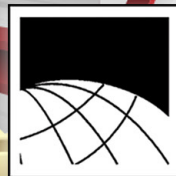


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2019



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, 2019

as of June 30, 2019

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 *



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Superintendent of Schools



Keith Imon
Deputy Superintendent of Schools



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*Associate Superintendent
for Special Education and
Student Services*



Rita Everett Goss
*Associate Superintendent
for Student and
Professional Learning*



Matthew Guilfoyle
*Associate Superintendent
for Communications and
Technology Services*



Amy A. White
*Associate Superintendent
for Human Resources*



Al Ciarochi
*Associate Superintendent
for Support Services*



John M. Wallingford
*Associate Superintendent
for Finance and
Risk Management*



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



Nathaniel Provencio
*Associate Superintendent
for Eastern
Elementary Schools*



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



William G. Bixby
*Associate Superintendent
for Middle Schools*



Michael A. Mulgrew
*Associate Superintendent
for High Schools*

*as of June 30, 2019

This Report Prepared By:

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Organizational Chart



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

December 19, 2019

**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, 2019. 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 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, 2019 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, 2019, are fairly presented in conformity with GAAP. The report of independent auditor 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 90,203 students in FY 2019, while managing the 60 elementary schools, 16 middle schools, 12 high schools, 2 special education schools, 1 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 Prince William 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. Increasingly key to this dynamic economy is the abundance of technology infrastructure, namely low-cost electricity and cable fiber, propelling Northern Virginia to the forefront of America's largest data center market, housing the most data centers in the nation and the world. In a time of uncertain federal budgets, this robust and rapidly growing industry is proving critical to diversifying the region's economy, which has historically relied on federal government spending.

The Prince William County economy continues to exhibit healthy signs. The residential real estate market faces low housing inventory – the most influential factor affecting average sold prices. The average days on the market and available inventory have significantly decreased over the prior year and 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 the number of establishments, employment, and wages in the County. And, Prince William County's vacancy rates for commercial inventory remain in line with the five-year average vacancy rate.

According to data from Metropolitan Regional Information Systems (MRIS), during June 2019, the average home in Prince William County sold for \$417,008, representing an increase of 3.4% year-over-year. The number of homes sold in Prince William County in June 2019 was 778, a decrease of 9.7% from the 862 homes sold one year earlier. The ratio of homes on the market to homes sold was 1.33, compared to 1.55 one year earlier, marking a slight improvement. Average number of "days on the market" stood at 36 in June 2019 compared to 44 in June 2018. The average sold price of homes sold in the County reached its peak of \$468,900 in December 2005. Although sale prices have not yet returned to that level, June's average days on the market of 36 and average sold price to original list price of 99.1%, closely resemble December 2005. Trending nationwide are low housing inventory levels. Active County listings in June 2019 stood at 1,033 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. Despite persistent inventory constraints, sales transactions are expected to grow moderately as buyers are still able to take advantage of historically low interest rates, coupled with strong consumer confidence and low unemployment.

Residential building permit activity is a leading indicator for housing construction. Since the pre-recession housing boom, permit activity has remained below 3,000 units. According to the County's Department of Development Services, a portion of the spike in 2014/2015 resulted from three multi-family rental occupancy permits. In 2018, the County issued 1,328 residential occupancy permits for 1,841 new homes: 686 single-family homes, 538 townhouses, and 617 multi-family units (including apartments). Since 2014, the number of permits issued for single-family homes has stayed consistent.

The Prince William County commercial inventory has held steady through June 2019. According to Costar Realty Group (Costar), the vacancy rate on June 30, 2019 was 5.7%. Total commercial property inventory has remained in the range of 40-48 million sq. ft. since 2015. The vast majority of vacancies result from new inventory rather than tenant departures, with approximately 80% of this growth coming from the industrial sector. 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. The average rent price per sq. ft. at \$14.75 is slightly below the mid \$15 five-year average. The real estate industry continues to evolve as more businesses downsize office space and the growth of shared workspace (co-working locations) increase competition between Prince William and localities to the north. Expectations are that the commercial real estate market will continue to be primarily in an absorption phase for office and retail properties.

About 81% of the County's real estate tax base (including apartments) consists of residential housing. Approximately 18% 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:

- FY 2016 - \$1.122
- FY 2017 - \$1.122
- FY 2018 - \$1.125
- FY 2019 - \$1.125
- FY 2020 - \$1.125

Retail sales reflect stellar growth in fiscal year 2019, with fiscal year-over-year sales tax revenue increasing 6.3% between 2018 and 2019. Over the near term, expectations are for a modest improvement over the prior year's results.

Prince William County's population was estimated at 466,496 on June 30, 2019. 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 22% between the current estimate and 2040. According to the U.S. Census American Community Survey 2013-2017 5-Year Estimates and in sync with the County's family-

oriented tradition, just over 32% of the County's households contain married-couple families with children of the household under 18 years old. Just over 62% of the County's residents work in another county or state, and the mean travel time to work is 39.1 minutes, the 23rd highest of all U.S. counties and equivalents. Additionally, according to the U.S. Census American Community Survey 2018 1-Year Estimate, the Washington D.C. Metropolitan Statistical Area (MSA) has the third-highest median household income in the U.S, at \$102,180 with five of the MSA's counties in the top 20 nationwide. Prince William County's median household income of \$107,925 is 74% above the national median of \$61,937 and 49% above the statewide median of \$72,577. Prince William County had the 17th highest median household income in the United States; nearly 6% higher than the Washington, D.C. MSA. This ranking continues to highlight Prince William County's status as a "Community of Choice."

According to data from the Bureau of Labor Statistics's Quarterly Census of Employment and Wages, Prince William County outpaced Northern Virginia in business and job growth over the past year. At-place employment in Prince William County (130,073 in the 1st quarter of 2019) increased by 2.1% year-over-year, compared to an increase of 1.2% statewide. Establishments of employment in the County increased by 2.6% from 9,398 in the 1st quarter of 2018 to 9,643 in the 1st quarter of 2019. By comparison, Northern Virginia establishments grew by 2.5% from the 1st quarter of 2018, and statewide establishments grew by 3.6%, outpacing Prince William and Northern Virginia's establishment of employment growth. The largest employers in the County are the Prince William County School Board, Prince William County Government, the U.S. Department of Defense, Walmart, and Sentara Healthcare/Potomac Hospital Corporation.

The average weekly wage in Prince William County grew more slowly between the first quarter of 2019 and the first quarter of 2018, at 0.2% (\$936 to \$938). By comparison, during the same period, average weekly wages in Northern Virginia increased 2.0% from \$1,606 to \$1,638, and Virginia weekly wages increased 2.1% from \$1,162 to \$1,182.

Consistent post-recession economic growth in the region has led to a jump in construction in Prince William County. According to the Bureau of Labor Statistics, in the first quarter of 2010, there were 9,220 construction jobs in the County. As of the first quarter 2019, at-place construction employment increased to 14,349 jobs. Establishments of employment have grown by more than 2,000 between 2010 and the 1st quarter of 2019 and the County has experienced a recent uptick in startup firms from 432 in 2017, to 483 in 2018 and 580 in 2019 (surpassing the peak of 536 in 2014). Additionally, Prince William County's unemployment rate was 2.6% in June 2019, below the Washington D.C. metropolitan area's June rate of 3.4%, the statewide rate of 2.9% and national rate of 3.7%.

As Prince William County enters fiscal year 2020, the local economy continues to outperform the national economy in a few areas. However, considering 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 Prince William County, both of which were major recipients of this good fortune. The Realtor Association of Prince William (PWAR) reports despite slower sales activity, the homes sale prices continue to climb, evidence of the tight supply of active listings and strong economic conditions. The strong job growth, along with the economic strength in the Northern Virginia region sets the stage for a strong housing market in Prince William County.

Historically, Prince William County's proximity to federal government agencies and affiliated contractor industries and its enviable participation in the Northern Virginia economy has largely insulated it from the severity of normal business cycle troughs. 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 current U.S. economic expansion has become the nation's longest on record (dating back to 1850's). The Federal Reserve began lowering the federal funds rate in 2019 stating it would continue to act as appropriate to sustain the expansion. Brexit and trade uncertainty remain the major issues in 2020.

Since most of the County's general fund revenues are derived from local property taxes, the County depends heavily on its housing stock and consumer spending to maintain its prosperity and levels of local government services. Latest trends point to modestly improving conditions in local consumer confidence and real estate activity. Strong financial policies and practices, as well as sufficient general fund balance, positions the County to comfortably manage through any future economic downturn.

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 step or salary scale adjustment for employees in each year as funding permit; funding for the 3,483 new students expected during the next five years.
- Building Repairs and Renewals – include \$180.0 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 inadequately 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 \$599.9 million in construction bonds for new schools and renewals. Also included are start-up costs, and operating costs for new schools and additions (three elementary schools, one middle school, two high schools and additions/expansions at three current schools).

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 up to 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, 2019, PWCS maintained an unassigned fund balance of 1.5% of the current fiscal year's General Fund revenue.

Major Initiatives

Prince William County Schools is the second largest of 132 school divisions in Virginia, the fourth largest in the Washington-Metropolitan area, and one of the 35 largest school divisions in the country, operating 94 schools and specialty centers for students in grades pre-kindergarten through twelve. The official September 2018 (fiscal year 2019) student enrollment count for all Prince William County Schools is 90,203 students, up 342 students, or 0.4% from fiscal year 2018. The fiscal year 2019 adopted School Division budget supports the cost of educating an additional 418 students; operating costs for the Independence Nontraditional School and startup funding for the

new John D. Jenkins Elementary School; additions to existing six elementary schools as well as two middle schools; continued restoration of economically disadvantaged funding at all grade levels; new positions including, athletic trainers, social workers, mental health specialist, human traffic prevention specialist and special education psychologist among others; as well as funding to support a Division-wide talent management system.

A unique, state-of-the-art school facility, Independence Nontraditional School, opened in August 2018, combining the former New Directions and New Dominion Alternative Education Centers, as well as PACE East, provides students greater access to courses and resources, underscoring the School Division's commitment to servicing individual needs. In October 2018, the School Division broke ground on a new transportation facility in Gainesville. This new facility will assist with control of 180 buses out of the 800-plus that travel Prince William County roads daily; maintain contact with fire, rescue and police; and answer calls from potentially 20,000 parents, 33 schools and 150,000 citizens and will include an automatic bus washing area that utilizes recycled water. The School System also broke ground on the Division's 13th high school in May 2019. The new high school, located in Gainesville, is slated to open in the fall of 2021 and will be a "School of Global Citizenship" organized into "instructional houses". The houses will have their own concentrations and thematic pathways to meet student interests and needs as learners. The School Division also broke ground on a new middle school in May 2019. This new middle school, located in Potomac Shores, is set to open in the fall of 2021. In August 2019, the School Division celebrated the opening of the new John D. Jenkins Elementary School located on Prince William Parkway in the Occoquan Magisterial District and adding a capacity of 749 elementary student seats in eastern Prince William County. This 100,264 square foot elementary school, named after the late Neabsco District Supervisor and longest serving member of the Board of County Supervisors, opened to students for the 2019-2020 school year.

The School System remains committed to providing a world-class education to its students and is a state leader in producing better student achievement results at a lower taxpayer cost. As testament to the quality of education received by students in Prince William County, all of the County's schools are accredited under the Virginia Department of Education's accreditation guidelines, with 100% of eligible schools receiving full accreditation for the 2019-2020 school year, based on performance during the 2018-2019 school year. Fifteen schools in Prince William County earned the 2019 Virginia Index of Performance (VIP) awards for advanced student learning and achievement. Only 270 schools and nine divisions statewide earned one of the awards. The VIP program recognizes schools and divisions that exceed state and federal accountability standards and achieve excellence goals established by the Governor and the Virginia Board of Education. Three schools earned the Board of Education's 2019 Exemplar Performance School Award and another three earned the 2019 Continuous Improvement Award. In May 2019, U.S. News & World Reports recognized six Prince William County high schools among the best in the nation based on data from the 2016-2017 school year. The School Division's 92.4% on-time graduation rate for 2019 surpasses the overall State rate of 91.5%, and marks the 12th year of consecutive improvement. As a Division, Prince William County Schools outperformed the national SAT with an overall mean score of 1105, up five points from last year, and 66 points higher than the overall score for public school graduates nationwide. The Virginia Department of Education Standards of Learning (SOL) pass rates for 2018-2019 exceed the national pass rates in reading, writing, history/social science and mathematics. In addition, students with disabilities, economically disadvantaged students, and English learners, as well as African-American, Hispanic, and white students, surpassed the state average in all content areas. In 2019, the School Systems' students earned over \$76 million in scholarships, \$2 million more than the prior year.

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, 2018. This was the seventeenth 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, 2018. This was the seventeenth 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, 2019. 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 2020 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



John Wallingford
Associate Superintendent for
Finance and Support Services



Lisa M. Thorne-Izes
Director of Financial Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Prince William County Public Schools

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

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, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer

Prince William County Public Schools
List of Elected and Appointed Officials
June 30, 2019

Elected Officials - The Prince William County School Board*

Babur B. Lateef, Chairman At-Large

Justin David Wilk, Vice Chairman, *Potomac District*

William J. Deutsch, *Coles District*

Lillie G. Jessie, *Occoquan District*

Diane L. Raulston, *Neabsco District*

Alyson A. Satterwhite, *Gainesville District*

Gilbet A. Trenum, *Brentsville District*

Loree Y. Williams, *Woodbridge District*

Appointed Officials - School Division Administration*

Steven L. Walts
Superintendent of Schools

Keith A. Imon
Deputy Superintendent

Denise M. Huebner
Associate Superintendent
Special Education and Student Services

Matthew Guilfoyle
Associate Superintendent
Communications and Technology Services

Amy A. White
Associate Superintendent
Human Resources

Rita Everett Goss
Associate Superintendent
Student and Professional Learning

Al Ciarochi
Associate Superintendent
Support Services

John M. Wallingford
Associate Superintendent
Finance and Risk Management

Nathaniel Provencio
Associate Superintendent
Eastern Elementary Schools

R. Todd Erickson Associate
Superintendent Central
Elementary Schools

Jarcelynn M. Hart Associate
Superintendent Western
Elementary Schools

William G. Bixby
Associate Superintendent
Middle Schools

Michael A. Mulgrew
Associate Superintendent
High Schools

Lisa M. Thorne-Izes
Director of Financial Services

Rene L. Gapasin
Supervisor of Accounting
Services

* as of June 30, 2019

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Financial Section

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

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2019, and the related notes to the financial statements, which collectively comprise PWCS’s 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 55% of the total assets of the aggregate total agency funds and 9% 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 Funds 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 PWCS, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and food and 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 through 28 and 88 through 95 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 PWCS's 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 December 19, 2019, on our consideration of PWCS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PWCS's 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 PWCS's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
December 19, 2019

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Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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, 2019 (FY 2019). 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) are expressed in thousands).

Financial Highlights

- The School Division's General revenues accounted for \$1,043,639 or 84.6% of total revenues of \$1,233,407. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$189,768 or 15.4% of total revenues.
- The School Division had \$1,178,306 in expenses of which \$189,768 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 in FY 2019 increased by \$55,101 to a total of \$976,287. 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, 2018 (FY 2019) student membership was 90,203, an increase of 342 students, or 0.4% greater than FY 2018. However, the student membership was 851 students less than projected for FY 2019.

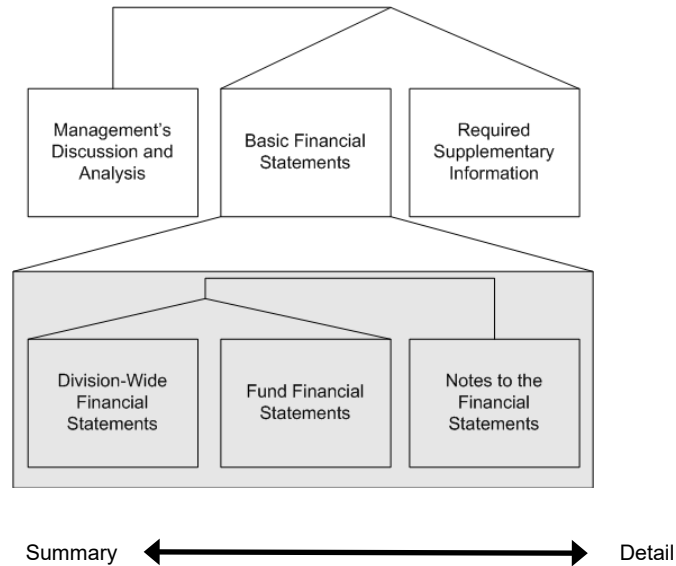
Using this Comprehensive Annual Financial Report

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 distribution center, the imaging center, 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	<ul style="list-style-type: none"> •Statement of net position •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> •Statement of net position •Statement of revenues, expenses and changes in net position •Statement of cash flows 	<ul style="list-style-type: none"> •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 2019?” 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, construction, maintenance and capital outlay, food & nutrition services, and community service operations.

Business-type activities – include enterprise funds for School Age Child Care (SACC) and the Aquatics Center.

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 four internal service funds: the Distribution Center fund, the Self-Insurance fund, the Health Insurance fund, and the Imaging Center fund. The Imaging Center fund was created in FY 2019 to track the financial results of the Imaging Center operation.
- **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 since these funds are held in a trustee or agency capacity for others and cannot be used to finance PWCS' 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, 2019. 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 163.5% of the total net position and have increased by \$90,533 since June 30, 2018. 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 \$128,646 during the current fiscal year reflecting a decrease in PWCS' resources restricted for specific construction projects of \$135,366 and a net increase in restricted for food & nutrition services and grant programs of \$6,720. Unrestricted net position are those resources that may be used to meet the obligations placed on PWCS by its creditors and to pay for ongoing operations of the School Division. At the end of the fiscal year unrestricted net position amounted to \$(721,643), an increase of \$93,214 from FY 2018.

Condensed Statement of Net Position

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total School Division	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 472,457	\$ 541,110	107	162	472,564	541,272
Capital assets	1,587,570	1,496,855	8,694	8,876	1,596,264	1,505,731
Total assets	2,060,027	2,037,965	8,801	9,038	2,068,828	2,047,003
Pension and OPEB	146,070	140,581	-	-	146,070	140,581
Total deferred outflows of resources	146,070	140,581	-	-	146,070	140,581
Current liabilities	135,844	132,215	115	114	135,959	132,329
Long-term liabilities	993,261	1,033,701	-	-	993,261	1,033,701
Total liabilities	1,129,105	1,165,916	115	114	1,129,220	1,166,030
Pension and OPEB	109,391	100,368	-	-	109,391	100,368
Total deferred inflows of resources	109,391	100,368	-	-	109,391	100,368
Net position						
Investment in capital assets	1,587,570	1,496,855	8,694	8,876	1,596,264	1,505,731
Restricted	101,666	230,312	-	-	101,666	230,312
Unrestricted (deficit)	(721,635)	(814,905)	(8)	48	(721,643)	(814,857)
Total net position	\$ 967,601	\$ 912,262	8,686	8,924	976,287	921,186

Changes in Net Position

The change in net position in Governmental activities was \$55,339 compared to \$145,922 in FY 2018, or a decrease of \$90,583. This decrease was primarily due to a \$106,951 decrease in revenue funding from the County as a result of no bond issuance in FY 2019. The decrease of net position was also attributed by the increase of total expenditures in the amount of \$21,043.

The change in net position in Business-type activities was \$(238), compared to \$(408) in FY 2018, or an increase of \$170. This increase was primarily due to the increase of Aquatics Center revenue, as well as the lowered operating expenses in SACC.

Total revenues went down by \$69,278, or a 5.3% decrease over FY 2018. This is primarily the result of the decrease in general revenues from the County due to no bond issuance during the year. This revenue decrease was partially offset by the increase of the revenue funding from the State aid and investment earnings.

Changes in Net Position						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total School Division	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 23,627	\$ 24,614	1,306	1,048	24,933	25,662
Operating grants and contributions	164,707	164,272	-	-	164,707	164,272
Capital grants and contributions	128	123	-	-	128	123
General revenues:						
Federal	1,019	802	-	-	1,019	802
State	446,089	413,495	-	-	446,089	413,495
County	583,894	690,845	-	-	583,894	690,845
Unrestricted investment earnings	8,622	2,731	5	1	8,627	2,732
Miscellaneous revenues and other	4,010	4,754	-	-	4,010	4,754
Total revenues	1,232,096	1,301,636	1,311	1,049	1,233,407	1,302,685
Expenses						
Instruction:						
Regular	559,597	560,440	-	-	559,597	560,440
Special	124,789	119,230	-	-	124,789	119,230
Other	11,921	13,825	-	-	11,921	13,825
Instructional leadership	72,143	70,159	-	-	72,143	70,159
Support Services:						
General administration	10,101	10,029	-	-	10,101	10,029
Student services	16,651	15,356	-	-	16,651	15,356
Curricular/staff development	18,481	15,762	-	-	18,481	15,762
Pupil transportation	60,377	58,863	-	-	60,377	58,863
Operations	23,749	24,100	-	-	23,749	24,100
Utilities	22,346	22,822	-	-	22,346	22,822
Maintenance	41,666	40,461	-	-	41,666	40,461
Central business services	62,203	55,008	-	-	62,203	55,008
Reimbursement to County for debt	105,491	101,582	-	-	105,491	101,582
Food & nutrition services	44,842	45,631	-	-	44,842	45,631
Community service operations	1,465	1,514	-	-	1,465	1,514
Education Foundation	535	532	-	-	535	532
School Age Child Care	-	-	576	619	576	619
Aquatics Center	-	-	1,373	1,238	1,373	1,238
Total expenses	1,176,357	1,155,314	1,949	1,857	1,178,306	1,157,171
Change in net position before transfers	55,739	146,322	(638)	(808)	55,101	145,514
Transfers	(400)	(400)	400	400	-	-
Change in net position	55,339	145,922	(238)	(408)	55,101	145,514
Net position, beginning of year	912,262	766,340	8,924	9,332	921,186	775,672
Net position, end of year	\$ 967,601	\$ 912,262	8,686	8,924	976,287	921,186

PWCS' revenue comes from the primary government (47.4% - the County), 36.2% from the State, 0.1% from the Federal government, 15.3% from program revenues (charges for services, operating, and capital grants and contributions), and 1.0% 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 2018 by \$127,266 while all other components of "county revenue" increased by \$20,315 or 3.6%. For FY 2019 there was a net 15.5% decrease of all components of "county revenue" or \$106,951. This decrease is primarily due to no new bond was issued in FY 2019.

