

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2007



Prince William County
PUBLIC SCHOOLS
Providing A World-Class Education

A Component Unit of Prince William County, Virginia



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

Prince William County Public Schools
A Component Unit of Prince William County, Virginia
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007

School Board

Ms. Lucy S. Beauchamp
Chairman At-Large

Dr. Michael I. Otaigbe
Vice Chairman
Coles District

Mrs. Betty D. Covington
Dumfries District

Ms. Julie C. Lucas
Neabsco District

Mr. Milton C. Johns
Brentsville District

Mrs. Denita S. Ramirez
Woodbridge District

Mr. Grant Lattin
Occoquan District

Mr. Don Richardson
Gainesville District

Superintendent of Schools

Dr. Steven L. Walts

Superintendent's Staff

Ms. Rae Darlington - Deputy Superintendent

Mr. Melvin J. Brown - Area II Associate Superintendent

Ms. Pamela K. Gauch - 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. George Kisha - Associate Superintendent for Finance and Support Services

Ms. Diana Lambert-Aikens - Area III Associate Superintendent

Mr. Michael A. Mulgrew - Area IV Associate Superintendent

Mrs. Alison Nourse-Miller - Area I Associate Superintendent

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

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Introductory Section

Letter of Transmittal
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Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

December 21, 2007

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

We are pleased to present the Comprehensive Annual Financial Report of the Prince William County Public Schools (PWCS), a component unit of Prince William County, Virginia, for the year ended June 30, 2007.

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

PWCS' financial statements have been audited by McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of PWCS for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the PWCS' financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The report of independent auditors is presented as the first component of the financial section of this report.

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

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

Steven L. Walts
Superintendent of Schools

Profile of the Government

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

PWCS is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The eight members of the School Board are elected by the citizens of the County to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWCS is organized to focus on meeting the needs of its 70,723 students while managing the 53 elementary schools, 14 middle schools, 10 high schools, 4 special education schools, 2 alternative schools, and 2 traditional schools.

Local Economy

The Prince William County economy is an important segment of the Washington D.C. metropolitan area economy, arguably one of the most dynamic in the world. The area's economic performance was quite good over the last year despite the deepening troubles of the housing market. Job growth in the metropolitan area continued to be among the nation's best, driven, in part, by robust Federal spending, which accounts for about one-third of the region's economy and a positive economic environment. Expectations are for continued growth that outpaces the national rate, but with slowed momentum. After several years of double-digit annual increases in home values, the local real estate housing market has entered a serious correction, in which home values are declining. In addition, a crisis in sub-prime credit markets in the form of adjustable rate, interest-only and jumbo mortgages has added a significant number of delinquent and defaulted homes to the inventory and led to a crisis of sorts in the credit industry. Currently, the stock of unsold homes on the market is at a record high, increasing pressure towards price depreciation. Although the area has been hit with the declining housing market, unemployment rates remain at 2.5 percent and interest rates remain relatively low.

Prince William County's population currently stands at 383,644 (3rd Quarter 2007). This represents an increase of 8,966 citizens or 2.4 percent over the past year. This is a slower pace than growth rates in recent years in which annual increases approached 5%; nevertheless, the County continues to expand its population base and will do so for the foreseeable future. The Metropolitan Washington Council of Governments predicts the County's population will grow by more than 275,000 people or an increase of 98% between the years 2000 and 2030, while the rest of the region is expected to grow by only 45%. The County continues to be a young family-oriented community, with over one-third of its households married with children. Despite progress in attracting jobs to the County, Prince William continues to export roughly half of its labor force to jobs outside the County, accounting for the eighth longest commute in the United States. Five counties in the Washington metropolitan area top the list of the ten wealthiest counties in the country, with Prince William County ranking fourth. This ranking further underscores Prince William County's continued status as a premier community.

Employment in the County grew rapidly in recent years but has moderated in the last year. In the five-year period from 4th Quarter 2001 to 4th Quarter 2006, Prince William County businesses increased by 27%, with Financial, Professional/Business Services and Construction the fastest growing sectors. In the same period, employment in the County increased from 84,569 to 104,578, an increase of 24%. The fastest growing sectors for employment growth were Education/Health Services, Professional/Business Services and Construction. However, in the last year of that time period (2005 to 2006), business and employment continued to grow but at a slower rate. In that time period, businesses increased by 2.4%, with Education/Health, Professional/Business Services and Manufacturing leading all sectors; declining rates of growth were seen in Public Administration, Information and Construction. Employment in the County increased during the same period by 1.5% led by jobs in Education/Health and Professional/Business Services. Jobs in Construction and Financial Services decreased. Clearly, businesses and jobs in

Construction and Financial Services were high growth sectors during the recent booming real estate market; as that market slipped, those sectors closely associated with it were negatively impacted.

Despite the current housing market situation, the County's population growth over the long-term and its position as part of the Northern Virginia economy will translate into housing growth. In the near term, however, the residential market in the County has taken a major downturn. Residential building permit activity, a leading indicator for housing construction, experienced a six year boom from 2000 to 2005 in which over 4,300 total residential permits were issued per year. Since 2005, however, the number of permits has steadily declined. In 2007 (January thru August) a total of 2,002 total residential permits have been issued, including 1,012 single family detached and 472 townhouse permits. This represents a 10% decline in total permits from the previous year. In the same period for 2005, Prince William County issued 3,809 total residential building permits, including 2,496 single family permits and 1,060 townhouse permits, nearly double the current year's number. This serious reversal in the housing market in Prince William County is reflected in the following numbers. In August 2007, the average sales price for homes in Prince William County was \$395,233 compared to \$415,601 for the same period in 2006 representing a price decline of 4.9 percent. Single family detached home sales averaged \$460,532 in August 2007, compared to \$494,319 in August 2006, a decline of 6.8%. The total number of units sold in August 2007 was 419, a 20.9% decrease in one year. Homes for sale in Prince William County spent on the average 124 days on the market as of August 2007, a 55% increase over August 2006. The ratio of listings to sale in August 2007 was 13.5 in the County compared to August 2006 in which approximately 10 houses were on the market for every house sold. In November 2004, during the heyday of the most recent housing boom, the ratio of homes on the market to sales was less than 0.8.

About 84 percent of the County's real estate tax base consists of residential housing, with approximately 15 percent comprised of commercial, industrial and public service properties and one percent undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors was responsive in adjusting the real estate tax rate dramatically, reducing the real estate tax rate from \$1.36 in 2000 to \$0.758 per \$100 of assessed value in fiscal year 2007. Now, with declining values and assessments across the board over the next several years, and a population that continues to grow in size and expectations, the County's ability to provide services will be challenged without increasing the real estate tax rate as was done for fiscal 2008 to \$.787 per \$100 of assessed value.

One of Prince William County's strategic goals is to maintain an economic development climate that will attract and foster the expansion of industries that create quality jobs, diversify the non-residential tax base, and allow people to live in, work in and visit the County. In that regard, the County's Department of Economic Development has worked diligently to attract new businesses in quality industries to locate in Prince William County. Since January 2002, 130 new and expanding companies have announced their intention to invest more than \$1.2 billion and their expectation of adding approximately 6,882 jobs to the Prince William County economy.

The Potomac Communities Initiative, which includes the stretch of Prince William County from the Potomac River to I-95, is proving to be a significant economic development asset, bringing renewed vitality to the eastern end of Prince William County. The Quantico and Ft. Belvoir Base Realignment and Closure (BRAC) announcements have created an opportunity for the Potomac Communities to offer new office settings to accommodate contractors serving the two military installations as well as provide opportunities for citizens to live and work close to home. To insure development that meets the needs of citizens and businesses while honoring the scenic beauty and historic significance of the Potomac Communities, the County implemented a *Potomac Communities Revitalization Plan*. Through this plan, the County established new land use and zoning regulations, road improvement plans and incentives for businesses looking to locate in and around the three major nodes – Quantico, Belmont Bay, and Harbor Station. Near Quantico, the U.S. Marine Corps (USMC) Heritage Museum is a profound landmark that opened November 10, 2006 with an official dedication by President George W. Bush. The stunning architecture of the glass atrium provides the County with a magnificent southern gateway that reaches above the horizon of I-95. Belmont Bay is home to upscale condominiums and townhomes as well as a golf course overlooking the Occoquan River. Future plans for Belmont include two hotels, retail and over 200,000 square feet of prime waterfront office space. The Harbor

Station development is centrally located on the Cherry Hill Peninsula. At Harbor Station, the Jack Nicklaus Signature Golf Course is nearly completed and Prince William County's first luxury hotel and conference center is expected to open by 2008, as a part of the new riverfront town center and marina development. Additional zoning approvals are in place for creation of a 125 acre national defense campus on the south side of the development, with up to 1.5 million square feet of office space.

INNOVATION @ Prince William is a 1,500-acre business and technology park targeting biotechnology, life science, and supporting industries. Anchored by George Mason University's life science campus, INNOVATION has grown since its inception in 1992 to become home to biotech industry leaders. This unique public-private partnership has evolved into a unique "university-centered" model for economic development within Prince William County, resulting in the creation of nearly 2,700 new jobs and a total investment in the County of over \$830 million. INNOVATION @ Prince William has emerged as a model for one of the most innovative economic development strategies, employed to attract and retain business, according to CoreNet Global, the world's premier association for corporate real estate and related professions. In recognition of Prince William County's and George Mason University's approach to university-centered economic development, CoreNet Global honored Prince William County and GMU with the coveted CoreNet Global Leadership Award for "Innovative Practices in Economic Development." This highly competitive award recognizes organizations that have successfully implemented unique and innovative strategies in economic development. Current tenants at INNOVATION @ Prince William include:

- American Type Culture Collection (ATCC)
- Asset Management, Inc.
- Baker Energy & Engineering
- Christopher Consultants, Inc.
- Comcast
- EnviroSolutions, Inc. (ESI)
- Logis-Tech
- NCS Technologies
- Progeny Systems, Inc.
- ProLogic, Inc.
- SAIC
- Zestron America

Recent announcements at INNOVATION include:

- George Mason University (GMU) broke ground in 2006 on the new performing arts center to be located at the Prince William campus. GMU joined with Prince William County, the City of Manassas, and the community at-large to construct and operate a \$56 million performing arts complex on GMU's Prince William campus. GMU estimates that the center will have an annual economic impact of \$7 million on the region. GMU plans to start construction in 2009.
- The Virginia Department of Forensic Sciences broke ground in 2007 on its new 110,000 square foot Northern Virginia Forensics Lab at INNOVATION. The \$63 million facility is being developed by Sheer Partners and will house the Northern District Office of the Chief Medical Examiner. The new facility will allow the Department of Forensic Science to expand its staff from 35 to 50 at INNOVATION. Completion of the lab is expected in 2009.
- U.S. General Services Administration (GSA) announced plans in 2006 to locate the FBI's Northern Virginia Resident Agency on 15 acres at INNOVATION. The project is nearing completion. The estimated investment value of the project is \$32.6 million with intentions to employ more than 300 people in the 200,000 square foot facility.
- George Mason University broke ground in September 2007 on its 53,000 square foot Biomedical Research Laboratory (BRL), one of only 13 of its kind nationwide. With the addition of this Biosafety Level 3 (BSL-3) laboratory, Prince William County continues to increase its position as a growing and essential member of the life science community. George Mason University in 2006 was awarded \$25 million from the National Institute of Allergy and Infectious Diseases, part of the National Institutes of Health, for construction of a Regional Biocontainment Laboratory at its Prince William Campus at

INNOVATION. This is the largest research award in the university's history. The 83,000 square foot Regional Biocontainment Laboratory, scheduled for completion in 2010, will cost \$42 million to construct and will create approximately 30 jobs.

Other companies that have or plan to relocate or expand within Prince William County include:

- o ABF Freight
- o Applied Materials
- o Brown & Brown Insurance
- o Chocolaterie Wanders
- o Computer Sciences Corporation
- o COmputing Technologies (CoTS)
- o Creating Results
- o Genesys Conferencing
- o GS Engineering
- o Geo Centers
- o Jacobs Sverdrup
- o Log.Sec Corporation
- o McCollister's Transportation Group
- o McLane Food Service
- o MCI
- o MTC Technologies
- o Net Base Corporation
- o N to N Fiber
- o PowerLoft Data Centers
- o Regus Group
- o Singer Associates
- o Stanley Associates
- o SURVICE Engineering
- o The American Public University System (APUS)
- o The Winery at La Grange
- o Toys-for-Tots
- o US Foodservice
- o WestStar Mortgage

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

In spite of the County's very good economic performance, there are challenges ahead. The recent sharp decline of the housing sector will reduce the velocity of the real estate tax income and result in moderating retail sales growth. The County has taken steps to structurally position itself to maintain its AAA bond rating through fiscal prudence involving accurate forecasting, effective management of public programs and constant vigilance. The County must continue to fund and manage its road construction to ameliorate traffic congestion and must continue to prepare for the threat of terrorism by working with Department of Homeland Security and others to train and equip first responders.

As Prince William County enters fiscal year 2008, the local economy continues to outperform the national economy but significant economic restructuring is underway. Nationally, the dramatic increase in real estate values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and Prince William County, major recipients of this good fortune. Dramatic increases in real estate assessments allowed for reduced tax rates and overall the County practiced fiscal prudence that elevated it to the top tier of communities in the eyes of the nation's bond raters. The real estate downturn, however, is serious and threatens to spill over into other segments of the economy. To date the County continues to enjoy very low unemployment rates and jobs are still being added locally. The County's proximity to the nation's capital and its enviable participation in the Northern Virginia economy give it a resiliency to withstand challenges from other sectors. Expectations going forward are for moderated growth, muted momentum in commercial and retail sectors and a declining real estate market in the near-term; longer-term prospects provide a more optimistic scenario.

Long-term Financial Planning

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

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

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

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

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

Relevant Financial Policies

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

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

Major Initiatives

PWCS is the second largest of 132 school divisions in Virginia and the fiftieth largest school division in the country. The school division provides services to over six percent of the State student enrollment. During the next five years, student membership is projected to increase by an annual rate of over two percent. This will result in almost 7,500 additional students by the 2011-2012 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 \$71.0 million.

Providing quality educational facilities is important in providing quality education. PWCS' Capital Program identifies twelve schools for new construction or additions and one administration building over the next five years. 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 2007, with the oldest school being Dumfries Elementary School constructed 88 years ago.

Financial Reporting Certificate Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the fifth consecutive year the School Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both 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, 2006. This was the fifth 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, 2007. These awards are valid for one period only and we believe that our budget report continues to conform to the program requirements of both. We will be submitting our budget to ASBO and GFOA for fiscal year 2008 to determine the School Board's eligibility for another certificate award.

Acknowledgments

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

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

Respectfully,



Steven L. Walts
Division Superintendent



David S. Cline
Director of Financial Services

Certificate of Achievement For Excellence In Financial Reporting

Presented to

Prince William County
Public Schools, Virginia

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended
June 30, 2006

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



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESSES OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

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

President

Executive Director

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Organization of Prince William County Schools

The Prince William County School Board

Lucy S. Beauchamp, Chairman *At-Large*

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

Betty D. Covington, *Dumfries District*

Milton C. Johns, *Brentsville District*

Grant Lattin, *Occoquan District*

Julie C. Lucas, *Neabsco District*

Denita S. Ramirez, *Woodbridge District*

Don Richardson, *Gainesville District*

School Division Administration

Steven L. Walts
Superintendent of Schools

Rae Darlington
Deputy Superintendent

Keith A. Imon
Associate Superintendent
Communications and Technology Services

Keith J. Johnson
Associate Superintendent
Human Resources

Pamela K. Gauch
Associate Superintendent
Student Learning and Accountability

George Kisha
Associate Superintendent
Finance and Support Services

Alison Nourse-Miller
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Associate Superintendent
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Michael A. Mulgrew
Associate Superintendent
Area IV Schools

David S. Cline
Director of Financial Services

John M. Wallingford
Supervisor of Fiscal Operations



Prince William County
PUBLIC SCHOOLS
Providing A World-Class Education

2006-07 Organizational Chart

School Board

Lucy S. Beauchamp Chairman At-Large	Betty D. Covington Vice Chairman Dumfries District	Milton C. Johns Brentsville District	Grant Lattin Occoquan District
Julie C. Lucas Neabsco District	Michael I. Otaigbe, Ph.D. Coles District	Denita S. Ramirez Woodbridge District	Don Richardson Gainesville District

