

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2020



**A Component Unit of
Prince William County, Virginia**



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

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Prince William County

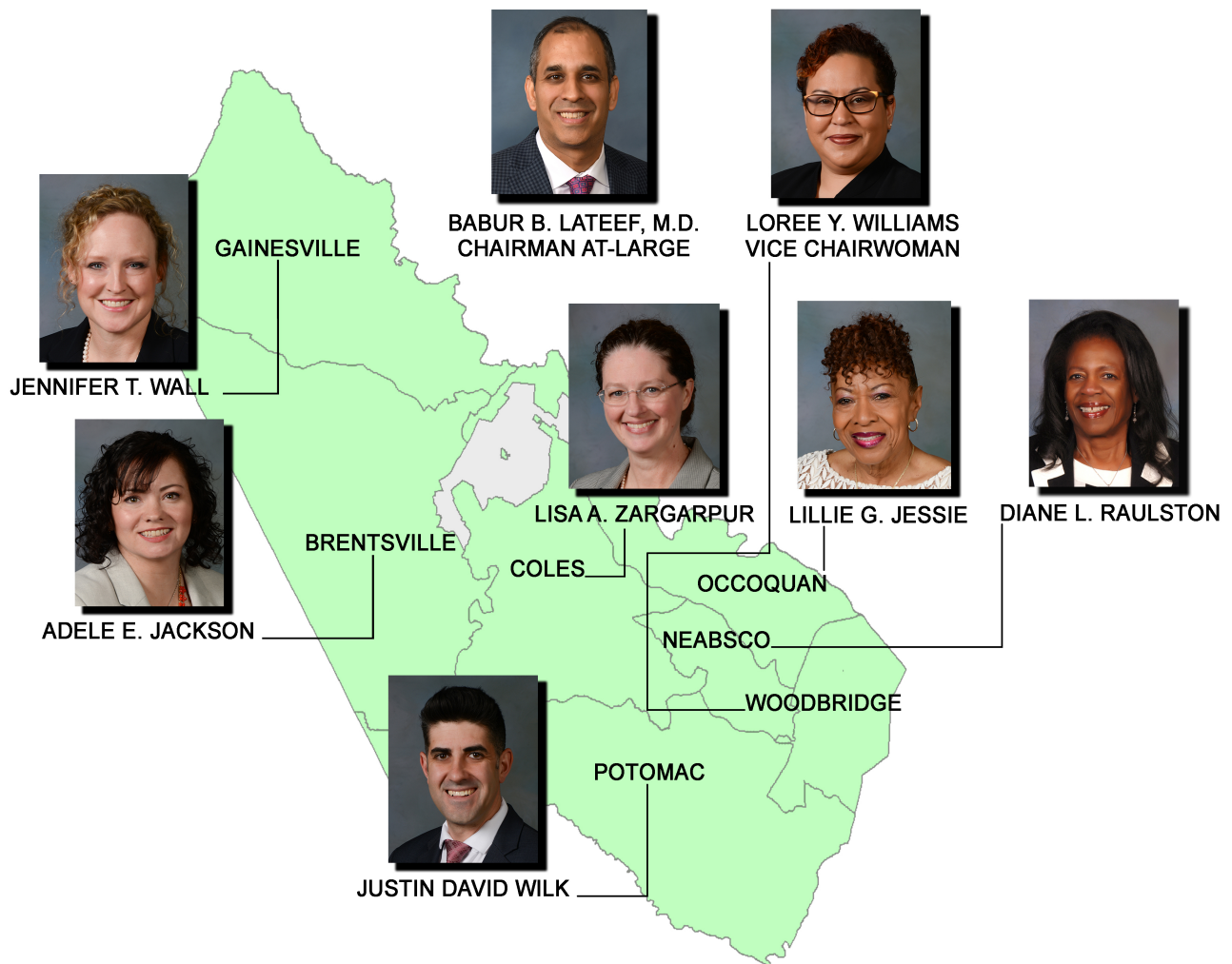
PUBLIC SCHOOLS

Providing A World-Class Education



Prince William County Public Schools
A Component Unit of Prince William County, Virginia
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Prince William County School Board



as of June 30, 2020

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



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

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Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

January 25, 2021

**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 (CAFR) of the Prince William County Public Schools (PWCS), a component unit of Prince William County (the County), Virginia, for the year ended June 30, 2020. The *Code of Virginia* requires that all general-purpose local governments publish, within five and a half 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 (GAAP) 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 PWCS has established a comprehensive internal control framework that is designed both to protect PWCS' assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of PWCS' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, 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, 2020 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 PWCS' financial statements for the fiscal year ended June 30, 2020, 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 over compliance and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are issued separately and available in the County's website at <http://pwccgov.org>.

DR. STEVEN L. WALTERS
Superintendent of Schools

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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 12th grade students and operates under a site-based management philosophy. PWCS is organized to focus on meeting the needs of its 91,526 students, as of September 2019 (FY 2020), while managing the 61 elementary schools, 2 traditional schools, 16 middle schools, 12 high schools, 2 special education schools, 1 alternative school, 1 Governor’s School, 1 World Language Center and 1 K-8 school.

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 CAFR.

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 School 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 continued to exhibit healthy signs as calendar year 2019 ended. The County’s residential real estate market, like that of the rest of the nation, faced low housing inventory levels – the most influential factor affecting average sale prices. The average days on the market and available inventory had also

significantly decreased over the prior year. Unemployment in the County was well below the national rate. At-place employment data from the Virginia Employment Commission’s Labor Market Information indicated continued growth in the number of establishments, employment, and wages in the County and Prince William County’s vacancy rates for commercial inventory remained in line with the five-year average vacancy rate. Entering calendar year 2020, consensus projections pointed to the U.S. economy producing a modest growth rate of approximately 1.9 percent. Those forecasts quickly evaporated as confirmed cases of coronavirus (COVID-19) spread throughout the United States.

The World Health Organization declared a pandemic in March 2020 following the outbreak of COVID-19. On March 30, 2020, Governor Northam issued a statewide Stay-at-Home Executive Order to mitigate the spread of COVID-19 in the Commonwealth. This Stay-at-Home Order remained effective until June 10, 2020. As the COVID-19 pandemic impacted the economy in a unique, unprecedented manner, the County faced many unknowns. In March, the President signed the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a \$2.2 trillion fiscal stimulus package. The CARES Act stimulus payments and supplemental weekly unemployment insurance provided a steady paycheck to millions of Americans out of work due to pandemic lockdowns. Consumer confidence rebounded amidst concerns about the economy and prospects for additional federal assistance. The Federal Open Market Committee responded aggressively by cutting the Federal Funds Rate by 1.50 percent to a range of 0.00-0.25 percent and implementing various monetary policy programs to ease liquidity pressure within the financial system. Federal Reserve Chairman Jerome Powell portrayed a cautious view of the economy during his semiannual report noting, “The levels of output and employment remain far below their pre-pandemic levels, and significant uncertainty remains about the timing and strength of the recovery.”

According to data from MarketStats by Bright MLS, during June 2020, the average home in Prince William County sold for \$452,945, representing an increase of 8.62 percent year-over-year. The number of homes sold in Prince William County in June 2020 was 780, an increase of 0.26 percent from the 778 homes sold one year earlier. The ratio of homes on the market to homes sold was 0.53, compared to 1.33 one year earlier, reflecting constrained inventory levels. Average number of “days on the market” stood at 18 in June 2020 compared to 20 in June 2019. Active County listings in June 2020 were a low 340 compared to 1,094 in December 2019, just six months earlier. Despite the disruption COVID-19 has cast, supply constraints continue to benefit sellers of residential properties. With average 30-year fixed rate mortgage rates falling below 3.0 percent and forecast to remain in that range well into 2021, the main barrier to rising demand is the shortage of inventory, specifically for entry level homes. Sales transactions are expected to hold steady as buyers are still able to take advantage of historically low interest rates, providing an incentive for both home purchases and refinancing.

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 2015 resulted from three multi-family rental occupancy permits. In 2019, the County issued 1,161 residential occupancy permits for 1,740 new homes. Since 2015, the number of permits issued for single-family homes has remained consistent.

Calendar Year	Single Family	Townhouse	Condo/Apartment	Total
2015	613	469	1,403	2,485
2016	718	500	551	1,769
2017	676	530	209	1,415
2018	686	538	617	1,841
2019	689	434	617	1,740
2020 (Jan-Jun)	328	298	76	702

The Prince William County commercial inventory held steady through June 2020. According to Costar Realty Group, the vacancy rate on June 30, 2020 was 5.8 percent. Total commercial property inventory has remained in the range of 40-48 million sq. ft. since 2015. Most vacancies result from new inventory rather than tenant departures, with approximately 80 percent 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 real estate industry continues to evolve as more businesses downsize office accommodations due to the increase in the number of remote workers and the subsequent growth of shared

workspace (i.e., co-working locations), increasing competition between Prince William County and localities to the north.

Approximately 81 percent of the County's real estate tax base (including apartments) consists of residential housing. Another 18 percent is comprised of commercial, industrial, agricultural, and public service properties and less than 1 percent is undeveloped land. As values of homes and investment in the community increased, the Board 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 2021	FY 2020	FY 2019	FY 2018	FY 2017
\$1.125	\$1.125	\$1.125	\$1.125	\$1.122

Retail sales reflect exemplary growth in fiscal year 2020, with fiscal year-over-year sales tax revenue increasing 5.2 percent between 2019 and 2020. COVID-19 provided a great deal of uncertainty and volatility in early Spring as storefront closures occurred nationwide. The Commonwealth of Virginia has been somewhat insulated from sharp declines in retail sales due to the recent passage of the Wayfair Act which provides for the collection of sales and use tax from remote sellers and the shift in discretionary spending to the home center/improvement industry. Locally, this has bolstered sales tax, accounting for much of the increase in this revenue source. Despite recent growth, a conservative estimate of negative 2.5 percent was forecast for fiscal year 2021, considering the current economic conditions.

Prince William County's population was estimated at 467,935 on June 30, 2020. Population growth will continue with a strong real estate market, stable private and government jobs, and capacity for diverse residential development. The Metropolitan Washington Council of Governments predicts the County's population to grow by nearly 22 percent between the current estimate and 2040. According to the U.S. Census American Community Survey (ACS) 2014-2018 5-Year Estimates and consistent with the County's family-oriented tradition, just over 32 percent of the County's households contain married-couple families with children of the household under 18 years old. Just over 62 percent of the County's residents work in another county or state, and the mean travel time to work is 39.6 minutes, the 25th highest of all U.S. counties and equivalents. Additionally, according to the U.S. Census ACS estimates, the Washington D.C. Metropolitan Statistical Area (MSA) has the second highest median household income among all MSAs in the country at \$100,732 with ten of the MSA's counties in the top 25 nationwide. Prince William County's median household income of \$103,455 is 72 percent above the national median of \$60,293 and nearly 45 percent above the statewide median of \$71,564. Prince William County had the 25th highest median household income in the United States; nearly 3 percent 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 Statistic'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 (132,129 in the 1st quarter of 2020) increased by 1.2 percent year-over-year, compared to an increase of 1.3 percent statewide. Establishments of employment in the County increased by 1.9 percent from 9,471 in the 1st quarter of 2019 to 9,653 in the 1st quarter of 2020. By comparison, Northern Virginia establishments grew by 2.3 percent from the 1st quarter of 2019, and statewide establishments grew by 1.3 percent. 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 Morale Welfare and Recreation. The average weekly wage in Prince William County increased substantially between the first quarter of 2019 and the first quarter of 2020, by 4.9 percent (\$935 to \$981). By comparison, during the same period, average weekly wages in Northern Virginia increased 3.8 percent from \$1,552 to \$1,611, and Virginia weekly wages increased 4.0 percent from \$1,186 to \$1,233.

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 2011, there were 9,785 construction jobs in the County. As of the first quarter 2020, at-place construction employment increased to 14,305 jobs. Establishments of employment have grown by more than 2,100 between 2011 and 2019 and the County has experienced steady growth in startup firms from 390 in 2017, to 441 in 2018 and 374 in 2019. COVID-19 greatly impacted unemployment rates nationwide beginning in March 2020. Prince William County's unemployment rate was 6.8 percent in August 2020, down from a peak rate of 11.3 percent in March 2020. The County's August 2020 rate was below the

Washington D.C. metropolitan area's rate of 6.9 percent, higher than the statewide rate of 6.3 percent and below the national rate of 8.4 percent.

Locally, the County and its residents also benefited from the CARES Act. The County received approximately \$82.1 million in Coronavirus Relief Funds awarded to the Commonwealth of Virginia under the CARES Act. The County Board allocated these funds to the following programs and services, all in an effort to provide relief in response to coronavirus: community feeding; COVID-19 testing; homeless services; mortgage/rent/utility assistance; small business microgrants; economic recovery; grants to local non-profits through the Human Services Alliance of Greater Prince William; childcare initiatives; COVID-19 election protocols for the 2020 Presidential Election; County response and telework initiatives; allocations to the four Towns (Dumfries, Haymarket, Occoquan and Quantico); and distance learning support for students in PWCS.