State revenue increased \$32,594 or 7.9% compared to prior year due to both the increased student enrollment and the change in the State’s funding calculation, which increased several Standards of Quality (SOQ) allocations.

Federal revenue increased \$217 or 27.1% due to the rise in federal Impact Aid funding received to support the continued growth in military connected and federally impacted student populations.

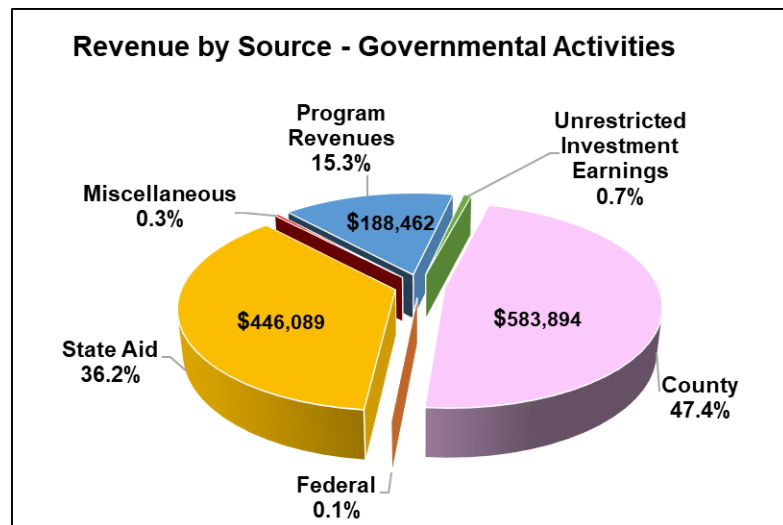
Business type activity revenue increased \$262 or 25.0%, primarily due to the increased revenue from aquatics center, including membership enrollment, facility utilization, activity registration, and daily admissions.

The total cost of all programs increased by 1.8% to \$1,178,306 in FY 2019. This increase is a function of the increase in the student population by 0.4% and related instructional needs, as well as a 2.7% salary-step increase for eligible employees and overall increase of 6.6% in health insurance and other benefit costs.

Of the Division’s governmental activity expenses, 75.6% 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 7.9% of total costs while operations and maintenance amounted to 7.5% of total cost. Reimbursements to the County for debt service totaled 9.0% of FY 2019 costs. The Division’s business type activity expenses increased \$92 or 5.0%, mainly related to the growth of aquatics center business.

For the FY 2019, revenues exceeded expenses by \$55,101. A substantial portion of this excess is due to the increased revenue funding from State aid, as well as a concerted effort by the Division to manage costs.

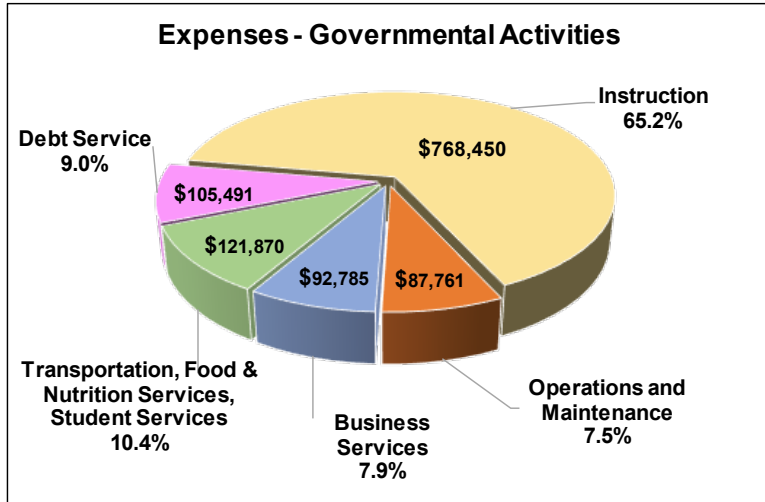
Governmental Activities



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 2020 related to additional recognized revenues from FY 2019 in the amount of \$3,803. Also, \$2,992 was needed to maintain the 7.5% of unassigned General Fund balance. This netted to an increase in revenue from FY 2019 in the amount of \$811.



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 2019 increased as a result of the State funding its share of the SOQ cost of the additional 342 students in the School Division.

The FY 2019 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		
	2019	2018	Percent Change	2019	2018	Percent Change
Instruction						
Regular	\$ 559,597	\$ 560,440	-0.2%	497,705	500,083	-0.5%
Special	124,789	119,230	4.7%	62,558	54,974	13.8%
Other	11,921	13,825	-13.8%	(210)	854	-124.6%
Instructional leadership	72,143	70,159	2.8%	72,143	70,159	2.8%
Total instruction	768,450	763,654	0.6%	632,196	626,070	1.0%
Support services						
General administration	10,101	10,029	0.7%	10,101	10,029	0.7%
Student services	16,651	15,356	8.4%	16,185	15,008	7.8%
Curricular/staff development	18,481	15,762	17.3%	18,216	15,687	16.1%
Pupil transportation	60,377	58,863	2.6%	60,220	58,785	2.4%
Operations	23,749	24,100	-1.5%	23,429	23,777	-1.5%
Utilities	22,346	22,822	-2.1%	22,346	22,822	-2.1%
Maintenance	41,666	40,461	3.0%	41,666	40,971	1.7%
Central business services	62,203	55,008	13.1%	61,735	54,116	14.1%
Reimbursement to County for debt service	105,491	101,582	3.8%	105,491	101,582	3.8%
Food & nutrition services	44,842	45,631	-1.7%	(4,178)	(3,036)	37.6%
Community service operations	1,465	1,514	-3.2%	(47)	(38)	23.7%
Education Foundation	535	532	0.6%	535	532	0.6%
Total support services	407,907	391,660	4.1%	355,699	340,235	4.5%
Total expenses	\$ 1,176,357	\$ 1,155,314	1.8%	987,895	966,305	2.2%

- The cost of all governmental activities was \$1,176,357.
- The net cost of governmental activities was \$987,895.
- The amount the citizens of Prince William County paid for these activities through County taxes was \$583,894
- The State contributed general revenue of \$446,089.
- The Federal Government contributed general revenue of \$1,019.
- Some of the other costs were paid for by:
 - Users who benefited from the programs: \$23,627;
 - Total Grants and Contributions: \$164,835;
 - Other payments: \$12,632.
- There are significant activity changes in the net cost of services:
 - Other instruction net costs decreased significantly primarily due to the increased Federal funding from new USDA Forest grants to support distant learning programs, as well as higher Virginia Virtual High School and Summer School tuitions as a result of increased enrollment.
 - Curricular/staff development net costs increased due to our continued efforts to add new teachers, supporting staffs in Math, English programs and Gifted Education programs.
 - Center Business Services net costs increased due to replacement of the student information system and other major software upgrades.

Business-type Activities

Revenues of the School Division's business-type activities increased 25.0% to \$1,311, and expenses increased 5.0% to \$1,949. Both revenue and expense increases are mainly attributable to the operation of the Aquatics Center, which continued to develop services to increase the revenues.

Financial Analysis of the Division's Funds

Information about PWCS' major funds begins on page 34. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$1,236,863 and expenditures of \$1,315,472. The decrease of \$80,840 in fund balance was most significant in the Construction Fund amounting to a decrease of \$115,114. This decrease is primarily due to the decreased County revenues related to the issuance of bonds. Also attributing to the decreased fund balance was the increase of expenses in construction of capital projects.

The General Fund net increase in fund balance of \$28,882 mainly resulted from increase in State and County revenues. The increases in State revenue are a result of increased student enrollment of 342. The increases in funding from the County are a result of increased County general revenues in comparison to FY 2018. The increase in fund balance in the Food & Nutrition Services Fund of \$5,178 is primarily attributable to increased Federal revenues related to USDA commodities.

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 2019, PWCS amended its General Fund budget as follows:

- Amended appropriation of \$10,333 to reflect the carryover of encumbrances from FY 2018 to FY 2019.
- Supplemental appropriations totaled \$24,917; of which \$19,104 related to the carryover of

unencumbered FY 2018 budget and appropriations, a \$5,813 increase in Federal, State and local grants.

PWCS' final budget for the General Fund anticipated that expenditures, including transfers, would exceed revenues by roughly \$35,776. The actual results for the year show revenues exceeded expenditures by \$28,882. The key factor contributing to the significant changes in revenues/appropriations from the final budgeted amounts include:

- Regular instruction, special instruction and other instruction expenditures were less than final budgeted amounts due to student membership was 851 students less than projected for FY 2019.
- Utility expenditures were \$6,528 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 \$3,334.
- Maintenance expenditures were \$4,807 less than final budgeted amounts due to the recognition of parts and supplies inventory that were not previously captured in totality in the prior year. In FY 2019, PWCS warehouse recognized and capitalized inventory of parts and supplies of \$4,377, and an allowance for obsolescence of \$1,736. These consist of various replacement parts for machinery/equipment and supplies used in the repairs and maintenance of buildings. These also include materials and supplies for minor construction projects throughout the buildings and facilities.

Capital Assets

At the end of FY 2019, PWCS had \$1,587,570 invested in buildings, land, equipment, vehicles, construction-in-progress, etc. in governmental-type activities.

At the end of FY 2019, PWCS had \$8,694 invested in land and buildings in business-type activities. The Aquatics Center recorded land in the amount of \$114 and buildings and improvements in the amount of \$8,580, net of depreciation, at the end of the year.

The following table shows FY 2019 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 95,599	\$ 94,728	114	114	95,713	94,842
Construction in progress	45,918	33,065	-	-	45,918	33,065
Depreciable/amortizable capital assets	1,446,053	1,369,062	8,580	8,762	1,454,633	1,377,824
Total	\$ 1,587,570	\$ 1,496,855	8,694	8,876	1,596,264	1,505,731

Major capital asset additions for FY 2019 included:

- Completed construction of one new school/building:
 - John D. Jenkins Elementary School;

- Continued construction of two new schools:
 - 13th High School;
 - Potomac Shores Middle School;
- Completed major renovations, additions, replacements at:
 - Antietam Elementary School;
 - Minnieville Elementary School;
 - Lake Ridge Elementary School;
 - Springwoods Elementary School;
 - Stonewall Middle School;
- Replaced 97 school buses, 15 trucks, and 4 cars.
- Purchased additional 7 school buses, 7 trucks and 5 cars.

The following major capital projects are included in PWCS' FY 2020 capital budget:

- Opening of the new John D. Jenkins Elementary School;
- First phase funding for renewals at Mountain View Elementary School and Beville Middle School;
- Funding to expand auxiliary gyms with multiple courts at Gar-Field High School and Woodbridge High School;
- Stadium upgrades, including lighting and concession buildings, at Stonewall Jackson High School and Woodbridge High School.

Funding for the FY 2020 capital projects includes a general fund transfer of \$31,968 and \$124,510 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, 2019, the County is liable for \$796,785 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2019, total outstanding long-term debt decreased by a net of \$68,906, mainly due to no new bond was issued in the year.

PWCS had a lease agreement as lessee for financing the acquisition of the information technology system valued at \$470. The final payment of this capital lease in the amount of \$157 will be made in FY 2020.

The Approved School Board budget for FY 2020 provides funding of \$106,160 to support the payment of debt service by the County. The sale of \$124,510 in new bonds during FY 2020 is to support school capital

projects, as detailed in the FY 2020 – 2029 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)						
(amounts expressed in thousands)						
	Governmental		Business-Type		Total School	
	Activities		Activities		Division	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds *	\$ 796,785	\$ 865,535	-	-	796,785	865,535
Capital Leases	157	313	-	-	157	313
Total	\$ 796,942	\$ 865,848	-	-	796,942	865,848

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

On October 2019, each of the three major bond credit rating agencies (Fitch Ratings, Moody’s Investors Service, and S&P Global Ratings) reaffirmed the County’s financial position with a AAA bond rating – the highest credit rating available. This triple-AAA reflects the financial strength and sound fiscal management of Prince William County and is an achievement held by less than two percent of the nation’s 3,190 counties.

Factors influencing future budgets:

The FY 2020 budget provides funding for the following significant costs:

- Funding for current programs to support an approximate increase of 1,321 students;
- Funding to support the capital projects included in the FY 2020 – 2029 CIP;
- A salary scale adjustment of 2.8% and a cost of living adjustment of 2.0% to School Division employees;

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

- Prince William County Public Schools participates in the Northern Virginia Regional Special Education Program (NVSRP). The NVSRP is a collaborative program through which students with low-incidence special needs receive educational services. Permanent participants of NVSRP include Prince William County, Manassas City, and Manassas Park City. Other Virginia localities also participate in the program on an as-needed basis. A portion of the funding to support NVSRP service costs is provided by the state. To be eligible for state funding, each participating locality must submit an annual rate package, which details related costs associated to educating and servicing low-incidence special needs students. The state funds that participating localities receive is then used to assist in tuition payments, further supporting the NVSRP programs. PWCS currently receives just under 30% of all state revenues allocated to the eleven Virginia localities participating in the NVSRP state-wide. Total funding state-wide has surpassed \$100 million.
- In recent years there has been pressure to provide all school divisions in Virginia access to this funding pool. While the details have not been finalized, and as the state continues to allow all Virginia localities access to the NVSRP support funding, the amount of funds allocated to PWCS has already been reduced. The Division experienced a reduction of \$4 million in FY 2018 and another \$3 million in FY 2019’s revenue associated to these students. The FY 2020 reduction of the NVSRP revenue stream for PWCS will be an additional \$3.0 million and the reduction is

anticipated to continue for another few years. In FY 2020 (and future years) the number of PWCS students serviced by the NVSRP will be reduced. One result of the declining student population served by the NVRSP will be that these students will then be included in the PWCS Standards of Quality (SOQ) student counts. Subsequently, increased SOQ funding for PWCS will be generated as the NVRSP funding is being reduced. The Division expects that the increase of SOQ funding will help off-set the reduction of state NVSRP support, resulting in a net revenue loss of \$3.0 million per year. PWCS staff continue to work with Virginia Department of Education (VDOE) to more precisely identify these numbers and will continue to monitor developments regarding this revenue stream.

- PWCS experiences an increase in student enrollment each fiscal year. The precise rate of student enrollment growth has fluctuated significantly in recent years. While unsurpassed student growth occurred during the year's FY 2011 and FY 2012, at 2,459 and 2,520 additional students per year, respectively, the following four years saw enrollment growth decelerate. The average increase in student enrollment between FY 2013 and FY 2016 was 1,405 students per year. In FY 2017, PWCS enrollment growth rebounded with a total of 1,667 additional students. FY 2018 enrollment was much lower than projected, with 941 additional students enrolled over the prior year. FY 2019 enrollment growth again experienced a reduced growth rate compared to the prior year, with an increase of 342 students. However, in FY 2020, the enrollment growth rate increased to 1.46%, with 1,321 additional students compared to the prior year. The average annual growth rate in PWCS student population over the last five fiscal years is 1.20%. PWCS student membership on September 30, 2019 (FY 2020) was 91,524. The FY 2020 Approved Budget was formulated with a projected total student membership of 91,095.
- PWCS continues to experience enrollment growth, and as a result, continues to build new schools. To keep with the needs of a growing student population, the Division's five-year (financial) plan (FY 2020 to FY 2024) includes the construction of 6 new schools as well as additions and expansions made to 3 existing schools.
- The fluctuating enrollment growth patterns experienced by PWCS over the past several years poses a challenge in the ability to predict the exact growth in enrollment year to year. The current trend of actual enrollment growth rates above forecasted enrollment growth rates, if continued, may impact the Division's capital planning efforts. However, the slowed enrollment growth rate results in reduced pressure on the Division to build new schools and expand existing facilities. For example, PWCS has removed the need for a 15th high school from the Capital Improvement Program. Although enrollment growth may be softening, the overcrowding of PWCS classrooms remains a critical issue. Capacity issues exist at all levels and in all areas of the county. Efforts to help alleviate crowding include the current placement of 180 modular classrooms, or learning cottages, on school properties across the Division. This is down from 200 in FY 2018. Reducing the number of necessary modular classrooms throughout the Division remains a priority and will continue to have impact on the Division's capital planning efforts.
- Regardless of exact student enrollment growth rates, the student demographics in PWCS will continue to evolve in the coming years. PWCS is proud to serve a diverse and ever-changing student population. Changes in student demographics will increase the number of students requiring additional educational services, which in turn increases Division expenditures to meet those needs. Increases in populations of students whose primary language is not English and students with special needs, for example, significantly increase Division operating costs.
- For the fiscal years 2020 and 2021, fund balance will be supporting the General Fund budgets to the extent of \$24.3 million and \$21.9 million, respectively. This is approximately 2.0% and 1.7% of the General Fund budgets for the respective years.
- FY 2020 is the second year of the 2018-2020 biennial budget process for the Commonwealth of

Virginia. The PWCS budget for FY 2020 may be impacted by significant state budgetary changes to include:

- Revisions to locality benchmarking which may result in increased funding to the Division due to an increase in the costs to operate schools;
 - Updates to student enrollment projections;
 - Continued updating of rates for the VRS;
 - Changes made to the composite index of local ability to pay.
- The Virginia Retirement System (VRS) teacher retirement employee contribution rate remained the same at 15.68% for FY 2020.
 - 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. For the 2018-2020 biennium, the LCI for PWCS decreased to 0.3783. This amounts to an increase in funding to PWCS of approximately \$3.5 million. The LCI ties to real estate values and the county saw a dramatic decrease in values in the past relative to the rest of the state. Residential property values in Prince William County have stabilized and have begun to increase.
 - 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 FY 2012. 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 FY 2016, and for FY 2017 the rate remained at \$1.122 per \$100. The fiscal year 2018 rate was \$1.125, and fiscal year 2019 was held flat at \$1.125.
 - In FY 2016, the Board of County Supervisors (BOCS), in a cooperative agreement with the Prince William County School Board, established a five-year 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 2020, 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 \$10.0 million dollars. FY 2020 is the final year of the grant.
 - Apart from the previously mentioned reductions of state revenue, FY 2020 revenues are currently on target to meet projections. However, many factors such as the continued impact of changes in the local economy, the value of residential real estate, and the value of commercial real estate, translate to a revenue picture for FY 2020 that remains somewhat uncertain for the coming year. PWCS staff will continue to monitor revenue streams closely for trends that may impact the financial health of the Division.

