204 in FY2012. In FY 2013 the rate was increased to \$1.209. In FY 2014 the rate decreased to \$1.181 and for FY 2015 the rate will decrease to \$1.148 per \$100. As the value of residential real estate increases, the BOCS works diligently to maintain an average tax bill that is close to the levels in FY 2007.

- PWCS continues to experience enrollment growth and as a result continues to build new schools. There are plans for eight new schools in the Division's five year (financial) plan (FY 2015 to FY 2019). In FY 2014 the Division made the decision to prefund just under \$28 million in FY 2015 capital projects with one time money. This use of FY 2014 funds was partially responsible for the net loss of \$17 million the Division's General Fund experienced in FY 2014. The required cash funding in FY 2016 is substantially reduced but FY 2017 will see amounts approaching \$60 million in cash funded projects. As the Division has experienced reduced rates of growth for two years (FY 2014 and FY 2015), it is possible that the pressure to build may be somewhat reduced. It is important to note that the Division currently maintains over 200 instructional cottages and that it is a goal to reduce these numbers, if possible. It is also important to note that there are capacity issues at all levels in many parts of the County.
- There is currently a \$2.4 billion state budget shortfall. For FY 2015 the State will be holding school divisions harmless; any impact will not be felt by local school divisions. The hold harmless is encouraging news. However, the budget shortfall is not. School divisions may feel some impacts in FY 2016 resulting from these shortfalls.
- FY 2015 revenues are currently on target. However, the continued impact of changes in the local economy, the value of residential real estate, and the value of commercial real estate, make the revenue picture for FY 2015 somewhat uncertain for yet another year.

### **Contacting the Prince William County Public Schools' Financial Management**

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

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# Basic Financial Statements

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Prince William County Public Schools  
Statement of Net Position  
As of June 30, 2014

Exhibit 1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Reporting Entity</u>
<b>ASSETS</b>			
Equity in cash and pooled investments	\$ 259,297,984	559,171	259,857,155
Accounts receivable and other current assets	1,371,489	1,526	1,373,015
Due from other governmental units	26,138,065	-	26,138,065
Inventory	3,718,917	-	3,718,917
Net OPEB asset	1,994,311	-	1,994,311
Restricted assets:			
Restricted cash	25,957,798	-	25,957,798
Deposits	500,000	-	500,000
Capital assets:			
Land	67,373,629	-	67,373,629
Construction in progress	52,660,200	-	52,660,200
Depreciable/amortizable capital assets	1,468,006,204	-	1,468,006,204
Less: accumulated depreciation/amortization	(408,141,514)	-	(408,141,514)
Total assets	<u>1,498,877,083</u>	<u>560,697</u>	<u>1,499,437,780</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	12,620,867	-	12,620,867
Salaries payable and withholdings	86,291,430	195	86,291,625
Due to other governmental units	5,027,734	-	5,027,734
Retainage	5,306,243	-	5,306,243
Unearned revenue	9,545,818	-	9,545,818
Long-term liabilities:			
Due within one year	19,908,309	-	19,908,309
Due in more than one year	23,946,990	-	23,946,990
Total liabilities	<u>162,647,391</u>	<u>195</u>	<u>162,647,586</u>
<b>NET POSITION</b>			
Invested in capital assets	1,179,898,519	-	1,179,898,519
Restricted for:			
Capital projects	22,123,204	-	22,123,204
Food & nutrition services	21,893,414	-	21,893,414
Self-insurance	500,000	-	500,000
Grant programs	5,252,798	-	5,252,798
Unrestricted	106,561,757	560,502	107,122,259
Total net position	<u>\$ 1,336,229,692</u>	<u>560,502</u>	<u>1,336,790,194</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, 2014

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total Reporting Entity
<b>Governmental activities:</b>							
Instruction:							
Regular	\$ 489,513,944	1,490,520	49,320,987	107,542	(438,594,895)	-	(438,594,895)
Special	104,231,448	25,120	59,081,167	-	(45,125,161)	-	(45,125,161)
Other	9,606,862	1,669,414	6,760,223	-	(1,177,225)	-	(1,177,225)
Instructional leadership	57,185,748	-	-	-	(57,185,748)	-	(57,185,748)
<b>Total instruction</b>	<b>660,538,002</b>	<b>3,185,054</b>	<b>115,162,377</b>	<b>107,542</b>	<b>(542,083,029)</b>	<b>-</b>	<b>(542,083,029)</b>
Support services:							
General administration	9,988,301	-	-	-	(9,988,301)	-	(9,988,301)
Student services	13,323,263	-	120,983	-	(13,202,280)	-	(13,202,280)
Curricular/staff development	12,706,683	-	70,423	-	(12,636,260)	-	(12,636,260)
Pupil transportation	55,478,669	61,394	-	-	(55,417,275)	-	(55,417,275)
Operations	23,168,383	305,753	-	-	(22,862,630)	-	(22,862,630)
Utilities	22,648,537	-	-	-	(22,648,537)	-	(22,648,537)
Maintenance	35,983,053	-	-	-	(35,983,053)	-	(35,983,053)
Central business services	51,164,195	403,354	86,149	-	(50,674,692)	-	(50,674,692)
Reimbursement to County for debt service	74,691,209	-	-	-	(74,691,209)	-	(74,691,209)
Food & nutrition services	37,429,866	17,870,132	23,071,239	-	3,511,505	-	3,511,505
Community service operations	1,199,848	1,288,539	-	-	88,691	-	88,691
<b>Total support services</b>	<b>337,782,007</b>	<b>19,929,172</b>	<b>23,348,794</b>	<b>-</b>	<b>(294,504,041)</b>	<b>-</b>	<b>(294,504,041)</b>
<b>Total governmental activities</b>	<b>998,320,009</b>	<b>23,114,226</b>	<b>138,511,171</b>	<b>107,542</b>	<b>(836,587,070)</b>	<b>-</b>	<b>(836,587,070)</b>
<b>Business-type activities:</b>							
School Age Child Care	591,345	475,000	-	-	-	(116,345)	(116,345)
<b>Total Reporting Entity</b>	<b>\$ 998,911,354</b>	<b>23,589,226</b>	<b>138,511,171</b>	<b>107,542</b>	<b>(836,587,070)</b>	<b>(116,345)</b>	<b>(836,703,415)</b>
<b>General revenues:</b>							
Grants and contributions not restricted to specific programs							
Federal					2,429,571	-	2,429,571
State					353,040,638	-	353,040,638
County					535,334,832	-	535,334,832
Unrestricted investment earnings					3,122,864	12,963	3,135,827
Miscellaneous revenues					6,745,004	-	6,745,004
<b>Total general revenues</b>					<b>900,672,909</b>	<b>12,963</b>	<b>900,685,872</b>
Change in net position					64,085,839	(103,382)	63,982,457
Net position, beginning of year					1,272,143,853	663,884	1,272,807,737
Net position, end of year					<b>\$ 1,336,229,692</b>	<b>560,502</b>	<b>1,336,790,194</b>

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

Prince William County Public Schools  
 Balance Sheet  
 Governmental Funds  
 As of June 30, 2014

Exhibit 3

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity in cash and pooled investments	\$ 139,584,650	57,630,686	23,206,077	220,421,413
Restricted cash	-	25,957,798	-	25,957,798
Accounts receivable	344,668	107,694	517,450	969,812
Due from other funds	280,150	-	-	280,150
Due from other governmental units	22,258,121	-	3,879,944	26,138,065
Inventory	1,090,938	-	1,642,361	2,733,299
Total assets	<u>163,558,527</u>	<u>83,696,178</u>	<u>29,245,832</u>	<u>276,500,537</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES and FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	6,077,372	3,608,006	841,420	10,526,798
Salaries payable and withholdings	85,622,891	55,646	610,644	86,289,181
Due to other governmental units	4,839,180	-	-	4,839,180
Retainage payable	-	5,306,243	-	5,306,243
Unearned revenue	1,601,430	-	1,266,055	2,867,485
Total liabilities	<u>98,140,873</u>	<u>8,969,895</u>	<u>2,718,119</u>	<u>109,828,887</u>
Deferred Inflows of Resources:				
Cable franchise tax	80,693	-	-	80,693
Fund Balances:				
Nonspendable:				
Inventory	1,090,938	-	1,642,361	2,733,299
Restricted:				
Regular instruction	3,007,158	-	-	3,007,158
Special instruction	1,314,504	-	-	1,314,504
Other instruction	586,401	-	-	586,401
General administration	159,703	-	-	159,703
Curricular/staff development	117,706	-	-	117,706
Student services	16,132	-	-	16,132
Central business services	51,194	-	-	51,194
Food & nutrition services	-	-	21,893,414	21,893,414
Capital outlay	-	21,934,650	-	21,934,650
For payments to PWC for arbitrage rebate	-	188,554	-	188,554
Committed:				
Community service operations	-	-	2,991,938	2,991,938
Assigned:				
Regular instruction	18,375,042	-	-	18,375,042
Special instruction	7,468,021	-	-	7,468,021
Other instruction	907,203	-	-	907,203
Instructional leadership	2,126,146	-	-	2,126,146
General administration	1,165,978	-	-	1,165,978
Student services	176,283	-	-	176,283
Curricular/staff development	1,747,902	-	-	1,747,902
Pupil transportation	2,973,150	-	-	2,973,150
Operations	1,440,148	-	-	1,440,148
Utilities	490,172	-	-	490,172
Maintenance	3,839,037	-	-	3,839,037
Central business services	8,518,084	-	-	8,518,084
Capital outlay	-	52,603,079	-	52,603,079
Unassigned	9,766,060	-	-	9,766,060
Total fund balances	<u>65,336,961</u>	<u>74,726,283</u>	<u>26,527,713</u>	<u>166,590,957</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 163,558,527</u>	<u>83,696,178</u>	<u>29,245,832</u>	<u>276,500,537</u>

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

Prince William County Public Schools  
 Reconciliation of the Balance Sheet of the Governmental Funds  
 to the Statement of Net Position  
 As of June 30, 2014

Exhibit 4

**Total fund balances - governmental funds** \$ 166,590,957

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

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

Land	\$ 67,373,629	
Construction in progress	52,660,200	
Library books	3,455,001	
Buildings and improvements	1,334,176,435	
Equipment	36,807,025	
Vehicles	90,051,641	
Software	<u>3,516,102</u>	
Total capital assets	1,588,040,033	
Accumulated depreciation/amortization	<u>(408,141,514)</u>	1,179,898,519

Prepaid other post employment benefits represent irrevocable payments made to the Prince William County, Virginia Other Post Employment Benefits Master Trust for retiree healthcare benefits in advance of total actuarial requirements to date. The advance payments are reported in the Statement of Net Position, but as expenditures in the funds when made. 1,994,311

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

Arbitrage rebate (188,554)

Certain revenues are measurable but not available to pay for current period expenditures and, therefore, are reported in the funds as deferred inflows of resources. 80,693

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

Compensated absences	(29,769,427)	
Pollution remediation	<u>(448,614)</u>	(30,218,041)

Net Position of internal service funds. 18,071,807

**Net position - governmental activities** \$ 1,336,229,692

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 Balances  
Governmental Funds  
For the Year Ended June 30, 2014

Exhibit 5

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ 1,753,847	987,061	458,749	3,199,657
Use of property	-	-	1,007,498	1,007,498
Charges for services	4,444,705	-	18,134,830	22,579,535
Intergovernmental:				
Federal	33,322,178	-	21,975,247	55,297,425
State	435,578,736	-	722,112	436,300,848
County	469,570,678	70,275,731	-	539,846,409
Miscellaneous	2,433,798	1,425,329	400,972	4,260,099
Total revenues	<u>947,103,942</u>	<u>72,688,121</u>	<u>42,699,408</u>	<u>1,062,491,471</u>
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	459,147,048	2,499,947	-	461,646,995
Special instruction	102,987,478	-	-	102,987,478
Other instruction	9,494,716	-	-	9,494,716
Instructional leadership	57,167,214	-	-	57,167,214
General administration	8,489,147	-	-	8,489,147
Student services	13,204,764	-	-	13,204,764
Curricular/staff development	12,651,830	-	-	12,651,830
Pupil transportation	58,944,576	-	-	58,944,576
Operations	22,944,490	-	-	22,944,490
Utilities	22,648,537	-	-	22,648,537
Maintenance	26,425,169	9,562,838	-	35,988,007
Central business services	48,608,158	-	-	48,608,158
Community service operations	-	-	1,199,848	1,199,848
Food & nutrition services	-	-	37,518,592	37,518,592
Reimbursement to the County for debt service	74,690,942	-	-	74,690,942
Capital outlay	-	78,828,975	-	78,828,975
Total expenditures	<u>917,404,069</u>	<u>90,891,760</u>	<u>38,718,440</u>	<u>1,047,014,269</u>
Excess of revenues over (under) expenditures	<u>29,699,873</u>	<u>(18,203,639)</u>	<u>3,980,968</u>	<u>15,477,202</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS IN:				
General fund	-	44,297,460	-	44,297,460
Construction fund	1,489,656	-	-	1,489,656
TRANSFERS OUT:				
General fund	-	(1,489,656)	-	(1,489,656)
Construction fund	(44,297,460)	-	-	(44,297,460)
Health Insurance fund	(3,600,000)	-	-	(3,600,000)
Total other financing sources (uses), net	<u>(46,407,804)</u>	<u>42,807,804</u>	<u>-</u>	<u>(3,600,000)</u>
Net change in fund balances	(16,707,931)	24,604,165	3,980,968	11,877,202
<b>FUND BALANCES, beginning of year</b>	<u>82,044,892</u>	<u>50,122,118</u>	<u>22,546,745</u>	<u>154,713,755</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 65,336,961</u>	<u>74,726,283</u>	<u>26,527,713</u>	<u>166,590,957</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, 2014**

**Exhibit 6**

<b>Total net change in fund balances - total governmental funds</b>	\$	11,877,202
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, therefore, are not reported in the funds.		(85,623)
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/ amortization expense. This is the amount by which capital outlay exceeds depreciation/ amortization in the period:		
Capital outlays	\$	90,461,575
Depreciation/amortization expense		<u>(35,198,958)</u>
		55,262,617
The net effect of various transactions including disposal of capital assets.		(379,269)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Arbitrage		(267)
Compensated absences		(1,147,717)
Other postemployment benefits		(7,266)
Pollution remediation		231,994
Activities of Internal Service Funds that serve governmental activities.		<u>(1,665,832)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>64,085,839</u></b>

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, 2014**

Exhibit 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ -	1,753,847	1,753,847	-
Charges for services	2,235,075	4,260,449	4,444,705	184,256
Intergovernmental:				
Federal	32,031,672	33,232,124	33,322,178	90,054
State	435,516,165	436,530,771	435,578,736	(952,035)
County	476,192,725	471,264,072	469,570,678	(1,693,394)
Miscellaneous	60,504	1,054,793	2,433,798	1,379,005
Total revenues	<u>946,036,141</u>	<u>948,096,056</u>	<u>947,103,942</u>	<u>(992,114)</u>
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	477,220,658	466,619,673	459,147,048	7,472,625
Special instruction	100,636,568	104,261,105	102,987,478	1,273,627
Other instruction	11,013,200	9,848,402	9,494,716	353,686
Instructional leadership	61,201,286	60,442,407	57,167,214	3,275,193
General administration	9,334,517	8,918,784	8,489,147	429,637
Student services	12,903,661	13,029,393	13,204,764	(175,371)
Curricular/staff development	12,410,199	12,460,897	12,651,830	(190,933)
Pupil transportation	64,428,666	56,809,757	58,944,576	(2,134,819)
Operations	21,743,240	21,262,401	22,944,490	(1,682,089)
Utilities	39,632,502	26,066,336	22,648,537	3,417,799
Maintenance	29,967,966	25,732,573	26,425,169	(692,596)
Central business services	55,438,348	49,320,336	48,608,158	712,178
Reimbursement to the County for debt service	74,899,758	74,899,758	74,690,942	208,816
Total expenditures	<u>970,830,569</u>	<u>929,671,822</u>	<u>917,404,069</u>	<u>12,267,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,794,428)</u>	<u>18,424,234</u>	<u>29,699,873</u>	<u>11,275,639</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS IN:				
Construction fund	1,000,000	1,000,000	1,489,656	489,656
TRANSFERS OUT:				
Construction fund	(15,041,406)	(44,300,350)	(44,297,460)	2,890
Health Insurance fund	(1,800,000)	(3,600,000)	(3,600,000)	-
Total other financing sources (uses), net	<u>(15,841,406)</u>	<u>(46,900,350)</u>	<u>(46,407,804)</u>	<u>492,546</u>
Net change in fund balance	<u>(40,635,834)</u>	<u>(28,476,116)</u>	<u>(16,707,931)</u>	<u>11,768,185</u>
<b>FUND BALANCE, beginning of year</b>	<u>82,044,892</u>	<u>82,044,892</u>	<u>82,044,892</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 41,409,058</u>	<u>53,568,776</u>	<u>65,336,961</u>	<u>11,768,185</u>