As Prince William County enters fiscal year 2021, the local economy continues to perform well in many areas. As reported by the Virginia REALTORS® association, COVID-19 and the recession have disrupted the typical housing market cycle; yet the residential real estate market has been leading the economic recovery, with a strong rebound in sales activity and a surge in sold volume. However, considering the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order, particularly as it pertains to the commercial sector where impacts may yet to have fully materialized. 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. While the County's economy has shown signs of recovery since the re-opening of businesses, economic conditions continue to be affected by overall reduced activity resulting from the COVID-19 pandemic. County leadership continues to closely monitor economic conditions in both the nation and the Commonwealth, as well as regionally and locally. County leadership has also evaluated the County's liquidity to meet its obligations and believes the County has sufficient liquidity without the need to access external funding for operations. However, the effects of the pandemic are still in the early stages and will require constant re-evaluation of revenues, expenditures, and liquidity. Fortunately, the County's strong financial policies and practices and sufficient general fund balance position the County to comfortably manage through the uncertainty of the current and future economic conditions.

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 percent to 42.77 percent 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 permits; funding for the 3,549 new students expected during the next five years.
- Building Repairs and Renewals – include \$179.0 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 \$572.0 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, one high school and additions/expansions at four 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 percent of the current fiscal year's General Fund revenue. As of June 30, 2020, PWCS maintained an unassigned fund balance of 1.5 percent of the current fiscal year's General Fund revenue.

Major Initiatives

PWCS is the second largest of 132 school divisions in Virginia, the fourth largest in the Washington-Metropolitan area, and the 36th largest school division in the country, operating 97 schools and specialty centers for students in grades pre-kindergarten through twelve. The official September 2019 (fiscal year 2020) student enrollment count for PWCS is 91,526 students, up 1,323 students, or 1.47 percent from fiscal year 2019. The fiscal year 2020 adopted budget supports the cost of educating an additional 892 students; operating costs for the Independence Nontraditional School and funding for the new John D. Jenkins Elementary School; addition of practice gyms at Gar-Field and Woodbridge High Schools; continued restoration of economically disadvantaged funding at all grade levels; new positions including, guidance counselors, athletic trainers at all high schools, pre-school teachers and teacher assistants, fiscal officer, nurses, social workers, and special education psychologists among others; as well as funding to support a division-wide professional learning plan and credit card acceptance program.

In August 2019, PWCS 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. In October 2020, PWCS completed and placed into operation 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. PWCS is continuing construction on the new Gainesville High School. The new high school, located in the Gainesville Magisterial District, is on track 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. PWCS is also on track to open Potomac Shores Middle School in the fall of 2021, a new school located in Potomac Shores.

Architectural design has started on the "Rosemount Lewis" Elementary School, which will be a new, three-story elementary school located in the Brentsville Magisterial District. The school is slated to open in the fall of 2022 to relieve overcrowding in area elementary schools. Design work has also commenced on additions to two western area middle schools, Gainesville Middle and Reagan Middle. Approved plans call for the construction of an 11-classroom addition at Gainesville Middle, and a 6-classroom addition at Reagan Middle. Both additions are planned to open in the fall of 2022. Preliminary work has also begun on significant fenestration improvements at Unity Reed High School and Osbourn Park High School. These projects will enhance classroom daylighting at these two high schools, improving the overall environment to improve student learning.

PWCS 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 (VDOE) accreditation guidelines, with 100 percent 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. The School Division's 93.5 percent on-time graduation rate for class of 2020 surpasses the overall State rate of 92.3 percent and marks the 13th year of consecutive improvement. As a Division, Prince William County Schools outperformed on 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 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, PWCS' students earned over \$76 million in scholarships, \$2 million more than the prior year. These are the latest available information from VDOE website.

COVID-19 Impact

The global COVID-19 pandemic caused us to pause the development of our new five-year Strategic Plan last year. However, the process of developing our next five-year Strategic Plan through collaboration and feedback from our School Board members, school leaders, staff, parents, and community members will be restarted this year. Due to the ongoing pandemic, PWCS began the 2020-2021 school year using a 100 percent virtual instructional model with some identified vulnerable students coming in-person. PWCS started moving to a 50 percent in-person model during the second quarter to allow for more students to return in-person. In addition to the Strategic Plan's roadmap, PWCS has developed detailed Health, Return to Work, and Return to Learn plans as a part of our reopening during the ongoing pandemic. PWCS' leaders and staff are working diligently to implement these reopening plans while continuously adjusting to any local, state, and Federal Government guidance

The pandemic affected PWCS and caused a decrease in students enrolled for the 2020-2021 school year. The fiscal effects of having fewer students are still being discussed by the VDOE. We believe PWCS can adequately respond to the temporary effect of fewer students. The FY 2021 approved budget was impacted by approximately \$56.5 million in state and county revenue reductions identified prior to budget adoption. PWCS, however, expects to receive \$44.1 million in Coronavirus Relief Fund, \$9.3 million from Education Stabilization Fund (ESSER) \$0.9 million in Governor's Emergency Education Relief and ESSER set aside funding and potential funding from the Disaster Relief Fund to respond and support virtual instructions and various needs of the students as they return to in-person instruction.

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 CAFR for the fiscal year ended June 30, 2019. This was the eighteenth 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 CAFR. 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 CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Also, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its CAFR for the fiscal year ended June 30, 2019. This was the

eighteenth 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 for the fiscal year ended June 30, 2020. 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 2021 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 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 CAFR reflects 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 M. Wallingford
Associate Superintendent for
Finance and Risk Management

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Prince William County Public Schools
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'. The signature is written in a cursive style and is positioned above a horizontal line.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'. The signature is written in a cursive style and is positioned above a horizontal line.

David J. Lewis
Executive Director

Prince William County Public Schools
List of Elected and Appointed Officials
June 30, 2020

Elected Officials - The Prince William County School Board*

Babur B. Lateef, Chairman At-Large
Loree Y. Williams, Vice Chairwoman, *Woodbridge District*
Adele E. Jackson, *Brentsville District*
Lillie G. Jessie, *Occoquan District*
Diane L. Raulston, *Neabsco District*
Jennifer T. Wall, *Gainesville District*
Justin D. Wilk, *Potomac District*
Lisa A. Zargarpur, *Coles District*

Appointed Officials - School Division Administration*

Steven L. Walts Superintendent of Schools	Nathaniel Provencio Associate Superintendent Eastern Elementary Schools
Keith A. Imon Deputy Superintendent	R. Todd Erickson Associate Superintendent Central Elementary Schools
Denise M. Huebner Associate Superintendent Special Education and Student Services	Jarcelynn M. Hart Associate Superintendent Western Elementary Schools
Matthew Guilfoyle Associate Superintendent Communications and Technology Services	William G. Bixby Associate Superintendent Middle Schools
Amy A. White Associate Superintendent Human Resources	Michael A. Mulgrew Associate Superintendent High Schools
Rita Everett Goss Associate Superintendent Student and Professional Learning	Lisa M. Thorne-Izes Director of Financial Services
Al Ciarochi Associate Superintendent Support Services	Rene L. Gapasin Supervisor of Accounting Services
John M. Wallingford Associate Superintendent Finance and Risk Management	

*As of June 30, 2020

Citizens of Prince William County, Virginia

Prince William County School Board

Babur B. Lateef, M.D., Chairman At-Large
Loree Y. Williams, Vice Chairman Woodbridge District
Adele E. Jackson, Brentsville District
Lillie G. Jessie, Occoquan District
Diane L. Raulston, Neabsco District
Justin David Wilk, Potomac District
Lisa A. Zargarpur, Coles District
Benjamin Kim, Student Representatives
Tahera Hamidi
Eliana Black

Superintendent
Steven L. Waits

Deputy Superintendent
Keith Imon

Associate Superintendent for Special Education and Student Services
Denise Huebner

Associate Superintendent for Communications and Technology Services
Matthew Guilfoyle

Associate Superintendent for Human Resources
Amy White

Associate Superintendent for Support Services
AI Ciarochi

Associate Superintendent for Student and Professional Learning
Rita Everett Goss

Chief Internal Auditor
Gary R. Maness

Division Counsel
Mary McGowan

Assistant Division Counsel
Carol Marchant

Clerk
Deborah Urban

Deputy Clerk
B Simpson

Ombudsman
Sarah Miller Espinosa

Supervisor of Program Evaluation
Tim Neall

Supervisor of Testing
Paul Parker

Supervisor of Strategic Planning and School Improvement
Sheila Huckestein

Supervisor of Data Analysis & Reporting
Dina Ashley

Records Center
Cheryl Tibbs

Supervisor of Budget
Kathleen Addison

Supervisor of Payroll
Stephanie Magee

Supervisor of Accounting Services
Rene Gaspasin

Eastern Elementary Schools

Antietam ES
The Nokesville School
Belmont ES
Old Bridge ES
Dumfries ES
Potomac View ES
Rockledge ES
Jenkins ES
Kilby ES
Swans Creek ES
Triangle ES
Leesylvania ES
Manassas Hills ES
Williams ES
Yorkshire ES

Associate Superintendent for Eastern Elementary Schools
Nathaniel Provencio

Western Elementary Schools

Alvey ES
Mullen ES
Occoquan ES
Brickow Run ES
Buckland Mills ES
Piney Branch ES
River Oaks ES
Cedar Point ES
Sinclair ES
Covington-Harper ES
Ellis ES
Sudley ES
Featherstone ES
Tyler ES
Glenkirk ES
Vaughan ES
Gravelly ES
Victory ES
West Gate ES
Haymarket ES
Loch Lomond ES
Wood ES
Mountain View ES
Yung ES

Associate Superintendent for Western Elementary Schools
Jarcelynn Hart

Central Elementary Schools

Ashland ES
PicAuliffe ES
Bel Air ES
Minnieville ES
Bennett ES
Montclair ES
Coles ES
Paris ES
Dale City ES
Partie ES
Freemrise ES
Penn ES
Fitzgerald ES
Signal Hill ES
Henderson ES
Springwoods ES
Kerrydale ES
Wesridge ES
Wilson ES
King ES
Lake Ridge ES
Woodbine SE
Marshall ES

Associate Superintendent for Central Elementary Schools
Todd Erickson

Supervisor of Title I
Michelle Rowe

Supervisor of Preschool Programs
Amanda Wilder

Associate Superintendent for Middle Schools
William Bixby

Middle Schools

Benton MS
Parlside MS
Beville MS
Pennington Traditional
Bull Run MS
Potomac MS
Gaithersville MS
Reagan MS
Graham Park MS
Rippon MS
Hampson MS
Lake Ridge MS
Saunders MS
Lynn MS
Stonewall MS
Marsteller MS
Woodbridge MS

Associate Superintendent for High Schools
Michael Mulgrew

High Schools

Battlefield HS
Osborn Park HS
Brentsville HS
PACE West SE
Colgan HS
Patnot HS
Forest Park HS
Potomac HS
Freedom HS
Stonewall Jackson HS
Gar-Field HS
Woodbridge HS
Hykon HS

Director of English Learner Programs and Services
Lynmara Colon

Supervisor of EL Instruction
Christina Lo

Director of Professional Learning
Christie Dugan Taylor

Supervisor of Global Learning and Culturally Responsive Instruction
Maria D. Burgos

Supervisor for Leadership Development
Michele Webb

Supervisor of Professional Learning
Donna Wilder

Director of Special Education
Michelle Roper

Supervisors of Special Education
Cary Dougher
Heather Grim
Janice Hornbeck
Kim Legault
Amanda Mallory
Ronald Pannell
Jessica Tra
David Williams
Rebecca Yellets

Director of Student Services
Rebekah Schlatter

Supervisor of Secondary Counseling and Student Support Services
Richmond Hill

Supervisor of Elementary Counseling and Related Services
Deborah Ransom

Supervisor of Student Support Programs and Family Assistance
Tamaica Jackson

Supervisor of School Health
Teresa Polk

Director of Information Technology Services
Al Phillips

Supervisor of Network Services and Central Ops
Karla Tilgner

Supervisor of Student Information and Information Security
Andrew Wolfenbarger

Supervisor of Business Applications
Vincent Bess

Supervisor of Instructional Technology
Diane Harazin

Supervisor of Help Desk & Workstation Support
Scott LaCasse

Supervisor of Information Systems Support
Debbie Miller

Director of Communications Services
Diana Giulotta

Supervisor of Web Services
Karla Tilgner

Supervisor of Multimedia Design
Maria Dellafave

Supervisor of Media Production Services
Richard Shahan

Imaging Center
Bill Goswellen

Director of Community Outreach, Business Partnerships, and Philanthropy
Dawn Davis

Supervisor of Special Education Staffing and Recruitment
Wendy Martin Johnson

Supervisors of Elementary Personnel
Michele Saizano
Alfie Turner

Supervisor of Middle School Staffing Personnel
Roberta Knetter

Director of Human Resources
Donna Eagle

Supervisor of Recruiting & Specialty Pkgs
Felicia Norwood

Supervisor of Substitute & Temporary Employment
Christi Hetrick

Supervisor of Classified Personnel
Julie Vuillemot

Supervisor of Classification and Compensation
Lisa Frye

Director of Benefits and Retirement Services
Joseph Makolandra

Director of School Food and Nutrition Services
Adam Russo

Assistant Director
Mary Shildneck

Director of Transportation Services
Shirley Posey

Supervisor of Bus Operations
Heather Handschin

Supervisor of Transportation Planning
Douglas Miller

Director of Facilities Services
John Windley

Supervisor of Facilities Management
Rodney Clayborn

Supervisor of Construction
John Mills

Supervisor of Field Operations
Neil Bagnell

Supervisor of Planning and Financial Services
David Beavers

Supervisor of Planning
Matthew Cartledge

Supervisor of Land Acquisition & CIP Planning
Maureen Hannan

Director of Risk Management & Security Services
Ronald Crowe

Supervisor of Financial Services
Lisa Thorne-Izes

Supervisor of Purchasing
Anthony Crosby

Supervisor of Supply Services
Charles Wheeler

Associate Superintendent for Finance and Risk Management
John Wallingford

Employee Investigations

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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, 2020, 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 Prince William County Public Schools Education Foundation, Inc. (“SPARK”), 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 another auditor whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for SPARK, are based solely on the report of the other auditor. 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, 2020, 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.