Contacting the Prince William County Public Schools' Financial Management

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

Basic Financial Statements

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	School Division			Component Unit	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total School Division		
ASSETS					
Equity in cash and pooled investments	\$ 376,319,475	147,063	376,466,538	133,728	376,600,266
Accounts receivable and other current assets	1,970,004	49,550	2,019,554	53,975	2,073,529
Due from other governmental units	23,946,755	-	23,946,755	-	23,946,755
Internal balances	90,561	(90,561)	-	-	-
Inventory	7,249,904	1,165	7,251,069	1,537,105	8,788,174
Prepaid asset	-	-	-	4,163	4,163
Restricted assets:					
Restricted cash	62,879,918	-	62,879,918	1,302,225	64,182,143
Capital assets:					
Land	95,599,255	114,013	95,713,268	-	95,713,268
Construction in progress	45,918,071	-	45,918,071	-	45,918,071
Depreciable/amortizable capital assets	2,022,482,173	9,095,044	2,031,577,217	-	2,031,577,217
Less: accumulated depreciation/amortization	(576,429,479)	(515,135)	(576,944,614)	-	(576,944,614)
Total assets	<u>2,060,026,637</u>	<u>8,801,139</u>	<u>2,068,827,776</u>	<u>3,031,196</u>	<u>2,071,858,972</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to Pension and OPEB	146,070,969	-	146,070,969	-	146,070,969
Total deferred outflows of resources	<u>146,070,969</u>	<u>-</u>	<u>146,070,969</u>	<u>-</u>	<u>146,070,969</u>
LIABILITIES					
Accounts payable and accrued liabilities	13,693,093	73,122	13,766,215	5,877	13,772,092
Salaries payable and withholdings	103,972,378	21,043	103,993,421	-	103,993,421
Retainage	6,397,469	-	6,397,469	-	6,397,469
Unearned revenue	11,781,340	21,422	11,802,762	93,080	11,895,842
Long-term liabilities:					
Due within one year	23,232,728	-	23,232,728	-	23,232,728
Due in more than one year	970,027,950	-	970,027,950	-	970,027,950
Total liabilities	<u>1,129,104,958</u>	<u>115,587</u>	<u>1,129,220,545</u>	<u>98,957</u>	<u>1,129,319,502</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to Pension and OPEB	109,391,211	-	109,391,211	-	109,391,211
Total deferred inflows of resources	<u>109,391,211</u>	<u>-</u>	<u>109,391,211</u>	<u>-</u>	<u>109,391,211</u>
NET POSITION					
Net investment in capital assets	1,587,570,020	8,693,922	1,596,263,942	-	1,596,263,942
Restricted for:					
Capital projects	58,174,473	-	58,174,473	-	58,174,473
Food & nutrition services	35,553,786	-	35,553,786	-	35,553,786
Grant programs	7,938,095	-	7,938,095	-	7,938,095
Education foundation	-	-	-	2,791,995	2,791,995
Unrestricted (deficit)	(721,634,937)	(8,370)	(721,643,307)	140,244	(721,503,063)
Total net position	<u>\$ 967,601,437</u>	<u>8,685,552</u>	<u>976,286,989</u>	<u>2,932,239</u>	<u>979,219,228</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Division:				
Governmental activities:				
Instruction:				
Regular	\$ 559,595,622	1,509,720	60,252,643	128,458
Special	124,789,072	35,729	62,195,610	-
Other	11,920,534	1,717,499	10,412,647	-
Instructional leadership	72,143,068	-	-	-
Total instruction	<u>768,448,296</u>	<u>3,262,948</u>	<u>132,860,900</u>	<u>128,458</u>
Support services:				
General administration	10,101,496	-	-	-
Student services	16,650,554	-	465,722	-
Curricular/staff development	18,481,211	-	265,250	-
Pupil transportation	60,376,930	156,709	-	-
Operations	23,748,939	320,600	-	-
Utilities	22,346,441	-	-	-
Maintenance	41,666,127	-	-	-
Central business services	62,203,182	420,786	48,000	-
Reimbursement to County for debt service	105,491,378	-	-	-
Food & nutrition services	44,842,328	17,953,387	31,067,158	-
Community service operations	1,464,941	1,512,085	-	-
Education Foundation	535,319	-	-	-
Total support services	<u>407,908,846</u>	<u>20,363,567</u>	<u>31,846,130</u>	<u>-</u>
Total governmental activities	<u>1,176,357,142</u>	<u>23,626,515</u>	<u>164,707,030</u>	<u>128,458</u>
Business-type activities:				
School Age Child Care	576,079	550,000	-	-
Aquatics Center	1,373,286	756,584	-	-
Total business-type activities	<u>1,949,365</u>	<u>1,306,584</u>	<u>-</u>	<u>-</u>
Total school division	<u>1,178,306,507</u>	<u>24,933,099</u>	<u>164,707,030</u>	<u>128,458</u>
Component unit:				
Education Foundation	5,534,721	-	6,253,156	-
Total component unit	<u>\$ 5,534,721</u>	<u>-</u>	<u>6,253,156</u>	<u>-</u>

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

Change in net position

Net position, beginning of year
 Restatement of beginning net position
 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					Functions/Programs
Governmental Activities	Business - type Activities	Total School Division	Component Unit	Total Reporting Entity	
					School Division:
					Governmental activities:
					Instruction:
(497,704,801)	-	(497,704,801)	-	(497,704,801)	Regular
(62,557,733)	-	(62,557,733)	-	(62,557,733)	Special
209,612	-	209,612	-	209,612	Other
(72,143,068)	-	(72,143,068)	-	(72,143,068)	Instructional leadership
<u>(632,195,990)</u>	<u>-</u>	<u>(632,195,990)</u>	<u>-</u>	<u>(632,195,990)</u>	Total instruction
					Support services:
(10,101,496)	-	(10,101,496)	-	(10,101,496)	General administration
(16,184,832)	-	(16,184,832)	-	(16,184,832)	Student services
(18,215,961)	-	(18,215,961)	-	(18,215,961)	Curricular/staff development
(60,220,221)	-	(60,220,221)	-	(60,220,221)	Pupil transportation
(23,428,339)	-	(23,428,339)	-	(23,428,339)	Operations
(22,346,441)	-	(22,346,441)	-	(22,346,441)	Utilities
(41,666,127)	-	(41,666,127)	-	(41,666,127)	Maintenance
(61,734,396)	-	(61,734,396)	-	(61,734,396)	Central business services
(105,491,378)	-	(105,491,378)	-	(105,491,378)	Reimbursement to County for debt service
4,178,217	-	4,178,217	-	4,178,217	Food & nutrition services
47,144	-	47,144	-	47,144	Community service operations
(535,319)	-	(535,319)	-	(535,319)	Education Foundation
<u>(355,699,149)</u>	<u>-</u>	<u>(355,699,149)</u>	<u>-</u>	<u>(355,699,149)</u>	Total support services
<u>(987,895,139)</u>	<u>-</u>	<u>(987,895,139)</u>	<u>-</u>	<u>(987,895,139)</u>	Total governmental activities
					Business-type activities:
-	(26,079)	(26,079)	-	(26,079)	School Age Child Care
-	(616,702)	(616,702)	-	(616,702)	Aquatics Center
<u>-</u>	<u>(642,781)</u>	<u>(642,781)</u>	<u>-</u>	<u>(642,781)</u>	Total business-type activities
<u>(987,895,139)</u>	<u>(642,781)</u>	<u>(988,537,920)</u>	<u>-</u>	<u>(988,537,920)</u>	Total school division
					Component unit:
-	-	-	718,435	718,435	Education Foundation
<u>-</u>	<u>-</u>	<u>-</u>	<u>718,435</u>	<u>718,435</u>	Total component unit
					General revenues:
					Grants and contributions not restricted to specific programs:
1,019,483	-	1,019,483	-	1,019,483	Federal
446,089,425	-	446,089,425	-	446,089,425	State
583,894,294	-	583,894,294	-	583,894,294	County
8,622,279	4,589	8,626,868	5,988	8,632,856	Unrestricted investment earnings
-	-	-	535,319	535,319	Revenue from school division
4,009,263	-	4,009,263	-	4,009,263	Miscellaneous revenues
(400,000)	400,000	-	-	-	Transfer:
<u>1,043,234,744</u>	<u>404,589</u>	<u>1,043,639,333</u>	<u>541,307</u>	<u>1,044,180,640</u>	Total general revenues and transfers
55,339,605	(238,192)	55,101,413	1,259,742	56,361,155	Change in net position
912,261,832	8,923,744	921,185,576	1,038,915	922,224,491	Net position, beginning of year
-	-	-	633,582	633,582	Restatement of beginning net position
<u>\$ 967,601,437</u>	<u>8,685,552</u>	<u>976,286,989</u>	<u>2,932,239</u>	<u>979,219,228</u>	Net position, end of year

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

	General Fund	Construction Fund	Food & Nutrition Services Fund	Other Non-major Governmental Fund	Total Governmental Funds
ASSETS					
Equity in cash and pooled investments	\$ 225,479,081	45,504,500	36,707,824	3,634,117	311,325,522
Restricted cash	-	62,879,918	-	-	62,879,918
Accounts receivable	761,013	424,175	466,861	51,299	1,703,348
Due from other funds	768,374	-	-	-	768,374
Due from other governmental units	23,024,578	-	922,177	-	23,946,755
Inventory	4,191,622	-	1,529,254	-	5,720,876
Total assets	<u>254,224,668</u>	<u>108,808,593</u>	<u>39,626,116</u>	<u>3,685,416</u>	<u>406,344,793</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES and FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	7,369,953	3,691,090	324,385	5,814	11,391,242
Salaries payable and withholdings	103,314,754	24,105	584,411	46,602	103,969,872
Retainage payable	-	6,397,469	-	-	6,397,469
Unearned revenue	1,456,401	-	1,634,280	-	3,090,681
Total liabilities	<u>112,141,108</u>	<u>10,112,664</u>	<u>2,543,076</u>	<u>52,416</u>	<u>124,849,264</u>
Deferred Inflows of Resources:					
County support	810,963	-	-	-	810,963
Total deferred inflows of resources	<u>810,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810,963</u>
Fund Balances:					
Nonspendable:					
Inventory	4,191,622	-	1,529,254	-	5,720,876
Restricted:					
Regular instruction	1,546,183	-	-	-	1,546,183
Special instruction	614,547	-	-	-	614,547
Other instruction	1,827,178	-	-	-	1,827,178
General administration	95,548	-	-	-	95,548
Curricular/staff development	382,948	-	-	-	382,948
Student services	154,855	-	-	-	154,855
Central business services	3,316,836	-	-	-	3,316,836
Food & nutrition services	-	-	35,553,786	-	35,553,786
Capital outlay	-	58,174,473	-	-	58,174,473
Committed:					
Community service operations	-	-	-	3,633,000	3,633,000
Assigned:					
Regular instruction	33,009,224	-	-	-	33,009,224
Special instruction	8,328,551	-	-	-	8,328,551
Other instruction	625,259	-	-	-	625,259
Instructional leadership	3,640,782	-	-	-	3,640,782
General administration	1,378,475	-	-	-	1,378,475
Student services	1,143,840	-	-	-	1,143,840
Curricular/staff development	1,883,619	-	-	-	1,883,619
Pupil transportation	9,147,156	-	-	-	9,147,156
Operations	1,180,178	-	-	-	1,180,178
Utilities	1,785,975	-	-	-	1,785,975
Maintenance	2,760,195	-	-	-	2,760,195
Central business services	17,035,897	-	-	-	17,035,897
Capital outlay	-	40,521,456	-	-	40,521,456
Unassigned	47,223,729	-	-	-	47,223,729
Total fund balances	<u>141,272,597</u>	<u>98,695,929</u>	<u>37,083,040</u>	<u>3,633,000</u>	<u>280,684,566</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 254,224,668</u>	<u>108,808,593</u>	<u>39,626,116</u>	<u>3,685,416</u>	<u>406,344,793</u>

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

Prince William County Public Schools
 Reconciliation of the Balance Sheet of the Governmental Funds
 to the Statement of Net Position
 June 30, 2019

Exhibit 4

Total fund balances - governmental funds \$ 280,684,566

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	\$ 95,599,255	
Construction in progress	45,918,071	
Buildings and improvements	1,852,724,675	
Library books	3,423,209	
Equipment	49,424,796	
Vehicles	111,069,061	
Software	5,840,432	
Total capital assets	<u>2,163,999,499</u>	
Accumulated depreciation/amortization	<u>(576,429,479)</u>	1,587,570,020

Deferred inflows of resources are not available to pay for current-period expenditures

Pension	(87,998,000)
OPEB	(21,393,211)

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.

810,963

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	(31,988,994)	
Net pension liability	(790,324,000)	
Pension	125,251,000	
Net OPEB liability	(155,598,769)	
OPEB	20,819,969	
Capital lease	(156,621)	
Pollution remediation	<u>(722,276)</u>	(832,719,691)

Net position of internal service funds

40,646,790

Net position - governmental activities

\$ 967,601,437

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

Prince William County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 5

	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	\$ 3,985,561	6,095,020	1,325,428	166,005	11,572,014
Use of property	-	-	-	1,106,897	1,106,897
Charges for services	4,543,415	-	17,951,785	405,188	22,900,388
Intergovernmental:					
Federal	40,020,352	-	29,000,934	-	69,021,286
State	540,205,715	-	1,097,931	-	541,303,646
County	585,710,763	-	-	-	585,710,763
Miscellaneous	3,755,741	417,990	1,074,226	-	5,247,957
Total revenues	<u>1,178,221,547</u>	<u>6,513,010</u>	<u>50,450,304</u>	<u>1,678,090</u>	<u>1,236,862,951</u>
EXPENDITURES:					
Current:					
Regular instruction	551,478,913	4,653,524	-	-	556,132,437
Special instruction	130,757,266	-	-	-	130,757,266
Other instruction	12,351,028	-	-	-	12,351,028
Instructional leadership	72,143,068	-	-	-	72,143,068
General administration	11,398,993	-	-	-	11,398,993
Student services	19,410,280	-	-	-	19,410,280
Curricular/staff development	19,381,831	-	-	-	19,381,831
Pupil transportation	66,580,693	-	-	-	66,580,693
Operations	25,800,341	-	-	-	25,800,341
Utilities	23,166,355	-	-	-	23,166,355
Maintenance	24,419,065	17,948,104	-	-	42,367,169
Central business services	62,356,227	-	-	-	62,356,227
Community service operations	-	-	-	1,464,941	1,464,941
Food & nutrition services	-	-	44,771,884	-	44,771,884
Capital outlay:	-	121,897,799	-	-	121,897,799
Intergovernmental:					
Reimbursement to the County for debt service	105,491,378	-	-	-	105,491,378
Total expenditures	<u>1,124,735,438</u>	<u>144,499,427</u>	<u>44,771,884</u>	<u>1,464,941</u>	<u>1,315,471,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,486,109</u>	<u>(137,986,417)</u>	<u>5,678,420</u>	<u>213,149</u>	<u>(78,608,739)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In:					
General fund	-	25,236,992	-	-	25,236,992
Construction fund	2,864,245	-	-	-	2,864,245
Food & nutrition service fund	-	500,000	-	-	500,000
Transfers Out:					
General fund	-	(2,864,245)	-	-	(2,864,245)
Construction fund	(25,236,992)	-	(500,000)	-	(25,736,992)
Health insurance fund	(1,800,000)	-	-	-	(1,800,000)
Aquatics center fund	(400,000)	-	-	-	(400,000)
Image center fund	(31,566)	-	-	-	(31,566)
Total other financing sources (uses), net	<u>(24,604,313)</u>	<u>22,872,747</u>	<u>(500,000)</u>	<u>-</u>	<u>(2,231,566)</u>
Net change in fund balances	28,881,796	(115,113,670)	5,178,420	213,149	(80,840,305)
FUND BALANCES, beginning of year	<u>112,390,801</u>	<u>213,809,599</u>	<u>31,904,620</u>	<u>3,419,851</u>	<u>361,524,871</u>
FUND BALANCES, end of year	<u>\$ 141,272,597</u>	<u>98,695,929</u>	<u>37,083,040</u>	<u>3,633,000</u>	<u>280,684,566</u>

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

**Prince William County Public Schools
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2019**

Exhibit 6

Total net change in fund balances - total governmental funds	\$ (80,840,305)
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.	(4,766,204)
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	\$ 137,271,818
Depreciation/amortization expense	<u>(46,379,832)</u>
	90,891,986
The net effect of various transactions including disposal of capital assets	(177,335)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Arbitrage	31,087,000
Pension expenses	3,858,045
Other postemployment benefits	1,062,594
Compensated absences	156,621
Capital lease	(229,110)
Pollution remediation	14,296,313
Activities of Internal Service Funds that serve governmental activities	<u>14,296,313</u>
Change in net position of governmental activities	<u>\$ 55,339,605</u>

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

Prince William County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2019

Exhibit 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 3,979,781	3,979,781	3,985,561	5,780
Charges for services	3,416,512	4,420,383	4,543,415	123,032
Intergovernmental:				
Federal	43,799,075	39,975,788	40,020,352	44,564
State	536,205,806	540,903,466	540,205,715	(697,751)
County	580,790,670	584,956,625	585,710,763	754,138
Miscellaneous	902,136	2,570,850	3,755,741	1,184,891
Total revenues	<u>1,169,093,980</u>	<u>1,176,806,893</u>	<u>1,178,221,547</u>	<u>1,414,654</u>
EXPENDITURES:				
Current:				
Regular instruction	586,892,218	575,814,819	551,478,913	24,335,906
Special instruction	134,900,430	136,944,828	130,757,266	6,187,562
Other instruction	14,959,354	12,948,145	12,351,028	597,117
Instructional leadership	75,279,364	73,445,568	72,143,068	1,302,500
General administration	12,036,396	12,638,085	11,398,993	1,239,092
Student services	19,793,376	19,816,618	19,410,280	406,338
Curricular/staff development	18,215,111	20,921,997	19,381,831	1,540,166
Pupil transportation	69,680,541	69,635,168	66,580,693	3,054,475
Operations	24,052,002	24,488,031	25,800,341	(1,312,310)
Utilities	33,028,365	29,694,044	23,166,355	6,527,689
Maintenance	33,788,636	29,225,769	24,419,065	4,806,704
Central business services	71,106,289	74,042,394	62,356,227	11,686,167
Intergovernmental:				
Reimbursement to the County for debt service	107,730,113	107,730,113	105,491,378	2,238,735
Total expenditures	<u>1,201,462,195</u>	<u>1,187,345,579</u>	<u>1,124,735,438</u>	<u>62,610,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,368,215)</u>	<u>(10,538,686)</u>	<u>53,486,109</u>	<u>64,024,795</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Construction fund	2,200,000	2,200,000	2,864,245	664,245
Transfers Out:				
Construction fund	(18,679,000)	(25,236,992)	(25,236,992)	-
Health insurance fund	(1,800,000)	(1,800,000)	(1,800,000)	-
Aquatics center fund	-	(400,000)	(400,000)	-
Image center fund	-	-	(31,566)	(31,566)
Total other financing sources (uses), net	<u>(18,279,000)</u>	<u>(25,236,992)</u>	<u>(24,604,313)</u>	<u>632,679</u>
Net change in fund balance	<u>(50,647,215)</u>	<u>(35,775,678)</u>	<u>28,881,796</u>	<u>64,657,474</u>
FUND BALANCE, beginning of year	<u>112,390,801</u>	<u>112,390,801</u>	<u>112,390,801</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 61,743,586</u>	<u>76,615,123</u>	<u>141,272,597</u>	<u>64,657,474</u>

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

Prince William County Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Food & Nutrition Services Fund
For the Year Ended June 30, 2019

Exhibit 8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 200,000	200,000	1,325,428	1,125,428
Charges for services	20,380,000	20,380,000	17,951,785	(2,428,215)
Intergovernmental:				
Federal	29,112,000	29,112,000	29,000,934	(111,066)
State	875,000	875,000	1,097,931	222,931
Miscellaneous	803,000	803,000	1,074,226	271,226
Total revenues	<u>51,370,000</u>	<u>51,370,000</u>	<u>50,450,304</u>	<u>(919,696)</u>
EXPENDITURES:				
Current:				
Food & nutrition services	54,865,500	54,828,311	44,771,884	10,056,427
Total expenditures	<u>54,865,500</u>	<u>54,828,311</u>	<u>44,771,884</u>	<u>10,056,427</u>
Excess (deficiency) of revenues over (under) expenditures	(3,495,500)	(3,458,311)	5,678,420	9,136,731
OTHER FINANCING (USES):				
Transfers Out:				
Construction fund	(500,000)	(500,000)	(500,000)	-
Total other financing (uses), net	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balances	(3,995,500)	(3,958,311)	5,178,420	9,136,731
FUND BALANCES, beginning of year	31,904,620	31,904,620	31,904,620	-
FUND BALANCES, end of year	<u>\$ 27,909,120</u>	<u>27,946,309</u>	<u>37,083,040</u>	<u>9,136,731</u>

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

Prince William County Public Schools
Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit 9

	Business-type Activities - Enterprise Funds			Governmental Activities -
	School Age Child Care	Aquatics Center	Total	Internal Service Funds
ASSETS				
Current assets:				
Equity in cash and pooled investments	\$ 147,063	-	147,063	64,993,953
Accounts receivable and other current assets	297	49,253	49,550	266,656
Inventory	-	1,165	1,165	1,529,028
Total current assets	147,360	50,418	197,778	66,789,637
Noncurrent assets:				
Nondepreciable capital assets:				
Land	-	114,013	114,013	-
Depreciable capital assets:				
Buildings	-	9,095,044	9,095,044	-
Less: accumulated depreciation	-	(515,135)	(515,135)	-
Total noncurrent assets	-	8,693,922	8,693,922	-
Total assets	147,360	8,744,340	8,891,700	66,789,637
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	32,826	40,296	73,122	2,301,851
Salaries payable and withholdings	230	20,813	21,043	2,506
Unearned revenue	-	21,422	21,422	8,690,659
Due to other funds	-	90,561	90,561	677,813
Incurred but not reported claims	-	-	-	10,495,912
Total current liabilities	33,056	173,092	206,148	22,168,741
Noncurrent liabilities:				
Incurred but not reported claims	-	-	-	3,974,106
Total liabilities	33,056	173,092	206,148	26,142,847
NET POSITION				
Net investment in capital assets	-	8,693,922	8,693,922	-
Unrestricted (deficit)	114,304	(122,674)	(8,370)	40,646,790
Total net position	\$ 114,304	8,571,248	8,685,552	40,646,790

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

Prince William County Public Schools
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 10

	Business-type Activities - Enterprise Funds			Governmental Activities -
	School Age Child Care	Aquatics Center	Total	Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 550,000	756,584	1,306,584	116,910,405
Total operating revenues	<u>550,000</u>	<u>756,584</u>	<u>1,306,584</u>	<u>116,910,405</u>
OPERATING EXPENSES:				
Personnel services	258,900	830,422	1,089,322	1,444,062
Materials/supplies	159,527	109,272	268,799	304,053
Administrative costs	-	-	-	4,929,358
Utilities	-	150,863	150,863	-
Contractual services	157,652	97,378	255,030	235,115
Premiums	-	-	-	1,794,732
Claims and benefits paid	-	-	-	92,582,934
Losses and unallocated loss adjustment	-	-	-	1,637,585
Cost of goods sold	-	3,451	3,451	4,205,173
Depreciation	-	181,900	181,900	-
Total operating expenses	<u>576,079</u>	<u>1,373,286</u>	<u>1,949,365</u>	<u>107,133,012</u>
Operating income (loss)	<u>(26,079)</u>	<u>(616,702)</u>	<u>(642,781)</u>	<u>9,777,393</u>
NON-OPERATING REVENUES:				
Interest earnings	1,766	2,823	4,589	2,687,354
Total non-operating income	<u>1,766</u>	<u>2,823</u>	<u>4,589</u>	<u>2,687,354</u>
Income (loss) before transfers	(24,313)	(613,879)	(638,192)	12,464,747
OTHER FINANCING SOURCES:				
Transfers In:				
General Fund	-	400,000	400,000	1,831,566
Total other financing sources	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>1,831,566</u>
Change in net position	(24,313)	(213,879)	(238,192)	14,296,313
NET POSITION, beginning of year	<u>138,617</u>	<u>8,785,127</u>	<u>8,923,744</u>	<u>26,350,477</u>
NET POSITION, end of year	<u>\$ 114,304</u>	<u>8,571,248</u>	<u>8,685,552</u>	<u>40,646,790</u>

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

Prince William County Public Schools
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 11

	Business-type Activities - Enterprise Funds			Governmental Activities -
	School Age Child Care	Aquatics Center	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 687,500	718,403	1,405,903	118,952,785
Payments to suppliers for goods and services	(284,597)	(325,308)	(609,905)	(109,351,780)
Payments to employees	(259,007)	(828,150)	(1,087,157)	(1,442,277)
Net cash provided (used) by operating activities	<u>143,896</u>	<u>(435,055)</u>	<u>(291,159)</u>	<u>8,158,728</u>
Cash Flows from Non-capital Financing Activities:				
Due to other funds	-	31,133	31,133	(55,854)
Transfers from other funds	-	400,000	400,000	1,831,566
Net cash provided by non-capital financing activities	<u>-</u>	<u>431,133</u>	<u>431,133</u>	<u>1,775,712</u>
Cash Flows from Investing Activities:				
Interest paid for investments	<u>1,655</u>	<u>3,922</u>	<u>5,577</u>	<u>2,654,903</u>
Net cash provided by investing activities	<u>1,655</u>	<u>3,922</u>	<u>5,577</u>	<u>2,654,903</u>
Net increase in equity in cash and pooled investments	145,551	-	145,551	12,589,343
Equity in cash and pooled investments, beginning of year	<u>1,512</u>	<u>-</u>	<u>1,512</u>	<u>52,404,610</u>
Equity in cash and pooled investments, end of year	<u>\$ 147,063</u>	<u>-</u>	<u>147,063</u>	<u>64,993,953</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (loss)	\$ (26,079)	\$ (616,702)	\$ (642,781)	\$ 9,777,393
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Change in assets and liabilities:				
Depreciation expense	-	181,900	181,900	-
(Increase) decrease in accounts receivable	137,500	(27,859)	109,641	2,221,735
(Increase) in inventory	-	(650)	(650)	(127,684)
(Decrease) in unearned revenue	-	(10,322)	(10,322)	(179,355)
Increase (decrease) in accounts payable and accrued liabilities	32,582	36,306	68,888	(2,563,438)
Increase (decrease) in salaries payable and withholdings	(107)	2,272	2,165	1,785
(Decrease) in incurred but not reported claims	-	-	-	(971,708)
Net cash provided (used) by operating activities	<u>\$ 143,896</u>	<u>(435,055)</u>	<u>(291,159)</u>	<u>8,158,728</u>

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

**Prince William County Public Schools
Statement of Assets and Liabilities
Agency Funds
June 30, 2019**

Exhibit 12

	<u>Agency Funds</u>
ASSETS	
Cash and pooled investments	\$ 13,326,553
Interest receivable	21,527
Due from other governmental units	1,709,304
Capital assets:	
Depreciable capital assets	14,750
Less: accumulated depreciation	<u>(6,514)</u>
Total assets	<u><u>15,065,620</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	<u><u>\$ 15,065,620</u></u>

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

**Prince William County Public Schools
Notes to the Financial Statements
June 30, 2019**

Note 1 – Summary of significant accounting policies

A. Financial reporting entity

Prince William County Public Schools (PWCS) is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The eight members of the School Board are elected by the citizens of Prince William County (the County) to serve four-year terms. One member represents each of the County's seven magisterial districts and the chairman serves at large. PWCS is organized to focus on meeting the needs of its 90,203 students while managing 94 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.

