COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2017

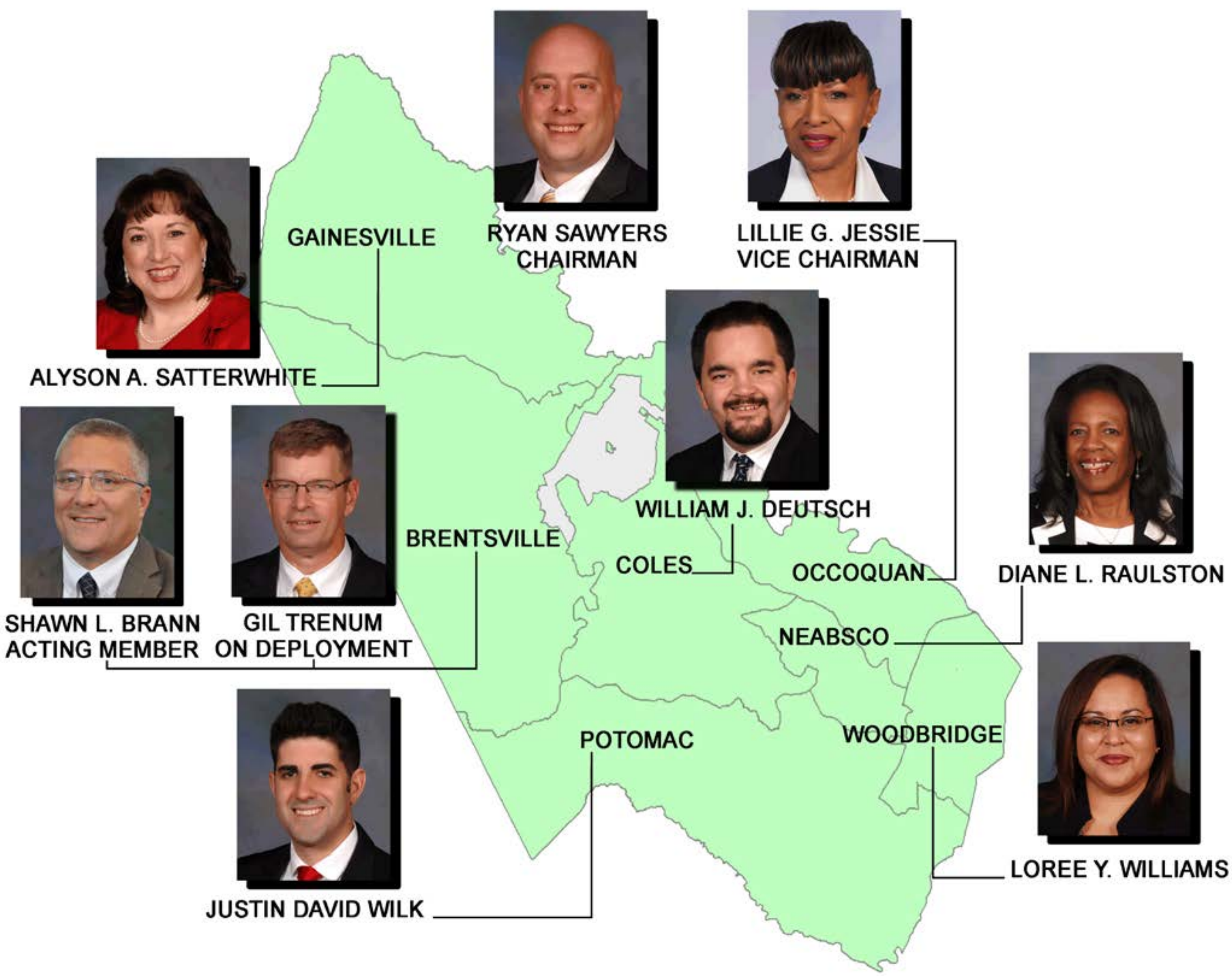
Prince William County
PUBLIC SCHOOLS
Providing A World-Class Education

P.O. Box 389, Manassas, VA 20108 • www.pwcs.edu

A Component Unit of Prince William County, Virginia

Prince William County Public Schools
A Component Unit of Prince William County, Virginia
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

School Board Members *



* as of June 30, 2017

Prince William County Public Schools (PWCS) does not discriminate in employment or in its educational programs and activities against qualified individuals on the basis of race, color, religion, national origin, sex, pregnancy, childbirth or related medical conditions, age, marital status, veteran status, or disability.

Prince William County Public Schools Administration*

Dr. Steven L. Walts
Superintendent of Schools

Ms. Rae E. Darlington
Deputy Superintendent

Mrs. Rita Everett Goss
Associate Superintendent for Student Learning and Accountability

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

Mr. Keith J. Johnson
Associate Superintendent for Human Resources

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

Mr. Craig Gfeller
Associate Superintendent for Eastern Elementary Schools

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

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

Mr. William G. Bixby
Associate Superintendent for Middle Schools

Mr. Michael A. Mulgrew
Associate Superintendent for High Schools

*as of June 30, 2017

This Report Prepared By:

Department of Financial Services
14715 Bristow Road
Manassas, Virginia 20112
703.791.8753

Director of Financial Services
John M. Wallingford

Supervisor of Accounting Services
Lisa M. Thorne-Izes

Chief Accountant
Carolyn H. Adams-Rossignol *

Accountants
Taft Kelly
Tao Leng
Victoria McConchie
Darrell Phillips
Sara Smith
Natascha Zombro

* as of June 30, 2017

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

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

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January 29, 2018

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

We are pleased to present the Comprehensive Annual Financial Report of the Prince William County Public Schools (PWCS), a component unit of Prince William County (The County), Virginia, for the year ended June 30, 2017. The *Code of Virginia* requires that all general-purpose local governments publish, within five months of the close of each fiscal year, a complete set of financial statements presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with governmental auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

PWCS' financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of PWCS for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the PWCS' financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The report of independent auditors is presented as the first component of the financial section of this report.

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

DR. STEVEN L. WALTS
Superintendent of Schools

P.O. BOX 389, MANASSAS, VA 20108 • WWW.PWCS.EDU • 703.791.8712, FAX 703.791.7309

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

Profile of the Government

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

PWCS is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The eight members of the School Board are elected by the citizens of the County to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWCS provides general education, special education, and vocational education program services to pre-K through 12 students and operates under a site-based management philosophy. PWCS is organized to focus on meeting the needs of its 88,920 students while managing the 59 elementary schools, 16 middle schools, 12 high schools, 3 special education schools, 2 alternative schools, and 3 combined schools.

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

Budget appropriation is an annual process and must be adopted on or before May 15, in accordance with the *Code of Virginia*. Historically, the Board of County Supervisors has appropriated the School Division's budget by the total amount. The budget process provides the capability for central office departments and schools to plan future operations in a manner to best serve the instructional and support needs of students. The budget process is a financial translation of the planning process. The budget process includes the following five basic components:

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

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

Local Economy

The County economy is an important segment of the Washington, D.C. metropolitan area economy, which is arguably one of the most dynamic in the world. The Budget Control Act and sequestration legislation, all efforts to address the unsustainable growth in federal spending and debt, challenged the Commonwealth of Virginia's economy due to its dependence on defense procurement. Most of the County's general fund revenues derive from local property taxes. Strong financial policies, practices and ample general fund balance have allowed the County to comfortably manage through economic downturns. The County economy continues to exhibit healthy signs. The residential real estate market continues to perform well in terms of average sold prices and units sold. The average days on the market and available inventory have significantly decreased. Unemployment in the County continues to hold well below the national rate. Latest at-place employment data from the Virginia Employment Commission's (VEC's) Labor Market Information (LMI) indicates continued growth in establishments, employment, and wages in the County. The County's vacancy rates for commercial inventory are lower than historic vacancy rates and demonstrate improvement.

After a major downturn in 2007 and 2008, the local housing market stabilized in 2010 and regained momentum through June 2017. According to data from Metropolitan Regional Information Systems (MRIS), during June 2017, the average home in the County sold for $393,831. This represents an increase of 5.0% year-over-year and an 87.3% increase since February 2009, when the market was beginning its recovery. The number of homes sold in the County in June 2017 was 940, an increase of 17.8% from the 798 homes sold one year earlier. The ratio of homes on the market to homes sold was 1.39, compared to 1.87 one year earlier, marking a significant decrease. Average "days on the market" stood at 28 in June 2017 compared to 41 in June 2016. The County's average sold price reached its peak of $468,900 in December 2005. Although prices have not yet reached that level, June's average days on market of 28 and average sold price to original list price of 98.8%, closely resemble December 2005. A major difference trending nationwide are inventory levels. Active listings in June 2017 stood at 1,302 compared to 2,575 in December 2005. A low level of inventory is generally linked with rising price trends and low or falling average days on the market.

Residential building permit activity, a leading indicator for housing construction, experienced a six-year boom from 2000 to 2005, with more than 4,300 total residential unit permits issued per year. Home values increased at double-digit rates. According to the County's Department of Development Services, since 2005, the number of permits issued sharply declined. In the table below, a portion of the spike in 2015 resulted from three multi-family rental occupancy permits that contributed 606 units.

Calendar Year	Single Family	Townhouse	Condo/Apartment	Total
2007	1,305	580	366	2,451
2008	984	260	665	1,909
2009	1,152	381	402	1,935
2010	1,056	479	777	2,312
2011	842	349	316	1,507
2012	845	229	374	1,448
2013	756	349	538	1,643
2014	532	334	1,238	2,104
2015	622	480	1,849	2,951
2016	720	498	559	1,777
2017 (Jan-Jun)	280	207	58	545

In 2016, the County issued 1,451 residential occupancy permits for 1,777 new homes: 720 single-family homes, 498 townhouses, and 559 multi-family units (including apartments). The mix of housing types shifted in the past ten years, reflecting a changed market. In 2007, 53% of all permits issued were for single family detached, while 24% were for townhouses and 15% for condominiums/apartments. In 2016, by comparison, 41% of all permits issued were for single family detached, while 28% were for townhouses and 31% were for multi-family units. As the number of foreclosures continues to drop, expectations are that the average home prices will continue to rise – though a return to double-digit annual appreciation is not anticipated in the near future. The residential real estate outlook calls for modestly improved conditions over the next several years.

The County commercial inventory improved through June 2017. When compared to ten years ago, vacancy rates are lower. According to Costar Realty Group (Costar), the vacancy rate at the quarter ending June 2007 was 6.7%, reaching 11.3% in the third quarter of 2010, and falling back to 5.5% as of June 30, 2017. Not only has the vacancy rate fallen, but also the total commercial property inventory has increased 17.1% from 38.6 million sq. ft. in second quarter 2007, to 45.2 million sq. ft. at June 30, 2017. Between fourth quarter 2006 and third quarter 2010, total office and industrial square footage in the County increased 16.6% from 15,145 thousand sq. ft.to 17,653 thousand sq. ft. This growth, in combination with the economic downturn, resulted in a vacancy rate increase from 5.5% to 16.2%. The vast majority of vacancies resulted from new inventory rather than tenant departures. As of second quarter 2017, the vacancy rate dropped back down to 5.5%, and the average price per sq. ft. almost reverted to the $15 level, which is currently at $13.97. Furthermore, the movement of one or two tenants can significantly affect vacancy rates in certain types of product -- notably flex, often characterized by single large and specific uses. However, as with office and industrial, the vacancy rate has declined to a 6.7% level after reaching a high of 21.3% in fourth quarter 2012. Additionally, the rent per sq. ft. has increased over the past ten years from $11 to $12 range to over $13. Expectations are that the commercial real estate market will continue to improve over the course of the next few years, as the local economy grows.

About 83% of the County's real estate tax base (including apartments) consists of residential housing. Approximately 16% is comprised of commercial, industrial, agricultural, and public service properties, and less than 1% is undeveloped land. As values of homes and investment in the community increased, the Board of County Supervisors has been able to stabilize the real estate tax rate while maintaining the level and quality of services expected by residents. Below is a five-year history of the real estate tax rate per $100 of assessed value:

- FY2014 - $1.181
- FY2015 - $1.148
- FY2016 - $1.122
- FY2017 - $1.122
- FY2018 - $1.125

Retail sales showed improvement in fiscal year 2017, with fiscal year-over-year sales tax revenue increasing 3.4% between 2016 and 2017. Over the near term, expectations are for a modest improvement over the prior year's results.

The County's population was estimated at 455,267 on June 30, 2017. Population growth will continue with a strong real estate market, proximity to major employment centers, plans for public transportation expansion, and existing capacity for additional residential development. The Metropolitan Washington Council of Governments (COG) predicts the County's population to grow by just over 25% between the current estimate and beyond 2040. According to the U.S. Census American Community Survey 2015 5-Year Estimates and in sync with the County's family-oriented tradition, just over 42% of the county's households contain married-couple families with children of the household under 18 years old, almost 24% of which are under 6 years old. Just over 64% of the County's residents work in another county or state, and the mean travel time to work is 39.6 minutes, the 20th highest out of all 3,142 U.S. counties (and equivalents). Additionally, according to the U.S. Census American Community Survey 2016 1-Year Estimate, the Washington D.C. Metropolitan Statistical Area (MSA) has the third-highest median household income in the U.S. at $95,843, with eight of the MSA's counties in the top 20 nationwide. The County's median household income of $97,986 is 70% above the national median of $57,617 and 44% above the statewide median of $68,114. The County had the 19th highest median household income in the United States; more than 2% higher than the Washington, D.C. MSA. This ranking continues to highlight the County's status as a "Community of Choice".

According to data from VEC's LMI, the County outpaced the Commonwealth in business growth, job growth, and average weekly wage growth over the last five years. According to the Virginia LMI, in the fourth quarter of 2016, there were 9,187 employment establishments located in the County. This represents a growth of 18.89% from the 7,727 reported in the fourth quarter of 2011. By comparison, Northern Virginia establishments grew by 13.92% since the fourth quarter of 2011, and statewide establishments grew by 13.87%. The largest employers in the County are the Prince William County School Board, Prince William County Government, U.S. Department of Defense, Walmart, and Morale Welfare and Recreation.

At-place employment in the County (124,104 in the 1st quarter of 2017) increased by 1.25% year-over-year and by 12.86% since the 1st quarter of 2012. Establishments of employment in the County increased by 17.55% from 7,705 in the 1st quarter of 2012 to 9,057 in the 1st quarter of 2017. By comparison, Northern Virginia establishments grew by 11.90% from the 1st quarter of 2012, and statewide establishments grew by 12.61%. Employment in the Commonwealth grew by 0.8% in the last year, and increased by 5.9% since the fourth quarter of 2011.

According to the Virginia LMI, the average weekly wages in the County grew 0.8% between the fourth quarter 2015 and the fourth quarter 2016, from $924 to $931. By comparison, during that same period, average weekly wages in Northern Virginia decreased 0.4% from $1,406 to $1,401, and Virginia weekly wages decreased 0.3% from $1,094 to $1,091.

The impact of the housing market downturn continues to resonate in those industries related to housing; however, at-place employment has gained momentum. According to the Virginia LMI, in the first quarter of 2010, there were 9,220 construction jobs in the County. As of the first quarter 2017, at-place construction employment increased to 12,966 jobs. The County has also experienced a rise in the number of startup firms in 2014 and 2015. In 2015 and 2014, there were 523 and 536 startup firms in the County, respectively, compared to 343 in 2013. These two years had the highest number of startups in the last nine years. Startups of 412 in 2016 fell back to similar startup totals of 412 to 442 as reported during the years 2010 to 2012. The County's unemployment rate was 3.5% in June 2017, below the corresponding statewide rate of 3.7% and national rate of 4.4%.

The County's close proximity to federal government agencies 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, the depth and duration tends to be ameliorated by the fairly consistent uptrend in federal spending and procurement. However, the regional economy, given ongoing fiscal austerity at the federal level, may be more challenged than in previous times to outperform the national economy. The County depends heavily on its housing stock and consumer spending to maintain its prosperity and levels of local government services. Although these two sectors were impacted by the recent economic downturn, the latest trends point to modestly improving conditions in local consumer and real estate activity.

As the County enters fiscal year 2018, the local economy continues to outperform the national economy in a number of areas. However, in light of the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and the County, both of which were major recipients of this good fortune. After a rather severe correction in the housing market, current conditions suggest that a modest market expansion is occurring again, though at a far more subdued pace than during the previous housing market boom.

The County's proximity to the nation's capital and its enviable participation in the Northern Virginia economy give it a resiliency to withstand challenges from other sectors. However, major wild cards, such as the continued federal budget sequestration and economic uncertainties throughout the world may threaten global and national economies, which in turn may well impact local participants in major regional economies, such as the County. Although short-term expectations suggest limited growth, longer-term prospects are more promising.

Long-term Financial Planning

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

The major components of this Five-Year Budget Plan are as follows:

- Current Programs and Services - include annual adjustments for new students; a 2% adjustment for inflation in supplies and materials; a step or salary scale adjustment for employees in each year as funding permit; funding for the 7,033 new students expected during the next five years.

- Building Repairs and Renewals – include $260.3 million for repairs and renewals of older facilities; funding for the infrastructure needed for technology improvements (Voice over IP phones, interactive whiteboards, radio upgrades) is adequately funded; reduced funding for the three-year renewal cycle of essential technology equipment used for instructional and support programs.

- New Schools – include funding for the debt service on $555.2 million in construction bonds, start-up costs, and operating costs for new schools and additions.

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.

PWCS has a policy to establish and maintain a minimum unassigned fund balance of 1.5% of the current fiscal year's General Fund revenue. As of June 30, 2017, PWCS maintained an unassigned fund balance of 1.5% of the current fiscal year's General Fund revenue.

Major Initiatives

PWCS is the second largest of 132 school divisions in Virginia and among the 35 largest school divisions in the country. The school division provides services to almost seven percent of the State student enrollment. During the next five years, student membership is projected to increase by an annual rate of 1.8%. This is projected to result in more than 9,200 additional students by the 2021-2022 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 $259.6 million over the five year period.

Providing quality educational facilities is important in providing quality education. PWCS' Capital Program identifies 20 schools for new construction or additions over the next ten year. 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 2017, with the oldest school being Dumfries Elementary School constructed 99 years ago.

Financial Reporting Certificate Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PWCS for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Also, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the fifteenth 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, 2017. These awards are valid for one year only and we believe that our budget report continues to conform to the program requirements of both. We will be submitting our budget to ASBO and GFOA for fiscal year 2018 to determine the School Board's eligibility for another certificate award.

Acknowledgments

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

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

Respectfully,

Steven L. Walts
Superintendent of Schools

David S. Cline
Associate Superintendent

John Wallingford
Director, Financial Services
Finance & Support Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Prince William County Public Schools, Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The 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, 2016.

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

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE, RSBA
Executive Director

Prince William County Public Schools
List of Elected and Appointed Officials
June 30, 2017

Elected Officials - The Prince William County School Board*

Ryan Sawyers, Chairman

Lillie G. Jessie, Vice Chairman,Occoquan District

Shawn L. Brann, *Brentsville District (acting member)*

William J. Deutsch, *Coles District*

Diane L. Raulston, *Neabsco District*

Alyson A. Satterwhite, *Gainesville District*

Gil Trenum, *Brentsville District (on deployment)*

Loree Y. Williams, *Woodbridge District*

Justin David Wilk, *Potomac District*

Appointed Officials - School Division Administration*

Steven L. Walts
Superintendent of Schools

Rae E. Darlington
Deputy Superintendent

Keith A. Imon
Associate Superintendent
Communications and Technology Services

Keith J. Johnson
Associate Superintendent
Human Resources

Rita Everett Goss
Associate Superintendent
Student Learning and Accountability

David S. Cline
Associate Superintendent
Finance and Support Services

Craig Gfeller
Associate Superintendent
Eastern Elementary Schools

William G. Bixby
Associate Superintendent
Middle Schools

R. Todd Erickson
Associate Superintendent
Central Elementary Schools

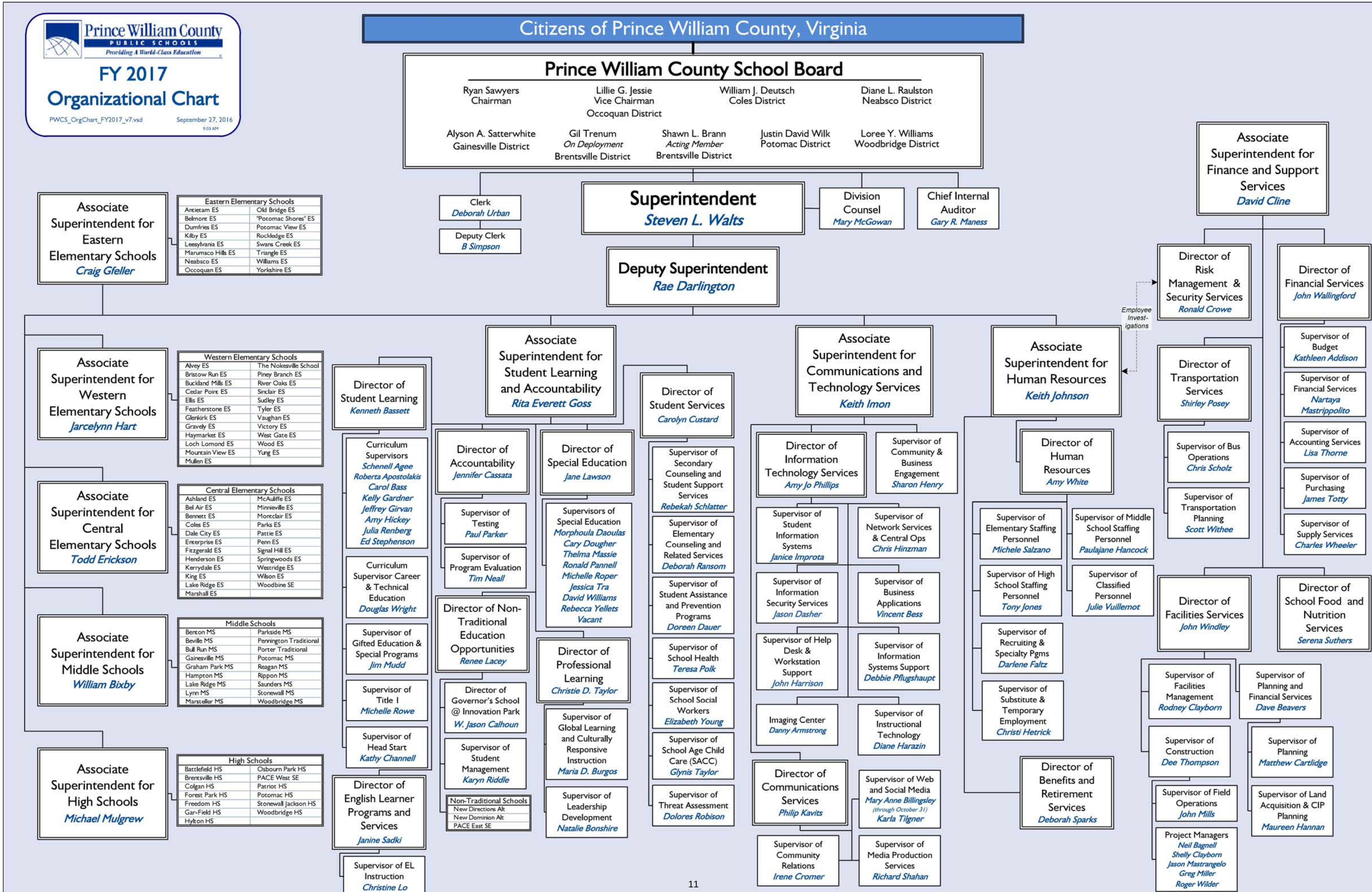
Jarcelynn M. Hart
Associate Superintendent
Western Elementary Schools