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

Prince William County Public Schools  
Statement of Net Position  
Proprietary Funds  
As of June 30, 2014

Exhibit 8

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities -</b>
	<b>School Age Child Care</b>	<b>Internal Service Funds</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current assets:		
Equity in cash and pooled investments	\$ 559,171	38,876,571
Accounts receivable and other current assets	1,526	401,677
Inventory	-	985,618
Restricted assets:		
Deposits	-	500,000
Total assets	<u>560,697</u>	<u>40,763,866</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	-	2,094,069
Salaries payable and withholdings	195	2,249
Unearned revenue	-	6,678,333
Due to other funds	-	280,150
Incurred but not reported claims	-	9,324,816
Total current liabilities	<u>195</u>	<u>18,379,617</u>
Noncurrent liabilities:		
Incurred but not reported claims	-	4,312,442
Total liabilities	<u>195</u>	<u>22,692,059</u>
<b>NET POSITION</b>		
Restricted	-	500,000
Unrestricted	560,502	17,571,807
Total net position	<u>\$ 560,502</u>	<u>18,071,807</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 Position  
Proprietary Funds  
For the Year Ended June 30, 2014

Exhibit 9

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities -</b>
	<b>School Age Child Care</b>	<b>Internal Service Funds</b>
	<u>                    </u>	<u>                    </u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 475,000	84,560,528
Total operating revenues	<u>475,000</u>	<u>84,560,528</u>
<b>OPERATING EXPENSES:</b>		
Personnel services	390,144	954,358
Materials/supplies	196,614	133,346
Administrative costs	-	3,573,053
Professional services	4,587	-
Premiums	-	6,536,901
Claims and benefits paid	-	73,787,743
Losses and unallocated loss adjustment	-	1,525,952
Cost of goods sold	-	4,227,823
Total operating expenses	<u>591,345</u>	<u>90,739,176</u>
Operating (loss)	<u>(116,345)</u>	<u>(6,178,648)</u>
<b>NON-OPERATING REVENUE:</b>		
Interest and miscellaneous	12,963	912,816
Total non-operating revenues	<u>12,963</u>	<u>912,816</u>
(Loss) before contributions and transfers	(103,382)	(5,265,832)
Transfers In	<u>-</u>	<u>3,600,000</u>
Change in net position	(103,382)	(1,665,832)
<b>NET POSITION, beginning of year</b>	<u>663,884</u>	<u>19,737,639</u>
<b>NET POSITION, end of year</b>	<u>\$ 560,502</u>	<u>18,071,807</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  
For the Year Ended June 30, 2014

Exhibit 10

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities -</b>
	<b>School Age Child Care</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers and users	\$ 475,000	84,973,906
Payments to suppliers for goods and services	(201,342)	(86,923,822)
Payments to employees	(390,158)	(952,508)
Net cash (used) by operating activities	<u>(116,500)</u>	<u>(2,902,424)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>		
Advances from other funds	-	(210,981)
Transfers from other funds	-	3,600,000
Net cash provided by non-capital financing activities	<u>-</u>	<u>3,389,019</u>
<b>Cash Flows from Investing Activities:</b>		
Interest received from investments	13,441	937,018
Net increase (decrease) in equity in cash and pooled investments	(103,059)	1,423,613
Equity in cash and pooled investments, beginning of year	<u>662,230</u>	<u>37,452,958</u>
Equity in cash and pooled investments, end of year	<u>\$ 559,171</u>	<u>38,876,571</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>		
Operating (loss)	\$ (116,345)	<u>(6,178,648)</u>
Adjustments to reconcile operating (loss) to net cash (used) by operating activities		
Change in assets and liabilities:		
Decrease in accounts receivable	-	15,443
Decrease in inventory	-	67,699
Increase in unearned revenue	-	397,935
Increase (decrease) in accounts payable and accrued liabilities	(141)	1,980,801
Increase (decrease) in salaries payable and withholdings	(14)	1,850
Increase in incurred but not reported claims	-	812,496
Net cash (used) by operating activities	<u>\$ (116,500)</u>	<u>(2,902,424)</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, 2014**

**Exhibit 11**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and pooled investments	\$ 10,464,138
Due from other governmental units	<u>2,942,686</u>
Total assets	<u><u>13,406,824</u></u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	<u><u>\$ 13,406,824</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, 2014**

**Note 1 – Summary of significant accounting policies**

**A. Financial reporting entity**

Prince William County Public Schools (PWCS) is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The eight members of the School Board are elected by the citizens of Prince William County (the County) to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWCS is organized to focus on meeting the needs of its 85,055 students while managing 92 schools. The mission of PWCS is to provide a world-class education. PWCS receives funding from taxes collected and allocated by the County; tuition and fees; state and federal aid; and other grants and donations from private sources. School construction projects are funded by the proceeds of general obligation bonds issued by the County and approved by the County voters. Other sources of PWCS school construction funding are Virginia Public School Authority (VPSA) bonds, Literary Fund loans, Build America (BAB) bonds, Qualified School Construction (QSCB) bonds, and cash funding. Accounting principles generally accepted in the United States of America establish PWCS as a discretely presented component unit of the County.

**B. Government-wide and fund financial statements**

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

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

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

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

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

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Other items that are not properly included among program revenues are reported as general revenues.

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

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

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

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of, and changes in financial position, and generally only current assets and current liabilities are included on the balance sheet. Revenues are recorded as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PWCS considers revenues to be available if they are collected within 90 days of the end of the current fiscal period (during fiscal year 2014 this changed from 60 to 90 days; the effect was additional revenue recognized of \$4,486,301). PWCS' primary revenues susceptible to accrual include grants, intergovernmental revenues, charges for services, and interest on investments.

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

PWCS reports the following major funds:

**Governmental Funds:**

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

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

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

**Proprietary Funds:**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

PWCS' business-type activity fund accounts for *school age child care (SACC)* services. This program provides adult-supervised, high quality, affordable, before and after school care for school age children. While this service is provided by private child-care providers for the operation of the program, the school board administers the program. Revenues are derived from a flat-fee charged to the providers.

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

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

**Self-Insurance Fund:** The *Self-insurance Fund* was created to account for the accumulation of resources to pay for workers' compensation losses incurred by the partial or total retention of risk of loss arising out of the assumption of risk rather than transferring that risk to a third party through the purchase of commercial insurance.

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

**Fiduciary Funds:**

Fiduciary funds are used to account for assets held by or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include the Governor's School @ Innovation Park Fund, the Regional School Fund, and the Student Activity Fund.

**D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity**

**Deposits and investments**

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

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

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

## **Deposits**

At June 30, 2014 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 the Federal Deposit Insurance Corporation (FDIC) must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the Commonwealth Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similar to depository insurance. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The Commonwealth Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

Restricted cash of \$25,957,798 consists of bond proceeds held by trustees for the funding of specific construction projects. The funds are maintained to comply with the provision of the Tax Reform Act of 1966 or as required by various bond covenants.

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

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

## **Investments**

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, corporate notes rated AA or better by Standard & Poor's, Inc. and Aa or better by Moody's Investors Service, Inc., bankers' acceptances, repurchase agreements, money market mutual funds, Certificates of deposit issued by qualified Virginia state depositories or under the CDARS program, the State Treasurer's Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP). PWCS' pro rata share of the County's pooled cash and investments was approximately 31.32% at June 30, 2014. The investments contained in the County's pool of investments are subject to investment rate and custodial credit risk.

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

## **Receivables and payables**

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

## **Inventory**

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

## **Capital assets**

Capital assets, which include land, buildings and improvements, equipment, vehicles, computer software and library books, are reported in the government-wide financial statements. Capital assets, with the exception of computer software are defined by PWCS as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Computer software are defined by PWCS as purchased software and software licenses with an initial, individual cost of more than \$250,000 and internally generated software with development costs of more than \$750,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical

cost, where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of the donation. Utility, storm drainage, right-of-way and sight distance easements are often purchased during the construction of new schools. The easements are generally transferred to the applicable utility company or the Virginia Department of Transportation within one year of purchase.

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

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

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

Capital assets are depreciated or amortized using the straight-line method over the estimated useful lives. New buildings use the midyear convention.

Estimated useful lives:	
<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	2-50
Equipment	2-20
Vehicles	3-15
Intangible assets, including computer software	3-10
Library books	5

**Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. PWCS has no items that meet this criterion.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. PWCS has no items that meet the criterion for this category at the governmental activity level. However, PWCS does have a deferred inflow in the governmental funds for cable franchise tax.

**Compensated absences**

It is PWCS' policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In general in governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund type vacation and sick pay benefits is recorded as a liability in the government-wide statement of net position.

**Pollution remediation**

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

## **Fund equity**

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

Policy 304 was adopted by the Board in September of 2012 to establish and maintain a minimum unassigned fund balance of 1.5% of the current fiscal year's General Fund revenue. Management determined this minimum fund balance will be established incrementally over a four year period by setting aside 25% of 1.5% of the current fiscal year's General Fund revenue effective fiscal year 2012.

## **Encumbrances**

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

## **Commitments**

At June 30, 2014 PWCS had contractual commitments of \$13,035,471 in the General Fund, \$163,220,693 in the Construction fund for construction of various projects, and \$1,326,758 in the Other Governmental Funds.

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

PWCS has implemented the following GASB pronouncements during the fiscal year June 30, 2014:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement was effective for periods beginning after December 15, 2012.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62*. This statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement was effective for periods beginning after December 15, 2012.

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. This statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This statement was effective for periods beginning after June 15, 2013.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. This statement was effective for periods beginning after June 15, 2013.

GASB has issued several statements with effective implementation periods subsequent to this fiscal year. The statements deemed to have a future impact on PWCS are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for periods beginning after June 15, 2014. PWCS is in the process of completing their assessment of GASB Statement No. 68.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This statement is effective for periods beginning after December 15, 2013. PWCS is in the process of completing their assessment of GASB Statement No. 69, and does not believe the implementation will have a material impact on the financial statements of the Schools.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This statement is to address an issue regarding application of the transition provisions of Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This statement is required to be applied simultaneously with the provisions of Statement 68. PWCS is in the process of completing their assessment of GASB Statement No. 71.

## **F. Subsequent Events**

The Schools has evaluated subsequent events (events occurring after June 30, 2014 through date of the Report of Independent Auditor) in accordance with the preparation of these financial statements.

## **Note 2 – Stewardship, compliance, and accountability**

### **A. Budgetary information**

The *Code of Virginia* requires the appointed superintendent of PWCS to submit a budget to the Prince William Board of County Supervisors (BOCS), 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 BOCS determines the level of funding for PWCS. If the requested level of funding is approved there are no further actions taken by the School Board. If the funding request is changed by the County the budget is reworked by PWCS staff and then adopted by the School Board. The approved budget is the basis for operating PWCS in the next fiscal year.

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

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

**B. Excess of expenditures over appropriations**

For the year ended June 30, 2014, expenditures exceeded appropriations in the General Fund for Student Services, Curricular/Staff Development, Pupil Transportation, Operations, and Maintenance. Excess budget in other functions covered the shortfall in the aforementioned functional area.

**Note 3 – Receivables, due to and due from other governmental units, deferred inflows of resources, and unearned revenue**

	General Fund	Construction Fund	Non Major Funds	Internal Service	Enterprise	Fiduciary	Total
Other receivables	\$ 344,668	107,694	517,450	401,677	1,526	-	1,373,015
Federal	7,704,229	-	3,879,944	-	-	-	11,584,173
State	14,458,643	-	-	-	-	25,573	14,484,216
County	95,249	-	-	-	-	-	95,249
Other localities	-	-	-	-	-	2,917,113	2,917,113
Total	<u>\$22,602,789</u>	<u>107,694</u>	<u>4,397,394</u>	<u>401,677</u>	<u>1,526</u>	<u>2,942,686</u>	<u>30,453,766</u>

Receivables and due from other governments at June 30, 2014 for PWCS' individual major funds, non major, internal service, enterprise, and fiduciary funds, in the aggregate, are as follows (all receivables are considered fully collectable and, therefore, an allowance for uncollectible accounts is not recorded).

Amounts due from the Federal government in the General Fund are attributed primarily to Titles I, II, III and VI-B grants, Head Start, 21<sup>st</sup> Century, as well as the Carl Perkins grant. Title I, II, and III programs enhance instruction and train and recruit teachers. Title VI-B is intended to assure that all handicapped children are provided a free and appropriate education. Head Start is a Department of Health and Human Services federally funded comprehensive preschool program for economically disadvantaged three- and four-year-old children. 21<sup>st</sup> Century grants support the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children. The Carl Perkins grant focuses on academic achievement of career and technical education students.

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

In the fund financial statements, governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2014, deferred inflow of resources is recorded in the General Fund for excess revenue receivable for the cable franchise fees agreement in the amount of \$80,693.

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

<u>Governmental Activities</u>	<u>Unearned</u>
Food & Nutrition Services Fund – Other unearned revenue	\$ 1,266,055
General Fund – prepaid tuition or fees and other unearned revenue	1,601,430
Governmental Funds	<u>2,867,485</u>
Health Insurance Fund (internal service fund) – prepaid health insurance premiums	6,678,333
Total	<u>\$ 9,545,818</u>

Due to other governmental units at June 30, 2014:

	General Fund
County - general revenues	\$ 4,839,180
County - arbitrage	188,554
Total	<u>\$ 5,027,734</u>

**Note 4 – Interfund receivables, payables, and transfers**

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

	Due to other funds: Warehouse Fund
<b>Due from other funds:</b>	
General Fund	\$ 280,150
Total	<u>\$ 280,150</u>

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

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

	Transfers In:		
	General Fund	Construction Fund	Health Insurance Fund
<b>Transfers Out:</b>			
General Fund	\$ -	44,297,460	3,600,000
Construction Fund	1,489,656	-	-
Total	<u>\$ 1,489,656</u>	<u>44,297,460</u>	<u>3,600,000</u>

Interfund transfers are generally made for the purpose of providing operational support to the receiving fund. The General Fund transfer of \$44,297,460 to the Construction Fund represents funds required for building, maintenance, classroom equipment, and facility modifications. The General Fund transfer of \$3,600,000 to the Health Insurance Fund represents funds contributed to the Prince William County Other Post Employment Benefits trust fund.

**Note 5 – Long-term liabilities**

**A. Long-term debt**

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

**B. Compensated absences**

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

The current portion of accrued compensated absences at June 30, 2014 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 position. Liabilities for compensated absences are liquidated by the General Fund.