Component unit and the reporting method

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 elected board members one of which is on the School Board and financial benefit/burden relationship exists. Therefore, SPARK is a discretely presented component unit.

In June 2018, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, to provide clarifying guidance on accounting for the grants and contracts of nonprofit organizations. As a result of this change in accounting principle, SPARK restated its FY 2018 financial statement to decrease deferred revenue by \$633,582 and increase net assets with donor restrictions by \$633,582.

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 20108.

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.

Government-wide financial statements 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.

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.

SACC 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 provider for the operation of the program, the school board administers the program. Revenues are derived from a flat-fee charged to the provider.

Aquatics Center Fund: The *Aquatics Center Fund* accounts for the operation of the PWCS aquatics center. Financing is provided by General Fund transfers and fees collected for aquatics programs and other services.

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

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

Imaging Center Fund: The *Imaging Center Fund* was created in FY 2019 to track the financial results of the Imaging Center operation. It is used to account for the sale, primarily to internal customers, of printed materials and other document production services. Revenues and expenses are primarily a result of operations of the imaging center 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, 2019 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 \$62,879,918 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

Code of Virginia §2.2-4501 through 2.2-4600 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 29.53% at June 30, 2019. 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. The County generally holds securities until maturity, however a security may be sold as provided within the scope of the Investment Policy. 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 downloading 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, Distribution Center, Food & Nutrition Services, and Aquatics Center 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 Distribution Center Fund inventory is determined by the weighted average cost method. The value of the General Fund, Food & Nutrition Services Fund, and Aquatics Center Fund inventories are determined by the first-in first-out method.

Inventories in the General Fund are periodically reviewed for their value and relevance to operations. Items that are found to be outdated, past their useful life, or otherwise obsolete, are assigned an allowance amount which is charged to operations. In FY 2019, the General Fund inventory account included an allowance of \$1,735,660 for obsolete items.

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 \$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 \$250,000 and internally generated software with development costs of \$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 \$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:	
<u>Assets</u>	<u>Years</u>
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 County support.

Compensated absences

It is PWCS' policy to permit employees to accumulate earned, but unused, annual and sick pay benefits. In general, in governmental fund types, the cost of annual and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund type annual 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 and lead 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 multiple-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.

Other Postemployment Benefits

PWCS' other postemployment benefits (OPEB) include a single-employer defined benefit self-insurance medical plan and a retiree health insurance premium contribution plan. The benefits are set by the School Board and subject to change through board action. OPEB cost for retiree healthcare and benefits is measured and disclosed using the accrual basis of accounting. Annual OPEB cost is calculated in accordance with GASB Statement No. 75.

PWCS also participates in the VRS Teacher (professional) Employee Health Insurance Credit (HIC) OPEB program which is a multiple-employer, cost-sharing plan, defined benefit plan. The VRS Political Subdivision (non-professional) HIC OPEB program is an agent, multiple-employer, defined benefit plan. The HIC OPEB program provides a credit toward the cost of health insurance coverage for retired professional and non-professional employees. For purposes of measuring the net HIC OPEB program liability, deferred outflows of resources and deferred inflows of resources related to the HIC OPEB, and HIC OPEB expense, information about the fiduciary net position of the VRS HIC OPEB program; and the additions to/deductions from the VRS HIC OPEB program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition, PWCS participates in the VRS Group Life Insurance (GLI) OPEB program to provide other postemployment benefits to eligible retired employees. The VRS GLI OPEB program is a multiple-employer, cost-sharing, defined benefit plan. The GLI OPEB program provides a basic group life insurance benefit for eligible employees. For purposes of measuring the net GLI OPEB program liability, deferred outflows of resources and deferred inflows of resources related to the GLI program OPEB, and GLI OPEB program expense, information about the fiduciary net position of the VRS GLI OPEB program and the additions to/deductions from the VRS GLI OPEB program's net fiduciary position have been determined on the same

basis as they were reported by VRS. For this purpose, benefit payments 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, 2019 PWCS had contractual commitments of \$12,850,409 in the General Fund, \$214,451,277 in the Construction Fund for construction of various projects, \$37,189 in the Food & Nutrition Services Fund for contractual commitments and \$7,375 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, 2019:

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 recognize a liability based on the guidance in this statement. The requirements of this Statement were effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements. The requirements of this Statement were effective for reporting periods beginning after June 15, 2018.

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. 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 were 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. 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.

GASB statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. PWCS is in the process of completing their assessment of GASB Statement 90.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. PWCS is in the process of completing their assessment of GASB Statement 91 and does not believe the implementation will have a material impact on the financial statements.

F. Subsequent events

PWCS has evaluated subsequent events (events occurring after June 30, 2019 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, 2019, expenditures exceeded appropriations in the General Fund for the Operations functional area. Excess remaining budget in other functions covered the shortfall in the Operations functional area.

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, 2019 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	\$ 761,013	6,340,630	15,872,985	810,963	-	23,785,591
Construction Fund	424,175	-	-	-	-	424,175
Food & Nutrition Services Fund	466,861	922,177	-	-	-	1,389,038
Non-major Fund - Facilities Use Fund	51,299	-	-	-	-	51,299
Internal Service Funds	266,656	-	-	-	-	266,656
Enterprise Fund	49,550	-	-	-	-	49,550
Fiduciary Funds	21,527	-	34,284	-	1,675,020	1,730,831
Total	<u>\$2,041,081</u>	<u>7,262,807</u>	<u>15,907,269</u>	<u>810,963</u>	<u>1,675,020</u>	<u>27,697,140</u>

Amounts due from the federal government in the General Fund are attributed primarily to Titles I, II and VI-B grants, as well as the Carl D. Perkins CTE grant. Title I and II programs provide funds to enhance instruction and train and recruit high quality teachers. Title VI-B is intended to assure that all individuals with disabilities are provided a free and equitable education. The federal 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, 2019, 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 \$810,963.

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:

	Unearned Revenue
<u>Governmental Activities</u>	
Food & Nutrition Services Fund – Other unearned revenue	\$ 1,634,280
General Fund – prepaid tuition or fees and other unearned revenue	1,456,401
Governmental Funds	<u>3,090,681</u>
Health Insurance Fund (internal service fund) – prepaid health insurance premiums	8,690,659
Total Governmental Activities	<u>\$ 11,781,340</u>
<u>Business-type Activities</u>	
Aquatics Center Fund - prepaid fees related to events and programs not yet occurred	\$ 21,422
Total Business-type Activities	<u>\$ 21,422</u>

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:			
	Distribution Center Fund	Imaging Center Fund	Aquatics Center Fund	Total
Due from other funds:				
General Fund	<u>\$ 666,578</u>	<u>\$ 11,235</u>	<u>\$ 90,561</u>	<u>\$ 768,374</u>

Interfund balances are generally made for the purpose of providing operational support for the receiving fund. At the end of each fiscal year, the Distribution Center 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 Distribution Center Fund. General Fund advances money to Imaging Center Fund and Aquatics Center Fund to offset year-end cash deficits due to temporary cash shortages. The deficits occur due to timing differences between payments for expenditures and the receipt of cash to cover them.

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

	Transfers Out:		
Transfers In:	General Fund	Construction Fund	Food and Nutrition Services Fund
General Fund	\$ -	2,864,245	-
Construction Fund	25,236,992	-	500,000
Health Insurance Fund	1,800,000	-	-
Aquatics Center Fund	400,000	-	-
Imaging Center Fund	31,566	-	-
Total	<u>\$ 27,468,558</u>	<u>2,864,245</u>	<u>500,000</u>

Interfund transfers are generally made for the purpose of providing operational support to the receiving fund. The General Fund transfer of \$25,236,992 and Food and Nutrition Services Fund transfer of 500,000 to the Construction Fund represents funds required for building, maintenance, classroom equipment, and facility modifications. The Construction Fund transfer of \$2,864,245 to the General Fund represents funds contributed to debt service expenditures. The General Fund transfers of \$1,800,000 to the Health Insurance Fund represents support for the self-insured portion of the health insurance fund. The General Fund transfer of \$400,000 to the Aquatics Center Fund represents support for the operation of the Aquatics Center and its programs. In FY 2019, PWCS created the Imaging Center fund through a transfer out of \$31,566 from the General Fund to track the financial results of the Imaging Center operation.

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 \$535,319 for the year ended June 30, 2019.

Note 6 – Long-term liabilities

A. Capital lease

PWCS entered into a non-cancelable capital lease agreement as lessee for the information technology equipment valued at \$469,863 in fiscal year 2017. The capital lease was recorded at the present value of future minimum lease payments as of the inception date. The equipment has a five-year estimated useful life. On June 30, 2019, the depreciation expense and the accumulated depreciation recorded were \$93,973 and \$281,918, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year ending June 30, 2020	\$	164,800
Total minimum lease payments		164,800
Less: Amount representing interest		(8,179)
Present value of minimum lease payments	\$	<u>156,621</u>

The long-term portion of the capital lease is included in long-term liabilities in the government-wide statement of net position. Liabilities for the capital lease are liquidated by the General Fund.

The liability for capital lease for the year ended June 30, 2019 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease	\$ 313,242	-	(156,621)	156,621	156,621

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, 2019 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, 2019 are inclusive of estimated social security and medicare taxes and are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 33,051,588	10,329,384	(11,391,978)	31,988,994	11,857,919

D. Pollution remediation

PWCS incurs pollution remediation obligations in the form of asbestos and lead abatement upon renovation of various buildings and storm water cleanup. PWCS legally obligates itself to commence work related to asbestos and lead abatement and storm sewer management upon issuance of purchase orders to various asbestos and lead abatement contractors and storm sewer cleanup contractors. PWCS calculates and recognizes a liability based on outstanding commitments related to asbestos and lead abatement and MS4 storm water management at fiscal year-end. The costs of asbestos and lead 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, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Pollution Remediation	\$ 493,166	1,220,124	(991,014)	722,276	722,276

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, 2019 PWCS incurred \$605,905 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 health and welfare consultant. For the fiscal year ended June 30, 2019 PWCS incurred \$92,500,355 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:

	<u>Health Insurance</u>	<u>Self-Insurance</u>
Unpaid Claims June 30, 2017	\$ 9,235,000	5,521,557
Incurred Claims	89,288,615	2,247,661
Claims Paid	89,175,615	1,675,492
Unpaid Claims June 30, 2018	<u>9,348,000</u>	<u>6,093,726</u>
Incurred Claims	92,500,355	605,905
Claims Paid	92,674,355	1,403,613
Unpaid Claims June 30, 2019	<u>\$ 9,174,000</u>	<u>5,296,018</u>
Due Within One Year	<u>\$ 9,174,000</u>	<u>1,321,912</u>

Note 8 – Capital assets

Capital asset activities for the year ended June 30, 2019 was as follows:

	Primary Government			Balance June 30, 2019
	Balance June 30, 2018	Increases	Decreases	
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 94,728,109	871,146	-	95,599,255
Construction in Progress	33,065,590	121,009,713	(108,157,232)	45,918,071
Total capital assets, not being depreciated	127,793,699	121,880,859	(108,157,232)	141,517,326
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,743,855,204	108,869,471	-	1,852,724,675
Library books	3,465,683	466,751	(509,225)	3,423,209
Equipment	47,919,542	1,605,779	(100,525)	49,424,796
Vehicles	106,377,146	12,606,190	(7,914,275)	111,069,061
Intangibles	5,840,432	-	-	5,840,432
Total capital assets being depreciated/amortized	1,907,458,007	123,548,191	(8,524,025)	2,022,482,173
Less accumulated depreciation/amortization for:				
Buildings and improvements	452,719,573	34,146,455	-	486,866,028
Library books	1,998,867	684,642	(509,225)	2,174,284
Equipment	32,760,942	3,137,397	(92,314)	35,806,025
Vehicles	47,644,114	7,863,687	(7,745,151)	47,762,650
Intangibles	3,272,841	547,651	-	3,820,492
Total accumulated depreciation/amortization	538,396,337	46,379,832	(8,346,690)	576,429,479
Total capital assets, being depreciated, net	1,369,061,670	77,168,359	(177,335)	1,446,052,694
Governmental activities capital assets, net	\$1,496,855,369	199,049,218	(108,334,567)	1,587,570,020

	Primary Government			Balance June 30, 2019
	Balance June 30, 2018	Increases	Decreases	
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 114,013	-	-	114,013
Total capital assets, not being depreciated	114,013	-	-	114,013
Capital assets, being depreciated:				
Buildings and improvements	9,095,044	-	-	9,095,044
Total capital assets being depreciated	9,095,044	-	-	9,095,044
Less accumulated depreciation				
Buildings and improvements	333,235	181,900	-	515,135
Total accumulated depreciation	333,235	181,900	-	515,135
Total capital assets, being depreciated, net	8,761,809	(181,900)	-	8,579,909
Business-type activities capital assets, net	\$ 8,875,822	(181,900)	-	8,693,922

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

<u>Governmental Activities</u>	<u>Depreciation Expense</u>
Instruction	
Regular	\$ 33,683,205
Special	998,387
Other	18,450
Support Services	
General administration	1,154,210
Student services	9,714
Curricular/staff development	5,577
Pupil transportation	7,614,712
Maintenance	395,421
Central business services	2,429,712
Food & nutrition services	70,444
Total depreciation/amortization expense	<u>\$ 46,379,832</u>

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

<u>Business-type Activities</u>	<u>Depreciation Expense</u>
Aquatics Center	\$ 181,900
Total depreciation expense	<u>\$ 181,900</u>

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.
- *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, and they have not taken a refund.
- *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 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit 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:* 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.
- *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. 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.
- *Eligible Members:* Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- *Hybrid Opt-In Election:* Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement 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 employee's 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 with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are same as Plan 1.
- **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 are same as Plan 1.
- **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
- **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.
 - 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 an 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: Hybrid Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees of the non-professional group were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	832
Inactive members:	
Vested inactive members	194
Non-vested Inactive members	463
Inactive members active elsewhere in VRS	<u>232</u>
Total inactive members	889
Active members	<u>1,856</u>
Total covered employees	<u><u>3,577</u></u>

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.

Contributions – Non-professional group

The non-professional group's contractually required contribution rate for the year ended June 30, 2019 was 5.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$3,007,000 and \$3,422,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions – Professional group

Each professional group's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined 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 professional group were \$87,257,000 and \$88,486,000 for the years ended June 30, 2019 and June 30, 2018, 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, 2017, 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, 2018.

Inflation	2.5%
Salary Increase, including Inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* 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 rates update to a more current mortality table – RP-2014 projected to 2020

	Non-Hazardous Duty for Non-professional Group	Professional Group
	20% of deaths are assumed to be service related.	15% of deaths are assumed to be service related.
Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from age 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

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

	Largest 10 Non-Hazardous Duty	All Others (Non 10 Largest) Non-Hazardous Duty	Professional Group
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75	Lowered rates at older ages and changed final retirement from 70 to 75	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates	Lowered rates	Adjusted rates to better match experience
Salary Scale	No change	No change	No change
Line of Duty Disability	Increase rate from 14% to 20%	Increase rate from 14% to 15%	

Long-Term Expected Rate of Return

The long-term expected rate of return on pension VRS 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 VRS 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
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	<u>100.00 %</u>		<u>4.80 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.30 %</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

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 VRS 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 which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, school divisions are assumed to continue 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, 2019, the professional group reported a liability of \$785,340,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the professional group's proportion was 6.68% as compared to 6.57% at June 30, 2017.

The non-professional net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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, 2017	\$ 194,828,000	189,217,000	5,611,000
Changes for the year:			
Service cost	5,226,000	-	5,226,000
Interest	13,330,000	-	13,330,000
Differences between expected and actual experience	910,000	-	910,000
Contributions - employer	-	3,551,000	(3,551,000)
Contributions - employee	-	2,758,000	(2,758,000)
Net investment income	-	13,917,000	(13,917,000)
Benefit payments, including refunds of employee contributions	(8,795,000)	(8,795,000)	-
Administrative expenses	-	(120,000)	120,000
Other changes	-	(13,000)	13,000
Net changes	<u>10,671,000</u>	<u>11,298,000</u>	<u>(627,000)</u>
Balances at June 30, 2018	<u>\$ 205,499,000</u>	<u>200,515,000</u>	<u>4,984,000</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the non-professional group using the discount rate of 7.00%, as well as what the non-professional group's net pension liability (asset) 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Non-Professional Group's Net Pension Liability (Asset)	\$ 30,749,000	\$ 4,984,000	\$ (16,552,000)

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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Professional group's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 1,199,625,000	\$ 785,340,000	\$ 442,425,000

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

Non-professional group

For the year ended June 30, 2019, the non-professional group recognized pension benefit of \$202,000. At June 30, 2019, the non-professional group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 709,000	1,543,000
Change in assumptions	-	1,055,000
Net difference between projected and actual earnings on pension plan investments	-	1,592,000
Employer contributions subsequent to the measurement date	3,007,000	-
Total	<u>\$ 3,716,000</u>	<u>4,190,000</u>

\$3,007,000 reported as deferred outflows of resources related to pensions resulting from PWCS' non-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, 2020. 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,	
2020	\$ (609,000)
2021	(988,000)
2022	(1,731,000)
2023	(153,000)
Total	<u>\$ (3,481,000)</u>

Professional Group

For the year ended June 30, 2019, PWCS recognized pension expense of \$57,366,000 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, 2019, the professional group's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	67,154,000
Change of assumptions	9,374,000	-
Net difference between projected and actual earnings on pension plan investments	-	16,654,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	24,904,000	-
Employer contributions subsequent to the measurement date	87,257,000	-
Total	<u>\$ 121,535,000</u>	<u>83,808,000</u>

\$87,257,000 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, 2020. 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,	
2020	\$ (931,000)
2021	(10,711,000)
2022	(29,922,000)
2023	(6,456,000)
2024	(1,510,000)
Total	<u>\$ (49,530,000)</u>

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 or by writing to VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. VRS Health Insurance Credit Program

Plan Description

PWCS participates in the VRS HIC Program to provide other postemployment benefits to eligible retired employees. The VRS Teacher (professional) Employee HIC program is a multi-employer, cost-sharing plan, defined benefit plan. The VRS Political Subdivision (non-professional) Employee HIC program is an agent, multi-employer, defined benefit plan. The HIC program provides a credit toward the cost of health insurance coverage for retired professional and non-professional employees.

The HIC program was established July 1, 1993 for retired professional and non-professional employees covered under VRS who retire with at least 15 years of service credit. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC program. All full-time, salaried permanent (non-professional) employees of PWCS are automatically covered by the VRS Political Subdivision HIC program upon employment. These plans are administered by VRS. Members earn one month of service credit toward the benefit for each month they are employed and for which PWCS pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Benefit Amounts. For professional employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For professional employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either: (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. For eligible non-professional employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For eligible non-professional employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is \$45.00 per month.