Emphasis of Matter

As discussed in Note 9 to the financial statements, in March 2020 the World Health Organization declared COVID-19 a global pandemic. Given the uncertainty of the situation and the duration of any business disruption, the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 January 25, 2021, 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.

A handwritten signature in cursive script that reads "Cherry Belmont LLP".

Tysons Corner, Virginia
January 25, 2021

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Prince William County Public Schools
Management's Discussion and Analysis
For the Year Ended June 30, 2020

This section of the Prince William County Public Schools' (PWCS) annual financial report presents our discussion and analysis of PWCS' financial performance during the fiscal year ended June 30, 2020 (FY 2020). Please read it in conjunction with the transmittal letter at the front of this report and the financial statements, which immediately follow this section. (All values in the Management's Discussion and Analysis (MD&A) are expressed in thousands).

Financial Highlights

- PWCS' General revenues accounted for \$1,223,146 or 86.8% of total revenues of \$1,408,974. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$185,828 or 13.2% of total revenues.
- PWCS had \$1,290,526 in expenses of which \$185,828 was offset by program specific charges, grants, or contributions. General revenues, primarily from Prince William County (the County) and the Commonwealth of Virginia, were adequate to fund the remaining expenses.
- Total net position in FY 2020 increased by \$118,448 to a total of \$1,094,735. The value of net position reflects the financial health of PWCS and includes certain assets procured with debt. PWCS is a component unit of and is fiscally dependent on the County. As such, all debt related to PWCS assets are shown on the County's Statement of Net Position.
- The novel coronavirus (COVID-19) pandemic impacted PWCS' financials from mid-March through June. Due to the closure of schools and facilities, revenues from Business-type Activities decreased by \$556, or 42.4% from FY 2019.
- On September 30, 2019 (FY 2020) student membership was 91,526, an increase of 1,323 students, or 1.5% greater than FY 2019. The student membership was also 431 students more than projected for FY 2020.

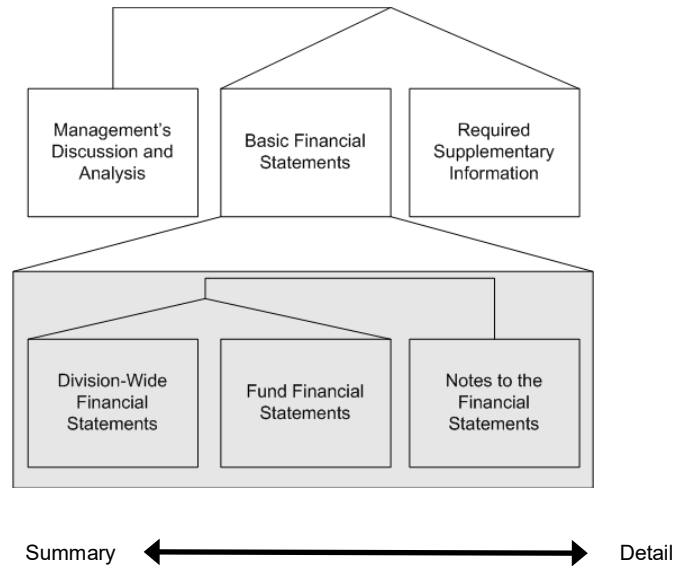
Using this Comprehensive Annual Financial Report

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 PWCS.

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about PWCS' *overall* financial status.
- The remaining statements are *fund financial statements* that focus on reporting the *individual parts* of PWCS, reporting its 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 PWCS operates *like businesses*.
- The *fiduciary funds statements* provide information about the financial relationships in which PWCS 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 and governor's school 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 PWCS as a whole using accounting methods similar to those used in private-sector companies. While this document contains a number of funds used 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 2020?” 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 PWCS’ net position and how they have changed. Net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the financial health or position of PWCS.

- Over time increases or decreases in 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 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 PWCS.

- **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.
- **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 fund 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, 2020. 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 155.7% of the total net position and have increased by \$107,998 since June 30, 2019. 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, PWCS 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 \$23,224 during the current fiscal year reflecting a decrease in PWCS' resources restricted for specific construction projects of \$17,560 and a net decrease in restricted for food & nutrition services and grant programs of \$5,664. Unrestricted net position are those resources that may be used to pay for ongoing operations and meet the obligations placed on PWCS by its creditors. At the end of the fiscal year unrestricted net position amounted to \$(687,969), an increase of \$33,674 from FY 2019.

Condensed Statement of Net Position

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total School Division	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 504,950	\$ 472,457	(415)	107	504,535	472,564
Capital assets	1,695,750	1,587,570	8,512	8,694	1,704,262	1,596,264
Total assets	2,200,700	2,060,027	8,097	8,801	2,208,797	2,068,828
Pension and OPEB	231,175	146,070	-	-	231,175	146,070
Total deferred outflows of resources	231,175	146,070	-	-	231,175	146,070
Current liabilities	149,760	135,844	14	115	149,774	135,959
Long-term liabilities	1,091,282	993,261	-	-	1,091,282	993,261
Total liabilities	1,241,042	1,129,105	14	115	1,241,056	1,129,220
Pension and OPEB	104,181	109,391	-	-	104,181	109,391
Total deferred inflows of resources	104,181	109,391	-	-	104,181	109,391
Net position						
Investment in capital assets	1,695,750	1,587,570	8,512	8,694	1,704,262	1,596,264
Restricted	78,442	101,666	-	-	78,442	101,666
Unrestricted (deficit)	(687,540)	(721,635)	(429)	(8)	(687,969)	(721,643)
Total net position	\$ 1,086,652	\$ 967,601	8,083	8,686	1,094,735	976,287

Changes in Net Position

The change in net position in Governmental activities was \$119,051 compared to \$55,339 in FY 2019, or an increase of \$63,712. This increase was primarily due to a \$19,542 increase in State aid and a \$161,089 increase in revenue funding from the County as a result of new bond issuance in FY 2020. The increase of net position was offset partially by the increase of total expenditures in the amount of \$112,411.

The change in net position in business-type activities was \$(603), compared to \$(238) in FY 2019, or a decrease of \$365. This decrease was primarily due to the significant decrease of operating revenues from SACC and Aquatics Center, as a result of closure of facilities since mid-March during the COVID-19 pandemic.

Total revenues went up by \$175,567, or a 14.2% increase over FY 2019. This is primarily the result of the increase in general revenues from the County due to new bond issuance during the year. This revenue increase was partially offset by the decrease of operating revenues from business-type activities, school cafeteria sales, and investment earnings that mainly attributed to the negative impact of COVID-19 pandemic.

Changes in Net Position						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total School Division	
	2020	2019*	2020	2019	2020	2019*
Program revenues:						
Charges for services	\$ 16,807	\$ 23,627	784	1,306	17,591	24,933
Operating grants and contributions	168,118	164,707	-	-	168,118	164,707
Capital grants and contributions	119	128	-	-	119	128
General revenues:						
Federal	858	1,019	-	-	858	1,019
State	465,631	446,089	-	-	465,631	446,089
County	744,983	583,894	-	-	744,983	583,894
Unrestricted investment earnings	7,180	8,622	(29)	5	7,151	8,627
Miscellaneous revenues and other	4,523	4,010	-	-	4,523	4,010
Total revenues	1,408,219	1,232,096	755	1,311	1,408,974	1,233,407
Expenses						
Instruction:						
Regular	638,487	562,120	-	-	638,487	562,120
Special	139,208	124,789	-	-	139,208	124,789
Other	10,549	9,398	-	-	10,549	9,398
Instructional leadership	75,639	72,143	-	-	75,639	72,143
Support Services:						
General administration	13,234	10,101	-	-	13,234	10,101
Student services	22,222	16,651	-	-	22,222	16,651
Curricular/staff development	19,666	18,481	-	-	19,666	18,481
Pupil transportation	62,282	60,377	-	-	62,282	60,377
Operations	27,430	23,749	-	-	27,430	23,749
Utilities	21,454	22,346	-	-	21,454	22,346
Maintenance	45,628	41,666	-	-	45,628	41,666
Central business services	65,454	62,203	-	-	65,454	62,203
Reimbursement to County for debt	104,996	105,491	-	-	104,996	105,491
Food & nutrition services	41,003	44,842	-	-	41,003	44,842
Community service operations	957	1,465	-	-	957	1,465
Education Foundation	559	535	-	-	559	535
School Age Child Care	-	-	518	576	518	576
Aquatics Center	-	-	1,240	1,373	1,240	1,373
Total expenses	1,288,768	1,176,357	1,758	1,949	1,290,526	1,178,306
Change in net position before transfers	119,451	55,739	(1,003)	(638)	118,448	55,101
Transfers	(400)	(400)	400	400	-	-
Change in net position	119,051	55,339	(603)	(238)	118,448	55,101
Net position, beginning of year	967,601	912,262	8,686	8,924	976,287	921,186
Net position, end of year	\$ 1,086,652	\$ 967,601	8,083	8,686	1,094,735	976,287

* FY 2019 regular and other instruction expenses were re-allocated due to the re-classification of a department expenditure, as a result of funding source change

PWCS' revenue comes from the primary government (52.9% - the County), 33.1% from the State, 0.1% from the Federal government, 13.1% from program revenues (charges for services, operating, and capital grants and contributions), and 0.8% 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 increased by \$125,417 from FY 2019 while all other components of "county revenue" increased by \$35,672 or 6.1%. For FY 2020 there

was a net 27.6% increase of all components of “county revenue” or \$161,089. This increase is primarily due to the new bond issuances in FY 2020.

State revenue increased \$19,542 or 4.4% 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 decreased \$161 or 15.8% due a decrease in Impact Aid revenue received throughout the year. The decrease in revenue received in the current year is a partial offset to the increase of Impact Aid revenue received in FY 2019.

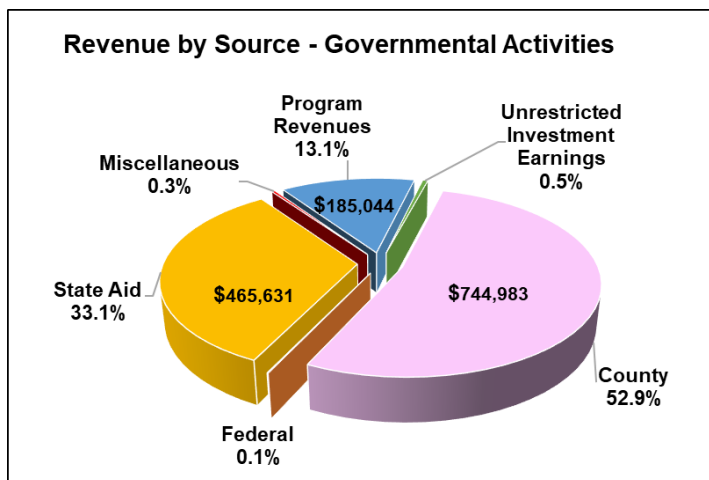
Business-type activity revenue decreased \$556 or 42.4%, primarily due to the lost revenues from aquatics center and SACC, as the facilities were closed since mid-March due to the outbreak of COVID-19 pandemic.

The total cost of all programs increased by 9.5% to \$1,290,526 in FY 2020. This increase is a function of the increase in the student population by 1.5% and related instructional needs, as well as a 2.8% salary-step increase for eligible employees and a cost of living adjustment of 2.0% to employees. The cost of food and nutrition services decreased \$3,839 or 8.6%, primarily due to the decreased food cost as a result of the school closures since mid-March.

Of the governmental activity expenses, 76.8% are related to the instruction of and caring for the needs of students (instruction, transportation, student services, and food & nutrition services). The business and administrative activities accounted for 7.8% of total costs while operations and maintenance amounted to 7.3% of total cost. Reimbursements to the County for debt service totaled 8.1% of FY 2020 costs. The business-type activity expenses decreased \$191 or 9.8%, mainly due to the COVID-19 related closure of aquatics center and SACC facilities.

For the FY 2020, total revenues exceeded expenses by \$118,448. A substantial portion of this excess is due to the increased revenue funding from County for new bond issuances during the year, as well as a concerted effort by PWCS to manage costs.