Changes in liability for compensated absences for the year ended June 30, 2014 are as follows and include estimated social security and medicare taxes:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 28,621,710	10,621,951	(9,474,234)	29,769,427	10,134,879

**C. Pollution remediation**

PWCS incurs pollution remediation obligations in the form of asbestos abatement upon renovation of various buildings. PWCS legally obligates itself to commence work related to asbestos abatement upon issuance of purchase orders to various asbestos abatement contractors. PWCS calculates and recognizes a liability based on outstanding commitments related to asbestos abatement at fiscal year end. The cost of asbestos abatement is not recoverable.

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

Changes in liability for pollution remediation for the year ended June 30, 2014 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Pollution Remediation	\$ 680,608	467,692	(699,686)	448,614	448,614

**Note 6 – Self-insurance funds**

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

PWCS participates in a Consortium Group Health Insurance Program made up of employers who provide health insurance to their employees and dependents under one program. Each participant in the program is separately rated and has separate accounting. Anthem Blue Cross/Blue Shield is the plan administrator. Delta Dental Plan of Virginia, Inc. (Delta Dental) is the dental insurance carrier. All full-time and part-time employees who are working at least 17½ hours per week are eligible to enroll in the health insurance program. There are three (3) plans offered through the PWCS insurance program. An employee may choose either the HMO plan called "Healthkeepers", or one of the two PPO plans offered, "KeyCare Enhanced" or the "KeyCare Core". All three plans include comprehensive medical, preventive care, vision, and prescription drug coverage. The basis for estimating incurred, but not reported, claims at year-end is an annual analysis performed by the plan's administrator. For the fiscal year ended June 30, 2014 PWCS incurred \$70,187,744 in self-insured health insurance claims.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation,

changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. PWCS Self-Insurance, covering the risks of loss, has \$500,000 per occurrence retention and purchases excess insurance coverage which covers individual claims with a \$75,000,000 limit. There have been no significant reductions in insurance coverage in the prior year, and settlements have not exceeded coverage for each of the past three fiscal years.

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

Changes in aggregate liabilities for claims are as follows:

	Health Insurance	Self- Insurance
Unpaid Claims June 30, 2012	\$ 6,875,769	3,201,411
Incurred Claims	62,050,090	3,994,923
Claims Paid	61,999,721	1,297,710
Unpaid Claims June 30, 2013	\$ 6,926,138	5,898,624
Incurred Claims	70,187,744	1,047,307
Claims Paid	69,140,359	1,282,196
Unpaid Claims June 30, 2014	\$ 7,973,523	5,663,735
Due Within One Year	\$ 7,973,523	1,351,293

## Note 7 – Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30,2013	Increases	Decreases	Balance June 30,2014
Capital assets, not being depreciated:				
Land	\$ 67,373,629	-	-	67,373,629
Construction in Progress	102,855,852	78,436,394	(128,632,046)	52,660,200
Total capital assets, not being depreciated	170,229,481	78,436,394	(128,632,046)	120,033,829
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,205,600,818	128,575,617	-	1,334,176,435
Library books	3,630,893	509,225	(685,117)	3,455,001
Equipment	36,449,284	1,318,054	(960,313)	36,807,025
Vehicles	85,016,087	10,147,858	(5,112,304)	90,051,641
Intangibles	3,409,629	106,473	-	3,516,102
Total capital assets being depreciated/amortized	1,334,106,711	140,657,227	(6,757,734)	1,468,006,204
Less accumulated depreciation/amortization for:				
Buildings and improvements	309,527,377	24,926,361	-	334,453,738
Library books	2,157,263	691,001	(685,117)	2,163,147
Equipment	18,897,205	2,799,270	(767,021)	20,929,454
Vehicles	48,079,646	6,288,899	(4,926,327)	49,442,218
Intangibles	659,530	493,427	-	1,152,957
Total accumulated depreciation/amortization	379,321,021	35,198,958	(6,378,465)	408,141,514
Total capital assets, being depreciated/amortized, net	954,785,690			1,059,864,690
Capital assets, net	\$ 1,125,015,171			1,179,898,519

Depreciation/amortization expense was charged to functions/programs as follows:

Instruction	
Regular	\$ 25,016,328
Special	366,538
Other	44,509
Support Services	152
General administration	1,063,701
Student services	8,524
Curricular/staff development	10,679
Pupil transportation	6,153,916
Operations	39,766
Maintenance	115,786
Central business services	2,350,495
Food & nutrition services	28,564
Total depreciation/amortization expense	<u>\$ 35,198,958</u>

### Note 8 – Contingent liabilities

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

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

### Note 9 – Employee retirement systems and pension plans

#### A. Virginia Retirement System

##### Plan description:

PWCS contributes to the Virginia Retirement System (VRS), a mixed agent and cost-sharing multiple-employer pension plan administered by the VRS.

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

Within the VRS Plan, the System administers three different benefit plans for local government employees – VRS Plan 1 (Plan 1), VRS Plan 2 (Plan 2), and Hybrid Retirement Plan (Hybrid Plan). Each plan has different eligibility and benefit structure as outlined below:

##### Plan 1:

- **About Plan 1:** Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- **Eligible Members:** Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- **Hybrid Opt-In Election:** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Plan and remain as Plan 1 or ORP.

- **Retirement Contributions:** Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **Creditable Service:** Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- **Vesting:** Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit:** The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation:** A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
- **Normal Retirement Age:** Age 65.
- **Earliest Unreduced Retirement Eligibility:** Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- **Earliest Reduced Retirement Eligibility:** Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- **Cost-of-Living Adjustment (COLA) in Retirement:** The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
- **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
  - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
  - The member retires on disability.
  - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
  - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
  - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- **Disability Coverage:** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or

granted. Most state employees are covered under the VSDP, and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

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

## Plan 2

- **About Plan 2:** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- **Eligible Members:** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- **Hybrid Opt-In Election:** Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Plan and remain as Plan 2 or ORP.
- **Retirement Contributions:** Same as Plan 1.
- **Creditable Service:** Same as Plan 1.
- **Vesting:** Same as Plan 1.
- **Calculating the Benefit:** Same as Plan 1.
- **Average Final Compensation:** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
- **Normal Retirement Age:** Normal Social Security retirement age.
- **Earliest Unreduced Retirement Eligibility:** Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- **Earliest Reduced Retirement Eligibility:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
- **COLA in Retirement:** The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
- **Eligibility:** Same as Plan 1.
- **Exceptions to COLA Effective Dates:** Same as Plan 1.
- **Disability Coverage:** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the VSDP, and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
- **Purchase of Prior Service:** Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

## Hybrid Plan

- **About the Hybrid Plan:** The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
  - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
  - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
  - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
- **Eligible Members:** Employees are in the Hybrid Plan if their membership date is on or after January 1, 2014. This includes:
  - State employees\*
  - School division employees
  - Political subdivision employees\*
  - Judges appointed or elected to an original term on or after January 1, 2014
  - Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
  - \*Non-Eligible Members: Some employees are not eligible to participate in the Hybrid Plan. They include:
    - Members of the State Police Officers’ Retirement System (SPORS)
    - Members of the Virginia Law Officers’ Retirement System (VaLORS)
    - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees
  - Those employees eligible for an ORP must elect the ORP plan or the Hybrid Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- **Retirement Contributions:** A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- **Creditable Service:** *Defined Benefit Component:* Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. *Defined Contributions Component:* Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
- **Vesting:** *Defined Benefit Component:* Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Plan remain vested in the defined benefit component. *Defined Contributions Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.
  - After two years, a member is 50% vested and may withdraw 50% of employer contributions.
  - After three years, a member is 75% vested and may withdraw 75% of employer contributions.
  - After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.Distribution is not required by law until age 70½.
- **Calculating the Benefit:** *Defined Benefit Component:* Same as Plan 1. *Defined Contributions Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation:** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

- **Service Retirement Multiplier:** The retirement multiplier is 1.0%. For members that opted into the Hybrid Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
- **Normal Retirement Age:** *Defined Benefit Component:* Same as Plan 2. *Defined Contributions Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility:** *Defined Benefit Component:* Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Reduced Retirement Eligibility:** *Defined Benefit Component:* Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **COLA in Retirement:** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable.
- **Eligibility:** Same as Plan 1 and Plan 2.
- **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.
- **Disability Coverage:** Eligible political subdivision and school division (including Plan 1 and Plan 2 opt-ins) participate in the VLDP unless their local governing body provides and employer-paid comparable program for its members. State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Plan are covered under the VSDP, and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
- **Purchase of Prior Service:** *Defined Benefit Component:* Same as Plan 1. *Defined Contribution Component:* Not applicable.

The system issues a publicly available CAFR that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Funding policy:**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, PWCS is required to contribute the remaining amounts necessary to fund its participation in VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. PWCS' non-professional contribution rate for the fiscal year ended June 30, 2014 was 13.94% of annual covered payroll. The professional employer and employee contributions to the VRS for the three years ended June 30, 2014, 2013, and 2012, were \$77,245,990, \$75,725,523, and \$56,300,212, , respectively, and were equal to the required contributions for each year. The contribution rates for the professional group were; 5.00% employee, 11.66% employer, 5.00% employee, 11.66% employer, and 5.00% employee, 6.33% employer, respectively for the years 2014, 2013, and 2012.

**Annual pension cost:**

For the fiscal year ended June 30, 2014, PWCS' annual pension cost of \$7,310,257 for VRS was equal to the required and actual contributions.

**Three-Year Trend Information for PWCS**

Fiscal Year Ending	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)
	Employer Portion	Employee Portion paid by Employer		
June 30, 2014	\$ 4,686,692	\$ 2,623,565	100 %	-
June 30, 2013	4,597,421	2,571,265	100	-
June 30, 2012	3,305,923	2,485,656	100	-

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local general government employees and 3.75% to 6.20% per year for teachers, and 3.5% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of PWCS' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. PWCS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the unfunded actuarial accrued liability (UAAL) was 30 years.

#### **Funding status and funding progress:**

As of June 30, 2013, the most recent actuarial valuation date, the non-professional agent multiple-employer retirement plan was 82.61% funded. The actuarial accrued liability for benefits was \$161,082,517 and the actuarial value of assets was \$133,067,955, resulting in an UAAL of \$28,014,562. The covered payroll (annual payroll of active employees covered by the plan) was \$51,717,720 and the ratio of the UAAL to covered payroll was 54.17%.

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

#### **B. VRS Health Insurance Credit**

##### **Plan description:**

The VRS Health Insurance Credit Program is a single-employer, defined benefit postemployment health insurance credit plan. Retirees who have 15 or more years of creditable VRS service are granted the option to participate in the VRS Health Insurance Credit Program by paying 100 percent of their monthly health insurance premium less a \$1.50 per month per year of service for a maximum health insurance credit of \$45.00 from the VRS. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend the benefit provisions to the General Assembly of Virginia. As of the end of the current fiscal year, there were 3,826 retirees receiving health insurance credits from the VRS. The health insurance credit program is financed by payments from PWCS for all active employees to the VRS. For fiscal year ended June 30, 2014, the contribution made by PWCS was \$5,288,759. The surplus funds are not considered advance funded because PWCS, its employees, and retirees have no vested rights to access the excess funds. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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

##### **Funding policy and annual benefit contribution:**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute an actuarial percentage of their annual reported compensation to the VRS for the retiree health insurance credit. PWCS has assumed this contribution. In addition, PWCS is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. PWCS' required contribution rate for the fiscal year ended June 30, 2014 was .26% of annual covered payroll (annual payroll of non-professional active employees covered by the plan).

##### **Actuarial methods and assumptions:**

The required contributions for PWCS were determined as part of an actuarial valuation performed as of June 30, 2011 using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) 7.00% investment rate of return, and (b) a projected payroll growth rate of 3.00%. Item (a) included an inflation component of 2.50%. The actuarial value of PWCS' assets is equal to the market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was 30 years.

**Trend information:**

The School Board's annual benefit cost (ABC), the percentage of annual benefit cost contributed to the plan, and the net benefit obligation for the year ended June 30, 2014 for the non-professional employee group was as follows:

<b>Fiscal Year Ending</b>	<b>Annual Benefit Cost (ABC) - Employer Portion</b>	<b>Percentage of ABC Contributed</b>	<b>Net Benefit Obligation</b>
June 30, 2014	\$ 5,288,759	100 %	-
June 30, 2013	5,181,759	100	-
June 30, 2012	2,760,779	100	-

**Funding status and funding progress:**

As of June 30, 2013, the most recent actuarial valuation date, the VRS health insurance credit program was 52.21% funded. The actuarial accrued liability for benefits was \$1,937,904 and the actuarial value of assets was \$1,011,719, resulting in an unfunded actuarial accrued liability (UAAL) of \$926,185. The covered payroll for the fiscal year ended June 30, 2013 was \$51,717,720 and the ratio of the UAAL to covered payroll was 1.79%.

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

**C. Supplemental Retirement Plan**

PWCS offers a tax deferred compensation supplemental pension plan (TDC) to all employees, including retirees who participate in the Retirement Opportunities Program (ROP), in the form of a single-employer defined contribution plan administered by Lincoln Financial Group. The plan provisions were established under the authority of the School Board. Any amendments to the plan must be approved by the School Board. Employees are eligible to participate in the plan immediately upon employment or anytime thereafter and may continue to participate after retirement while participating in the ROP.

PWCS contributes money on the eligible employee's behalf to purchase annuities after the employee has completed one (1) year of service with PWCS. The School Board's contribution increases each time an employee has completed three (3), five (5), ten (10), and fifteen (15) years of service. At the end of the current year, the cap on the employer contribution was \$3,614 per employee. The total employer contribution for fiscal year 2014 was \$4,303,016. Substitutes, temporary employees, and ROP participants who participate in the TDC plan are not eligible to receive the employer matching contribution.

**Note 10 – Other postemployment benefits (OPEB)**

**A. OPEB Master Trust Fund**

**Plan description:**

PWCS contributes to the Prince William County Other Post-Employment Benefits (OPEB) Master Trust Fund, an agent multiple-employer defined benefit post-employment benefits trust fund administered by the County. As such, it is reported in accordance to GASB Statement 43, paragraph 13, in the aggregate.

The OPEB Master Trust was established by BOCS on June 23, 2009 by Resolution No. 09-544 to provide funding for benefit payments on behalf of retiree and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. On June 30, 2009, funds were transferred to establish three separate trust fund sub-accounts for the County, Prince William County Park Authority, and PWCS. Although the assets of the Trust fund are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the Trust Agreement. Assets accumulated to pay for plan costs or benefits of members from one agent employer cannot be used for plan costs or benefits of another agent employer.

On March 13, 2012, the BOCS authorized Res. No. 12-236 to merge the functions of the Prince William County Park Authority component unit into County Government by creating the Prince William County Department of Parks and Recreation, ending the separate corporate existence of the Park Authority on July 1, 2012 in order to provide parks and recreation services to the public by the most effective and efficient means. All participants in the Park Authority Premium

Plan and Retiree Health Insurance Plan (RHICP) are participants in the County Premium Plan and RHICP, and the County has assumed all assets and liabilities connected with the plan.

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

On June 17, 2014, the BOCS authorized Res. No. 14-391 establishing the LODA sub-account to fund covered employees and authorized annual contributions to the OPEB Master Trust Fund. The beginning liability for fiscal year 2014 was also transferred to the OPEB Master Trust Fund.