HIC Program Notes. The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions – Non-professional group

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to PWCS by the Virginia General Assembly. The non-professional group's contractually required contribution rate for the year ended June 30, 2019 was 0.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from PWCS to the VRS HIC program for the non-professional group were \$124,000 and \$127,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions – Professional group

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to PWCS by the Virginia General Assembly. PWCS' contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of

covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from PWCS to the VRS HIC program for the professional group were \$6,678,000 and \$6,670,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

Actuarial Assumptions, Long-Term Expected Rate of Return and Discount Rate

The actuarial assumptions and mortality rates, long-term expected return and discount rate used by VRS employee HIC program are the same as those used by VRS pension plan for General Employees in the non-professional and professional group.

OPEB Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIC Program OPEB

Net HIC OPEB Liability

At June 30, 2019, the professional group reported a liability of \$85,128,000 for its proportionate share of the VRS HIC program net OPEB liability. The net VRS HIC program OPEB liability was measured as of June 30, 2018 and the total VRS HIC program OPEB liability used to calculate the net VRS HIC program OPEB liability was determined by an actuarial valuation as of that date. PWCS' proportion of the net VRS HIC program OPEB liability was based on the PWCS' actuarially determined employer contributions to the VRS HIC program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, PWCS' proportion of the VRS HIC program for professional group was 6.70% as compared to 6.60% at June 30, 2017.

The non-professional HIC program OPEB liability was measured as of June 30, 2018. The total non-professional HIC program OPEB liability used to calculate the net non-professional HIC program OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Changes in Net HIC OPEB Liability – Non-professional group

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 2,299,000	1,496,000	803,000
Changes for the year:			
Service cost	62,000	-	62,000
Interest	157,000	-	157,000
Differences between expected and actual experience	(58,000)	-	(58,000)
Contributions - employer	-	127,000	(127,000)
Net investment income	-	106,000	(106,000)
Benefit payments, including refunds of employee contributions	(129,000)	(129,000)	-
Administrative expenses	-	(3,000)	3,000
Other changes	-	(7,000)	7,000
Net changes	32,000	94,000	(62,000)
Balances at June 30, 2018	\$ 2,331,000	1,590,000	741,000

Sensitivity of the PWCS' HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the VRS HIC program net OPEB liability of the non-professional group using the discount rate of 7.00%, as well as what the non-professional group's net HIC OPEB 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability			
- Non-professional Group	\$ 1,008,000	\$ 741,000	\$ 515,000

The following presents the professional group's proportionate share of the VRS HIC program net OPEB liability using the discount rate of 7.00%, as well as what the professional group's proportionate share of the net HIC OPEB 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability			
- Professional Group	\$ 95,081,000	\$ 85,128,000	\$ 76,663,000

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB

Non-professional group

For the year ended June 30, 2019, PWCS recognized VRS HIC program OPEB expense of \$92,000 for the non-professional group.

At June 30, 2019, PWCS reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program OPEB for the non-professional group from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	49,000
Change of assumptions	-	49,000
Net difference between projected and actual earnings on HIC OPEB plan investment	-	37,000
Employer contributions subsequent to the measurement date	124,000	-
Total	<u>\$ 124,000</u>	<u>135,000</u>

\$124,000 reported as deferred outflow of resources related to the non-professional group HIC OPEB resulting from PWCS' contributions subsequent to the measurement date will be recognized as a reduction of the net non-professional group HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the non-professional group HIC OPEB will be recognized in the OPEB expense in the future reporting periods as follows:

Year ended June 30,		
2020	\$	(32,000)
2021		(32,000)
2022		(32,000)
2023		(20,000)
2024		(15,000)
Thereafter		(4,000)
Total	\$	<u>(135,000)</u>

Professional Group

For the year ended June 30, 2019, PWCS recognized VRS HIC program OPEB expense of \$7,275,000 for the professional group.

At June 30, 2019, PWCS reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC program OPEB for the professional group from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	422,000
Change of assumptions	-	742,000
Net difference between projected and actual earnings on HIC OPEB plan investment	-	64,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,049,000	-
Employer contributions subsequent to the measurement date	6,678,000	-
Total	<u>\$ 8,727,000</u>	<u>1,228,000</u>

\$6,678,000 reported as deferred outflow of resources related to the professional group HIC OPEB resulting from PWCS' contributions subsequent to the measurement date will be recognized as a reduction of the net professional group HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the professional group HIC OPEB will be recognized in the OPEB expense in the future reporting periods as follows:

Year ended June 30,		
2020	\$	112,000
2021		112,000
2022		112,000
2023		150,000
2024		138,000
Thereafter		197,000
Total	\$	<u>821,000</u>

VRS HIC Program Fiduciary Net Position

Detailed information about the VRS HIC program's Fiduciary Net Position is available in the separately issued VRS CAFR that includes financial statements and RSI. A copy of that report may be download from their website at <https://www.varetire.org/pdf/publications/2017-annual-report.pdf> or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

C. VRS Group Life Insurance Program

Plan Description

PWCS participates in the VRS GLI Program to provide other postemployment benefits to eligible retired employees. The VRS GLI program is a multiple employer, cost-sharing, defined benefit plan. The GLI program provides a basic group life insurance benefit for eligible employees.

The GLI program was established July 1, 1960 for all full-time, salaried permanent PWCS employees. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts. The benefits payable under the GLI program have several components. (1) Natural Death Benefit, which is equal to the employee's covered compensation rounded to the next highest thousand and then doubled; (2) Accidental Death Benefit, which is double the natural death benefit; or (3) Other Benefit Provisions, which include accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit and accelerated death benefit option.

Reduction in Benefit Amounts. The benefit amounts provided to members covered under the GLI program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and COLA. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.

Contributions

The contribution requirements for the GLI program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to PWCS by the Virginia General Assembly. The total rate for the GLI program was 1.31% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. PWCS has elected to pay the employee share. PWCS' contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined 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. Contributions from PWCS to the VRS GLI program were \$3,215,000 and \$3,137,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

Actuarial Assumptions, Long-Term Expected Return and Discount Rate

The actuarial assumptions and mortality rates, long-term expected return and discount rate used by VRS employee GLI program are the same as those used by VRS pension plan for General Employees in the non-professional and professional group.

OPEB Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, PWCS reported a liability of \$48,187,000 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. PWCS' proportion of the net GLI OPEB liability was based on PWCS' actuarially determined employer contributions to the VRS GLI program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, PWCS' proportion for the professional and non-professional groups, respectively, was 2.87% and 0.31% as compared to 2.84% and 0.31% at June 30, 2017.

For the year ended June 30, 2019, PWCS recognized GLI OPEB expense of \$598,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, PWCS reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,356,000	863,000
Change of assumptions	-	2,008,000
Net difference between projected and actual earnings on GLI OPEB plan investments	-	1,568,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,261,000	20,000
Employer contributions subsequent to the measurement date	3,215,000	-
Total	<u>\$ 6,832,000</u>	<u>4,459,000</u>

\$3,215,000 reported as deferred outflow of resources related to the GLI OPEB resulting from PWCS' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in the future reporting periods as follows:

Year ended June 30,	
2020	\$ (449,000)
2021	(449,000)
2022	(449,000)
2023	-
2024	309,000
Thereafter	196,000
Total	<u>\$ (842,000)</u>

Sensitivity of the PWCS' Proportionate Share of the GLI Net OPEB Liability to Changes in the Discount Rate

The following presents PWCS' proportionate share of the VRS GLI program net OPEB liability using the discount rate of 7.00%, as well as what PWCS' proportionate share of the net GLI OPEB 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%)
Proportionate share of the VRS GLI OPEB Plan Net GLI OPEB Liability			
- Non-professional Group	\$ 6,060,000	\$ 4,637,000	\$ 3,482,000

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the VRS GLI OPEB Plan Net GLI OPEB Liability			
- Professional Group	\$ 56,915,000	\$ 43,550,000	\$ 32,700,000

VRS GLI Program Fiduciary Net Position

Detailed information about the VRS GLI program's Fiduciary Net Position is available in the separately issued VRS CAFR that includes financial statements and RSI. A copy of that report may be download from their website at <https://www.varetire.org/pdf/publications/2017-annual-report.pdf> or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

D. 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 2019 was \$5,196,458. 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/>.

At July 1, 2018 (valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	6,750
Total retirees with coverage	<u>242</u>
Total participants with coverage	6,992

Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	July 1, 2018										
Measurement date:	June 30, 2019										
Cost Method:	Entry Age Normal										
Asset valuation method:	Market value of assets, assets were assumed to earn 7% per annum										
Payroll growth rate:	3% per year-used in level percentage of pay amortization										
Subsidy rate:	It is assumed that all retirees will receive a 30% subsidy. This is based on the average of all current subsidies, and not an actual subsidy option.										
Medical Trend:	The medical trend assumption is based on a model developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in December 2007 and updated in 2018. We have a blended medical trend rate of 3.8% based on following baseline assumptions that were used as input variables into this model:										
	<table> <tr> <td>Rate of Inflation</td> <td style="text-align: right;">2.4%</td> </tr> <tr> <td>Rate of Growth in Real Income/GDP per capita</td> <td style="text-align: right;">1.5%</td> </tr> <tr> <td>Income Multiplier for Health Spending</td> <td style="text-align: right;">1.2</td> </tr> <tr> <td>Health Share of GDP Resistance Point</td> <td style="text-align: right;">25.0%</td> </tr> <tr> <td>Year for Limiting Cost Growth to GDP Growth</td> <td style="text-align: right;">2075</td> </tr> </table>	Rate of Inflation	2.4%	Rate of Growth in Real Income/GDP per capita	1.5%	Income Multiplier for Health Spending	1.2	Health Share of GDP Resistance Point	25.0%	Year for Limiting Cost Growth to GDP Growth	2075
Rate of Inflation	2.4%										
Rate of Growth in Real Income/GDP per capita	1.5%										
Income Multiplier for Health Spending	1.2										
Health Share of GDP Resistance Point	25.0%										
Year for Limiting Cost Growth to GDP Growth	2075										
Discount Rate/Investment rate of return	7.0% per annum. Because the plan's assets are currently 65% of the liabilities, and PWCS intends to continue to contribute, the long-term expected rate of return on assets of 7.0% can be used as the discount rate.										
Coverage status and age of spouse:	Active employees that currently have coverage: 35% are assumed to continue coverage in retirement. Females are assumed to be 3 years younger than male spouse. Of active employees electing retirement health coverage 25% of are assumed to have spousal or family coverage. Of these 25% with spouse or family coverage, approximately 75% are assumed to have retiree and spouse and 25% have family coverage. Employees currently waiving coverage are assumed to continue to waive coverage in retirement.										
Professional/Non-Professional	It is assumed that 80% of actives are professionals and 20% are non-professionals. This is used to determine the subsidy, since the active subsidy is different for professionals and non-professionals.										
Amortization method:	Unfunded (Surplus) liabilities are amortized using level percentage of projected pay.										
Amortization period:	The amortization period is closed and equals 30 years as of 6/30/2019.										
Decrement assumptions:	VRS Termination Rates for Teachers.										
Mortality Assumption:	None - not material, since benefits end at 65.										

The following is a summary of the statement of fiduciary net position of the OPEB Master Trust Fund as of June 30, 2019:

Summary of the Statement of Fiduciary Net Position					
OPEB Master Trust Fund					
As of June 30, 2019					
(in thousands)					
	County Premium Plan	County RHICP*	LODA Plan**	PWCS Premium Plan	Total OPEB Master Trust Fund
Assets					
Investments	\$ 18,752	19,841	15,244	37,331	91,168
Total assets	18,752	19,841	15,244	37,331	91,168
Liabilities					
Accounts payable	1,232	1,960	753	7	3,952
Total liabilities	1,232	1,960	753	7	3,952
Fiduciary Net Position					
Restricted for OPEB	17,520	17,881	14,491	37,324	87,216
Total fiduciary net position	\$ 17,520	17,881	14,491	37,324	87,216

* 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, 2019:

Summary of the Changes in Fiduciary Net Position					
OPEB Master Trust Fund					
For the Year Ended June 30, 2019					
(in thousands)					
	County Premium Plan	County RHICP*	LODA Plan**	PWCS Premium Plan	Total OPEB Master Trust Fund
Additions					
Employer contributions					
Total contributions	\$ 1,521	1,977	1,526	1,800	6,824
	1,521	1,977	1,526	1,800	6,824
Investment Income					
Total investment income	1,283	1,041	1,068	2,319	5,711
Less investment expense	39	33	34	71	177
Net investment income	1,244	1,008	1,034	2,248	5,534
Total additions	2,765	2,985	2,560	4,048	12,358
Deductions					
OPEB payments	1,228	1,958	750	-	3,936
Administrative expenses	-	-	-	2	2
Total deductions	1,228	1,958	750	2	3,938
Net increase in fiduciary net position	1,537	1,027	1,810	4,046	8,420
Fiduciary Net Position, beginning of year	15,983	16,854	12,681	33,278	78,796
Fiduciary Net Position, end of year	\$ 17,520	17,881	14,491	37,324	87,216

* County Retiree Health Insurance Credit Plan

** County Line-of-Duty Plan

Net OPEB Liability

PWCS' net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year ended June 30, 2019 are as follows:

Total OPEB liability	\$	57,676,671
Plan fiduciary net position		<u>(37,324,319)</u>
Net OPEB liability		<u><u>20,352,352</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		64.71%

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the net OPEB liability calculated using the discount rate of 7.00%, as well as what the net OPEB 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:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Net OPEB liability	\$ 25,333,047	\$20,352,352	\$ 15,842,603

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the total and net OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the assumed trend rate:

	<u>1% Decrease</u> <u>(2.80%)</u>	<u>Medical Trend</u> <u>(3.80%)</u>	<u>1% Increase</u> <u>(4.80%)</u>
Net OPEB liability	\$ 13,773,555	\$20,352,352	\$ 28,124,343

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.

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.

At July 1, 2018 (valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	6,750
Total retirees with coverage	<u>242</u>
Total participants with coverage	6,992

Contributions

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. 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. PWCS currently pays benefits on a pay-as-you-go basis and contributed \$1,800,000 to the OPEB Master Trust Fund to fund the current year liability. For the year ended June 30, 2018, plan members received \$5,883,211 in benefits and contributed \$2,842,148 in premiums, resulting in net benefits paid by PWCS of \$3,041,063. For the year ended June 30, 2019, plan members received \$5,641,087 in benefits and contributed \$2,581,163 in premiums, resulting in net benefits paid by PWCS of \$3,059,924.

Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	July 1, 2018
Measurement date:	June 30, 2018
Cost Method:	Entry Age Normal
Asset valuation method:	Market value of assets, assets were assumed to earn 7% per annum
Payroll growth rate:	3% per year-used in level percentage of pay amortization
Subsidy rate:	It is assumed that all retirees will receive a 30% subsidy. This is based on the average of all current subsidies, and not an actual subsidy option.
Medical Trend:	The medical trend assumption is based on a model developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in December 2007 and updated in 2018. We have a blended medical trend rate of 3.8% based on the following baseline assumptions that were used as input variables into this model:

Rate of Inflation	2.4%
Rate of Growth in Real Income/GDP per capita	1.5%
Income Multiplier for Health Spending	1.2
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

Discount Rate/Investment rate of return: 7.0% per annum. Because the plan's assets are currently 65% of the liabilities, and PWCS intends to continue to contribute, the long-term expected rate of return on assets of 7.0% can be used as the discount rate.

Coverage status and age of spouse: Active employees that currently have coverage: 35% are assumed to continue coverage in retirement. Females are assumed to be 3 years younger than male spouse. Of active employees electing retirement health coverage 25% of are assumed to have spousal or family coverage. Of these 25% with spouse or family coverage, approximately 75% are assumed to have retiree and spouse and 25% have family coverage. Employees currently waiving coverage are assumed to continue to waive coverage in retirement.

Professional/Non-Professional: It is assumed that 80% of actives are professionals and 20% are non-professionals. This is used to determine the subsidy, since the active subsidy is different for professionals and non-professionals.

Amortization method: Unfunded (Surplus) liabilities are amortized using level percentage of projected pay.

Amortization period: The amortization period is closed and equals 30 years as of 6/30/2019.

Decrement assumptions: VRS Termination Rates for Teachers.

Mortality Assumption: None - not material, since benefits end at 65.

Claims assumption: The three Anthem plans are self insured. To determine the assumed cost and the retiree contributions, we weighted the FY 2019 premium rates by the current enrollment. Gross claims are equal to the age adjusted assumed cost. The results were increased by a load of 1.37 so that the 2019 retiree portion of premiums would equal the expected FY 2019 retiree paid claims. The resulting average per age 65 claims were age adjusted. The chart below shows the current cost broken down between the published per capita cost (i.e., the blended rates) and the hidden subsidy.

FYE 2019		
Total Costs (per annum)	Single	Family
1. Assumed Costs (Explicit Costs)		
a. Pre-Medicare	\$ 8,100	\$ 19,087
2. Total Medical Costs (includes prescription drugs)		
a. Under 50	\$ 10,395	\$ 24,497
b. Age 50-54	\$ 12,667	\$ 29,850
c. Age 55-59	\$ 14,850	\$ 34,996
d. Age 60-64	\$ 17,908	\$ 42,201

Net OPEB Liability

PWCS' net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year ended June 30, 2019 are as follows:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2017 for FYE 2018	\$ 68,361,246	29,946,151	38,415,095
Changes for the year:			
Service cost	3,015,212	-	3,015,212
Interest	4,651,642	-	4,651,642
Differences between expected and actual experience	(18,166,413)	-	(18,166,413)
Contributions - employer	-	4,041,063	(4,041,063)
Net investment income	-	2,340,204	(2,340,204)
Benefit payments	(3,041,063)	(3,041,063)	-
Administrative expense	-	(8,500)	8,500
Net changes	(13,540,622)	3,331,704	(16,872,326)
Balances at 6/30/2018 for FYE 2019	\$ 54,820,624	33,277,855	21,542,769

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the total and net OPEB liability calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ 26,291,682	\$ 21,542,769	\$ 17,249,459

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the total and net OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the assumed trend rate:

	1% Decrease (2.80%)	Medical Trend (3.80%)	1% Increase (4.80%)
Net OPEB liability	\$ 15,711,695	\$ 21,542,769	\$ 28,411,341

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, PWCS recognized OPEB expense of \$3,055,519. At June 30, 2019, PWCS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	15,571,211
Net difference between projected and actual earnings on OPEB plan investments	277,045	-
Employer contributions subsequent to the measurement date	4,859,924	-
Total	<u>\$ 5,136,969</u>	<u>15,571,211</u>

\$4,859,924 reported as deferred outflow of resources related to OPEB resulting from PWCS' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ (2,488,902)
2021	(2,488,902)
2022	(2,488,902)
2023	(2,637,057)
2024	(2,595,202)
Thereafter	<u>(2,595,201)</u>
Total	<u>\$ (15,294,166)</u>

Note 12 – Subsequent events

On October 8, 2019, the Board of County Supervisors approved Resolution No. 19-477 authorizing the sale of General Obligation School Bonds to be sold to the VPSA in an amount not to exceed \$378,500,000 for the purpose of financing various school construction projects not to exceed \$128,250,000 and refunding other outstanding General Obligations School Bonds not to exceed \$250,250,000.

On October 16, 2019 the County sold the VPSA Special Obligation School Financing Bonds, Series 2019A, in the par amount of \$109,155,000 to finance the acquisition and construction of three new schools, one new bus facility, six additions, five school renewals, two new auxiliary gymnasiums, and two stadium upgrades. True interest cost was 2.18%.

On October 17, 2019 the County sold the VPSA Special Obligation School Financing Refunding Bonds, Series 2019B in the par amount of \$34,610,000, which retired general obligation bond Series 2011 with \$6,960,000 remaining principal, Series 2012 with \$9,840,000, and Series 2013 with \$14,990,000, totaling \$31,790,000. It resulted in a debt service savings of \$3,485,000 and a net present value interest savings of \$2,953,000. True interest cost was 2.67%

The general elections were held on November 6, 2019 to select School Board members for the following positions: Chairman At-Large, member representing Brentsville District, member representing Coles District, member representing Gainesville District, member representing Neabsco District, member representing Potomac District, and member representing Woodbridge District. Dr. Babur Lateef was re-elected as the Chairman At-Large. Adele Jackson was elected as member representing Brentsville District, Lisa Zargarpur was elected as member representing Coles District, Jennifer Wall was elected as the member representing Gainesville District. Diane Raulston (Neabsco District), Lillie Jessie (Occoquan District), Justin David Wilk (Potomac District) and Loree Williams (Woodbridge District) were unopposed.