Michael A. Mulgrew
Associate Superintendent
High Schools

John M. Wallingford
Director of Financial Services

Lisa M. Thorne-Izes
Supervisor of Accounting
Services

* as of June 30, 2017


Prince William County PUBLIC SCHOOLS
Providing A World-Class Education
FY 2017
Organizational Chart
PWCS_OrgChart_FY2017_v7.vsd
September 27, 2016
9:03 AM
Citizens of Prince William County, Virginia
Prince William County School Board
Ryan Sawyers Chairman
Lillie G. Jessie Vice Chairman Occoquan District
William J. Deutsch Coles District
Diane L. Raulston Neabsco District
Alyson A. Satterwhite Gainesville District
Gil Trenum On Deployment Brentsville District
Shawn L. Brann Acting Member Brentsville District
Justin David Wilk Potomac District
Loree Y. Williams Woodbridge District
Clerk Deborah Urban
Deputy Clerk B Simpson
Superintendent Steven L. Walts
Division Counsel Mary McGowan
Chief Internal Auditor Gary R. Maness
Deputy Superintendent Rae Darlington
Associate Superintendent for Eastern Elementary Schools Craig Gfeller
Eastern Elementary Schools
Antietam ES, Belmont ES, Dumfries ES, Kilby ES, Leesylvania ES, Marumsco Hills ES, Neabsco ES, Occoquan ES
Old Bridge ES, "Potomac Shores" ES, Potomac View ES, Rockledge ES, Swans Creek ES, Triangle ES, Williams ES, Yorkshire ES
Associate Superintendent for Western Elementary Schools Jarcelynn Hart
Western Elementary Schools
Alvey ES, Bristow Run ES, Buckland Mills ES, Cedar Point ES, Ellis ES, Featherstone ES, Glenkirk ES, Gravely ES, Haymarket ES, Loch Lomond ES, Mountain View ES, Mullen ES
The Nokesville School, Piney Branch ES, River Oaks ES, Sinclair ES, Sudley ES, Tyler ES, Vaughan ES, Victory ES, West Gate ES, Wood ES, Yung ES
Associate Superintendent for Central Elementary Schools Todd Erickson
Central Elementary Schools
Ashland ES, Bel Air ES, Bennett ES, Coles ES, Dale City ES, Enterprise ES, Fitzgerald ES, Henderson ES, Kerrydale ES, King ES, Lake Ridge ES, Marshall ES
McAuliffe ES, Minnieville ES, Montclair ES, Parks ES, Pattie ES, Penn ES, Signal Hill ES, Springwoods ES, Westridge ES, Wilson ES, Woodbine SE
Associate Superintendent for Middle Schools William Bixby
Middle Schools
Benton MS, Beville MS, Bull Run MS, Gainesville MS, Graham Park MS, Hampton MS, Lake Ridge MS, Lynn MS, Marsteller MS
Parkside MS, Pennington Traditional, Porter Traditional, Potomac MS, Reagan MS, Rippon MS, Saunders MS, Stonewall MS, Woodbridge MS
Associate Superintendent for High Schools Michael Mulgrew
High Schools
Battlefield HS, Brentsville HS, Colgan HS, Forest Park HS, Freedom HS, Gar-Field HS, Hylton HS
Osbourn Park HS, PACE West SE, Patriot HS, Potomac HS, Stonewall Jackson HS, Woodbridge HS
Associate Superintendent for Student Learning and Accountability Rita Everett Goss
Director of Student Learning Kenneth Bassett
Curriculum Supervisors Schenell Agee, Roberta Apostolakis, Carol Bass, Kelly Gardner, Jeffrey Girvan, Amy Hickey, Julia Renberg, Ed Stephenson
Curriculum Supervisor Career & Technical Education Douglas Wright
Supervisor of Gifted Education & Special Programs Jim Mudd
Supervisor of Title I Michelle Rowe
Supervisor of Head Start Kathy Channell
Director of English Learner Programs and Services Janine Sadki
Supervisor of EL Instruction Christine Lo
Director of Accountability Jennifer Cassata
Supervisor of Testing Paul Parker
Supervisor of Program Evaluation Tim Neall
Director of Non-Traditional Education Opportunities Renee Lacey
Director of Governor's School @ Innovation Park W. Jason Calhoun
Supervisor of Student Management Karyn Riddle
Non-Traditional Schools
New Directions Alt
New Dominion Alt
PACE East SE
Director of Special Education Jane Lawson
Supervisors of Special Education Morphoula Daoulas, Cary Dougher, Thelma Massie, Ronald Pannell, Michelle Roper, Jessica Tra, David Williams, Rebecca Yellets, Vacant
Director of Professional Learning Christie D. Taylor
Supervisor of Global Learning and Culturally Responsive Instruction Maria D. Burgos
Supervisor of Leadership Development Natalie Bonshire
Director of Student Services Carolyn Custard
Supervisor of Secondary Counseling and Student Support Services Rebekah Schlatter
Supervisor of Elementary Counseling and Related Services Deborah Ransom
Supervisor of Student Assistance and Prevention Programs Doreen Dauer
Supervisor of School Health Teresa Polk
Supervisor of School Social Workers Elizabeth Young
Supervisor of School Age Child Care (SACC) Glynis Taylor
Supervisor of Threat Assessment Dolores Robison
Associate Superintendent for Communications and Technology Services Keith Imon
Director of Information Technology Services Amy Jo Phillips
Supervisor of Community & Business Engagement Sharon Henry
Supervisor of Student Information Systems Janice Improta
Supervisor of Network Services & Central Ops Chris Hinzman
Supervisor of Information Security Services Jason Dasher
Supervisor of Business Applications Vincent Bess
Supervisor of Help Desk & Workstation Support John Harrison
Supervisor of Information Systems Support Debbie Pflugshaupt
Imaging Center Danny Armstrong
Supervisor of Instructional Technology Diane Harazin
Director of Communications Services Philip Kavits
Supervisor of Web and Social Media Mary Anne Billingsley (through October 31) Karla Tilgner
Supervisor of Community Relations Irene Cromer
Supervisor of Media Production Services Richard Shahan
Associate Superintendent for Human Resources Keith Johnson
Director of Human Resources Amy White
Supervisor of Elementary Staffing Personnel Michele Salzano
Supervisor of Middle School Staffing Personnel Paulajane Hancock
Supervisor of High School Staffing Personnel Tony Jones
Supervisor of Classified Personnel Julie Vuillemot
Supervisor of Recruiting & Specialty Pgms Darlene Faltz
Supervisor of Substitute & Temporary Employment Christi Hetrick
Director of Benefits and Retirement Services Deborah Sparks
Employee Investigations
Associate Superintendent for Finance and Support Services David Cline
Director of Risk Management & Security Services Ronald Crowe
Director of Financial Services John Wallingford
Supervisor of Budget Kathleen Addison
Supervisor of Financial Services Nartaya Mastrippolito
Supervisor of Accounting Services Lisa Thorne
Supervisor of Purchasing James Totty
Supervisor of Supply Services Charles Wheeler
Director of Transportation Services Shirley Posey
Supervisor of Bus Operations Chris Scholz
Supervisor of Transportation Planning Scott Withee
Director of Facilities Services John Windley
Supervisor of Facilities Management Rodney Clayborn
Supervisor of Planning and Financial Services Dave Beavers
Supervisor of Construction Dee Thompson
Supervisor of Planning Matthew Cartlidge
Supervisor of Field Operations John Mills
Supervisor of Land Acquisition & CIP Planning Maureen Hannan
Project Managers Neil Bagnell, Shelly Clayborn, Jason Mastrangelo, Greg Miller, Roger Wilder
Director of School Food and Nutrition Services Serena Suthers

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Financial Section

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

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Prince William County Public Schools ("PWCS"), a component unit of Prince William County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the PWCS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Student Activity Funds, an agency fund of PWCS, which represents 56% of the total assets of the aggregate total agency funds and 12% of the total assets of the aggregate remaining fund information, nor did we audit the financial statements of the Prince William County Public Schools Education Foundation, Inc., the component unit of PWCS, which represents 100% of the total assets, total revenue, and net position of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Student Activity Fund and Prince William County Public Schools Education Foundation, Inc., are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of Prince William County Public Schools Education Foundation, Inc., were not audited in accordance with *Government Auditing Standards.* Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our report and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Prince William County Public Schools, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and food & nutrition services fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 15-29 and 80-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2018, on our consideration of PWCS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PWCS's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
January 29, 2018

Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2017

This section of the Prince William County Public Schools' (PWCS) annual financial report presents our discussion and analysis of the division's financial performance during the fiscal year ended June 30, 2017 (FY 2017). 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 the Management's Discussion and Analysis (MD&A) expressed in thousands).

Financial Highlights

- General revenues accounted for $1,046,004 or 84.7% of total revenues of $1,235,495. Program specific revenues in the form of charges for services, grants, and contributions accounted for $189,491 or 15.3% of total revenues.
- The School Division had $1,144,455 in expenses of which $189,491 was offset by program specific charges, grants, or contributions. General revenues, primarily Prince William County (the County) and Commonwealth (State) of Virginia, were adequate to fund the remaining expenses.
- Total net position increased by $91,040 to a total of $942,849. The value of net position reflects the financial health of the School Division and includes certain assets procured with debt. The School Division is a component unit of and is fiscally dependent on the County. As such, all debt related to School Division assets are shown on the County's Statement of Net Position.
- On September 30, 2016 (FY 2017) student membership was 88,920, an increase of 1,667 students, or 1.9% greater than FY 2016. The student membership was also 704 students more than projected for FY 2017.

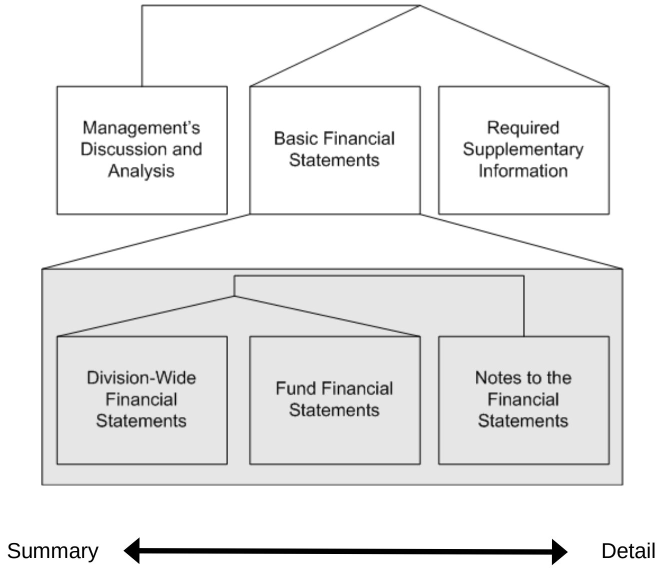
Using this Comprehensive Annual Financial Report

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

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

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

Organization of Prince William County Public Schools Annual Financial Report



Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School Division (excludes fiduciary funds) and its component unit	The activities of the School Division that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School Division operates similar to private businesses: self-insurance, health insurance, the warehouse, school age child care, and aquatics center	Instances in which the School Division administers resources on behalf of someone else, such as regional schools, governor's school, and student activities monies
Required financial statements	•Statement of net position •Statement of activities	•Balance sheet •Statement of revenues, expenditures and changes in fund balances	•Statement of net position • Statement of revenues, expenses and changes in net position •Statement of cash flows	•Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ deferred outflow and liability/deferred inflow information	All assets/deferred outflows and liabilities/deferred inflows, both financial and capital, short-term and long-term	Generally assets/deferred outflows expected to be used up and liabilities/deferred inflows that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the School Division 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 2017?” The Statement of Net Position and the Statement of Activities answer this question. These statements report all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting. The accrual basis of accounting reflects all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

The government-wide financial statements of PWCS are divided into three categories:

Governmental-type activities – include regular instruction, special instruction, other instruction, instructional leadership, general administration, student services, curricular/staff development, pupil transportation, operations, utilities, maintenance, central business services, reimbursement to the County for debt service, food & nutrition services, community service operations, and the Education Foundation.

Business-type activities – include enterprise funds for School Age Child Care (SACC) and the new Aquatics Center, which opened in September 2016 to provide aquatics programs and other community services mainly to County residents.

Component unit – PWCS includes a discretely presented component unit, the Education Foundation for Prince William County Public Schools (SPARK). Although legally separate, it is considered a “component unit” because SPARK is closely related to PWCS and as such, exclusion could cause PWCS’ financial statements to be misleading.

Fund Financial Statements

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

PWCS has three types of funds:

- Governmental Funds: Governmental funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The focus is on how much money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of PWCS’ general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer resources that can be spent in the near future to finance educational programs. Because the governmental funds information does not encompass the additional long-term focus of the government-wide statements, additional information has been added in the form of reconciliations between the total fund balances of the governmental funds and the total net position of the government-wide activities. An additional reconciliation is added to explain the differences between the net change in fund balance and the change in net position of the School Division.

- Proprietary Funds: Proprietary funds are reported on a full accrual basis and economic resources focus. PWCS maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to report activities that provide supplies and services for PWCS' other programs and activities. PWCS has two enterprise funds: SACC fund and the Aquatics Center fund; and three internal service funds: the Self-Insurance fund, the Health Insurance fund, and the Warehouse fund.
- Fiduciary Funds: PWCS is a fiduciary for the Governor's School @ Innovation Park, the Northern Virginia Regional Special Education Fund, and Student Activities in an Agency Fund capacity. In addition, PWCS along with the County are trustees for the Prince William County Other Postemployment Benefits trust fund (OPEB), an agent multiple employer defined benefit postemployment benefits trust that was established in FY 2009 to provide funding for other postemployment benefit payments on behalf of retiree and COBRA participants. The fiduciary activities are reported in a separate statement of fiduciary assets and liabilities and a combining statement of changes in fiduciary assets and liabilities for all fiduciary funds, except for OPEB. OPEB statements are presented in the Notes to the Financial Statements. All of these activities are excluded from PWCS' government-wide statements because PWCS cannot use these assets to finance its operation.

Financial Analysis of PWCS as a Whole

Net Position

The condensed statement of net position describes the financial position of PWCS on June 30, 2017. The largest portion of PWCS net position reflects its investment in capital assets (buildings, land, equipment, vehicles, and construction-in-progress). Capital assets account for 154.7% of the total net position and have increased by $107,309 since June 30, 2016. This increase is primarily the result of continued construction and major renovations necessary to house the continuing growth in the student population. These capital assets are not net of related debt because, as a component unit (school division) in Virginia, PWCS does not have the authority to issue debt. All debt is issued by the County and, therefore, is shown as a liability on its Statement of Net Position. In years where there are substantial additions to capital assets that are funded through the issuance of debt, the School Division will have substantial increases in net position. A more detailed discussion on debt is contained in a later section entitled "Outstanding Long-Term Debt".

The other components of net position are restricted net position and unrestricted net position. Restricted net position represents those resources that have externally imposed constraints on their use. Restricted net position decreased by a net of $24,306 during the current fiscal year reflecting a decrease in PWCS' resources restricted for specific construction projects of $22,027 and a net decrease in restricted for food & nutrition services, self-insurance, education programs and other purposes of $2,279. Unrestricted net position are those resources that may be used to meet the obligations placed on PWCS by its creditors and to pay for ongoing operations of the School Division. Invested in capital assets and restricted components of net position show positive balances.

Condensed Statement of Net Position

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total School Division	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 466,731	$ 474,673	327	344	467,058	475,017
Capital assets	1,449,348	1,351,097	9,058	-	1,458,406	1,351,097
Total assets	**1,916,079**	**1,825,770**	**9,385**	**344**	**1,925,464**	**1,826,114**
Pension contributions	152,948	90,630	-	-	152,948	90,630
Total deferred outflows of resources	**152,948**	**90,630**	**-**	**-**	**152,948**	**90,630**
Current liabilities	125,852	125,081	53	4	125,905	125,085
Long-term liabilities	978,777	871,591	-	-	978,777	871,591
Total liabilities	**1,104,629**	**996,672**	**53**	**4**	**1,104,682**	**996,676**
Net difference in investment earnings	30,881	68,259	-	-	30,881	68,259
Total deferred inflows of resources	**30,881**	**68,259**	**-**	**-**	**30,881**	**68,259**
Net position:						
Investment in capital assets	1,449,348	1,351,097	9,058	-	1,458,406	1,351,097
Restricted	173,218	197,524	-	-	173,218	197,524
Unrestricted (deficit)	(689,049)	(697,152)	274	340	(688,775)	(696,812)
Total net position	**$ 933,517**	**$ 851,469**	**9,332**	**340**	**942,849**	**851,809**

Changes in Net Position

The change in net position in Governmental activities was $82,048 compared to $261,721 in FY 2016, or a decrease of $179,673. This decrease was primarily due to a $113,362 decrease in revenue funding from the County as a result of decreased bond issuance. The increase of $87,727 in total expenditures and transfer out of cash, land, and buildings in the amount of $9,709 to the Aquatics Center also contributed to this change in net position.

The change in net position in Business-type activities was $8,992, compared to $(126) in FY 2016, or an increase of $9,118. This increase was primarily due to the transfer in of cash, land, and buildings in the amount of $9,709 to the new Aquatics Center to support its operations in FY 2017.

Total revenues declined by $81,925 for a 6.2% decrease over FY 2016. This is primarily the result of the decrease in general revenues from the County and the decrease in Federal revenue. The decline in total revenue was partially offset by the increase of program revenues and an increase in State revenue.

Changes in Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total School Division	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	$ 24,413	$ 23,427	822	500	25,235	23,927
Operating grants and contributions	164,137	153,479	-	-	164,137	153,479
Capital grants and contributions	119	124	-	-	119	124
General revenues:						
Federal	891	2,353	-	-	891	2,353
State	394,379	375,109	-	-	394,379	375,109
County	642,700	756,062	-	-	642,700	756,062
Unrestricted investment earnings	2,638	3,343	(4)	6	2,634	3,349
Miscellaneous revenues and other	5,400	3,017	-	-	5,400	3,017
Total revenues	**1,234,677**	**1,316,914**	**818**	**506**	**1,235,495**	**1,317,420**
Expenses						
Instruction:						
Regular	562,799	514,177	-	-	562,799	514,177
Special	115,150	107,705	-	-	115,150	107,705
Other	13,279	11,811	-	-	13,279	11,811
Instructional leadership	65,905	62,180	-	-	65,905	62,180
Support Services:						
General administration	12,185	10,265	-	-	12,185	10,265
Student services	16,267	12,972	-	-	16,267	12,972
Curricular/staff development	14,935	12,512	-	-	14,935	12,512
Pupil transportation	57,032	54,212	-	-	57,032	54,212
Operations	24,977	22,907	-	-	24,977	22,907
Utilities	23,030	21,058	-	-	23,030	21,058
Maintenance	42,245	42,033	-	-	42,245	42,033
Central business services	58,559	50,487	-	-	58,559	50,487
Reimbursement to County for	89,728	88,470	-	-	89,728	88,470
Food & nutrition services	44,879	42,390	-	-	44,879	42,390
Community service operations	1,441	1,420	-	-	1,441	1,420
Education Foundation	509	594	-	-	509	594
School Age Child Care	-	-	633	632	633	632
Aquatics Center	-	-	902	-	902	-
Total expenses	**1,142,920**	**1,055,193**	**1,535**	**632**	**1,144,455**	**1,055,825**
Change in net position before transfers	91,757	261,721	(717)	(126)	91,040	261,595
Transfers	(9,709)	-	9,709	-	-	-
Change in net position	82,048	261,721	8,992	(126)	91,040	261,595
Net position, beginning of year	851,469	589,748	340	466	851,809	590,214
Net position, end of year	**$ 933,517**	**$ 851,469**	**9,332**	**340**	**942,849**	**851,809**

PWCS' revenue comes from the primary government (52.1% - the County), 31.9% from the State, .1% from the Federal government, 15.3% from program revenues (charges for services, operating, and capital grants and contributions), and .6% from other categories. The funds PWCS receives from the County are comprised, primarily, of two components; 57.23% of all County general revenues, excluding recordation tax, and amounts provided to PWCS that are the result of bonds sold by the County to fund schools' capital projects.

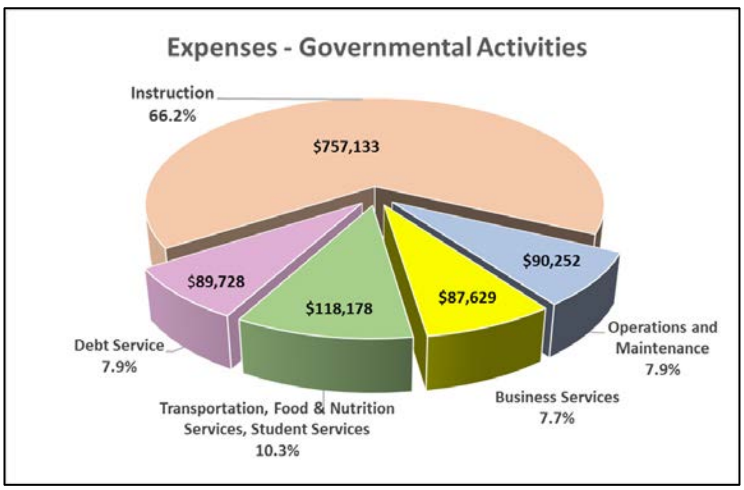
The component of PWCS' "County revenue" that is a function of bond sales decreased from FY 2016 by $158,976 or 65.4% while all other components of "county revenue" increased by $45,614 or 8.9%. For FY 2017 there was a net 15.0% decrease of all components of "county revenue" or $113,362. This decrease is primarily a function of the decrease in County bond issuance in FY 2017.

State revenue increased $19,270 or 5.1% compared to prior year primarily due to the Basic Aid increase of $15,740. This is the result of the increased student enrollment and the change in the State's funding calculation, which increased several Standards of Quality (SOQ) allocations.

Federal revenue decreased $1,462 or 62.1% due to a change in revenue classification.

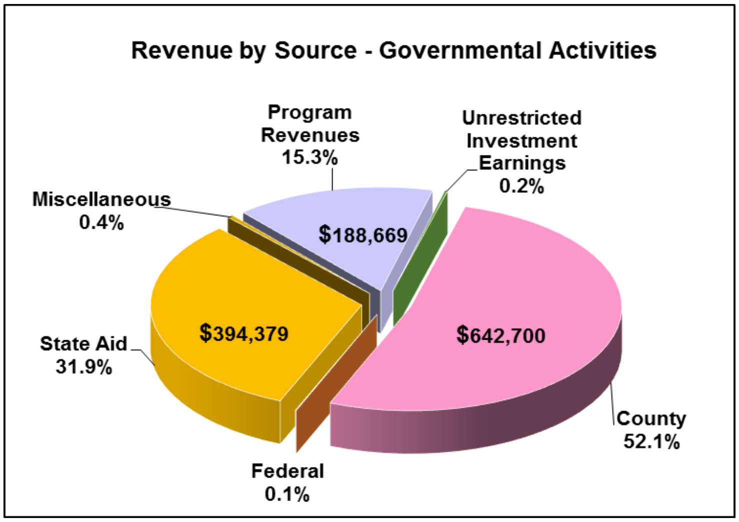
The total cost of all programs increased by 8.4% to $1,144,455 in FY 2017. This increase is a function of the increase in the student population by 1.9% and related instructional needs, as well as a salary-step increase for eligible employees of 2.85% and other benefit costs. Of the Division's expenses, 76.5% are related to the instruction of and caring for the needs of students (instruction, transportation, student services, and food & nutrition services). The Division's business and administrative activities accounted for 7.7% of total costs while operations and maintenance amounted to 7.9% of total cost. Reimbursements to the County for debt service totaled 7.9% of FY 2017 costs. For the FY 2017, revenues exceeded expenses by $91,040. A substantial portion of this excess is due to the increased revenue funding from the State as a result of student enrollment growth and the increase in programs revenues, as well as a concerted effort by the Division to manage costs and the recognition of revenues associated with capital outlay related to PWCS continued expansion of facilities.

Governmental Activities



The two primary sources of revenue for the School Division are from the County and the State. Funding from the County is provided through a revenue sharing agreement whereby the School Division received 57.23% of general county revenue. The budget was 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).

The County has a fund balance policy which includes a provision to maintain an unassigned General Fund balance no less than 7.5% of the year's General Fund revenues in every fiscal year, with certain exceptions. The revenue sharing agreement between the County and the School Division requires the School Division to contribute in maintaining the unassigned General fund balance and to receive a return of funds when fund balance is in excess of the required 7.5%. There will be additional funding from the County in FY 2018 related to additional recognized revenues from FY 2017 in the amount of $9,063. There will be $30 payable to the County due to the overpayment of cable franchise tax grant from the County in FY 2017. Also, $1,730 was needed to maintain the 7.5% of unassigned General Fund balance. This netted to an increase in revenue from FY 2017 in the amount of 7,303.



State funding is provided through a formula that calculates the State share of the cost of education, as determined in the SOQ, including basic aid, categorical areas, and sales tax. State funding in FY 2017 increased as a result of the State funding its share of the SOQ cost of the additional 1,667 students in the School Division.

The FY 2017 expense budget was adjusted to fund schools and central departments for the costs of the additional student enrollment. The Net Cost of Governmental Activities table shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental-type activities, the total cost of services and the net cost of services. The net cost of services reflects the support provided by tax revenue, State aid, Federal aid not restricted to specific programs, and miscellaneous revenue.