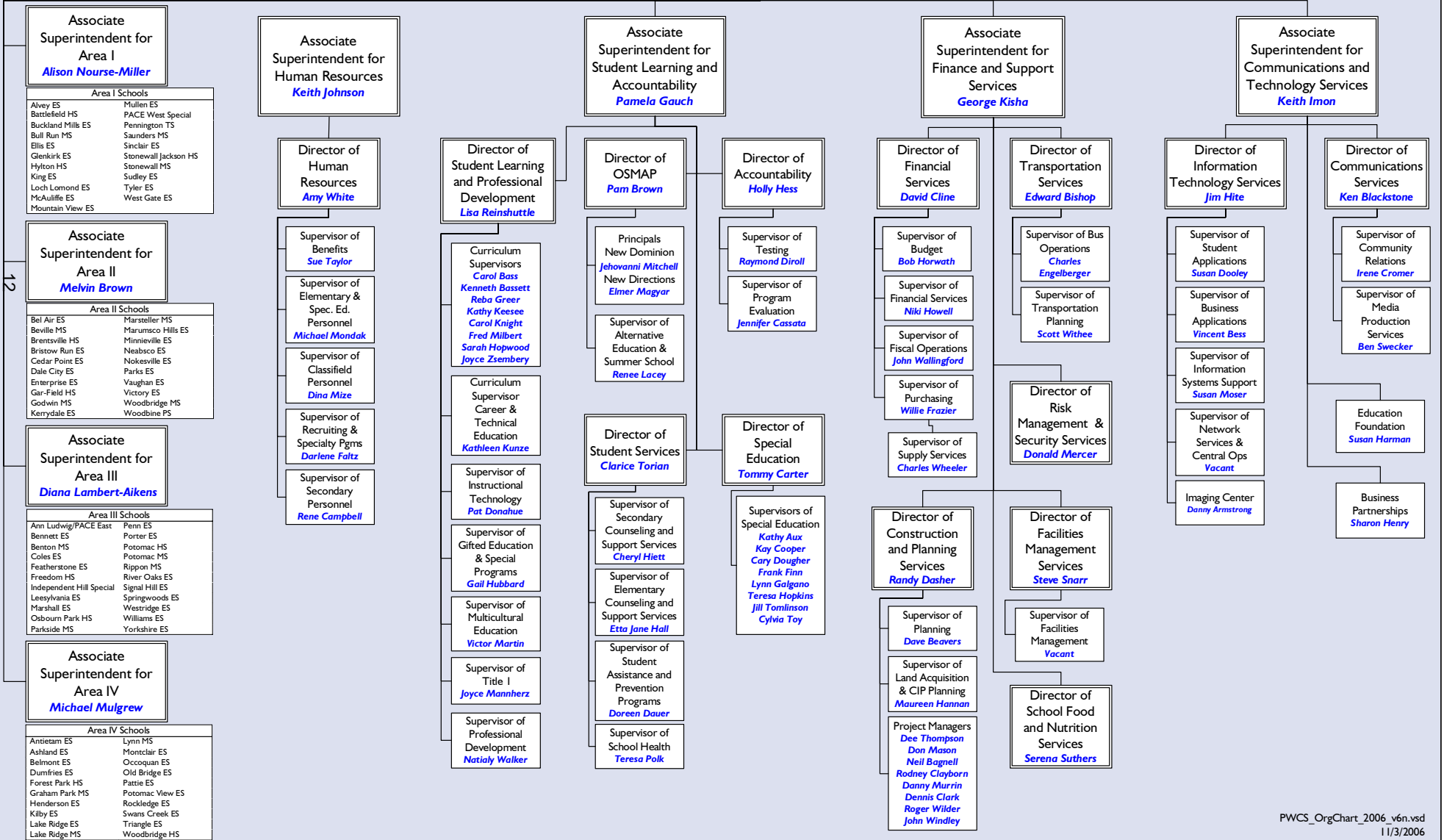
Clerk
Eva Thorpe

Deputy Clerk
Cathy Muse

Superintendent
Steven L. Walts

Deputy Superintendent
Rae Darlington

Supervisor for
Quality Systems
Linda Moniuszko



Financial Section

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

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prince William County Public Schools ("PWCS"), a component unit of the County of Prince William, Virginia as of and for the year ended June 30, 2007, which collectively comprise the PWCS' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the PWCS' management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Student Activity Fund, which represents 55% of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Student Activity Fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Authorities, Boards and Commissions*, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of PWCS, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress and Contributions for a defined benefit pension plan on pages 15 through 27 and page 56, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of PWCS. The combining and individual fund financial statement schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying schedules and tables, listed in the table of contents as the *"Introductory Section"* and *"Statistical Section"*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

McGladrey & Pullen, LLP

Greensboro, North Carolina
December 20, 2007

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

This section of the Prince William County Public Schools' (PWCS) annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2007 (FY 2007). 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 \$775,098 or 87% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$114,622 or 13% of total revenues of \$889,720.
- The school division had \$797,465 in expenses related to governmental activities of which \$114,622 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.
- Net assets increased by \$92,255 to a total of \$979,753. The value of net assets reflects the financial health of the school division and includes certain assets procured with debt. The school division is a component unit of and is fiscally dependent on Prince William County (PWC). As such, all debt related to school division assets is shown on the County's Statement of Net Assets.
- On September 30, 2006 (FY 2007) student membership was 70,723, an increase of 2,498 students, or 3.6% greater than the FY 2006 Approved budget. The student membership was also 247 students more than projected for FY 2007.
- In fiscal year 2007 the school division received an additional \$2,765 in County revenue for PWCS' share of FY 2006 revenues that exceeded the original FY 2006 revenue projections. These funds were used to support the local cost of the additional students and to fund capital projects.
- Rosa Parks Elementary, Buckland Mills Elementary and Potomac Middle Schools were opened in September 2006.

Using this Comprehensive Annual Financial Report

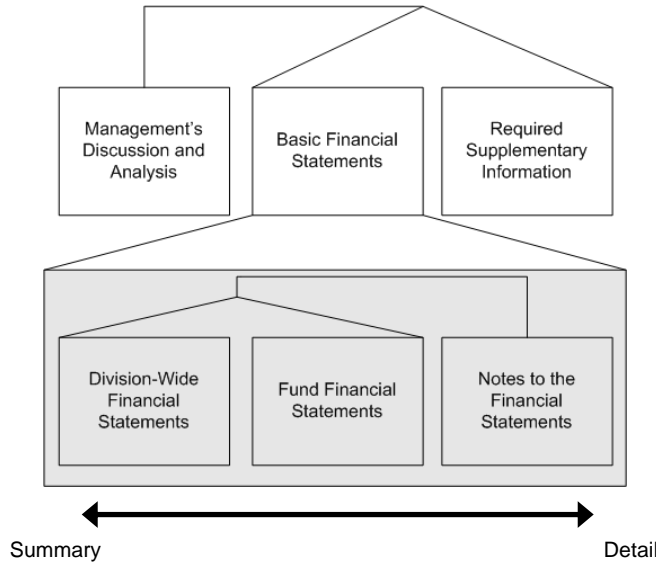
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school division.

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

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

Prince William County Public Schools
Management's Discussion and Analysis
 For the Year Ended June 30, 2007

Organization of Prince William County Public Schools Annual Financial Report



Major Features of the Division-Wide and Fund Financial Statements				
	Division-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire school division (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, and the warehouse	Instances in which the school division administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> •Statement of net assets •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> •Statement of fund net assets • Statement of revenues, expenses and changes in fund net assets •Statement of cash flows 	<ul style="list-style-type: none"> •Statement of fiduciary net assets •Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Division-wide Statements

The division-wide statements report information about Prince William County Public Schools as a whole using accounting methods similar to those used in private-sector companies. While this document contains a number of funds used by 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 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements report all of the assets and liabilities using the accrual basis of accounting. The accrual basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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:** Most of PWCS' activities are reported in governmental funds, which focus on how much money flows in 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 division-wide statements, additional information has been added in the form of reconciliations between the total fund balances of the governmental funds and the total net assets of the division-wide activities. An additional reconciliation is added to explain the differences between the net change in fund balance and the change in net assets of the school division.
- **Proprietary Funds:** Proprietary funds are reported on a full accrual basis and economic resources focus. PWCS uses internal service funds (one kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. PWCS has three internal service funds: the Self-Insurance fund, the Health Insurance fund, and the Warehouse fund.

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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

Financial Analysis of PWCS as a Whole

Net Assets

The condensed statement of net assets describes the financial position of PWCS on June 30, 2007. The largest portion of PWCS net assets reflects its investment in capital assets (buildings, land, equipment, and construction-in-progress). Capital assets account for 79.4% of the total net assets and have increased by \$59,228 since June 30, 2006. This increase is primarily the result of continued construction necessary to house the continuing growth in the student population. These capital assets are not net of related debt because, as a component unit (school division) in Virginia, PWCS does not have the authority to issue debt. All debt is issued by PWC and, therefore, shown as a liability on their Statement of Net

Condensed Statement of Net Assets			
(amounts expressed in thousands)			
	Governmental Activities		
	2007	2006	Percent Change
Current and other assets	\$ 330,167	\$ 287,004	15.0%
Capital assets	<u>777,983</u>	<u>718,755</u>	8.2
Total assets	<u>1,108,150</u>	<u>1,005,759</u>	10.2
Current liabilities	110,730	102,994	7.5
Long-term liabilities	<u>17,667</u>	<u>15,267</u>	15.7
Total liabilities	<u>128,397</u>	<u>118,261</u>	8.6
Net assets:			
Invested in capital assets	777,983	718,755	8.2
Restricted	106,607	91,598	16.4
Unrestricted	<u>95,163</u>	<u>77,145</u>	23.4
Total net assets	<u>\$ 979,753</u>	<u>\$ 887,498</u>	10.4

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

The other components of net assets are restricted and unrestricted. Restricted net assets represent those resources that have externally imposed constraints on their use. Restricted net assets increased by \$15,009 during the current fiscal year reflecting an increase in PWCS' resources restricted for specific construction projects. Unrestricted net assets are those resources that may be used to meet the obligations placed on PWCS by its creditors and to pay for ongoing operations of the school division. At the end of the fiscal year unrestricted net assets amounted to \$95,163, an increase of \$18,018. All three components of net assets show positive balances.

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Changes in Net Assets

(amounts expressed in thousands)

	<u>Governmental Activities</u>		Percent Change
	<u>2007</u>	<u>2006</u>	
Program revenues:			
Charges for services	\$ 20,096	\$ 18,528	8.5%
Operating grants and contributions	93,536	84,723	10.4
Capital grants and contributions	990	961	3.0
General revenues:			
Federal	708	554	27.8
State	290,303	253,732	14.4
County	473,073	437,701	8.1
Unrestricted investment earnings	6,712	5,409	24.1
Other	4,302	3,229	33.2
Total revenues	<u>889,720</u>	<u>804,837</u>	10.6
Expenses:			
Instructional:			
Regular	392,821	331,903	18.4
Special	90,322	83,794	7.8
Other	9,151	8,657	5.7
Instructional leadership	48,346	43,389	11.4
Support services:			
General administration	6,856	6,045	13.4
Student services	9,892	8,820	12.2
Curricular/staff development	12,735	12,036	5.8
Pupil transportation	45,570	40,152	13.5
Operations	20,120	21,618	(6.9)
Utilities	21,448	19,586	9.5
Maintenance	23,284	19,546	19.1
Central business services	37,801	42,117	(10.2)
Reimbursement to County for debt service	52,929	48,220	9.8
Food service	25,492	23,163	10.1
Community service operations	698	649	7.6
Total expenses	<u>797,465</u>	<u>709,695</u>	12.4
Change in net assets	92,255	95,142	(3.0)
Net assets, beginning of year	887,498	792,356	12.0
Net assets, end of year	<u>\$ 979,753</u>	<u>\$ 887,498</u>	10.4

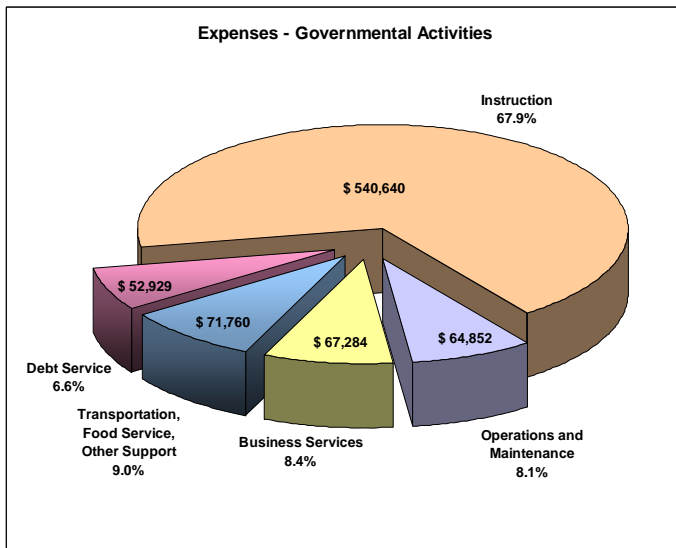
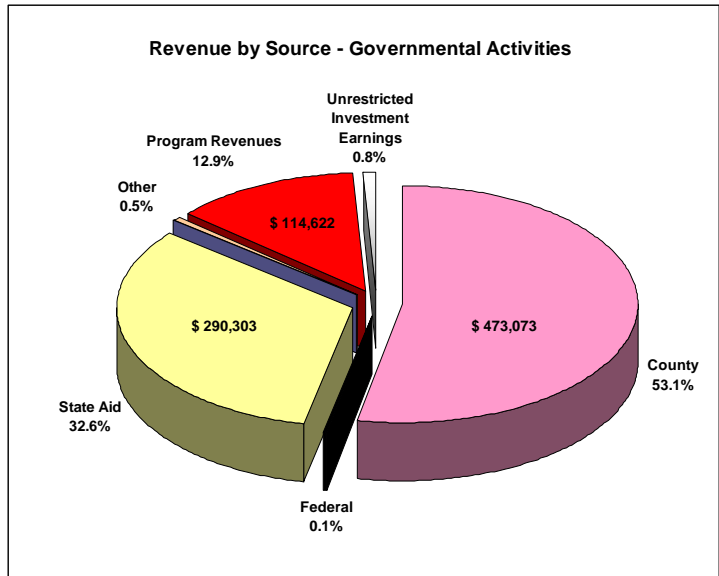
Prince William County Public Schools
Management's Discussion and Analysis
 For the Year Ended June 30, 2007

Changes in Net Assets

Total revenues increased by \$84,883 for a 10.6% increase over fiscal year 2006. This is primarily the result of increases in state aid and increased revenue from the County.

53.1% of PWCS' revenue comes from the primary government (PWC), 32.6% from the state, 12.9% in the form of program revenues (charges for services, operating and capital grants and contributions), and 1.4% from other categories. The funds PWCS receives from PWC are comprised, primarily, of two components; 56.75% of all county general revenues, and amounts provided to PWCS that are the result of bonds sold by PWC to fund schools capital projects.

The component of PWCS' "county revenue" that is a function of bond sales increased from fiscal year 2006 by \$4,184 or 6.5% while all other components of "county revenue" increased by \$31,188 or 8.3%. For fiscal year 2007 there was an 8.1% increase of all components of "county revenue" \$35,372. This increase is a function of the overall growth in PWC general revenues and the cooperative funding formula that exists between PWC and PWCS. "Other revenue sources" displayed on the statement of activities increased by \$2,530 relative to FY 2006 "other revenue sources".



State revenue increased \$36,571 or 14.4% 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 12.4% to \$797,465 in fiscal year 2007. 76.9% of the division's expenses are related to the instruction of and caring for the needs of students (instruction, transportation, student service, and food service). The division's business and administrative activities accounted for 8.4% of total costs while operations and maintenance amounted to 8.1% of total cost. Reimbursements to the County for debt service totaled 6.6% of fiscal year 2007 costs. For the fiscal year 2007, revenues exceeded expenses by a total of \$92,255. A substantial portion of this excess is the recognition of revenues associated with capital outlay related to PWCS continued expansion of facilities.

Governmental Activities

The two primary sources of revenue for the school division are from Prince William County and the Commonwealth of Virginia. Funding from the County is provided through a revenue sharing agreement whereby the school division receives 56.75% of general county revenue. The budget is developed based upon projected revenue for that year. In the following fiscal year, revenues are adjusted to reflect the difference between projected and actual revenues (plus or minus). FY 2007 County funding was increased by \$2,765 due to additional recognized revenues from FY2006.

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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 2007 increased for two primary reasons. First, State funding for basic and categorical aid increased as a result of the calculation of required state funding as defined in the state SOQ. Second, State funding also increases with growth in enrollment. State revenue increased from FY 2006 as a result of the state funding their share of the SOQ cost of the additional 2,498 students in the school division; an increase in student population of 3.6%.

The FY 2007 expense budget was adjusted to fund schools and central departments for the costs of the additional student enrollment. The Net Cost of Governmental Activities table shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for government-type activities, the total cost of services and the net cost of services. The net cost of services reflects the support to be provided by tax revenue, state aid, and federal aid not restricted to specific programs.

Net Cost of Governmental Activities						
(amounts expressed in thousands)						
	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2007	2006	Percent Change	2007	2006	Percent Change
Instruction						
Regular	\$ 392,821	\$ 331,903	18.4%	\$ 355,158	\$ 302,703	17.3%
Special	90,322	83,794	7.8	48,245	40,579	18.9
Other	9,151	8,657	5.7	4,243	3,940	7.7
Instructional leadership	48,346	43,389	11.4	48,346	43,389	11.4
Total instruction	<u>540,640</u>	<u>467,743</u>	15.6	<u>455,992</u>	<u>390,611</u>	16.7
Support services						
General administration	6,856	6,045	13.4	6,856	6,045	13.4
Student services	9,892	8,820	12.2	9,892	8,820	12.2
Curricular/staff development	12,735	12,036	5.8	12,585	11,966	5.2
Pupil transportation	45,570	40,152	13.5	45,440	40,005	13.6
Operations	20,120	21,618	(6.9)	20,085	21,568	(6.9)
Utilities	21,448	19,586	9.5	21,448	19,586	9.5
Maintenance	23,284	19,546	19.1	23,284	19,546	19.1
Central business services	37,801	42,117	(10.2)	36,900	41,216	(10.5)
Reimbursement to County for debt	52,929	48,220	9.8	52,929	48,220	9.8
Food service	25,492	23,163	10.1	(2,381)	(1,946)	22.4
Community service operations	698	649	7.6	(187)	(155)	20.6
Total support services	<u>256,825</u>	<u>241,952</u>	6.1	<u>226,851</u>	<u>214,871</u>	5.6
Total expenses	<u>\$ 797,465</u>	<u>\$ 709,695</u>	12.4	<u>\$ 682,843</u>	<u>\$ 605,482</u>	12.8

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Governmental Activities (continued)

- The cost of all governmental activities was \$797,465.
- The net cost of governmental activities was \$682,843.
- The amount the citizens of PWC paid for these activities through County taxes was \$473,073.
- The Commonwealth of Virginia contributed general revenue of \$290,303.
- Some of the other costs were paid for by:
 - Users who benefited from the programs: \$20,096.
 - Total Grants and Contributions: \$94,526.
 - Other payments: \$11,722.
- There are several significant activity changes in the net cost of services:
 - Special education costs increased as a result of increases in both student enrollment and program costs.
 - The net cost of regular instruction increased as a result of the final year of implementation of the full day kindergarten programs County-wide.
 - General administration costs increased for changes in the FY 2007 Approved budget as well as additional staffing. Costs also increased with the opening of one new middle school, two new elementary schools, and the staffing and startup costs associated with these schools.
 - Curricular/staff development increased resulting from the additional costs associated with two new supervisory staff and the associated support related to these positions.
 - Utility costs have increased with the opening of new schools as well as increased prices for heating and bus fuels.
 - Transportation costs have increased with the addition of new schools and improvements to the western end bell schedule.
 - Maintenance costs have increased as a result of enhanced program funding for the repair and maintenance of facilities focusing on the 5, 10 and 15 year periods.
 - Community services operations are subject to change each year as a function of the number of activities conducted within the community use of building (rental) program.