Governmental Activities

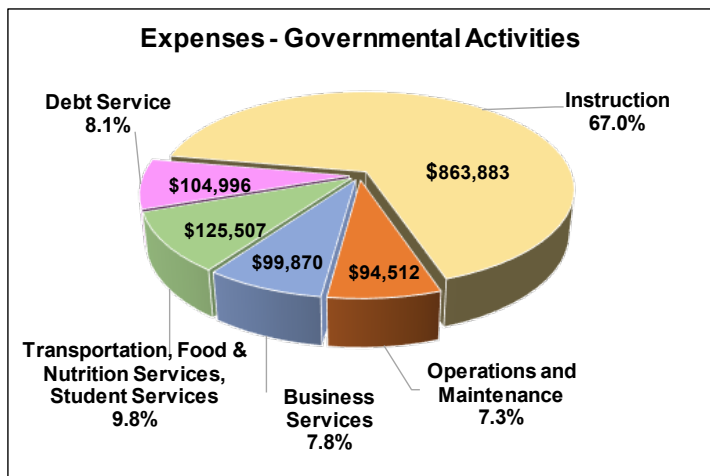


The two primary sources of revenue are from the County and the State. Funding from the County is provided through a revenue sharing agreement whereby PWCS received 57.23% of general county revenue. The budget was developed based upon projected revenue for that year. In the following fiscal year, revenues 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 PWCS requires PWCS 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 2021 related to additional recognized revenues from FY 2020 in the amount of \$5,048. There will be \$98 payable to the County due to the overpayment of cable franchise tax grant from the County in FY 2020. There will be \$164 payable to County related to excess transfers from prior year. Also, \$2,454 was needed to maintain the

7.5% of unassigned General Fund balance. This netted to an increase in revenue from FY 2020 in the amount of \$2,332.



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 2020 increased as a result of the State funding its share of the SOQ cost of the additional 1,323 students in the School Division.

The FY 2020 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		
	2020	2019*	Percent Change	2020	2019*	Percent Change
Instruction						
Regular	\$ 638,487	\$ 562,120	13.6%	563,044	497,705	13.1%
Special	139,208	124,789	11.6%	79,633	62,558	27.3%
Other	10,549	9,398	12.2%	1,071	(210)	610.0%
Instructional leadership	75,639	72,143	4.8%	75,639	72,143	4.8%
Total instruction	863,883	768,450	12.4%	719,387	632,196	13.8%
Support services						
General administration	13,234	10,101	31.0%	13,234	10,101	31.0%
Student services	22,222	16,651	33.5%	21,803	16,185	34.7%
Curricular/staff development	19,666	18,481	6.4%	19,553	18,216	7.3%
Pupil transportation	62,282	60,377	3.2%	62,045	60,220	3.0%
Operations	27,430	23,749	15.5%	27,169	23,429	16.0%
Utilities	21,454	22,346	-4.0%	21,454	22,346	-4.0%
Maintenance	45,628	41,666	9.5%	45,628	41,666	9.5%
Central business services	65,454	62,203	5.2%	65,003	61,735	5.3%
Reimbursement to County for debt service	104,996	105,491	-0.5%	104,996	105,491	-0.5%
Food & nutrition services	41,003	44,842	-8.6%	2,828	(4,178)	167.7%
Community service operations	957	1,465	-34.7%	65	(47)	238.3%
Education Foundation	559	535	4.5%	559	535	4.5%
Total support services	424,885	407,907	4.2%	384,337	355,699	8.1%
Total expenses	\$1,288,768	\$1,176,357	9.6%	1,103,724	987,895	11.7%

* FY 2019 regular and other instructions expenses were re-allocated due to the re-classification of a department expenditure, as a result of funding source change

- The cost of all governmental activities was \$1,288,768.
- The net cost of governmental activities was \$1,103,724.
- The amount the citizens of Prince William County paid for these activities through County taxes was \$619,566. Additional revenue from the County consisted of bond sales in the amount of \$125,417.
- The State contributed general revenue of \$465,631.
- The Federal Government contributed general revenue of \$858.
- Some of the other costs were paid for by:
 - Users who benefited from the programs: \$16,807;
 - Total Grants and Contributions: \$168,237;
 - Other payments: \$11,703.
- There are significant activity changes in the net cost of services:
 - Regular and special instruction net costs increased primarily due to the increased instructional support to accommodate increased regular and special education student enrollments.
 - Other instruction net costs increased significantly primarily due to the implementation and expansion of the Virtual Prince William online learning program throughout the school division.
 - General administration and student services net costs increased due to our continued effort to add new administration and supporting staffs in special education, nursing, social services and psychology services programs.
 - Operations net costs increased primarily due to the COVID-19 related expenditures for distance learning and personal protection equipment.
 - Food and nutrition services and community service operations net costs increased significantly primarily due to the lost revenues as schools and facilities closed during COVID-19 pandemic.

Business-type Activities

Revenues of PWCS' business-type activities decreased 42.4% to \$755, and expenses decreased 9.8% to \$1,758. Both revenue and expense decreases are mainly attributable to the closure of the Aquatics Center and SACC facilities due to the COVID-19 pandemic.

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 \$1,406,698 and expenditures of \$1,391,646. The increase of \$12,851 in fund balance was most significant in the General Fund amounting to an increase of \$18,608. This increase is primarily due to the increased County general revenues in comparison to FY 2019. Also attributing to the increased General Fund balance was the increases in State and Federal revenue. The increase in State revenue was a result of increased student enrollment of 1,323. The increase in Federal revenue was mainly related to CARES Act Relief funding. This increase of total Governmental funds balance was partially offset by the decrease of fund balances in Construction fund and Food & Nutrition Services Fund.

The Construction Fund net decrease in fund balance of \$4,122 resulted from the increase of expenses in construction of capital projects, offset partially by the increased revenue from County for bond issuance. The decrease in fund balance in the Food & Nutrition Services Fund of \$1,689 is primarily attributable to decreased National School Lunch Program revenues and decreased cafeteria sales due to COVID-19 related closures of schools and administration buildings.

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 2020, PWCS amended its General Fund budget as follows:

- Amended appropriation of \$12,850 to reflect the carryover of encumbrances from FY 2019 to FY 2020.
- Supplemental appropriations related to the carryover of unencumbered FY 2019 budget and appropriations totaled \$18,707.

PWCS' final budget for the General Fund anticipated that expenditures, including transfers, would exceed revenues by roughly \$40,407. The actual results for the year show revenues exceeded expenditures by \$18,608. The key factor contributing to the significant changes in revenues/appropriations from the final budgeted amounts include:

- Regular instruction and other instruction expenditures were less than final budgeted amounts due to unfilled positions for teachers and supporting staffs at schools.
- Curricular/staff development expenditures were less than final budgeted amounts due to the division-wide transition of in person learning to virtual distant learning and the cancellations or postponements of staff training programs during COVID-19 pandemic.
- Operations expenditures were higher than final budgeted amounts due to the COVID-19 related purchases for technical support equipment and personal protection equipment.
- Utility expenditures were \$3,743 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 \$1,247. The schools and administrative building closures also attributed to the lower utility expenditures.
- Maintenance expenditures final budgeted amounts were \$6,228 less than the original budgeted amounts due to projected lower facility maintenance personnel and project costs when schools and facilities were closed during COVID-19 pandemic.
- Central business services final budgeted amounts were \$8,714 higher than the original budgeted amounts due to the projected cost for COVID-19 related technical support equipment and personal protection equipment and materials. The actual expenditures were \$7,207 lower than the final budgeted amounts as some of the COVID-19 related costs were reclassified as operations expenditures.

Capital Assets

At the end of FY 2020, PWCS had \$1,695,750 invested in buildings, land, equipment, vehicles, construction-in-progress, library books and intangibles in governmental-type activities.

At the end of FY 2020, PWCS had \$8,512 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 \$8,398, net of depreciation, at the end of the year.

The following table shows FY 2020 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.

	Governmental Activities		Business-Type Activities		Total School Division	
	2020	2019	2020	2019	2020	2019
	Land	\$ 95,774	\$ 95,599	114	114	95,888
Construction in progress	145,892	45,918	-	-	145,892	45,918
Depreciable/amortizable capital assets	1,454,084	1,446,053	8,398	8,580	1,462,482	1,454,633
Total	\$ 1,695,750	\$ 1,587,570	8,512	8,694	1,704,262	1,596,264

Major capital asset additions for FY 2020 included:

- Completed construction of two new school/building:
 - Bus Operations Western Bus Facility;
 - Bus Operations Special Needs Facility.
- Continued construction of two new schools:
 - 13th High School;
 - Potomac Shores Middle School;
- Completed major renovations, additions, replacements at:
 - Marshall Elementary School;
 - Montclair Elementary School;
 - Old Bridge Elementary School;
 - Leesylvania Elementary School;
 - Woodbine Preschool.
- Replaced 55 school buses, 11 trucks, and 8 cars.
- Purchased additional 11 trucks and 1 car.

The following major capital projects are included in PWCS' FY 2021 capital budget:

- Construction of Rosemount Lewis Elementary School;
- Renovation of Hylton High School;
- Fenestration improvements at Osbourn Park High School and Unity Reed High School

Funding for the FY 2021 capital projects includes a general fund transfer of \$35,546 and \$121,975 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, 2020, the County is liable for \$845,159 in general obligation bonds and other long-term debt outstanding to support school capital projects. During FY 2020, total outstanding long-term debt increased by a net of \$48,217 consisting of:

- \$68,000 in debt principal retired during the fiscal year
- \$109,155 in new debt issued during FY 2020 through the sale of general obligation bonds to the VPSA:
 - In addition, a bond premium of \$16,262 was realized on the sale of the VPSA bonds, bringing the total bonds available from the sale to \$125,417.
- \$67,185 of principal was refunded resulting into a \$7,219 net effect of refunding debt issued during FY 2020 through the sale of general obligation and VPSA bonds.

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 was made in FY 2020.

The Approved School Board budget for FY 2021 provides funding of \$109,438 to support the payment of debt service by the County. The sale of \$121,975 in new bonds during FY 2021 is to support school capital projects, as detailed in the FY 2021 – 2030 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 Activities		Business-Type Activities		Total School Division	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds *	\$ 845,159	\$ 796,785	-	-	845,159	796,785
Capital Leases	-	157	-	-	-	157
Total	\$ 845,159	\$ 796,942	-	-	845,159	796,942

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

On September 2020, 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 one percent of approximately 18,000 counties nationwide.

Factors influencing future budgets:

The FY 2021 budget provides funding for the following significant costs:

- Funding for current programs to support a projected 92,048 students an approximate increase of 953 additional students over the FY2020 approved budget;

- Funding to support the capital projects included in the FY 2021 – 2030 CIP;
- A salary scale adjustment of 2.8% to School Division employees;
- Approximately \$4.3 million in funding to support Digital Equity which ensures all students have equal access to technology and the training necessary to navigate digital tools.

At the time these financial statements were prepared, PWCS 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 (NVRSP). The NVRSP is a collaborative program through which students with low-incidence special needs receive educational services. Permanent participants of NVRSP 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 NVRSP service costs is provided by the state. To be eligible for state funding, each participating locality must submit an Application for Funds for Students with Intensive Support Needs and will receive funding from the same revenue stream. The state funds that participating localities receive is then used to assist in tuition payments, further supporting the NVRSP programs. PWCS currently receives just under 30% of all state revenues allocated to the eleven Virginia localities participating in the NVRSP 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 NVRSP support funding, the amount of funds allocated to PWCS has already been reduced. The Division experienced a reduction of \$4 million in FY 2018, \$5 million in FY 2019 and another \$3 million in FY 2020's revenue associated to these students. The FY 2021 reduction of the NVRSP revenue stream for PWCS will be an additional \$3.0 million and the reduction is anticipated to continue for another few years. In FY 2021 (and future years) the number of PWCS students serviced by the NVRSP 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 SOQ student counts. Subsequently, increased SOQ funding for PWCS will be generated as the NVRSP funding is being reduced. PWCS expects that the increase of SOQ funding will help off-set the reduction of state NVRSP support, resulting in a net revenue loss of \$3.0 million in FY 2021. 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. FY 2020 enrollment growth rate increased to 1.47%, with 1,323 additional students compared to the prior year. The average annual growth rate in PWCS student population over the last five fiscal years is 1.21%. PWCS student membership on September 30, 2020 (FY 2021) was 89,076. The FY 2021 Approved Budget was formulated with a projected total student membership of 92,048.

This decline in student membership is a result of the COVID-19 pandemic and is expected to be temporary. PWCS anticipates a \$15.9 million state revenue shortfall due to declined enrollment. The FY 2021 Approved Budget was impacted by approximately \$56.5 million in state and County revenue reductions identified prior to budget adoption. PWCS, however, expects to receive \$44.1 million in Coronavirus Aid, Relief and Economic Security (CARES) Act funding, \$9.3 million from

the Education Stabilization Fund (ESSER), \$0.9 million in Governor's Emergency Education Relief and ESSER set aside funding, and potential funding from the Disaster Relief Fund.