Net Cost of Governmental Activities

(amounts expressed in thousands)

	Total Cost of Services			Net Cost of Services		
	2017	2016	Percent Change	2017	2016	Percent Change
Instruction						
Regular	$ 562,799	$ 514,177	9.5%	502,304	458,276	9.6%
Special	115,150	107,705	6.9%	49,669	44,801	10.9%
Other	13,279	11,811	12.4%	1,409	1,187	18.7%
Instructional leadership	65,905	62,180	6.0%	65,905	62,180	6.0%
Total instruction	757,133	695,873	8.8%	619,287	566,444	9.3%
Support services						
General administration	12,185	10,265	18.7%	12,185	10,265	18.7%
Student services	16,267	12,972	25.4%	15,721	12,716	23.6%
Curricular/staff development	14,935	12,512	19.4%	14,814	12,442	19.1%
Pupil transportation	57,032	54,212	5.2%	56,923	54,152	5.1%
Operations	24,977	22,907	9.0%	24,651	22,580	9.2%
Utilities	23,030	21,058	9.4%	23,029	21,058	9.4%
Maintenance	42,245	42,033	0.5%	42,245	42,033	0.5%
Central business services	58,559	50,487	16.0%	58,118	49,992	16.3%
Reimbursement to County for debt service	89,728	88,470	1.4%	89,728	88,470	1.4%
Food & nutrition services	44,879	42,390	5.9%	(2,846)	(2,514)	13.2%
Community service operations	1,441	1,420	1.5%	(113)	(70)	61.4%
Education Foundation	509	594	-14.3%	509	594	-14.3%
Total support services	385,787	359,320	7.4%	334,964	311,718	7.5%
Total expenses	$ 1,142,920	$ 1,055,193	8.3%	954,251	878,162	8.7%

- The cost of all governmental activities was $1,142,920.
- The net cost of governmental activities was $954,251.
- The amount the citizens of Prince William County paid for these activities through County taxes was $558,486. Additional revenue from the County consisted of bond sales in the amount of $84,214.
- The State contributed general revenue of $394,379.
- The Federal Government contributed general revenue of $891.
- Some of the other costs were paid for by:
    - Users who benefited from the programs: $24,413;
    - Total Grants and Contributions: $164,256;
    - Other payments: $8,038.
- There are significant activity changes in the net cost of services:
    - General administration net costs increased primarily due to $1,455 replacement and additions of the technical equipment and supplies in communications services.
    - Student services, curricular/staff development and central business services net costs increased due to the increase in Virginia Retirement System (VRS) costs and the Health Insurance Premiums related to the increased personnel costs.

Business-type Activities

Revenues of the School Division's business-type activities increased 61.7% to $818, and expenses increased 142.9% to $1,535. Both revenue and expense increases are mainly attributable to the operation of the new Aquatics Center in FY 2017.

Financial Analysis of the Division's Funds

Information about PWCS' major funds begins on page 36. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of $1,231,980 and expenditures of $1,245,358. The decrease of $17,415 in fund balance was most significant in the Construction Fund amounting to a decrease of $30,075. This decrease is primarily due to the increased expenses in construction of capital projects and decreased County revenues related to the issuance of bonds.

The General Fund net increase in fund balance of $11,366 resulted from an increase in both State and County revenues. The increases in State revenue are a result of increased student enrollment of 1,667 and the opening of two new schools. The increases in funding from the County are a result of increased County tax revenues. The increase in fund balance in the Food & Nutrition Services Fund of $1,190 is primarily attributable to increased Federal revenues related to the School Lunch program.

General Fund Budgetary Highlights

The PWCS' budget is prepared in accordance with Virginia School Laws. The most significant budgeted fund is the General Fund. During the course of FY 2017, PWCS amended its General Fund budget as follows:

- Amended appropriation of $11,557 to reflect the carryover of encumbrances from FY 2016 to FY 2017.
- Supplemental appropriations totaled $13,377; of which $9,477 related to the carryover of unencumbered FY 2016 budget and appropriations, a $3,900 increase in Federal, State and local grants.

PWCS' final budget for the General Fund anticipated that expenditures, including transfers, would exceed revenues by roughly $24,713. The actual results for the year show revenues exceeded expenditures by $11,366. The key factor contributing to the significant changes in revenues/appropriations from the final budgeted amounts include:

- Utility expenditures were $2,607 less than final budgeted amounts due to the results of the Energy

Conservation Program and conservative budgeting efforts. These efforts also allowed for a decrease in final budget from original budget of $3,871.

Capital Assets

At the end of FY 2017, PWCS had $1,449,348 invested in buildings, land, equipment, vehicles, construction-in-progress, etc. in governmental-type activities. During FY 2017, PWCS purchased information technology system equipment through a capital lease agreement, in an amount of $470, with the first payment made in June 2017.

At the end of FY 2017, PWCS had $9,058 invested in land and buildings in business-type activities. The newly opened Aquatics Center transferred in land in the amount of $114 and buildings and improvements in the amount of $8,944, net of depreciation, during the year.

The following table shows FY 2017 balances, net of accumulated depreciation/amortization. Readers interested in more detailed information on capital assets should refer to the Capital assets note in the Notes to the Financial Statements.

Capital Assets
(net of accumulated depreciation)
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total School Division	
	2017	2016	2017	2016	2017	2016
Land	$ 95,450	$ 67,311	114	-	95,564	67,311
Construction in progress	46,108	54,473	-	-	46,108	54,473
Depreciable/amortizable capital assets	1,307,790	1,229,313	8,944	-	1,316,734	1,229,313
Total	$ 1,449,348	$ 1,351,097	9,058	-	1,458,406	1,351,097

Major capital asset additions for FY 2017 included:

- Land acquisition for three new schools/buildings:
  - 13th High school:
  - Western Transportation Facility;
  - PW Parkway Elementary School.

- Completed construction of four new schools/buildings:
  - Potomac Shores Elementary School;
  - Kilby ES Replacement;
  - Aquatics Center;
  - Maintenance Facility.

- Continued construction of three new schools:
  - 13th High School;
  - Potomac Shores Middle School;
  - Alternative Education Facility (Independence Non-Traditional School).

- Began construction of one new school:
  - ES East-PW Pkwy ES Site.

- Completed major renovations, additions, replacements at:
  - Henderson Elementary School;

  - Antietam Elementary School;
  - Mullen Elementary School;
  - Belmont Elementary School;
  - Neabsco Elementary School;
  - Westridge Elementary School.

- Continued major renovations, additions, replacements or renewals at:
  - Lake Ridge Middle School;
  - Saunders Middle School;

- Purchased 10 school buses, 1 truck, and 11 cars.

- Replaced 97 school buses, 18 trucks, and 3 cars.

- Purchased information technology equipment through capital lease.

The following major capital projects are included in PWCS' FY 2018 capital budget:

- Continued construction of Alternative Education Facility (Independence Non-Traditional School);

- Continued construction of 13th High School and Elementary School East - PW Parkway;

- Major renewals/renovations at Lake Ridge Middle School, Saunders Middle School, Pattie Elementary School, River Oaks Elementary School and McAuliffe Elementary School.

- Ongoing implementation of infrastructure upgrades needed for technology improvements and infrastructure repair.

Funding for the FY 2018 capital projects includes a general fund transfer of $14,161 and $259,888 to be financed in the future by the County through the sale of General Obligation bonds to the Virginia Public School Authority (VPSA).

Outstanding Long-Term Debt

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

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

The following information is provided to acknowledge the portion of long-term debt that is incurred by the County at the request of the School Board and funded by the school division. At June 30, 2017, the County is liable for $815,195 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2017, outstanding long-term debt increased by a net $22,273 consisting of:

- $55,700 in debt principal retired during the fiscal year.
- $77,660 in new debt issued during FY 2017 through the sale of general obligation bonds to the VPSA:
  - In addition, a bond premium of $6,554 was realized on the sale of the VPSA bonds, bringing the total bonds available from the sale to $84,214.

During FY 2017, PWCS entered into a lease agreement as lessee for financing the acquisition of the information technology system valued at $470. At June 30, 2017, the long-term obligations on this capital lease was $313.

The Approved School Board budget for FY 2018 provides funding of $101,046 to support the payment of debt service by the County. The budgeted sale of $126,540 in new bonds during FY 2018 is to support school capital projects, as detailed in the FY 2018 – 2027 Capital Improvements Program (CIP). Readers interested in more detailed information for long-term debt activity should refer to the Long-term debt note in the Notes to the Financial Statements.

Bond Ratings

Outstanding Long-Term Debt
(Incurred by Prince William County on behalf of PWCS, except for capital lease)
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total School Division	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds *	$ 815,195	$ 793,235	-	-	815,195	793,235
Capital Leases	313	-	-	-	313	-
Total	$ 815,508	$ 793,235	-	-	815,508	793,235

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

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

Factors influencing future budgets:

The FY 2018 budget provides funding for the following significant costs:

- Funding for current programs to support an approximate increase of 1,716 students;
- Funding to support the capital projects included in the FY 2018 – 2027 CIP;
- A salary scale adjustment of 2.8% to School Division employees;
- An overall increase of 1.0% in health insurance costs.

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

- Prince William County Public Schools participates in a program called the Northern Virginia Regional Special Education Program (NVSRP). This is collaborative program through which students with special needs receive educational services. Permanent participants include Prince William County, Manassas City, and Manassas Park City. Other localities also participate on an as needed basis. A portion of the funding that helps provide services to these low incidence students comes from the state of Virginia after the submission of a rate package, and has historically been provided to the participating localities who then provide the funding to the NVSRP in the form of tuition payments. Prince William County Public Schools currently receives approximately 28% of all state revenues that go to the eleven regional special education programs state-wide. The total funding state-wide is approximately $88 million.

In recent years there has been pressure to provide all school divisions in Virginia access to this funding. While all of the details have not been resolved, it appears that the state funding that supports the NVSRP will be reduced as the state allows access to this funding pool to all Virginia localities. The key questions related to this issue are how much will the School Division loose and over what period of time will this loss take place? Revenues received in FY 2017 related to the NVSRP totaled $24.1 million. The expectation is that the Division will lose revenue associated to these students as other regional programs gain access to a funding pool that will not grow larger and that at some point that same funding pool will be available to all school divisions across the state.

It is possible that the Division will lose between one half to three quarters of this funding to other localities in Virginia beginning in FY 2018. This change will be implemented through a phased in approach over a three to five-year period with the possibility of some hold harmless provisions being applied over this phase in period.

- During the years FY 2011 and FY 2012, student growth was 2,459 and 2,520, respectively. The following four years saw enrollment growth decelerate with amounts of 1,916, 1,504, 1,154, and 1,044. In FY 2017 enrollment growth rebounded with a total of 1,667. FY 2018 enrollment was under expectation at 941 over the prior year. The average annual growth rate over the last five years, 2013 to 2018, was 1.47%. The deceleration of growth over the years 2012 to 2016 has helped some with the Division's capital concerns. The enrollment rebound in FY 2017 to 1,667 has the Division's planning team paying close attention. FY 2018, however, has seen reduced growth again.

- Student demographics will continue to change regardless of the growth rates. Changes in student demographics increase the number of students requiring additional educational services, which in turn increases School Division expenditures to meet those needs. Increases in populations of students whose primary language is not English and students with special needs, for example, increase School Division operating costs.

- Student membership on September 30, 2017 was 89,861. This represents an increase of 941 students for a growth rate of 1.1%. Student membership was 775 students below the 90,636 projected in the FY 2018 Approved Budget which translates to an estimated net decreased cost of $3,556.

- For fiscal years 2018 and 2019 fund balance will be supporting the General Fund budgets to the extent of $23.0 million and $15.4 million, respectively. This is approximately 2.0% to 1.3% of the General Fund budgets for the respective years.

- FY 2018 will be the second year of the biennial budget process for the Commonwealth of Virginia. The budget for FY 2018 may be impacted by a number of significant changes including:

    - Rebenchmarking that should increase funding to the Division as a result of increased costs to operate schools;
    - Updated student enrollment projections;
    - Continued updating of rates for the VRS;
    - Changes in the composite index of local ability to pay.

- The General Assembly approved a Virginia Retirement System (VRS) teacher retirement employee contribution rate of 16.32% for FY 2018.

- In June of 2015 the GASB released a new pronouncement titled Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This new rule will mirror the new rules associated to pension accounting (GASB 67 and 68) and will further increase the liabilities disclosed on the Division balance sheet. The Division expects a net increase of $26 million in liabilities associated to this new rule.

- PWCS' local composite index (LCI) went from .3787 for the 2012-2014 biennium to .3822 for the 2014-2016 biennium and to .3848 for the 2016-2018 biennium. This increase in the LCI represents the state's expectation that the locality has an increase in ability to bear the burden of the funding of education and, therefore, represents a decrease in the share of State education dollars to be received by PWCS. For the 2016-2018 biennium the LCI will be .3848. This represents a decrease of about $1.38 million relative to other localities in Virginia.

- During the seven year period prior to FY 2008, the growth in real estate assessed values had enabled a $0.60 reduction in the real property tax rate to a value of $0.758 while still providing additional revenues to the County and School Board. In FY 2008, the tax rate was increased to $0.787 per $100 of assessed value because of the softening values in the housing markets. In FY 2009 the rate was again raised, this time to $0.970 per $100 of assessed value. Real estate rates continued increasing to $1.212 for FY 2010, $1.236 in FY 2011, and decreased to $1.204 in FY2012. In FY 2013 the rate was increased to $1.209, decreased to $1.181 in FY 2014, $1.148 in FY 2015, $1.122 in FY2016, and for FY 2017 the rate remained at $1.122 per $100. The fiscal year 2018 rate will be $1.125. Historically, the BOCS has historically worked diligently to maintain the average tax bill at FY 2007 levels. There has been discussion over the past budget cycle out looking at the logic to this tax policy approach.

- PWCS continues to experience enrollment growth and as a result continues to build new schools. There are plans for six new schools in the Division's five year (financial) plan (FY 2018 to FY 2022). The Division has experienced reduced rates of growth for three years (FY 2014, FY 2015, and FY 2016) and an increased rate in FY 2017. Then in FY2018 the rate of growth decreased again. It is possible that the pressure to build may be somewhat reduced but the question of growth rates remains. Are growth rates returning to higher, more historically consistent rates? It is also important to note that the Division currently maintains over 200 instructional cottages and that it is a goal to reduce these numbers, if possible. It is also important to note that there are capacity issues at all levels in many parts of the County.

- The BOCS, in a cooperative agreement with the Prince William County School Board, has established a grant program through which there is an increased focus on class size reduction. The County matches, up to $1.0 million in funds provided by the School Division budget to reduce class size. For FY 2018, the School Division will continue to budget an additional teacher at the 10th, 11th, and 12th grades at each high school and 8th grade at each middle school. The total funding focused on class size reduction associated to this grant will amount to a total of $2.0 million in FY 2018.

- With the exception of the previously mentioned state revenue reduction, FY 2018 revenues are currently on target. However, the continued impact of changes in the local economy, the value of residential real estate, and the value of commercial real estate, make the revenue picture for FY 2018 somewhat uncertain for yet another year.

Contacting the Prince William County Public Schools' Financial Management

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

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Basic Financial Statements

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Prince William County Public Schools **Exhibit 1**
Statement of Net Position
June 30, 2017

	School Division				
	Governmental Activities	**Business-Type Activities**	**Total School Division**	**Component Unit**	**Total Reporting Entity**
ASSETS					
Equity in cash and pooled investments	$ 275,629,745	177,494	275,807,239	126,549	275,933,788
Accounts receivable and other current assets	2,614,284	149,897	2,764,181	25,877	2,790,058
Due from other governmental units	33,381,823	-	33,381,823	-	33,381,823
Inventory	3,844,406	-	3,844,406	214,575	4,058,981
Prepaid asset	6,724	-	6,724	4,107	10,831
Net OPEB asset	1,796,714	-	1,796,714	-	1,796,714
Restricted assets:					
Restricted cash	149,457,156	-	149,457,156	1,060,771	150,517,927
Capital assets:					
Land	95,450,549	114,013	95,564,562	-	95,564,562
Construction in progress	46,107,996	-	46,107,996	-	46,107,996
Depreciable/amortizable capital assets	1,809,678,528	9,095,044	1,818,773,572	-	1,818,773,572
Less: accumulated depreciation/amortization	(501,888,786)	(151,334)	(502,040,120)	-	(502,040,120)
Total assets	1,916,079,139	9,385,114	1,925,464,253	1,431,879	1,926,896,132
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions	152,948,000	-	152,948,000	-	152,948,000
Total deferred outflows of resources	152,948,000	-	152,948,000	-	152,948,000
LIABILITIES					
Accounts payable and accrued liabilities	12,899,654	8,888	12,908,542	13,366	12,921,908
Salaries payable and withholdings	97,595,951	13,581	97,609,532	-	97,609,532
Retainage	5,064,565	-	5,064,565	-	5,064,565
Unearned revenue	10,291,778	30,463	10,322,241	696,682	11,018,923
Long-term liabilities:					
Due within one year	22,653,375	-	22,653,375	-	22,653,375
Due in more than one year	25,978,602	-	25,978,602	-	25,978,602
Net pension liabilities	930,145,000	-	930,145,000	-	930,145,000
Total liabilities	1,104,628,925	52,932	1,104,681,857	710,048	1,105,391,905
DEFERRED INFLOWS OF RESOURCES					
Net difference in pension investment earnings	30,881,000	-	30,881,000	-	30,881,000
Total deferred inflows of resources	30,881,000	-	30,881,000	-	30,881,000
NET POSITION					
Net investment in capital assets	1,449,348,287	9,057,723	1,458,406,010	-	1,458,406,010
Restricted for:					
Capital projects	143,326,496	-	143,326,496	-	143,326,496
Food & nutrition services	27,609,183	-	27,609,183	-	27,609,183
Grant programs	2,282,128	-	2,282,128	-	2,282,128
Education foundation	-	-	-	592,625	592,625
Unrestricted (deficit)	(689,048,880)	274,459	(688,774,421)	129,206	(688,645,215)
Total net position	$ 933,517,214	9,332,182	942,849,396	721,831	943,571,227

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

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
School Division:				
Governmental activities:				
Instruction:				
Regular	$ 562,798,751	1,481,313	58,894,727	119,023
Special	115,150,012	39,137	65,441,643	-
Other	13,278,643	1,596,871	10,272,649	-
Instructional leadership	65,904,645	-	-	-
Total instruction	757,132,051	3,117,321	134,609,019	119,023
Support services:				
General administration	12,184,898	-	-	-
Student services	16,266,752	-	545,674	-
Curricular/staff development	14,935,096	-	121,440	-
Pupil transportation	57,032,396	109,862	-	-
Operations	24,977,443	326,307	-	-
Utilities	23,029,568	-	-	-
Maintenance	42,245,387	-	-	-
Central business services	58,558,992	373,242	68,000	-
Reimbursement to County for debt service	89,728,390	-	-	-
Food & nutrition services	44,879,406	18,932,138	28,793,082	-
Community service operations	1,440,894	1,554,101	-	-
Education Foundation	508,651	-	-	-
Total support services	385,787,873	21,295,650	29,528,196	-
Total governmental activities	1,142,919,924	24,412,971	164,137,215	119,023
Business-type activities:				
School Age Child Care	632,706	512,797	-	-
Aquatics Center	902,334	309,555	-	-
Total business-type activities	1,535,040	822,352	-	-
Total school division	1,144,454,964	25,235,323	164,137,215	119,023
Component unit:				
Education Foundation	4,809,135	-	4,277,455	-
Total component unit	$ 4,809,135	-	4,277,455	-

General revenues:
Grants and contributions not restricted to specific programs
Federal
State
County
Unrestricted investment earnings
Revenue from school division
Insurance claims and recoveries
Miscellaneous revenues
Transfer
Total general revenues and transfers

Change in net position

Net position, beginning of year
Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position					
School Division					
Governmental Activities	Business - type Activities	Total School Division	Component Unit	Total Reporting Entity	Functions/Programs
					School Division:
					Governmental activities:
					Instruction:
(502,303,688)	-	(502,303,688)	-	(502,303,688)	Regular
(49,669,232)	-	(49,669,232)	-	(49,669,232)	Special
(1,409,123)	-	(1,409,123)	-	(1,409,123)	Other
(65,904,645)	-	(65,904,645)	-	(65,904,645)	Instructional leadership
(619,286,688)	-	(619,286,688)	-	(619,286,688)	**Total instruction**
					Support services:
(12,184,898)	-	(12,184,898)	-	(12,184,898)	General administration
(15,721,078)	-	(15,721,078)	-	(15,721,078)	Student services
(14,813,656)	-	(14,813,656)	-	(14,813,656)	Curricular/staff development
(56,922,534)	-	(56,922,534)	-	(56,922,534)	Pupil transportation
(24,651,136)	-	(24,651,136)	-	(24,651,136)	Operations
(23,029,568)	-	(23,029,568)	-	(23,029,568)	Utilities
(42,245,387)	-	(42,245,387)	-	(42,245,387)	Maintenance
(58,117,750)	-	(58,117,750)	-	(58,117,750)	Central business services
(89,728,390)	-	(89,728,390)	-	(89,728,390)	Reimbursement to County for debt service
2,845,814	-	2,845,814	-	2,845,814	Food & nutrition services
113,207	-	113,207	-	113,207	Community service operations
(508,651)	-	(508,651)	-	(508,651)	Education Foundation
(334,964,027)	-	(334,964,027)	-	(334,964,027)	**Total support services**
(954,250,715)	-	(954,250,715)	-	(954,250,715)	**Total governmental activities**
					Business-type activities:
-	(119,909)	(119,909)	-	(119,909)	School Age Child Care
-	(592,779)	(592,779)	-	(592,779)	Aquatics Center
-	(712,688)	(712,688)	-	(712,688)	**Total business-type activities**
(954,250,715)	(712,688)	(954,963,403)	-	(954,963,403)	**Total school division**
					Component unit:
-	-	-	(531,680)	(531,680)	Education Foundation
-	-	-	(531,680)	(531,680)	**Total component unit**
					General revenues:
					Grants and contributions not restricted to specific programs:
891,262	-	891,262	-	891,262	Federal
394,378,648	-	394,378,648	-	394,378,648	State
642,699,955	-	642,699,955	-	642,699,955	County
2,637,578	(4,028)	2,633,550	1,350	2,634,900	Unrestricted investment earnings
-	-	-	508,651	508,651	Revenue from school division
79,511	-	79,511	-	79,511	Insurance claims and recoveries
5,321,191	-	5,321,191	-	5,321,191	Miscellaneous revenues
(9,709,057)	9,709,057	-	-	-	**Transfer**
1,036,299,088	9,705,029	1,046,004,117	510,001	1,046,514,118	**Total general revenues and transfers**
82,048,373	8,992,341	91,040,714	(21,679)	91,019,035	Change in net position
851,468,841	339,841	851,808,682	743,510	852,552,192	Net position, beginning of year
$ 933,517,214	9,332,182	942,849,396	721,831	943,571,227	Net position, end of year

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

Prince William County Public Schools
Balance Sheet
Governmental Funds
June 30, 2017

Exhibit 3

	General Fund	Construction Fund	Food & Nutrition Services Fund	Other Non-major Governmental Fund - Facilities Use Fund	Total Governmental Funds
ASSETS					
Equity in cash and pooled investments	$ 176,565,285	22,408,340	28,355,532	3,290,924	230,620,081
Restricted cash	-	149,457,156	-	-	149,457,156
Accounts receivable	534,725	407,698	504,308	138,885	1,585,616
Due from other funds	541,882	-	-	-	541,882
Due from other governmental units	31,944,190	-	1,437,633	-	33,381,823
Inventory	1,158,169	-	1,454,854	-	2,613,023
Deposit	6,724	-	-	-	6,724
Total assets	210,750,975	172,273,194	31,752,327	3,429,809	418,206,305
LIABILITIES, DEFERRED INFLOWS OF RESOURCES and FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	6,971,109	3,674,819	899,843	24,425	11,570,196
Salaries payable and withholdings	96,887,086	36,819	634,754	36,307	97,594,966
Retainage payable	-	5,064,565	-	-	5,064,565
Unearned revenue	1,078,147	-	1,153,693	3,155	2,234,995
Total liabilities	104,936,342	8,776,203	2,688,290	63,887	116,464,722
Deferred Inflows of Resources:					
Cable franchise and County support	7,303,144	-	-	-	7,303,144
Total deferred inflows of resources	7,303,144	-	-	-	7,303,144
Fund Balances:					
Nonspendable:					
Inventory	1,158,169	-	1,454,854	-	2,613,023
Restricted:					
Regular instruction	150,300	-	-	-	150,300
Special instruction	1,515,137	-	-	-	1,515,137
Other instruction	80,764	-	-	-	80,764
General administration	98,404	-	-	-	98,404
Curricular/staff development	190,092	-	-	-	190,092
Student services	155,745	-	-	-	155,745
Central business services	91,686	-	-	-	91,686
Food & nutrition services	-	-	27,609,183	-	27,609,183
Capital outlay	-	143,326,496	-	-	143,326,496
Committed:					
Community service operations	-	-	-	3,365,922	3,365,922
Assigned:					
Regular instruction	26,824,058	-	-	-	26,824,058
Special instruction	7,504,348	-	-	-	7,504,348
Other instruction	613,780	-	-	-	613,780
Instructional leadership	2,714,917	-	-	-	2,714,917
General administration	641,409	-	-	-	641,409
Student services	719,043	-	-	-	719,043
Curricular/staff development	866,440	-	-	-	866,440
Pupil transportation	13,962,376	-	-	-	13,962,376
Operations	877,758	-	-	-	877,758
Utilities	1,913,891	-	-	-	1,913,891
Maintenance	2,059,953	-	-	-	2,059,953
Central business services	11,485,231	-	-	-	11,485,231
Capital outlay	-	20,170,495	-	-	20,170,495
Unassigned	24,887,988	-	-	-	24,887,988
Total fund balances	98,511,489	163,496,991	29,064,037	3,365,922	294,438,439
Total liabilities, deferred inflows of resources, and fund balances	$ 210,750,975	172,273,194	31,752,327	3,429,809	418,206,305