Financial Analysis of the District's Funds

Information about PWCS' major funds begins on page 33. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$889,720 and expenditures of \$854,659. The net change in fund balance was most significant in the Construction Fund amounting to an increase of \$27,246. This increase is due, primarily, to timing differences between the sale of bonds and the expenditures for the construction of the associated projects.

The General Fund net change in fund balance of \$5,172 reflects an increase resulting from General Fund activities (\$5,509) and an increase related to PWCS' funds used to repay PWC for debt they incur on behalf of PWCS (\$337). The change in the General Fund's fund balance is primarily a result of greater than anticipated savings in salary and benefit accounts with the largest savings coming from our supplemental retirement plan and health insurance premiums. The increase in fund balance in Other Governmental Funds of \$2,741 is primarily attributable to concerted operational efforts to control costs and new reimbursement amounts with regard to some federal revenues.

Prince William County Public Schools
Management's Discussion and Analysis
 For the Year Ended June 30, 2007

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 fiscal year 2007, PWCS amended its General Fund budget as follows:

- Amended appropriation of \$20,048 to reflect the carryover of encumbrances from Fiscal Year 2006 to Fiscal Year 2007.
- Amended appropriation of \$25,431 to reflect the carryover of encumbrances from Fiscal Year 2007 to Fiscal Year 2008.
- Supplemental appropriation of \$2,765 for PWCS' share of FY 2006 revenues that exceeded the original FY 2006 revenue projections. Based upon the revenue sharing agreement with the County, PWCS develops the Approved budget based upon projected revenues. After the final close of the fiscal year, the County determines the actual revenues for the year (FY 2006). In the following fiscal year (FY 2007) an appropriation adjustment is made (plus or minus) to the school division budget to reflect the difference between the actual and projected revenues. The supplemental appropriation is net of other adjustments including contribution to the County fund balance.
- Other supplemental appropriations totaling \$6,926 for increases in federal, state, and local grants and for additional state aid due to a higher student population than originally projected in the budget, as well as \$9,114 decrease in PWC funding due to the shortfall in the original revenue projections.

PWCS' final budget for the General Fund anticipated that expenses would exceed revenues by roughly \$8,603. The actual results for the year show a savings of \$5,172. The \$5,172 reflects an effort by management to utilize increases in revenue and savings in expenditures to increase fund balance. The increased fund balance will be utilized to support future budgets in the five-year budget plan.

Capital Assets

At the end of fiscal year 2007, PWCS had \$777,983 invested in furniture and equipment, land, buildings, and construction in progress in governmental-type activities. The following table shows fiscal year 2007 balances, net of accumulated depreciation. Readers interested in more detailed information on capital assets should refer to the Capital assets note in the Notes to the Basic Financial Statements.

	Governmental Activities		Percent Change
	2007	2006	
Land	\$ 53,993	\$ 38,517	40.2%
Construction in progress	75,842	41,136	84.4
Depreciable capital assets	648,148	639,102	1.4
Total	\$ 777,983	\$ 718,755	8.2

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Major capital asset additions for FY 2007 included:

- Completion of construction and opening of the following schools:
 - Rosa Parks Elementary School on Prinedale Avenue, Dale City,
 - Buckland Mills Elementary School on Wharfdale Place, Gainesville,
 - Potomac Middle School on Four Year Trail, Dumfries.
- Continued construction of one middle school, opening September 2007:
 - Wentworth Green Middle School on Limestone Drive, Gainesville
- Commenced construction of Brightwood Elementary School located on 15500 Benita Fitzgerald Drive, Woodbridge; Gravely Elementary School located on 4670 Waverly Farm Drive, Haymarket; and the Edward L. Kelly Leadership Center on Bristow Road, Manassas.
- Four room addition of Tyler Elementary School
- Land Acquisitions at the following locations:
 - Bristow Road and Wolf Run Lane for the new administration building, Edward L. Kelly Leadership Center,
 - Kettle Run for the future construction of the 11th High School and a new elementary school,
 - Dumfries Road for the future construction of the 12th High School.
- Four room addition of Tyler Elementary School
- Major renovations at
 - Osbourn Park High School,
 - Rockledge Elementary School,
 - Kerrydale Elementary School.
- Purchase of 35 school buses.
- Replacement of 34 trucks and other vehicles.
- Implementation of an institutional technology network, I-Net, for all data, voice and video communications.

The following major capital projects are included in PWCS' fiscal year 2008 capital budget:

- Brightwood Elementary School and Gravely Elementary School, estimated completion date September 2008,
- Construction for the new administration building, Edward L. Kelly Leadership Center, estimated completion date Fall 2008,
- Five room addition to Ashland Elementary School,
- Eight room addition to Bel Air Elementary School,
- Four room addition to Montclair Elementary School,
- Continual implementation of an institutional technology network, I-Net.

Funding for the FY 2008 capital projects includes a General Fund transfer of \$4,700 and \$68,111 to be financed by PWC through the sale of General Obligation bonds to the Virginia Public School Authority (VPSA) in the spring of 2008.

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

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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, PWC government retains the liability for the portion of general obligation bonds issued to fund capital projects for PWCS.

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

The following information is provided to acknowledge the portion of long-term debt that is incurred by the County at the request of the School Board and funded by the school district. At June 30, 2007, the County is liable for \$506,973 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2007, outstanding long-term debt increased by a net \$34,692 consisting of:

- \$30,283 in debt principal retired during the fiscal year;
- \$64,975 new debt issued during FY 2007:
 - \$64,975 in sale of general obligation bonds to the Virginia Public School Authority (VPSA);
 - In addition, a bond premium of \$3,167 was realized on the sale of the VPSA bonds. (Bringing the total funds available from the sale to \$68,142);

The FY 2008 Approved School Board budget provides funding for \$57,109 to support the payment of debt service by the County. The budgeted debt service payments support the budgeted sale of \$68,111 in new bonds to support school capital projects, as detailed in the FY2008 – 2012 Capital Improvements Program. Readers interested in more detailed information for long-term debt activity should refer to the Long-term debt note in the Notes to the Basic Financial Statements.

Outstanding Long-Term Debt			
(Incurred by PWC on behalf of PWCS)			
(amounts expressed in thousands)			
	Total School Division		
	2007	2006	Percent Change
General obligation bonds *	\$ 502,453	\$ 467,363	7.5%
Literary loans	4,520	4,918	(8.1)
Total	\$ 506,973	\$ 472,281	7.3

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

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Bond Ratings

The County's general obligation bonds continue to maintain a "AAA" rating by Fitch Ratings. AAA is the highest rating awarded by a credit rating agency and certifies the County's sound, consistent, and excellent financial management practices. The County is among a very select group of jurisdictions nationwide which carry a AAA bond rating. Also, the County received an "Aa1" by Moody's Investors Service.

Factors influencing future budgets:

The FY 2008 budget provides funding for the following significant costs:

- A step increase and pay adjustment averaging 4.9%.
- Funding for current programs to support an increase of 1,760 students.
- Funding to support the capital projects included in the FY 2008 – 2012 CIP.

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

- Student membership on September 30, 2007 was 72,654. This represents an increase of 1,931 students for a growth rate in excess of 2.8%. The student membership was 478 students above the 72,176 projected in the FY 2008 Approved Budget. The rate of student growth continues to place fiscal demands upon the school division requiring additional staff, buses, and classroom space. The moderation in the rate of growth should make the fiscal demands more manageable in future budgets.
- In past, fiscal years actual revenues have exceeded the budgeted revenue resulting in surpluses to the schools. In fiscal year 2007 there is no actual revenue in excess of budget and therefore no additional funding. The County has also indicated that changes in the local economy will likely result in reduced revenues for FY 2008 as property values continue to decline.
- Not only is the student population continuing to grow, but the demographics of the student population continue to change. The changes in student demographics increases the number of students requiring additional educational services, which in turn increases school division expenses to meet those needs.
- The school division continues to receive information and assess the potential impact and associated costs of the federal No Child Left Behind legislation. The legislation will likely result in increased costs for remediation of under-performing students, and for improved information/data processing systems to meet additional federal requirements for student assessment and reporting.
- During FY 2007 the school division experienced fuel (natural gas, heating fuel, vehicle fuels) costs that have continued to increase substantially. The FY 2008 budget will have to address the continuing volatility in energy prices.
- The costs for school construction and renovation continue to climb with inflationary increases of as much as 6% - 8% per year. The costs have increased as a function of high demand in both the national and international markets and the rebuilding efforts from hurricanes in the past several years. These costs continue to impact the fiscal ability of the school division to sustain the construction and renovation of our facilities.

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2007

- During the seven year period prior to fiscal year 2007, the growth in real estate values had enabled both a reduction in the real property rate of 60 cents to a value of \$0.76 while providing additional revenues to the County and School Board. In fiscal year 2007 the tax rate was increased to \$0.787 per \$100 of assessed value. Moderate declines in the value of assessed property in fiscal year 2007 will most likely be followed by more substantial declines in fiscal years 2008 and 2009 creating additional budgetary challenges in the future.
- The school division has assessed the liability and budgetary impacts of Governmental Accounting Standards Board (GASB) Statement #45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. PWCS has addressed the new standard in the FY 2008 budget process by fully funding the annual required contribution resulting from GASB 45. Current actuarial estimates place the actuarial accrued liability for the School Division's post employment benefits at \$26,877 with a required contribution of just over 3 million dollars.
- Fiscal year 2008 is the second year of the biennial budget process for the Commonwealth of Virginia. The budget for Fiscal year 2008 may be impacted by a number of significant changes including:
 - Updated student enrollment projections
 - Continued updating of rates for the Virginia Retirement System
 - Programmatic changes are not likely to be significant in the second year of the biennium.
- The change in the local composite index (LCI) for the coming biennium is going to have an impact on funding provided to Prince William County Schools by the state. Prince William County Public Schools' LCI will go from .4287 for the 2006-2008 biennium to .4441 for the 2008-2010 biennium. This increase in the LCI represents the state's expectation that the locality has the ability to bear a larger burden of the funding of education and, therefore, a reduction in share of state education dollars.

Contacting the Prince William County Public Schools' Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, parents, students, and creditors with a general overview of PWCS' finances and to show PWCS' accountability for the money it receives. If you have questions about this report or need additional financial information contact the Department of Financial Services at Prince William County Public Schools, P.O. Box 389, Manassas, Virginia 20108, 703.791.8753 or online at <http://www.pwcs.edu/departments/finance/>

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Basic Financial Statements

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**Prince William County Public Schools
Statement of Net Assets
As of June 30, 2007**

Exhibit 1

	Governmental Activities
	<hr/>
ASSETS	
Equity in cash and pooled investments	\$ 200,268,926
Accounts receivable and other current assets	791,449
Due from other governmental units	19,675,461
Inventory	2,824,148
Restricted assets:	
Restricted cash	106,607,133
Capital assets:	
Land	53,992,969
Construction in progress	75,841,671
Depreciable capital assets	870,808,325
Less: accumulated depreciation	(222,660,207)
 <i>Total assets</i>	 <hr/> 1,108,149,875 <hr/>
LIABILITIES	
Accounts payable and accrued liabilities	12,961,140
Salaries payable and withholdings	77,055,145
Due to other governmental units	811,273
Retainage	2,799,038
Unearned revenue	5,595,590
Long-term liabilities:	
Due within one year	11,507,678
Due in more than one year	17,667,486
 <i>Total liabilities</i>	 <hr/> 128,397,350 <hr/>
NET ASSETS	
Invested in capital assets	777,982,758
Restricted for:	
Capital projects	106,607,133
Unrestricted	95,162,634
 <i>Total net assets</i>	 <hr/> \$ 979,752,525 <hr/>

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

Prince William County Public Schools
Statement of Activities
For the Year Ended June 30, 2007

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 392,821,237	515,496	37,045,036	103,095	(355,157,610)
Special	90,322,226	123,419	41,953,470	-	(48,245,337)
Other	9,150,435	1,714,927	3,192,950	-	(4,242,558)
Instructional leadership	48,346,340	-	-	-	(48,346,340)
Total instruction	540,640,238	2,353,842	82,191,456	103,095	(455,991,845)
Support services:					
General administration	6,855,681	-	-	-	(6,855,681)
Student services	9,892,225	-	-	-	(9,892,225)
Curricular/staff development	12,735,313	2,055	147,961	-	(12,585,297)
Pupil transportation	45,569,682	129,265	-	-	(45,440,417)
Operations	20,120,445	35,365	-	-	(20,085,080)
Utilities	21,447,535	-	-	-	(21,447,535)
Maintenance	23,284,372	-	-	-	(23,284,372)
Central business services	37,799,893	13,460	-	886,422	(36,900,011)
Reimbursement to County for debt service	52,929,170	-	-	-	(52,929,170)
Food service	25,491,560	16,676,497	11,196,469	-	2,381,406
Community service operations	698,424	885,913	-	-	187,489
Total support services	256,824,300	17,742,555	11,344,430	886,422	(226,850,893)
Total governmental activities	\$ 797,464,538	20,096,397	93,535,886	989,517	(682,842,738)

General revenues:

Grants and contributions not restricted to specific programs:

Federal	707,755
State	290,303,018
County	473,072,544
Unrestricted investment earnings	6,712,122
Miscellaneous revenues	4,301,966
Total general revenues	775,097,405

Change in net assets 92,254,667

Net assets, beginning of year 887,497,858

Net assets, end of year \$ 979,752,525

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

Prince William County Public Schools
 Balance Sheet
 Governmental Funds
 As of June 30, 2007

Exhibit 3

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in cash and pooled investments	\$ 109,518,103	54,712,006	5,967,128	170,197,237
Restricted cash	-	106,607,133	-	106,607,133
Accounts receivable	221,543	242,276	143,528	607,347
Due from other governmental units	18,019,364	-	1,656,097	19,675,461
Inventory	823,673	-	1,103,566	1,927,239
Total assets	<u>\$ 128,582,683</u>	<u>161,561,415</u>	<u>8,870,319</u>	<u>299,014,417</u>
LIABILITIES and FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,920,387	6,103,838	325,420	12,349,645
Salaries payable and withholdings	76,523,436	20,980	501,378	77,045,794
Retainage payable	2,350	2,796,688	-	2,799,038
Unearned revenue	461,810	-	860,080	1,321,890
Total liabilities	<u>82,907,983</u>	<u>8,921,506</u>	<u>1,686,878</u>	<u>93,516,367</u>
Fund balances:				
Reserved for:				
Inventory	823,673	-	1,103,566	1,927,239
Unreserved, reported in:				
General Fund:				
Designated for encumbrances	25,430,811	-	-	25,430,811
Designated for future years' expenditures	13,242,413	-	-	13,242,413
Designated for grants and special projects	58,025	-	-	58,025
Undesignated	6,119,778	-	-	6,119,778
Capital Projects:				
Designated for encumbrances	-	76,783,628	-	76,783,628
Designated for future years' expenditures	-	75,045,008	-	75,045,008
Designated for payments to PWC for arbitrage rebate	-	811,273	-	811,273
Nonmajor Special Revenue Funds:				
Designated for encumbrances	-	-	41,875	41,875
Designated for future years' expenditures	-	-	711,715	711,715
Undesignated	-	-	5,326,285	5,326,285
Total fund balances	<u>45,674,700</u>	<u>152,639,909</u>	<u>7,183,441</u>	<u>205,498,050</u>
Total liabilities and fund balances	<u>\$ 128,582,683</u>	<u>161,561,415</u>	<u>8,870,319</u>	<u>299,014,417</u>

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

Prince William County Public Schools
 Reconciliation of the Balance Sheet of the Governmental Funds
 to the Statement of Net Assets
 As of June 30, 2007

Exhibit 4

Total fund balances - governmental funds \$ 205,498,050

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

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

Land	\$ 53,992,969	
Construction in progress	75,841,671	
Library books	3,551,012	
Buildings and improvements	782,144,128	
Equipment	20,339,931	
Vehicles	<u>64,773,254</u>	
Total capital assets	1,000,642,965	
Accumulated depreciation	<u>(222,660,207)</u>	777,982,758

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

Compensated absences	(23,057,587)	
Other liabilities	<u>(811,273)</u>	(23,868,860)

Net Assets of internal service funds. 20,140,577

Net assets - governmental activities \$ 979,752,525

The accompanying notes to the basic 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, 2007

Exhibit 5

	General Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 4,375,958	6,294,595	268,695	10,939,248
Use of property	-	-	885,913	885,913
Charges for services	5,421,566	-	16,640,801	22,062,367
Intergovernmental:				
Federal	26,334,718	-	10,578,272	36,912,990
State	347,974,643	-	393,334	348,367,977
County	390,016,922	78,828,337	-	468,845,259
Miscellaneous	1,414,020	30,828	260,558	1,705,406
Total revenues	<u>775,537,827</u>	<u>85,153,760</u>	<u>29,027,573</u>	<u>889,719,160</u>
EXPENDITURES:				
Current:				
Regular instruction	373,887,308	4,844,867	-	378,732,175
Special instruction	90,532,516	-	-	90,532,516
Other instruction	9,175,431	-	-	9,175,431
Instructional leadership	48,346,340	-	-	48,346,340
General administration	6,855,950	-	-	6,855,950
Student services	9,909,103	-	-	9,909,103
Curricular/staff development	12,769,678	-	-	12,769,678
Pupil transportation	43,358,633	-	-	43,358,633
Operations	20,090,888	-	-	20,090,888
Utilities	21,447,535	-	-	21,447,535
Maintenance	23,358,484	-	-	23,358,484
Central business services	43,327,109	-	-	43,327,109
Community service operations	-	-	698,424	698,424
Food services	-	-	25,487,878	25,487,878
Reimbursement to the County for debt service	51,642,363	877,360	-	52,519,723
Capital outlay	-	68,049,588	-	68,049,588
Total expenditures	<u>754,701,338</u>	<u>73,771,815</u>	<u>26,186,302</u>	<u>854,659,455</u>
Excess of revenues over expenditures	<u>20,836,489</u>	<u>11,381,945</u>	<u>2,841,271</u>	<u>35,059,705</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN:				
General fund	-	16,864,360	-	16,864,360
Construction fund	1,000,000	-	-	1,000,000
Facilities Use fund	100,000	-	-	100,000
Self-Insurance fund	100,000	-	-	100,000
TRANSFERS OUT:				
General fund	-	(1,000,000)	(100,000)	(1,100,000)
Construction fund	(16,864,360)	-	-	(16,864,360)
Total other financing sources (uses), net	<u>(15,664,360)</u>	<u>15,864,360</u>	<u>(100,000)</u>	<u>100,000</u>
Net change in fund balances	5,172,129	27,246,305	2,741,271	35,159,705
FUND BALANCES, beginning of year	<u>40,502,571</u>	<u>125,393,604</u>	<u>4,442,170</u>	<u>170,338,345</u>
FUND BALANCES, end of year	<u>\$ 45,674,700</u>	<u>152,639,909</u>	<u>7,183,441</u>	<u>205,498,050</u>