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

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

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

The following is a summary of fiduciary net position of the OPEB Master Trust as of June 30, 2014:

<b>Summary of Fiduciary Net Position</b>				
<b>As of June 30, 2014</b>				
<b>(in thousands)</b>				
	<b>County</b>	<b>PWCS</b>	<b>LODA</b>	<b>Total OPEB Master Trust Fund</b>
<b>ASSETS</b>				
Restricted cash	\$ 1	1	-	2
Restricted investments, at fair value	25,277	22,762	7,899	55,938
Accounts receivable	-	1,800	-	1,800
Total assets	25,278	24,563	7,899	57,740
<b>LIABILITIES</b>				
Accounts payable	2,204	5	641	2,850
Total liabilities	2,204	5	641	2,850
<b>NET POSITION</b>				
Held in trust for other post employment benefits and other purposes	\$ 23,074	24,558	7,258	54,890

The following is a summary of changes in fiduciary net position of the OPEB Master Trust for the year ended June 30, 2014:

<b>Summary of Changes in Fiduciary Net Position</b>				
<b>For the Year Ended June 30, 2014</b>				
<b>(in thousands)</b>				
	<b>County</b>	<b>PWCS</b>	<b>LODA</b>	<b>Total OPEB Master Trust Fund</b>
<b>ADDITIONS</b>				
Interest and dividends	\$ 638	564	45	1,247
Net appreciation in fair value of investments	2,197	1,946	73	4,216
Employer contributions	4,192	3,600	7,778	15,570
Total Additions	7,027	6,110	7,896	21,033
<b>DEDUCTIONS</b>				
Other post employment benefit payments	2,198	-	638	2,836
Administrative expenses	-	1	-	1
Total Deductions	2,198	1	638	2,837
Change in net position	4,829	6,109	7,258	18,196
<b>NET POSITION, beginning of year</b>	18,245	18,449	-	36,694
<b>NET POSITION end of year</b>	<b>\$ 23,074</b>	<b>24,558</b>	<b>7,258</b>	<b>54,890</b>

**Summary of significant accounting policies:**

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

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

**Contribution information:**

As of July 1, 2012, the latest actuarial valuation date, membership in the OPEB Master Trust for PWCS' Retiree Health Insurance Premium Plan is as follows:

Active Plan Members	10,533
Retirees and beneficiaries receiving benefits	466
Terminated plan members entitled to but not yet receiving benefits	-

**Concentrations:**

Permissible asset classes, shown with target investment percentages, include: domestic equity (32%); international equity (20%); REIT (5%); inflation hedged (5%); fixed income (38%). For equities not more than 4% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 5% of those outstanding. Not more than 20% of stock, valued at market, may be held in any one industry category. The emerging markets allocation, if any, should be limited to 10% of the total portfolio. Fixed income securities of any one issuer shall not exceed 10% of the total bond portfolio. This does not apply to issues of the U.S. Treasury, Federal Agencies or to debt issued by any issuer containing a full U.S. government guarantee. Not counting specific direct hedging transactions, gross investments in commodities, options, futures, and foreign exchange cannot exceed 8% of the total portfolio. There are no investments in any of these categories as of June 30, 2014. Additionally, the OPEB Finance Board has directed the County's Treasury Management division to move funds to the investment manager (PFM) over time to essentially dollar-cost-average into the equity market. Until those funds are deployed, they are invested in relatively short-term investments consistent with the type of investments the County includes in its own portfolio. At June 30, 2014, the OPEB Master Trust Fund's investments were in money market, bond, and equity mutual funds and therefore, not subject to concentration of credit risk.

**B. Prince William County Public Schools retiree health insurance premium plan****Plan description:**

Other postemployment benefits provided by PWCS include a single-employer defined benefit self-insurance medical plan and a retiree health insurance premium contribution plan that cover retirees until they reach 65 years of age. There is no coverage for retirees or their spouses once they attain age 65. Both plans were established under the authority of the School Board. Any amendments to the plans must be approved by the School Board.

The PWCS single-employer self-insurance medical plan allows retirees under age 65 to remain in the same medical and dental plan as active employees. Membership as of June 30, 2014 is 364.

The PWCS retiree health insurance premium contribution plan allows eligible retirees to have the option to exchange their accrued, unused sick leave for a School Board contribution to offset the cost of the PWCS health insurance premiums in retirement. The retiring employee must be between the ages of 55 and 65, have a minimum of 125 days of accrued sick leave, be currently enrolled in the PWCS group health insurance plan, and meet the service requirements to participate in the PWCS Retirement Opportunity Program.

The School Board will pay between 25 to 100 percent of the amount contributed by retirees who enrolled in the school division's post-retirement medical plan depending on the number of sick leave days exchanged. The plan became effective on July 1, 2000. Membership as of June 30, 2014 is 173.

**Summary of significant accounting policies:**

Postemployment healthcare expenses, depending on the number of sick leave days exchanged, are made from the Health Insurance Fund, which is maintained on the full accrual basis of accounting. These expenses are paid as they come due.

**Funding policy:**

The School Board establishes employer contribution rates for plan participants and determines how the plan will be funded as part of the budgetary process each year. Retirees pay the full budgeted rates for coverage under the medical plan. The School Board currently pays benefits on a pay-as-you-go basis. The School Board contributed \$3,600,000 to the OPEB Master Trust Fund to fund the current year liability. Plan members received \$7,159,084 in benefits and contributed \$2,997,392 in premiums, resulting in net benefits paid by the School Board of \$4,161,692 for the year ended June 30, 2014.

**Annual OPEB cost and net OPEB obligation:**

The annual cost of OPEB under GASB 45 is called the annual required contribution or ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 7,306,239
Interest on net OPEB obligation	(139,093)
Adjustment to annual required contribution	587,280
Annual OPEB cost (expense)	<u>7,754,426</u>
Employer contributions:	
To OPEB Master Trust	(3,600,000)
Subsidies paid under Plan on behalf of retirees	(4,161,692)
Total Employer contributions	<u>(7,761,692)</u>
Decrease in net OPEB asset obligation	(7,266)
Net OPEB asset, beginning of year	(1,987,045)
Net OPEB asset, end of year	<u><u>\$ (1,994,311)</u></u>

**Trend information:**

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2014	\$ 7,754,426	100.1 %	\$ (1,994,311)
June 30, 2013	8,103,857	105.9	(1,987,045)
June 30, 2012	5,136,925	77.3	(1,511,034)

**Funded status and funding progress:**

As of July 1, 2012, the most recent actuarial valuation date, the plan was 23 percent funded. The estimated actuarial accrued liability for benefits was \$59,639,069, and the actuarial value of assets was \$13,672,786, resulting in an unfunded actuarial accrued liability (UAAL) of \$45,966,283. The covered payroll (annual payroll of active employees covered by the plan) was \$546,625,854, and the ratio of the UAAL to the covered payroll was 8.0 percent.

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

**Actuarial methods and assumptions:**

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

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after six years. Both rates include a 2.5 percent inflation assumption. The actuarial value of assets is based on the current market value of the investments held in the OPEB Trust as of the valuation date. The UAAL is being amortized as a percentage of projected payroll of 2.5 percent based on a zero population growth assumption. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2012, was 30 years.

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# Required Supplementary Information

(Unaudited)

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

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

Actuarial Valuation Date June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2013	\$ 133,067,955	\$ 161,082,517	\$ 28,014,562	82.61 %	\$ 51,717,720	54.2 %
2012	126,732,526	159,663,559	32,931,033	79.37	50,363,181	65.4
2011	125,094,738	151,882,495	26,787,757	82.36	49,045,583	54.6

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

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

Actuarial Valuation Date June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2013	\$ 1,011,719	\$ 1,937,904	\$ 926,185	52.21 %	\$ 51,717,720	1.8 %
2012	867,618	1,839,228	971,610	47.17	50,363,181	1.9
2011	825,798	1,753,339	927,541	47.10	49,045,583	1.9

A schedule of funding progress for the Retiree Health Insurance Premium plan is provided in the illustration below:

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$ 13,672,786	\$ 59,639,069	\$ 45,966,283	23.00 %	\$ 546,625,854	8.0 %
2010	7,072,002	60,171,990	53,099,988	12.00	484,987,933	11.0
2008	-	38,645,301	38,645,301	0.00	461,618,497	8.4

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

Virginia Retirement System Health Insurance Credit Program  
Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 5,288,759	100.0 %
2013	5,181,759	100.0
2012	2,760,779	100.0

A schedule of employer contributions for the Post-retirement Medical and the Retiree Health Insurance Premium Contribution plan is provided in the illustration below:

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

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 7,306,239	106.2 %
2013	6,794,630	126.3
2012	7,645,393	51.9

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# Supplementary Information

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## **Other Governmental Funds**

### **Special Revenue Funds**

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

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

Prince William County Public Schools  
 Combining Balance Sheet  
 Other Governmental Funds - Special Revenue Funds  
 As of June 30, 2014

Schedule 1

	<b>Food &amp; Nutrition Services Fund</b>	<b>Facilities Use Fund</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>			
Equity in cash and pooled investments	\$ 20,366,429	2,839,648	23,206,077
Accounts receivable	271,681	245,769	517,450
Due from other governmental units	3,879,944	-	3,879,944
Inventory	1,642,361	-	1,642,361
Total assets	<u>26,160,415</u>	<u>3,085,417</u>	<u>29,245,832</u>
<b>LIABILITIES and FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	787,336	54,084	841,420
Salaries payable and withholdings	571,249	39,395	610,644
Unearned revenue	1,266,055	-	1,266,055
Total liabilities	<u>2,624,640</u>	<u>93,479</u>	<u>2,718,119</u>
Fund Balances:			
Nonspendable:			
Inventory	1,642,361	-	1,642,361
Restricted:			
Food & nutrition services	21,893,414	-	21,893,414
Committed:			
Community service operations	-	2,991,938	2,991,938
Total fund balances	<u>23,535,775</u>	<u>2,991,938</u>	<u>26,527,713</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,160,415</u>	<u>3,085,417</u>	<u>29,245,832</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, 2014

Schedule 2

	<b>Food &amp; Nutrition Services Fund</b>	<b>Facilities Use Fund</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES:</b>			
Use of money and property:			
Use of money - interest	\$ 403,263	55,486	458,749
Use of property	-	1,007,498	1,007,498
Charges for services	17,853,789	281,041	18,134,830
Intergovernmental:			
Federal	21,975,247	-	21,975,247
State	722,112	-	722,112
Miscellaneous	400,972	-	400,972
Total revenues	<u>41,355,383</u>	<u>1,344,025</u>	<u>42,699,408</u>
<b>EXPENDITURES:</b>			
Current:			
Community service operations	-	1,199,848	1,199,848
Food & nutrition services	37,518,592	-	37,518,592
Total expenditures	<u>37,518,592</u>	<u>1,199,848</u>	<u>38,718,440</u>
Excess of revenues over expenditures	3,836,791	144,177	3,980,968
<b>FUND BALANCES, beginning of year</b>	19,698,984	2,847,761	22,546,745
<b>FUND BALANCES, end of year</b>	<u>\$ 23,535,775</u>	<u>2,991,938</u>	<u>26,527,713</u>

Prince William County Public Schools  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Food & Nutrition Services Fund  
 For the Year Ended June 30, 2014

Schedule 3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ 200,000	200,000	403,263	203,263
Charges for services	18,279,716	18,279,716	17,853,789	(425,927)
Intergovernmental:				
Federal	21,359,735	21,359,735	21,975,247	615,512
State	587,510	587,510	722,112	134,602
Miscellaneous	398,000	398,000	400,972	2,972
Total revenues	<u>40,824,961</u>	<u>40,824,961</u>	<u>41,355,383</u>	<u>530,422</u>
<b>EXPENDITURES:</b>				
Current:				
Food & nutrition services	43,521,080	42,408,622	37,518,592	4,890,030
Total expenditures	<u>43,521,080</u>	<u>42,408,622</u>	<u>37,518,592</u>	<u>4,890,030</u>
Excess (deficiency) of revenues over (under) expenditures	(2,696,119)	(1,583,661)	3,836,791	5,420,452
<b>FUND BALANCES, beginning of year</b>	19,698,984	19,698,984	19,698,984	-
<b>FUND BALANCES, end of year</b>	<u>\$ 17,002,865</u>	<u>18,115,323</u>	<u>23,535,775</u>	<u>5,420,452</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, 2014

Schedule 4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>REVENUES:</b>				
Use of money and property:				
Use of money - interest	\$ 30,000	30,000	55,486	25,486
Use of property	1,047,748	1,047,748	1,007,498	(40,250)
Charges for services	310,910	310,910	281,041	(29,869)
Total revenues	<u>1,388,658</u>	<u>1,388,658</u>	<u>1,344,025</u>	<u>(44,633)</u>
<b>EXPENDITURES:</b>				
Current:				
Community service operations	1,612,473	1,398,373	1,199,848	198,525
Total expenditures	<u>1,612,473</u>	<u>1,398,373</u>	<u>1,199,848</u>	<u>198,525</u>
Excess (deficiency) of revenues over (under) expenditures	(223,815)	(9,715)	144,177	153,892
<b>FUND BALANCES, beginning of year</b>	2,847,761	2,847,761	2,847,761	-
<b>FUND BALANCES, end of year</b>	<u>\$ 2,623,946</u>	<u>2,838,046</u>	<u>2,991,938</u>	<u>153,892</u>

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## Internal Service Funds

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

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

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

Prince William County Public Schools  
 Combining Statement of Fund Net Position  
 Proprietary Funds - Internal Service Funds  
 As of June 30, 2014

Schedule 5

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Equity in cash and pooled investments	\$ -	6,899,034	31,977,537	38,876,571
Accounts receivable and other current assets	-	20,015	381,662	401,677
Inventory	985,618	-	-	985,618
Restricted assets:				
Deposits	-	500,000	-	500,000
Total assets	<u>985,618</u>	<u>7,419,049</u>	<u>32,359,199</u>	<u>40,763,866</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	214,821	44,819	1,834,429	2,094,069
Salaries payable and withholdings	-	-	2,249	2,249
Unearned revenue	-	-	6,678,333	6,678,333
Due to other funds	280,150	-	-	280,150
Incurred but not reported claims	-	1,351,293	7,973,523	9,324,816
Total current liabilities	<u>494,971</u>	<u>1,396,112</u>	<u>16,488,534</u>	<u>18,379,617</u>
Noncurrent liabilities:				
Incurred but not reported claims	-	4,312,442	-	4,312,442
Total liabilities	<u>494,971</u>	<u>5,708,554</u>	<u>16,488,534</u>	<u>22,692,059</u>
<b>NET POSITION</b>				
Restricted	-	500,000	-	500,000
Unrestricted	490,647	1,210,495	15,870,665	17,571,807
Total net position	<u>\$ 490,647</u>	<u>1,710,495</u>	<u>15,870,665</u>	<u>18,071,807</u>

Prince William County Public Schools  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 Proprietary Funds - Internal Service Funds  
 For the Year Ended June 30, 2014

Schedule 6

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,229,201	3,429,808	76,901,519	84,560,528
Total operating revenues	<u>4,229,201</u>	<u>3,429,808</u>	<u>76,901,519</u>	<u>84,560,528</u>
<b>OPERATING EXPENSES:</b>				
Personnel services	-	380,931	573,427	954,358
Materials/supplies	-	1,483	131,863	133,346
Administrative costs	-	103,623	3,469,430	3,573,053
Premiums	-	1,744,167	4,792,734	6,536,901
Claims and benefits paid	-	-	73,787,743	73,787,743
Losses and unallocated loss adjustment	-	1,525,952	-	1,525,952
Cost of goods sold	4,227,823	-	-	4,227,823
Total operating expenses	<u>4,227,823</u>	<u>3,756,156</u>	<u>82,755,197</u>	<u>90,739,176</u>
Operating income (loss)	<u>1,378</u>	<u>(326,348)</u>	<u>(5,853,678)</u>	<u>(6,178,648)</u>
<b>NON-OPERATING REVENUE:</b>				
Interest and miscellaneous	-	173,481	739,335	912,816
Total non-operating revenues	<u>-</u>	<u>173,481</u>	<u>739,335</u>	<u>912,816</u>
Income (loss) before transfers	1,378	(152,867)	(5,114,343)	(5,265,832)
Transfers In	<u>-</u>	<u>-</u>	<u>3,600,000</u>	<u>3,600,000</u>
Change in net position	1,378	(152,867)	(1,514,343)	(1,665,832)
<b>NET POSITION, beginning of year</b>	<u>489,269</u>	<u>1,863,362</u>	<u>17,385,008</u>	<u>19,737,639</u>
<b>NET POSITION, end of year</b>	<u>\$ 490,647</u>	<u>1,710,495</u>	<u>15,870,665</u>	<u>18,071,807</u>