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

Prince William County Public Schools **Exhibit 4**
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2017

Total fund balances - governmental funds		$ 294,438,439
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.		
Land	$ 95,450,549	
Construction in progress	46,107,996	
Buildings and improvements	1,655,936,290	
Library books	3,295,417	
Equipment	46,019,693	
Vehicles	100,911,026	
Software	3,516,102	
Total capital assets	1,951,237,073	
Accumulated depreciation/amortization	(501,888,786)	1,449,348,287
Prepaid other post employment benefits represent irrevocable payments made to the Prince William County, Virginia Other Post Employment Benefits Master Trust for retiree healthcare benefits in advance of total actuarial requirements to date. The advance payments are reported in the Statement of Net Position, but as expenditures in the funds when made.		1,796,714
Deferred inflows of resources are not available to pay for current-period expenditures		
Net difference in pension investment earnings		(30,881,000)
Certain revenues are measurable but not available to pay for current period expenditures and, therefore, are reported in the funds as deferred inflows of resources.		7,303,144
Long-term liabilities and deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	(33,381,219)	
Net pension liability	(930,145,000)	
Pension contributions	152,948,000	
Capital lease	(313,242)	
Pollution remediation	(180,959)	(811,072,420)
Net Position of internal service funds.		22,584,050
Net position - governmental activities		$ 933,517,214

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

Prince William County Public Schools **Exhibit 5**
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Construction Fund	Food & Nutrition Services Fund	Other Non-major Governmental Fund	Total Governmental Funds
REVENUES:					
Use of money and property:					
Use of money - interest	$ 2,501,040	1,375,883	(93,756)	(9,954)	3,773,213
Use of property	-	-	-	1,254,764	1,254,764
Charges for services	4,177,623	-	18,926,777	299,338	23,403,738
Intergovernmental:					
Federal	39,360,197	-	26,974,844	-	66,335,041
State	490,393,363	-	938,005	-	491,331,368
County	532,046,874	106,899,384	-	-	638,946,258
Miscellaneous	4,728,059	1,191,922	1,015,417	-	6,935,398
Total revenues	1,073,207,156	109,467,189	47,761,287	1,544,148	1,231,979,780
EXPENDITURES:					
Current:					
Regular instruction	522,437,516	8,029,333	-	-	530,466,849
Special instruction	114,639,424	-	-	-	114,639,424
Other instruction	13,179,642	-	-	-	13,179,642
Instructional leadership	65,904,645	-	-	-	65,904,645
General administration	11,596,475	-	-	-	11,596,475
Student services	15,783,630	-	-	-	15,783,630
Curricular/staff development	14,816,660	-	-	-	14,816,660
Pupil transportation	62,748,932	-	-	-	62,748,932
Operations	24,665,135	-	-	-	24,665,135
Utilities	22,854,775	-	-	-	22,854,775
Maintenance	28,508,528	10,486,784	-	-	38,995,312
Central business services	56,645,536	-	-	-	56,645,536
Community service operations	-	-	-	1,440,894	1,440,894
Food & nutrition services	-	-	44,841,799	-	44,841,799
Capital outlay:	-	137,050,167	-	-	137,050,167
Intergovernmental:					
Reimbursement to the County for debt service	89,713,615	14,775	-	-	89,728,390
Total expenditures	1,043,494,513	155,581,059	44,841,799	1,440,894	1,245,358,265
Excess (deficiency) of revenues over (under) expenditures	29,712,643	(46,113,870)	2,919,488	103,254	(13,378,485)
OTHER FINANCING SOURCES (USES):					
Transfers In:					
General fund	-	17,601,357	-	818	17,602,175
Construction fund	2,262,216	-	-	-	2,262,216
Food & nutrition service fund	1,029,635	700,000	-	-	1,729,635
Transfers Out:					
General fund	-	(2,262,216)	(1,029,635)	-	(3,291,851)
Construction fund	(17,601,357)	-	(700,000)	-	(18,301,357)
Health insurance	(4,000,000)	-	-	-	(4,000,000)
Aquatics center	(500,000)	-	-	-	(500,000)
Self-Insurance fund	(6,240)	-	-	-	(6,240)
Facilities use fund	(818)	-	-	-	(818)
Capital lease	469,863	-	-	-	469,863
Total other financing sources (uses), net	(18,346,701)	16,039,141	(1,729,635)	818	(4,036,377)
Net change in fund balances	11,365,942	(30,074,729)	1,189,853	104,072	(17,414,862)
FUND BALANCES, beginning of year	87,145,547	193,571,720	27,874,184	3,261,850	311,853,301
FUND BALANCES, end of year	$ 98,511,489	163,496,991	29,064,037	3,365,922	294,438,439

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

Prince William County Public Schools **Exhibit 6**
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, 2017

Total net change in fund balances - total governmental funds		$ (17,414,862)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Certain revenues that are disclosed in the Statement of Activities do not provide current financial resources and, therefore, are not reported in the funds.		2,618,063
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/ amortization expense. This is the amount by which capital outlay exceeds depreciation/ amortization in the period:		
Capital outlays	$ 153,498,999	
Depreciation/amortization expense	(42,684,555)	110,814,444
The net effect of various transactions including disposal of capital assets.		(3,371,100)
The net effect of transfer of land and building to Aquatics Center		(9,209,057)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences		(1,987,107)
Other postemployment benefits		(312,569)
Pension expenses		(6,488,058)
Capital lease		(156,621)
Pollution remediation		196,886
Activities of Internal Service Funds that serve governmental activities.		7,358,354
Change in net position of governmental activities		$ 82,048,373

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

Prince William County Public Schools **Exhibit 7**
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	$ 2,562,167	2,562,167	2,501,040	(61,127)
Charges for services	3,345,135	4,234,442	4,177,623	(56,819)
Intergovernmental:				
Federal	38,070,760	39,918,433	39,360,197	(558,236)
State	488,905,983	488,260,132	490,393,363	2,133,231
County	535,271,545	529,418,205	532,046,874	2,628,669
Miscellaneous	2,157,751	3,958,386	4,728,059	769,673
Total revenues	1,070,313,341	1,068,351,765	1,073,207,156	4,855,391
EXPENDITURES:				
Current:				
Regular instruction	540,273,191	537,476,851	522,437,516	15,039,335
Special instruction	113,563,062	117,884,141	114,639,424	3,244,717
Other instruction	14,553,144	13,503,021	13,179,642	323,379
Instructional leadership	69,843,044	68,362,470	65,904,645	2,457,825
General administration	10,876,703	11,455,193	11,596,475	(141,282)
Student services	15,491,610	15,904,548	15,783,630	120,918
Curricular/staff development	14,476,490	15,218,883	14,816,660	402,223
Pupil transportation	63,317,537	61,868,723	62,748,932	(880,209)
Operations	23,029,684	23,197,299	24,665,135	(1,467,836)
Utilities	29,332,095	25,461,385	22,854,775	2,606,610
Maintenance	32,568,443	29,181,409	28,508,528	672,881
Central business services	61,412,590	62,693,826	56,645,536	6,048,290
Intergovernmental:				
Reimbursement to the County for debt service	88,351,647	88,351,647	89,713,615	(1,361,968)
Total expenditures	1,077,089,240	1,070,559,396	1,043,494,513	27,064,883
Excess (deficiency) of revenues over (under) expenditures	(6,775,899)	(2,207,631)	29,712,643	31,920,274
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Construction fund	1,575,000	1,575,000	2,262,216	687,216
Food services	-	1,029,635	1,029,635	-
Transfers Out:				
Construction fund	(20,836,000)	(22,610,095)	(17,601,357)	5,008,738
Health Insurance fund	(1,500,000)	(1,500,000)	(4,000,000)	(2,500,000)
Aquatics center	(1,000,000)	(1,000,000)	(500,000)	500,000
Self-Insurance fund	-	-	(6,240)	(6,240)
Facility use fund	-	-	(818)	(818)
Capital lease	-	-	469,863	469,863
Total other financing sources (uses), net	(21,761,000)	(22,505,460)	(18,346,701)	4,158,759
Net change in fund balance	(28,536,899)	(24,713,091)	11,365,942	36,079,033
FUND BALANCE, beginning of year	87,145,547	87,145,547	87,145,547	-
FUND BALANCE, end of year	$ 58,608,648	62,432,456	98,511,489	36,079,033

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

Prince William County Public Schools **Exhibit 8**
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Food & Nutrition Services Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	$ 225,000	225,000	(93,756)	(318,756)
Charges for services	18,913,829	18,913,829	18,926,777	12,948
Intergovernmental:				
Federal	25,635,381	25,635,381	26,974,844	1,339,463
State	758,166	758,166	938,005	179,839
Miscellaneous	556,360	556,360	1,015,417	459,057
Total revenues	46,088,736	46,088,736	47,761,287	1,672,551
EXPENDITURES:				
Current:				
Food & nutrition services	50,683,196	48,048,748	44,841,799	3,206,949
Total expenditures	50,683,196	48,048,748	44,841,799	3,206,949
Excess (deficiency) of revenues over (under) expenditures	(4,594,460)	(1,960,012)	2,919,488	4,879,500
OTHER FINANCING (USES):				
Transfers Out:				
General fund	-	-	(1,029,635)	(1,029,635)
Construction fund	(830,000)	(1,859,635)	(700,000)	1,159,635
Total other financing (uses), net	(830,000)	(1,859,635)	(1,729,635)	130,000
Net change in fund balances	(5,424,460)	(3,819,647)	1,189,853	5,009,500
FUND BALANCES, beginning of year	27,874,184	27,874,184	27,874,184	-
FUND BALANCES, end of year	$ 22,449,724	24,054,537	29,064,037	5,009,500

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

Prince William County Public Schools **Exhibit 9**
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Fund			Governmental Activities -
	School Age Child Care	**Aquatics Center**	**Total**	**Internal Service Funds**
ASSETS				
Current assets:				
Equity in cash and pooled investments	$ 94,745	82,749	177,494	45,009,664
Accounts receivable and other current assets	125,979	23,918	149,897	1,028,668
Inventory	-	-	-	1,231,383
Total current assets	220,724	106,667	327,391	47,269,715
Noncurrent assets:				
Nondepreciable capital assets:				
Land	-	114,013	114,013	-
Depreciable capital assets:				
Buildings	-	9,095,044	9,095,044	-
Less: accumulated depreciation	-	(151,334)	(151,334)	-
Total noncurrent assets	-	9,057,723	9,057,723	-
Total assets	220,724	9,164,390	9,385,114	47,269,715
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,502	7,386	8,888	1,329,458
Salaries payable and withholdings	106	13,475	13,581	985
Unearned revenue	-	30,463	30,463	8,056,783
Due to other funds	-	-	-	541,882
Incurred but not reported claims	-	-	-	10,611,478
Total current liabilities	1,608	51,324	52,932	20,540,586
Noncurrent liabilities:				
Incurred but not reported claims	-	-	-	4,145,079
Total liabilities	1,608	51,324	52,932	24,685,665
NET POSITION				
Net investment in capital assets	-	9,057,723	9,057,723	-
Unrestricted	219,116	55,343	274,459	22,584,050
Total net position	$ 219,116	9,113,066	9,332,182	22,584,050

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

Prince William County Public Schools **Exhibit 10**
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund			Governmental Activities -
	School Age Child Care	**Aquatics Center**	**Total**	**Internal Service Funds**
OPERATING REVENUES:				
Charges for services	$ 512,797	309,555	822,352	105,773,086
Total operating revenues	512,797	309,555	822,352	105,773,086
OPERATING EXPENSES:				
Personnel services	451,741	516,034	967,775	1,016,030
Materials/supplies	171,535	218,932	390,467	280,283
Administrative costs	-	4,941	4,941	5,833,897
Professional services	9,430	11,093	20,523	-
Premiums	-	-	-	1,649,472
Claims and benefits paid	-	-	-	87,396,342
Losses and unallocated loss adjustment	-	-	-	1,217,238
Cost of goods sold	-	-	-	4,984,810
Depreciation	-	151,334	151,334	-
Total operating expenses	632,706	902,334	1,535,040	102,378,072
Operating income (loss)	(119,909)	(592,779)	(712,688)	3,395,014
NON-OPERATING REVENUES (EXPENSES):				
Interest and miscellaneous	(816)	(3,212)	(4,028)	(122,411)
Insurance claims and recoveries	-	-	-	79,511
Total non-operating (expenses)	(816)	(3,212)	(4,028)	(42,900)
Income (loss) before transfers	(120,725)	(595,991)	(716,716)	3,352,114
OTHER FINANCING SOURCES:				
Transfers In:				
General Fund	-	500,000	500,000	-
Construction in process	-	9,209,057	9,209,057	4,006,240
Total other financing sources	-	9,709,057	9,709,057	4,006,240
Change in net position	(120,725)	9,113,066	8,992,341	7,358,354
NET POSITION, beginning of year	339,841	-	339,841	15,225,696
NET POSITION, end of year	$ 219,116	9,113,066	9,332,182	22,584,050

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

Prince William County Public Schools
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

Exhibit 11

	Business-type Activities - Enterprise Fund			Governmental Activities -
	School Age Child Care	Aquatics Center	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	$ 512,797	316,892	829,689	105,924,849
Receipts from deposits	-	-	-	500,000
Payments to suppliers for goods and services	(182,827)	(227,580)	(410,407)	(101,700,417)
Payments to employees	(452,588)	(502,559)	(955,147)	(1,015,917)
Net cash provided (used) by operating activities	(122,618)	(413,247)	(535,865)	3,708,515
Cash Flows from Non-capital Financing Activities:				
Advances from other funds	-	-	-	66,883
Transfers from other funds	-	500,000	500,000	4,006,240
Net cash provided by non-capital financing activities	-	500,000	500,000	4,073,123
Cash Flows from Investing Activities:				
Interest paid for investments	(1,417)	(4,004)	(5,421)	(239,555)
Net cash (used) by investing activities	(1,417)	(4,004)	(5,421)	(239,555)
Net increase (decrease) in equity in cash and pooled investments	(124,035)	82,749	(41,286)	7,542,083
Equity in cash and pooled investments, beginning of year	218,780	-	218,780	37,388,070
Equity in cash and pooled investments, end of year	$ 94,745	$ 82,749	$ 177,494	$ 44,930,153

	School Age Child Care	Aquatics Center	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (loss)	$ (119,909)	$ (592,779)	$ (712,688)	$ 3,395,014
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Change in assets and liabilities:				
Depreciation expense	-	151,334	151,334	-
(Increase) in accounts receivable	-	(23,126)	(23,126)	(141,181)
(Increase) in inventory	-	-	-	(149,083)
Decrease in deposits	-	-	-	500,000
Increase in unearned revenue	-	30,463	30,463	292,944
Increase (decrease) in accounts payable and accrued liabilities	(1,862)	7,386	5,524	911,866
Increase (decrease) in salaries payable and withholdings	(847)	13,475	12,628	113
Increase in incurred but not reported claims	-	-	-	(1,101,158)
Net cash provided (used) by operating activities	$ (122,618)	$ (413,247)	$ (535,865)	$ 3,708,515
Noncash Investing, Capital, and Financing Activities:				
Transfers in of construction in process	$ -	$ 9,209,057	$ -	$ -

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

Prince William County Public Schools
Statement of Assets and Liabilities
Agency Funds
June 30, 2017

Exhibit 12

	Agency Funds
ASSETS	
Cash and pooled investments	$ 11,201,482
Interest receivable	16,544
Due from other governmental units	2,874,015
Capital assets:	
Depreciable capital assets	14,750
Less: accumulated depreciation	(2,300)
Total assets	14,104,491
LIABILITIES	
Accounts payable and accrued liabilities	$ 14,104,491

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

Note 1 – Summary of significant accounting policies

A. Financial reporting entity

Prince William County Public Schools (PWCS) is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia.* The eight members of the School Board are elected by the citizens of Prince William County (the County) to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. On September 21, 2016, the School Board selected an acting School Board member Mr. Shawn L. Brann to fill the seat of Brentsville District School Board Member Gil Trenum on an interim basis while Mr. Trenum is deployed on active duty in the U.S. Navy Reserve. PWCS is organized to focus on meeting the needs of its 88,920 students while managing 95 schools. The mission of PWCS is to provide a world-class education. PWCS receives funding from taxes collected and allocated by the County; tuition and fees; state and federal aid; and other grants and donations from private sources. School construction projects are funded by the proceeds of general obligation bonds issued by the County and approved by the County voters. Other sources of PWCS school construction funding are Virginia Public School Authority (VPSA) bonds, Build America Bonds (BAB), Qualified School Construction Bonds (QSCB), and cash funding. Accounting principles generally accepted in the United States of America establish PWCS as a discretely presented component unit of the County while the Education Foundation for Prince William County Public Schools (SPARK) is a discretely presented component unit of PWCS.

The accompanying financial statements present the financial data of the school division and its component unit over which the school division exercises significant influence. Significant influence or accountability is based primarily on operational or financial benefit/burden relationship with PWCS (as distinct from legal relationships). PWCS and its component unit are together referred to herein as the reporting entity.

<u>Component unit and the reporting method</u>

SPARK is organized under the laws of the Commonwealth of Virginia as a not-for-profit corporation. The purpose of SPARK is to engage community partners to fund and promote initiatives that enhance educational excellence. SPARK's purpose is to promote and aid endeavors of every kind for PWCS. Inclusion criteria consists of separately appointed board members one of which is on the PWCS School Board and financial benefit/burden relationship exists. Therefore, SPARK is a discretely presented component unit.

SPARK issues separately audited financial statements. Copies of these financial statements may be obtained by writing to the Education Foundation for Prince William County Public Schools, P.O. Box 389, Manassas, Virginia 20118.

B. Government-wide and fund financial statements

The basic financial statements include both government-wide statements, based on the entity as a whole, including its component unit, 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, is 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.

<u>**Government-wide financial statements**</u> The reporting model includes financial statements prepared using full accrual accounting for activities of the school division and its component unit. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets, deferred outflows of resources, long-term liabilities, and deferred inflows of resources. Accrual accounting requires that all of the revenues and costs of providing services each year are reported, not just those received or

paid in the current year or soon thereafter. The governmental activities, which are normally supported by intergovernmental revenues, are reported separately from the business-type activities, which are generally supported by charges for services. The discretely presented component unit is presented separate from the school division. Fiduciary funds are not included in the government-wide financial statements.

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

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

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

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

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

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

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

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

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

PWCS' fiduciary funds are presented in the fund financial statements. 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. Therefore, these funds are not incorporated into the government-wide statements.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. It is PWCS' policy to first use restricted resources for expenses incurred for which both restricted and unrestricted resources are available.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of, and changes in financial position, and generally only current assets and current liabilities are included on the balance sheet. Revenues are recorded as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PWCS considers general revenues, interest on investments, and charges for services to be available if they are collected within 90 days of the end of the current fiscal period. PWCS' primary revenues susceptible to accrual include intergovernmental revenues, federal, state and other reimbursable grants, whose purpose is funding specific expenditures and are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. Additional County revenue identified after June 30 is not considered available and is therefore, a deferred inflow of resources. Issuance of acquisitions under capital lease are reported as other financing sources.

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

PWCS reports the following major funds:

Governmental Funds:

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

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

Food & Nutrition Services Fund: The *Food & Nutrition Services Fund* is a special revenue fund 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.

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

Proprietary Funds:

Proprietary funds measurement focus is based on determination of operating income, changes in net position, financial position and cash flows which is similar to a business enterprise. PWCS' business-type activity funds include the School Age Child Care (SACC) Fund and the Aquatics Center Fund.

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

The Aquatics Center Fund accounts for the operation of the new PWCS aquatics center opened in September 2016. Financing is provided by General Fund transfers and fees collected for aquatics programs and other services.

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

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

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

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

Fiduciary Funds:

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

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

Deposits and investments

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

Investments are carried at fair value based on quoted market prices. In order to maximize investment returns, these funds are maintained in a fully insured or collateralized investment pool administered by the County. The County allocates investment earnings 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, 2017 all of the County's deposits were covered by federal depository related insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the Commonwealth Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similar to depository insurance. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The Commonwealth Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

Restricted cash of $149,457,156 consists of bond proceeds held by trustees for the funding of specific construction projects. The funds are maintained to comply with the provision of the Tax Reform Act of 1966 or as required by various bond covenants.

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

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

Fair Value Measurements

Fair value was estimated for each class of financial instrument for which it was practical to estimate fair value. Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not acting under duress. Fair value hierarchy disclosures are based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. The three levels of the fair value hierarchy are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, significant other observable inputs, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Investments

State statutes authorizes the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth or political subdivisions thereof; obligations of other states not in default; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; "prime quality" commercial paper; negotiable certificates of deposits and negotiable bank notes; corporate notes; bankers' acceptances; overnight, term and open repurchase agreements; money market mutual funds; the State Treasurer's Local Government Investment Pool (LGIP), non-negotiable certificates of deposit, and insured deposits. PWCS' pro rata share of the County's pooled cash and investments was approximately 30.85% at June 30, 2017. The investments contained in the County's pool of investments are subject to investment rate and custodial credit risk.

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

Receivables and payables

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

Inventory

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

Capital assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, computer software and library books, are reported in the government-wide financial statements. Capital assets, with the exception of computer software, are defined by PWCS as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Computer software is defined by PWCS as purchased software and software licenses with an initial, individual cost of more than $250,000 and internally generated software with development costs of more than $750,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, where no historical records exist. Donated capital assets are recorded at acquisition cost at the date of the donation. Utility, storm drainage, right-of-way and sight distance easements are often purchased during the construction of new schools. Donated easement with estimated acquisition cost of more than $75,000 are recorded as capital assets. Utility, storm drainage, right-of-way and sight distance easements are often acquired during the construction of new schools. The easements are generally transferred to the applicable utility company or the Virginia Department of Transportation within one year. Assets acquired through capital lease purchase agreements are recorded at the present value of the minimum lease payments, and each minimum lease payment is allocated between a reduction of the obligation and interest expense.

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 to assets that do not add to the value or materially extend the useful life are not capitalized.

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

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

Estimated useful lives:

Assets	Years
Buildings	20-50
Improvements	20-50
Equipment	5-12
Vehicles	4-14
Intangible assets, including computer software	3-10
Library books	5

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense or expenditure until then.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until then. Additionally, PWCS has a deferred inflow in the governmental funds for cable franchise tax and County support.

Compensated absences

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

Pollution remediation

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

Pensions

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan (Professional Group) is a multiple employer, cost-sharing plan. The VRS Political Subdivision Retirement Plan (Non-professional Group) is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Non-professional Group's Retirement Plan and the Professional Group's Retirement Plan and the additions to/deductions from the Non-professional Group's Retirement Plan's net fiduciary position and the VRS Professional Group's Retirement Plan have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund equity

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

Policy 304 was adopted by the Board to establish and maintain a minimum unassigned fund balance of 1.5% of the current fiscal year's General Fund revenue.

Encumbrances

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

Commitments

At June 30, 2017 PWCS had contractual commitments of $19,119,563 in the General Fund, $210,192,785 in the Construction Fund for construction of various projects, $1,548,087 in the Food & Nutrition Services Fund for contractual commitments and $23,147 in the Other Non-major Governmental Funds.