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

Prince William County Public Schools
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2007

Exhibit 6

Total net change in fund balances - total governmental funds	\$	35,159,705
Amounts reported for governmental activities in the Statement of Activities are different because:		
Certain revenues that are disclosed in the Statement of Activities do not provide current financial resources and are, therefore, not reported in the funds.		(2,765,499)
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the period:		
Capital outlays	\$ 83,285,607	
Depreciation expense	<u>(23,123,559)</u>	60,162,048
The net effect of various transactions including disposal of capital assets.		(934,193)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(1,889,222)
Activities of Internal Service Funds that serve governmental activities		<u>2,521,828</u>
Change in net assets of governmental activities	\$	<u>92,254,667</u>

The accompanying notes to the basic 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, 2007

Exhibit 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ -	4,375,958	4,375,958	-
Charges for services	1,949,028	4,547,654	5,421,566	873,912
Intergovernmental:				
Federal	24,988,678	26,537,167	26,334,718	(202,449)
State	349,931,552	349,161,233	347,974,643	(1,186,590)
County	402,020,856	390,634,998	390,016,922	(618,076)
Miscellaneous	-	2,760,178	1,414,020	(1,346,158)
Total revenues	<u>778,890,114</u>	<u>778,017,188</u>	<u>775,537,827</u>	<u>(2,479,361)</u>
EXPENDITURES:				
Current:				
Regular instruction	386,333,191	377,363,225	373,887,308	3,475,917
Special instruction	91,072,872	93,632,620	90,532,516	3,100,104
Other instruction	7,833,777	8,920,238	9,175,431	(255,193)
Instructional leadership	50,552,444	51,116,601	48,346,340	2,770,261
General administration	7,249,465	6,672,366	6,855,950	(183,584)
Student services	9,513,766	9,550,523	9,909,103	(358,580)
Curricular/staff development	12,295,948	12,289,767	12,769,678	(479,911)
Pupil transportation	45,596,927	42,100,449	43,358,633	(1,258,184)
Operations	19,052,554	19,199,040	20,090,888	(891,848)
Utilities	31,182,819	28,429,159	21,447,535	6,981,624
Maintenance	25,163,172	23,901,338	23,358,484	542,854
Central business services	43,574,150	45,725,198	43,327,109	2,398,089
Reimbursement to the County for debt service	52,933,029	52,933,029	51,642,363	1,290,666
Total expenditures	<u>782,354,114</u>	<u>771,833,553</u>	<u>754,701,338</u>	<u>17,132,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,464,000)</u>	<u>6,183,635</u>	<u>20,836,489</u>	<u>14,652,854</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN:				
Construction fund	1,000,000	1,000,000	1,000,000	-
Facilities Use fund	-	100,000	100,000	-
Self-Insurance fund	-	100,000	100,000	-
TRANSFERS OUT:				
Construction fund	<u>(10,272,000)</u>	<u>(15,987,000)</u>	<u>(16,864,360)</u>	<u>(877,360)</u>
Total other financing uses, net	<u>(9,272,000)</u>	<u>(14,787,000)</u>	<u>(15,664,360)</u>	<u>(877,360)</u>
Net change in fund balance	<u>(12,736,000)</u>	<u>(8,603,365)</u>	<u>5,172,129</u>	<u>13,775,494</u>
FUND BALANCE, beginning of year	<u>40,502,571</u>	<u>40,502,571</u>	<u>40,502,571</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 27,766,571</u>	<u>31,899,206</u>	<u>45,674,700</u>	<u>13,775,494</u>

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

Prince William County Public Schools
Statement of Fund Net Assets
Proprietary Funds - Internal Service Funds
As of June 30, 2007

Exhibit 8

	Internal Service Funds
ASSETS	
Current assets:	
Equity in cash and pooled investments	\$ 30,071,689
Accounts receivable and other current assets	184,102
Inventory	<u>896,909</u>
Total current assets	<u>31,152,700</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	611,495
Salaries payable and withholdings	9,351
Unearned revenue	4,273,700
Incurred but not reported claims	<u>5,189,230</u>
Total current liabilities	10,083,776
Noncurrent liabilities:	
Incurred but not reported claims	<u>928,347</u>
Total liabilities	<u>11,012,123</u>
NET ASSETS	
Unrestricted	<u>\$ 20,140,577</u>

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

**Prince William County Public Schools
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2007**

Exhibit 9

	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 59,758,841
Total operating revenues	<u>59,758,841</u>
Operating Expenses:	
Personnel services	1,033,688
Materials/supplies	135,048
Administrative costs	3,556,988
Premiums	4,864,133
Claims and benefits paid	42,701,261
Losses and unallocated loss adjustment	1,932,504
Cost of goods sold	4,428,898
Total operating expenses	<u>58,652,520</u>
Operating income	1,106,321
Non-Operating Revenues:	
Interest and miscellaneous	<u>1,515,507</u>
Income before transfers	2,621,828
Transfers out	<u>(100,000)</u>
Change in net assets	2,521,828
Net Assets, beginning of year	<u>17,618,749</u>
Net Assets, end of year	<u>\$ 20,140,577</u>

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

Prince William County Public Schools
Statement of Cash Flows
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2007

Exhibit 10

	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 60,178,736
Payments to suppliers for goods and services	(56,113,249)
Payments to employees	<u>(1,037,766)</u>
Net cash provided by operating activities	<u>3,027,721</u>
Cash Flows from Non-capital Financing Activities:	
Transfers to other funds	<u>(211,664)</u>
Cash Flows from Investing Activities:	
Interest received from investments	<u>1,457,442</u>
Net increase in equity in cash and pooled investments	4,273,499
Equity in cash and pooled investments, beginning of year	<u>25,798,190</u>
Equity in cash and pooled investments, end of year	<u><u>\$ 30,071,689</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,106,321
Adjustments to reconcile operating income to net cash provided by operating activities	
Change in assets and liabilities:	
Decrease in accounts receivable	182,911
Decrease in inventories	142,169
Increase in unearned revenue	236,984
Increase in accounts payable and accrued liabilities	206,560
(Decrease) in salaries payable and withholdings	(4,078)
Increase in incurred but not reported claims	1,156,854
Net cash provided by operating activities	<u><u>\$ 3,027,721</u></u>

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

**Prince William County Public Schools
Statement of Assets and Liabilities
Agency Funds
As of June 30, 2007**

Exhibit 11

	<u>Agency Funds</u>
Assets	
Cash and pooled investments	\$ 7,412,703
Due from other governmental units	<u>2,142,771</u>
Total assets	<u><u>\$ 9,555,474</u></u>
Liabilities	
Accounts payable and accrued liabilities	<u><u>\$ 9,555,474</u></u>

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

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Prince William County Public Schools
Notes to the Financial Statements
June 30, 2007

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 (PWC) 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 70,723 students while managing 85 schools and centers. The mission of PWCS is to provide programs to meet the educational needs of all students in the County in a safe learning environment. PWCS receives funding from taxes collected and allocated by the County; tuition and fees; and state and federal aid. School construction projects are funded by the proceeds of general obligation bonds issued by the County and approved by the County voters. Other sources of PWCS school construction funding are Virginia Public School Authority (VPSA) bonds, Literary Fund loans, and cash funding. Accounting principles generally accepted in the United States of America establish PWCS as a component unit of the County.

B. Division-wide and fund financial statements

The basic financial statements include both division-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.

Division-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. Fiduciary funds are not included in the division-wide financial statements.

The basic financial statements include both division-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. PWCS does not engage in business-type activities and, therefore, issues single column division-wide financial statements. In the division-wide statement of net assets, assets and liabilities are (a) presented on a consolidated basis and (b) reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term obligations.

Statement of net assets - The statement of net assets is designed to display the financial position of the primary government. PWCS reports all capital assets in the division-wide statement of net assets and reports depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net assets of PWCS are broken down into three categories - 1) invested in capital assets 2) restricted and 3) unrestricted.

Statement of activities - The division-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each PWCS function. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). These directly matched revenues are called program revenues. This format enables the division-wide statement of activities to reflect both the gross and net cost per functional category (regular instruction, special instruction, pupil transportation, etc.) that are otherwise being supported by general government revenues.

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

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

As a general rule, the effect of interfund activity has been eliminated from the division-wide financial statements. Exceptions to this rule include payments to, and other charges between the PWCS supply function and other functions of PWCS. Elimination of these charges would distort the direct costs and program revenues of the functions concerned.

Fund financial statements Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the division-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the fund financial statements, financial transactions and accounts of 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 fund 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 division-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 division-wide financial statements.

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 division-wide statements.

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

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

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

PWCS reports the following major funds:

Governmental Funds:

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

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

Proprietary Funds:

Internal service funds account for health insurance, self-insurance, and warehouse services provided to departments of PWCS on a cost reimbursement basis. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

Health Insurance Fund: The *Health Insurance Fund* was created to better manage health care expenses within 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.

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

Fiduciary Funds:

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

D. Assets, liabilities, and net assets or equity

Deposits and investments

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

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

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

Deposits

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

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.

Restricted cash of \$106,607,133, at June 30, 2007 consists of funds held by trustees for the funding of specific construction projects.

Investments

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, corporate notes rated AA or better by Standard & Poor's, Inc. and Aa or better by Moody's Investors Service, Inc., bankers' acceptances, repurchase agreements, money market mutual funds, the State Treasurer's Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP). PWCS' pro rata share of the County's pooled investments was approximately 33.6% at June 30, 2007. The investments contained in the County's pool of investments are subject to investment rate and custodial credit risk.

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

Receivables and payables

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

Inventory

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

Capital assets

Capital assets, which include land, buildings and improvements, equipment, vehicles and library books, are reported in the division-wide financial statements. Capital assets 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. 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.

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 using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20-50
Improvements	2-50
Equipment	2-20
Vehicles	3-15
Library books	5

Compensated absences

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

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management plans that are subject to change. Fund balances in the

governmental funds are reserved for inventories to indicate the amounts are not available for other expenditures.

Encumbrances

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

Construction commitments

At June 30, 2007 PWCS had contractual commitments of \$76,783,628 in the Construction fund for construction of various projects.

E. Governmental Accounting Standards Board (GASB) Pronouncements

GASB has issued several statements with effective implementation dates later than June 30, 2007. The statements deemed to have a future impact on PWCS are as follows:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenditures and related liabilities, note disclosures, and required supplementary information. PWCS is a Phase I government, therefore, this statement is effective for fiscal periods beginning after December 15, 2006, based on the implementation schedule of GASB Statement No. 34. PWCS has identified its estimated liability and annual cost for the employees' postretirement medical and dental plans, as well as the Retiree Health Insurance Premium Contribution Plan. The Projected Unit Credit Actuarial Cost Method was used to determine the liabilities, a 7.5% discount rate and an amortization of the initial unfunded actuarial liability over 30 years. Once implemented, PWCS will disclose in the Notes to the Financial Statements an Actuarial Accrued Liability (AAL) of \$26,877,000. Additionally, PWCS plans to fully fund the Annual Required Contribution of \$3,050,000. PWCS is prepared to implement this statement during the next fiscal year.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. This statement is effective for fiscal periods beginning after December 15, 2006. PWCS is in the process of completing their assessment of GASB Statement No. 48 and does not believe the implementation will have a material impact on the financial statements of the Schools. PWCS is prepared to implement this statement during the next fiscal year.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This establishes a framework for the recognition and measurement of pollution remediation liabilities. A pollution remediation obligation addresses the current or potential detrimental effects of existing pollution by participation in pollution remediation activities. This statement is effective for fiscal periods beginning after December 15, 2007. Management is in the process of completing their assessment of this GASB statement and has not implemented this statement.

GASB Statement No. 50, *Pension Disclosures*. This statement requires defined benefit pension plans and defined contribution plans to disclose in the notes to financial statements and required supplemental information, additional information to improve the transparency and decision usefulness of financial reporting. This statement is effective for periods beginning after June 15, 2007. PWCS is prepared to implement this statement during the next fiscal year.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Guidance is provided relating to the accounting and financial reporting for intangible assets to reduce

inconsistencies in reporting and improve comparability among the state and local governments. This statement is effective for periods beginning after June 15, 2009. Management is in the process of completing their assessment of this GASB statement and has not implemented this statement.

Note 2 - Stewardship, compliance, and accountability

A. Budgetary information

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

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

The budget is controlled at certain legal as well as administrative levels. The legal level is placed at the individual fund level and administrative control is placed at the agency level. Amendments that change the total level of expenditures require the approval of the School Board and County Board of Supervisors.

B. Excess of expenditures over appropriations

For the year ended June 30, 2007, expenditures exceeded appropriations in the General Fund for Other Instruction, General Administration, Student Services, Curricular/Staff Development, Pupil Transportation, and Operations. Excess budget in other functions covered the shortfall in the mentioned functional areas. In addition, expenditures exceeded appropriations in the Facilities Use Fund by \$20,126. These excess expenditures were funded by greater than anticipated revenues.

Note 3 – Receivables and due from other governmental units

Due from other governments and receivables at June 30, 2007 for PWCS' individual major funds, non major, internal service, and fiduciary funds, in the aggregate, are as follows (all receivables are considered fully collectable and, therefore, an allowance for uncollectible accounts is not disclosed).

	General Fund	Capital Projects	Non Major Funds	Internal Service	Fiduciary	Total
Other receivables	\$ 221,543	242,276	143,528	184,102	-	791,449
Federal	5,102,939	-	1,656,097	-	-	6,759,036
State	12,916,425	-	-	-	26,000	12,942,425
Other localities	-	-	-	-	2,116,771	2,116,771
Total	\$ 18,240,907	242,276	1,799,625	184,102	2,142,771	22,609,681

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

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

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Internal service funds also defer revenue recognition in connection with resources received but not earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental and internal service funds were as follows:

	Unearned
Food Service	\$ 860,080
General Fund	461,810
Governmental Funds	<u>1,321,890</u>
Health Insurance Fund (internal service fund)	4,273,700
Total	<u>\$ 5,595,590</u>

Note 4 - Interfund transfers

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

	Transfer In:	
	General Fund	Construction Fund
Transfer Out:		
General Fund	\$ -	16,864,360
Construction Fund	1,000,000	-
Non Major Funds	100,000	-
Internal Service Fund	<u>100,000</u>	<u> </u>
Total	<u>\$1,200,000</u>	<u>16,864,360</u>

Interfund transfers are generally made for the purpose of providing operational support to the receiving fund. The General Fund transfer of \$16,864,360 to the Construction Fund represents funds required for building, maintenance, classroom equipment, and facility modifications.

Note 5 – Long-term debt

A. Long-term debt

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

B. Compensated absences

Employees of PWCS are granted annual and sick leave based on their length of service, and may accrue compensatory leave for hours worked in excess of their scheduled hours. Unused annual and compensatory leave 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, 2007 is that amount of the liability that is expected to be paid within one year. The current and long-term portion of accrued compensated absences is included in long-term liabilities in the government-wide statement of net assets. Liabilities for compensated absences are liquidated by the General Fund and the Food Services Fund.

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

Compensated absences	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
	\$ 21,577,812	7,916,143	(6,436,368)	23,057,587	6,318,448

Note 6 – Self-Insurance

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

PWCS participates in a Consortium Group Health Insurance Program made up of employers who provide health insurance to their employees and dependents under one program. Each participant in the program is separately rated and has separate accounting. Anthem Blue Cross/Blue Shield is the plan administrator. Delta Dental Plan of Virginia, Inc. (Delta Dental) is the dental insurance carrier. All full-time and part-time employees who are working at least 17½ hours per week are eligible to enroll in the health insurance program. There are three (3) plans offered through the PWCS insurance program. An employee may choose either the HMO plan called "Healthkeepers Product 20", or one of the two PPO plans offered, "KeyCare 15 Plus" or the "KeyCare 20". All three plans include comprehensive medical, preventive care, vision, and prescription drug coverage. The basis for estimating incurred but not reported claims at year-end is an annual analysis performed by the plan's administrator. For the fiscal year ended June 30, 2007 PWCS incurred \$42,701,261 in self-insured health insurance claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. PWCS Self-Insurance, covering the risks of loss has \$350,000 per occurrence retention for all lines of coverage and purchases excess insurance coverage which covers individual claims in excess with a \$25,000,000 per occurrence and annual limit. There have been no significant reductions in insurance coverage in the prior year, and settlements have not exceeded coverage for each of the past three fiscal years.