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 five-year (financial) plan (FY 2021 to FY 2025) includes the construction of 5 new schools as well as additions and expansions made to 4 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 PWCS' capital planning efforts. However, the slowed enrollment growth rate results in reduced pressure 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 PWCS. Efforts to help alleviate crowding include the current placement of 191 modular classrooms, or learning cottages, on school properties across the county. This is up from 183 in FY 2019. Reducing the number of necessary modular classrooms throughout remains a priority and will continue to have impact on PWCS' 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 the 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 operating costs.

- For the fiscal years 2020 and 2021, fund balance will be supporting the General Fund budgets to the extent of \$24.1 million and \$41.2 million, respectively. This is approximately 2.1% and 3.5% of the General Fund budgets for the respective years.
- FY 2021 is the first year of the 2020-2022 biennial budget process for the Commonwealth of Virginia. The PWCS budget for FY 2021 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 Virginia Retirement System (VRS);
 - Changes made to the composite index of local ability to pay.
- The VRS teacher retirement employee contribution rate is 16.62% for FY 2021.
- 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. The 2018-2020 biennium, the LCI for PWCS decreased to 0.3783. For the 2020-2022 biennium, the LCI index increased to .3799. This amounts to a decrease in funding to PWCS of approximately \$1.1 million. The LCI ties to real estate values and the county saw a dramatic increase 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 rate has been held flat at \$1.125 for fiscal years 2018, 2019, 2020 and 2021.

- In FY 2016, the Board of County Supervisors (BOCS), in a cooperative agreement with the Prince William County School Board, established a grant program through which there is an increased focus on class size reduction. For FY 2021 the BOCS continues to match, up to \$1.0 million in funds provided by PWCS budget to reduce class size. PWCS will continue to reduce the maximum class size permitted in kindergarten from 28 to 27; 1st to 5th grade from 29 to 28. FY 2021 also includes budget for an additional teacher at each of the following schools; Porter, Pennington and Nokesville. All high schools have been funded in the fixed allocation for an additional 1.0 FTE math teacher, 1.0 FTE for core classes in 10th, 11th, and 12th grades at each high school. All middle schools have been funded in the fixed allocation an additional 1.0 FTE teacher for 6th, 7th and 8th grade at each middle school.
- Apart from the previously mentioned reductions of state revenue, FY 2021 revenues are currently on target to meet projections. However, many factors such as the current pandemic, 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 2021 that remains somewhat uncertain for the coming year. PWCS staff will continue to monitor revenue streams closely for trends that may impact the PWCS' financial health.

Contacting the Prince William County Public Schools' Financial Management

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

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Basic Financial Statements

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Prince William County Public Schools
Statement of Net Position
June 30, 2020

Exhibit 1

	School Division			Component Unit	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total School Division		
ASSETS					
Equity in cash and pooled investments	\$ 410,957,974	281	410,958,255	980,364	411,938,619
Accounts receivable and other current assets	3,695,378	32,989	3,728,367	46,182	3,774,549
Due from other governmental units	35,857,876	-	35,857,876	-	35,857,876
Internal balances	448,822	(448,822)	-	-	-
Inventory	6,953,751	1,135	6,954,886	215,827	7,170,713
Prepaid asset	-	-	-	6,395	6,395
Restricted assets:					
Restricted cash	47,035,830	-	47,035,830	1,082,508	48,118,338
Capital assets:					
Land	95,774,255	114,013	95,888,268	-	95,888,268
Construction in progress	145,892,276	-	145,892,276	-	145,892,276
Depreciable/amortizable capital assets	2,073,330,406	9,095,044	2,082,425,450	-	2,082,425,450
Less: accumulated depreciation/amortization	(619,246,516)	(697,287)	(619,943,803)	-	(619,943,803)
Total assets	2,200,700,052	8,097,353	2,208,797,405	2,331,276	2,211,128,681
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to Pension and OPEB	231,174,778	-	231,174,778	-	231,174,778
Total deferred outflows of resources	231,174,778	-	231,174,778	-	231,174,778
LIABILITIES					
Accounts payable and accrued liabilities	19,269,649	11,834	19,281,483	77,685	19,359,168
Salaries payable and withholdings	109,619,488	-	109,619,488	-	109,619,488
Retainage	7,530,818	-	7,530,818	-	7,530,818
Unearned revenue	13,339,856	2,660	13,342,516	82,876	13,425,392
Long-term liabilities:					
Due within one year	21,031,997	-	21,031,997	-	21,031,997
Due in more than one year	1,070,249,731	-	1,070,249,731	-	1,070,249,731
Total liabilities	1,241,041,539	14,494	1,241,056,033	160,561	1,241,216,594
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to Pension and OPEB	104,181,147	-	104,181,147	-	104,181,147
Total deferred inflows of resources	104,181,147	-	104,181,147	-	104,181,147
NET POSITION					
Net investment in capital assets	1,695,750,421	8,511,770	1,704,262,191	-	1,704,262,191
Restricted for:					
Capital projects	40,614,918	-	40,614,918	-	40,614,918
Food & nutrition services	33,622,570	-	33,622,570	-	33,622,570
Grant programs	4,204,120	-	4,204,120	-	4,204,120
Education foundation	-	-	-	1,926,312	1,926,312
Unrestricted (deficit)	(687,539,885)	(428,911)	(687,968,796)	244,403	(687,724,393)
Total net position	\$ 1,086,652,144	8,082,859	1,094,735,003	2,170,715	1,096,905,718

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	\$ 638,487,420	1,212,213	74,111,872	119,005
Special	139,207,472	52,259	59,522,613	-
Other	10,549,354	1,429,140	8,049,188	-
Instructional leadership	75,638,568	-	-	-
Total instruction	863,882,814	2,693,612	141,683,673	119,005
Support services:				
General administration	13,234,436	-	-	-
Student services	22,222,064	-	419,343	-
Curricular/staff development	19,666,010	-	113,377	-
Pupil transportation	62,282,112	236,317	-	-
Operations	27,429,905	260,469	-	-
Utilities	21,454,325	-	-	-
Maintenance	45,627,945	-	-	-
Central business services	65,453,352	402,101	48,637	-
Reimbursement to County for debt service	104,996,413	-	-	-
Food & nutrition services	41,002,500	12,321,696	25,852,604	-
Community service operations	957,281	892,784	-	-
Education Foundation	558,968	-	-	-
Total support services	424,885,311	14,113,367	26,433,961	-
Total governmental activities	1,288,768,125	16,806,979	168,117,634	119,005
Business-type activities:				
School Age Child Care	518,243	297,917	-	-
Aquatics Center	1,240,210	486,912	-	-
Total business-type activities	1,758,453	784,829	-	-
Total school division	1,290,526,578	17,591,808	168,117,634	119,005
Component unit:				
Education Foundation	6,034,093	-	4,703,974	-
Total component unit	\$ 6,034,093	-	4,703,974	-

General revenues:
Grants and contributions not restricted to specific program
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
Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position					
School Division					
Governmental Activities	Business - type Activities	Total School Division	Component Unit	Total Reporting Entity	Functions/Programs
					School Division:
					Governmental activities:
					Instruction:
\$ (563,044,330)	-	(563,044,330)	-	(563,044,330)	Regular
(79,632,600)	-	(79,632,600)	-	(79,632,600)	Special
(1,071,026)	-	(1,071,026)	-	(1,071,026)	Other
(75,638,568)	-	(75,638,568)	-	(75,638,568)	Instructional leadership
(719,386,524)	-	(719,386,524)	-	(719,386,524)	Total instruction
					Support services:
(13,234,436)	-	(13,234,436)	-	(13,234,436)	General administration
(21,802,721)	-	(21,802,721)	-	(21,802,721)	Student services
(19,552,633)	-	(19,552,633)	-	(19,552,633)	Curricular/staff development
(62,045,795)	-	(62,045,795)	-	(62,045,795)	Pupil transportation
(27,169,436)	-	(27,169,436)	-	(27,169,436)	Operations
(21,454,325)	-	(21,454,325)	-	(21,454,325)	Utilities
(45,627,945)	-	(45,627,945)	-	(45,627,945)	Maintenance
(65,002,614)	-	(65,002,614)	-	(65,002,614)	Central business services
(104,996,413)	-	(104,996,413)	-	(104,996,413)	Reimbursement to County for debt service
(2,828,200)	-	(2,828,200)	-	(2,828,200)	Food & nutrition services
(64,497)	-	(64,497)	-	(64,497)	Community service operations
(558,968)	-	(558,968)	-	(558,968)	Education Foundation
(384,337,983)	-	(384,337,983)	-	(384,337,983)	Total support services
(1,103,724,507)	-	(1,103,724,507)	-	(1,103,724,507)	Total governmental activities
					Business-type activities:
-	(220,326)	(220,326)	-	(220,326)	School Age Child Care
-	(753,298)	(753,298)	-	(753,298)	Aquatics Center
-	(973,624)	(973,624)	-	(973,624)	Total business-type activities
(1,103,724,507)	(973,624)	(1,104,698,131)	-	(1,104,698,131)	Total school division
					Component unit:
-	-	-	(1,330,119)	(1,330,119)	Education Foundation
-	-	-	(1,330,119)	(1,330,119)	Total component unit
					General revenues:
					Grants and contributions not restricted to specific programs:
857,684	-	857,684	-	857,684	Federal
465,631,294	-	465,631,294	-	465,631,294	State
744,983,660	-	744,983,660	-	744,983,660	County
7,179,892	(29,069)	7,150,823	9,627	7,160,450	Unrestricted investment earnings
-	-	-	558,968	558,968	Revenue from school division
4,522,684	-	4,522,684	-	4,522,684	Miscellaneous revenues
(400,000)	400,000	-	-	-	Transfer:
1,222,775,214	370,931	1,223,146,145	568,595	1,223,714,740	Total general revenues and transfers
119,050,707	(602,693)	118,448,014	(761,524)	117,686,490	Change in net position
967,601,437	8,685,552	976,286,989	2,932,239	979,219,228	Net position, beginning of year
\$ 1,086,652,144	8,082,859	1,094,735,003	2,170,715	1,096,905,718	Net position, end of year

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

Prince William County Public Schools
 Balance Sheet
 Governmental Funds
 June 30, 2020

Exhibit 3

	General Fund	Construction Fund	Food & Nutrition Services Fund	Other Non-major Governmental Fund - Facilities Use Fund	Total Governmental Funds
ASSETS					
Equity in cash and pooled investments	\$ 239,595,373	63,077,319	35,711,174	3,653,247	342,037,113
Restricted cash	-	47,035,830	-	-	47,035,830
Accounts receivable	1,629,633	1,072,498	253,731	35,669	2,991,531
Due from other funds	953,065	-	-	-	953,065
Due from other governmental units	35,297,944	-	559,932	-	35,857,876
Inventory	4,038,778	-	1,771,226	-	5,810,004
Total assets	<u>281,514,793</u>	<u>111,185,647</u>	<u>38,296,063</u>	<u>3,688,916</u>	<u>434,685,419</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES and FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	8,296,011	9,049,643	155,433	299	17,501,386
Salaries payable and withholdings	108,932,541	31,197	654,960	751	109,619,449
Retainage payable	-	7,530,818	-	-	7,530,818
Unearned revenue	2,073,988	-	2,091,874	-	4,165,862
Total liabilities	<u>119,302,540</u>	<u>16,611,658</u>	<u>2,902,267</u>	<u>1,050</u>	<u>138,817,515</u>
Deferred Inflows of Resources:					
County support	2,331,846	-	-	-	2,331,846
Total deferred inflows of resources	<u>2,331,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,331,846</u>
Fund Balances:					
Nonspendable:					
Inventory	4,038,778	-	1,771,226	-	5,810,004
Restricted:					
Regular instruction	1,759,613	-	-	-	1,759,613
Special instruction	739,540	-	-	-	739,540
General administration	49,771	-	-	-	49,771
Curricular/staff development	576,463	-	-	-	576,463
Student services	249,298	-	-	-	249,298
Central business services	829,435	-	-	-	829,435
Food & nutrition services	-	-	33,622,570	-	33,622,570
Capital outlay	-	40,614,918	-	-	40,614,918
Committed:					
Community service operations	-	-	-	3,687,866	3,687,866
Assigned:					
Regular instruction	59,585,444	-	-	-	59,585,444
Special instruction	14,398,746	-	-	-	14,398,746
Other instruction	1,671,751	-	-	-	1,671,751
Instructional leadership	6,793,497	-	-	-	6,793,497
General administration	1,548,863	-	-	-	1,548,863
Student services	2,027,432	-	-	-	2,027,432
Curricular/staff development	2,330,608	-	-	-	2,330,608
Pupil transportation	8,764,523	-	-	-	8,764,523
Operations	2,449,240	-	-	-	2,449,240
Utilities	2,656,542	-	-	-	2,656,542
Maintenance	3,194,516	-	-	-	3,194,516
Central business services	20,138,433	-	-	-	20,138,433
Capital outlay	-	53,959,071	-	-	53,959,071
Unassigned	26,077,914	-	-	-	26,077,914
Total fund balances	<u>159,880,407</u>	<u>94,573,989</u>	<u>35,393,796</u>	<u>3,687,866</u>	<u>293,536,058</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 281,514,793</u>	<u>111,185,647</u>	<u>38,296,063</u>	<u>3,688,916</u>	<u>434,685,419</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, 2020