E. Governmental Accounting Standards Board (GASB) pronouncements

PWCS has implemented the following GASB pronouncements during the fiscal year June 30, 2017:

GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution Other Postemployment Benefits (OPEB) plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

GASB Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* This statement amends Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that is not a state or local governmental pension plan; is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No 68, and No. 73.* This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement is effective for fiscal years beginning after June 15, 2017. PWCS is in the process of completing their assessment of GASB Statement 75.

GASB Statement No. 81, *Irrevocable Split – Interest Agreement.* This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. PWCS is in the process of completing their assessment of GASB 81 and does not believe the implementation will have a material impact on the financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations.* This statement requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognized a liability based on the guidance in this statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. PWCS is in the process of completing their assessment of GASB Statement 83.

GASB Statement No. 84, *Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. PWCS is in the process of completing their assessment of GASB Statement 84.

GASB Statement No. 85, *Omnibus.* This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. PWCS is in the process of completing their assessment of GASB Statement 85.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement addresses in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. PWCS is in the process of completing their assessment of GASB Statement 86.

GASB Statement No. 87, *Leases.* This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. PWCS is in the process of completing their assessment of GASB Statement 87.

F. Subsequent events

PWCS has evaluated subsequent events (events occurring after June 30, 2017 through date of the Report of Independent Auditor) in accordance with the preparation of these financial statements. Such events have been disclosed in Note 12.

Note 2 – Stewardship, compliance, and accountability

A. Budgetary information

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

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

The budget is controlled at both legal and administrative levels. Legal control is placed at the government-wide level of PWCS, while administrative control is placed at the department level. Amendments that change the total level of expenditure budget require the approval of both the School Board and the BOCS.

B. Excess of expenditures over appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the General Fund for the following functional areas: General Administration, Pupil Transportation, Operations, and Reimbursement to County for Debt Services. Excess remaining budget in other functions covered the shortfall in the aforementioned functional areas. Expenditures also exceeded appropriations in the Facilities Use Fund for community service operations. However, excess revenues from use of property covered the shortfall in expenses.

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

Receivables and due from other governmental units at June 30, 2017 for PWCS' individual major funds, non-major, internal service, enterprise, and fiduciary funds, in the aggregate, are as follows:

	Other Receivables	Federal	State	County	Other Localities	Total
General Fund	$ 534,725	7,513,832	17,127,214	7,303,144	-	32,478,915
Construction Fund	407,698	-	-	-	-	407,698
Food & Nutrition Services Fund	504,308	1,437,633	-	-	-	1,941,941
Non-major Fund - Facilities Use Fund	138,885	-	-	-	-	138,885
Internal Service Funds	1,028,668	-	-	-	-	1,028,668
Enterprise Fund	149,897	-	-	-	-	149,897
Fiduciary Funds	16,544	-	52,000	-	2,822,015	2,890,559
Total	$ 2,780,725	8,951,465	17,179,214	7,303,144	2,822,015	39,036,563

Amounts due from the federal government in the General Fund are attributed primarily to Titles I, III and VI-B grants, as well as the Carl D. Perkins CTE grant. Title I and III programs provide funds to enhance instruction and train and recruit teachers. Title VI-B is intended to assure that all handicapped children are provided a free and appropriate education. The Carl D. Perkins CTE grant focuses on academic achievement of career and technical education students.

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

All receivables are considered fully collectable and, therefore, an allowance for uncollectible accounts is not recorded.

In the fund financial statements, governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2017, deferred inflow of resources is recorded in the General Fund for excess general tax supported revenues to be distributed by the County in the amount of $7,303,144.

Governmental activities report unearned revenue in connection with resources that have been received, but not yet earned. Business-type activities report unearned revenue in aquatics center in connection with resources received for events and programs that have not yet occurred.

At the end of the current fiscal year, the various components of unearned revenue were as follows:

Governmental Activities	Unearned Revenue
Food & Nutrition Services Fund – Other unearned revenue	$ 1,153,693
General Fund – prepaid tuition or fees and other unearned revenue	1,078,147
Facilities Use Fund - unearned revenue - catering deposit	3,155
Governmental Funds	2,234,995
Health Insurance Fund (internal service fund) – prepaid health insurance premiums	8,056,783
Total Governmental Activities	$ 10,291,778
Business-type Activities	
Aquatics Center Fund - prepaid fees related to events and programs not yet occurred	$ 30,463
Total Business-type Activities	$ 30,463

Note 4 – Interfund receivables, payables, and transfers

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

	Due to other funds: Warehouse Fund
Due from other funds:	
General Fund	$ 541,882

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

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

		Transfers Out:	
Transfers In:	General Fund	Construction Fund	Food and Nutrition Service Fund
General Fund	$ -	2,262,216	1,029,635
Construction Fund	17,601,357	-	700,000
Facilities Use Fund	818	-	-
Self Insurance Fund	6,240	-	-
Health Insurance Fund	4,000,000	-	-
Aquatics Center Fund	500,000	-	-
Total	$ 22,108,415	2,262,216	1,729,635

Interfund transfers are generally made for the purpose of providing operational support to the receiving fund. The General Fund transfer of $17,601,357 and Food and Nutrition Service Fund transfer of $700,000 to the Construction Fund represents funds required for building, maintenance, classroom equipment, and facility modifications. The Construction Fund transfer of $2,262,216 to the General Fund represents funds contributed to debt service expenditures. The Food and Nutrition Service Fund transfer of $1,029,635 to the General Fund represents the funds contributed to the new time and leave system. The General Fund transfer of $818 to the Facilities Use Fund represents funds contributed to PWCS risk management and security services. The General Fund transfers of $4,000,000 to the Health Insurance Fund represents support for the self-insured portion of the health insurance fund. The General Fund transfer of $6,240 to the Self-Insurance Fund represents funds contributed to support the purchase of equipment. The General Fund transfer of $500,000 to the Aquatics Center Fund represents support for the operation of the Aquatics Center and its programs.

Additionally, the Construction in Process transfer of land and buildings in the amount $9,209,057 to the Aquatics Center fund represents required facility support for the operation of the Aquatics Center. This is a full accrual transfer and is recorded in the government-wide and proprietary fund statements.

Note 5 – Related party transactions

SPARK is a discretely presented component unit of PWCS. PWCS provided contributions of personnel, equipment and facilities to SPARK in support of their education programs and partnerships. PWCS reported expenses related to these transfers in the amount of $508,651 for the year ended June 30, 2017.

Note 6 – Long-term liabilities

A. Capital lease

This year, PWCS entered into a lease agreement as lessee for financing the acquisition of the information technology equipment valued at $469,863. The equipment has a five-year estimated useful life. This year, $93,973 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The first payment of $164,800 was made on June 30, 2017. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Year ending June 30,		
2019	$	164,800
2020		164,800
Total minimum lease payments		329,600
Less: Amount representing interest		(16,358)
Present value of minimum lease payments	$	313,242

The long-term portion of capital lease is included in long-term liabilities in the government-wide statement of net position. Liabilities for capital lease are liquidated by the General Fund. Due to early payment of first installment, there is no current portion due. Next payment due date is July 17, 2018.

Changes in liability for capital lease for the year ended June 30, 2017 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Lease	$ -	469,863	(156,621)	313,242

B. 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 or VPSA 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, BAB, and QSCB issued for PWCS can be found in the County's CAFR.

C. Compensated absences

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

The current portion of accrued compensated absences at June 30, 2017 is the amount of liability expected to be paid within one year. The current and long-term portion of accrued compensated absences is included in long-term liabilities in the government-wide statement of net position. Liabilities for compensated absences are liquidated by the General Fund.

Changes in liability for compensated absences for the year ended June 30, 2017 are inclusive of estimated social security and medicare taxes and are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 31,394,112	13,228,967	(11,241,860)	33,381,219	11,860,938

D. Pollution remediation

PWCS incurs pollution remediation obligations in the form of asbestos abatement upon renovation of various buildings and storm water cleanup. PWCS legally obligates itself to commence work related to asbestos abatement and storm sewer management upon issuance of purchase orders to various asbestos abatement contractors and storm sewer cleanup contractors. PWCS calculates and recognizes a liability based on outstanding commitments related to asbestos abatement and MS4 storm water management at fiscal year-end. The costs of asbestos abatement and storm water management are not recoverable.

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

Changes in liability for pollution remediation for the year ended June 30, 2017 are as follows:

		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Pollution Remediation	$	377,845	775,157	(972,043)	180,959	180,959

Note 7 – Self-insurance funds

PWCS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which PWCS carries commercial insurance. PWCS established a limited risk management program for workers' compensation. For the fiscal year ended June 30, 2017 PWCS incurred $900,691 for self-insured workers' compensation claims.

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 for medical, WellDyneRX is the plan administrator for pharmacy benefits, and Delta Dental Plan of Virginia, Inc. (Delta Dental) is the dental plan administrator. All full-time and part-time employees who are working at least 17½ hours per week are eligible to enroll in the health insurance program. There are three (3) plans offered through the PWCS insurance program. An employee may choose either the HMO plan called *"Healthkeepers"*, or one of the two PPO plans offered, *"KeyCare Enhanced"* or the *"KeyCare Core".* All three plans include comprehensive medical, preventive care, vision, and prescription drug coverage (through WellDyneRX). 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, 2017 PWCS incurred $85,391,267 in self-insured health insurance claims.

Premiums are paid into the self-insurance internal service funds by the other funds and are available to pay claims, claim reserves, and administrative costs of the programs for all funds.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. PWCS Self-Insurance Fund, covering the risks of loss, has $600,000 per occurrence retention and purchases excess insurance coverage which covers individual claims with a $75,000,000 limit. PWCS Health Insurance Fund covering the risks of loss, has $500,000 per member. There have been no significant reductions in insurance coverage in the prior year, and settlements have not exceeded coverage for each of the past three fiscal years.

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

Changes in aggregate liabilities for claims are as follows:

	Health Insurance	Self-Insurance
Unpaid Claims June 30, 2015	$ 8,583,682	5,852,045
Incurred Claims	80,209,776	1,766,265
Claims Paid	79,004,172	1,549,881
Unpaid Claims June 30, 2016	9,789,286	6,068,429
Incurred Claims	85,391,267	900,691
Claims Paid	85,945,553	1,447,563
Unpaid Claims June 30, 2017	$ 9,235,000	5,521,557
Due Within One Year	$ 9,235,000	1,376,478

Note 8 – Capital assets

Capital asset activities for the year ended June 30, 2017 was as follows:

	Primary Government			
Governmental Activities:	Balance June 30,2016	Increases	Decreases	Balance June 30,2017
Capital assets, not being depreciated:				
Land	$ 67,311,200	28,143,949	(4,600)	95,450,549
Construction in Progress	54,473,412	108,011,007	(116,376,423)	46,107,996
Total capital assets, not being depreciated	121,784,612	136,154,956	(116,381,023)	141,558,545
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,552,050,015	104,412,222	(525,947)	1,655,936,290
Library books	3,536,395	732,069	(973,047)	3,295,417
Equipment	42,508,420	3,678,492	(167,219)	46,019,693
Vehicles	95,522,787	12,719,298	(7,331,059)	100,911,026
Intangibles	3,516,102	-	-	3,516,102
Total capital assets being depreciated/amortized	1,697,133,719	121,542,081	(8,997,272)	1,809,678,528
Less accumulated depreciation/amortization for:				
Buildings and improvements	389,145,364	31,107,501	(355,167)	419,897,698
Library books	2,207,339	659,083	(973,047)	1,893,375
Equipment	26,448,031	3,286,474	(136,416)	29,598,089
Vehicles	47,862,948	7,129,196	(7,152,378)	47,839,766
Intangibles	2,157,557	502,301	-	2,659,858
Total accumulated depreciation/amortization	467,821,239	42,684,555	(8,617,008)	501,888,786
Total capital assets, being depreciated, net	1,229,312,480	78,857,526	(380,264)	1,307,789,742
Governmental activities capital assets, net	$1,351,097,092	215,012,482	(116,761,287)	1,449,348,287

	Primary Government			
Business-type Activities:	Balance June 30,2016	Increases	Decreases	Balance June 30,2017
Capital assets, not being depreciated:				
Land	$ -	114,013	-	114,013
Total capital assets, not being depreciated	-	114,013	-	114,013
Capital assets, being depreciated/amortized:				
Buildings and improvements	-	9,095,044	-	9,095,044
Total capital assets being depreciated/amortized	-	9,095,044	-	9,095,044
Less accumulated depreciation				
Buildings and improvements	-	151,334	-	151,334
Total accumulated depreciation/amortization	-	151,334	-	151,334
Total capital assets, being depreciated, net	-	8,943,710	-	8,943,710
Business-type activities capital assets, net	$ -	9,057,723	-	9,057,723

Depreciation/amortization expense was charged to the following functions of the governmental activities:

Governmental Activities	Depreciation Expense
Instruction	
Regular	$ 31,246,738
Special	361,645
Other	28,538
Support Services	
General administration	1,122,964
Student services	9,503
Curricular/staff development	8,047
Pupil transportation	6,795,778
Operations	5,481
Maintenance	327,514
Central business services	2,740,740
Food & nutrition services	37,607
Total depreciation/amortization expense	$ 42,684,555

Depreciation expense was charged to the following function of the business-type activities:

Business-type Activities	Depreciation Expense
Aquatics Center	$ 151,334
Total depreciation expense	$ 151,334

Note 9 – 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 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 10 – Employee retirement systems and pension plans

A. Virginia Retirement System

Plan description:

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by VRS Teacher Retirement Plan upon employment. All full-time, salaried permanent (non-professional) employees of PWCS are automatically covered by a VRS Retirement Plan upon employment. Both plans are administered by the VRS along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The VRS administers three different benefit structures for covered employees in both plans; Plan 1, Plan 2, and the Hybrid Retirement Plan (Hybrid Plan). Each of these benefit structures have different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out below:

Plan 1

- *About Plan 1*: Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- *Eligible Members*: Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- *Hybrid Opt-In Election*: VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Plan and remain as Plan 1 or ORP.
- *Retirement Contributions*: Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. PWCS elected to phase in the required 5% member contribution and all employees began paying the full 5% contribution July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for future benefit payments.
- *Creditable Service*: Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It may also include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for

retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

- *Vesting*: Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- *Calculating the Benefit*: The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- *Average Final Compensation*: A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- *Service Retirement Multiplier*: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible non-professional hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
- *Normal Retirement Age*: Normal retirement age is 65. For non-professional hazardous duty employees, normal retirement age is 60.
- *Earliest Unreduced Retirement Eligibility*: Earliest unreduced retirement age is 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members: earliest unreduced retirement age is 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- *Earliest Reduced Retirement Eligibility*: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty members: age 50 with at least five years of creditable service.
- *Cost-of-Living Adjustment (COLA) in Retirement*: The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
  - *Eligibility for COLA*: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
  - *Exceptions to COLA Effective Dates*: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
    - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
    - The member retires on disability.
    - The non-professional member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
    - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
    - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- *Disability Coverage*: Non-professional members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Not applicable to the professional group members.

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

Plan 2

- *About Plan 2*: Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010 and before January 1, 2014, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- *Eligible Members*: Employees are in Plan 2 if their membership date is on or after July 1, 2010 and before January 1, 2014, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- *Hybrid Opt-In Election*: Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Plan and remain as Plan 2 or ORP.
- *Retirement Contributions*: Same as Plan 1.
- *Creditable Service*: Same as Plan 1.
- *Vesting*: Same as Plan 1.
- *Calculating the Benefit*: Same as Plan 1.
- *Average Final Compensation*: A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- *Service Retirement Multiplier*: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
- *Normal Retirement Age*: Normal Social Security retirement age. Non-professional hazardous duty employees retirement age is the same as Plan 1.
- *Earliest Unreduced Retirement Eligibility*: Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- *Earliest Reduced Retirement Eligibility*: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Hazardous duty employees may retire with a reduced benefit at age 50 with at least five years creditable service.
- *COLA in Retirement*: The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
    - *COLA Eligibility*: Same as Plan 1.
    - *Exceptions to COLA Effective Dates*: Same as Plan 1.
- *Disability Coverage*: Non-professional members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Not applicable to professional group members.
- *Purchase of Prior Service*: Same as Plan 1.

Hybrid Plan

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

  - After two years, a member is 50% vested and may withdraw 50% of employer contributions.
  - After three years, a member is 75% vested and may withdraw 75% of employer contributions.
  - After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

  Distribution is not required by law until age 70½.
- *Calculating the Benefit*: *Defined Benefit Component:* See definition under Plan 1. *Defined Contributions Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- *Average Final Compensation*: Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
- *Service Retirement Multiplier*: The retirement multiplier is 1.0%. For members that opted into the Hybrid Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. The service retirement multiplier is not applicable to the defined contribution component.
- *Normal Retirement Age*: *Defined Benefit Component:* Same as Plan 2. Not applicable for non-professional hazardous duty employees. *Defined Contributions Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- *Earliest Unreduced Retirement Eligibility*: *Defined Benefit Component:* Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Not applicable to non-professional hazardous duty employees. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- *Earliest Reduced Retirement Eligibility*: *Defined Benefit Component:* Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Not applicable to non-professional hazardous duty employees. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- *COLA in Retirement*: *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable.
  - *COLA Eligibility*: Same as Plan 1 and Plan 2.
  - *Exceptions to COLA Effective Dates*: Same as Plan 1 and Plan 2.
- *Disability Coverage*: Eligible non-professional and professional employees (including Plan 1 and Plan 2 opt-ins) may participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
- *Purchase of Prior Service: Defined Benefit Component:* Same as Plan 1, with the following exceptions: 1) Hybrid Plan members are ineligible for ported service, 2) the cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation, and 3) plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. *Defined Contribution Component:* Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees of the non-professional group were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	743
Inactive members:	
Vested inactive members	153
Non-vested Inactive members	431
Inactive members active elsewhere in VRS	223
Total inactive members	807
Active members	1,803
Total covered employees	3,353

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to the non-professional and professional groups by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Contributions – Non-professional group

The non-professional group's contractually required contribution rate for the year ended June 30, 2017 was 6.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the non-professional group were $6,460,640 and $4,326,680 for the years ended June 30, 2017 and June 30, 2016, respectively.

Contributions – Professional

Each professional group's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June, 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the professional group was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contribution to the pension plan from the professional group were $76,304,000 and $69,744,378 for the years ended June 30, 2017 and June 30, 2016, respectively.

Actuarial Assumptions

The total pension liability for General Employees in the non-professional and professional group was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

The actuarial assumptions at June 30, 2015 included (a) an investment rate of return of 7.00%, net of pension plan investment expense, including inflation*, (b) projected salary increases ranging from 3.5% to 5.35% per year for non-professional employees and 3.5% to 5.95% per year for the professional group (c) a inflation adjustment of 2.50% per year (d) mortality rates of 14% assumed to be service related for the non-professional group**.

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rate tables are as follows:

	LEOS and Non-LEOS (Law Enforcement Officers)	Professional Group
Pre-Retirement:	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.
Post-Retirement:	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.
Post-Disablement:	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012.

Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS	All Others (Non 10 Largest) – Non-LEOS	Professional Group
▪ Update mortality table	▪ Update mortality table	▪ Update mortality table
▪ Decrease in rates of service retirement	▪ Decrease in rates of service retirement	▪ Adjustments to the rates of service retirement
▪ Decrease in rates of disability retirement	▪ Decrease in rates of disability retirement	▪ Decrease in rates of disability
▪ Reduce rates of salary increase by 0.25% per year	▪ Reduce rates of salary increase by 0.25% per year	▪ Reduce rates of salary increase by 0.25% per year
		▪ Decrease in rates of withdrawals for 3 through 9 years of service

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S Equity	16.50	6.28	1.04
Emerging Market Equity	6.00	10.00	0.60
Fixed Income	15.00	0.09	0.01
Emerging Debt	3.00	3.51	0.11
Rate Sensitive Credit	4.50	3.51	0.16
Non Rate Sensitive Credit	4.50	5.00	0.23
Convertibles	3.00	4.81	0.14
Public Real Estate	2.25	6.12	0.14
Private Real Estate	12.75	7.10	0.91
Private Equity	12.00	10.41	1.25
Cash	1.00	(1.50)	(0.02)
Total	100.00 %		5.83 %
	Inflation		2.50 %
*Expected arithmetic nominal return			8.33 %

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the non-professional and professional groups for VRS will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability

At June 30, 2017, the professional group reported a liability of $911,712,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The professional group's proportion of the Net Pension Liability was based on the professional group's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the professional group's proportion was 6.51% as compared to 6.45% at June 30, 2015.

The non-professional net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Changes in Net Pension Liability – Non-professional group

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 181,010,000	168,976,000	12,034,000
Changes for the year:			
Service cost	5,488,000	-	5,488,000
Interest	12,390,000	-	12,390,000
Differences between expected and actual experience	(1,741,000)	-	(1,741,000)
Contributions - employer	-	4,238,000	(4,238,000)
Contributions - employee	-	2,664,000	(2,664,000)
Net investment income	-	2,941,000	(2,941,000)
Benefit payments, including refunds of employee contributions	(8,022,000)	(8,022,000)	-
Administrative expenses	-	(104,000)	104,000
Other changes	-	(1,000)	1,000
Net changes	8,115,000	1,716,000	6,399,000
Balances at June 30, 2016	$ 189,125,000	170,692,000	18,433,000

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the non-professional group using the discount rate of 7.00%, as well as what the non-professional group's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Non-Professional Group's Net Pension Liability	$ 42,381,000	$ 18,433,000	$ (1,561,000)

The following presents the professional group's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the professional group's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Professional group's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	$ 1,299,649,000	$ 911,712,000	$ 592,146,000

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Non-professional group

For the year ended June 30, 2017, the non-professional group recognized pension expense of $3,353,000. At June 30, 2017, the non-professional group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 283,000	1,337,000
Net difference between projected and actual earnings on pension plan investments	4,527,000	-
Employer contributions subsequent to the measurement date	3,649,000	-
Total	$ 8,459,000	1,337,000

$3,649,000 reported as deferred outflows of resources related to pensions resulting from PWCS' professional group contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses in future reporting periods as follows:

Year ended June 30,	
2018	$ (180,000)
2019	(180,000)
2020	2,189,000
2021	1,644,000
2022	-
Thereafter	-
Total	$ 3,473,000

Professional Group

For the year ended June 30, 2017, PWCS recognized pension expense of $82,366,000 related to the professional group. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the professional group's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	29,544,000
Net difference between projected and actual earnings on pension plan investments	52,080,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	16,105,000	-
Employer contributions subsequent to the measurement date	76,304,000	-
Total	$ 144,489,000	29,544,000

$76,304,000 reported as deferred outflows of resources related to pensions resulting from PWCS' professional group contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30,	
2018	$ (2,133,000)
2019	(2,133,000)
2020	26,937,000
2021	17,369,000
2022	(1,399,000)
Thereafter	-
Total	$ 38,641,000

Pension Plan Fiduciary Net Position

The VRS issues a publicly available CAFR that includes financial statements and required supplementary information (RSI) for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Web site at http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf or by writing to VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. VRS Health Insurance Credit

Plan description:

The VRS Health Insurance Credit Program is a single-employer, defined benefit postemployment health insurance credit plan. Retirees who have 15 or more years of creditable VRS service are granted the option to participate in the VRS Health Insurance Credit Program by paying 100% of their monthly health insurance premium less a $1.50 per month per year of service for a maximum health insurance credit of $45.00 from the VRS. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend the benefit provisions to the General Assembly of Virginia. As of the end of the current fiscal year, there were 2,654 retirees receiving health insurance credits from the VRS. The health insurance credit program is financed by payments from PWCS for all active employees to the VRS. For fiscal year ended June 30, 2017, the contribution made by PWCS was $5,903,391. The surplus funds are not considered advance funded because PWCS, its employees, and retirees have no vested rights to access the excess funds. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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

Funding policy and annual benefit contribution:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute an actuarial percentage of their annual reported compensation to the VRS for the retiree health insurance credit. PWCS has assumed this contribution. In addition, PWCS is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. PWCS' required contribution rate for the fiscal year ended June 30, 2017 was .22% of annual covered payroll (annual payroll of non-professional active employees covered by the plan).

Actuarial methods and assumptions:

The required contributions for PWCS were determined as part of an actuarial valuation performed as of June 30, 2016 using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2016 included (a) 7.00% investment rate of return, and (b) a projected payroll growth rate of 3.00%. Item (a) included an inflation component of 2.50%. The actuarial value of PWCS' assets is equal to the market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was 18-27 years.