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Required Supplementary Information

A schedule of non-professional group employer contributions for the Virginia Retirement System Pension Plan is provided in the illustration below:

Virginia Retirement System Pension Plan
Schedule of Non-Professional Group Employer Contributions - Last Ten Fiscal Years

Date June 30,	Contractually Required Contribution	Contributions in Relation Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 3,007,441	\$ 3,007,441	-	\$ 58,969,432	5.10 %
2018	3,422,956	3,422,956	-	57,625,524	5.94
2017	3,649,222	3,649,222	-	56,228,376	6.49
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

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

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 5,226,349	5,373,106	5,488,020	5,522,513	5,560,285
Interest	13,330,134	12,947,772	12,389,908	11,689,241	11,031,947
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	909,690	(2,110,561)	(1,740,559)	527,708	-
Changes in assumptions	-	(2,193,518)	-	-	-
Benefit payments, including refunds of employee contributions	(8,794,953)	(8,314,018)	(8,021,757)	(7,438,101)	(6,966,544)
Net change in total pension liability	<u>10,671,220</u>	<u>5,702,781</u>	<u>8,115,612</u>	<u>10,301,361</u>	<u>9,625,688</u>
Total pension liability - beginning	<u>194,827,959</u>	<u>189,125,178</u>	<u>181,009,566</u>	<u>170,708,205</u>	<u>161,082,517</u>
Total pension liability - ending	<u>\$ 205,499,179</u>	<u>194,827,959</u>	<u>189,125,178</u>	<u>181,009,566</u>	<u>170,708,205</u>
Plan fiduciary net position					
Contributions - employer	\$ 3,550,621	3,512,916	4,237,856	4,216,224	4,691,242
Contributions - employee	2,757,542	2,751,600	2,663,882	2,629,471	2,628,936
Net investment income	13,917,266	20,712,494	2,941,145	7,407,239	22,069,344
Benefit payments, including refunds of employee contributions	(8,794,953)	(8,314,018)	(8,021,757)	(7,438,101)	(6,966,544)
Administrative expenses	(119,620)	(118,992)	(103,842)	(100,577)	(117,603)
Other changes	(12,445)	(18,491)	(1,248)	(1,578)	1,163
Net change in plan fiduciary net position	<u>11,298,411</u>	<u>18,525,509</u>	<u>1,716,036</u>	<u>6,712,678</u>	<u>22,306,538</u>
Plan fiduciary net position - beginning	<u>\$ 189,217,191</u>	<u>170,691,682</u>	<u>168,975,646</u>	<u>162,262,968</u>	<u>139,956,430</u>
Plan fiduciary net position - ending	<u>\$ 200,515,602</u>	<u>189,217,191</u>	<u>170,691,682</u>	<u>168,975,646</u>	<u>162,262,968</u>
Non-professional groups' net pension liability - ending	<u>\$ 4,983,577</u>	<u>5,610,768</u>	<u>18,433,496</u>	<u>12,033,920</u>	<u>8,445,237</u>
Plan fiduciary net position as a percentage of the total pension liability	98 %	97	90	93	95
Covered payroll	\$ 57,625,524	56,228,376	53,948,630	52,522,441	52,471,315
Non-professional groups' net pension liability as a percentage of covered payroll	9 %	10	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 professional group employer contributions for the Virginia Retirement System Pension Plan is provided in the illustration below:

**Virginia Retirement System Pension Plan
Schedule of Professional Group Employer Contributions - Last Ten Fiscal Years**

Date June 30,	Contractually Required Contribution	Contributions in Relation Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 87,256,873	\$ 87,256,873	-	\$ 556,485,157	15.68 %
2018	88,486,407	88,486,407	-	542,196,119	16.32
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

A schedule of the professional group 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 ***

	2019	2018	2017	2016	2015
Proportion of the net pension liability	6.68 %	6.57	6.51	6.45	6.34
Proportionate share of the net pension liability	\$ 785,340,000	808,531,000	911,712,000	811,927,000	766,482,000
Covered payroll	542,196,119	520,492,837	496,048,208	479,588,166	463,793,279
Proportionate Share of the net pension liability as a percentage of covered payroll	144.84 %	155.34	183.80	169.30	165.26
Plan fiduciary net position as a percentage of the total pension liability	74.81 %	72.92	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 non-professional group 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 Non-Professional Group Employer Contributions – Last Ten Fiscal Years

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 124,000	\$ 124,000	-	\$ 58,962,000	0.21 %
2018	127,000	127,000	-	57,626,000	0.22
2017	124,000	124,000	-	56,228,000	0.22
2016	118,331	118,331	-	53,786,705	0.22
2015	115,540	115,540	-	52,518,237	0.22
2014	136,418	136,418	-	52,468,471	0.26
2013	133,706	133,706	-	51,425,196	0.26
2012	129,254	129,254	-	49,713,124	0.26
2011	125,363	125,363	-	48,216,450	0.26
2010	212,643	212,643	-	49,451,804	0.43

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

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

	2018	2017
Total HIC OPEB liability		
Service cost	\$ 62,000	67,000
Interest	157,000	153,000
Changes of benefit terms		
Differences between expected and actual experience	(58,000)	-
Changes in assumptions	-	(70,000)
Benefit payments, including refunds of employee contributions	(129,000)	(70,000)
Net change in total HIC OPEB liability	32,000	80,000
Total HIC OPEB liability - beginning	2,299,000	2,219,000
Total HIC OPEB liability - ending	<u>\$ 2,331,000</u>	<u>2,299,000</u>
Plan fiduciary net position		
Contributions - employer	\$ 127,000	124,000
Net investment income	106,000	151,000
Benefit payments, including refunds of employee contributions	(129,000)	(70,000)
Administrative expenses	(3,000)	(3,000)
Other changes	(7,000)	8,000
Net change in plan fiduciary net position	94,000	210,000
Plan fiduciary net position - beginning	1,496,000	1,286,000
Plan fiduciary net position - ending	<u>\$ 1,590,000</u>	<u>1,496,000</u>
Non-professional groups' net HIC OPEB liability - ending	<u>\$ 741,000</u>	<u>803,000</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	68.2%	65.1%
Covered payroll	\$ 57,626,000	56,228,000
Non-professional groups' net HIC OPEB liability as a percentage of covered payroll	1.29%	1.43%

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

A schedule of professional group 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 Professional Group Employer Contributions – Last Ten Fiscal Years

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 6,678,000	\$ 6,678,000	-	\$ 556,519,000	1.20 %
2018	6,670,000	6,670,000	-	542,242,000	1.23
2017	5,778,000	5,778,000	-	520,545,000	1.11
2016	5,258,204	5,258,204	-	496,057,012	1.06
2015	5,084,225	5,084,225	-	479,643,911	1.06
2014	5,148,938	5,148,938	-	463,868,296	1.11
2013	5,045,512	5,045,512	-	454,550,664	1.11
2012	2,981,476	2,981,476	-	496,912,729	0.60
2011	2,540,818	2,540,818	-	423,469,621	0.60
2010	3,308,852	3,308,852	-	318,158,875	1.04

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

Virginia Retirement System Health Insurance Credit Program
Schedule of Professional Group Employer's Share of Net HIC OPEB Liability
Last Ten Fiscal Years *

	<u>2019</u>	<u>2018</u>
Proportion of the net HIC OPEB liability	6.70 %	6.60
Proportionate share of the net HIC OPEB liability	\$ 85,128,000	83,738,000
Covered payroll	542,242,000	520,545,000
Proportionate share of the net HIC liability as a percentage of covered payroll	15.70 %	16.10
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.08 %	7.04

* 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 non-professional group employer contributions for the Virginia Retirement System Group Life Insurance Program is provided in the illustration below:

Virginia Retirement System Group Life Insurance Program
Schedule of Non-Professional Group Employer Contributions– Last Ten Fiscal Years

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 308,000	\$ 308,000	-	\$ 59,313,000	0.52 %
2018	302,000	302,000	-	58,065,000	0.52
2017	294,000	294,000	-	56,540,000	0.52
2016	260,802	260,802	-	54,333,805	0.48
2015	254,792	254,792	-	53,081,614	0.48
2014	254,204	254,204	-	52,959,224	0.48
2013	248,668	248,668	-	51,805,851	0.48
2012	140,523	140,523	-	50,186,864	0.28
2011	137,236	137,236	-	49,012,752	0.28
2010	98,705	98,705	-	36,557,373	0.27

A schedule of the non-professional group employer's share of net Group Life Insurance OPEB liability for the Virginia Retirement System is provided in the illustration below:

Virginia Retirement System Group Life Insurance Program
Schedule of Non-professional Group Employer's Share of Net GLI OPEB Liability
Last Ten Fiscal Years *

	2019	2018
Proportion of the net GLI OPEB liability	0.31 %	0.31
Proportionate share of the net GLI OPEB liability	\$ 4,637,000	4,616,000
Covered payroll	58,065,000	56,540,000
Proportionate share of the net GLI liability as a percentage of covered payroll	7.99 %	8.16
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22 %	48.86

* 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 professional group employer contributions for the Virginia Retirement System Group Life Insurance Program is provide in the illustration below:

Virginia Retirement System Group Life Insurance Program
Schedule of Professional Group Employer Contributions - Last Ten Fiscal Years

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 2,907,000	\$ 2,907,000	-	\$ 559,104,000	0.52 %
2018	2,835,000	2,835,000	-	545,279,000	0.52
2017	2,719,000	2,719,000	-	522,882,000	0.52
2016	2,391,677	2,391,677	-	498,265,965	0.48
2015	2,316,202	2,316,202	-	482,542,131	0.48
2014	2,239,442	2,239,442	-	466,550,328	0.48
2013	2,193,678	2,193,678	-	457,016,168	0.48
2012	1,262,602	1,262,602	-	450,929,130	0.28
2011	1,199,820	1,199,820	-	428,507,083	0.28
2010	868,517	868,517	-	321,673,141	0.27

A schedule of professional group employer's share of net GLI OPEB liability for the Virginia Retirement System Group Life Insurance Program is provided in the illustration below:

Virginia Retirement System Group Life Insurance Program
Schedule of Professional Group Employer's Share of Net GLI OPEB Liability
Last Ten Fiscal Years *

	2019	2018
Proportion of the net GLI OPEB liability	2.87 %	2.84
Proportionate share of the net GLI OPEB liability	\$ 43,550,000	\$ 42,687,000
Covered payroll	545,279,000	522,882,000
Proportionate share of the net GLI liability as a percentage of covered payroll	7.99 %	7.83
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22 %	48.86

* 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 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 – Last Ten Fiscal Years

Date June 30,	Contractually Required Contribution	Contributions in Relation Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 4,859,824	\$ 4,859,924	-	\$ 615,454,589	0.79 %
2018	4,041,063	4,041,063	-	599,821,643	0.67
2017	4,328,588	4,328,588	-	576,721,212	0.75
2016	3,411,989	3,411,989	-	549,996,838	0.62
2015	4,700,219	4,700,219	-	532,110,607	0.88
2014	7,761,692	7,761,692	-	516,264,594	1.50
2013	8,579,868	8,579,868	-	506,252,672	1.69
2012	3,971,230	3,971,230	-	547,275,910	0.73
2011	6,785,771	6,785,771	-	472,515,204	1.44
2010	5,078,811	5,078,811	-	474,380,251	1.07

A schedule of changes of PWCS Postretirement Medical and the Retiree Health Insurance Premium Contribution Plan net OPEB liability and related ratios is provided in the illustration below:

Prince William County Schools Postretirement
Medical and the Retiree Health Insurance Premium Contribution Plan
Schedule of Changes in Net OPEB Liability and Related Ratios – Last Ten Fiscal Years *

	2019	2018**	2017
Total OPEB liability			
Service cost	\$ 2,800,822	3,015,212	2,624,490
Interest	3,709,543	4,651,642	4,689,989
Differences between expected and actual experience	(594,394)	(18,166,413)	-
Benefit payments, including refunds of employee contributions	(3,059,924)	(3,041,063)	(3,328,588)
Net change in total OPEB liability	<u>2,856,047</u>	<u>(13,540,622)</u>	<u>3,985,891</u>
Total OPEB liability - beginning	<u>54,820,624</u>	<u>68,361,246</u>	<u>64,375,355</u>
Total OPEB liability - ending	<u>\$ 57,676,671</u>	<u>54,820,624</u>	<u>68,361,246</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,800,000	1,000,000	1,000,000
Net investment income	2,248,464	2,340,204	2,618,693
Administrative expenses	(2,000)	(8,500)	-
Net change in plan fiduciary net position	<u>4,046,464</u>	<u>3,331,704</u>	<u>3,618,693</u>
Plan fiduciary net position - beginning	<u>33,277,855</u>	<u>29,946,151</u>	<u>26,327,458</u>
Plan fiduciary net position - ending	<u>\$ 37,324,319</u>	<u>33,277,855</u>	<u>29,946,151</u>
Net OPEB liability - ending	<u>\$ 20,352,352</u>	<u>\$ 21,542,769</u>	<u>38,415,095</u>
Plan fiduciary net position as a percentage of the total OPEB liability	% 64.7	60.7	43.8
Covered-employee payroll	\$ 615,454,589	599,821,643	576,721,212
Non-professional groups' net OPEB liability as a percentage of covered-employee payroll	% 3.3	3.6	6.7

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

** The 06/30/2018 balance was revised from the prior FY 2018 GASB 74 disclosures to match the 06/30/2018 balance in the FY 2019 GASB 75 disclosure which uses the same 06/30/2018 measurement date.

**Notes to the Required Supplementary Information
June 30, 2019**

Note 1 – Changes of benefit terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation. However, for the pension benefit, the 2014 valuation included 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 are not material.

There have been no actuarially material changes to the PWCS OPEB benefit provisions since the prior actuarial valuation.

Note 2 – Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the VRS pension and HIC and GLI OPEB's for professional and non-professional general employees for the four-year period ending June 30, 2016.

	Largest 10 Non-Hazardous Duty	All Others (Non 10 Largest)	Professional Group
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 projected to 2020	Update to a more current mortality table - RP-2014 projected to 2020	Update to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75	Lowered rates at older ages and changed final retirement from 70 to 75	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates	Lowered rates	Adjusted rates to better match experience
Salary Scale	No change	No change	No change
Line of Duty Disability	Increase rate from 14% to 20%	Increase rate from 14% to 15%	

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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 of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Facilities Use Fund
 For the Year Ended June 30, 2019

Schedule 1

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ -	-	166,005	166,005
Use of property	1,200,000	1,200,000	1,106,897	(93,103)
Charges for services	514,900	514,900	405,188	(109,712)
Total revenues	<u>1,714,900</u>	<u>1,714,900</u>	<u>1,678,090</u>	<u>(36,810)</u>
EXPENDITURES:				
Current:				
Community service operations	1,710,335	1,702,960	1,464,941	238,019
Total expenditures	<u>1,710,335</u>	<u>1,702,960</u>	<u>1,464,941</u>	<u>238,019</u>
Excess of revenues over expenditures	4,565	11,940	213,149	201,209
Net change in fund balances	4,565	11,940	213,149	201,209
FUND BALANCES, beginning of year	3,419,851	3,419,851	3,419,851	-
FUND BALANCES, end of year	<u>\$ 3,424,416</u>	<u>3,431,791</u>	<u>3,633,000</u>	<u>201,209</u>

Internal Service Funds

Distribution Center Fund – The Distribution Center Fund is used to account for the operations of the distribution center. Revenues and expenses are predominantly a result of operations of the distribution center function.

Imaging Center Fund - The Imaging Center Fund is used to account for the operations of the imaging center. Revenues and expenses are predominantly a result of operations of the imaging center 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
 Internal Service Funds
 June 30, 2019

Schedule 2

	Distribution Center Fund	Imaging Center Fund	Self-Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS					
Current assets:					
Equity in cash and pooled investments	\$ -	-	7,719,756	57,274,197	64,993,953
Accounts receivable and other current assets	-	-	32,164	234,492	266,656
Inventory	1,529,028	-	-	-	1,529,028
Total assets	<u>1,529,028</u>	<u>-</u>	<u>7,751,920</u>	<u>57,508,689</u>	<u>66,789,637</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	198,902	5,043	-	2,097,906	2,301,851
Salaries payable and withholdings	-	954	-	1,552	2,506
Unearned revenue	-	-	-	8,690,659	8,690,659
Due to other funds	666,578	11,235	-	-	677,813
Incurred but not reported claims	-	-	1,321,912	9,174,000	10,495,912
Total current liabilities	<u>865,480</u>	<u>17,232</u>	<u>1,321,912</u>	<u>19,964,117</u>	<u>22,168,741</u>
Noncurrent liabilities:					
Incurred but not reported claims	-	-	3,974,106	-	3,974,106
Total noncurrent liabilities	-	-	3,974,106	-	3,974,106
Total liabilities	<u>865,480</u>	<u>17,232</u>	<u>5,296,018</u>	<u>19,964,117</u>	<u>26,142,847</u>
NET POSITION					
Unrestricted (deficit)	663,548	(17,232)	2,455,902	37,544,572	40,646,790
Total net position	<u>\$ 663,548</u>	<u>(17,232)</u>	<u>2,455,902</u>	<u>37,544,572</u>	<u>40,646,790</u>

Prince William County Public Schools
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Internal Service Funds
 For the Year Ended June 30, 2019

Schedule 3

	Distribution Center Fund	Imaging Center Fund	Self- Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 4,429,451	539,595	4,757,357	107,184,002	116,910,405
Total operating revenues	<u>4,429,451</u>	<u>539,595</u>	<u>4,757,357</u>	<u>107,184,002</u>	<u>116,910,405</u>
OPERATING EXPENSES:					
Personnel services	-	416,178	445,978	581,906	1,444,062
Materials/supplies	-	132,671	2,395	168,987	304,053
Administrative costs	-	-	44,956	4,884,402	4,929,358
Contractual services	-	39,544	75,394	120,177	235,115
Premiums	-	-	1,794,732	-	1,794,732
Claims and benefits paid	-	-	-	92,582,934	92,582,934
Losses and unallocated loss adjustment	-	-	1,637,585	-	1,637,585
Cost of goods sold	4,205,173	-	-	-	4,205,173
Total operating expenses	<u>4,205,173</u>	<u>588,393</u>	<u>4,001,040</u>	<u>98,338,406</u>	<u>107,133,012</u>
Operating Income (loss)	<u>224,278</u>	<u>(48,798)</u>	<u>756,317</u>	<u>8,845,596</u>	<u>9,777,393</u>
NON-OPERATING REVENUES:					
Interest earnings	-	-	406,163	2,281,191	2,687,354
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>406,163</u>	<u>2,281,191</u>	<u>2,687,354</u>
Income (loss) before transfers	224,278	(48,798)	1,162,480	11,126,787	12,464,747
OTHER FINANCING SOURCES:					
Transfers In:					
General fund	-	31,566	-	1,800,000	1,831,566
Total other financing sources	<u>-</u>	<u>31,566</u>	<u>-</u>	<u>1,800,000</u>	<u>1,831,566</u>
Change in net position	224,278	(17,232)	1,162,480	12,926,787	14,296,313
NET POSITION, beginning of year	<u>439,270</u>	<u>-</u>	<u>1,293,422</u>	<u>24,617,785</u>	<u>26,350,477</u>
NET POSITION, end of year	<u>\$ 663,548</u>	<u>(17,232)</u>	<u>2,455,902</u>	<u>37,544,572</u>	<u>40,646,790</u>

Prince William County Public Schools
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended June 30, 2019

Schedule 4

	Distribution Center Fund	Imaging Center Fund	Self- Insurance Fund	Health Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 4,429,451	539,595	4,757,357	109,226,382	118,952,785
Payments to suppliers for goods and services	(4,362,362)	(167,172)	(4,353,120)	(100,469,126)	(109,351,780)
Payments to employees	-	(415,224)	(445,999)	(581,054)	(1,442,277)
Net cash provided (used) by operating activities	<u>67,089</u>	<u>(42,801)</u>	<u>(41,762)</u>	<u>8,176,202</u>	<u>8,158,728</u>
Cash Flows from Non-Capital Financing Activities:					
Due to other funds	(67,089)	11,235	-	-	(55,854)
Transfers from other funds	-	31,566	-	1,800,000	1,831,566
Net cash provided (used) by non-capital financing activities	<u>(67,089)</u>	<u>42,801</u>	<u>-</u>	<u>1,800,000</u>	<u>1,775,712</u>
Cash Flows from Investing Activities:					
Interest paid for investments	-	-	407,620	2,247,283	2,654,903
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>407,620</u>	<u>2,247,283</u>	<u>2,654,903</u>
Net increase (decrease) in equity in cash and pooled investments	-	-	365,858	12,223,485	12,589,343
Equity in cash and pooled investments, beginning of year	-	-	7,353,898	45,050,712	52,404,610
Equity in cash and pooled investments, end of year	<u>\$ -</u>	<u>-</u>	<u>7,719,756</u>	<u>57,274,197</u>	<u>64,993,953</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (loss)	\$ 224,278	(48,798)	756,317	8,845,596	9,777,393
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Change in assets and liabilities:					
Decrease in accounts receivable	-	-	-	2,221,735	2,221,735
(Increase) in inventory	(127,684)	-	-	-	(127,684)
(Decrease) in unearned revenue	-	-	-	(179,355)	(179,355)
(Decrease) in accounts payable and accrued liabilities	(29,505)	5,043	(350)	(2,538,626)	(2,563,438)
Increase (decrease) in salaries payable and withholdings	-	954	(21)	852	1,785
(Decrease) incurred but not reported claims	-	-	(797,708)	(174,000)	(971,708)
Net cash provided (used) by operating activities	<u>\$ 67,089</u>	<u>(42,801)</u>	<u>(41,762)</u>	<u>8,176,202</u>	<u>8,158,728</u>

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
 Combining Statement of Assets and Liabilities
 Agency Funds
 June 30, 2019

Schedule 5

	Governor's School @ Innovation Park	Regional School Fund	Student Activity Fund	Total Agency Funds
ASSETS				
Cash and pooled investments	\$ 297,260	4,750,173	8,279,120	13,326,553
Interest receivable	907	20,620	-	21,527
Due from other governmental units	8,284	1,701,020	-	1,709,304
Capital assets:				
Depreciable capital assets	14,750	-	-	14,750
Less: accumulated depreciation	(6,514)	-	-	(6,514)
Total assets	<u>314,687</u>	<u>6,471,813</u>	<u>8,279,120</u>	<u>15,065,620</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 314,687</u>	<u>6,471,813</u>	<u>8,279,120</u>	<u>15,065,620</u>

Prince William County Public Schools
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2019