Exhibit 4

Total fund balances - governmental funds \$ 293,536,058

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	\$ 95,774,255	
Construction in progress	145,892,276	
Buildings and improvements	1,899,261,163	
Library books	3,084,027	
Equipment	51,715,308	
Vehicles	113,429,476	
Software	5,840,432	
Total capital assets	<u>2,314,996,937</u>	
Accumulated depreciation/amortization	<u>(619,246,516)</u>	1,695,750,421

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

Pension	(85,200,538)
OPEB	(18,980,609)

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. 2,331,846

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	(36,717,959)	
Net pension liability	(880,640,955)	
Pension	203,912,146	
Net OPEB liability	(159,352,777)	
OPEB	27,262,632	
Pollution remediation	<u>(462,197)</u>	(845,999,110)

Net position of internal service funds 45,214,076

Net position - governmental activities \$ 1,086,652,144

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, 2020

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	\$ 3,914,532	3,529,505	1,035,878	119,362	8,599,277
Use of property	-	-	-	623,221	623,221
Charges for services	4,283,882	-	12,321,096	269,564	16,874,542
Intergovernmental:					
Federal	46,963,072	-	24,003,383	-	70,966,455
State	562,260,840	-	1,054,183	-	563,315,023
County	609,923,089	131,416,890	-	-	741,339,979
Miscellaneous	3,228,370	941,468	809,614	-	4,979,452
Total revenues	<u>1,230,573,785</u>	<u>135,887,863</u>	<u>39,224,154</u>	<u>1,012,147</u>	<u>1,406,697,949</u>
EXPENDITURES:					
Current:					
Regular instruction	593,271,804	7,392,712	-	-	600,664,516
Special instruction	137,354,307	-	-	-	137,354,307
Other instruction	10,477,093	-	-	-	10,477,093
Instructional leadership	75,638,568	-	-	-	75,638,568
General administration	12,824,304	-	-	-	12,824,304
Student services	21,603,640	-	-	-	21,603,640
Curricular/staff development	19,510,354	-	-	-	19,510,354
Pupil transportation	61,060,017	-	-	-	61,060,017
Operations	27,080,352	-	-	-	27,080,352
Utilities	21,224,119	-	-	-	21,224,119
Maintenance	28,731,152	16,641,356	-	-	45,372,508
Central business services	64,965,980	-	-	-	64,965,980
Community service operations	-	-	-	957,281	957,281
Food & nutrition services	-	-	40,913,398	-	40,913,398
Capital outlay:	-	147,003,607	-	-	147,003,607
Intergovernmental:					
Reimbursement to the County for debt service	104,996,413	-	-	-	104,996,413
Total expenditures	<u>1,178,738,103</u>	<u>171,037,675</u>	<u>40,913,398</u>	<u>957,281</u>	<u>1,391,646,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,835,682</u>	<u>(35,149,812)</u>	<u>(1,689,244)</u>	<u>54,866</u>	<u>15,051,492</u>
OTHER FINANCING SOURCES (USES):					
Transfers In:					
General fund	-	32,392,655	-	-	32,392,655
Construction fund	1,364,783	-	-	-	1,364,783
Transfers Out:					
General fund	-	(1,364,783)	-	-	(1,364,783)
Construction fund	(32,392,655)	-	-	-	(32,392,655)
Health insurance fund	(1,800,000)	-	-	-	(1,800,000)
Aquatics center fund	(400,000)	-	-	-	(400,000)
Total other financing sources (uses), net	<u>(33,227,872)</u>	<u>31,027,872</u>	<u>-</u>	<u>-</u>	<u>(2,200,000)</u>
Net change in fund balances	18,607,810	(4,121,940)	(1,689,244)	54,866	12,851,492
FUND BALANCES, beginning 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>
FUND BALANCES, end of year	<u>\$ 159,880,407</u>	<u>94,573,989</u>	<u>35,393,796</u>	<u>3,687,866</u>	<u>293,536,058</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, 2020

Exhibit 6

Total net change in fund balances - total governmental funds		\$ 12,851,492
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.		1,520,883
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	\$ 156,408,874	
Depreciation/amortization expense	<u>(47,984,173)</u>	108,424,701
The net effect of various transactions including disposal of capital assets		(244,300)
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:		
Pension expenses		(8,858,347)
OPEB expenses		5,101,257
Compensated absences		(4,728,965)
Capital lease		156,621
Pollution remediation		260,079
Activities of Internal Service Funds that serve governmental activities		<u>4,567,286</u>
Change in net position of governmental activities		<u><u>\$ 119,050,707</u></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, 2020

Exhibit 7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ 3,906,533	3,906,533	3,914,532	7,999
Charges for services	2,764,170	3,987,130	4,283,882	296,752
Intergovernmental:				
Federal	41,952,770	39,085,563	46,963,072	7,877,509
State	562,619,908	561,247,767	562,260,840	1,013,073
County	610,034,968	611,676,798	609,923,089	(1,753,709)
Miscellaneous	1,479,760	2,258,890	3,228,370	969,480
Total revenues	<u>1,222,758,109</u>	<u>1,222,162,681</u>	<u>1,230,573,785</u>	<u>8,411,104</u>
EXPENDITURES:				
Current:				
Regular instruction	645,802,194	629,725,246	593,271,804	36,453,442
Special instruction	136,144,611	138,987,452	137,354,307	1,633,145
Other instruction	13,674,844	11,092,828	10,477,093	615,735
Instructional leadership	79,284,631	76,243,125	75,638,568	604,557
General administration	12,716,926	12,858,471	12,824,304	34,167
Student services	20,906,424	20,924,010	21,603,640	(679,630)
Curricular/staff development	20,032,618	20,610,888	19,510,354	1,100,534
Pupil transportation	61,849,538	62,070,909	61,060,017	1,010,892
Operations	24,755,528	24,661,574	27,080,352	(2,418,778)
Utilities	26,215,051	24,967,602	21,224,119	3,743,483
Maintenance	35,442,221	29,214,429	28,731,152	483,277
Central business services	63,458,273	72,172,580	64,965,980	7,206,600
Intergovernmental:				
Reimbursement to the County for debt service	106,159,888	106,159,888	104,996,413	1,163,475
Total expenditures	<u>1,246,442,747</u>	<u>1,229,689,002</u>	<u>1,178,738,103</u>	<u>50,950,899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,684,638)</u>	<u>(7,526,321)</u>	<u>51,835,682</u>	<u>59,362,003</u>
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Construction fund	1,712,000	1,712,000	1,364,783	(347,217)
Transfers Out:				
Construction fund	(23,644,000)	(32,392,655)	(32,392,655)	-
Health insurance fund	(1,800,000)	(1,800,000)	(1,800,000)	-
Aquatics center fund	-	(400,000)	(400,000)	-
Total other financing sources (uses), net	<u>(23,732,000)</u>	<u>(32,880,655)</u>	<u>(33,227,872)</u>	<u>(347,217)</u>
Net change in fund balance	(47,416,638)	(40,406,976)	18,607,810	59,014,786
FUND BALANCE, beginning of year	<u>141,272,597</u>	<u>141,272,597</u>	<u>141,272,597</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 93,855,959</u>	<u>100,865,621</u>	<u>159,880,407</u>	<u>59,014,786</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, 2020

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	1,035,878	835,878
Charges for services	20,420,000	20,420,000	12,321,096	(8,098,904)
Intergovernmental:				
Federal	29,297,000	29,297,000	24,003,383	(5,293,617)
State	875,000	875,000	1,054,183	179,183
Miscellaneous	803,000	803,000	809,614	6,614
Total revenues	<u>51,595,000</u>	<u>51,595,000</u>	<u>39,224,154</u>	<u>(12,370,846)</u>
EXPENDITURES:				
Current:				
Food & nutrition services	51,132,189	50,372,162	40,913,398	9,458,764
Total expenditures	<u>51,132,189</u>	<u>50,372,162</u>	<u>40,913,398</u>	<u>9,458,764</u>
Excess (deficiency) of revenues over (under) expenditures	462,811	1,222,838	(1,689,244)	(2,912,082)
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>-</u>	<u>500,000</u>
Net change in fund balances	(37,189)	722,838	(1,689,244)	(2,412,082)
FUND BALANCES, beginning of year	37,083,040	37,083,040	37,083,040	-
FUND BALANCES, end of year	<u>\$ 37,045,851</u>	<u>37,805,878</u>	<u>35,393,796</u>	<u>(2,412,082)</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, 2020

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	\$ -	281	281	68,920,861
Accounts receivable and other current assets	22,917	10,072	32,989	703,847
Inventory	-	1,135	1,135	1,143,747
Total current assets	22,917	11,488	34,405	70,768,455
Noncurrent assets:				
Nondepreciable capital assets:				
Land	-	114,013	114,013	-
Depreciable capital assets:				
Buildings	-	9,095,044	9,095,044	-
Less: accumulated depreciation	-	(697,287)	(697,287)	-
Total noncurrent assets	-	8,511,770	8,511,770	-
Total assets	22,917	8,523,258	8,546,175	70,768,455
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,459	9,375	11,834	1,768,263
Salaries payable and withholdings	-	-	-	39
Unearned revenue	-	2,660	2,660	9,173,994
Due to other funds	140,034	308,788	448,822	504,243
Incurred but not reported claims	-	-	-	9,956,877
Total current liabilities	142,493	320,823	463,316	21,403,416
Noncurrent liabilities:				
Incurred but not reported claims	-	-	-	4,150,963
Total liabilities	142,493	320,823	463,316	25,554,379
NET POSITION				
Net investment in capital assets	-	8,511,770	8,511,770	-
Unrestricted (deficit)	(119,576)	(309,335)	(428,911)	45,214,076
Total net position	\$ (119,576)	8,202,435	8,082,859	45,214,076

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, 2020

Exhibit 10

	Business-type Activities - Enterprise Funds			Governmental Activities -
	School Age Child Care	Aquatics Center	Total	Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 297,917	486,912	784,829	113,798,803
Total operating revenues	<u>297,917</u>	<u>486,912</u>	<u>784,829</u>	<u>113,798,803</u>
OPERATING EXPENSES:				
Personnel services	284,782	744,227	1,029,009	1,508,656
Materials/supplies	52,326	81,018	133,344	347,095
Administrative costs	-	-	-	7,891,354
Utilities	-	137,685	137,685	-
Contractual services	181,135	94,464	275,599	218,459
Premiums	-	-	-	2,185,489
Claims and benefits paid	-	-	-	94,620,804
Losses and unallocated loss adjustment	-	-	-	2,486,975
Cost of goods sold	-	664	664	3,915,582
Depreciation	-	182,152	182,152	-
Total operating expenses	<u>518,243</u>	<u>1,240,210</u>	<u>1,758,453</u>	<u>113,174,414</u>
Operating income (loss)	<u>(220,326)</u>	<u>(753,298)</u>	<u>(973,624)</u>	<u>624,389</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest earnings (loss)	<u>(13,554)</u>	<u>(15,515)</u>	<u>(29,069)</u>	<u>2,142,897</u>
Total non-operating income (expenses)	<u>(13,554)</u>	<u>(15,515)</u>	<u>(29,069)</u>	<u>2,142,897</u>
Income (loss) before transfers	(233,880)	(768,813)	(1,002,693)	2,767,286
TRANSFERS:				
Transfers In:				
General Fund	-	400,000	400,000	1,800,000
Total other transfers	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>1,800,000</u>
Change in net position	(233,880)	(368,813)	(602,693)	4,567,286
NET POSITION, beginning of year	<u>114,304</u>	<u>8,571,248</u>	<u>8,685,552</u>	<u>40,646,790</u>
NET POSITION, end of year	<u>\$ (119,576)</u>	<u>8,202,435</u>	<u>8,082,859</u>	<u>45,214,076</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, 2020

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 interfund services provided	\$ -	-	-	113,825,476
Receipts from customers and users	275,000	507,906	782,906	8,628
Payments to suppliers for goods and services	(263,828)	(344,722)	(608,550)	(112,176,243)
Payments to employees	(285,012)	(765,040)	(1,050,052)	(1,511,123)
Net cash provided (used) by operating activities	(273,840)	(601,856)	(875,696)	146,738
Cash Flows from Non-capital Financing Activities:				
Due to other funds	140,034	218,227	358,261	77,735
Due (from) other funds	-	-	-	(251,305)
Transfers from other funds	-	400,000	400,000	1,800,000
Net cash provided by non-capital financing activities	140,034	618,227	758,261	1,626,430
Cash Flows from Investing Activities:				
Interest paid (used) for investments	(13,257)	(16,090)	(29,347)	2,153,740
Net cash provided (used) by investing activities	(13,257)	(16,090)	(29,347)	2,153,740
Net increase (decrease) in equity in cash and pooled investments	(147,063)	281	(146,782)	3,926,908
Equity in cash and pooled investments, beginning of year	147,063	-	147,063	64,993,953
Equity in cash and pooled investments, end of year	\$ -	281	281	68,920,861
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (loss)	\$ (220,326)	\$ (753,298)	\$ (973,624)	\$ 624,389
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Change in assets and liabilities:				
Depreciation expense	-	182,152	182,152	-
(Increase) decrease in accounts receivable	(22,917)	39,756	16,839	(448,034)
Decrease in inventory	-	30	30	385,281
Increase (decrease) in unearned revenue	-	(18,762)	(18,762)	483,335
(Decrease) in accounts payable and accrued liabilities	(30,367)	(30,921)	(61,288)	(533,588)
(Decrease) in salaries payable and withholdings	(230)	(20,813)	(21,043)	(2,467)
(Decrease) in incurred but not reported claims	-	-	-	(362,178)
Net cash provided (used) by operating activities	\$ (273,840)	(601,856)	(875,696)	146,738

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, 2020**

Exhibit 12

	<u>Agency Funds</u>
ASSETS	
Cash and pooled investments	\$ 12,204,079
Interest and other receivable	15,708
Due from other governmental units	1,862,783
Capital assets:	
Depreciable capital assets	14,750
Less: accumulated depreciation	<u>(8,625)</u>
Total assets	<u><u>14,088,695</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	<u><u>\$ 14,088,695</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, 2020**

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 91,526 students while managing 97 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.