Prince William County Public Schools  
 Combining Statement of Cash Flows  
 Proprietary Funds - Internal Service Funds  
 For the Year Ended June 30, 2014

Schedule 7

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers and users	\$ 4,229,201	3,444,460	77,300,245	84,973,906
Payments to suppliers for goods and services	(4,018,220)	(3,590,784)	(79,314,818)	(86,923,822)
Payments to employees	-	(380,931)	(571,577)	(952,508)
Net cash provided (used) by operating activities	<u>210,981</u>	<u>(527,255)</u>	<u>(2,586,150)</u>	<u>(2,902,424)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Advances from other funds	(210,981)	-	-	(210,981)
Transfers from other funds	-	-	3,600,000	3,600,000
Net cash provided (used) by non-capital financing activities	<u>(210,981)</u>	<u>-</u>	<u>3,600,000</u>	<u>3,389,019</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received from investments	-	177,491	759,527	937,018
Net increase (decrease) in equity in cash and pooled investments	-	(349,764)	1,773,377	1,423,613
Equity in cash and pooled investments, beginning of year	-	7,248,798	30,204,160	37,452,958
Equity in cash and pooled investments, end of year	<u>\$ -</u>	<u>6,899,034</u>	<u>31,977,537</u>	<u>38,876,571</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 1,378	(326,348)	(5,853,678)	(6,178,648)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Change in assets and liabilities:				
Decrease in accounts receivable	-	14,652	791	15,443
Decrease in inventory	67,699	-	-	67,699
Increase in unearned revenue	-	-	397,935	397,935
Increase in accounts payable and accrued liabilities	141,904	19,330	1,819,567	1,980,801
Increase in salaries payable and withholdings	-	-	1,850	1,850
Increase (decrease) in incurred but not reported claims	-	(234,889)	1,047,385	812,496
Net cash provided (used) by operating activities	<u>\$ 210,981</u>	<u>(527,255)</u>	<u>(2,586,150)</u>	<u>(2,902,424)</u>

## Agency Funds

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

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

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

Prince William County Public Schools  
 Combining Statement of Assets and Liabilities  
 Agency Funds  
 As of June 30, 2014

Schedule 8

	<u>Governor's School @ Innovation Park</u>	<u>Regional School Fund</u>	<u>Student Activity Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash and pooled investments	\$ 263,456	3,103,840	7,096,842	10,464,138
Due from other governmental units	-	2,942,686	-	2,942,686
Total assets	<u>263,456</u>	<u>6,046,526</u>	<u>7,096,842</u>	<u>13,406,824</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	<u>\$ 263,456</u>	<u>6,046,526</u>	<u>7,096,842</u>	<u>13,406,824</u>

Prince William County Public Schools  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2014

Schedule 9

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>Governor's School @ Innovation Park</b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 197,959	1,174,165	1,108,668	263,456
Due from other governmental units	52,000	-	52,000	-
Total assets	<u>249,959</u>	<u>1,174,165</u>	<u>1,160,668</u>	<u>263,456</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	<u>\$ 249,959</u>	<u>1,174,165</u>	<u>1,160,668</u>	<u>263,456</u>
<b>Regional School Fund</b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 2,947,849	57,368,730	57,212,739	3,103,840
Due from other governmental units	2,968,029	2,942,686	2,968,029	2,942,686
Total assets	<u>5,915,878</u>	<u>60,311,416</u>	<u>60,180,768</u>	<u>6,046,526</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	<u>\$ 5,915,878</u>	<u>60,311,416</u>	<u>60,180,768</u>	<u>6,046,526</u>
<b>Student Activity Fund</b>				
<b>ASSETS</b>				
Cash and pooled investments	<u>\$ 6,802,659</u>	<u>13,221,006</u>	<u>12,926,823</u>	<u>7,096,842</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	<u>\$ 6,802,659</u>	<u>13,221,006</u>	<u>12,926,823</u>	<u>7,096,842</u>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 9,948,467	71,763,901	71,248,230	10,464,138
Due from other governmental units	3,020,029	2,942,686	3,020,029	2,942,686
Total assets	<u>12,968,496</u>	<u>74,706,587</u>	<u>74,268,259</u>	<u>13,406,824</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	<u>\$ 12,968,496</u>	<u>74,706,587</u>	<u>74,268,259</u>	<u>13,406,824</u>

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# Statistical Section

(unaudited)

## Statistical Section

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

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

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

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

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

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

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

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

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# Financial Trends

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**

**TABLE 1 - Net Position by Component**

**Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Invested in capital assets	\$ 633,276	718,755	777,983	860,721	917,228	973,667	1,040,236	1,077,167	1,125,015	1,179,899
Restricted	89,379	91,598	106,607	86,387	81,904	88,347	39,065	34,791	43,092	49,769
Unrestricted	69,701	77,145	95,163	77,490	100,241	121,821	112,851	94,042	104,037	106,562
Total governmental activities net position	\$ <u>792,356</u>	<u>887,498</u>	<u>979,753</u>	<u>1,024,598</u>	<u>1,099,373</u>	<u>1,183,835</u>	<u>1,192,152</u>	<u>1,206,000</u>	<u>1,272,144</u>	<u>1,336,230</u>
Business-type activities: <sup>(1)</sup>										
Invested in capital assets	\$ -	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	302	939	838	664	560
Total business-type activities net position	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302</u>	<u>939</u>	<u>838</u>	<u>664</u>	<u>560</u>
Total reporting entity:										
Invested in capital assets	\$ 633,276	718,755	777,983	860,721	917,228	973,667	1,040,236	1,077,167	1,125,015	1,179,899
Restricted	89,379	91,598	106,607	86,387	81,904	88,347	39,065	34,791	43,092	49,769
Unrestricted	69,701	77,145	95,163	77,490	100,241	122,123	113,790	94,880	104,701	107,122
Total reporting entity net position	\$ <u>792,356</u>	<u>887,498</u>	<u>979,753</u>	<u>1,024,598</u>	<u>1,099,373</u>	<u>1,184,137</u>	<u>1,193,091</u>	<u>1,206,838</u>	<u>1,272,808</u>	<u>1,336,790</u>

<sup>(1)</sup> PWCS established a business-type activity in fiscal year 2010.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**

**TABLE 2 - Changes in Net Position**

**Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular	\$ 309,172	331,903	392,821	416,988	432,322	434,441	438,872	461,883	485,165	489,514
Special	72,039	83,794	90,322	95,345	99,166	94,105	91,911	107,521	101,696	104,231
Other	7,995	8,657	9,151	9,521	8,807	8,241	9,130	9,047	9,565	9,607
Instructional leadership	40,212	43,389	48,346	51,412	52,235	52,762	51,393	54,417	57,215	57,186
Support services:										
General administration	4,960	6,045	6,856	7,622	8,841	8,771	9,191	8,400	10,023	9,988
Student services	7,808	8,820	9,892	10,604	10,985	11,139	9,190	9,699	10,446	13,323
Curricular/staff development	10,606	12,036	12,735	13,353	12,736	12,072	13,469	13,625	14,092	12,707
Pupil transportation	35,292	40,152	45,570	49,304	46,684	48,536	49,830	49,379	53,658	55,479
Operations	20,024	21,618	20,120	21,172	22,033	22,577	21,554	21,856	22,858	23,168
Utilities	16,889	19,586	21,448	23,682	25,175	24,290	25,430	25,331	23,321	22,649
Maintenance	15,892	19,547	23,284	23,707	24,432	24,404	25,054	32,431	31,147	35,983
Central business services	35,235	42,117	37,801	45,996	45,021	45,069	43,445	44,687	52,343	51,164
Reimbursement to County for debt service	47,582	48,220	52,929	57,493	59,566	60,790	63,800	68,440	70,605	74,691
Food & nutrition services	23,629	23,163	25,492	27,191	30,459	30,950	32,480	36,597	38,551	37,430
Community service operations	499	649	698	785	1,132	866	897	1,205	1,267	1,200
Total governmental activities expenses	647,834	709,696	797,465	854,175	879,594	879,013	885,646	944,518	981,952	998,320
Business-type activities: <sup>(1)</sup>										
School Age Child Care	-	-	-	-	-	11	334	508	594	592
Total reporting entity expenses	\$ 647,834	709,696	797,465	854,175	879,594	879,024	885,980	945,026	982,546	998,912
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction	\$ 2,118	2,189	2,354	2,998	3,499	3,128	2,748	2,879	3,498	3,185
Curricular/staff development	-	-	-	-	-	-	40	-	-	-
Pupil transportation	85	146	129	118	171	110	111	99	80	61
Operations	-	-	-	-	-	-	282	170	392	306
Central business services	7	6	13	110	133	229	281	301	380	403
Food & nutrition services	14,243	15,326	16,676	17,741	18,071	17,079	16,951	18,318	17,924	17,870
Community service operations	640	804	886	1,039	933	1,027	814	921	1,026	1,289
Other activities	48	58	38	92	183	118	-	-	-	-
Operating grants and contributions	77,713	84,723	93,536	98,392	106,649	112,243	134,064	134,204	136,285	138,511
Capital grants and contributions	904	961	990	1,029	1,008	95	96	98	113	108
Total governmental activities program revenues	95,758	104,213	114,622	121,519	130,647	134,033	155,387	156,990	159,698	161,733
Business-type activities:										
School Age Child Care	-	-	-	-	-	-	658	389	425	475
Charges for services	-	-	-	-	-	-	312	303	-	-
Operating grants and contributions	-	-	-	-	-	-	961	389	425	475
Total business-type activities program revenues	-	-	-	-	-	312	961	389	425	475
Total reporting entity program revenues	\$ 95,758	104,213	114,622	121,519	130,647	134,345	156,348	157,379	160,123	162,208
<b>Net (Expense) Revenues</b>										
Governmental activities	(552,076)	(605,483)	(682,843)	(732,656)	(748,947)	(744,980)	(730,259)	(787,528)	(822,254)	(836,587)
Business-type activities	-	-	-	-	-	301	627	(119)	(169)	(117)
Total reporting entity net (expense) revenues	\$ (552,076)	(605,483)	(682,843)	(732,656)	(748,947)	(744,679)	(729,632)	(787,647)	(822,423)	(836,704)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Unrestricted grants and contributions	\$ 643,416	691,987	764,084	769,061	815,818	822,930	733,426	795,676	883,194	890,805
Unrestricted investment earnings	2,499	5,409	6,712	6,665	5,874	4,792	3,555	3,045	1,724	3,123
Miscellaneous revenues	3,673	3,229	4,302	1,775	2,030	1,720	1,595	2,655	3,480	6,745
Total governmental activities general revenues	649,588	700,625	775,098	777,501	823,722	829,442	738,576	801,376	888,398	900,673
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	1	10	18	(5)	13
Total reporting entity general revenues and other changes in net position	\$ 649,588	700,625	775,098	777,501	823,722	829,443	738,586	801,394	888,393	900,686
<b>Change in Net Position</b>										
Governmental activities	\$ 97,512	95,142	92,255	44,845	74,775	84,462	8,317	13,848	66,144	64,086
Business-type activities	-	-	-	-	-	302	637	(101)	(174)	(104)
Total reporting entity	\$ 97,512	95,142	92,255	44,845	74,775	84,764	8,954	13,747	65,970	63,982

<sup>(1)</sup> PWCS established a business-type activity in fiscal year 2010.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 3 - Fund Balances, Governmental Funds (Presented Pre-GASB 54)**  
**Last Six Fiscal Years <sup>(1)</sup>**  
*(modified accrual basis of accounting; amounts expressed in thousands)*

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved for:						
Inventory	\$ 681	814	824	808	803	837
Prepays	-	-	-	56	-	-
Encumbrances <sup>(2)</sup>	14,890	-	-	-	-	-
Unreserved:						
Designated for encumbrances <sup>(2)</sup>	-	20,048	25,431	19,777	21,569	14,165
Designated for future years' expenditures	11,179	12,736	13,242	8,516	24,540	36,890
Designated for grants and special projects	-	-	58	74	444	388
Undesignated	11,363	6,904	6,120	13,382	7,632	15,810
Total General Fund	<u>38,113</u>	<u>40,502</u>	<u>45,675</u>	<u>42,613</u>	<u>54,988</u>	<u>68,090</u>
All Other Governmental Funds:						
Capital Projects						
Reserved for:						
Encumbrances <sup>(2)</sup>	91,739	-	-	-	-	-
Unreserved:						
Designated for encumbrances <sup>(2)</sup>	-	48,134	76,784	77,099	95,026	84,816
Designated for future years' expenditures	28,609	76,858	75,045	40,337	25,376	46,101
Designated for payments to PWC for arbitrage rebate <sup>(3)</sup>	-	402	811	1,255	952	890
Undesignated reported in capital projects fund	-	-	-	-	-	-
Nonmajor Special Revenue Funds						
Reserved for:						
Inventory	935	1,113	1,103	1,706	1,245	996
Encumbrances <sup>(2)</sup>	24	-	-	-	-	-
Unreserved:						
Designated for encumbrances <sup>(2)</sup>	-	59	42	523	45	56
Designated for future years' expenditures	120	118	712	340	944	703
Undesignated reported in special revenue funds	1,160	3,152	5,326	8,061	10,980	14,342
Total all other governmental funds	<u>\$ 122,587</u>	<u>129,836</u>	<u>159,823</u>	<u>129,321</u>	<u>134,568</u>	<u>147,904</u>

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

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

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

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 930	997	1,079	1,091
Restricted	482	5,524	5,008	5,253
Assigned	79,933	71,315	60,554	49,227
Unassigned	1,030	3,042	15,404	9,766
Total General Fund	<u>82,375</u>	<u>80,878</u>	<u>82,045</u>	<u>65,337</u>
All Other Governmental Funds:				
Capital Projects				
Restricted	12,544	7,604	19,418	22,123
Committed	3,078	-	-	-
Assigned	32,382	21,158	30,704	52,603
Nonmajor Special Revenue Funds				
Nonspendable	971	1,149	1,534	1,642
Restricted	15,454	17,349	18,165	21,894
Committed	2,750	2,787	2,848	2,992
Total all other governmental funds	<u>\$ 67,179</u>	<u>50,047</u>	<u>72,669</u>	<u>101,254</u>