Trend information:

The School Board's annual benefit cost (ABC), the percentage of ABC contributed to the plan, and the net benefit obligation for the year ended June 30, 2017 for the non-professional employee group was as follows:

Fiscal Year Ending	Annual Benefit Cost (ABC) - Employer Portion	Percentage of ABC Contributed	Net Benefit Obligation
June 30, 2017	$ 5,903,391	100 %	-
June 30, 2016	5,375,374	100	-
June 30, 2015	5,199,663	100	-

Funding status and funding progress:

As of June 30, 2016, the most recent actuarial valuation date, the VRS health insurance credit program was 57.94% funded. The actuarial accrued liability (AAL) for benefits was $2,219,239 and the actuarial value of assets was $1,285,740, resulting in a UAAL of $933,499. The covered payroll for the fiscal year ended June 30, 2016 was $54,619,742 and the ratio of the UAAL to covered payroll was 1.71%.

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

C. Supplemental Retirement Plan

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

PWCS contributes money on the eligible employee's behalf to purchase annuities after the employee has completed one (1) year of service with PWCS. The School Board's contribution increases each time an employee has completed three (3), five (5), ten (10), and fifteen (15) years of service. At the end of the current year, the cap on the employer contribution was $3,614 per employee. The total employer contribution for fiscal year 2017 was $4,822,666. Substitutes, temporary employees, and ROP participants who participate in the TDC plan are not eligible to receive the employer matching contribution.

Note 11 – Other postemployment benefits (OPEB)

A. OPEB Master Trust Fund

Plan description:

PWCS contributes to the Prince William County OPEB Master Trust Fund, an agent multiple-employer defined benefit postemployment benefits trust fund administered by the County. As such, it is reported in accordance to GASB Statement 74.

The OPEB Master Trust is not a part of the PWCS reporting entity and does not issue stand-alone financial statements. The OPEB Master Trust is part of the County’s reporting entity and the County issues a publicly available CAFR that includes financial statements and RSI for the OPEB Master Trust. A copy of that report may be obtained by writing Prince William County at 1 County Complex Court, Prince William, Virginia 22192 or by download from their website at http://www.pwcgov.org/.

The following is a summary of the statement of fiduciary net position of the OPEB Master Trust Fund as of June 30, 2017:

Summary of the Statement of Fiduciary Net Position
OPEB Master Trust Fund
As of June 30, 2017
(in thousands)

	County Premium Plan	County RHICP*	LODA Plan**	PWCS Premium Plan	Total OPEB Master Trust Fund
Assets					
Investments	$ 14,763	16,942	11,762	29,952	73,419
Total assets	14,763	16,942	11,762	29,952	73,419
Liabilities					
Accounts payable	1,267	1,647	818	6	3,738
Total liabilities	1,267	1,647	818	6	3,738
Fiduciary Net Position					
Restricted for OPEB	13,496	15,295	10,944	29,946	69,681
Total fiduciary net position	$ 13,496	15,295	10,944	29,946	69,681

* County Retiree Health Insurance Credit Plan
** County Line-of-Duty Plan

The following is a summary of the changes in fiduciary net position of the OPEB Master Trust Fund for the year ended June 30, 2017:

Summary of the Changes in Fiduciary Net Position
OPEB Master Trust Fund
For the Year Ended June 30, 2017
(in thousands)

	County Premium Plan	County RHICP*	LODA Plan**	PWCS Premium Plan	Total OPEB Master Trust Fund
Additions					
Employer contributions					
Total contributions	$ 1,884	2,267	1,424	1,000	6,575
	1,884	2,267	1,424	1,000	6,575
Investment Income					
Total investment income	2,826	-	1,196	2,681	6,703
Less investment expense	65	-	27	62	154
Net investment income	2,761	-	1,169	2,619	6,549
Total additions	4,645	2,267	2,593	3,619	13,124
Deductions					
OPEB payments	1,261	1,647	815	-	3,723
Total deductions	1,261	1,647	815	-	3,723
Net increase in fiduciary net position	3,384	620	1,778	3,619	9,401
Fiduciary Net Position, beginning of year	10,112	14,675	9,166	26,327	60,280
Fiduciary Net Position, end of year	$ 13,496	15,295	10,944	29,946	69,681

* County Retiree Health Insurance Credit Plan
** County Line-of-Duty Plan

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

Plan description:

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

The PWCS single-employer self-insurance medical plan allows retirees under age 65 to remain in the same medical and dental plan as active employees. Membership as of June 30, 2017 is 313.

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

The School Board will pay between 25 to 100 percent of the amount contributed by retirees who enrolled in the school division's postretirement medical plan depending on the number of sick leave days exchanged. The plan became effective on July 1, 2000. Membership as of June 30, 2017 is 175.

Summary of significant accounting policies:

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

Funding policy:

The School Board establishes employer contribution rates for plan participants and determines how the plan will be funded as part of the budgetary process each year. Retirees pay the full budgeted rates for coverage under the medical plan. The School Board currently pays benefits on a pay-as-you-go basis. The School Board contributed $1,000,000 to the OPEB Master Trust Fund to fund the current year liability. Plan members received $6,361,326 in benefits and contributed $3,032,738 in premiums, resulting in net benefits paid by the School Board of $3,328,588 for the year ended June 30, 2017.

Annual OPEB cost and net OPEB obligation:

The annual cost of OPEB under GASB 45 is called the annual required contribution or ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Components of the School Board's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation for the healthcare benefits are as follows:

Annual required contribution	$ 4,999,570
Interest on net OPEB obligation	(147,650)
Adjustment to annual required contribution	(210,763)
Annual OPEB cost (expense)	4,641,157
Employer contributions:	
To OPEB Master Trust	(1,000,000)
Subsidies paid under Plan on behalf of retirees	(3,328,588)
Total Employer contributions	(4,328,588)
Increase in net OPEB asset obligation	312,569
Net OPEB asset, beginning of year	(2,109,283)
Net OPEB asset, end of year	$ (1,796,714)

Trend information:

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2017	$ 4,641,157	93.3 %	$ (1,796,714)
June 30, 2016	3,769,492	90.5	(2,109,283)
June 30, 2015	4,227,744	111.2	(2,466,786)

Funded status and funding progress:

As of July 1, 2016, the most recent actuarial valuation date, the plan was 40.9% funded. The estimated AAL for benefits was $64,375,355, and the actuarial value of assets was $26,327,458, resulting in a UAAL of $38,047,897. The covered payroll (annual payroll of active employees covered by the plan) was $544,263,838, and the ratio of the UAAL to the covered payroll was 7.0%.

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

Actuarial methods and assumptions:

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

In the July 1, 2016 actuarial valuation, the entry age normal method was used. The actuarial assumptions include a 7.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Both rates include a 2.5% inflation assumption. The actuarial value of assets is based on the current market value of the investments held in the OPEB Trust as of the valuation date. The UAAL is being amortized as a percentage of projected payroll of 2.5% based on a zero population growth assumption. The open amortization method and a 30-year amortization period are being used. The remaining amortization period at July 1, 2016, was 30 years.

Note 12 – Subsequent events

On October 9, 2017, the acting School Board member Shawn. L, Brann completed his year of service on the School Board. Mr. Gil Trenum officially returned to the Brentsville District School Board position after his military deployment ended.

Required Supplementary Information

(Unaudited)

A schedule of employer contributions – non-professional group for the VRS is provided in the illustration below:

Virginia Retirement System
Schedule of Employer Contributions – Non-professional Group –
Last Ten Fiscal Years

Date June 30,	Contractually Required Contribution	Contributions in Relation Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 6,460,640	$ 6,460,640	-	$ 56,228,376	11.49 %
2016	4,326,680	4,326,680	-	53,948,630	8.02
2015	4,216,224	4,216,224	-	52,522,441	8.02
2014	4,691,242	4,691,242	-	52,471,315	8.93
2013	4,597,421	4,597,421	-	51,717,720	8.89
2012	3,305,923	3,305,923	-	50,363,181	6.56
2011	3,206,394	3,206,394	-	49,045,583	6.54
2010	4,104,500	4,104,500	-	49,748,192	8.25
2009	4,122,811	4,122,811	-	49,331,503	8.36
2008	4,012,420	4,012,420	-	49,524,997	8.10

A schedule of changes in the non-professional group for the VRS net pension liability and related ratios is provided in the illustration below:

Virginia Retirement System
Schedule of Changes in the Non-Professional Group Net Pension Liability and Related Ratios - Last Ten Fiscal Years *

	2016	2015	2014
Total pension liability			
Service cost	$ 5,488,020	5,522,513	5,560,285
Interest	12,389,908	11,689,241	11,031,947
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,740,559)	527,708	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(8,021,757)	(7,438,101)	(6,966,544)
Net change in total pension liability	8,115,612	10,301,361	9,625,688
Total pension liability - beginning	181,009,566	170,708,205	161,082,517
Total pension liability - ending	189,125,178	181,009,566	170,708,205
Plan fiduciary net position			
Contributions - employer	$ 4,237,856	4,216,224	4,691,242
Contributions - employee	2,663,882	2,629,471	2,628,936
Net investment income	2,941,145	7,407,239	22,069,344
Benefit payments, including refunds of employee contributions	(8,021,757)	(7,438,101)	(6,966,544)
Administrative expenses	(103,842)	(100,577)	(117,603)
Other changes	(1,248)	(1,578)	1,163
Net change in plan fiduciary net position	1,716,036	6,712,678	22,306,538
Plan fiduciary net position - beginning	168,975,646	162,262,968	139,956,430
Plan fiduciary net position - ending	$ 170,691,682	168,975,646	162,262,968
Non-professional groups' net pension liability - ending	$ 18,433,496	12,033,920	8,445,237
Plan fiduciary net position as a percentage of the total pension liability	90 %	93 %	95 %
Covered-employee payroll	$ 53,948,630	52,522,441	52,471,315
Non-professional groups' net pension liability as a percentage of covered-employee payroll	34 %	23 %	16 %

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

A schedule of employer contributions – professional group for the Virginia Retirement System is provided in the illustration below:

Virginia Retirement System
Schedule of Employer Contributions – Professional Group – Last Ten Fiscal Years

Date June 30,	Contractually Required Contribution	Contributions in Relation Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 76,304,250	$ 76,304,250	-	$ 520,492,837	14.66 %
2016	69,744,378	69,744,378	-	496,048,208	14.06
2015	69,540,284	69,540,284	-	479,588,166	14.50
2014	77,245,990	77,245,990	-	463,793,279	16.66
2013	75,725,523	75,725,523	-	454,534,952	16.66
2012	56,300,212	56,300,212	-	496,912,729	11.33
2011	37,815,837	37,815,837	-	423,469,621	8.93
2010	49,261,400	49,261,400	-	424,632,059	11.60
2009	56,889,753	56,889,753	-	411,946,078	13.81
2008	60,555,319	60,555,319	-	395,786,399	15.30

A schedule of the employer's share of net pension liability for the Virginia Retirement System is provided in the illustration below:

Virginia Retirement System
Schedule of Professional Group Employer's Share of Net Pension Liability and Related Ratios – Last Ten Fiscal Years *

	2017	**2016**	**2015**
Proportion of the net pension liability	6.51 %	6.45	6.34
Proportionate share of the net pension liability	$911,712,000	811,927,000	766,482,000
Covered-employee payroll	$520,492,837	496,048,208	479,588,166
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	175 %	164	160
Plan fiduciary net position as a percentage of the total pension liability	68.28 %	70.68	70.88

* The amounts presented have a measurement date of the previous fiscal year end. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

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

Actuarial Valuation Date June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2016	$ 1,285,740	$ 2,219,239	$ 933,499	57.94 %	$ 54,619,742	1.7 %
2015	1,266,661	2,127,098	860,437	59.55	53,333,470	1.6
2014	1,201,925	2,066,144	864,219	58.17	52,792,681	1.6

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

Virginia Retirement System Health Insurance Credit Program
Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2017	$ 5,903,391	100.0 %
2016	5,375,374	100.0
2015	5,199,663	100.0

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

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

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2017	$ 4,999,570	59.3 %
2016	4,230,635	80.6
2015	4,006,239	117.3

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

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2016	$ 26,327,458	$ 64,375,355	$ 38,047,897	40.9 %	$ 544,263,838	7.0 %
2014	24,558,009	51,943,151	27,385,142	47.3	516,264,593	5.3
2012	13,672,786	59,639,069	45,966,283	23.0	546,625,854	8.4

Notes to the Required Supplementary Information
June 30, 2017

Note 1 – Changes of benefit terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The Hybrid Plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

Note 2 – Changes in assumptions

Virginia Retirement System Non-Professional Group

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the VRS for the four-year period ending June 30, 2012:

Largest 10 – Non- LEOS (Law enforcement officers): The mortality table was updated, a decrease in rates of service retirement and disability retirement, and reduced rates of salary increases by 0.25% per year.

Largest 10 – LEOS: The mortality table was updated and a decrease in male rates of disability.

All Others (Non 10 Largest) – Non-LEOS: The mortality table was updated, a decrease in rates of service retirement and disability retirement, and reduced rates of salary increases by 0.25% per year.

All Others (Non 10 Largest) – LEOS: The mortality table was updated, adjustments to rates of service retirement for females, increase in rates of withdrawal, and a decrease in male and female rates of disability.

Virginia Retirement System Professional Group

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the VRS for the four-year period ending June 30, 2012: The mortality table was updated, adjustments were made to the rates of service retirement, decrease in rates of withdrawals for three through nine years of service, decrease in rates of disability, and reduced rates of salary increases by 0.25% per year.

Supplementary Information

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Other Governmental Funds

Special Revenue Funds

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 **Schedule 1**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Facilities Use Fund
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	$ -	-	(9,954)	(9,954)
Use of property	1,010,424	1,010,424	1,254,764	244,340
Charges for services	356,845	356,845	299,338	(57,507)
Total revenues	1,367,269	1,367,269	1,544,148	176,879
EXPENDITURES:				
Current:				
Community service operations	1,379,868	1,356,721	1,440,894	(84,173)
Total expenditures	1,379,868	1,356,721	1,440,894	(84,173)
Excess (deficiency) of revenues over (under) expenditures	(12,599)	10,548	103,254	92,706
OTHER FINANCING SOURCES:				
Transfer In:				
General fund	-	-	818	818
Total other financing sources	-	-	818	818
Net change in fund balances	(12,599)	10,548	104,072	93,524
FUND BALANCES, beginning of year	3,261,850	3,261,850	3,261,850	-
FUND BALANCES, end of year	$ 3,249,251	3,272,398	3,365,922	93,524

Internal Service Funds

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

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

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

Prince William County Public Schools
Combining Statement of Fund Net Position
Proprietary Funds - Internal Service Funds
June 30, 2017

Schedule 2

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current assets:				
Equity in cash and pooled investments	$ -	7,225,019	37,784,645	45,009,664
Accounts receivable and other current assets	-	29,372	999,296	1,028,668
Inventory	1,231,383	-	-	1,231,383
Total assets	1,231,383	7,254,391	38,783,941	47,269,715
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	250,840	-	1,078,618	1,329,458
Salaries payable and withholdings	-	225	760	985
Unearned revenue	-	-	8,056,783	8,056,783
Due to other funds	541,882	-	-	541,882
Incurred but not reported claims	-	1,376,478	9,235,000	10,611,478
Total current liabilities	792,722	1,376,703	18,371,161	20,540,586
Noncurrent liabilities:				
Incurred but not reported claims	-	4,145,079	-	4,145,079
Total liabilities	792,722	5,521,782	18,371,161	24,685,665
NET POSITION				
Unrestricted	438,661	1,732,609	20,412,780	22,584,050
Total net position	$ 438,661	1,732,609	20,412,780	22,584,050

Prince William County Public Schools **Schedule 3**
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2017

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	$ 4,964,977	4,537,769	96,270,340	105,773,086
Total operating revenues	4,964,977	4,537,769	96,270,340	105,773,086
OPERATING EXPENSES:				
Personnel services	-	439,012	577,018	1,016,030
Materials/supplies	-	87,264	193,019	280,283
Administrative costs	-	-	5,833,897	5,833,897
Premiums	-	1,649,472	-	1,649,472
Claims and benefits paid	-	-	87,396,342	87,396,342
Losses and unallocated loss adjustment	-	1,217,238	-	1,217,238
Cost of goods sold	4,984,810	-	-	4,984,810
Total operating expenses	4,984,810	3,392,986	94,000,276	102,378,072
Operating Income (loss)	(19,833)	1,144,783	2,270,064	3,395,014
NON-OPERATING REVENUES (EXPENSES):				
Interest and miscellaneous	-	(42,788)	(79,623)	(122,411)
Insurance claims and recoveries	-	79,511	-	79,511
Total non-operating revenues (expenses)	-	36,723	(79,623)	(42,900)
Income (loss) before transfers	(19,833)	1,181,506	2,190,441	3,352,114
OTHER FINANCING SOURCES:				
Transfers In:				
General fund	-	6,240	4,000,000	4,006,240
Total other financing sources	-	6,240	4,000,000	4,006,240
Change in net position	(19,833)	1,187,746	6,190,441	7,358,354
NET POSITION, beginning of year	458,494	544,863	14,222,339	15,225,696
NET POSITION, end of year	$ 438,661	1,732,609	20,412,780	22,584,050

Prince William County Public Schools
Combining Statement of Cash Flows
Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2017

Schedule 4

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	$ 4,964,977	4,553,334	96,406,538	105,924,849
Receipts from deposits	-	500,000	-	500,000
Payments to suppliers for goods and services	(5,031,860)	(3,738,877)	(92,929,680)	(101,700,417)
Payments to employees	-	(438,981)	(576,936)	(1,015,917)
Net cash provided (used) by operating activities	(66,883)	875,476	2,899,922	3,708,515
Cash Flows from Non-Capital Financing Activities:				
Advances from other funds	66,883	-	-	66,883
Transfers from other funds	-	6,240	4,000,000	4,006,240
Receipts from insurance claims and recoveries	-	79,511	-	79,511
Net cash provided by non-capital financing activities	66,883	85,751	4,000,000	4,152,634
Cash Flows from Investing Activities:				
Interest paid for investments	-	(57,502)	(182,053)	(239,555)
Net cash (used) by investing activities	-	(57,502)	(182,053)	(239,555)
Net increase in equity in cash and pooled investments	-	903,725	6,717,869	7,621,594
Equity in cash and pooled investments, beginning of year	-	6,321,294	31,066,776	37,388,070
Equity in cash and pooled investments, end of year	$ -	7,225,019	37,784,645	45,009,664

Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:

	Warehouse Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Operating Income (loss)	$ (19,833)	1,144,783	2,270,064	3,395,014
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	15,565	(156,746)	(141,181)
(Increase) in inventory	(149,083)	-	-	(149,083)
Decrease in deposits	-	500,000	-	500,000
Increase in unearned revenue	-	-	292,944	292,944
Increase (decrease) in accounts payable and accrued liabilities	102,033	(238,031)	1,047,864	911,866
Increase in salaries payable and withholdings	-	31	82	113
Increase in incurred but not reported claims	-	(546,872)	(554,286)	(1,101,158)
Net cash provided (used) by operating activities	$ (66,883)	875,476	2,899,922	3,708,515

Agency Funds

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

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

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

Prince William County Public Schools **Schedule 5**
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2017

	Governor's School @ Innovation Park	Regional School Fund	Student Activity Fund	Total Agency Funds
ASSETS				
Cash and pooled investments	$ 192,679	3,163,288	7,845,515	11,201,482
Interest receivable	721	15,823	-	16,544
Due from other governmental units	53,421	2,820,594	-	2,874,015
Capital assets:				
Depreciable capital assets	14,750	-	-	14,750
Less: accumulated depreciation	(2,300)	-	-	(2,300)
Total assets	259,271	5,999,705	7,845,515	14,104,491
LIABILITIES				
Accounts payable and accrued liabilities	$ 259,271	5,999,705	7,845,515	14,104,491

Prince William County Public Schools
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

Schedule 6

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Governor's School @ Innovation Park				
ASSETS				
Cash and pooled investments	$ 97,936	1,361,140	1,266,397	192,679
Interest receivable	-	721	-	721
Due from other governmental units	52,000	53,421	52,000	53,421
Capital assets:				
Depreciable capital assets, net	14,250	500	-	14,750
Less: accumulated depreciation	(196)	(2,104)	-	(2,300)
Total assets	163,990	1,413,678	1,318,397	259,271
LIABILITIES				
Accounts payable and accrued liabilities	$ 163,990	1,413,678	1,318,397	259,271
Regional School Fund				
ASSETS				
Cash and pooled investments	$ 3,135,313	46,994,842	46,966,867	3,163,288
Interest receivable	-	15,823	-	15,823
Due from other governmental units	3,041,793	2,820,594	3,041,793	2,820,594
Total assets	6,177,106	49,831,259	50,008,660	5,999,705
LIABILITIES				
Accounts payable and accrued liabilities	$ 6,177,106	49,831,259	50,008,660	5,999,705
Student Activity Fund				
ASSETS				
Cash and pooled investments	$ 7,533,694	15,207,287	14,895,466	7,845,515
LIABILITIES				
Accounts payable and accrued liabilities	$ 7,533,694	15,207,287	14,895,466	7,845,515
Total Agency Funds				
ASSETS				
Cash and pooled investments	$ 10,766,943	63,563,269	63,128,730	11,201,482
Interest receivable	-	16,544	-	16,544
Due from other governmental units	3,093,793	2,874,015	3,093,793	2,874,015
Capital assets:				
Depreciable capital assets	14,250	500	-	14,750
Less: accumulated depreciation	(196)	(2,104)	-	(2,300)
Total assets	13,874,790	66,452,224	66,222,523	14,104,491
LIABILITIES				
Accounts payable and accrued liabilities	$ 13,874,790	66,452,224	66,222,523	14,104,491

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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.

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.

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.

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

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

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

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

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

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Financial Trends

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 1 - Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014[2]	2015	2016	2017
Governmental activities:										
Invested in capital assets	$ 860,721	917,228	973,667	1,040,236	1,077,167	1,125,015	1,179,899	1,261,170	1,351,097	1,449,348
Restricted	86,387	81,904	88,347	39,065	34,791	43,092	49,769	66,882	197,524	173,218
Unrestricted	77,490	100,241	121,821	112,851	94,042	104,037	(728,330)	(738,304)	(697,152)	(689,049)
Total governmental activities net position	$ 1,024,598	1,099,373	1,183,835	1,192,152	1,206,000	1,272,144	501,338	589,748	851,469	933,517
Business-type activities:[1]										
Invested in capital assets	$ -	-	-	-	-	-	-	-	-	9,058
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	302	939	838	664	560	466	340	274
Total business-type activities net position	$ -	-	302	939	838	664	560	466	340	9,332
Total school division:										
Invested in capital assets	$ 860,721	917,228	973,667	1,040,236	1,077,167	1,125,015	1,179,899	1,261,170	1,351,097	1,458,406
Restricted	86,387	81,904	88,347	39,065	34,791	43,092	49,769	66,882	197,524	173,218
Unrestricted	77,490	100,241	122,123	113,790	94,880	104,701	(727,770)	(737,838)	(696,812)	(688,775)
Total school division net position	$ 1,024,598	1,099,373	1,184,137	1,193,091	1,206,838	1,272,808	501,898	590,214	851,809	942,849

[1] PWCS established a business-type activity in fiscal year 2010.

[2] GASB 68/71 restatement.