Schedule 6

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Governor's School @ Innovation Park				
ASSETS				
Cash and pooled investments	\$ 287,540	1,347,580	1,337,860	297,260
Interest receivable	1,427	907	1,427	907
Due from other governmental units	26,000	8,284	26,000	8,284
Capital assets:				
Depreciable capital assets, net	14,750	-	-	14,750
Less: accumulated depreciation	(4,407)	(2,107)	-	(6,514)
Total assets	<u>325,310</u>	<u>1,354,664</u>	<u>1,365,287</u>	<u>314,687</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 325,310</u>	<u>1,354,664</u>	<u>1,365,287</u>	<u>314,687</u>
Regional School Fund				
ASSETS				
Cash and pooled investments	\$ 3,490,689	23,611,169	22,351,685	4,750,173
Interest receivable	20,340	20,620	20,340	20,620
Due from other governmental units	1,776,402	1,701,020	1,776,402	1,701,020
Total assets	<u>5,287,431</u>	<u>25,332,809</u>	<u>24,148,427</u>	<u>6,471,813</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 5,287,431</u>	<u>25,332,809</u>	<u>24,148,427</u>	<u>6,471,813</u>
Student Activity Fund				
ASSETS				
Cash and pooled investments	\$ 8,118,112	14,844,932	14,683,924	8,279,120
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 8,118,112</u>	<u>14,844,932</u>	<u>14,683,924</u>	<u>8,279,120</u>
Total Agency Funds				
ASSETS				
Cash and pooled investments	\$ 11,896,341	39,803,681	38,373,469	13,326,553
Interest receivable	21,767	21,527	21,767	21,527
Due from other governmental units	1,802,402	1,709,304	1,802,402	1,709,304
Capital assets:				
Depreciable capital assets	14,750	-	-	14,750
Less: accumulated depreciation	(4,407)	(2,107)	-	(6,514)
Total assets	<u>13,730,853</u>	<u>41,532,405</u>	<u>40,197,638</u>	<u>15,065,620</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 13,730,853</u>	<u>41,532,405</u>	<u>40,197,638</u>	<u>15,065,620</u>

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Statistical Section

(unaudited)

Statistical Section

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

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

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

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

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

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

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

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

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Financial Trends

PRINCE WILLIAM COUNTY PUBLIC SCHOOLS

TABLE 1 - Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014 ⁽²⁾	2015	2016	2017 ⁽³⁾	2018	2019
Governmental activities:										
Invested in capital assets	\$ 973,667	1,040,236	1,077,167	1,125,015	1,179,899	1,261,170	1,351,097	1,449,348	1,496,855	1,587,570
Restricted	88,347	39,065	34,791	43,092	49,769	66,882	197,524	173,218	230,312	101,666
Unrestricted (deficit)	121,821	112,851	94,042	104,037	(728,330)	(738,304)	(697,152)	(856,226)	(814,905)	(721,635)
Total governmental activities net position	\$ 1,183,835	1,192,152	1,206,000	1,272,144	501,338	589,748	851,469	766,340	912,262	967,601
Business-type activities:⁽¹⁾										
Invested in capital assets	\$ -	-	-	-	-	-	-	9,058	8,876	8,694
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	302	939	838	664	560	466	340	274	48	(8)
Total business-type activities net position	\$ 302	939	838	664	560	466	340	9,332	8,924	8,686
Total school division:										
Invested in capital assets	\$ 973,667	1,040,236	1,077,167	1,125,015	1,179,899	1,261,170	1,351,097	1,458,406	1,505,731	1,596,264
Restricted	88,347	39,065	34,791	43,092	49,769	66,882	197,524	173,218	230,312	101,666
Unrestricted (deficit)	122,123	113,790	94,880	104,701	(727,770)	(737,838)	(696,812)	(855,952)	(814,857)	(721,643)
Total school division net position	\$ 1,184,137	1,193,091	1,206,838	1,272,808	501,898	590,214	851,809	775,672	921,186	976,287

⁽¹⁾ PWCS established a business-type activity in fiscal year 2010.

⁽²⁾ GASB 68/71 restatement.

⁽³⁾ GASB 75 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									
	2010	2011	2012	2013	2014 ⁽²⁾	2015	2016	2017 ⁽³⁾	2018	2019
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 434,441	438,872	461,883	485,165	489,514	511,206	514,177	562,799	560,440	559,596
Special	94,105	91,911	107,521	101,696	104,231	107,557	107,705	115,150	119,230	124,789
Other	8,241	9,130	9,047	9,565	9,607	10,540	11,811	13,279	13,315	11,920
Instructional leadership	52,762	51,393	54,417	57,215	57,186	59,926	62,180	65,905	70,159	72,143
Support services:										
General administration	8,771	9,191	8,400	10,023	9,988	10,386	10,265	12,185	10,029	10,102
Student services	11,139	9,190	9,699	10,446	13,323	13,157	12,972	16,267	15,356	16,651
Curricular/staff development	12,072	13,469	13,625	14,092	12,707	12,849	12,512	14,935	15,762	18,481
Pupil transportation	48,536	49,830	49,379	53,658	55,479	55,458	54,212	57,032	58,863	60,377
Operations	22,577	21,554	21,856	22,858	23,168	22,848	22,907	24,977	24,100	23,749
Utilities	24,290	25,430	25,331	23,321	22,649	23,715	21,058	23,030	22,822	22,347
Maintenance	24,404	25,054	32,431	31,147	35,983	43,990	42,033	42,245	40,971	41,666
Central business services	45,069	43,445	44,687	52,343	51,164	51,510	50,487	58,559	55,008	62,203
Reimbursement to County for debt service	60,790	63,800	68,440	70,605	74,691	80,755	88,470	89,728	101,582	105,491
Food & nutrition services	30,950	32,480	36,597	38,551	37,430	40,145	42,390	44,879	45,631	44,842
Community service operations	866	897	1,205	1,267	1,200	1,342	1,420	1,441	1,514	1,465
Education foundation	-	-	-	-	-	519	594	509	532	535
Total governmental activities expenses	<u>879,013</u>	<u>885,646</u>	<u>944,518</u>	<u>981,952</u>	<u>998,320</u>	<u>1,045,903</u>	<u>1,055,193</u>	<u>1,142,920</u>	<u>1,155,314</u>	<u>1,176,357</u>
Business-type activities: ⁽¹⁾										
School Age Child Care	11	334	508	594	592	607	632	633	619	576
Aquatics Center	-	-	-	-	-	-	-	902	1,238	1,373
Total business-type activities expenses	<u>11</u>	<u>334</u>	<u>508</u>	<u>594</u>	<u>592</u>	<u>607</u>	<u>632</u>	<u>1,535</u>	<u>1,857</u>	<u>1,949</u>
Total school division expenses	<u>\$ 879,024</u>	<u>885,980</u>	<u>945,026</u>	<u>982,546</u>	<u>998,912</u>	<u>1,046,510</u>	<u>1,055,825</u>	<u>1,144,455</u>	<u>1,157,171</u>	<u>1,178,306</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 3,128	2,748	2,879	3,498	3,185	3,140	3,285	3,117	3,416	3,262
Curricular/staff development	-	40	-	-	-	-	-	-	-	-
Pupil transportation	110	111	99	80	61	69	60	110	78	157
Operations	-	282	170	392	306	312	326	326	323	321
Central business services	229	281	301	380	403	430	407	373	831	421
Food & nutrition services	17,079	16,951	18,318	17,924	17,870	17,401	17,860	18,932	18,415	17,953
Community service operations	1,027	814	921	1,026	1,289	1,408	1,490	1,554	1,552	1,512
Other activities	118	-	-	-	-	-	-	-	-	-
Operating grants and contributions	112,243	134,064	134,204	136,285	138,511	147,692	153,479	164,137	164,271	164,707
Capital grants and contributions	99	96	98	113	108	116	124	119	123	128
Total governmental activities program revenues	<u>134,033</u>	<u>155,387</u>	<u>156,990</u>	<u>159,698</u>	<u>161,733</u>	<u>170,568</u>	<u>177,031</u>	<u>188,668</u>	<u>189,009</u>	<u>188,461</u>
Business-type activities:										
Charges for services										
School Age Child Care	-	658	389	425	475	503	500	513	538	550
Aquatics Center	-	-	-	-	-	-	-	310	510	756
Operating grants and contributions	312	303	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>312</u>	<u>961</u>	<u>389</u>	<u>425</u>	<u>475</u>	<u>503</u>	<u>500</u>	<u>823</u>	<u>1,048</u>	<u>1,306</u>
Total school division program revenues	<u>\$ 134,345</u>	<u>156,348</u>	<u>157,379</u>	<u>160,123</u>	<u>162,208</u>	<u>171,071</u>	<u>177,531</u>	<u>189,491</u>	<u>190,057</u>	<u>189,767</u>
Net (Expense) Revenues										
Governmental activities	(744,980)	(730,259)	(787,528)	(822,254)	(836,587)	(875,335)	(878,162)	(954,252)	(966,305)	(987,896)
Business-type activities	301	627	(119)	(169)	(117)	(104)	(132)	(712)	(809)	(643)
Total school division net (expense)	<u>\$ (744,679)</u>	<u>(729,632)</u>	<u>(787,647)</u>	<u>(822,423)</u>	<u>(836,704)</u>	<u>(875,439)</u>	<u>(878,294)</u>	<u>(954,964)</u>	<u>(967,114)</u>	<u>(988,539)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted grants and contributions	\$ 822,930	733,426	795,676	883,194	890,805	957,609	1,133,523	1,037,970	1,105,143	1,031,003
Unrestricted investment earnings	4,792	3,555	3,045	1,724	3,123	3,001	3,343	2,638	2,731	8,622
Miscellaneous revenues	1,720	1,595	2,655	3,480	6,745	3,135	3,017	5,400	4,753	4,010
Transfer to Aquatic Center	-	-	-	-	-	-	-	(9,709)	(400)	(400)
Total governmental activities general revenues	<u>829,442</u>	<u>738,576</u>	<u>801,376</u>	<u>888,398</u>	<u>900,673</u>	<u>963,745</u>	<u>1,139,883</u>	<u>1,036,299</u>	<u>1,112,227</u>	<u>1,043,235</u>
Business-type activities:										
Unrestricted investment earnings	1	10	18	(5)	13	10	6	(4)	1	5
Transfer to Aquatic Center	-	-	-	-	-	-	-	9,709	400	400
Total business-type activities general revenues	<u>1</u>	<u>10</u>	<u>18</u>	<u>(5)</u>	<u>13</u>	<u>10</u>	<u>6</u>	<u>9,705</u>	<u>401</u>	<u>405</u>
Total school division general revenues and other changes in net position	<u>\$ 829,443</u>	<u>738,586</u>	<u>801,394</u>	<u>888,393</u>	<u>900,686</u>	<u>963,755</u>	<u>1,139,889</u>	<u>1,046,004</u>	<u>1,112,628</u>	<u>1,043,640</u>
Change in Net Position										
Governmental activities	\$ 84,462	8,317	13,848	66,144	64,086	88,410	261,721	82,047	145,922	55,339
Business-type activities	302	637	(101)	(174)	(104)	(94)	(126)	8,993	(408)	(238)
Total school division	<u>\$ 84,764</u>	<u>8,954</u>	<u>13,747</u>	<u>65,970</u>	<u>63,982</u>	<u>88,316</u>	<u>261,595</u>	<u>91,040</u>	<u>145,514</u>	<u>55,101</u>

⁽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.

⁽³⁾ PWCS implemented GASB 75 in fiscal year 2018, thus a prior period adjustment of \$167,177 for prior OPEB liabilities was added.

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

	<u>Fiscal Year</u>
	2010
General Fund	
Reserved for:	
Inventory	\$ 837
Prepays	
Unreserved:	
Designated for encumbrances	14,165
Designated for future years' expenditures	36,890
Designated for grants and special projects	388
Undesignated	15,810
Total General Fund	<u>68,090</u>
All Other Governmental Funds:	
Capital Projects	
Unreserved:	
Designated for encumbrances	84,816
Designated for future years' expenditures	46,101
Designated for payments to PWC for arbitrage rebate	890
Nonmajor Special Revenue Funds	
Reserved for:	
Inventory	996
Unreserved:	
Designated for encumbrances	56
Designated for future years' expenditures	703
Undesignated reported in special revenue funds	14,342
Total all other governmental funds	<u>\$ 147,904</u>

⁽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 Nine Fiscal Years ⁽¹⁾
(modified accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund									
Nonspendable	\$ 930	997	1,079	1,091	1,159	1,247	1,158	1,639	4,192
Restricted	482	5,524	5,008	5,253	4,630	5,042	2,282	6,563	7,938
Assigned	79,933	71,315	60,554	49,227	43,727	64,684	70,183	88,930	81,919
Unassigned	1,030	3,042	15,404	9,766	22,479	16,172	24,888	15,259	47,224
Total General Fund	<u>82,375</u>	<u>80,878</u>	<u>82,045</u>	<u>65,337</u>	<u>71,995</u>	<u>87,145</u>	<u>98,511</u>	<u>112,391</u>	<u>141,273</u>
All Other Governmental Funds:									
Construction Fund									
Restricted	12,544	7,604	19,418	22,123	37,781	165,354	143,327	193,540	58,175
Committed	3,078	-	-	-	-	-	-	-	-
Assigned	32,382	21,158	30,704	52,603	28,170	28,218	20,170	20,270	40,521
Food & Nutrition Services Fund ⁽²⁾									
Nonspendable	-	-	-	-	1,495	1,246	1,455	1,696	1,529
Restricted	-	-	-	-	23,922	26,628	27,609	30,208	35,554
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	3,420	3,633
Total all other governmental funds	<u>\$ 67,179</u>	<u>50,047</u>	<u>72,669</u>	<u>101,254</u>	<u>94,477</u>	<u>224,708</u>	<u>195,927</u>	<u>249,134</u>	<u>139,412</u>

⁽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'

⁽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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Federal sources:										
Food & nutrition services	\$ 15,281	17,418	19,314	21,115	21,975	22,963	25,418	26,975	28,417	29,001
Other federal sources	71,812	58,566	44,145	34,231	33,322	34,090	36,129	39,360	41,290	40,020
Total federal sources	87,093	75,984	63,459	55,346	55,297	57,053	61,547	66,335	69,707	69,021
State sources:										
Basic aid	194,124	206,773	221,759	232,907	230,776	241,848	242,427	258,167	259,954	276,492
Food & nutrition services	490	535	632	685	722	735	752	938	1,074	1,098
Lottery proceeds ⁽¹⁾	4,818	-	-	-	-	-	-	-	-	-
Regional school program	14,081	15,016	16,532	19,926	20,605	21,598	22,904	24,091	20,531	15,000
Sales tax	60,182	62,525	66,475	73,929	75,529	80,774	85,219	87,330	85,089	98,199
Special education SOQ ⁽²⁾	17,279	17,221	17,721	16,823	17,358	17,451	17,675	18,226	18,371	21,212
Other state sources	55,379	56,079	67,594	85,023	91,311	93,964	97,448	102,579	122,452	129,303
Total state sources	346,353	358,149	390,713	429,293	436,301	456,370	466,425	491,331	507,471	541,304
County sources:										
County bond sale transfer	82,585	9,685	48,681	88,930	70,276	89,792	243,190	84,214	127,266	-
County general transfer ⁽³⁾	405,968	412,881	436,079	435,195	469,571	493,164	503,877	542,732	557,697	585,711
County proffer transfer	9,263	3,224	-	10,954	-	7,677	6,000	12,000	6,000	-
Total county sources	497,816	425,790	484,760	535,079	539,847	590,633	753,067	638,946	690,963	585,711
Local sources:										
Charges for services	3,548	3,762	4,042	4,532	4,444	4,811	4,673	4,178	5,319	4,948
Food & nutrition services sales	17,045	16,699	18,027	17,901	18,135	17,698	18,153	19,226	18,840	17,952
Interest and other income	4,968	3,722	3,118	1,839	3,200	3,077	3,768	3,773	4,338	11,572
Use of property	1,027	814	921	1,027	1,007	1,104	1,192	1,255	1,123	1,107
Other local sources	2,239	2,253	3,376	3,225	4,260	3,322	3,661	6,936	5,600	5,248
Total local sources	28,827	27,250	29,484	28,524	31,046	30,012	31,447	35,368	35,220	40,827
Total revenues	960,089	887,173	968,416	1,048,242	1,062,491	1,134,068	1,312,486	1,231,980	1,303,361	1,236,863
Expenditures										
Instruction:										
Regular	412,490	416,900	439,685	457,948	461,647	489,493	500,245	530,467	546,629	556,133
Special	93,426	91,384	107,463	100,384	102,987	107,931	109,796	114,639	123,051	130,757
Other	8,201	9,062	8,986	9,446	9,495	10,577	12,005	13,180	13,674	12,351
Instructional leadership	52,762	51,393	54,417	57,212	57,167	59,915	62,180	65,905	70,159	72,143
Support services:										
General administration	7,507	8,090	7,678	8,843	8,489	9,979	9,711	11,596	10,395	11,399
Student services	11,060	9,143	9,704	10,340	13,205	13,888	14,562	15,784	17,298	19,410
Curricular/staff development	12,027	13,441	13,628	13,979	12,652	12,963	12,846	14,817	16,314	19,382
Pupil transportation	43,390	49,191	52,400	55,568	58,945	58,084	59,298	62,748	65,508	66,581
Operations	22,389	21,419	21,842	22,613	22,944	23,236	23,921	24,665	25,433	25,800
Utilities	24,290	25,430	25,331	23,321	22,649	24,021	21,671	22,855	23,461	23,167
Maintenance	24,772	24,601	32,872	30,886	35,988	44,267	42,256	38,995	40,592	42,367
Central business services	44,254	43,626	45,624	51,017	48,608	53,960	53,074	56,646	56,485	62,356
Community service operations	866	897	1,205	1,267	1,200	1,342	1,420	1,441	1,514	1,465
Food & nutrition service	30,927	32,451	36,582	38,544	37,518	40,108	42,353	44,842	45,570	44,772
Reimbursement to County for debt service	60,853	64,425	68,516	70,605	74,691	77,278	84,523	89,728	101,582	105,491
Capital Outlay	82,438	88,159	57,076	70,681	78,829	106,249	113,326	137,050	77,210	121,898
Total expenditures	931,652	949,612	983,009	1,022,654	1,047,014	1,133,291	1,163,187	1,245,358	1,234,875	1,315,472
Excess (deficiency) of revenues over (under) expenditures	28,437	(62,439)	(14,593)	25,588	15,477	777	149,299	(13,378)	68,486	(78,609)
Other Financing Sources (Uses):										
Transfers in:										
General fund	1,000	1,000	1,000	1,943	1,490	1,255	2,436	3,292	1,631	2,864
Construction fund	5,916	7,842	8,143	17,588	44,297	19,363	17,863	18,301	11,719	25,737
Other Governmental funds	-	-	-	-	-	-	11	1	4	-
Transfers out:										
General fund	(7,916)	(11,842)	(12,179)	(19,388)	(47,897)	(20,259)	(21,142)	(21,639)	(12,793)	(27,437)
Construction fund	(1,000)	(1,000)	(1,000)	(1,943)	(1,490)	(1,255)	(2,436)	(2,262)	(1,631)	(2,864)
Other Governmental funds	-	-	-	-	-	-	(650)	(1,730)	(330)	(532)
Total other financing sources (uses), net	(2,000)	(4,000)	(4,036)	(1,800)	(3,600)	(896)	(3,918)	(4,037)	(1,400)	(2,232)
Net change in fund balances	\$ 26,437	(66,439)	(18,629)	23,788	11,877	(119)	145,381	(17,415)	67,086	(80,841)

⁽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)

Fiscal Year	Taxes ⁽²⁾	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property ⁽³⁾	Charges for Services	Inter-Governmental ⁽⁴⁾			Total
						PPTRA	All Others	Miscellaneous	
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	31,588	1,940,602
2018	950,705	19,141	3,050	9,539	57,256	54,288	878,004	17,773	1,989,756
2019	1,009,816	20,156	3,456	41,164	55,244	54,288	945,399	17,863	2,147,386
Change 2010 - 2019	48.95%	89.85%	20.59%	21.42%	58.40%	0.00%	47.45%	-26.84%	45.08%

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⁾ Fluctuations in revenue from the use of money can be primarily attributed to favorable or unfavorable mark to market conditions.

⁽⁴⁾ 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. Beginning fiscal year 2009, the reimbursement rate was dropped and reimbursement was set at the fiscal year 2008 dollar amount of \$54.3M.

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 ⁽²⁾	Total
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
2018	660,476	131,700	22,101	814,277	64,566	14,417	26,554	30,891	950,705
2019	695,169	143,557	21,674	860,400	68,710	14,443	26,945	30,357	1,000,855
Change 2010 - 2019	40.64%	125.48%	23.72%	49.51%	48.87%	12.48%	32.94%	30.81%	47.63%

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
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	46,277,765	1.26	57,109,671	81.03%
2015	39,073,111	2,525,672	6,802,104	1,531,397	161,172	50,093,457	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	61,527,421	90.63%
2018	44,665,855	3,047,465	8,185,594	1,826,020	166,147	57,891,082	1.21	65,844,401	87.92%
2019	46,722,672	3,243,286	9,258,196	1,804,079	185,978	61,214,212	1.21	66,877,308	91.53%

Source: County of Prince William, Virginia.

⁽¹⁾ Net of tax-exempt property:

2010 - \$3,451,863	2015 - \$3,761,235
2011 - \$3,119,173	2016 - \$3,901,930
2012 - \$3,183,169	2017 - \$4,113,361
2013 - \$3,316,592	2018 - \$4,323,692
2014 - \$3,705,018	2019 - \$4,445,054

⁽²⁾ See Table 7, Direct and Overlapping Property Tax Rates.

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

Fiscal Year	Commercial as a Percent of Total Taxable	Commercial & Public Service to Total	New Construction ⁽¹⁾				Bank Deposits ⁽²⁾
			Residential		Non-Residential		
			Permits	Value	Permits	Value	
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	13.6%	16.6%	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
2018	14.1%	17.3%	1,310	245	125	124	4,625
2019	15.1%	18.1%	1,086	218	108	788	4,838

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. 2010-2019, Federal Deposit Insurance Corporation, (commercial and savings bank deposits) and National Credit Union Administration (credit union deposits).