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Federal sources:										
Food & nutrition services	\$ 8,631	9,431	10,578	11,570	14,015	15,281	17,418	19,314	21,115	21,975
Other federal sources	23,085	24,660	26,335	26,960	28,102	71,812	58,566	44,145	34,231	33,322
Total federal sources	31,716	34,091	36,913	38,530	42,117	87,093	75,984	63,459	55,346	55,297
State sources:										
Basic aid	161,357	165,957	189,043	194,121	225,563	194,124	206,773	221,759	232,907	230,776
Food & nutrition services	322	349	393	410	451	490	535	632	685	722
Lottery proceeds <sup>(1)</sup>	9,014	9,502	9,150	8,988	7,952	4,818	-	-	-	-
Regional school program	11,486	11,646	11,297	12,005	13,261	14,081	15,016	16,532	19,926	20,605
Sales tax	49,470	58,257	65,004	62,998	59,695	60,182	62,525	66,475	73,929	75,529
Special education SOQ <sup>(2)</sup>	13,314	16,485	15,079	15,410	16,574	17,279	17,221	17,721	16,823	17,358
Other state sources	39,388	43,539	58,402	71,217	61,831	55,379	56,079	67,594	85,023	91,311
Total state sources	284,351	305,735	348,368	365,149	385,327	346,353	358,149	390,713	429,293	436,301
County sources:										
County bond sale transfer	66,161	63,958	68,141	49,233	55,773	82,585	9,685	48,681	88,930	70,276
County general transfer <sup>(3)</sup>	326,284	362,035	390,017	404,322	430,650	405,968	412,881	436,079	435,195	469,571
County proffer transfer	9,660	10,906	10,687	7,104	8,018	9,263	3,224	-	10,954	-
Total county sources	402,105	436,899	468,845	460,659	494,441	497,816	425,790	484,760	535,079	539,847
Local sources:										
Charges for services	6,171	5,468	5,422	3,317	3,834	3,548	3,762	4,042	4,532	4,444
Food & nutrition services sales	14,137	15,196	16,641	17,701	18,014	17,045	16,699	18,027	17,901	18,135
Interest and other income	3,222	6,922	10,939	10,375	6,899	4,968	3,722	3,118	1,839	3,200
Use of property	640	804	886	1,039	933	1,027	814	921	1,027	1,007
Other local sources	43	48	1,705	2,250	2,603	2,239	2,253	3,376	3,225	4,260
Total local sources	24,213	28,438	35,593	34,682	32,283	28,827	27,250	29,484	28,524	31,046
Total revenues	742,385	805,163	889,719	899,020	954,168	960,089	887,173	968,416	1,048,242	1,062,491
<b>Expenditures</b>										
Instruction:										
Regular	302,094	322,684	378,732	400,959	412,562	412,490	416,900	439,685	457,948	461,647
Special	73,042	83,897	90,532	94,645	98,453	93,426	91,384	107,463	100,384	102,987
Other	8,103	8,673	9,175	9,462	8,802	8,201	9,062	8,986	9,446	9,495
Instructional leadership	40,212	43,389	48,346	51,412	52,235	52,762	51,393	54,417	57,212	57,167
Support services:										
General administration	5,394	6,077	6,856	7,235	7,969	7,507	8,090	7,678	8,843	8,489
Student services	7,891	8,826	9,909	10,533	10,914	11,060	9,143	9,704	10,340	13,205
Curricular/staff development	10,691	12,060	12,770	13,281	12,664	12,027	13,441	13,628	13,979	12,652
Pupil transportation	41,874	37,656	43,359	50,403	43,851	43,390	49,191	52,400	55,568	58,945
Operations	20,310	21,641	20,091	21,000	21,859	22,389	21,419	21,842	22,613	22,944
Utilities	16,889	19,586	21,448	23,682	25,175	24,290	25,430	25,331	23,321	22,649
Maintenance	15,971	19,520	23,358	23,592	23,352	24,772	24,601	32,872	30,886	35,988
Central business services	38,900	43,192	43,327	46,159	43,994	44,254	43,626	45,624	51,017	48,608
Community service operations	500	649	698	785	1,132	866	897	1,205	1,267	1,200
Food & nutrition service	23,608	23,162	25,488	27,198	30,436	30,927	32,451	36,582	38,544	37,518
Reimbursement to County for debt service	43,685	47,977	52,520	57,049	59,869	60,853	64,425	68,516	70,605	74,691
Capital Outlay	76,889	90,689	68,050	95,188	78,279	82,438	88,159	57,076	70,681	78,829
Total expenditures	726,053	789,678	854,659	932,583	931,546	931,652	949,612	983,009	1,022,654	1,047,014
Excess (deficiency) of revenues over (under) expenditures	16,332	15,485	35,060	(33,563)	22,622	28,437	(62,439)	(14,593)	25,588	15,477
<b>Other Financing Sources (Uses):</b>										
Transfers in:										
General fund	1,000	1,000	1,200	2,000	1,000	1,000	1,000	1,000	1,943	1,490
Construction fund	18,204	23,606	16,864	11,094	35,026	5,916	7,842	8,143	17,588	44,297
Transfers out:										
General fund	(18,204)	(23,606)	(16,864)	(11,094)	(40,026)	(7,916)	(11,842)	(12,179)	(19,388)	(47,897)
Construction fund	(1,000)	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,943)	(1,490)
Other Governmental funds	-	-	(100)	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	100	-	(5,000)	(2,000)	(4,000)	(4,036)	(1,800)	(3,600)
Net change in fund balances	\$ 16,332	15,485	35,160	(33,563)	17,622	26,437	(66,439)	(18,629)	23,788	11,877

<sup>(1)</sup> Effective FY 2011 lottery proceeds no longer provided to support school facilities.

<sup>(2)</sup> Standards of Quality

<sup>(3)</sup> The County general transfer is reduced at year end by the amount of interest income earned in the General Fund during the fiscal year.

# Revenue Capacity

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

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

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

Fiscal Year	Taxes <sup>(2)</sup>	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property <sup>(4)</sup>	Charges for Services	Inter-Governmental <sup>(3)</sup>			Total
						PPTRA	All Others	Miscellaneous	
2005	\$ 566,885	\$ 20,418	\$ 2,392	\$ 16,486	\$ 35,983	\$ 52,350	\$ 461,853	\$ 19,184	\$ 1,175,551
2006	619,011	18,793	2,469	26,200	38,476	59,994	495,108	26,463	1,286,514
2007	664,724	14,596	2,767	42,906	37,528	54,274	618,695	26,591	1,462,081
2008	686,107	13,607	2,664	43,952	39,947	54,288	574,967	28,013	1,443,545
2009	744,490	11,374	2,759	31,019	36,836	54,288	614,146	28,953	1,523,865
2010	677,954	10,617	2,866	33,903	34,877	54,288	641,187	24,324	1,480,016
2011	688,372	11,495	3,241	12,406	34,953	54,288	656,758	18,029	1,479,542
2012	714,658	13,836	3,435	17,909	43,295	54,288	627,418	13,724	1,488,563
2013	752,857	16,354	3,260	(3,386)	50,179	54,288	690,633	30,529	1,594,714
2014	783,654	17,389	3,252	18,641	50,964	54,288	722,388	17,751	1,668,326
Change									
2005 - 2014	38.24%	-14.83%	35.95%	38.91%	-21.12%	3.70%	-166.88%	-29.67%	-47.73%

Source: County of Prince William, Virginia.

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

<sup>(2)</sup> Tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

<sup>(3)</sup> Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 70.0% for fiscal years 2002 through 2006, and 61.5% for FY 2007 through 2008. The reimbursement for fiscal year 2013 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

<sup>(4)</sup> Use of Money changes can be substantially attributed to favorable or unfavorable mark to market conditions.

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

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

Fiscal Year	Real Estate	Personal Property <sup>(1)</sup>	Public Service	Total General <sup>(2)</sup> Property Taxes	Sales Tax	Utility Taxes	BPOL Tax	All Other	Total
2006	410,127	59,075	12,131	481,333	46,649	26,295	23,071	42,663	620,011
2007	451,319	71,290	10,861	533,470	47,921	18,522	22,810	42,002	664,725
2008	472,960	73,311	12,120	558,391	46,155	12,354	21,173	48,034	686,107
2009	530,120	75,986	15,156	621,262	45,055	12,596	19,931	45,646	744,490
2010	494,299	63,666	17,518	575,483	46,155	12,840	20,269	23,207	677,954
2011	492,738	68,792	19,207	580,737	49,554	13,190	20,965	23,926	688,372
2012	510,053	74,567	18,776	603,396	52,003	13,075	21,725	24,459	714,658
2013	533,024	81,783	19,511	634,319	55,169	13,490	22,913	26,966	752,857
2014	557,068	95,270	18,809	671,146	56,511	13,766	23,772	18,459	783,654
Change									
2005 - 2014	51.28%	91.90%	32.79%	55.27%	28.85%	-45.91%	21.70%	-52.46%	40.15%

Source: County of Prince William, Virginia.

<sup>(1)</sup> Personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

<sup>(2)</sup> Excludes administration fees and interest related to property taxes. These revenues are included in "All Other" column.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 6 - Assessed Value and Actual Value of Taxable Real Property**  
**Last Ten Fiscal Years**  
 (tax rates per \$100 of assessed value; amounts expressed in thousands)

Fiscal Year	Residential <sup>(1)</sup>	Apartments <sup>(1)</sup>	Commercial & Industrial <sup>(1)</sup>	Public Service <sup>(1)</sup>	Vacant Land & Other <sup>(1)</sup>	Total Taxable Assessed Value	Total Direct Tax Rate <sup>(2)</sup>	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	\$ 27,573,301	\$ 1,190,201	\$ 3,868,984	\$ 1,249,775	\$ 257,786	\$ 34,140,047	\$ 1.14	\$ 45,520,808	75.00%
2006	36,143,674	1,338,215	4,721,938	1,253,506	282,495	43,739,828	0.97	60,203,453	72.65%
2007	48,617,154	1,588,255	5,667,015	1,355,894	428,530	57,656,848	0.81	64,002,474	90.09%
2008	48,185,629	1,759,043	6,592,385	1,448,737	305,617	58,291,411	0.84	61,439,875	94.88%
2009	41,980,642	1,904,868	7,595,528	1,471,669	273,037	53,225,744	1.03	51,665,113	103.02%
2010	29,888,134	1,801,532	6,726,623	1,360,944	214,673	39,991,906	1.29	47,228,010	84.68%
2011	30,434,819	1,451,944	5,722,158	1,466,645	180,505	39,256,071	1.31	48,535,035	80.88%
2012	32,477,281	1,642,125	5,899,244	1,472,610	163,184	41,654,444	1.28	46,901,818	88.81%
2013	33,752,576	1,885,172	6,210,118	1,487,336	163,590	43,498,792	1.29	47,946,579	90.72%
2014	38,949,187	2,480,941	6,781,231	1,516,950	160,672	49,888,981	1.22	54,136,693	92.15%

Source: County of Prince William, Virginia.

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

2005 - \$2,223,993	2010 - \$3,451,863
2006 - \$2,567,585	2011 - \$3,119,173
2007 - \$3,049,599	2012 - \$3,183,169
2008 - \$3,867,736	2013 - \$3,316,592
2009 - \$3,722,543	2014 - \$3,705,018

<sup>(2)</sup> See Table 7, Direct and Overlapping Real Estate Tax Rates.

**TABLE 6A - Commercial to Total Assessment Ratio, Construction and Bank Deposits**  
**Last Ten Fiscal Years**  
 (dollars expressed in millions)

Fiscal Year	Commercial as a Percent of Total Taxable		New Construction <sup>(1)</sup>				Bank Deposits <sup>(2)</sup>
	Commercial to Total	Public Service to Total	Permits	Value	Permits	Value	
2005	11.3%	15.0%	5,249	\$ 718	219	\$ 477	\$ 2,319
2006	10.8%	13.7%	3,871	552	299	576	2,681
2007	9.8%	12.2%	2,744	397	301	379	2,864
2008	11.3%	13.8%	1,568	228	259	183	2,863
2009	14.3%	17.0%	1,782	270	203	195	3,135
2010	16.8%	20.2%	1,996	297	152	92	3,322
2011	14.6%	18.3%	1,377	242	99	53	3,531
2012	14.2%	17.7%	1,398	278	161	94	3,866
2013	14.3%	17.7%	1,542	282	233	233	4,082
2014	13.6%	16.6%	1,396	290	193	236	4,201

Source: County of Prince William, Virginia.

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

<sup>(2)</sup> Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2005-2014, Federal Deposit Insurance Corporation, (commercial and savings bank deposits) and National Credit Union Administration (credit union deposits).

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

Type of Tax	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>PRINCE WILLIAM COUNTY</b>										
<i>Countywide Tax Levies:</i>										
Real Estate - General Fund	\$1.07000	\$0.91000	\$0.75800	\$0.78700	\$0.97000	\$1.21200	\$1.23600	\$1.20400	\$1.20900	\$1.18100
Fire and Rescue Levy (Countywide)	0.06600	0.05600	0.04660	0.04840	0.05970	0.07460	0.07610	0.07410	0.07440	0.07270
Gypsy Moth Levy (Countywide)	0.00400	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250
<b>Total Direct Tax Rate</b>	<b>\$1.14000</b>	<b>\$0.96850</b>	<b>\$0.80710</b>	<b>\$0.83790</b>	<b>\$1.03220</b>	<b>\$1.28910</b>	<b>\$1.31460</b>	<b>\$1.28060</b>	<b>\$1.28590</b>	<b>\$1.25620</b>
Sanitary District Levy										
Bull Run	\$0.00001	\$0.00001	--	--	--	--	--	--	--	--
Occoquan Forest	0.00001	0.00001	--	--	--	--	--	--	--	--
Service District Levies -										
Bull Run	0.10000	0.10000	0.12000	0.12000	0.13800	0.19900	0.20100	0.20100	0.20100	0.18300
Lake Jackson	0.11000	0.11000	0.11000	0.11000	0.12300	0.17200	0.17500	0.17500	0.17500	0.16500
Circuit Court	0.28000	0.23000	0.19000	0.19000	0.15000	--	--	--	--	--
Transportation District Levies -										
Prince William Parkway	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000
234-Bypass	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000
Foremost Court Service	0.22000	--	--	--	--	--	--	--	--	--
<b>OVERLAPPING GOVERNMENTS</b>										
<i>Real Estate Tax Levy:</i>										
Town of Dumfries	0.12420	0.13000	0.18000	0.18000	0.18000	0.35330	0.33350	0.33330	0.27733	0.27330
Town of Haymarket	0.14000	0.14000	0.12000	0.12800	0.16400	0.16400	0.16400	0.16400	0.16400	0.13900
Town of Occoquan	0.05000	0.05000	0.08500	0.08500	0.10000	0.10000	0.10000	0.10000	0.10000	0.11000
Town of Quantico	0.20000	0.15000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000

Source: County of Prince William, Virginia

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value <sup>(1)</sup>
Virginia Electric & Power Company	\$ 749,739	1	1.50%	\$ 682,820	1	2.00%
Mall at Potomac Mills, LLC	472,547	2	0.95%	313,887	2	0.92%
Northern Virginia Electric Co-op	269,224	3	0.54%	197,518	3	0.58%
Verizon South, Inc.	154,562	4	0.31%	142,922	4	0.42%
Washington Gas Light Company	103,569	5	0.21%	79,102	9	0.23%
Stellar Chatsworth LLC	99,496	6	0.20%	71,346	11	0.21%
KIR Smoketown Station LP	91,348	7	0.18%	-	-	-
Woodbridge Station Apartments LLC	85,801	8	0.17%	-	-	-
Fairfield Potomac Club, Inc.	71,926	9	0.14%	-	-	-
Manassas Owner LLC	63,983	10	0.13%	-	-	-
Dominion Country Club, LP	-	-	-	142,161	5	0.42%
AOL LLC	-	-	-	91,294	6	0.27%
Manassas Mall LLC	-	-	-	85,902	7	0.25%
Brookfield Morris LLC	-	-	-	82,139	8	0.24%
WNH Limited Partnership	-	-	-	74,410	10	0.22%
	<u>\$ 2,162,195</u>		<u>4.33%</u>	<u>\$ 1,963,501</u>		<u>5.76%</u>

Source: County of Prince William, Virginia

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

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

Fiscal Year	Total Adjusted Tax Levy <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Percentage of Levy Collected	Penalties on Taxes Collected	Total Collections to Date <sup>(2)</sup>	
		Amount	Percentage of Levy				Amount	Percentage of Levy
2005	\$ 388,254	\$ 386,367	99.5%	\$ 1,694	100.0%	\$ 1,367	\$ 495,970	100.8%
2006	420,203	418,111	99.5%	1,973	100.0%	1,507	421,591	100.3%
2007	461,108	458,438	99.4%	2,505	100.0%	1,748	462,691	100.3%
2008	484,124	481,069	99.4%	2,717	99.9%	1,905	485,691	100.3%
2009	544,909	541,235	99.3%	3,263	99.9%	2,065	546,563	100.3%
2010	510,988	508,264	99.5%	2,397	99.9%	1,698	512,359	100.3%
2011	511,316	509,154	99.6%	1,921	100.0%	1,376	512,451	100.2%
2012	527,838	525,737	99.6%	1,211	99.8%	1,256	528,204	100.1%
2013	553,424	551,222	99.6%	1,360	99.8%	1,229	553,811	100.1%
2014	573,203	571,425	99.7%	--	99.7%	1,223	572,648	99.9%

Source: County of Prince William, Virginia

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

<sup>(2)</sup> Total collections to date include the effects of penalties assessed on amounts paid past the due date.