FY19 SPARK financial statements have been restated to correct an error in prior years. The error relates to an overstatement of net assets with donor restrictions of \$59,866 not being correctly reflected as released from restrictions. The correction has no effect on the results of the current and prior year's activities; however, the cumulative effect reduced net asset with donor restrictions and increased net assets without donor restrictions by \$59,866.

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, 2020 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 \$47,035,830 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 28.44% at June 30, 2020. 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.

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, 2020 PWCS had contractual commitments of \$7,719,167 in the General Fund, \$91,057,880 in the Construction Fund for construction of various projects, and \$760,028 in the Food & Nutrition Services Fund for contractual commitments.

E. Governmental Accounting Standards Board (GASB) pronouncements

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, delayed effective dates of numerous recent GASB pronouncements to provide temporary relief to governments and other stakeholders. The effective dates for the following GASB pronouncements have been updated in accordance with the GASB 95 guidance. 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, 2019. 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 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 June 15, 2021. 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, 2019. 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, 2021. 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.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics and practice issues that have been identified during the implementation and application of certain GASB Statements, including the effective date of Statement No.87, Leases and Implementation Guide No. 2019-3, Leases, for interim financial reports. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to other topics are effective for fiscal years beginning after June 15, 2020. PWCS is in the process of completing their assessment of GASB Statement 92.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements related to other topics are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PWCS is in the process of completing their assessment of GASB Statement 96.

F. Subsequent events

PWCS has evaluated subsequent events (events occurring after June 30, 2020 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, 2020, expenditures exceeded appropriations in the General Fund for the Operations and Student Services functional areas. Excess remaining budget in other functions covered the shortfall in the Operations and Student Services functional areas.

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, 2020 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	\$ 1,629,633	13,012,058	19,954,040	2,331,846	-	36,927,577
Construction Fund	1,072,498	-	-	-	-	1,072,498
Food & Nutrition Services Fund	253,731	559,932	-	-	-	813,663
Non-major Fund - Facilities Use Fund	35,669	-	-	-	-	35,669
Internal Service Funds	703,847	-	-	-	-	703,847
Enterprise Fund	32,989	-	-	-	-	32,989
Fiduciary Funds	15,708	-	34,285	-	1,828,498	1,878,491
Total	<u>\$3,744,075</u>	<u>13,571,990</u>	<u>19,988,325</u>	<u>2,331,846</u>	<u>1,828,498</u>	<u>41,464,734</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, 2020, 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 \$2,331,846.

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	\$ 2,091,874
General Fund – prepaid tuition or fees and other unearned revenue	2,073,988
Governmental Funds	<u>4,165,862</u>
Health Insurance Fund (internal service fund) – prepaid health insurance premiums	9,173,994
Total Governmental Activities	<u><u>\$ 13,339,856</u></u>
<u>Business-type Activities</u>	
Aquatics Center Fund - prepaid fees related to events and programs not yet occurred	\$ 2,660
Total Business-type Activities	<u><u>\$ 2,660</u></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	School Age Child Care Fund	Aquatics Center Fund	Total
Due from other funds:					
General Fund	<u>\$ 415,273</u>	<u>\$ 88,970</u>	<u>\$ 140,034</u>	<u>\$ 308,788</u>	<u>\$ 953,065</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, School Age Child Care 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
General Fund	\$ -	1,364,783
Construction Fund	32,392,655	-
Health Insurance Fund	1,800,000	-
Aquatics Center Fund	400,000	-
Total	<u><u>\$ 34,592,655</u></u>	<u><u>1,364,783</u></u>

Interfund transfers are generally made for the purpose of providing operational support to the receiving fund. The General Fund transfer of \$32,392,655 to the Construction Fund represents funds required for building, maintenance, classroom equipment, and facility modifications. The Construction Fund transfer of \$1,364,783 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.

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 \$558,968 for the year ended June 30, 2020.

Note 6 – Long-term liabilities

A. Long-term debt

PWCS is a component unit of Prince William County. As such, PWCS does not have the authority to issue long-term debt. The County, therefore, issues any general obligation 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.

B. Compensated absences

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

The current portion of accrued compensated absences at June 30, 2020 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, 2020 are inclusive of estimated social security and medicare taxes and are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 31,988,994	15,120,423	(10,391,458)	36,717,959	10,612,923

C. 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, 2020 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	\$ 722,276	1,183,325	(1,443,404)	462,197	462,197

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, 2020 PWCS incurred \$1,505,504 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 and Kaiser Permanente are the plan administrators for medical, WellDyneRX and Kaiser Pharmacy are the plan administrators for pharmacy benefits, and Delta Dental Plan of Virginia, Inc. (Delta Dental) is the dental plan administrator. All regular 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 administered by Anthem Blue Cross/Blue Shield 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". In FY20, PWCS insurance program offered a new medical plan "Kaiser Permanente HMO". All four plans include comprehensive medical, preventive care, vision, and prescription drug coverage (Anthem Blue Cross/Blue Shield through WellDyneRX, Kaiser Permanente through Kaiser Pharmacy). 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, 2020 PWCS incurred \$92,820,803 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:

	Self-Insurance	Health Insurance
Unpaid Claims June 30, 2018	\$ 6,093,726	9,348,000
Incurred Claims	605,905	92,500,355
Claims Paid	1,403,613	92,674,355
Unpaid Claims June 30, 2019	5,296,018	9,174,000
Incurred Claims	1,505,504	92,820,803
Claims Paid	1,288,682	93,399,803
Unpaid Claims June 30, 2020	\$ 5,512,840	8,595,000
Due Within One Year	\$ 1,361,877	8,595,000

Note 8 – Capital assets

Capital asset activities for the year ended June 30, 2020 was as follows:

	Primary Government			Balance June 30, 2020
	Balance June 30, 2019	Increases	Decreases	
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 95,599,255	175,000	-	95,774,255
Construction in Progress	45,918,071	146,350,578	(46,376,373)	145,892,276
Total capital assets, not being depreciated	141,517,326	146,525,578	(46,376,373)	241,666,531
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,852,724,675	46,536,488	-	1,899,261,163
Library books	3,423,209	487,543	(826,725)	3,084,027
Equipment	49,424,796	2,350,907	(60,395)	51,715,308
Vehicles	111,069,061	6,884,731	(4,524,316)	113,429,476
Intangibles	5,840,432	-	-	5,840,432
Total capital assets being depreciated/amortized	2,022,482,173	56,259,669	(5,411,436)	2,073,330,406
Less accumulated depreciation/amortization for:				
Buildings and improvements	486,866,028	36,262,888	-	523,128,916
Library books	2,174,284	616,805	(826,725)	1,964,364
Equipment	35,806,025	2,634,491	(52,473)	38,388,043
Vehicles	47,762,650	8,008,475	(4,287,938)	51,483,187
Intangibles	3,820,492	461,514	-	4,282,006
Total accumulated depreciation/amortization	576,429,479	47,984,173	(5,167,136)	619,246,516
Total capital assets, being depreciated, net	1,446,052,694	8,275,496	(244,300)	1,454,083,890
Governmental activities capital assets, net	\$1,587,570,020	154,801,074	(46,620,673)	1,695,750,421

	Primary Government			
	Balance			Balance
	June 30, 2019	Increases	Decreases	June 30, 2020
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 114,013	-	-	114,013
Total capital assets, not being depreciated	<u>114,013</u>	<u>-</u>	<u>-</u>	<u>114,013</u>
Capital assets, being depreciated:				
Buildings and improvements	9,095,044	-	-	9,095,044
Total capital assets being depreciated	<u>9,095,044</u>	<u>-</u>	<u>-</u>	<u>9,095,044</u>
Less accumulated depreciation				
Buildings and improvements	515,135	182,152	-	697,287
Total accumulated depreciation	<u>515,135</u>	<u>182,152</u>	<u>-</u>	<u>697,287</u>
Total capital assets, being depreciated, net	<u>8,579,909</u>	<u>(182,152)</u>	<u>-</u>	<u>8,397,757</u>
Business-type activities capital assets, net	<u>\$ 8,693,922</u>	<u>(182,152)</u>	<u>-</u>	<u>8,511,770</u>

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

<u>Governmental Activities</u>	<u>Depreciation Expense</u>
Instruction	
Regular	\$ 35,649,615
Special	1,049,250
Other	15,936
Support Services	
General administration	1,149,249
Student services	9,727
Curricular/staff development	5,410
Pupil transportation	7,896,689
Maintenance	389,800
Central business services	1,729,395
Food & nutrition services	89,102
Total depreciation/amortization expense	<u>\$ 47,984,173</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	<u>\$ 182,152</u>
Total depreciation expense	<u>\$ 182,152</u>

Note 9 – Contingencies

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.

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak as a global pandemic, which continues to spread throughout the United States and world today. The pandemic has adversely impacted national and global commercial activity, supply chain disruptions, an economic downturn, disrupted many industries, and increased the volatility and decline national and global financial markets. Public schools, like PWCS, are having to respond in ways we have never had to before. The pandemic could potentially have a material, adverse impact on economic and market conditions and trigger a period of national and global economic shutdown. Although it is not possible to reliably estimate the length and severity of this outbreak as well as the financial impact to PWCS now and in the future, we are navigating the emergency by utilizing existing PWCS' General Reserve, Fund Balance, and Long-Term Financial Policies.

In response to the pandemic, Congress passed the Coronavirus Aid, Relief and Economic Security of 2020 (CARES Act), which provided federal passthrough grant funding via the Commonwealth for different programs to respond and recover from the outbreak. PWCS also receives other grant funds from the Commonwealth and Federal government primarily used to fund various PWCS programs. These programs, including CARES Act, are subject to audit by the grantor presently and in the near future. PWCS is contingently liable to refund amounts received in excess of allowable expenditures identified as a result of those audits. However, it is the opinion of PWCS that no material refunds will be required if these audits are performed.

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, service credit, 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.
- **Service Credit:** Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It may also include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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 service credit. 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 determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.
- **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 service credit or at age 50 with at least 30 years of service credit. Hazardous duty members: earliest unreduced retirement age is 60 with at least five years of service credit or age 50 with at least 25 years of service credit.
- **Earliest Reduced Retirement Eligibility:** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Hazardous duty members: age 50 with at least five years of service credit.
- **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 service credit, 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 service credit, 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.
- 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 service credit in their plan. Prior service credit 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, service credit 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.
- *Service Credit:* Same as Plan 1.
- *Vesting:* Same as Plan 1.
- *Calculating the Benefit:* See definition under 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 service credit earned, purchased or granted on or after January 1, 2013. The retirement multiplier for sheriffs and regional jail superintendents is the same as Plan 1. The retirement multiplier for non-professional hazardous duty employees is the same as Plan 1.
- *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:* Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90. Hazardous duty members are same as Plan 1.
- *Earliest Reduced Retirement Eligibility:* Age 60 with at least five years (60 months) of service credit. 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, service credit 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 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.
- **Service Credit: Defined Benefit Component:** Under the defined benefit component of the plan, Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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, service credit 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 service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit 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.

Distributions not required, except as governed by law.

- *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 service credit or when their age plus service credit equals 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 service credit. 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, 2018 actuarial valuation, the following employees of the non-professional group were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	864
Inactive members:	
Vested inactive members	221
Non-vested Inactive members	523
Inactive members active elsewhere in VRS	246
Total inactive members	990
Active members	1,855
Total covered employees	3,709

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 5.00% 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, 2020 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 \$3,139,774 and \$3,007,441 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions – Professional group

Each professional group's contractually required contribution rate for the year ended June 30, 2020 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 \$93,207,003 and \$87,256,873 for the years ended June 30, 2020 and June 30, 2019, 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, 2018, 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, 2019.

Inflation	2.50%
Salary Increase, including Inflation	3.50% - 5.95%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action 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%	
Discount Rate	Decreased rate from 7.00% to 6.75%	Decreased rate from 7.00% to 6.75%	Decrease rate from 7.00% to 6.75%

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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS - Multi Asset Public Strategies	6.00	3.52	0.21
PIP - Private Investment Partnership	3.00	6.29	0.19
Total	<u>100.00 %</u>		<u>5.13 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.63 %</u>

* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 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, 2020, the professional group reported a liability of \$870,089,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and total pension liability

used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the professional group's proportion was 6.61% as compared to 6.68% at June 30, 2018.