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

Changes in aggregate liabilities for claims are as follows:

	Health Insurance	Risk Management
Unpaid Claims June 30, 2005	\$ 3,655,085	1,098,109
Incurred Claims	37,432,459	780,144
Claims Paid	(37,095,248)	(909,826)
Unpaid Claims June 30, 2006	3,992,296	968,427
Incurred Claims	42,701,261	1,932,504
Claims Paid	(42,196,539)	(1,280,372)
Unpaid Claims June 30, 2007	\$ 4,497,018	1,620,559

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

	Health Insurance Fund	Self- Insurance Fund	Compensated Absences	Total
Due within one year	\$4,497,018	692,212	6,318,448	11,507,678
Due in more than one year	-	928,347	16,739,139	17,667,486
Total	<u>\$4,497,018</u>	<u>1,620,559</u>	<u>23,057,587</u>	<u>29,175,164</u>

Note 7 - Capital assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 38,517,132	15,475,837	-	53,992,969
Construction in Progress	<u>41,136,118</u>	<u>55,494,921</u>	<u>(20,789,368)</u>	<u>75,841,671</u>
Total capital assets, not being depreciated	<u>79,653,250</u>	<u>70,970,758</u>	<u>(20,789,368)</u>	<u>129,834,640</u>
Capital assets, being depreciated:				
Buildings and improvements	762,230,803	20,239,078	(325,753)	782,144,128
Library books	3,365,286	833,470	(647,744)	3,551,012
Equipment	12,536,315	7,930,727	(127,111)	20,339,931
Vehicles	<u>62,032,456</u>	<u>3,550,653</u>	<u>(809,855)</u>	<u>64,773,254</u>
Total capital assets being depreciated	<u>840,164,860</u>	<u>32,553,928</u>	<u>(1,910,463)</u>	<u>870,808,325</u>
Less accumulated depreciation for:				
Buildings and improvements	171,716,565	15,531,848	-	187,248,413
Library books	1,941,717	710,203	(647,743)	2,004,177
Equipment	5,258,762	1,136,636	(94,287)	6,301,111
Vehicles	<u>22,146,163</u>	<u>5,744,872</u>	<u>(784,529)</u>	<u>27,106,506</u>
Total accumulated depreciation	<u>201,063,207</u>	<u>23,123,559</u>	<u>(1,526,559)</u>	<u>222,660,207</u>
Total capital assets, being depreciated, net	<u>639,101,653</u>			<u>648,148,118</u>
Capital assets, net	<u>\$718,754,903</u>			<u>777,982,758</u>

Depreciation expense was charged to functions/programs as follows:

Instruction	
Regular	\$16,224,887
Special	165,133
Other	16,048
Support Services	
General administration	103,160
Student services	9,064
Curricular/staff development	13,086
Pupil transportation	5,965,151
Operations	55,907
Maintenance	55,313
Central business services	493,488
Food service	<u>22,322</u>
Total depreciation expense	<u>\$23,123,559</u>

Note 8 - Contingent liabilities

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

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

Note 9 - Employee retirement systems and pension plans

A. Virginia Retirement System

Plan description:

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

All full-time salaried permanent employees must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service or at age 50 with 30 years of service, payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning (limited to 5% per year) in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

Funding policy and annual pension cost:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950) to contribute 5% of their annual reported salary to the VRS. PWCS has assumed this member contribution for both the professional and non-professional groups. Additionally, PWCS is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The non-professional contribution rate for the fiscal year ended 2007 was 13.17% of annual covered payroll. The professional, employer, and employee contributions to the VRS for the three years ended June 30, 2007, 2006, and 2005 were \$52,878,600, \$39,420,849, and \$38,674,044, respectively, and were equal to the required contributions for each year. The contribution rates for the professional group were; 5% employee, 9.2% employer, 5% employee, 6.62% employer and, 5% employee, 6.03% employer, respectively for the years 2007, 2006, and 2005.

The required contributions for PWCS (professional and non-professional) were determined as part of an actuarial valuation performed as of June 30, 2006, using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.50% investment rate of return, (b) projected salary increases that range between 3.75% and 5.60%, depending on the member's service and classification, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of PWCS' assets is equal to the modified market value of assets over a five-year period. The unfunded

actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over a period of 20 years.

Trend information:

The following illustration summarizes the required three-year trend information for the PWCS non-professional agent multiple-employer retirement plan :

Fiscal Year Ending	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)
	Employer Portion	Employee Portion paid by employer		
June 30, 2005	\$ 2,513,812	\$ 1,933,702	100%	\$ 0
June 30, 2006	2,787,017	2,143,859	100%	0
June 30, 2007	3,789,941	2,319,425	100%	0

B. Supplemental retirement

PWCS also offers to all employees a tax deferred compensation plan (TDC). PWCS contributes money on the eligible employee's behalf to purchase annuities after the employee has completed three (3) years of service with PWCS. The School Board's contribution increases each time an employee has completed five (5), ten (10), and fifteen (15) years of service. At the end of the current year the cap on the employer contribution was \$3,379 per employee. The total employer contribution for fiscal year 2007 was \$7,801,299. Substitutes and temporary employees who participate in the TDC plan are not eligible to receive the employer matching contribution.

Note 10 - Postemployment benefits

PWCS provides limited postretirement health and dental benefits, as provided for in Virginia state law, to retirees who have 15 or more years of creditable VRS service. Retirees are granted the option to participate by paying 100% of their monthly health insurance premium to PWCS' plan or to the carrier of their choice less a maximum credit of \$75. As of the end of the current fiscal year, there were 1,615 retirees receiving these benefits. The plan is financed by payments from Prince William County Public Schools to the VRS. For fiscal year ended June 30, 2007, the contribution made by PWCS was \$1,992,147. 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.

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

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
2001	\$ 63,165,383	\$ 51,837,593	\$(11,327,790)	121.9%	\$24,992,804	(45.32)%
2002	65,439,864	59,481,428	(5,958,436)	110.02%	28,150,039	(21.17)%
2003	67,150,184	67,302,413	152,229	99.77%	32,863,934	.46%
2004	68,955,014	76,461,317	7,506,303	90.18%	36,584,066	20.52%
2005	73,434,081	89,566,018	16,131,937	81.99%	40,599,997	39.73%
2006	80,602,356	94,242,745	13,640,389	85.53%	44,148,347	30.90%

Supplementary Information

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Other Governmental Funds

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

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

Prince William County Public Schools
 Combining Balance Sheet
 Other Governmental Funds - Special Revenue Funds
 As of June 30, 2007

Schedule 1

	Food Services Fund	Facilities Use Fund	Total Other Governmental Funds
ASSETS			
Equity in cash and pooled investments	\$ 4,282,594	1,684,534	5,967,128
Accounts receivable	82,859	60,669	143,528
Due from other governmental units	1,656,097	-	1,656,097
Inventory	1,103,566	-	1,103,566
<i>Total assets</i>	<u>\$ 7,125,116</u>	<u>1,745,203</u>	<u>8,870,319</u>
LIABILITIES and FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 321,559	3,861	325,420
Salaries payable and withholdings	457,433	43,945	501,378
Unearned revenue	860,080	-	860,080
<i>Total liabilities</i>	<u>1,639,072</u>	<u>47,806</u>	<u>1,686,878</u>
Fund Balances:			
Reserved for:			
Inventory	1,103,566	-	1,103,566
Unreserved:			
Designated for future years' expenditures	709,888	1,827	711,715
Designated for encumbrances	37,289	4,586	41,875
Undesignated	3,635,301	1,690,984	5,326,285
<i>Total fund balances</i>	<u>5,486,044</u>	<u>1,697,397</u>	<u>7,183,441</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,125,116</u>	<u>1,745,203</u>	<u>8,870,319</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, 2007

Schedule 2

	<u>Food Services Fund</u>	<u>Facilities Use Fund</u>	<u>Total Other Governmental Funds</u>
REVENUES:			
Use of money and property:			
Use of money - interest	\$ 188,732	79,963	268,695
Use of property	-	885,913	885,913
Charges for services	16,558,862	81,939	16,640,801
Intergovernmental:			
Federal	10,578,272	-	10,578,272
State	393,334	-	393,334
Miscellaneous	260,558	-	260,558
<i>Total revenues</i>	<u>27,979,758</u>	<u>1,047,815</u>	<u>29,027,573</u>
EXPENDITURES:			
Current:			
Community service operations	-	698,424	698,424
Food services	25,487,878	-	25,487,878
<i>Total expenditures</i>	<u>25,487,878</u>	<u>698,424</u>	<u>26,186,302</u>
Excess of revenues over expenditures	<u>2,491,880</u>	<u>349,391</u>	<u>2,841,271</u>
Other Financing Uses:			
Transfers out	-	(100,000)	(100,000)
Net change in fund balances	2,491,880	249,391	2,741,271
FUND BALANCES, beginning of year	2,994,164	1,448,006	4,442,170
FUND BALANCES, end of year	<u>\$ 5,486,044</u>	<u>1,697,397</u>	<u>7,183,441</u>

Prince William County Public Schools
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Food Services Fund
 For the Year Ended June 30, 2007

Schedule 3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 15,000	15,000	188,732	173,732
Charges for services	17,535,448	17,535,448	16,558,862	(976,586)
Intergovernmental:				
Federal	7,768,418	7,768,418	10,578,272	2,809,854
State	363,475	363,475	393,334	29,859
Miscellaneous	24,000	24,000	260,558	236,558
<i>Total revenues</i>	<u>25,706,341</u>	<u>25,706,341</u>	<u>27,979,758</u>	<u>2,273,417</u>
EXPENDITURES:				
Current:				
Food services	25,799,398	25,820,919	25,487,878	333,041
<i>Total expenditures</i>	<u>25,799,398</u>	<u>25,820,919</u>	<u>25,487,878</u>	<u>333,041</u>
Excess (deficiency) of revenues over (under) expenditures	(93,057)	(114,578)	2,491,880	2,606,458
FUND BALANCES, beginning of year	2,994,164	2,994,164	2,994,164	-
FUND BALANCES, end of year	<u>\$ 2,901,107</u>	<u>2,879,586</u>	<u>5,486,044</u>	<u>2,606,458</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, 2007

Schedule 4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 15,000	15,000	79,963	64,963
Use of property	477,722	557,722	885,913	328,191
Charges for services	85,443	85,443	81,939	(3,504)
<i>Total revenues</i>	<u>578,165</u>	<u>658,165</u>	<u>1,047,815</u>	<u>389,650</u>
EXPENDITURES:				
Current:				
Community service operations	602,884	678,298	698,424	(20,126)
<i>Total expenditures</i>	<u>602,884</u>	<u>678,298</u>	<u>698,424</u>	<u>(20,126)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,719)</u>	<u>(20,133)</u>	<u>349,391</u>	<u>369,524</u>
Other Financing Uses:				
Transfers out	-	(100,000)	(100,000)	-
Net change in fund balances	(24,719)	(120,133)	249,391	(369,524)
FUND BALANCES, beginning of year	1,448,006	1,448,006	1,448,006	-
FUND BALANCES, end of year	<u>\$ 1,423,287</u>	<u>1,327,873</u>	<u>1,697,397</u>	<u>-</u>

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Internal Service Funds

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

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

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

Prince William County Public Schools
 Combining Statement of Fund Net Assets
 Proprietary Funds - Internal Service Funds
 As of June 30, 2007

Schedule 5

	<u>Warehouse Fund</u>	<u>Self-Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets:				
Equity in cash and pooled investments	\$ 28,521	10,078,661	19,964,507	30,071,689
Accounts receivable and other current assets	1,890	69,547	112,665	184,102
Inventory	896,909	-	-	896,909
Total current assets	<u>927,320</u>	<u>10,148,208</u>	<u>20,077,172</u>	<u>31,152,700</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	347,701	174,738	89,056	611,495
Salaries payable and withholdings	-	8,843	508	9,351
Unearned revenue	-	-	4,273,700	4,273,700
Incurred but not reported claims	-	692,212	4,497,018	5,189,230
Total current liabilities	<u>347,701</u>	<u>875,793</u>	<u>8,860,282</u>	<u>10,083,776</u>
Noncurrent liabilities:				
Incurred but not reported claims	-	928,347	-	928,347
Total liabilities	<u>347,701</u>	<u>1,804,140</u>	<u>8,860,282</u>	<u>11,012,123</u>
NET ASSETS				
Unrestricted	<u>\$ 579,619</u>	<u>8,344,068</u>	<u>11,216,890</u>	<u>20,140,577</u>

Prince William County Public Schools
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds - Internal Service Funds
 For the Year Ended June 30, 2007

Schedule 6

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Operating Revenues:				
Charges for services	\$ 4,416,794	3,886,962	51,455,085	59,758,841
Total operating revenues	<u>4,416,794</u>	<u>3,886,962</u>	<u>51,455,085</u>	<u>59,758,841</u>
Operating Expenses:				
Personnel services	-	539,742	493,946	1,033,688
Materials/supplies	-	111,269	23,779	135,048
Administrative costs	-	-	3,556,988	3,556,988
Premiums	-	1,706,165	3,157,968	4,864,133
Claims and benefits paid	-	-	42,701,261	42,701,261
Losses and unallocated loss adjustment	-	1,932,504	-	1,932,504
Cost of goods sold	4,428,898	-	-	4,428,898
Total operating expenses	<u>4,428,898</u>	<u>4,289,680</u>	<u>49,933,942</u>	<u>58,652,520</u>
Operating income (loss)	<u>(12,104)</u>	<u>(402,718)</u>	<u>1,521,143</u>	<u>1,106,321</u>
Non-Operating Revenues:				
Interest and miscellaneous	627	567,492	947,388	1,515,507
Income (loss) before transfers	(11,477)	164,774	2,468,531	2,621,828
Transfers out	-	(100,000)	-	(100,000)
Change in net assets	(11,477)	64,774	2,468,531	2,521,828
Net Assets, beginning of year	<u>591,096</u>	<u>8,279,294</u>	<u>8,748,359</u>	<u>17,618,749</u>
Net Assets, end of year	<u>\$ 579,619</u>	<u>8,344,068</u>	<u>11,216,890</u>	<u>20,140,577</u>

Prince William County Public Schools
 Combining Statement of Cash Flows
 Proprietary Funds - Internal Service Funds
 For the Year Ended June 30, 2007

Schedule 7

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Receipts from customers and users	\$ 4,416,674	3,888,524	51,873,538	60,178,736
Payments to suppliers for goods and services	(4,277,378)	(2,989,627)	(48,846,244)	(56,113,249)
Payments to employees	-	(544,328)	(493,438)	(1,037,766)
Net cash provided by operating activities	<u>139,296</u>	<u>354,569</u>	<u>2,533,856</u>	<u>3,027,721</u>
Cash Flows from Non-capital Financing Activities:				
Transfers to other funds	<u>(111,664)</u>	<u>(100,000)</u>	<u>-</u>	<u>(211,664)</u>
Cash Flows from Investing Activities:				
Interest received from investments	<u>867</u>	<u>546,446</u>	<u>910,129</u>	<u>1,457,442</u>
Net increase in equity in cash and pooled investments	28,499	801,015	3,443,985	4,273,499
Equity in cash and pooled investments, beginning of year	<u>22</u>	<u>9,277,646</u>	<u>16,520,522</u>	<u>25,798,190</u>
Equity in cash and pooled investments, end of year	<u>\$ 28,521</u>	<u>10,078,661</u>	<u>19,964,507</u>	<u>30,071,689</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (12,104)	(402,718)	1,521,143	1,106,321
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(120)	1,562	181,469	182,911
Decrease in inventories	142,169	-	-	142,169
Increase in unearned revenue	-	-	236,984	236,984
Increase in accounts payable and accrued liabilities	9,351	108,179	89,030	206,560
Increase (decrease) in salaries payable and withholdings	-	(4,586)	508	(4,078)
Increase in incurred, but not reported claims	-	652,132	504,722	1,156,854
Net cash provided by operating activities	<u>\$ 139,296</u>	<u>354,569</u>	<u>2,533,856</u>	<u>3,027,721</u>

Fiduciary 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, 2007

Schedule 8

	Regional School Fund	Student Activity Fund	Total Agency Funds
	<hr/>	<hr/>	<hr/>
Assets			
Cash and pooled investments	\$ 2,124,855	5,287,848	7,412,703
Due from other governmental units	2,142,771	-	2,142,771
Total assets	<u>\$ 4,267,626</u>	<u>5,287,848</u>	<u>9,555,474</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 4,267,626</u>	<u>5,287,848</u>	<u>9,555,474</u>

Prince William County Public Schools
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2007

Schedule 9

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Regional School Fund				
Assets				
Cash and pooled investments	\$ 2,738,710	24,376,948	24,990,803	2,124,855
Due from other governmental units	1,848,457	2,142,771	1,848,457	2,142,771
Total assets	<u>\$ 4,587,167</u>	<u>26,519,719</u>	<u>26,839,260</u>	<u>4,267,626</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 4,587,167</u>	<u>26,519,719</u>	<u>26,839,260</u>	<u>4,267,626</u>
Student Activity Fund				
Assets				
Cash and pooled investments	\$ 5,241,789	12,380,244	12,334,185	5,287,848
Total assets	<u>\$ 5,241,789</u>	<u>12,380,244</u>	<u>12,334,185</u>	<u>5,287,848</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 5,241,789</u>	<u>12,380,244</u>	<u>12,334,185</u>	<u>5,287,848</u>
Total Agency Funds				
Assets				
Cash and pooled investments	\$ 7,980,499	36,757,192	37,324,988	7,412,703
Due from other governmental units	1,848,457	2,142,771	1,848,457	2,142,771
Total assets	<u>\$ 9,828,956</u>	<u>38,899,963</u>	<u>39,173,445</u>	<u>9,555,474</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 9,828,956</u>	<u>38,899,963</u>	<u>39,173,445</u>	<u>9,555,474</u>

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Statistical Section

(unaudited)

Statistical Section

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

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

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

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

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

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

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

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

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Financial Trends

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 1 - Net Assets by Component

Last Six Fiscal Years ⁽¹⁾

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities:						
Invested in capital assets	\$ 406,747	475,548	560,972	633,276	718,755	777,983
Restricted	75,502	108,257	97,055	89,379	91,598	106,607
Unrestricted	26,243	42,757	36,817	69,701	77,145	95,163
Total government net assets	<u>\$ 508,492</u>	<u>626,562</u>	<u>694,844</u>	<u>792,356</u>	<u>887,498</u>	<u>979,753</u>

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 2 - Changes in Net Assets
Last Six Fiscal Years ⁽¹⁾
(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
Instruction:						
Regular	\$ 222,940	248,579	268,483	309,172	331,903	392,821
Special	51,884	58,980	65,759	72,039	83,794	90,322
Other	5,945	6,122	6,694	7,995	8,657	9,151
Instructional leadership	30,166	33,494	36,898	40,212	43,389	48,346
Support services:						
General administration	3,290	3,950	5,028	4,960	6,045	6,856
Student services	4,876	5,659	7,238	7,808	8,820	9,892
Curricular/staff development	8,735	8,979	10,046	10,606	12,036	12,735
Pupil transportation	26,796	27,121	29,348	35,292	40,152	45,570
Operations	14,705	16,908	17,605	20,024	21,618	20,120
Utilities	11,865	14,590	14,665	16,889	19,586	21,448
Maintenance	11,960	13,334	13,308	15,892	19,547	23,284
Central business services	25,189	28,298	30,047	35,235	42,117	37,801
Supply services ⁽²⁾	3,249	3,414	-	-	-	-
Reimbursement to County for debt service	28,462	33,682	41,823	47,582	48,220	52,929
Food service	16,813	18,427	21,232	23,629	23,163	25,492
Community service operations	392	449	489	499	649	698
Total government expenses	<u>467,267</u>	<u>521,986</u>	<u>568,663</u>	<u>647,834</u>	<u>709,696</u>	<u>797,465</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction	2,718	1,842	1,823	2,118	2,189	2,354
Food services	11,342	11,515	12,691	14,243	15,326	16,676
Community service operations	434	473	577	640	804	886
Supply services ⁽²⁾	3,242	3,264	-	-	-	-
Pupil transportation	123	97	88	85	146	129
Central business services ⁽³⁾	1,726	1,956	9	7	6	13
Other activities	64	67	68	48	58	38
Operating grants and contributions	56,136	58,089	66,695	77,713	84,723	93,536
Capital grants and contributions	1,653	881	902	904	961	990
Total government program revenues	<u>77,438</u>	<u>78,184</u>	<u>82,853</u>	<u>95,758</u>	<u>104,213</u>	<u>114,622</u>
Net Expense						
Total government net expense	<u>\$ (389,829)</u>	<u>(443,802)</u>	<u>(485,810)</u>	<u>(552,076)</u>	<u>(605,483)</u>	<u>(682,843)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Unrestricted grants and contributions	\$ 469,899	548,078	552,169	643,416	691,987	764,084
Unrestricted investment earnings	3,076	2,013	1,518	2,499	5,409	6,712
Miscellaneous revenues	2,958	3,373	3,067	3,673	3,229	4,302
Gain on sale of capital assets ⁽⁴⁾	-	8,407	-	-	-	-
Total government general revenues	<u>475,933</u>	<u>561,871</u>	<u>556,754</u>	<u>649,588</u>	<u>700,625</u>	<u>775,098</u>
Change in Net Assets						
Total government	<u>\$ 86,104</u>	<u>118,069</u>	<u>70,944</u>	<u>97,512</u>	<u>95,142</u>	<u>92,255</u>

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

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

⁽³⁾ The decrease in central business services program revenues is a result of a change in the method of recognizing certain revenues.