# Debt Capacity

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

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 10 - Ratios of Outstanding Debt by Type, Primary Government and Component Units**  
**Last Ten Fiscal Years**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Primary Government</b>										
<i>Governmental Activities:</i>										
General Obligation Bonds <sup>(1)</sup>										
General Government	\$ 140,039	\$ 128,525	\$ 149,362	\$ 136,200	\$ 165,649	\$ 151,352	\$ 156,520	\$ 139,782	\$ 127,400	\$ 140,032
School Board-Related	432,562	467,363	502,453	515,486	531,815	576,826	549,775	556,747	579,969	594,188
Park Authority-Related	7,000	6,267	5,537	4,810	8,477	7,842	7,210	7,126	6,651	9,745
IDA Lease Revenue Bonds	11,970	11,140	10,430	9,680	8,870	8,030	7,160	6,260	5,325	4,355
Literary Fund Loans	5,316	4,918	4,520	4,124	3,749	3,374	3,000	2,750	2,500	2,250
Real Property Capital Leases										
General Government	79,025	132,825	150,189	151,039	179,298	169,012	156,854	145,695	133,415	122,608
Adult Detention Center	--	--	68,005	66,275	64,550	34,825	33,100	25,875	23,405	21,680
Park Authority	--	--	594	561	528	495	462	429	385	352
Commuter Rail Capital Leases**	2,629	2,258	1,863	1,442	992	511	--	--	--	--
Equipment Capital Leases	381	228	68	--	--	--	485	398	1,456	951
Installment Notes Payable	795	657	509	351	182	--	--	--	--	--
<i>Business-Type Activities:</i>										
Solid Waste System Revenue Bonds**	\$ 13,920	\$ 12,550	\$ 11,065	\$ 9,535	\$ 7,945	\$ 6,295	\$ 4,595	\$ 3,004	\$ 1,590	\$ --
Parks & Recreation Revenue Bonds	--	--	--	--	--	--	--	--	11,690	11,135
Parks & Recreation Equipment Capital Lease	--	--	--	--	--	--	--	--	889	596
Taxable Revenue Notes	250	3,250	3,250	--	--	--	--	--	--	--
<b>Total Primary Government</b>	<b>\$ 693,887</b>	<b>\$ 769,981</b>	<b>\$ 907,845</b>	<b>\$ 899,503</b>	<b>\$ 972,055</b>	<b>\$ 958,562</b>	<b>\$ 919,161</b>	<b>\$ 888,066</b>	<b>\$ 894,675</b>	<b>\$ 907,892</b>
Percentage of Personal Income <sup>(2)</sup>	4.44%	4.59%	5.08%	4.81%	5.00%	4.64%	4.15%	3.86%	3.64%	*
Per Capita <sup>(2)</sup>	2,056	2,196	2,528	2,444	2,594	2,384	2,262	2,118	2,080	2,070
<b>Component Units</b>										
Park Authority Component Unit <sup>(3)</sup> :										
Series 1999 Revenue Bonds**	\$ 18,795	\$ 18,459	\$ 18,101	\$ 17,725	\$ 17,323	\$ 12,481	\$ 12,008	\$ 11,528	\$ --	\$ --
Equipment Capital Leases**	1,353	2,249	1,710	3,116	2,800	2,254	1,689	2,793	--	--
Installment Notes Payable**	904	780	651	517	376	230	78	--	--	--
<b>Total Component Units</b>	<b>21,052</b>	<b>21,488</b>	<b>20,462</b>	<b>21,358</b>	<b>20,499</b>	<b>14,965</b>	<b>13,775</b>	<b>14,321</b>	<b>--</b>	<b>--</b>
<b>Total Reporting Entity Outstanding Debt</b>	<b>714,939</b>	<b>791,469</b>	<b>928,307</b>	<b>920,861</b>	<b>992,554</b>	<b>973,527</b>	<b>932,936</b>	<b>902,387</b>	<b>894,675</b>	<b>907,892</b>
Less: Self-Supporting Revenue and Other Bonds	37,601	36,296	33,390	32,335	29,436	21,771	18,370	17,325	14,169	11,731
<b>Net Tax-Supported Debt</b>	<b>\$ 677,338</b>	<b>\$ 755,173</b>	<b>\$ 894,917</b>	<b>\$ 888,526</b>	<b>\$ 963,118</b>	<b>\$ 951,756</b>	<b>\$ 914,566</b>	<b>\$ 885,062</b>	<b>\$ 880,506</b>	<b>\$ 896,161</b>

Source: County of Prince William, Virginia

\* Not available

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

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

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

<sup>(3)</sup> The Park Authority Component Unit debt for fiscal years prior to 2004 is shown on a calendar year basis, with amounts shown as of December 31.  
 (Note: The Park Authority component unit was dissolved and became the County Department of Parks & Recreation effective FY 2013.)

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

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

Fiscal Year	General Obligation Bonds <sup>(1)</sup>	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Total	Percentage of Actual Taxable Value of Property <sup>(2)</sup>	Per Capita <sup>(3)</sup>
2005	\$ 579,601	\$ 11,970	\$ 13,920	\$ 605,491	1.33%	\$ 1,794
2006	602,155	11,140	12,550	625,845	1.04%	1,785
2007	657,352	10,430	11,065	678,847	1.06%	1,890
2008	656,496	9,680	9,535	675,711	1.10%	1,836
2009	705,941	8,870	7,945	722,756	1.40%	1,929
2010	736,020	8,030	6,295	750,345	1.59%	1,867
2011	713,505	7,160	4,595	725,260	1.49%	1,785
2012	703,655	6,260	3,004	712,919	1.52%	1,700
2013	714,020	5,325	1,590	720,935	1.50%	1,676
2014	743,965	4,355	--	748,320	1.38%	1,706

Source: County of Prince William, Virginia

<sup>(1)</sup> Includes general obligation bonds associated with School Board-Related and Park Authority-Related Debt; excludes Literary Fund loan of \$2,500. See also Table 10.

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

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

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 12 - Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**  
(amounts expressed in thousands)

	Outstanding on 6/30/2014	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value <sup>(2)</sup>
<b>Direct:</b>				
Net Tax Supported Debt <sup>(1)</sup>	\$ 896,161	100.00%	\$ 896,161	2.1138%
<b>Overlapping:</b>				
Town of Dumfries	4,645	100.00%	4,645	0.0112%
Town of Quantico	369	100.00%	369	0.0009%
Town of Haymarket	1,702	100.00%	1,702	0.0041%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 A and B	1,447	100.00%	1,447	0.0035%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	11,270	100.00%	11,270	0.0271%
Northern Virginia Transportation Commission - Virginia Railway Express <sup>(3)</sup>	82,789	34.99%	28,967	0.0000%
Northern Virginia Criminal Justice Training Academy (NVCJTA) <sup>(3)</sup>	12,905	26.93%	3,475	0.0083%
<b>Total Overlapping Governmental Activities Debt</b>	<u>\$ 115,127</u>	<u>45.06%</u>	<u>\$ 51,875</u>	<u>0.1245%</u>
<b>Total Direct and Overlapping Governmental Activities Debt</b>	<u>\$ 1,011,288</u>	<u>93.65%</u>	<u>\$ 948,036</u>	<u>2.2384%</u>

Source: County of Prince William, Virginia

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

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

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

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**

**TABLE 13 - Debt Ratio Information**

**Last Ten Fiscal Years**

(amounts expressed in thousands)

The issuance of bonds by Virginia counties is not subject to statutory limitation. However, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority. The County has \$317,330 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2014. These authorized bonds are for the construction of roads, road improvements, parks, libraries, and schools.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government <sup>(1)</sup>										
Principal	\$ 39,975	\$ 47,584	\$ 52,060	\$ 59,741	\$ 61,303	\$ 91,742	\$ 66,299	\$ 74,760	\$ 69,858	\$ 72,465
Interest <sup>(2)</sup>	29,849	32,995	37,524	39,865	41,032	43,272	43,783	42,803	41,991	42,522
Internal Service Fund Debt Service <sup>(3)</sup>	--	--	--	--	--	--	--	--	--	--
Debt Service on Net Tax-Supported Debt	69,824	80,579	89,584	99,606	102,335	135,014	110,082	117,563	111,849	114,987
Total Government Expenditures <sup>(4)</sup>	1,033,382	1,125,453	1,310,566	1,325,488	1,331,692	1,386,901	1,337,189	1,427,543	1,461,113	1,399,827
Ratio of Debt Service to Expenditures	6.8%	7.2%	6.8%	7.5%	7.7%	9.7%	8.2%	8.2%	7.7%	8.2%
Total Revenues <sup>(5)</sup>	1,089,605	1,188,320	1,360,579	1,364,972	1,441,690	1,392,237	1,439,786	1,460,245	1,493,495	1,564,115
Ratio of Debt Service to Revenues	6.4%	6.8%	6.6%	7.3%	7.1%	9.7%	7.6%	8.1%	7.5%	7.4%
Net Tax-Supported Debt <sup>(6)</sup>	677,338	755,173	894,917	888,526	963,118	951,756	914,566	885,062	880,506	896,161
Assessed Value of Taxable Property <sup>(7)</sup>	37,138,437	47,160,546	61,267,297	62,011,351	56,999,051	43,359,775	42,750,432	45,148,805	47,586,736	54,212,783
Ratio of Net Tax-Supported Debt to Assessed Value	1.8%	1.6%	1.5%	1.4%	1.7%	2.2%	2.1%	2.0%	1.9%	1.7%

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

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

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

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

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

<sup>(5)</sup> Includes revenues of the General Fund, Special Revenue Funds and the School Board and Adult Detention Center Component Units.

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

<sup>(7)</sup> From Table 7 and Table 21, PWC CAFR.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 14 - Revenue Bond Coverage for Solid Waste System Revenue Bonds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	System Revenues <sup>(1)</sup>	Operating Expenses and Transfers <sup>(2)</sup>	Closure Payment <sup>(3)</sup>	Net Revenue Available for Debt	Debt Service Payments <sup>(4)</sup>		Total	Coverage <sup>(6)</sup>
					Principal <sup>(5)</sup>	Interest		
2005	\$ 14,715	\$ 10,090	\$ 1,752	\$ 2,873	\$ 1,323	\$ 1,114	\$ 2,437	1.18
2006	14,653	9,615	2,594	2,444	1,370	501	1,871	1.31
2007	16,535	9,970	2,199	4,366	1,485	562	2,047	2.13
2008	17,342	10,651	3,015	3,676	1,530	504	2,034	1.81
2009	17,795	15,027	--	2,768	1,590	435	2,025	1.37
2010	17,925	10,423	--	7,502	1,650	362	2,012	3.73
2011	18,861	11,694	749	6,418	1,700	295	1,995	3.22
2012	18,064	12,031	1,503	4,530	1,470	226	1,696	2.67
2013	18,339	10,735	1,749	5,855	1,535	156	1,691	3.46
2014	18,820	5,623	3,775	9,422	1,590	--	1,590	5.93

Source: County of Prince William, Virginia.

<sup>(1)</sup> Includes "Total Operating Revenues" , "Grants from the Commonwealth," and "Interest and Miscellaneous Income" from the Statement of Revenues, Expenses and Changes in Fund Net Position.

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

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

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

<sup>(5)</sup> In fiscal year 2005, certain bonds were refunded, and a portion of the proceeds were used to pay down principal resulting in excess principal payments of \$1.9 million. This amount is excluded from the normal principal payments noted above.

<sup>(6)</sup> Required coverage is 1.15.

# Demographic and Economic Information

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

Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup> (in thousands)	Per Capita Income <sup>(2)</sup>	Fall School Enrollment <sup>(3)</sup>	Average Civilian Labor Force <sup>(4)</sup>	Average Unemployment Rate <sup>(4)</sup>
2005	337,439	\$ 15,620,734	\$ 39,099	66,298	192,173	3.0%
2006	350,612	16,785,861	41,213	68,458	198,763	2.6%
2007	359,174	17,853,709	42,952	70,948	200,678	2.6%
2008	368,016	16,861,748	44,230	72,988	206,210	3.4%
2009	374,776	19,428,508	44,227	73,917	214,777	5.9%
2010	402,002	20,662,164	44,995	76,861	227,364	5.7%
2011	406,392	22,156,021	46,719	79,358	231,371	5.3%
2012	419,268	23,024,777	47,309	81,937	235,988	4.9%
2013	430,100	24,558,604	48,617	83,551	231,155	4.7%
2014	438,580	*	*	85,055	241,264	4.7%

Source: County of Prince William, Virginia

\* Not available

<sup>(1)</sup> US Census Bureau, Population Estimates Program (data as of July 1, 2013).

<sup>(2)</sup> Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of March, 2013). 2013 data estimated based upon ten-year growth rates on BEA data from 2003 through 2012.

<sup>(3)</sup> Fall Membership by Division, by Grade for Prince William County Schools, Virginia Department of Education

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

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

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

Source: County of Prince William, Virginia

<sup>1</sup> U.S. Bureau of the Census Bureau, 2000 and 2010 Census Data.

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

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

Employer <sup>(1)</sup>	2014			2005		
	Ownership	Rank	Number of Employees <sup>(2)</sup>	Ownership	Rank	Number of Employees <sup>(2)</sup>
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
U.S. Department of Defense	Federal Government	2	1000 and over	Federal Government	3	1000 and over
County of Prince William	Local Government	3	1000 and over	Local Government	2	1000 and over
Walmart	Private	4	1000 and over	Private	5	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	9	500 to 999
Sentara Healthcare/Potomac Hospital Corp	Private	6	1000 and over	Private	4	1000 and over
Wegmans Store #07	Private	7	500 to 999			
Northern Virginia Community College	State Government	8	500 to 999	State Government	7	500 to 999
Minnieland Private Day School	Private	9	500 to 999			
Target Corp	Private	10	500 to 999			
S.W. Rogers Corporation				Private	6	500 to 999
Giant Food				Private	8	500 to 999
Lowe's Home Improvement Centers, Inc				Private	10	500 to 999

Source: County of Prince William, Virginia

<sup>(1)</sup> All data provided by the Virginia Employment Commission (1st Quarter, 2014 & 2005).