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

Type of Tax	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PRINCE WILLIAM COUNTY										
<i>Countywide Tax Levies:</i>										
Real Estate - General Fund	\$1.21200	\$1.23600	\$1.20400	\$1.20900	\$1.18100	\$1.14800	\$1.12200	\$1.12200	\$1.12500	\$1.12500
Fire and Rescue Levy (Countywide)	0.07460	0.07610	0.07410	0.07440	0.07270	0.07070	0.06910	0.07050	0.07920	0.08000
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	\$1.28910	\$1.31460	\$1.28060	\$1.28590	\$1.25620	\$1.22120	\$1.19360	\$1.19500	\$1.20670	\$1.20750
Service District Levies -										
Bull Run	\$0.19900	\$0.20100	\$0.20100	\$0.20100	\$0.18300	\$0.14710	\$0.13770	\$0.13770	\$0.13110	\$0.12630
Lake Jackson	0.17200	0.17500	0.17500	0.17500	0.16500	0.16500	0.16500	0.16500	0.16500	0.16500
Circuit Court	--	--	--	--	--	--	--	--	--	--
Transportation District Levies -										
Prince William Parkway	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										
<i>Real Estate Tax Levy:</i>										
Town of Dumfries	0.35330	0.33350	0.33330	0.27733	0.27330	0.23330	0.18990	0.18990	0.18990	0.18990
Town of Haymarket	0.16400	0.16400	0.16400	0.16400	0.13900	0.13900	0.12900	0.14600	0.14600	0.14600
Town of Occoquan	0.10000	0.10000	0.10000	0.10000	0.11000	0.11000	0.11000	0.12000	0.12000	0.12000
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)

Taxpayer	2019			2010		
	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	\$ 874,742	1	1.43%	\$ 667,953	1	1.67%
Mall at Potomac Mills, LLC	500,598	2	0.82%	459,135	2	1.15%
Northern Virginia Electric Co-op	341,940	3	0.56%	249,171	3	0.62%
Abteen Ventures, LLC	165,800	4	0.27%			
Verizon South, Inc.	156,252	5	0.26%	141,946	4	0.35%
Powerloft @ Innovation I LLC	148,349	6	0.24%			
Washington Gas Light Company	144,972	7	0.24%	92,745	6	0.23%
JBG/Woodbridge Retail LLC	133,776	8	0.22%			
Rolling Brook Windsor LLC	114,125	9	0.19%			
Chatsworth Park Investors, LLC	104,920	10	0.17%			
WNH Limited Partnership				96,152	5	0.24%
Stellar Chatsworth LLC				92,637	7	0.23%
Dominion Country Club, LP				88,512	8	0.22%
Lee Carolina LLC				85,219	9	0.21%
KIR Smoketown Station LP				83,937	10	0.21%
	<u>\$ 2,685,474</u>		<u>4.40%</u>	<u>\$ 2,057,407</u>		<u>5.13%</u>

Source: County of Prince William, Virginia.

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

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

Fiscal Year	Total Adjusted Tax Levy ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy Collected
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%	1,487	602,754	99.9%
2016	630,485	629,017	99.8%	930	629,947	99.9%
2017	653,759	651,883	99.7%	1,107	652,990	99.9%
2018	682,368	681,108	99.8%	522	681,629	99.9%
2019	714,169	712,882	99.8%	--	712,882	99.8%

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government										
<i>Governmental Activities:</i>										
General Obligation Bonds ⁽¹⁾	\$ 151,352	\$ 156,520	\$ 139,782	\$ 127,400	\$ 140,032	\$ 126,438	\$ 197,564	\$ 181,934	\$ 167,369	\$ 152,782
General Government	576,826	549,775	566,747	579,969	594,188	628,638	793,235	815,195	865,535	796,785
School Board-Related	7,842	7,210	7,126	6,651	9,746	9,069	14,421	13,606	11,816	10,833
Park Related	8,030	7,160	6,260	5,325	4,355	3,345	2,290	1,175	--	--
IDA Lease Revenue Bonds	--	--	--	--	--	--	--	--	--	--
IDA Loan - ADC Expansion	3,374	3,000	2,750	2,500	2,250	2,000	--	--	--	21,153
Literary Fund Loans	--	--	--	--	--	--	--	--	--	--
Real Property Capital Leases	169,012	156,854	145,695	133,415	122,609	110,324	96,720	86,026	77,630	65,985
General Government	34,825	33,100	25,875	23,405	21,680	19,955	18,230	15,596	13,890	12,202
Adult Detention Center	495	462	429	385	352	644	395	268	235	203
Park Related	511	--	--	--	--	--	--	--	--	--
Commuter Rail Capital Leases**	--	485	398	1,456	951	539	110	--	--	--
Equipment Capital Leases	--	--	--	--	--	--	--	--	--	--
<i>Business-Type Activities:</i>										
Solid Waste System Revenue Bonds**	6,295	4,595	3,004	1,590	--	--	--	--	--	--
Parks & Recreation Revenue Bonds	--	--	--	11,031	10,525	10,555	9,965	9,355	8,725	6,090
Parks & Recreation Equipment Capital Leases	--	--	--	889	596	295	99	--	--	--
Total Primary Government	\$ 958,562	\$ 919,161	\$ 888,066	\$ 894,016	\$ 907,284	\$ 911,802	\$ 1,133,029	\$ 1,123,155	\$ 1,145,200	\$ 1,066,033
Percentage of Personal Income ⁽²⁾	4.48%	4.04%	3.78%	3.81%	3.72%	3.56%	4.30%	4.26%	4.34%	4.04%
Per Capita ⁽²⁾	2,384	2,239	2,124	2,099	2,092	2,065	2,566	2,497	2,511	2,285
Component Units										
Park Authority Component Unit ⁽³⁾ :										
Series 1999 Revenue Bonds**	\$ 12,481	\$ 12,008	\$ 11,528	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Equipment Capital Leases**	2,254	1,689	2,793	--	--	--	--	--	--	--
Installment Notes Payable**	230	78	--	--	--	--	--	--	--	--
Total Component Units	14,965	13,775	14,321	--	--	--	--	--	--	--
Total Reporting Entity Outstanding Debt	973,527	932,936	902,387	894,016	907,284	911,802	1,133,029	1,123,155	1,145,200	1,066,033
Less: Self-Supporting Revenue and Other Bonds	21,771	18,370	17,325	13,510	11,121	10,850	10,064	9,355	8,725	6,090
Net Tax-Supported Debt	\$ 951,756	\$ 914,566	\$ 885,062	\$ 880,506	\$ 896,163	\$ 900,952	\$ 1,122,965	\$ 1,113,800	\$ 1,136,475	\$ 1,059,943

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.

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⁾
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	1.64%	2,216
2018	1,044,720	--	1,044,720	1.59%	2,269
2019	960,400	--	960,400	1.44%	2,059

Source: County of Prince William, Virginia.

⁽¹⁾ Includes general obligation bonds associated with School Board-Related and Park-Related Debt; excludes Literary Fund loans, if any. 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)

June 30, 2019

(amounts expressed in thousands)

	Outstanding on June 30, 2019	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ⁽²⁾
Direct:				
Net Tax Supported Debt ⁽¹⁾	\$ 1,059,943	100.00%	\$ 1,059,943	1.7315%
Overlapping:				
Town of Dumfries	10,095	100.00%	10,095	0.0165%
Town of Quantico	105	100.00%	105	0.0002%
Town of Haymarket	1,003 ⁽⁴⁾	100.00%	1,003	0.0016%
Town of Occoquan	2	100.00%	2	0.0000%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	917	100.00%	917	0.0015%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	8,330	100.00%	8,330	0.0136%
Cherry Hill Community Development Authority Special Assessment Bond Series 2015	29,760	100.00%	29,760	0.0486%
Northern Virginia Transportation Commission - Virginia Railway Express ⁽³⁾	59,867	32.32%	19,349	0.0316%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ⁽³⁾	6,224	33.69%	2,097	0.0034%
Total Overlapping Governmental Activities Debt	<u>\$ 116,303</u>	<u>61.61%</u>	<u>\$ 71,658</u>	<u>0.1171%</u>
Total Direct and Overlapping Governmental Activities Debt	<u>\$ 1,176,246</u>	<u>96.20%</u>	<u>\$ 1,131,601</u>	<u>1.8486%</u>

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.

⁽⁴⁾ Equals Outstanding Debt less amounts due within 1 year, per FY2018 PWC CAFR (latest available at publication)

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government ⁽¹⁾										
Principal	\$ 91,742	\$ 66,299	\$ 74,760	\$ 69,858	\$ 72,969	\$ 76,750	\$ 78,093	\$ 86,849	\$ 93,220	\$ 97,685
Interest ⁽²⁾	43,272	43,783	42,803	41,991	42,546	42,476	46,072	47,888	48,688	114,778
Internal Service Fund Debt Service ⁽³⁾	\$ 135,014	\$ 110,082	\$ 117,563	\$ 111,849	\$ 115,515	\$ 119,226	\$ 124,165	\$ 134,737	\$ 141,908	\$ 212,463
Debt Service on Net Tax-Supported Debt	\$ 1,386,901	\$ 1,337,189	\$ 1,427,543	\$ 1,461,112	\$ 1,491,793	\$ 1,557,703	\$ 1,610,616	\$ 1,734,264	\$ 1,732,479	\$ 1,731,969
Total Government Expenditures ⁽⁴⁾	9.7%	8.2%	8.2%	7.7%	7.7%	7.7%	7.7%	7.8%	8.2%	12.3%
Ratio of Debt Service to Expenditures										
Total Revenues ⁽⁵⁾	\$ 1,392,237	\$ 1,439,786	\$ 1,460,245	\$ 1,493,495	\$ 1,636,801	\$ 1,611,230	\$ 1,496,700	\$ 1,649,319	\$ 1,802,191	\$ 1,857,616
Ratio of Debt Service to Revenues	9.7%	7.6%	8.1%	7.5%	7.1%	7.4%	8.3%	8.2%	7.9%	11.4%
Net Tax-Supported Debt ⁽⁶⁾	\$ 951,756	\$ 914,566	\$ 885,062	\$ 880,506	\$ 896,163	\$ 900,952	\$ 1,122,965	\$ 1,113,800	\$ 1,136,475	\$ 1,059,943
Assessed Value of Taxable Property ⁽⁷⁾	43,359,775	42,750,432	45,413,737	47,672,172	50,601,567	54,623,176	58,394,400	61,335,721	63,755,918	67,613,073
Ratio of Net Tax-Supported Debt to Assessed Value	2.2%	2.1%	1.9%	1.8%	1.8%	1.6%	1.9%	1.8%	1.8%	1.6%

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

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

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

⁽⁶⁾ From Table 10.

⁽⁷⁾ 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 Service	Debt Service Payments ⁽⁴⁾			Coverage ⁽⁵⁾
					Principal	Interest	Total	
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⁾
2018	21,033	12,870	657	7,506	--	--	--	n/a ⁽⁶⁾
2019	22,680	14,990	2,612	5,078	--	--	--	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⁾
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	232,925	5.2%
2014	433,621	24,377,908	48,545	85,055	233,785	4.8%
2015	441,627	25,582,348	50,278	86,641	233,333	4.4%
2016	449,864	26,379,952	51,313	87,823	236,379	3.7%
2017	456,126	27,581,837	52,929	89,378	241,811	3.5%
2018	460,457	28,576,021	53,556	90,595	246,627	2.9%
2019	466,496	29,610,860	54,201	90,876	248,026	2.6%

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 2018). 2018 and 2019 data estimated based upon ten-year growth rates on BEA data from 2008 through 2017.

⁽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 Bureau Data

	2000		2010			
	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

Employer ⁽¹⁾	2019			2010		
	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
Wal Mart	Private	4	1000 and over	Private	4	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	6	1000 and over
Sentara Healthcare/Potomac Hospital Corp	Private	6	1000 and over	Private	5	1000 and over
Wegmans Store #07	Private	7	500 to 999	Private	7	500 to 999
Target Corporation	Private	8	500 to 999	Private	8	500 to 999
Northern Virginia Community College	State Government	9	500 to 999	State Government	9	500 to 999
M J Morgan Group	Private	10	500 to 999			
Minnieland Private Day School				Private	10	500 to 999

Source: County of Prince William, Virginia.

⁽¹⁾ All data provided by the Virginia Employment Commission (1st Quarter, 2019 & 2010).

⁽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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
School-Based Positions										
Teachers	5,360	5,363	5,584	5,730	5,746	5,874	5,975	6,218	6,431	6,511
School-Based Administrators	212	250	265	264	286	289	295	302	322	324
Education Specialist	126	17	72	78	81	79	78	206	209	223
Instructional Assistants	689	655	656	656	642	640	641	645	703	737
Other Positions	1,137	1,111	1,102	1,124	1,270	1,280	1,176	1,156	1,197	1,198
Total School-Based Positions	7,525	7,396	7,678	7,851	8,024	8,160	8,165	8,527	8,862	8,993
Non-school-Based Positions										
Leadership team	11	11	11	12	12	12	12	12	12	13
Technical support	134	123	165	163	161	165	163	171	175	168
Management	148	96	112	121	141	144	147	179	183	190
Education specialist	32	201	223	223	112	123	135	127	133	132
Office assistants	140	146	148	138	99	101	102	113	117	117
Custodial/maintenance	302	231	235	245	248	249	248	248	249	247
Total Non-school-Based Positions	766	808	893	902	773	794	808	850	869	867
Total Authorized Positions	8,291	8,204	8,571	8,753	8,797	8,954	8,972	9,378	9,730	9,860
Other Operating Fund Positions	815	876	892	879	930	938	1,061	917	933	966
Total Non-Operating Fund Positions	555	566	603	628	647	670	673	706	691	708
Total Positions	9,661	9,646	10,066	10,259	10,374	10,562	10,706	11,000	11,354	11,534

Source: FY 2019 WABE Guide.

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

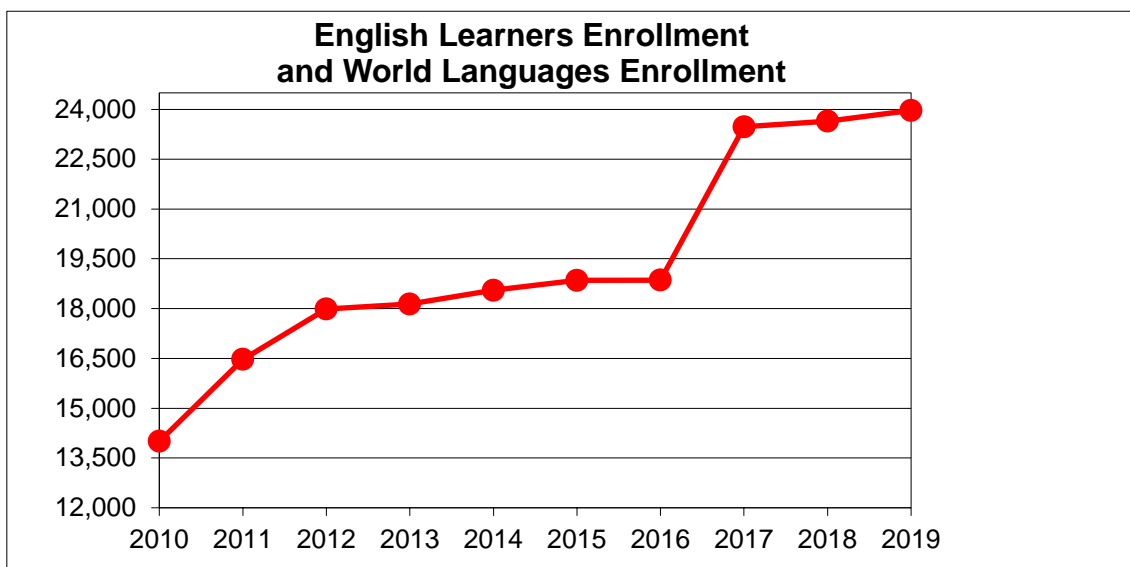
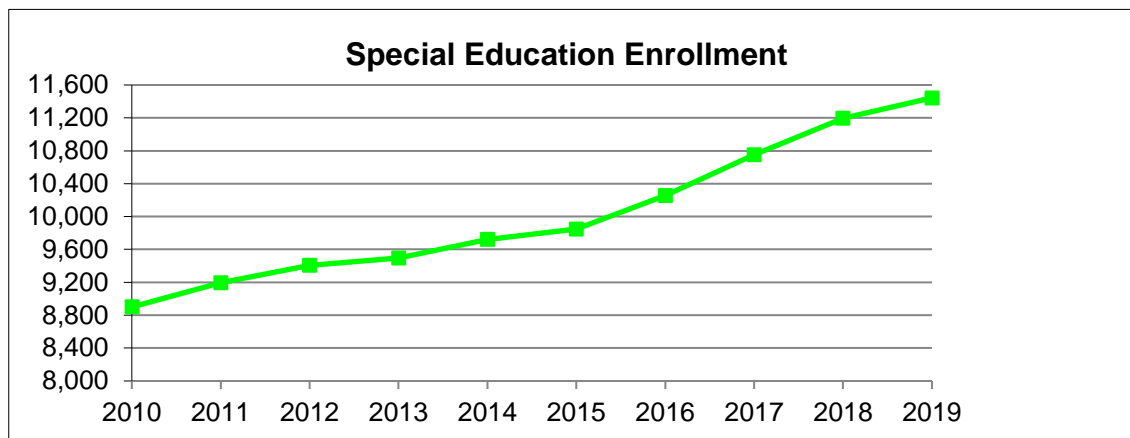
Fiscal Year	Total Student Enrollment ⁽¹⁾	Special Education Enrollment ⁽²⁾	English Learners and World Languages Enrollment ⁽³⁾
2010	76,656	8,900	13,999
2011	79,115	9,195	16,467
2012	81,635	9,406	17,988
2013	83,551	9,496	18,139
2014	85,055	9,721	18,555
2015	86,209	9,848	18,853
2016	87,253	10,256	18,855
2017	88,920	10,752	23,479
2018	89,861	11,195	23,646
2019	90,203	11,444	23,971

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 2019.

⁽²⁾ Student Enrollment at October 1, 2018. 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		Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff ⁽³⁾	Pupil-Teacher Ratio
			Cost per Pupil	Percentage Change						
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	
2018	89,861	1,001,245,740	11,142	2.0%	1,146,685,942	12,761	-0.7%	5,611	16.0	
2019	90,203	1,112,411,082	12,332	10.7%	1,176,318,537	13,041	2.2%	5,611	16.1	

⁽¹⁾ The student enrollment as of September 30th for each fiscal year. Source: School Board Approved Budget fiscal year 2019.

⁽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

<u>Fiscal Year</u>	<u>Bachelors Minimum Salary</u>	<u>Bachelors Average Salary</u>	<u>Masters Mid-Point Salary</u>	<u>Masters Maximum Salary</u>
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
2018	47,724	66,066	58,328	118,420
2019	47,724	67,944	73,889	121,872

Source: Washington Area Boards of Education (WABE) Guide FY2019.

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			Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility	Free and Reduced Eligibility %	Adult Breakfast	Adult Lunch
		Elementary School	Middle School	High School							
2010	48,828	\$ 2.10	\$ 2.25	\$ 2.35	11,659	\$ 1.20	88	27,289	35.3%	\$ 1.75	\$ 3.10
2011	50,777	2.10	2.25	2.35	13,413	1.20	88	29,108	36.8%	1.75	3.10
2012	51,576	2.15	2.30	2.40	14,154	1.35	90	30,792	37.8%	1.90	3.10
2013	52,056	2.25	2.40	2.50	15,387	1.40	90	32,062	38.1%	1.95	3.20
2014	52,519	2.35	2.50	2.60	15,877	1.40	92	33,883	40.2%	1.95	3.30
2015	53,192	2.40	2.55	2.65	16,275	1.40	93	35,669	41.3%	1.95	3.35
2016	53,319	2.45	2.60	2.70	18,851	1.45	95	36,483	41.4%	2.00	3.40
2017	54,487	2.45	2.60	2.70	21,047	1.45	96	38,425	42.8%	2.00	3.40
2018	55,566	2.50	2.65	2.75	24,136	1.50	95	37,883	41.9%	2.05	3.45
2019	55,490	2.50	2.65	2.75	23,792	1.50	95	38,383	42.3%	2.05	3.45

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

<u>Fiscal Year</u>	<u>Elementary Schools</u>				<u>Middle Schools</u>				<u>High Schools</u>						
	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
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
2018	60	4,532,947	40,655	107	994.1	16	2,194,133	19,647	47	557.7	12	3,627,651	26,239	51	843.6
2019	61	4,633,212	42,739	72	1011	16	2,194,133	19,658	50	557.7	12	3,627,651	26,197	61	843.6

<u>Fiscal Year</u>	<u>Alternative Schools</u>				<u>Special Schools</u>				<u>Combined Schools</u>						
	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
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
2018	1	122,659	**	0	9.9	3	73,029	**	1	24.6	3	269,407	2,333	0	80.1
2019	0					3	195,688	**	0	34.5	3	269,407	2,333	0	80.1

<u>Fiscal Year</u>	<u>Total School Buildings (1)</u>				
	<u>Buildings</u>	<u>Square feet</u>	<u>Capacity</u>	<u>Trailers</u>	<u>Acres</u>
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
2018	95	10,819,826	88,874	206	2,510.0
2019	95	10,920,091	90,927	183	2,527.2

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, 2019

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the <i>Code of Virginia</i>)
Area:	348 Square Miles
Services of Primary Government:	
Fire protection:	
Number of career employees	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 2019	90,203 ⁽¹⁾
Number of personnel (full-time equivalent)	11,538 ⁽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:	
<i>(provided by Prince William County Service Authority)</i>	
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 2020 Approved Budget Book. Number differs from other sources due to criteria used for determining membership.

⁽²⁾ Source: Prince William County Schools Fiscal Year 2019 Approved Budget book.