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

	Fiscal Year									
		2008	2009	2010	2011	2012	2013	2014[2]	2015	2016	2017
Expenses											
Governmental activities:											
Instruction:											
Regular	$	416,988	432,322	434,441	438,872	461,883	485,165	489,514	511,206	514,177	562,799
Special		95,345	99,166	94,105	91,911	107,521	101,696	104,231	107,557	107,705	115,150
Other		9,521	8,807	8,241	9,130	9,047	9,565	9,607	10,540	11,811	13,279
Instructional leadership		51,412	52,235	52,762	51,393	54,417	57,215	57,186	59,926	62,180	65,905
Support services:											
General administration		7,622	8,841	8,771	9,191	8,400	10,023	9,988	10,386	10,265	12,185
Student services		10,604	10,985	11,139	9,190	9,699	10,446	13,323	13,157	12,972	16,267
Curricular/staff development		13,353	12,736	12,072	13,469	13,625	14,092	12,707	12,849	12,512	14,935
Pupil transportation		49,304	46,684	48,536	49,830	49,379	53,658	55,479	55,458	54,212	57,032
Operations		21,172	22,033	22,577	21,554	21,856	22,858	23,168	22,848	22,907	24,977
Utilities		23,682	25,175	24,290	25,430	25,331	23,321	22,649	23,715	21,058	23,030
Maintenance		23,707	24,432	24,404	25,054	32,431	31,147	35,983	43,990	42,033	42,245
Central business services		45,996	45,021	45,069	43,445	44,687	52,343	51,164	51,510	50,487	58,559
Reimbursement to County for debt service		57,493	59,566	60,790	63,800	68,440	70,605	74,691	80,755	88,470	89,728
Food & nutrition services		27,191	30,459	30,950	32,480	36,597	38,551	37,430	40,145	42,390	44,879
Community service operations		785	1,132	866	897	1,205	1,267	1,200	1,342	1,420	1,441
Education foundation		-	-	-	-	-	-	-	519	594	509
Total governmental activities expenses		854,175	879,594	879,013	885,646	944,518	981,952	998,320	1,045,903	1,055,193	1,142,920
Business-type activities:[1]											
School Age Child Care		-	-	11	334	508	594	592	607	632	633
Aquatics Center		-	-	-	-	-	-	-	-	-	902
Total business-type activities expenses		-	-	11	334	508	594	592	607	632	1,535
Total school division expenses	$	854,175	879,594	879,024	885,980	945,026	982,546	998,912	1,046,510	1,055,825	1,144,455
Program Revenues											
Governmental activities:											
Charges for services:											
Instruction	$	2,998	3,499	3,128	2,748	2,879	3,498	3,185	3,140	3,285	3,117
Curricular/staff development		-	-	-	40	-	-	-	-	-	-
Pupil transportation		118	171	110	111	99	80	61	69	60	110
Operations		-	-	-	282	170	392	306	312	326	326
Central business services		110	133	229	281	301	380	403	430	407	373
Food & nutrition services		17,741	18,071	17,079	16,951	18,318	17,924	17,870	17,401	17,860	18,932
Community service operations		1,039	933	1,027	814	921	1,026	1,289	1,408	1,490	1,554
Other activities		92	183	118	-	-	-	-	-	-	-
Operating grants and contributions		98,392	106,649	112,243	134,064	134,204	136,285	138,511	147,692	153,479	164,137
Capital grants and contributions		1,029	1,008	99	96	98	113	108	116	124	119
Total governmental activities program revenues		121,519	130,647	134,033	155,387	156,990	159,698	161,733	170,568	177,031	188,668
Business-type activities:											
Charges for services											
School Age Child Care		-	-	-	658	389	425	475	503	500	513
Aquatics Center		-	-	-	-	-	-	-	-	-	310
Operating grants and contributions		-	-	312	303	-	-	-	-	-	-
Total business-type activities program revenues		-	-	312	961	389	425	475	503	500	823
Total school division program revenues	$	121,519	130,647	134,345	156,348	157,379	160,123	162,208	171,071	177,531	189,491
Net (Expense) Revenues											
Governmental activities		(732,656)	(748,947)	(744,980)	(730,259)	(787,528)	(822,254)	(836,587)	(875,335)	(878,162)	(954,252)
Business-type activities		-	-	301	627	(119)	(169)	(117)	(104)	(132)	(712)
Total school division net (expense)	$	(732,656)	(748,947)	(744,679)	(729,632)	(787,647)	(822,423)	(836,704)	(875,439)	(878,294)	(954,964)
General Revenues and Other Changes in Net Position											
Governmental activities:											
Unrestricted grants and contributions	$	769,061	815,818	822,930	733,426	795,676	883,194	890,805	957,609	1,133,523	1,037,970
Unrestricted investment earnings		6,665	5,874	4,792	3,555	3,045	1,724	3,123	3,001	3,343	2,638
Miscellaneous revenues		1,775	2,030	1,720	1,595	2,655	3,480	6,745	3,135	3,017	5,400
Transfer to Aquatic Center		-	-	-	-	-	-	-	-	-	(9,709)
Total governmental activities general revenues		777,501	823,722	829,442	738,576	801,376	888,398	900,673	963,745	1,139,883	1,036,299
Business-type activities:											
Unrestricted investment earnings		-	-	1	10	18	(5)	13	10	6	(4)
Transfer to Aquatic Center		-	-	-	-	-	-	-	-	-	9,709
Total business-type activities general revenues		-	-	1	10	18	(5)	13	10	6	9,705
Total school division general revenues and other changes in net position	$	777,501	823,722	829,443	738,586	801,394	888,393	900,686	963,755	1,139,889	1,046,004
Change in Net Position											
Governmental activities	$	44,845	74,775	84,462	8,317	13,848	66,144	64,086	88,410	261,721	82,047
Business-type activities		-	-	302	637	(101)	(174)	(104)	(94)	(126)	8,993
Total school division	$	44,845	74,775	84,764	8,954	13,747	65,970	63,982	88,316	261,595	91,040

[1] PWCS established a business-type activity in fiscal year 2010.

[2] PWCS implemented GASB 68 in fiscal year 2015, thus a prior period adjustment of $834,892 for prior pension liabilities was added.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 3 - Fund Balances, Governmental Funds (Presented Pre-GASB 54)
Last Three Fiscal Years [(1)]
(modified accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year		
	2008	2009	2010
General Fund			
Reserved for:			
Inventory	$ 808	803	837
Prepaids	56	-	-
Unreserved:			
Designated for encumbrances	19,777	21,569	14,165
Designated for future years' expenditures	8,516	24,540	36,890
Designated for grants and special projects	74	444	388
Undesignated	13,382	7,632	15,810
Total General Fund	42,613	54,988	68,090
All Other Governmental Funds:			
Capital Projects			
Unreserved:			
Designated for encumbrances	77,099	95,026	84,816
Designated for future years' expenditures	40,337	25,376	46,101
Designated for payments to PWC for arbitrage rebate	1,255	952	890
Nonmajor Special Revenue Funds			
Reserved for:			
Inventory	1,706	1,245	996
Unreserved:			
Designated for encumbrances	523	45	56
Designated for future years' expenditures	340	944	703
Undesignated reported in special revenue funds	8,061	10,980	14,342
Total all other governmental funds	$ 129,321	134,568	147,904

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

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

	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
General Fund							
Nonspendable	$ 930	997	1,079	1,091	1,159	1,247	1,158
Restricted	482	5,524	5,008	5,253	4,630	5,042	2,282
Assigned	79,933	71,315	60,554	49,227	43,727	64,684	70,183
Unassigned	1,030	3,042	15,404	9,766	22,479	16,172	24,888
Total General Fund	82,375	80,878	82,045	65,337	71,995	87,145	98,511
All Other Governmental Funds:							
Construction Fund							
Restricted	12,544	7,604	19,418	22,123	37,781	165,354	143,327
Committed	3,078	-	-	-	-	-	-
Assigned	32,382	21,158	30,704	52,603	28,170	28,218	20,170
Food & Nutrition Services Fund[2]							
Nonspendable	-	-	-	-	1,495	1,246	1,455
Restricted	-	-	-	-	23,922	26,628	27,609
Other Nonmajor Special Revenue Fund							
Nonspendable	971	1,149	1,534	1,642	-	-	-
Restricted	15,454	17,349	18,165	21,894	-	-	-
Committed	2,750	2,787	2,848	2,992	3,109	3,262	3,366
Total all other governmental funds	$ 67,179	50,047	72,669	101,254	94,477	224,708	195,927

[1] This table reports fund balance for governmental funds in classifications that primarily comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent. Generally, what was 'reserved' is now nonspendable, restricted, or committed and 'unreserved' is now assigned or unassigned.
[2] In FY2015, the Food & Nutrition Services Fund became a major fund. Prior it was a part of the Special Revenue Fund.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Federal sources:										
Food & nutrition services	$ 11,570	14,015	15,281	17,418	19,314	21,115	21,975	22,963	25,418	26,975
Other federal sources	26,960	28,102	71,812	58,566	44,145	34,231	33,322	34,090	36,129	39,360
Total federal sources	38,530	42,117	87,093	75,984	63,459	55,346	55,297	57,053	61,547	66,335
State sources:										
Basic aid	194,121	225,563	194,124	206,773	221,759	232,907	230,776	241,848	242,427	258,167
Food & nutrition services	410	451	490	535	632	685	722	735	752	938
Lottery proceeds [1]	8,988	7,952	4,818	-	-	-	-	-	-	-
Regional school program	12,005	13,261	14,081	15,016	16,532	19,926	20,605	21,598	22,904	24,091
Sales tax	62,998	59,695	60,182	62,525	66,475	73,929	75,529	80,774	85,219	87,330
Special education SOQ[2]	15,410	16,574	17,279	17,221	17,721	16,823	17,358	17,451	17,675	18,226
Other state sources	71,217	61,831	55,379	56,079	67,594	85,023	91,311	93,964	97,448	102,579
Total state sources	365,149	385,327	346,353	358,149	390,713	429,293	436,301	456,370	466,425	491,331
County sources:										
County bond sale transfer	49,233	55,773	82,585	9,685	48,681	88,930	70,276	89,792	243,190	84,214
County general transfer [3]	404,322	430,650	405,968	412,881	436,079	435,195	469,571	493,164	503,877	542,732
County proffer transfer	7,104	8,018	9,263	3,224	-	10,954	-	7,677	6,000	12,000
Total county sources	460,659	494,441	497,816	425,790	484,760	535,079	539,847	590,633	753,067	638,946
Local sources:										
Charges for services	3,317	3,834	3,548	3,762	4,042	4,532	4,444	4,811	4,673	4,178
Food & nutrition services sales	17,701	18,014	17,045	16,699	18,027	17,901	18,135	17,698	18,153	19,226
Interest and other income	10,375	6,899	4,968	3,722	3,118	1,839	3,200	3,077	3,768	3,773
Use of property	1,039	933	1,027	814	921	1,027	1,007	1,104	1,192	1,255
Other local sources	2,250	2,603	2,239	2,253	3,376	3,225	4,260	3,322	3,661	6,936
Total local sources	34,682	32,283	28,827	27,250	29,484	28,524	31,046	30,012	31,447	35,368
Total revenues	899,020	954,168	960,089	887,173	968,416	1,048,242	1,062,491	1,134,068	1,312,486	1,231,980
Expenditures										
Instruction:										
Regular	400,959	412,562	412,490	416,900	439,685	457,948	461,647	489,493	500,245	530,467
Special	94,645	98,453	93,426	91,384	107,463	100,384	102,987	107,931	109,796	114,639
Other	9,462	8,802	8,201	9,062	8,986	9,446	9,495	10,577	12,005	13,180
Instructional leadership	51,412	52,235	52,762	51,393	54,417	57,212	57,167	59,915	62,180	65,905
Support services:										
General administration	7,235	7,969	7,507	8,090	7,678	8,843	8,489	9,979	9,711	11,596
Student services	10,533	10,914	11,060	9,143	9,704	10,340	13,205	13,888	14,562	15,784
Curricular/staff development	13,281	12,664	12,027	13,441	13,628	13,979	12,652	12,963	12,846	14,817
Pupil transportation	50,403	43,851	43,390	49,191	52,400	55,568	58,945	58,084	59,298	62,748
Operations	21,000	21,859	22,389	21,419	21,842	22,613	22,944	23,236	23,921	24,665
Utilities	23,682	25,175	24,290	25,430	25,331	23,321	22,649	24,021	21,671	22,855
Maintenance	23,592	23,352	24,772	24,601	32,872	30,886	35,988	44,267	42,256	38,995
Central business services	46,159	43,994	44,254	43,626	45,624	51,017	48,608	53,960	53,074	56,646
Community service operations	785	1,132	866	897	1,205	1,267	1,200	1,342	1,420	1,441
Food & nutrition service	27,198	30,436	30,927	32,451	36,582	38,544	37,518	40,108	42,353	44,842
Reimbursement to County for debt service	57,049	59,869	60,853	64,425	68,516	70,605	74,691	77,278	84,523	89,728
Capital Outlay	95,188	78,279	82,438	88,159	57,076	70,681	78,829	106,249	113,326	137,050
Total expenditures	932,583	931,546	931,652	949,612	983,009	1,022,654	1,047,014	1,133,291	1,163,187	1,245,358
Excess (deficiency) of revenues over (under) expenditures	(33,563)	22,622	28,437	(62,439)	(14,593)	25,588	15,477	777	149,299	(13,378)
Other Financing Sources (Uses):										
Transfers in:										
General fund	2,000	1,000	1,000	1,000	1,000	1,943	1,490	1,255	2,436	3,292
Construction fund	11,094	35,026	5,916	7,842	8,143	17,588	44,297	19,363	17,863	18,301
Other Governmental funds	-	-	-	-	-	-	-	-	11	1
Transfers out:										
General fund	(11,094)	(40,026)	(7,916)	(11,842)	(12,179)	(19,388)	(47,897)	(20,259)	(21,142)	(21,639)
Construction fund	(2,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,943)	(1,490)	(1,255)	(2,436)	(2,262)
Other Governmental funds	-	-	-	-	-	-	-	-	(650)	(1,730)
Total other financing sources (uses), net	-	(5,000)	(2,000)	(4,000)	(4,036)	(1,800)	(3,600)	(896)	(3,918)	(4,037)
Net change in fund balances	$ (33,563)	17,622	26,437	(66,439)	(18,629)	23,788	11,877	(119)	145,381	(17,415)

[1] Effective FY 2011 lottery proceeds no longer provided to support school facilities.

[2] Standards of Quality

[3] The County general transfer is reduced at year end by the amount of interest income earned in the General Fund during the fiscal year.

Revenue Capacity

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 5 - General Governmental Revenues by Source[1]
Last Ten Fiscal Years
(modified accrual basis of accounting; amounts expressed in thousands)

						Inter-Governmental[3]			
Fiscal Year	Taxes[2]	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property[4]	Charges for Services	PPTRA	All Others	Miscellaneous	Total
2008	$ 686,107	$ 13,607	$ 2,664	$ 43,952	$ 39,947	$ 54,288	$ 574,967	$ 28,100	$ 1,443,632
2009	744,490	11,374	2,759	31,019	36,836	54,288	614,146	29,052	1,523,964
2010	677,954	10,617	2,866	33,903	34,877	54,288	641,187	24,416	1,480,108
2011	688,372	11,495	3,241	12,406	34,953	54,288	656,758	18,130	1,479,643
2012	714,658	13,836	3,435	17,909	43,295	54,288	627,418	13,816	1,488,655
2013	752,856	16,354	3,260	(3,386)	50,179	54,288	690,633	30,632	1,594,816
2014	783,654	17,389	3,252	18,762	50,964	54,288	722,269	17,826	1,668,403
2015	825,162	17,057	3,168	16,747	51,847	54,288	757,092	23,207	1,748,568
2016	869,840	18,039	2,953	21,495	49,818	54,288	801,685	18,945	1,837,063
2017	910,522	19,867	2,732	6,471	57,324	54,288	857,810	31,474	1,940,488
Change 2008 - 2017	32.71%	46.01%	2.55%	-85.28%	43.50%	0.00%	49.19%	12.01%	34.42%

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] Tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

[3] 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 61.5% for FY 2007 through 2008. The reimbursement for fiscal year 2017 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

[4] Use of Money changes can be substantially attributed to favorable or unfavorable mark to market conditions.

TABLE 5A - General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting; amounts expressed in thousands)

Fiscal Year	Real Estate	Personal Property [1]	Public Service	Total General Property Taxes[2]	Sales Tax	Utility Taxes	BPOL Tax	All Other	Total
2008	$ 472,960	$ 73,311	$ 12,120	$ 558,391	$ 46,155	$ 12,354	$ 21,173	$ 48,034	$ 686,107
2009	530,120	75,986	15,156	621,262	45,055	12,596	19,931	45,646	744,490
2010	494,299	63,666	17,518	575,483	46,155	12,840	20,269	23,207	677,954
2011	492,738	68,792	19,207	580,737	49,554	13,190	20,965	23,926	688,372
2012	510,053	74,567	18,776	603,396	52,003	13,075	21,725	24,459	714,658
2013	533,024	81,783	19,511	634,318	55,169	13,490	22,913	26,966	752,856
2014	553,875	92,370	18,809	665,054	56,511	13,766	23,772	18,458	777,561
2015	581,640	100,093	18,650	700,383	59,709	13,974	24,744	26,352	825,162
2016	610,844	110,676	19,954	741,474	60,551	13,977	25,065	28,773	869,840
2017	632,422	123,696	21,204	777,322	63,022	14,196	25,341	30,641	910,522
Change 2008 - 2017	33.72%	68.73%	74.95%	39.21%	36.54%	14.91%	19.69%	-36.21%	32.71%

Source: County of Prince William, Virginia.

[1] Personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

[2] Excludes administration fees and interest related to property taxes. These revenues are included in "All Other" column.

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

Fiscal Year	Residential[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
2008	$ 48,185,629	$ 1,759,043	$ 6,592,385	$ 1,448,737	$ 305,617	$ 58,291,411	$ 0.84	$ 61,439,875	94.88%
2009	41,980,642	1,904,868	7,595,528	1,471,669	273,037	53,225,744	1.03	51,665,113	103.02%
2010	29,888,134	1,801,532	6,726,623	1,360,944	214,673	39,991,906	1.29	47,228,010	84.68%
2011	30,434,819	1,451,944	5,722,158	1,466,645	180,505	39,256,071	1.31	48,535,035	80.88%
2012	32,477,281	1,642,125	5,899,244	1,472,610	163,184	41,654,444	1.28	49,533,872	84.09%
2013	33,769,506	1,911,766	6,210,947	1,521,977	170,032	43,584,228	1.29	50,810,494	85.78%
2014	35,821,828	2,185,291	6,597,590	1,501,931	171,126	46,277,766	1.26	57,109,671	81.03%
2015	39,073,111	2,525,672	6,802,104	1,531,397	161,172	50,093,456	1.22	57,663,419	86.87%
2016	41,983,238	2,856,819	7,179,333	1,678,330	166,961	53,864,681	1.19	60,222,753	89.44%
2017	43,393,628	3,020,162	7,406,620	1,782,650	161,469	55,764,529	1.20	60,019,270	92.91%

Source: County of Prince William, Virginia.

[1] Net of tax-exempt property:

2008 - $3,867,736	2013 - $3,316,592
2009 - $3,722,543	2014 - $3,705,018
2010 - $3,451,863	2015 - $3,761,235
2011 - $3,119,173	2016 - $3,901,930
2012 - $3,183,169	2017 - $4,113,361

[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)

	Commercial as a Percent of Total Taxable		New Construction[1]				
			Residential		Non-Residential		
Fiscal Year	Commercial to Total	Commercial & Public Service to Total	Permits	Value	Permits	Value	Bank Deposits[2]
2008	11.3%	13.8%	1,568	$ 228	259	$ 183	$ 2,863
2009	14.3%	17.0%	1,782	270	203	195	3,135
2010	16.8%	20.2%	1,996	297	152	92	3,322
2011	14.6%	18.3%	1,377	242	99	53	3,531
2012	14.2%	17.7%	1,398	278	161	94	3,866
2013	14.3%	17.7%	1,542	282	233	233	4,082
2014	14.3%	17.5%	1,396	290	193	236	4,201
2015	13.4%	16.3%	1,401	261	225	145	4,378
2016	13.3%	16.4%	1,295	224	136	137	4,492
2017	13.3%	16.5%	1,399	339	177	546	4,535

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. 2008-2017, Federal Deposit Insurance Corporation, (commercial and savings bank deposits) and National Credit Union Administration (credit union deposits).

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

	Fiscal Year									
Type of Tax	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PRINCE WILLIAM COUNTY										
Countywide Tax Levies:										
Real Estate - General Fund	$0.78700	$0.97000	$1.21200	$1.23600	$1.20400	$1.20900	$ 1.18100	$ 1.14800	$ 1.12200	$ 1.12200
Fire and Rescue Levy (Countywide)	0.04840	0.05970	0.07460	0.07610	0.07410	0.07440	0.07270	0.07070	0.06910	0.07050
Mosquito & Forest Pest Management (Countywide)	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250	0.00250
Total Direct Tax Rate	$0.83790	$1.03220	$1.28910	$1.31460	$1.28060	$1.28590	$ 1.25620	$ 1.22120	$ 1.19360	$ 1.19500
Service District Levies -										
Bull Run	$0.12000	$0.13800	$0.19900	$0.20100	$0.20100	$0.20100	$ 0.18300	$ 0.14710	$ 0.13770	$ 0.13770
Lake Jackson	0.11000	0.12300	0.17200	0.17500	0.17500	0.17500	0.16500	0.16500	0.16500	0.16500
Circuit Court	0.19000	0.15000	--	--	--	--	--	--	--	--
Transportation District Levies -										
Prince William Parkway	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	--	--
234-Bypass	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000
OVERLAPPING GOVERNMENTS										
Real Estate Tax Levy:										
Town of Dumfries	0.18000	0.18000	0.35330	0.33350	0.33330	0.27733	0.27330	0.23330	0.18990	0.18990
Town of Haymarket	0.12800	0.16400	0.16400	0.16400	0.16400	0.16400	0.13900	0.13900	0.12900	0.01460
Town of Occoquan	0.08500	0.10000	0.10000	0.10000	0.10000	0.10000	0.11000	0.11000	0.11000	0.01200
Town of Quantico	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000	0.20000

Source: County of Prince William, Virginia.

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

	2017			2008		
Taxpayer	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	$ 869,115	1	1.56%	$ 713,905	1	1.22%
Mall at Potomac Mills, LLC	521,645	2	0.94%	483,055	2	0.83%
Northern Virginia Electric Co-op	319,215	3	0.57%	254,594	3	0.44%
Verizon South, Inc.	165,520	4	0.30%	188,477	4	0.32%
Porpoise Ventures, LLC	130,210	5	0.23%	-		-
Washington Gas Light Company	128,383	6	0.23%	-		-
JBG/Woodbridge Rental LLC	120,675	7	0.22%	-		-
Rolling Brook Windsor LLC	112,366	8	0.20%	-		-
Stellar Chatsworth LLC	104,122	9	0.19%	107,566	9	0.18%
Woodbridge Station Apartments LLC	93,497	10	0.17%	-		-
Dominion Country Club, LP	-		-	138,710	5	0.24%
Lee Carolina, LLC	-		-	136,826	6	0.23%
WNH Limited Partnership	-		-	113,684	7	0.20%
Deutsche Bank National Trust Co.	-		-	108,748	8	0.19%
Brookfield Morris LLC	-		-	105,951	10	0.18%
	$ 2,564,748		4.61%	$ 2,351,516		4.03%

Source: County of Prince William, Virginia.

[1] See Table 6 for a ten-year listing of Taxable Assessed Values.

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

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Total Adjusted Tax Levy[1]	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy Collected
2008	$ 484,124	$ 481,069	99.4%	$ 2,717	$ 483,786	99.9%
2009	544,909	541,235	99.3%	3,263	544,498	99.9%
2010	510,988	508,264	99.5%	2,513	510,777	100.0%
2011	511,316	509,154	99.6%	1,871	511,025	99.9%
2012	527,838	525,737	99.6%	1,516	527,253	99.9%
2013	553,424	551,222	99.6%	1,651	552,873	99.9%
2014	573,203	571,425	99.7%	1,393	572,818	99.9%
2015	603,171	601,267	99.7%	1,413	602,680	99.9%
2016	630,485	629,017	99.8%	685	629,702	99.9%
2017	673,759	651,883	99.7%	--	651,883	99.7%

Source: County of Prince William, Virginia.