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

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# Operating Information

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 17 - Full-time-Equivalent School Employees by Positions  
Last Ten Fiscal Years

	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
<b>School-Based Positions</b>											
Teachers											
Regular classroom teachers	3,193	3,290	3,553	3,757	3,799	3,756	3,827	4,058	4,106	4,156	
Special education teachers	661	759	767	700	700	687	695	657	738	731	
Vocational education teachers	210	212	213	215	200	186	183	185	189	193	
Speech therapists	69	72	73	75	73	70	64	70	69	68	
Physical therapists	21	8	25	25	24	25	21	19	25	29	
Guidance counselors	171	166	169	170	188	184	181	191	181	189	
Librarians	88	92	93	95	97	97	97	100	100	109	
Physical education	190	201	213	212	217	214	218	222	223	226	
Technology teachers	-	76	77	79	81	78	77	82	84	87	
Other	-	74	80	78	80	63	35	39	37	35	
School-Based Administrators											
Principals	82	84	84	86	87	88	89	91	91	92	
Assistant principals	108	122	104	117	104	105	105	113	114	121	
Guidance directors	23	23	24	25	10	9	10	11	27	27	
Student activity directors	10	10	10	10	10	10	10	11	11	11	
Other	79	-	-	-	-	-	-	-	-	0	
Education Specialist											
School-based curriculum specialists	10	8	8	-	-	23	7	7	9	10	
Program specialists	86	19	15	10	14	16	1	1	-	0	
Social workers	39	39	45	46	45	44	6	6	6	6	
Psychologists	35	40	44	43	43	43	4	4	4	4	
Instructional Assistants	551	599	669	669	734	689	655	656	656	642	
Other Positions											
School office assistant staff	421	461	475	470	486	482	472	495	503	499	
Custodial staff	410	425	435	438	442	437	424	440	444	449	
Other	-	-	-	-	-	37	36	40	39	41	
Noninstructional specialists	89	-	-	-	39	52	42	103	61	63	
Security	49	64	67	53	64	57	61	39	54	50	
School nurse	55	60	67	69	72	73	76	79	81	84	
<b>Total School-Based Positions</b>	<b>6,650</b>	<b>6,904</b>	<b>7,310</b>	<b>7,442</b>	<b>7,609</b>	<b>7,525</b>	<b>7,396</b>	<b>7,719</b>	<b>7,851</b>	<b>7,919</b>	
<b>Nonschool-Based Positions</b>											
Technical support	139	244	206	146	170	134	123	165	163	165	
Management	127	138	143	149	148	148	96	112	121	149	
Education specialist	48	33	32	86	31	32	201	223	223	226	
Office assistants	136	122	136	139	143	139	146	148	138	107	
Custodial/maintenance	220	230	258	299	308	302	231	235	245	248	
Leadership team	8	10	10	10	11	11	11	11	12	12	
Bus drivers	565	645	654	659	680	668	664	680	679	697	
Bus drivers' aides	119	135	130	136	132	147	148	142	150	152	
Cafeteria staff	441	518	537	513	517	530	543	564	583	597	
Other	37	62	20	122	17	25	86	113	62	65	
<b>Total Nonschool Based Positions</b>	<b>1,840</b>	<b>2,137</b>	<b>2,126</b>	<b>2,259</b>	<b>2,157</b>	<b>2,136</b>	<b>2,249</b>	<b>2,393</b>	<b>2,377</b>	<b>2,418</b>	
<b>Total<sup>(1)</sup></b>	<b>8,490</b>	<b>9,041</b>	<b>9,436</b>	<b>9,701</b>	<b>9,766</b>	<b>9,661</b>	<b>9,645</b>	<b>10,111</b>	<b>10,227</b>	<b>10,337</b>	

Source: FY 2014 WABE Guide

<sup>(1)</sup> Total positions include the General Fund and Food & Nutrition Services Fund only for Fiscal Years 2004 - 2008.

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

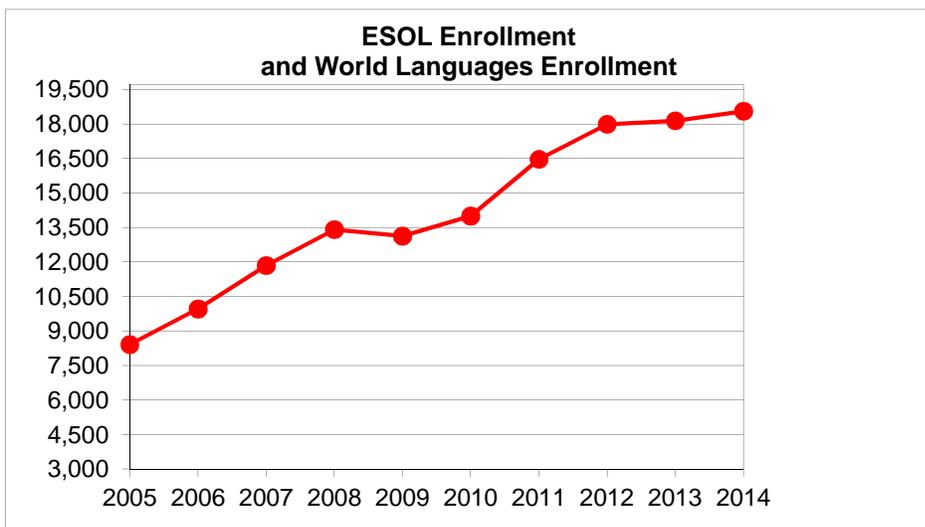
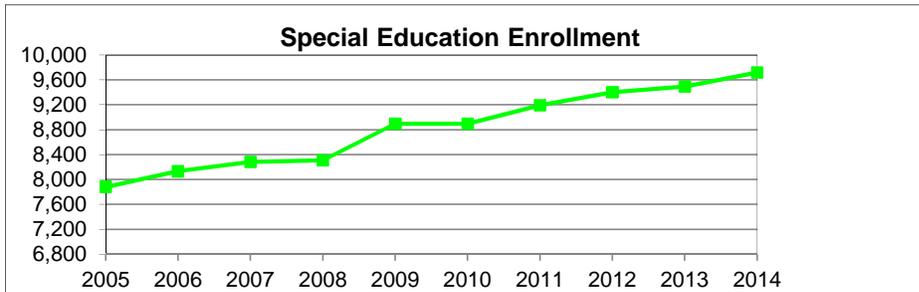
Fiscal Year	Total Student Enrollment <sup>(1)</sup>	Special Education Enrollment <sup>(2)</sup>	ESOL and World Languages Enrollment <sup>(3)</sup>
2005	66,093	7,883	8,415
2006	68,225	8,134	9,963
2007	70,723	8,283	11,847
2008	72,654	8,312	13,409
2009	73,657	8,898	13,130
2010	76,656	8,900	13,999
2011	79,115	9,195	16,467
2012	81,635	9,406	17,988
2013	83,551	9,496	18,139
2014	85,055	9,721	18,555

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

<sup>(1)</sup> Source: School Board Approved Budget fiscal year 2015.

<sup>(2)</sup> Student Enrollment at October 1, 2014. Source: Special Education Office Prince William County Public Schools.

<sup>(3)</sup> Source: Office of Accountability of Prince William County Public Schools.



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

Fiscal Year	Student Enrollment <sup>(1)</sup>	Operating Expenditures <sup>(2)</sup>	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff <sup>(3)</sup>	Pupil-Teacher Ratio
2005	66,093	\$ 592,505,238	\$ 8,965	9.0%	\$ 647,834,147	\$ 9,802	8.1%	4,064	16.3
2006	68,225	646,400,810	9,475	5.7%	709,695,642	10,402	6.1%	4,261	16.0
2007	70,723	719,045,975	10,167	7.3%	797,464,538	11,276	8.4%	4,533	15.6
2008	72,654	752,843,056	10,362	1.9%	854,174,576	11,757	4.3%	4,672	15.6
2009	73,657	777,018,397	10,549	1.8%	879,594,362	11,942	1.6%	4,699	15.7
2010	76,656	756,589,970	9,870	-6.4%	879,012,541	11,467	-4.0%	4,629	16.6
2011	79,115	756,111,504	9,557	-3.2%	885,645,725	11,194	-2.4%	4,705	16.8
2012	81,635	809,283,061	9,913	3.7%	944,517,699	11,570	3.4%	4,900	16.7
2013	83,551	846,594,481	10,133	2.2%	981,952,608	11,753	1.6%	5,032	16.6
2014	85,055	887,010,587	10,429	2.9%	998,320,009	11,737	-0.1%	5,079	16.7

<sup>(1)</sup> The student enrollment as of September 30th for each fiscal year. Source: School Board Approved Budget fiscal year 2015.

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

<sup>(3)</sup> Teaching staff count includes regular classroom teachers, special education teachers, and vocational education teachers. Source: FY 2014 WABE Guide.

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

<u>Fiscal Year</u>	<u>Bachelors Minimum Salary</u>	<u>Bachelors Average Salary</u>	<u>Masters Mid-Point Salary</u>	<u>Masters Maximum Salary</u>
2005	\$ 36,519	\$ 50,215	\$ 51,974	\$ 76,754
2006	37,615	51,607	53,533	83,548
2007	40,788	53,413	55,245	86,372
2008	41,604	55,788	56,350	90,656
2009	42,354	57,406	57,364	94,969
2010	42,863	59,330	57,309	97,723
2011	42,863	60,163	57,309	97,723
2012	43,612	59,367	58,312	99,433
2013	44,048	58,893	58,895	100,427
2014	45,370	60,408	60,662	106,448

Source: Washington Area Boards of Education (WABE) Guide FY2014

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

Fiscal Year	Number of Lunches Served Daily	Student Lunch Price			Lunch Sites	Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility	Free and Reduced Eligibility %	Adult Breakfast	Adult Lunch
		Elementary	Middle School	High School								
2005	39,062	\$ 1.70	\$ 1.85	\$ 1.85	82	7,211	\$ 1.10	79	18,640	28.2%	\$ 1.20	\$ 2.25
2006	41,057	1.85	1.90	1.90	82	8,210	1.10	78	19,166	28.1%	1.35	2.40
2007	44,288	2.00	2.15	2.25	84	9,619	1.20	85	20,588	29.2%	1.75	3.00
2008	45,725	2.00	2.15	2.25	86	8,904	1.20	87	21,459	30.2%	1.75	3.00
2009	46,714	2.10	2.25	2.35	88	10,102	1.20	88	24,152	32.6%	1.75	3.10
2010	48,828	2.10	2.25	2.35	88	11,659	1.20	88	27,289	35.3%	1.75	3.10
2011	50,777	2.10	2.25	2.35	88	13,413	1.20	88	29,108	36.8%	1.75	3.10
2012	51,576	2.15	2.30	2.40	90	14,154	1.35	90	30,792	37.8%	1.90	3.10
2013	52,056	2.25	2.40	2.50	90	15,387	1.40	90	32,062	38.1%	1.95	3.20
2014	52,519	2.35	2.50	2.60	92	15,877	1.40	92	33,883	40.2%	1.95	3.30

Source: Food & Nutrition Services Department of Prince William County Public Schools.

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

Fiscal Year	Elementary Schools					Middle Schools					High Schools				
	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres
2005	49	2,859,570	29,048	191	901.2	13	1,690,958	14,659	27	452	10	2,844,241	21,284	9	719.5
2006	51	3,030,766	30,824	191	939.1	13	1,690,958	14,659	27	452	10	2,844,241	21,284	9	719.5
2007	53	3,221,129	31,986	182	858.1	14	1,813,410	15,892	20	476.4	10	2,843,179	21,284	14	722.6
2008	55	3,422,613	33,990	166	887.3	15	1,948,719	17,125	20	515.8	10	2,843,179	21,284	21	722.6
2009	55	3,496,885	35,114	149	887.3	15	1,948,719	17,125	21	515.8	10	2,843,179	21,284	36	722.6
2010	55	3,559,956	35,600	143	887.3	15	1,948,719	17,125	21	515.8	10	2,843,179	21,284	39	722.6
2011	57	3,842,068	37,448	132	934.9	15	1,949,341	17,125	31	515.8	11	3,202,296	23,337	21	782.6
2012	57	3,891,216	37,736	136	929.7	16	2,084,650	18,358	29	557.7	11	3,202,296	23,337	18	782.6
2013	57	3,953,299	39,194	126	918.2	16	2,116,292	18,820	23	557.7	11	3,256,983	24,144	30	782.6
2014	57	4,060,688	39,964	121	932.4	16	2,202,953	19,134	22	557.7	11	3,256,983	24,144	37	734.4

Fiscal Year	Alternative Schools					Special Schools					Traditional Schools				
	Buildings <sup>(1)</sup>	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres
2005	2	34,994	**	0	9.3	4	104,241	**	5	28.7	2	127,575	1,320	2	31.9
2006	2	34,994	**	0	9.3	4	104,241	**	5	28.7	2	127,575	1,320	2	31.9
2007	2	34,994	**	12	5	4	104,241	**	10	28.7	2	127,575	1,320	2	31.9
2008	2	34,994	**	12	5	4	104,241	**	9	28.7	2	127,575	1,320	2	31.9
2009	2	34,994	**	10	5	4	104,241	**	10	28.7	2	127,575	1,320	2	31.9
2010	2	34,994	**	10	5	3	90,021	**	10	23.9	2	127,575	1,320	2	31.9
2011	2	34,994	**	10	5	3	90,021	**	10	23.9	2	127,575	1,320	0	31.9
2012	2	34,994	**	10	5	3	97,522	**	9	29.4	2	127,575	1,320	0	31.9
2013	2	34,994	**	11	5	3	97,522	**	9	28.6	2	127,575	1,320	0	31.9
2014	2	34,994	**	11	5	3	97,522	**	9	25.4	3	269,407	2,351	0	80.1

Fiscal Year	Total School Buildings <sup>(2)</sup>				
	Buildings	Square feet	Capacity	Trailers	Acres
2005	80	7,661,579	66,311	234	2,142.6
2006	82	7,832,775	68,087	234	2,180.5
2007	85	8,144,528	70,482	240	2,122.7
2008	88	8,481,321	73,719	230	2,191.3
2009	88	8,555,593	74,843	228	2,191.3
2010	87	8,604,444	75,329	225	2,186.5
2011	90	9,246,295	79,230	204	2,294.1
2012	91	9,438,253	80,751	202	2,336.3
2013	91	9,586,665	83,478	199	2,323.9
2014	92	9,922,547	85,593	200	2,335.0

Source: School Board Construction and Planning Office.

\*\* Data not available.

<sup>(1)</sup> The building added in FY 2005 is leased.

<sup>(2)</sup> Represents completed school buildings at June 30<sup>th</sup>. For FY 2014, 91 school buildings were in use.

**PRINCE WILLIAM COUNTY PUBLIC SCHOOLS**  
**TABLE 23 - Miscellaneous Statistical Data**  
**June 30, 2014**

<b>Date of County Organization:</b>	March 25, 1731
<b>Form of Government:</b>	County Executive (as provided for by the <i>Code of Virginia</i> )
<b>Area:</b>	348 Square Miles
<b>Services of Primary Government:</b>	
Fire protection:	
Number of career employees	575
Number of volunteers	686
Police protection:	
Number of police officers	610
Public Safety Communications:	
Number of employees	103
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,220
<b>Services not included in the Primary Government:</b>	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	81
Number of public high schools	11
Fall Membership, fiscal year 2014	85,055 <sup>(1)</sup>
Number of personnel (full-time equivalent)	10,337 <sup>(2)</sup>
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	568
Capacity of central jail	340
Capacity of work-release center	75
Number of personnel (full-time equivalent)	339
Tourism (Convention & Visitors Bureau Component Unit)	
Tourist information center visitors	18,678
<b>Other statistical data:</b>	
Elections:	
Registered voters at last general election	248,940
Number of votes cast in last general election	97,394
Percent voting in last general election	39%
Water and Wastewater Treatment:	
<i>(provided by Prince William County Service Authority)</i>	
Miles of water mains	1,204
Miles of sanitary sewer mains	1,114

Source: County of Prince William, Virginia.

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

<sup>(1)</sup> Source: Prince William County Schools Fiscal Year 2015 Approved Budget Book. Number differs from other sources due to criteria used for determining membership.

<sup>(2)</sup> Source: Prince William County Schools Fiscal Year 2014 Approved Budget book. Does not include Regional Schools personnel.



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