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 3 - Fund Balances, Governmental Funds
Last Six Fiscal Years ⁽¹⁾

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General Fund						
Reserved for:						
Inventory	\$ 466	499	567	681	814	824
Encumbrances ⁽²⁾	16,786	18,557	15,951	14,890	-	-
Unreserved						
Designated for encumbrances ⁽²⁾	-	-	-	-	20,048	25,431
Designated for future years' expenditures	6,959	7,648	9,925	11,179	12,736	13,242
Designated for grants and special projects	-	-	-	-	-	58
Undesignated	3,749	2,067	7,988	11,363	6,904	6,120
Total General Fund	<u>27,960</u>	<u>28,771</u>	<u>34,431</u>	<u>38,113</u>	<u>40,502</u>	<u>45,675</u>
All Other Governmental Funds:						
Capital Projects						
Reserved for:						
Encumbrances ⁽²⁾	104,637	96,799	80,945	91,739	-	-
Unreserved						
Designated for encumbrances ⁽²⁾	-	-	-	-	48,134	76,784
Designated for future years' expenditures	-	-	16,985	28,609	76,858	75,045
Designated for payments to PWC for arbitrage rebate ⁽³⁾	-	-	-	-	402	811
Undesignated reported in capital projects fund	(29,668)	22,585	9,556	-	-	-
Nonmajor Special Revenue Funds						
Reserved for:						
Inventory	1,508	1,530	686	935	1,113	1,103
Encumbrances ⁽²⁾	899	705	27	24	-	-
Unreserved						
Designated for encumbrances ⁽²⁾	-	-	-	-	59	42
Designated for future years' expenditures	781	1,028	812	120	118	712
Undesignated reported in special revenue funds	1,291	519	926	1,160	3,152	5,326
Total all other governmental funds	<u>\$ 79,448</u>	<u>123,166</u>	<u>109,937</u>	<u>122,587</u>	<u>129,836</u>	<u>159,823</u>

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

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

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 4 - Changes in Fund Balances, Governmental Fund
Last Six Fiscal Years⁽¹⁾
(modified accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Revenues						
Federal sources:						
Food services	\$ 5,816	5,927	7,288	8,631	9,431	10,578
Other federal sources	14,273	16,970	21,095	23,085	24,660	26,335
Total federal sources	<u>20,089</u>	<u>22,897</u>	<u>28,383</u>	<u>31,716</u>	<u>34,091</u>	<u>36,913</u>
State sources:						
Basic aid	111,694	128,214	136,549	161,357	165,957	189,043
Food services	274	298	298	322	349	393
Lottery proceeds	9,071	8,740	8,363	9,014	9,502	9,150
Regional school program	7,806	8,868	10,063	11,486	11,646	11,297
Sales tax	33,604	36,699	42,068	49,470	58,257	65,004
Special education SOQ ⁽⁴⁾	8,417	8,753	9,086	13,314	16,485	15,079
Other state sources	34,375	29,973	34,977	39,388	43,539	58,402
Total state sources	<u>205,241</u>	<u>221,545</u>	<u>241,404</u>	<u>284,351</u>	<u>305,735</u>	<u>348,368</u>
County sources:						
County bond sale transfer	64,925	93,324	52,321	66,161	63,958	68,141
County general transfer ⁽²⁾	233,019	261,541	296,998	326,284	362,035	390,017
County proffer transfer	4,259	2,250	3,500	9,660	10,906	10,687
	<u>302,203</u>	<u>357,115</u>	<u>352,819</u>	<u>402,105</u>	<u>436,899</u>	<u>468,845</u>
Local sources:						
Charges for services	6,467	6,718	4,125	6,171	5,468	5,422
Food service sales	11,271	11,457	12,618	14,137	15,196	16,641
Interest and other income	3,076	2,195	2,593	3,222	6,922	10,939
Use of property	451	473	577	640	804	886
Other local sources	1,790	10,290	313	43	48	1,705
Total local sources	<u>23,055</u>	<u>31,133</u>	<u>20,226</u>	<u>24,213</u>	<u>28,438</u>	<u>35,593</u>
Total revenues	<u>550,588</u>	<u>632,690</u>	<u>642,832</u>	<u>742,385</u>	<u>805,163</u>	<u>889,719</u>
Expenditures						
Instruction:						
Regular	215,203	239,060	256,882	302,094	322,684	378,732
Special	51,935	58,647	65,205	73,042	83,897	90,532
Other	5,981	6,102	6,632	8,103	8,673	9,175
Instructional leadership	30,270	33,397	36,557	40,212	43,389	48,346
Support services:						
General administration	3,243	3,871	5,018	5,394	6,077	6,856
Student services	4,884	5,633	7,162	7,891	8,826	9,909
Curricular/staff development	8,761	8,976	9,960	10,691	12,060	12,770
Pupil transportation	31,650	33,699	37,724	41,874	37,656	43,359
Operations	14,750	16,845	17,790	20,310	21,641	20,091
Utilities	11,865	14,655	14,665	16,889	19,586	21,448
Maintenance	11,940	13,277	13,808	15,971	19,520	23,358
Central business services	25,250	28,625	33,298	38,900	43,192	43,327
Community service operations	393	448	485	500	649	698
Supply services ⁽³⁾	3,249	3,429	-	-	-	-
Reimbursement to County for debt service	28,462	33,833	38,431	43,685	47,977	52,520
Food service	16,925	18,420	21,140	23,608	23,162	25,488
Capital Outlay	69,544	69,244	84,974	76,889	90,689	68,050
Total expenditures	<u>534,305</u>	<u>588,161</u>	<u>649,731</u>	<u>726,053</u>	<u>789,678</u>	<u>854,659</u>
Excess (deficiency) of revenues over (under) expenditures	16,283	44,529	(6,899)	16,332	15,485	35,060
Other Financing Sources (Uses):						
Transfers in:						
General fund	1,000	1,000	1,000	1,000	1,000	1,200
Construction fund	8,395	13,638	15,859	18,204	23,606	16,864
Transfers out:						
General fund	(8,395)	(13,638)	(15,859)	(18,204)	(23,606)	(16,864)
Construction fund	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Other Governmental funds	-	-	-	-	-	(100)
Total other financing sources, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Net change in fund balances	<u>\$ 16,283</u>	<u>44,529</u>	<u>(6,899)</u>	<u>16,332</u>	<u>15,485</u>	<u>35,160</u>

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

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

⁽³⁾ The decrease in supply services expenditures and revenues resulted from the reclassification of the Warehouse Fund from a special revenue fund to an internal service fund.

⁽⁴⁾ Standards of Quality

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Revenue Capacity

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

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

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

Fiscal Year	Taxes ⁽²⁾	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property	Charges for Services	Inter-Governmental ⁽²⁾			Total
						PPTRA	All Others	Miscellaneous	
1998	\$ 308,176	10,701	1,705	14,549	19,569	--	205,709	3,361	563,770
1999	319,432	11,776	1,964	13,309	19,944	--	236,575	6,901	609,901
2000	337,727	14,900	2,023	15,371	19,768	12,976	257,782	4,665	665,212
2001	356,677	16,608	2,044	21,933	23,811	26,814	280,942	8,548	737,377
2002	384,431	19,123	2,020	12,399	27,854	41,144	311,322	11,015	809,308
2003	438,410	21,552	1,880	9,774	29,581	45,426	372,902	16,563	936,088
2004	495,667	23,480	2,329	7,470	34,373	50,625	403,194	8,198	1,025,336
2005	566,885	20,418	2,392	16,486	35,983	52,350	461,853	19,184	1,175,551
2006	619,011	18,793	2,469	26,200	38,476	59,994	495,098	26,463	1,286,504
2007	664,724	14,596	2,767	42,906	37,528	54,274	618,695	26,591	1,462,081
Change									
1998 - 2007	115.70%	36.40%	62.29%	194.91%	91.77%	100.00%	200.76%	691.16%	159.34%

Source: County of Prince William, Virginia.

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

⁽²⁾ Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 27.5% for fiscal year 2000, 47.5% for fiscal year 2001, 70.0% for fiscal years 2002 through 2006, and 61.5% for FY 2007.

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

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

Fiscal Year	Real Estate	Personal Property ⁽¹⁾	Public Service	Total General Property Taxes			BPOL Tax	All Other	Total
				Sales Tax	Utility Taxes				
1998	\$ 187,663	53,156	11,931	252,750	24,570	14,171	7,953	8,732	308,176
1999	194,884	52,433	12,493	259,810	26,499	14,702	8,594	9,827	319,432
2000	208,124	46,847	12,559	267,530	29,257	16,211	10,284	14,445	337,727
2001	223,922	42,636	12,452	279,010	31,603	17,806	11,806	16,452	356,677
2002	248,430	38,675	12,286	299,391	33,444	19,247	13,385	18,964	384,431
2003	287,517	45,739	11,757	345,013	35,224	20,257	14,836	23,080	438,410
2004	329,073	48,368	11,679	389,120	40,721	22,870	17,564	25,392	495,667
2005	375,345	49,645	14,227	439,217	43,857	25,452	19,534	38,825	566,885
2006	409,127	59,075	12,131	480,333	46,649	26,295	23,071	42,663	619,011
2007	452,553	71,290	9,627	533,470	47,921	18,522	22,809	42,002	664,724
Change									
1998 - 2007	141.15%	34.11%	-19.31%	111.07%	95.04%	30.70%	186.80%	381.01%	115.70%

Source: County of Prince William, Virginia.

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 6 - Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Residential ⁽¹⁾	Apartments ⁽¹⁾	Commercial & Industrial ⁽¹⁾	Public Service ⁽¹⁾	Vacant Land & Other ⁽¹⁾	Total Taxable Assessed Value	Total Direct Tax Rate ⁽²⁾	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1998	\$ 9,860,168	549,715	2,012,227	830,431	541,820	13,794,361	1.36	14,925,539	92.42%
1999	10,369,909	617,459	2,160,784	866,814	468,799	14,483,765	1.36	15,737,732	92.03%
2000	11,098,694	643,009	2,257,216	871,897	421,488	15,292,304	1.36	16,793,518	91.06%
2001	12,227,393	665,512	2,473,855	877,768	378,120	16,622,648	1.34	18,984,250	87.56%
2002	13,995,425	770,902	2,797,878	887,526	337,530	18,789,261	1.38	23,422,264	80.22%
2003	17,609,310	895,236	3,135,552	901,202	249,277	22,790,577	1.31	28,546,061	79.84%
2004	22,066,665	1,036,502	3,279,611	945,931	227,277	27,555,986	1.24	33,941,300	81.19%
2005	27,573,301	1,190,201	3,868,984	1,249,775	257,786	34,140,047	1.14	45,520,808	75.00%
2006	36,143,674	1,338,215	4,721,938	1,253,506	282,495	43,739,828	0.97	60,203,453	72.65%
2007	48,617,154	1,588,255	5,667,015	1,355,894	428,530	57,656,848	0.81	65,885,949	87.51%

Source: County of Prince William, Virginia.

⁽¹⁾ Net of tax-exempt property:

1998 - \$1,410,548	2003 - \$1,646,501
1999 - \$1,438,236	2004 - \$1,695,543
2000 - \$1,443,971	2005 - \$2,223,993
2001 - \$1,466,410	2006 - \$2,567,585
2002 - \$1,529,681	2007 - \$3,049,599

⁽²⁾ See Table 7, Direct and Overlapping Property 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 ⁽¹⁾				
	Commercial to Total	Commercial & Public Service to Total	Residential		Non-Residential		Bank Deposits ⁽²⁾
			Permits	Value	Permits	Value	
1998	14.6%	20.6%	2,412	\$ 245	37	\$ 50	\$ 1,009
1999	14.9%	20.9%	3,207	\$ 323	75	\$ 171	\$ 1,126
2000	14.8%	20.5%	3,404	\$ 381	66	\$ 88	\$ 1,240
2001	14.9%	20.2%	4,049	\$ 469	65	\$ 160	\$ 1,285
2002	14.9%	19.6%	4,528	\$ 502	83	\$ 132	\$ 1,433
2003	13.8%	17.7%	5,141	\$ 723	200	\$ 495	\$ 1,694
2004	11.9%	15.3%	4,938	\$ 654	217	\$ 320	\$ 2,007
2005	11.3%	15.0%	5,249	\$ 718	219	\$ 477	\$ 2,319
2006	10.8%	13.7%	3,871	\$ 552	299	\$ 576	\$ 2,681
2007	9.8%	12.2%	2,744	\$ 397	301	\$ 379	\$ 2,864

Source: County of Prince William, Virginia.

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

⁽²⁾ Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 1998-2007, 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 Property Tax Rates
Last Ten Fiscal Years
(tax rate per \$100 of assessed value)

Type of Tax	1998	1999	2000	2001
PRINCE WILLIAM COUNTY				
<i>Countywide Tax Levies:</i>				
Real Estate - General Fund	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.34000
Fire and Rescue Levy (Countywide)	--	--	--	--
Gypsy Moth Levy (Countywide)	\$ 0.00280	\$ 0.00280	\$ 0.00280	\$ 0.00280
Total Direct Tax Rate	\$ 1.36280	\$ 1.36280	\$ 1.36280	\$ 1.34280
Personal Property -				
General Class	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Heavy Equipment and Machinery	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Computer Equipment	\$ 3.70000	\$ 3.70000	\$ 1.50000	\$ 1.50000
Farmers Machinery and Tools	\$ 0.70000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.70000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 1.30000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.34000
Research & Development	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Van Pool Vans	\$ 0.35000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Emergency Volunteer Vehicles	\$ 0.35000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Auxiliary Volunteer Fire Vehicles	\$ 3.70000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Vehicles Modified for Disabled	\$ 0.35000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Recreation Use Only	\$ 3.70000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Weighing 5 tons or more	\$ 3.70000	\$ 0.00001	\$ 0.00001	\$ 0.00001
Camping Trailers and Motor Homes	\$ 3.70000	\$ 3.70000	\$ 0.00001	\$ 0.00001
Owned by Certain Elderly and Handicapped Persons	\$ 3.70000	\$ 3.70000	\$ 0.00001	\$ 0.00001
<i>Special District Levies⁽¹⁾:</i>				
<i>Fire and Rescue Levies -</i>				
Dumfries (Fire)	\$ 0.04000	\$ 0.04000	\$ 0.04000	\$ 0.04000
Dumfries (Rescue)	\$ 0.02860	\$ 0.03000	\$ 0.03000	\$ 0.03000
Occoquan	\$ 0.05440	\$ 0.05770	\$ 0.05770	\$ 0.05770
Neabsco	\$ 0.06220	\$ 0.07410	\$ 0.07410	\$ 0.07410
Stonewall Jackson	\$ 0.03560	\$ 0.03870	\$ 0.03870	\$ 0.03870
Coles	\$ 0.08580	\$ 0.09250	\$ 0.09250	\$ 0.09250
Yorkshire	\$ 0.08690	\$ 0.10000	\$ 0.10000	\$ 0.10000
Lake Jackson	\$ 0.08510	\$ 0.09210	\$ 0.09210	\$ 0.09210
Gainesville	\$ 0.05630	\$ 0.06070	\$ 0.06070	\$ 0.06070
Evergreen	\$ 0.06990	\$ 0.07860	\$ 0.07860	\$ 0.07860
Nokesville	\$ 0.08480	\$ 0.09840	\$ 0.09840	\$ 0.09840
Buckhall	\$ 0.08910	\$ 0.09630	\$ 0.09630	\$ 0.09630
Wellington	\$ 0.09800	\$ 0.09800	\$ 0.09800	\$ 0.09800
<i>Sanitary District Levy</i>				
Bull Run	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Occoquan Forest	\$ 0.16000	\$ 0.16000	\$ 0.16000	\$ 0.16000
<i>Service District Levies -</i>				
Bull Run	\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.10000
Lake Jackson	\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000
Circuit Court	--	--	--	--
<i>Transportation District Levies -</i>				
Prince William Parkway	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000
234-Bypass	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000
Foremost Court Service	--	\$ 0.23000	\$ 0.23000	\$ 0.23000
Woodbine Forest Service	--	\$ 0.14000	\$ 0.14000	\$ 0.14000
OVERLAPPING GOVERNMENTS				
<i>Real Estate Tax Levy:</i>				
Town of Dumfries	\$ 0.13000	\$ 0.13000	\$ 0.13000	\$ 0.12420
Town of Haymarket	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000
Town of Occoquan	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000
Town of Quantico	\$ 0.25000	\$ 0.25000	\$ 0.25000	\$ 0.20000