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

Debt Capacity

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 10 - Ratios of Outstanding Debt by Type, Primary Government and Component Units
Last Ten Fiscal Years
(amounts expressed in thousands, except percentage and per capita)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary Government										
Governmental Activities:										
General Obligation Bonds[1]										
General Government	$ 136,200	$ 165,649	$ 151,352	$ 156,520	$ 139,782	$ 127,400	$ 140,032	$ 126,438	$ 197,564	$ 181,934
School Board-Related	515,486	531,815	576,826	549,775	556,747	579,969	594,188	628,638	793,235	815,195
Park Related	4,810	8,477	7,842	7,210	7,126	6,651	9,746	9,069	14,421	13,606
IDA Lease Revenue Bonds	9,680	8,870	8,030	7,160	6,260	5,325	4,355	3,345	2,290	1,175
Literary Fund Loans	4,124	3,749	3,374	3,000	2,750	2,500	2,250	2,000	--	--
Real Property Capital Leases										
General Government	151,039	179,298	169,012	156,854	145,695	133,415	122,609	110,324	96,720	86,026
Adult Detention Center	66,275	64,550	34,825	33,100	25,875	23,405	21,680	19,955	18,230	15,596
Park Related	561	528	495	462	429	385	352	644	395	268
Commuter Rail Capital Leases**	1,442	992	511	--	--	--	--	--	--	--
Equipment Capital Leases	--	--	--	485	398	1,456	951	539	110	--
Installment Notes Payable	351	182	--	--	--	--	--	--	--	--
Business-Type Activities:										
Solid Waste System Revenue Bonds**	$ 9,535	$ 7,945	$ 6,295	$ 4,595	$ 3,004	$ 1,590	$ --	$ --	$ --	$ --
Parks & Recreation Revenue Bonds[3]	--	--	--	--	--	11,031	10,525	10,555	9,965	9,355
Parks & Recreation Equipment Capital Leases	--	--	--	--	--	889	596	295	99	--
Taxable Revenue Notes	--	--	--	--	--	--	--	--	--	--
Total Primary Government	$ 899,503	$ 972,055	$ 958,562	$ 919,161	$ 888,066	$ 894,016	$ 907,284	$ 911,802	$ 1,133,029	$ 1,123,155
Percentage of Personal Income[2]	4.49%	4.81%	4.48%	4.04%	3.78%	3.81%	3.72%	3.56%	4.21%	4.17%
Per Capita[2]	2,317	2,474	2,384	2,239	2,124	2,099	2,092	2,065	2,566	2,497
Component Units										
Park Authority Component Unit[3][4]:										
Series 1999 Revenue Bonds**	$ 17,725	$ 17,323	$ 12,481	$ 12,008	$ 11,528	$ --	$ --	$ --	$ --	$ --
Equipment Capital Leases**	3,116	2,800	2,254	1,689	2,793	--	--	--	--	--
Installment Notes Payable**	517	376	230	78	--	--	--	--	--	--
Total Component Units	21,358	20,499	14,965	13,775	14,321	--	--	--	--	--
Total Reporting Entity Outstanding Debt	920,861	992,554	973,527	932,936	902,387	894,016	907,284	911,802	1,133,029	1,123,155
Less: Self-Supporting Revenue and Other Bonds	32,335	29,436	21,771	18,370	17,325	13,510	11,121	10,850	10,064	9,355
Net Tax-Supported Debt	$ 888,526	$ 963,118	$ 951,756	$ 914,566	$ 885,062	$ 880,506	$ 896,163	$ 900,952	$ 1,122,965	$ 1,113,800

Source: County of Prince William, Virginia.

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

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

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

(3) Parks & Recreation revenue bonds are presented net of unamortized premium and unamortized deferred loss on refunding.
See PWC Illustration 10-7 in the Notes to the Financial Statements for details.

(4) Note: The Park Authority component unit was dissolved and became the County Department of Parks & Recreation effective FY 13.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 11 - Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except percentage and per capita)

Fiscal Year	General Obligation Bonds[1]	Solid Waste System Revenue Bonds	Total	Percentage of Actual Taxable Value of Property[2]	Per Capita[3]
2008	$ 656,496	$ 9,535	$ 666,031	1.08%	$ 1,715
2009	705,941	7,945	713,886	1.38%	1,817
2010	736,020	6,295	742,315	1.57%	1,847
2011	713,505	4,595	718,100	1.48%	1,750
2012	703,655	3,004	706,659	1.43%	1,690
2013	714,020	1,590	715,610	1.41%	1,681
2014	743,966	--	743,966	1.30%	1,716
2015	764,145	--	764,145	1.33%	1,730
2016	1,005,220	--	1,005,220	1.67%	2,234
2017	1,010,735	--	1,010,735	1.68%	2,220

Source: County of Prince William, Virginia.

(1) Includes general obligation bonds associated with School Board-Related and Park-Related Debt; excludes Literary Fund loan of $2,000. See also Table 10.

(2) See Table 6 for property value data.

(3) See Table 15 for population data.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 12 - Direct and Overlapping Governmental Activities Debt (based on assessed values)
As of June 30, 2017
(amounts expressed in thousands)

	Outstanding on 6/30/2017	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value[2]
Direct:				
Net Tax Supported Debt[1]	$ 1,113,800	100.00%	$ 1,113,800	1.9973%
Overlapping:				
Town of Dumfries	4,150	100.00%	4,150	0.0074%
Town of Quantico	142	100.00%	142	0.0003%
Town of Haymarket	1,374	100.00%	1,374	0.0025%
Town of Occoquan	1	100.00%	1	0.0000%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	1,090	100.00%	1,090	0.0020%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	9,820	100.00%	9,820	0.0176%
Cherry Hill Community Development Authority Special Assessment Bond Series 2015	30,000	100.00%	30,000	0.0538%
Northern Virginia Transportation Commission - Virginia Railway Express[3]	66,285	32.32%	21,423	0.0384%
Northern Virginia Criminal Justice Training Academy (NVCJTA)[3]	7,892	34.30%	2,707	0.0049%
Total Overlapping Governmental Activities Debt	$ 120,754	58.55%	$ 70,707	0.1268%
Total Direct and Overlapping Governmental Activities Debt	$ 1,234,554	95.95%	$ 1,184,507	2.1241%

Source: County of Prince William, Virginia.

(1) From Table 10.

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

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

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 13 - Debt Ratio Information
Last Ten Fiscal Years
(amounts expressed in thousands)

The issuance of bonds by Virginia counties is not subject to statutory limitation. However, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government[1]										
Principal	$ 59,741	$ 61,303	$ 91,742	$ 66,299	$ 74,760	$ 69,858	$ 72,969	$ 76,750	$ 78,093	$ 86,849
Interest[2]	39,865	41,032	43,272	43,783	42,803	41,991	42,546	42,476	46,072	47,888
Debt Service on Net Tax-Supported Debt	$ 99,606	$ 102,335	$ 135,014	$ 110,082	$ 117,563	$ 111,849	$ 115,515	$ 119,226	$ 124,165	$ 134,737
Total Government Expenditures[3]	$ 1,325,488	$ 1,331,692	$ 1,386,901	$ 1,337,189	$ 1,427,543	$ 1,461,112	$ 1,491,793	$ 1,557,703	$ 1,610,616	$ 1,734,151
Ratio of Debt Service to Expenditures	7.5%	7.7%	9.7%	8.2%	8.2%	7.7%	7.7%	7.7%	7.7%	7.8%
Total Revenues[4]	$ 1,364,972	$ 1,441,690	$ 1,392,237	$ 1,439,786	$ 1,460,245	$ 1,493,495	$ 1,636,801	$ 1,611,230	$ 1,496,700	$ 1,649,205
Ratio of Debt Service to Revenues	7.3%	7.1%	9.7%	7.6%	8.1%	7.5%	7.1%	7.4%	8.3%	8.2%
Net Tax-Supported Debt[5]	$ 888,526	$ 963,118	$ 951,756	$ 914,566	$ 885,062	$ 880,506	$ 896,163	$ 900,952	$ 1,122,965	$ 1,113,800
Assessed Value of Taxable Property[6]	62,011,351	56,999,051	43,359,775	42,750,432	45,413,737	47,672,172	50,601,567	54,623,176	58,394,400	61,335,721
Ratio of Net Tax-Supported Debt to Assessed Value	1.4%	1.7%	2.2%	2.1%	1.9%	1.8%	1.8%	1.6%	1.9%	1.8%

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

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

(2) Excludes bond issuance and other costs.

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

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

(5) From Table 10.

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

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

Fiscal Year	System Revenues[1]	Operating Expenses and Transfers[2]	Closure Payment[3]	Net Revenue Available for Debt	Debt Service Payments[4] Principal	Interest	Total	Coverage[5]
2008	$ 17,342	$ 10,651	$ 3,015	$ 3,676	$ 1,530	$ 504	$ 2,034	1.81
2009	17,795	15,027	--	2,768	1,590	435	2,025	1.37
2010	17,925	10,423	--	7,502	1,650	362	2,012	3.73
2011	18,861	11,694	749	6,418	1,700	295	1,995	3.22
2012	18,064	12,031	1,503	4,530	1,470	226	1,696	2.67
2013	18,339	10,735	1,749	5,855	1,535	156	1,691	3.46
2014	18,820	5,623	3,775	9,422	1,590	--	1,590	5.93
2015	19,735	12,673	2,386	4,676	--	--	--	n/a[6]
2016	20,455	11,200	1,484	7,771	--	--	--	n/a[6]
2017	20,416	12,710	1,951	5,755	--	--	--	n/a[6]

Source: County of Prince William, Virginia.

[1] Includes "Total Operating Revenues" , "Grants from the Commonwealth," and "Interest and Miscellaneous Income" from the Statement of Revenues, Expenses and Changes in Fund Net Position.

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

[3] There was no provision for closure payment in fiscal years 2009 or 2010 due to revised engineering estimate increasing the capacity due to 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] Required coverage is 1.15.

[6] Principal on Solid Waste Revenue Bonds were retired during FY 2014.

Demographic and Economic Information

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

Year	Population[1]	Personal Income[2] *(in thousands)*	Per Capita Income[2]	Fall School Enrollment[3]	Average Civilian Labor Force[4]	Average Unemployment Rate[4]
2008	388,269	20,025,335	47,411	72,988	207,622	3.3%
2009	392,900	20,209,890	46,006	73,917	210,313	5.5%
2010	402,002	21,375,534	46,562	76,861	219,350	6.1%
2011	410,454	22,755,668	47,994	79,358	225,335	5.7%
2012	418,107	23,464,178	48,234	81,937	229,856	5.3%
2013	425,681	23,468,904	47,296	83,551	232,864	5.2%
2014	433,621	24,377,908	48,545	85,055	233,890	4.8%
2015	441,627	25,621,125	50,315	86,641	232,897	4.4%
2016	449,864	26,935,423	51,600	87,823	235,458	3.7%
2017	455,267	28,317,142	52,917	89,378	242,543	3.5%

Source: County of Prince William, Virginia

(1) US Census for 2010, other years are Annual Population Estimates from Prince William County Geographic Information Systems (http://www.pwcgov.org/government/dept/doit/gis)

(2) Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of March 2016). 2016 and 2017 data estimated based upon ten-year growth rates on BEA data from 2006 through 2015.

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

(4) Bureau of Labor Statistics, LAUS data

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

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

Source: County of Prince William, Virginia.

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

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

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

	2017			2008		
Employer [1]	Ownership	Rank	Number of Employees [2]	Ownership	Rank	Number of Employees [2]
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
County of Prince William	Local Government	2	1000 and over	Local Government	3	1000 and over
U.S. Department of Defense	Federal Government	3	1000 and over	Federal Government	2	1000 and over
Walmart	Private	4	1000 and over	Private	5	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	7	500 to 999
Sentara Healthcare/Potomac Hospital Corp	Private	6	1000 and over	Private	4	1000 and over
Wegmans Store #07	Private	7	500 to 999			
Northern Virginia Community College	State Government	8	500 to 999			
Target Corporation	Private	9	500 to 999	Private	6	500 to 999
Food Lion	Private	10	500 to 999			
Giant Food				Private	8	500 to 999
Minnieland Private Day School				Private	9	500 to 999
Prince William County Park Authority				Local Government	10	500 to 999

Source: County of Prince William, Virginia.

[1] All data provided by the Virginia Employment Commission (1st Quarter, 2017 & 2008).

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

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Operating Information

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 17 - Full-time-Equivalent School Employees by Positions
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
School -Based Positions										
Teachers	5,406	5,459	5,360	5,363	5,584	5,730	5,746	5,874	5,975	6,218
School-Based Administrators	238	211	212	250	265	264	286	289	295	302
Education Specialist	98	103	126	17	72	78	81	79	78	206
Instructional Assistants	771	734	689	655	656	656	642	640	641	645
Other Positions	1,031	1,102	1,137	1,111	1,102	1,124	1,270	1,280	1,176	1,156
Total School-Based Positions	7,544	7,609	7,525	7,396	7,678	7,851	8,024	8,160	8,165	8,527
Non-school-Based Positions										
Leadership team	10	11	11	11	11	12	12	12	12	12
Technical support	146	170	134	123	165	163	161	165	163	171
Management	149	148	148	96	112	121	141	144	147	179
Education specialist	86	31	32	201	223	223	112	123	135	127
Office assistants	139	143	140	146	148	138	99	101	102	113
Custodial/maintenance	299	308	302	231	235	245	248	249	248	248
Total Non-school-Based Positions	829	811	766	808	893	902	773	794	808	850
Total Authorized Positions	8,373	8,420	8,291	8,204	8,571	8,753	8,797	8,954	8,972	9,378
Other Operating Fund Positions	815	829	815	876	892	879	930	938	1,061	917
Total Non-Operating Fund Positions	535	540	555	566	603	628	647	670	673	706
Total Positions	9,723	9,789	9,661	9,646	10,066	10,259	10,374	10,562	10,706	11,000

Source: FY 2017 WABE Guide.

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

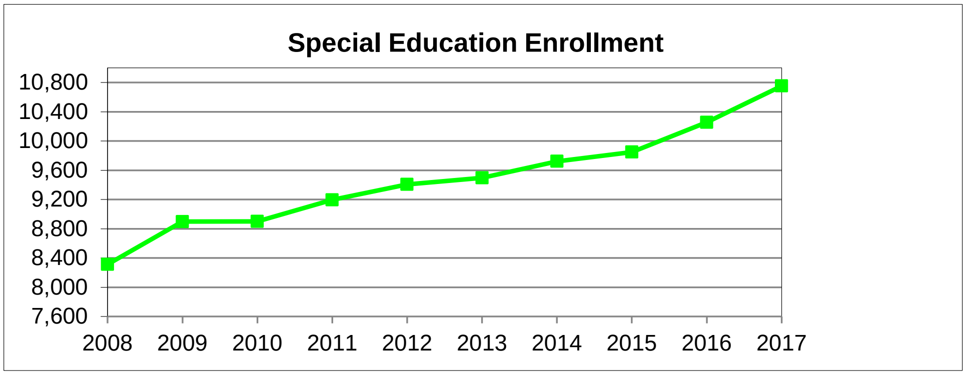
Fiscal Year	Total Student Enrollment [1]	Special Education Enrollment [2]	English Learners and World Languages Enrollment [3]
2008	72,654	8,312	13,409
2009	73,657	8,898	13,130
2010	76,656	8,900	13,999
2011	79,115	9,195	16,467
2012	81,635	9,406	17,988
2013	83,551	9,496	18,139
2014	85,055	9,721	18,555
2015	86,209	9,848	18,853
2016	87,253	10,256	18,855
2017	88,920	10,752	23,479

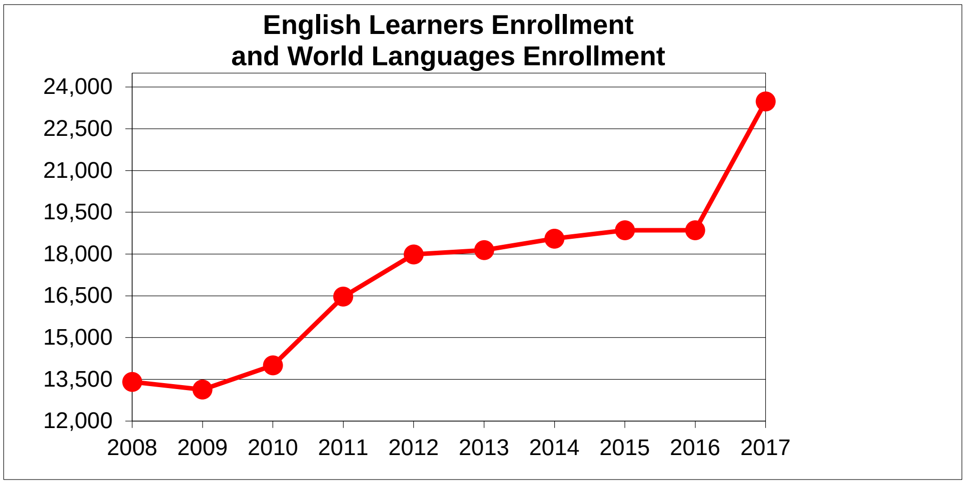
Note: Student Enrollments are at September 30th for each fiscal year for Total Student Enrollment and English Learners and World Languages.

[1] Source: School Board Approved Budget fiscal year 2018.

[2] Student Enrollment at October 1, 2017. Source: Special Education Office Prince William County Public Schools.

[3] Source: Office of Accountability of Prince William County Public Schools.





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

Fiscal Year	Student Enrollment [(1)]	Operating Expenditures [(2)]	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff [(3)]	Pupil-Teacher Ratio
2008	72,654	$ 752,843,056	$ 10,362	1.9%	$ 854,174,576	$ 11,757	4.3%	4,672	15.6
2009	73,657	777,018,397	10,549	1.8%	879,594,362	11,942	1.6%	4,699	15.7
2010	76,656	756,589,970	9,870	-6.4%	879,012,541	11,467	-4.0%	4,629	16.6
2011	79,115	756,111,504	9,557	-3.2%	885,645,725	11,194	-2.4%	4,705	16.8
2012	81,635	809,283,061	9,913	3.7%	944,517,699	11,570	3.4%	4,900	16.7
2013	83,551	846,594,481	10,133	2.2%	981,952,608	11,753	1.6%	5,032	16.6
2014	85,055	887,010,587	10,429	2.9%	998,320,009	11,737	-0.1%	5,079	16.7
2015	86,209	905,321,354	10,501	0.7%	1,045,903,124	12,132	3.4%	5,148	16.7
2016	87,253	918,908,944	10,532	0.3%	1,071,751,585	12,283	1.2%	5,231	16.7
2017	88,920	971,382,255	10,924	3.7%	1,142,919,924	12,853	4.6%	5,453	16.3

[(1)] The student enrollment as of September 30th for each fiscal year. Source: School Board Approved Budget fiscal year 2018.

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

[(3)] Teaching staff count includes regular classroom teachers, special education teachers, ESOL/ESL teachers and vocational education teachers.

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

Fiscal Year	Bachelors Minimum Salary	Bachelors Average Salary	Masters Mid-Point Salary	Masters Maximum Salary
2008	$ 41,604	$ 55,788	$ 56,350	$ 90,656
2009	42,354	57,406	57,364	94,969
2010	42,863	59,330	57,309	97,723
2011	42,863	60,163	57,309	97,723
2012	43,612	59,367	58,312	99,433
2013	44,048	58,893	58,895	100,427
2014	45,370	60,408	60,662	106,448
2015	45,998	61,525	62,482	109,609
2016	46,458	64,523	57,750	110,705
2017	46,923	65,334	58,328	115,066

Source: Washington Area Boards of Education (WABE) Guide FY2017.

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

Fiscal Year	Number of Lunches Served Daily	Student Lunch Price Elementary	Student Lunch Price Middle School	Student Lunch Price High School	Lunch Sites	Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility	Free and Reduced Eligibility %	Adult Breakfast	Adult Lunch
2008	45,725	$ 2.00	$ 2.15	$ 2.25	86	8,904	$ 1.20	87	21,459	30.2%	$ 1.75	$ 3.00
2009	46,714	2.10	2.25	2.35	88	10,102	1.20	88	24,152	32.6%	1.75	3.10
2010	48,828	2.10	2.25	2.35	88	11,659	1.20	88	27,289	35.3%	1.75	3.10
2011	50,777	2.10	2.25	2.35	88	13,413	1.20	88	29,108	36.8%	1.75	3.10
2012	51,576	2.15	2.30	2.40	90	14,154	1.35	90	30,792	37.8%	1.90	3.10
2013	52,056	2.25	2.40	2.50	90	15,387	1.40	90	32,062	38.1%	1.95	3.20
2014	52,519	2.35	2.50	2.60	92	15,877	1.40	92	33,883	40.2%	1.95	3.30
2015	53,192	2.40	2.55	2.65	93	16,275	1.40	93	35,669	41.3%	1.95	3.35
2016	53,319	2.45	2.60	2.70	95	18,851	1.45	95	36,483	41.4%	2.00	3.40
2017	54,487	2.45	2.60	2.70	96	21,047	1.45	96	38,425	42.8%	2.00	3.40

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

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

Fiscal Year	Elementary Schools					Middle Schools					High Schools				
	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres
2008	55	3,422,613	33,990	166	887.3	15	1,948,719	17,125	20	515.8	10	2,843,179	21,284	21	722.6
2009	55	3,496,885	35,114	149	887.3	15	1,948,719	17,125	21	515.8	10	2,843,179	21,284	36	722.6
2010	55	3,559,956	35,600	143	887.3	15	1,948,719	17,125	21	515.8	10	2,843,179	21,284	39	722.6
2011	57	3,842,068	37,448	132	934.9	15	1,949,341	17,125	31	515.8	11	3,202,296	23,337	21	782.6
2012	57	3,891,216	37,736	136	929.7	16	2,084,650	18,358	29	557.7	11	3,202,296	23,337	18	782.6
2013	57	3,953,299	39,194	126	918.2	16	2,116,292	18,820	23	557.7	11	3,256,983	24,144	30	782.6
2014	57	4,060,688	39,964	121	932.4	16	2,202,953	19,134	22	557.7	11	3,256,983	24,144	37	734.4
2015	58	4,188,138	41,052	122	953.2	16	2,127,452	19,134	27	557.7	11	3,256,983	24,144	46	734.4
2016	59	4,294,230	41,976	128	972.7	16	2,144,004	19,385	30	557.7	*12	3,627,651	26,239	41	843.6
2017	60	4,454,721	40,655	110	994.1	16	2,144,004	19,385	36	557.7	12	3,627,651	26,239	49	843.6

Fiscal Year	Alternative Schools					Special Schools					Combined Schools				
	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres
2008	2	34,994	**	12	5	4	104,241	**	9	28.7	2	127,575	1,320	2	31.9
2009	2	34,994	**	10	5	4	104,241	**	10	28.7	2	127,575	1,320	2	31.9
2010	2	34,994	**	10	5	3	90,021	**	10	23.9	2	127,575	1,320	2	31.9
2011	2	34,994	**	10	5	3	90,021	**	10	23.9	2	127,575	1,320	-	31.9
2012	2	34,994	**	10	5	3	97,522	**	9	29.4	2	127,575	1,320	-	31.9
2013	2	34,994	**	11	5	3	97,522	**	9	28.6	2	127,575	1,320	-	31.9
2014	2	34,994	**	11	5	3	97,522	**	9	25.4	3	269,407	2,351	-	80.1
2015	2	34,994	**	11	5	3	97,522	**	9	25.4	3	269,407	2,351	-	80.1
2016	2	34,994	**	11	5	3	97,522	**	1	25.4	3	269,407	2,351	-	80.1
2017	2	34,994	**	11	5	3	97,522	**	1	25.4	3	269,407	2,333	-	80.1

Fiscal Year	Total School Buildings [(1)]				
	Buildings	Square feet	Capacity	Trailers	Acres
2008	88	8,481,321	73,719	230	2,191.3
2009	88	8,555,593	74,843	228	2,191.3
2010	87	8,604,444	75,329	225	2,186.5
2011	90	9,246,295	79,230	204	2,294.1
2012	91	9,438,253	80,751	202	2,336.3
2013	91	9,586,665	83,478	199	2,323.9
2014	92	9,922,547	85,593	200	2,335.0
2015	93	9,974,496	86,681	215	2,355.8
2016	95	10,467,808	89,951	211	2,484.5
2017	96	10,628,299	88,612	207	2,505.9

Source: School Board Construction and Planning Office.

* PWCS did not have beneficial use of new building as of June 30th.

** Data not available.

(1) Represents completed school buildings at June 30th.

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS
TABLE 23 - Miscellaneous Statistical Data
June 30, 2017

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the *Code of Virginia*)
Area:	348 Square Miles
Services of Primary Government:	
Fire protection:	
Number of career employees	603
Number of volunteers	568
Police protection:	
Number of police officers	660
Public Safety Communications:	
Number of employees	113
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,251
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	83
Number of public high schools	12
Fall Membership, fiscal year 2017	88,920[1]
Number of personnel (full-time equivalent)	11,009[2]
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	965
Capacity of central jail	0
Capacity of work-release center	75
Number of personnel (full-time equivalent)	351
Tourism (Convention & Visitors Bureau Component Unit)	
Tourist information center visitors	18,785
Other statistical data:	
Elections:	
Registered voters at last general election	275,608
Number of votes cast in last general election	197,710
Percent voting in last general election	72%
Water and Wastewater Treatment:	
(provided by Prince William County Service Authority)	
Miles of water mains	1,225
Miles of sanitary sewer mains	1,091

Source: County of Prince William, Virginia.

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

[1] Source: Prince William County Schools Fiscal Year 2018 Approved Budget Book. Number differs from other sources due to criteria used for determining membership.

[2] Source: Prince William County Schools Fiscal Year 2017 Approved Budget book.

Prince William County Public Schools
Financial Services
P.O. Box 389
Manassas, Virginia 20108
www.pwcs.edu