Source: County of Prince William, Virginia

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

2002	2003	2004	2005	2006	2007	Type of Tax
PRINCE WILLIAM COUNTY						
<i>Countywide Tax Levies:</i>						
\$ 1.30000	\$ 1.23000	\$ 1.16000	\$ 1.07000	\$ 0.91000	\$ 0.75800	Real Estate - General Fund
\$ 0.07280	\$ 0.07280	\$ 0.07280	\$ 0.06600	\$ 0.05600	\$ 0.04660	Fire and Rescue Levy (Countywide)
\$ 0.00400	\$ 0.00400	\$ 0.00400	\$ 0.00400	\$ 0.00250	\$ 0.00250	Gypsy Moth Levy (Countywide)
<u>\$ 1.37680</u>	<u>\$ 1.30680</u>	<u>\$ 1.23680</u>	<u>\$ 1.14000</u>	<u>\$ 0.96850</u>	<u>\$ 0.80710</u>	Total Direct Tax Rate
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	Personal Property -
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	General Class
\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	Heavy Equipment and Machinery
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Computer Equipment
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Farmers Machinery and Tools
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (small scheduled)
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (all other aircraft)
\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	Mining & Manufacturing Tools
\$ 1.30000	\$ 1.23000	\$ 1.16000	\$ 1.07000	\$ 0.91000	\$ 0.76700	Mobile Homes
\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	Research & Development
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Van Pool Vans
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Emergency Volunteer Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Auxiliary Volunteer Fire Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Vehicles Modified for Disabled
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Recreation Use Only
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Weighing 5 tons or more
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Camping Trailers and Motor Homes
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Owned by Certain Elderly and Handicapped Persons
<i>Special District Levies⁽¹⁾:</i>						
--	--	--	--	--	--	Fire and Rescue Levies -
--	--	--	--	--	--	Dumfries (Fire)
--	--	--	--	--	--	Dumfries (Rescue)
--	--	--	--	--	--	Occoquan
--	--	--	--	--	--	Neabsco
--	--	--	--	--	--	Stonewall Jackson
--	--	--	--	--	--	Coles
--	--	--	--	--	--	Yorkshire
--	--	--	--	--	--	Lake Jackson
--	--	--	--	--	--	Gainesville
--	--	--	--	--	--	Evergreen
--	--	--	--	--	--	Nokesville
--	--	--	--	--	--	Buckhall
--	--	--	--	--	--	Wellington
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	--	Sanitary District Levy
\$ 0.16000	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	--	Bull Run
\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.10000	\$ 0.12000	Occoquan Forest
\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000	\$ 0.11000	Service District Levies -
--	--	\$ 0.28000	\$ 0.28000	\$ 0.23000	\$ 0.19000	Bull Run
\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	Lake Jackson
\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	\$ 0.02000	Circuit Court
\$ 0.23000	\$ 0.23000	\$ 0.23000	\$ 0.22000	--	--	Transportation District Levies -
\$ 0.14000	\$ 0.07000	--	--	--	--	Prince William Parkway
						234-Bypass
						Foremost Court Service
						Woodbine Forest Service
OVERLAPPING GOVERNMENTS						
<i>Real Estate Tax Levy:</i>						
\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.12420	\$ 0.13000	\$ 0.18000	Town of Dumfries
\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.14000	\$ 0.12000	Town of Haymarket
\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.05000	\$ 0.08500	Town of Occoquan
\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.20000	\$ 0.15000	\$ 0.20000	Town of Quantico

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

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value ⁽¹⁾
Virginia Electric & Power Company	\$ 683,763	1	1.19%	\$ 419,997	1	3.04%
Potomac Mills Operating Co., LLC	433,712	2	0.75%	-	-	-
Northern Virginia Electric Co-op	227,463	3	0.39%	139,210	2	1.01%
Dominion Country Club, LP	204,818	4	0.36%	-	-	-
Brookfield Morris, LLC	200,820	5	0.35%	-	-	-
Verizon South, Inc.	167,662	6	0.29%	57,670	7	0.42%
Lee Carolina, LLC	138,885	7	0.24%	55,252	8	0.40%
Centex Homes	123,652	8	0.21%	-	-	-
Manassas Mall, LLC	94,721	9	0.16%	-	-	-
WNH Limited Partnership	94,470	10	0.16%	-	-	-
Washington Outlet Mall, Ltd	-	-	-	139,191	3	1.01%
GTE South, Inc.	-	-	-	132,907	4	0.96%
Hylton	-	-	-	61,698	5	0.45%
Trustees Martial Trust B 1 Hylton	-	-	-	58,284	6	0.42%
Washington Gas Light Company	-	-	-	48,906	9	0.35%
United Dominion Realty Trust, Inc.	-	-	-	38,552	10	0.28%
	<u>\$ 2,369,966</u>		<u>5.42%</u>	<u>\$ 1,151,667</u>		<u>8.65%</u>

Source: County of Prince William, Virginia

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

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

Fiscal Year	Total Adjusted Tax Levy ⁽¹⁾	Collected within the Fiscal Year of the Levy			Total Collections to Date			Unpaid Delinquent Taxes ⁽³⁾	Unpaid Delinquent Taxes as a Percent of Total Tax
		Amount ⁽²⁾	Percentage of Levy	Collections in Subsequent Years	Penalties on Taxes Collected	Amount	Percentage of Levy		
1998	249,353	240,756	96.6%	6,126	2,149	249,031	99.9%	24,989	10.0%
1999	262,964	249,885	95.0%	6,787	1,394	258,066	98.1%	28,670	10.9%
2000	281,542	270,486	96.1%	10,726	2,092	283,304	100.6%	26,274	9.3%
2001	306,300	297,000	97.0%	9,468	2,220	308,688	100.8%	23,517	7.7%
2002	340,289	333,639	98.0%	8,633	2,492	344,764	101.3%	20,830	6.1%
2003	389,745	382,887	98.2%	8,711	2,676	394,274	101.2%	17,103	4.4%
2004	441,740	434,901	98.5%	7,320	2,791	445,012	100.7%	16,586	3.8%
2005	491,858	485,905	98.8%	7,161	2,904	495,970	100.8%	15,067	3.1%
2006	538,957	534,078	99.1%	6,746	3,488	544,312	101.0%	12,203	2.3%
2007	533,955	528,670	99.0%	5,473	7,144	541,287	101.4%	12,588	2.4%

Source: County of Prince William, Virginia

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

⁽²⁾ Current tax collections include collection of current tax less refunds for adjustments to tax due made after payment. For fiscal years 2000 to 2007, the current tax collections also include reimbursement from the Commonwealth under the Personal Property Tax Relief Act. The Personal Property Tax Relief Act amount received for fiscal years 2000 to 2007 are as follows:

- Fiscal year 2000 = \$12,976
- Fiscal year 2001 = \$26,814
- Fiscal year 2002 = \$41,144
- Fiscal year 2003 = \$45,426
- Fiscal year 2004 = \$50,625
- Fiscal year 2005 = \$52,350
- Fiscal year 2006 = \$59,994
- Fiscal year 2007 = \$54,274

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 10 - Assessed and Estimated Market Value of Taxable Property⁽¹⁾
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	-----Real Property-----				-----Personal Property ⁽⁴⁾ ----			-----Grand Total-----	
	Locally Assessed	Public Service ⁽²⁾	Total Assessed Value	Estimated Market Value ⁽³⁾	Ratio of Assessed to Estimated Market Value	Locally Assessed	Public Service ⁽²⁾	Assessed Value	Market Value
1998	\$ 12,963,930	830,431	13,794,361	14,925,539	92.4%	1,535,033	2,414	15,331,808	16,462,986
1999	13,616,951	866,814	14,483,765	15,737,732	92.0%	1,753,134	2,912	16,239,811	17,493,778
2000	14,420,407	871,897	15,292,304	16,793,518	91.1%	1,820,491	2,453	17,115,248	18,616,462
2001	15,744,880	877,768	16,622,648	18,984,250	87.6%	2,044,228	1,980	18,668,856	21,030,458
2002	17,901,735	887,526	18,789,261	23,422,264	80.2%	2,410,777	2,113	21,202,151	25,835,154
2003	21,889,375	901,202	22,790,577	28,546,061	79.8%	2,758,620	2,599	25,551,796	31,307,280
2004	26,610,055	945,931	27,555,986	33,941,300	81.2%	2,939,510	3,329	30,498,825	36,884,139
2005	32,890,272	1,249,775	34,140,047	45,520,808	75.0%	2,997,032	1,358	37,138,437	48,519,198
2006	42,486,322	1,253,506	43,739,828	60,203,453	72.7%	3,419,461	1,257	47,160,546	63,624,171
2007	56,300,954	1,355,894	57,656,848	65,885,949	87.5%	3,608,756	1,693	61,267,297	69,496,398

Source: County of Prince William, Virginia

⁽¹⁾ Fiscal year values represent the assessed value for the prior January 1 (e.g. fiscal year 2005 values are based on the January 1, 2004 assessment).

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

⁽³⁾ The estimated market value of real property (including public service) is calculated by dividing the assessed value by the County's assessment-to-sales price ratio.

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

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 11 - Ratios of Outstanding Debt by Type, Primary Government and Component Units
Last Ten Fiscal Years

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Primary Government										
<i>Governmental Activities:</i>										
General Obligation Bonds ⁽¹⁾										
General Government	\$ 115,044	\$ 108,711	\$ 103,064	\$ 100,205	\$ 92,272	\$ 96,668	\$ 108,292	\$ 140,039	\$ 128,525	\$ 149,362
School Board-Related	132,816	163,564	209,017	257,943	305,091	367,341	395,333	432,562	467,363	502,453
Park Authority-Related	348	101	80	3,060	2,888	9,699	9,531	7,000	6,267	5,537
IDA Lease Revenue Bonds	15,305	14,865	14,405	13,920	13,410	12,875	12,315	11,970	11,140	10,430
Literary Fund Loans	3,514	3,103	2,692	6,452	6,093	6,209	5,713	5,316	4,918	4,520
Real Property Capital Leases										
General Government	31,490	29,740	27,990	26,140	55,245	78,590	80,645	79,025	132,825	150,189
Adult Detention Center	1,560	780	--	--	--	--	--	--	--	68,005
Park Authority	--	--	--	--	--	--	--	--	--	594
Commuter Rail Capital Leases	4,661	4,421	4,167	3,895	3,608	3,301	2,977	2,629	2,258	1,863
Equipment Capital Leases	--	--	--	--	--	562	527	381	228	68
Installment Notes Payable	--	--	1,400	1,264	1,158	1,045	924	795	657	509
Internal Service Funds Leases and Notes	22	--	--	35	24	12	--	--	--	--
<i>Business-Type Activities:</i>										
Solid Waste System Revenue Bonds	\$ 24,218	\$ 25,068	\$ 23,253	\$ 21,885	\$ 20,119	\$ 18,327	\$ 17,179	\$ 13,920	\$ 12,550	\$ 11,065
Sanitary District Bonds	560	535	510	480	--	--	--	--	--	--
Landfill Capital Lease Obligations	240	120	--	--	--	--	--	--	--	--
Taxable Revenue Notes	8,100	7,000	5,800	5,100	1,100	250	250	250	3,250	3,250
Total Primary Government	\$ 337,878	\$ 358,008	\$ 392,378	\$ 440,379	\$ 501,008	\$ 594,879	\$ 633,686	\$ 693,887	\$ 769,981	\$ 907,845
Percentage of Personal Income ⁽²⁾	4.09%	4.01%	3.84%	4.01%	4.36%	4.89%	4.72%	4.75%	4.87%	*
Per Capita ⁽²⁾	1,257	1,291	1,397	1,494	1,620	1,850	1,881	1,958	2,074	2,381
Component Units										
Park Authority Component Unit ⁽³⁾ :										
Series 1994 Revenue Bonds	\$ 20,615	\$ 20,010	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Series 1999 Revenue Bonds	--	--	21,415	21,120	20,780	20,425	19,112	18,795	18,459	18,101
Equipment Capital Leases	487	366	766	549	527	2,003	1,833	1,353	2,249	1,710
Installment Notes Payable ⁽⁴⁾	206	158	308	210	2,087	1,718	1,023	904	780	651
Total Component Units	21,308	20,534	22,489	21,879	23,394	24,146	21,968	21,052	21,488	20,462
Total Reporting Entity Outstanding Debt	359,186	378,542	414,867	462,258	524,402	619,025	655,654	714,939	791,469	928,307
Less: Self-Supporting Revenue and Other Bonds	50,577	50,678	50,419	48,139	47,121	45,774	42,124	37,601	36,296	33,390
Net Tax-Supported Debt	\$ 308,609	\$ 327,864	\$ 364,448	\$ 414,119	\$ 477,281	\$ 573,251	\$ 613,530	\$ 677,338	\$ 755,173	\$ 894,917

Source: County of Prince William, Virginia

* Not available

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

⁽²⁾ See Table 16 for personal income and population data.

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

⁽⁴⁾ Restated in FY 2003.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 12 - Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

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

Fiscal Year	General Obligation Bonds ⁽¹⁾	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Sanitary District Bonds	Total	Percentage of Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
1998	\$ 248,208	15,305	24,218	560	288,291	1.93%	1,072
1999	272,376	14,865	25,068	535	312,844	1.99%	1,128
2000	312,161	14,405	23,253	510	350,329	2.09%	1,248
2001	361,208	13,920	21,885	480	397,493	2.10%	1,348
2002	400,251	13,410	20,119	--	433,780	1.85%	1,402
2003	473,708	12,875	18,327	--	504,910	1.77%	1,570
2004	513,156	12,315	17,179	--	542,650	1.60%	1,611
2005	579,601	11,970	13,920	--	605,491	1.33%	1,709
2006	602,155	11,140	12,550	--	625,845	1.04%	1,686
2007	657,352	10,430	11,065	--	678,847	1.03%	1,781

Source: County of Prince William, Virginia

⁽¹⁾ Includes general obligation bonds associated with School Board-Related and Park Authority-Related Debt; see Table 11.

⁽²⁾ See Table 6 for property value data.

⁽³⁾ See Table 16 for population data.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 13 - Direct and Overlapping Governmental Activities Debt
As of June 30, 2007
(amounts expressed in thousands)

	Outstanding on 6/30/2007	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ⁽²⁾
Direct:				
Net Tax Supported Debt ⁽¹⁾	\$ 894,917	100.00%	\$ 894,917	1.5521%
Overlapping:				
Town of Dumfries	2,141	100.00%	2,141	0.0037%
Town of Quantico	276	100.00%	276	0.0005%
Town of Haymarket	2,559	100.00%	2,559	0.0044%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 A and B	3,116	100.00%	3,116	0.0054%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	12,917	100.00%	12,917	0.0224%
Northern Virginia Transportation Commission - Virginia Railway Express ⁽³⁾	84,387	39.14%	33,029	
Northern Virginia Criminal Justice Training Academy (NVCJTA) ⁽³⁾	18,650	29.52%	5,505	
Upper Occoquan Sewage Authority (UOSA) ⁽³⁾	146,773	4.07%	5,978	
			\$ 960,438	1.6658%

Source: County of Prince William, Virginia

⁽¹⁾ From Table 11.

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

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 14 - 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 \$384,245 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2007. These authorized bonds are for the construction of roads, road improvements, parks, and libraries.

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.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government ⁽¹⁾										
Principal	\$ 20,357	\$ 22,407	\$ 23,836	\$ 25,370	\$ 26,892	\$ 30,929	\$ 35,165	\$ 39,975	\$ 47,584	\$ 52,060
Interest ⁽²⁾	15,469	15,924	16,699	18,195	20,035	23,959	25,247	29,849	32,995	37,524
Internal Service Fund Debt Service ⁽³⁾	76	24	6	24	11	12	12	--	--	--
Debt Service on Net Tax-Supported Debt	35,902	38,355	40,541	43,589	46,938	54,900	60,424	69,824	80,579	89,584
Total Government Expenditures ⁽⁴⁾	536,617	572,800	619,665	672,002	744,959	845,342	925,866	1,033,382	1,125,453	1,310,566
Ratio of Debt Service to Expenditures	6.7%	6.7%	6.5%	6.5%	6.3%	6.5%	6.5%	6.8%	7.2%	6.8%
Total Revenues ⁽⁵⁾	549,340	587,032	646,920	716,538	775,222	820,465	956,529	1,089,605	1,188,320	1,360,579
Ratio of Debt Service to Revenues	6.5%	6.5%	6.3%	6.1%	6.1%	6.7%	6.3%	6.4%	6.8%	6.6%
Net Tax-Supported Debt ⁽⁶⁾	308,609	327,864	364,448	414,119	477,281	573,251	613,530	677,338	755,173	894,917
Assessed Value of Taxable Property ⁽⁷⁾	15,331,808	16,239,811	17,115,248	18,668,856	21,202,151	25,551,796	30,498,825	37,138,437	47,160,546	61,267,297
Ratio of Net Tax-Supported Debt to Assessed Value	2.0%	2.0%	2.1%	2.2%	2.3%	2.2%	2.0%	1.8%	1.6%	1.5%

Source: County of Prince William, Virginia

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

⁽²⁾ Excludes bond issuance and other costs.

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

⁽⁴⁾ Total Expenditures excluding capital projects from Table 22, PWC FY 2007 CAFR.

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

⁽⁶⁾ From Table 11.

⁽⁷⁾ From Table 10.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 15 - Revenue Bond Coverage for Solid Waste System Revenue Bonds
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	System Revenues ⁽¹⁾	Operating Expenses and Transfers ⁽²⁾	Closure Payment ⁽³⁾	Net Revenue Available for Debt	Debt Service Payments ⁽⁴⁾		Total	Coverage ⁽⁶⁾
					Principal ⁽⁵⁾	Interest		
1998	\$ 11,120	6,754	1,192	3,174	1,150	1,298	2,448	1.30
1999	12,042	6,046	1,432	4,564	1,280	1,387	2,667	1.71
2000	12,011	6,359	1,158	4,494	1,935	1,303	3,238	1.39
2001	13,042	7,454	912	4,676	1,368	1,636	3,004	1.56
2002	11,622	6,893	--	4,729	1,766	1,222	2,988	1.58
2003	12,724	8,027	1,244	3,453	1,793	1,187	2,980	1.16
2004	13,606	7,013	1,798	4,795	1,148	1,162	2,310	2.08
2005	14,715	10,090	1,752	2,873	1,323	1,114	2,437	1.18
2006	14,653	9,615	2,594	2,444	1,370	501	1,871	1.31
2007	16,535	9,970	2,199	4,366	1,485	562	2,047	2.13

Source: County of Prince William, Virginia.

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

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

⁽³⁾ There is no provision for FY2002 closure payment due to revised engineering estimate increasing the capacity because of changes in slope design.

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

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

⁽⁶⁾ Required coverage is 1.15.

Demographic and Economic Information

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 16- Demographic and Economic Statistics
Last Ten Years

Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (in thousands)	Per Capita Income ⁽²⁾	Fall School Enrollment ⁽³⁾	Average Civilian Labor Force ⁽⁴⁾	Average Unemployment Rate ⁽⁴⁾
1998	268,894	\$8,269,655	\$26,928	49,905	134,985	2.0%
1999	277,359	8,928,784	28,145	51,028	137,586	2.0%
2000	280,813	10,228,409	31,036	52,551	148,618	1.5%
2001	294,798	10,983,002	31,895	54,646	152,086	2.4%
2002	309,351	11,492,607	32,071	57,397	154,545	3.3%
2003	321,570	12,176,485	32,882	60,541	167,865	3.6%
2004	336,820	13,437,793	34,877	62,691	174,247	2.6%
2005	354,383	14,618,081	36,693	66,093	187,926	2.6%
2006	371,178	15,813,242	37,966	68,225	193,561	2.3%
2007	381,221	*	*	70,723	201,475	2.6%

* Not available

⁽¹⁾ Prince William County Standard Data Set calculated by the Prince William County Office of Information Technology.

⁽²⁾ Bureau of Economic Analysis, U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of April, 2007). 2006 data estimated based upon ten-year growth on BEA data from 1996 through 2005.

⁽³⁾ Superintendent's Annual Report, Virginia Department of Education; Prince William County Public Schools, as of September 30th, 2006.

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

TABLE 16A - Comparative Demographic Statistics
1990 & 2000 U.S. Census

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

Source: County of Prince William, Virginia

* Not available

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 17 - Principal Employers
Current Year and Nine Years Ago

Employer ⁽¹⁾	2007			1998		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
Federal Government	13,600	1	6.75%	12,700	1	9.75%
Prince William Public Schools	9,443	2	4.69%	5,728	2	4.40%
Prince William County	3,552	3	1.76%	2,536	3	1.95%
Potomac Hospital Corporation	1,200	4	0.60%	1,006	5	0.77%
S.W. Rogers Company	1,000	5	0.50%	477	6	0.37%
Minnieland Private Day School, Inc.	854	6	0.42%	--		--
General Dynamics Land Systems	558	7	0.28%	--		--
Northern Virginia Community College	523	8	0.26%	458	7	0.35%
Alliant/Atlantic Food Services, Inc.	428	9	0.21%	450	8	0.35%
Prince William County Park Authority	384	10	0.19%	--		--
Lockheed Martin	--		--	1,600	4	1.23%
U.S. Postal Service	--		--	364	9	0.28%
Phoenix Development Corp.	--		--	350	10	0.27%
	<u>31,542</u>		<u>16.30%</u>	<u>25,669</u>		<u>19.72%</u>

Source: County of Prince William, Virginia

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Operating Information

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 18 - Full-time-Equivalent School Employees by Positions
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
School -Based Positions										
Teachers ⁽¹⁾										
Classroom teachers	3,317	3,384	3,425	3,599	3,776	4,014	-	-	-	-
Regular classroom teachers	-	-	-	-	-	-	2,926	3,193	3,290	3,553
Special education teachers	-	-	-	-	-	-	621	661	759	767
Vocational education teachers	-	-	-	-	-	-	201	210	212	213
Speech therapists	-	-	-	-	-	-	68	69	72	73
Physical therapists	-	-	-	-	-	-	20	21	8	25
Guidance counselors	-	-	-	-	-	-	146	171	166	169
Librarians	-	-	-	-	-	-	83	88	92	93
Physical education	-	-	-	-	-	-	165	190	201	213
Technology teachers	-	-	-	-	-	-	-	-	76	77
Other	-	-	-	-	-	-	-	-	74	80
School-Based Administrators										
Principals	67	68	69	71	73	76	79	82	84	84
Assistant principals	59	63	69	74	81	70	88	108	122	104
Guidance directors	18	18	18	20	20	21	21	23	23	24
Student activity directors	7	7	7	8	8	8	8	10	10	10
Other	-	-	74	77	73	69	71	79	-	-
Education Specialist										
Education specialist	56	65	60	74	83	94	-	-	-	-
School-based curriculum specialists	-	-	-	-	-	-	8	10	8	8
Program specialists	-	-	-	-	-	-	15	86	19	15
Social workers	-	-	-	-	-	-	34	39	39	45
Psychologists	-	-	-	-	-	-	35	35	40	44
Instructional Assistants	460	479	421	442	481	505	534	551	599	669
Other Positions										
School office assistant staff	340	306	323	355	370	384	399	421	461	475
Custodial staff	301	301	312	333	348	362	366	410	425	435
Other	-	80	57	69	126	-	-	-	-	-
Noninstructional specialists	-	-	-	-	-	97	85	89	-	-
Security	-	-	-	-	-	31	41	49	64	67
School nurse	-	-	-	-	-	32	51	55	60	67
Total School-Based Positions	4,625	4,771	4,835	5,122	5,439	5,763	6,065	6,650	6,904	7,310
Nonschool-Based Positions										
Technical support	47	88	87	62	67	70	121	139	244	206
Management	62	67	76	102	109	110	96	127	138	143
Education specialist	57	58	81	63	52	32	32	48	33	32
Office assistants	110	110	126	122	131	115	119	136	122	136
Custodial/maintenance	221	217	180	224	230	240	252	220	230	258
Leadership team	7	7	7	8	8	8	8	8	10	10
Bus drivers	431	447	372	391	453	489	511	565	645	654
Bus drivers' aides	97	102	83	87	92	98	97	119	135	130
Cafeteria staff	448	465	488	527	376	393	406	441	518	537
Other	8	8	8	8	13	34	35	37	62	20
Total Nonschool Based Positions	1,488	1,569	1,508	1,594	1,531	1,589	1,677	1,840	2,137	2,126
Total	6,113	6,340	6,343	6,716	6,970	7,352	7,742	8,490	9,041	9,436

Source: School Board Budget Office

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 19 - Student Enrollment
Last Ten Fiscal Years

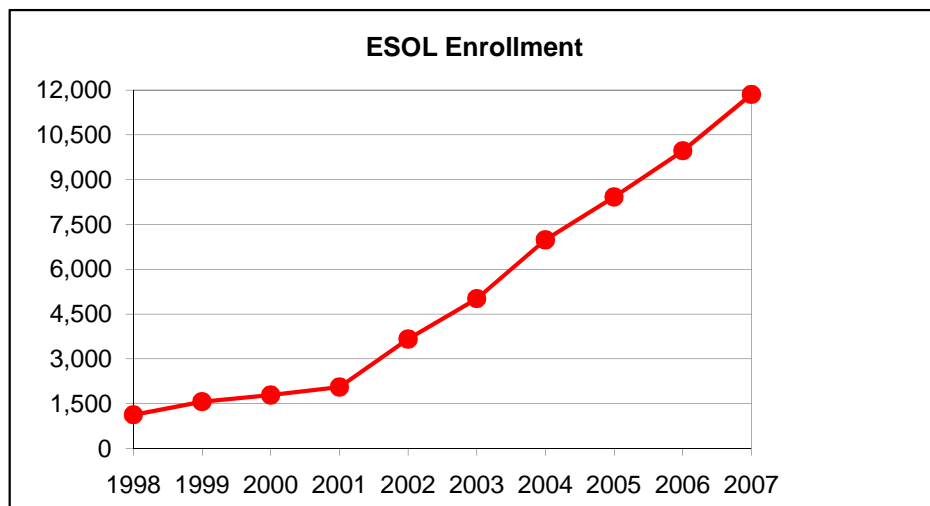
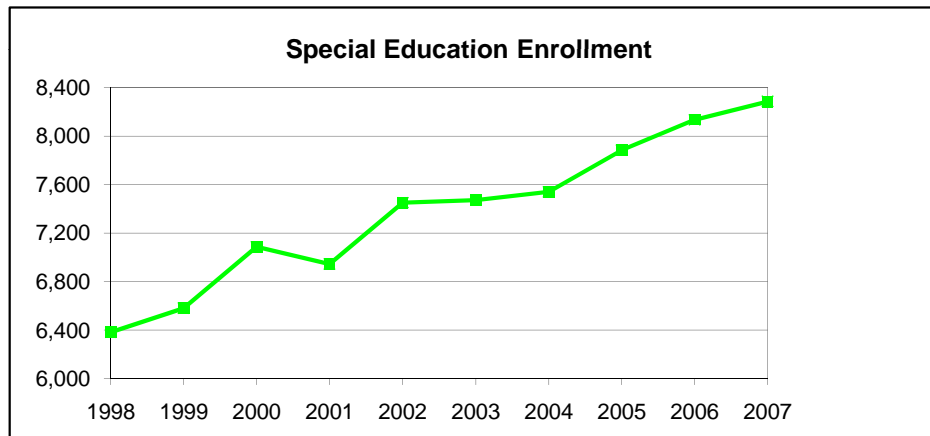
Fiscal Year	Total Student Enrollment ⁽¹⁾	Special Education Enrollment ⁽²⁾	ESOL Enrollment ⁽³⁾
1998	49,905	6,382	1,121
1999	51,028	6,579	1,561
2000	52,551	7,086	1,781
2001	54,646	6,943	2,050
2002	57,397	7,450	3,657
2003	60,541	7,471	5,014
2004	62,691	7,540	6,979
2005	66,093	7,883	8,415
2006	68,225	8,134	9,963
2007	70,723	8,283	11,847

Note: Student Enrollments are at September 30th for each fiscal year.

⁽¹⁾ Source: School Board Financial Services.

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

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



PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 20 - Operating Statistics
Last Six Fiscal Years

<u>Fiscal Year</u>	<u>Student Enrollment ⁽¹⁾</u>	<u>Operating Expenditures ⁽²⁾</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Expenses</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ⁽³⁾</u>	<u>Pupil-Teacher Ratio</u>
2002	57,397	\$ 421,779,000	\$ 7,348	**	\$ 467,267,000	\$ 8,141	**	**	**
2003	60,541	470,595,054	7,773	5.8%	521,985,921	8,622	5.9%	**	**
2004	62,691	515,766,698	8,227	5.8%	568,663,297	9,071	5.2%	3,748	16.7
2005	66,093	592,505,238	8,965	9.0%	647,834,147	9,802	8.1%	4,064	16.3
2006	68,225	646,400,810	9,475	5.7%	709,695,642	10,402	6.1%	4,261	16.0
2007	70,723	719,422,855	10,172	7.4%	796,505,703	11,262	8.3%	4,533	15.6

** Data not available.

Notes: PWCS' first year producing a CAFR was fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.

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

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

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 21- 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>
1998	\$ 29,005	40,365	41,273	57,260
1999	29,184	41,569	40,414	57,564
2000	30,328	41,389	41,829	59,509
2001	31,777	43,046	43,620	61,973
2002	33,115	44,798	46,205	66,038
2003	34,423	46,155	48,234	69,684
2004	35,455	47,963	50,460	74,519
2005	36,519	50,215	51,974	76,754
2006	37,615	51,607	53,533	83,548
2007	40,788	53,413	55,245	86,372

Source: School Board Budget Office.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 22 - Food and Nutrition Services Program
Last Ten Fiscal Years

Fiscal Year	Number of Lunches Served Daily	Student Lunch Price			Lunch Sites	Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility	Free and Reduced Eligibility %	Adult Breakfast ⁽¹⁾	Adult Lunch ⁽¹⁾
		Elementary	Middle School	High School								
1998	23,537	1.40	1.45	1.45	**	3,503	0.90	**	11,015	22.1%	1.00	2.00
1999	25,470	1.45	1.50	1.50	**	4,252	0.90	**	**	**	1.00	2.00
2000	26,841	1.45	1.50	1.50	69	3,960	0.90	63	11,057	21.0%	1.00	2.00
2001	28,553	1.50	1.55	1.55	71	5,180	1.00	67	11,701	21.4%	1.10	2.05
2002	30,243	1.55	1.60	1.60	73	4,948	1.00	68	13,007	22.7%	1.10	2.10
2003	32,479	1.60	1.65	1.65	75	5,578	1.00	70	15,756	26.0%	1.10	2.15
2004	35,241	1.70	1.75	1.75	75	6,459	1.10	69	16,512	26.3%	1.20	2.25
2005	39,062	1.70	1.85	1.85	82	7,211	1.10	79	18,640	28.2%	1.20	2.25
2006	41,057	1.85	1.90	1.90	82	8,210	1.10	78	19,166	28.1%	1.35	2.40
2007	44,288	2.00	2.15	2.25	84	9,619	1.20	85	20,588	29.2%	1.75	3.00

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

** Data not available at time of compilation.

(1) Source: School Board Budget Office.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 23 - School Building Information
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Elementary Schools</u>					<u>Middle Schools</u>					<u>High Schools</u>				
	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
1998	40	2,143,810	22,202	183	623.5	10	1,285,730	10,960	7	357.5	7	2,012,253	15,125	6	515.5
1999	42	2,291,810	23,680	186	660.2	10	1,285,730	10,960	7	357.5	7	2,012,253	15,125	6	515.5
2000	42	2,291,810	23,680	186	660.2	10	1,285,730	10,960	7	357.5	7	2,012,253	15,125	6	515.5
2001	43	2,372,810	24,460	188	685.5	11	1,420,340	12,193	7	392.1	8	2,288,253	17,178	6	594.7
2002	45	2,532,618	25,938	191	719.5	11	1,420,340	12,193	7	392.1	8	2,288,253	17,178	6	594.7
2003	46	2,615,702	26,790	191	737.6	13	1,690,958	14,659	27	452	8	2,288,253	17,178	6	594.7
2004	47	2,699,786	27,642	191	757.6	13	1,690,958	14,659	27	452	8	2,288,253	17,178	6	594.7
2005	49	2,859,570	29,048	191	901.2	13	1,690,958	14,659	27	452	10	2,844,241	21,284	9	719.5
2006	51	3,030,766	30,824	191	939.1	13	1,690,958	14,659	27	452	10	2,844,241	21,284	9	719.5
2007	53	3,221,129	31,986	182	858.1	14	1,813,410	15,892	20	476.4	10	2,843,179	21,284	14	722.6

<u>Fiscal Year</u>	<u>Alternative Schools</u>					<u>Special Schools</u>					<u>Traditional Schools</u>				
	<u>Buildings⁽¹⁾</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
1998	1	14,749	**	0	9.3	4	284,724	**	5	61.3	1	56,330	648	2	15
1999	1	14,749	**	0	9.3	4	284,724	**	5	61.3	1	56,330	648	2	15
2000	1	14,749	**	0	9.3	4	284,724	**	5	61.3	1	56,330	648	2	15
2001	1	14,749	**	0	9.3	4	284,724	**	5	61.3	1	56,330	648	2	15
2002	1	14,749	**	0	9.3	4	284,724	**	5	61.3	1	56,330	648	2	15
2003	1	14,749	**	0	9.3	4	284,724	**	5	61.3	1	56,330	648	2	15
2004	1	14,749	**	0	9.3	4	284,724	**	5	61.3	1	56,330	648	2	15
2005	2	14,749	**	0	9.3	4	284,724	**	5	61.3	2	127,575	1,320	2	31.9
2006	2	14,749	**	0	9.3	4	284,724	**	5	61.3	2	127,575	1,320	2	31.9
2007	2	14,749	**	12	5	4	301,208	**	10	63.5	2	127,575	1,320	2	31.9

<u>Fiscal Year</u>	<u>Total School Buildings</u>				
	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
1998	63	5,797,596	48,935	203	1,582.0
1999	65	5,945,596	50,413	206	1,618.7
2000	65	5,945,596	50,413	206	1,618.7
2001	68	6,437,206	54,479	208	1,759.9
2002	70	6,597,014	55,957	211	1,791.9
2003	73	6,950,716	59,275	231	1,869.8
2004	74	7,034,800	60,127	231	1,889.8
2005	80	7,821,817	66,311	234	2,175.2
2006	82	7,993,013	68,087	234	2,213.1
2007	85	8,321,250	70,482	240	2,157.5

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Source: School Board Construction and Planning Office.

** Data not available.

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 24- Miscellaneous Statistical Data
June 30, 2007

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the <i>Code of Virginia</i>)
Area:	348 Square Miles
Services of Primary Government:	
Fire protection:	
Number of career employees	418
Number of volunteers	1,290
Police protection:	
Number of police officers	517
Public Safety Communications:	
Number of employees	95
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	75
Number of public high schools	10
Membership as of September 30, 2006 (FY07)	70,723
Number of personnel (full-time equivalent)	9,436
Recreation (Park Authority Component Unit):	
Acres developed or reserved for County parks	3,302
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	402
Capacity of work-release center	65
Number of personnel (full-time equivalent)	262
Other statistical data:	
Elections:	
Registered voters at last general election	194,779
Number of votes cast in last general election	88,689
Percent voting in last general election	46%
Water and Wastewater Treatment (provided by Prince William County Service Authority):	
Miles of water mains	942
Miles of sanitary sewer mains	968

Source: County of Prince William, Virginia.

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



Prince William County Public Schools
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