The non-professional net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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, 2018	\$ 205,499,179	200,515,602	4,983,577
Changes for the year:			
Service cost	5,214,001	-	5,214,001
Interest	14,066,735	-	14,066,735
Changes of assumptions	6,199,051	-	6,199,051
Differences between expected and actual experience	(761,360)	-	(761,360)
Contributions - employer	-	3,154,179	(3,154,179)
Contributions - employee	-	2,819,104	(2,819,104)
Net investment income	-	13,317,444	(13,317,444)
Benefit payments, including refunds of employee contributions	(9,091,649)	(9,091,649)	-
Administrative expenses	-	(131,359)	131,359
Other changes	-	(8,405)	8,405
Net changes	15,626,778	10,059,314	5,567,464
Balances at June 30, 2019	\$ 221,125,957	210,574,916	10,551,041

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Non-Professional Group's Net Pension Liability (Asset)	\$ 37,673,081	\$ 10,551,041	\$ (11,148,089)

The following presents the professional group's proportionate share of the net pension liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Professional group's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 1,309,863,315	\$ 870,089,914	\$ 506,478,762

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

Non-professional group

For the year ended June 30, 2020, the non-professional group recognized pension expense of \$3,688,932. At June 30, 2020, 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	\$ 429,642	1,142,777
Change in assumptions	4,491,323	484,283
Net difference between projected and actual earnings on pension plan investments	-	1,741,936
Employer contributions subsequent to the measurement date	3,139,774	-
Total	<u>\$ 8,060,739</u>	<u>3,368,996</u>

\$3,139,774 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, 2021. 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,	
2021	\$ 631,479
2022	(112,341)
2023	911,910
2024	120,921
Total	<u>\$ 1,551,969</u>

Professional Group

For the year ended June 30, 2020, PWCS recognized pension expense of \$99,096,477 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, 2020, the PWCS' professional group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	55,715,532
Change of assumptions	86,159,300	-
Net difference between projected and actual earnings on pension plan investments	-	19,105,110
Changes in proportion and differences between Employer contributions and proportionate share of contributions	16,485,104	7,010,900
Employer contributions subsequent to the measurement date	93,207,003	-
Total	\$ 195,851,407	81,831,542

\$93,207,003 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, 2021. 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,	
2021	\$ 5,093,913
2022	(13,947,326)
2023	9,272,846
2024	14,148,163
2025	6,245,266
Total	\$ 20,812,862

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 2019 VRS CAFR may be obtained from the VRS Web site at varetire.org, 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, defined benefit plan. The VRS Political Subdivision (non-professional) Employee HIC program is a multi-employer, agent 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 pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of PWCS 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 options provided to PWCS by the Virginia General Assembly. The non-professional group's contractually required employer contribution rate for the year ended June 30, 2020 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 \$129,285 and \$123,821 for the years ended June 30, 2020 and June 30, 2019, 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 \$7,133,739 and \$6,678,231 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the professional group reported a liability of \$86,886,094 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, 2019 and the total VRS HIC program OPEB liability used to calculate the net VRS HIC program OPEB liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the

measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, PWCS' proportion of the VRS HIC program for professional group was 6.64% as compared to 6.70% at June 30, 2018.

The non-professional HIC program OPEB liability was measured as of June 30, 2019. 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, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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, 2018	\$ 2,331,346	1,589,957	741,389
Changes for the year:			
Service cost	64,277	-	64,277
Interest	159,532	-	159,532
Changes in benefit terms	-	-	-
Changes of assumptions	63,915	-	63,915
Differences between expected and actual experience	(31,876)	-	(31,876)
Contributions - employer		123,765	(123,765)
Contributions - employee			-
Net investment income		103,070	(103,070)
Benefit payments, including refunds of employee contributions	(104,630)	(104,630)	-
Administrative expenses	-	(2,257)	2,257
Other changes	-	(122)	122
Net changes	<u>151,218</u>	<u>119,826</u>	<u>31,392</u>
Balances at June 30, 2019	<u>\$ 2,482,564</u>	<u>1,709,783</u>	<u>772,781</u>

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability			
- Non-professional Group	\$ 1,056,735	\$ 772,781	\$ 531,947

The following presents the professional group's proportionate share of the VRS HIC program net OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Proportionate share of the VRS HIC OPEB Plan Net HIC OPEB Liability			
- Professional Group	\$ 97,240,311	\$ 86,886,094	\$ 78,090,199

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, 2020, PWCS recognized VRS HIC program OPEB expense of \$89,105 for the non-professional group.

At June 30, 2020, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	66,974
Change of assumptions	53,913	37,822
Net difference between projected and actual earnings on HIC OPEB plan investment	-	17,511
Employer contributions subsequent to the measurement date	129,285	-
Total	\$ 183,198	122,307

\$129,285 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, 2021. 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,	
2021	\$ (25,200)
2022	(25,199)
2023	(13,339)
2024	(7,655)
2025	1,044
Thereafter	1,955
Total	\$ (68,394)

Professional Group

For the year ended June 30, 2020, PWCS recognized VRS HIC program OPEB expense of \$7,368,295 for the professional group.

At June 30, 2020, 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	\$ -	492,132
Change of assumptions	2,022,241	603,738
Net difference between projected and actual earnings on HIC OPEB plan investment	5,486	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,713,935	754,741
Employer contributions subsequent to the measurement date	7,133,739	-
Total	<u>\$ 10,875,401</u>	<u>1,850,611</u>

\$7,133,739 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, 2021. 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,		
2021	\$	299,790
2022		299,701
2023		337,776
2024		325,033
2025		303,595
Thereafter		325,156
Total	<u>\$</u>	<u>1,891,051</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 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2019-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 was established pursuant to § 51.1-500 et seq. of the *Code of Virginia*, as amended, and which

provides the authority under which benefit terms are established or may be amended. It provides a basic group life insurance benefit for eligible employee

All full-time, salaried permanent PWCS employees are automatically covered by the VRS Group Life Insurance Program 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.

In addition to the Basic Group Life Insurance benefit, PWCS employees are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For PWCS employees who elect the optional group life insurance coverage, the insurer bills PWCS directly for the premiums. PWCS deduct these premiums from employees' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the VRS GLI Program OPEB.

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 service credit, there is a minimum benefit payable under the GLI program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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 an 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, 2020 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 payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions from PWCS to the VRS GLI program were \$3,422,848 and \$3,215,766 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, PWCS reported a liability of \$51,342,000 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30,

2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, PWCS' proportion for the professional and non-professional groups, respectively, was 2.85% and 0.30% as compared to 2.87% and 0.31% at June 30, 2018.

For the year ended June 30, 2020, PWCS recognized GLI OPEB expense of \$1,406,942. 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, 2020, 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	\$ 3,414,519	665,945
Change of assumptions	3,241,406	1,548,174
Net difference between projected and actual earnings on GLI OPEB plan investments	-	1,054,595
Changes in proportion and differences between Employer contributions and proportionate share of contributions	994,566	253,487
Employer contributions subsequent to the measurement date	3,422,848	-
Total	<u>\$ 11,073,339</u>	<u>3,522,201</u>

\$3,422,848 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, 2021. 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,	
2021	\$ 402,142
2022	402,184
2023	848,843
2024	1,154,523
2025	1,041,272
Thereafter	279,326
Total	<u>\$ 4,128,290</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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate share of the VRS GLI OPEB Plan Net GLI OPEB Liability - Non-professional Group	\$ 6,464,211	\$ 4,920,528	\$ 3,668,644

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Proportionate share of the VRS GLI OPEB Plan Net GLI OPEB Liability - Professional Group	\$ 60,984,373	\$ 46,421,022	\$ 34,610,550

VRS GLI Program Fiduciary Net Position

Detailed information about the VRS GLI program's Fiduciary Net Position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be download from their website at <https://www.varetire.org/pdf/publications/2019-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 2020 was \$5,424,856. 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, 2020 (valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	6,739
Total retirees with coverage	<u>270</u>
Total participants with coverage	7,009

Actuarial Methods and Assumptions

The 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, 2020												
Measurement date:	June 30, 2020												
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 October 2010 and updated in September 2019. We have a blended medical trend rate of 2% 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;">2.5%</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>Extra Trend due to Technology and other factors</td> <td style="text-align: right;">1.1%</td> </tr> <tr> <td>Expected Health Share of GDP in 2029</td> <td style="text-align: right;">20.0%</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	2.5%	Rate of Growth in Real Income/GDP per capita	1.5%	Extra Trend due to Technology and other factors	1.1%	Expected Health Share of GDP in 2029	20.0%	Health Share of GDP Resistance Point	25.0%	Year for Limiting Cost Growth to GDP Growth	2075
Rate of Inflation	2.5%												
Rate of Growth in Real Income/GDP per capita	1.5%												
Extra Trend due to Technology and other factors	1.1%												
Expected Health Share of GDP in 2029	20.0%												
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.												
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 28 years as of 6/30/2020.												
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, 2020:

Summary of the Statement of Fiduciary Net Position					
OPEB Master Trust Fund					
As of June 30, 2020					
(in thousands)					
	<u>County Premium Plan</u>	<u>County RHICP*</u>	<u>LODA Plan**</u>	<u>PWCS Premium Plan</u>	<u>Total OPEB Master Trust Fund</u>
Assets					
Investments	\$ 20,459	21,048	17,164	41,610	100,281
Total assets	<u>20,459</u>	<u>21,048</u>	<u>17,164</u>	<u>41,610</u>	<u>100,281</u>
Liabilities					
Accounts payable	<u>2,295</u>	<u>2,069</u>	<u>504</u>	<u>7</u>	<u>4,875</u>
Total liabilities	<u>2,295</u>	<u>2,069</u>	<u>504</u>	<u>7</u>	<u>4,875</u>
Fiduciary Net Position					
Restricted for OPEB	<u>18,164</u>	<u>18,979</u>	<u>16,660</u>	<u>41,603</u>	<u>95,406</u>
Total fiduciary net position	<u>\$ 18,164</u>	<u>18,979</u>	<u>16,660</u>	<u>41,603</u>	<u>95,406</u>

* 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, 2020:

Summary of the Changes in Fiduciary Net Position					
OPEB Master Trust Fund					
For the Year Ended June 30, 2020					
(in thousands)					
	<u>County Premium Plan</u>	<u>County RHICP*</u>	<u>LODA Plan**</u>	<u>PWCS Premium Plan</u>	<u>Total OPEB Master Trust Fund</u>
Additions					
Employer contributions					
Total contributions	\$ 1,428	2,091	1,788	1,800	7,107
	<u>1,428</u>	<u>2,091</u>	<u>1,788</u>	<u>1,800</u>	<u>7,107</u>
Investment Income					
Total investment income	1,354	1,088	1,179	2,569	6,190
Less investment expense	<u>41</u>	<u>34</u>	<u>35</u>	<u>75</u>	<u>185</u>
Net investment income	<u>1,313</u>	<u>1,054</u>	<u>1,144</u>	<u>2,494</u>	<u>6,005</u>
Total additions	<u>2,741</u>	<u>3,145</u>	<u>2,932</u>	<u>4,294</u>	<u>13,112</u>
Deductions					
OPEB payments	2,097	2,047	763	-	4,907
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Total deductions	<u>2,097</u>	<u>2,047</u>	<u>763</u>	<u>15</u>	<u>4,922</u>
Net increase in fiduciary net position	<u>644</u>	<u>1,098</u>	<u>2,169</u>	<u>4,279</u>	<u>8,190</u>
Fiduciary Net Position, beginning of	<u>17,520</u>	<u>17,881</u>	<u>14,491</u>	<u>37,324</u>	<u>87,216</u>
Fiduciary Net Position, end of year	<u>\$ 18,164</u>	<u>18,979</u>	<u>16,660</u>	<u>41,603</u>	<u>95,406</u>

* County Retiree Health Insurance Credit Plan

** County Line-of-Duty Plan

Net OPEB Liability (Asset)

PWCS' net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date on July 1, 2020.

Changes in the Net OPEB Liability (Asset)

Changes in the net OPEB liability (asset) for the year ended June 30, 2020 are as follows:

Total OPEB liability	\$	38,600,996
Plan fiduciary net position		<u>(41,602,791)</u>
Net OPEB liability (asset)		<u>(3,001,795)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		107.78%

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

The following represents the net OPEB liability (asset) calculated using the discount rate of 7.00%, as well as what the net OPEB 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>
Net OPEB liability/(asset)	\$ (181,754)	\$ (3,001,795)	\$ (5,595,105)

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

The following represents the total and net OPEB liability (asset) calculated using the stated health care cost trend assumption, as well as what the OPEB liability (asset) 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 (3.00%)</u>	<u>Medical Trend (4.00%)</u>	<u>1% Increase (5.00%)</u>
Net OPEB liability/(asset)	\$ (6,628,550)	\$ (3,001,795)	\$ 1,216,629

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, 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. For the year ended June 30, 2020, plan members received \$5,712,397 in benefits and contributed \$2,667,580 in premiums, resulting in net benefits paid by PWCS of \$3,044,816.

Actuarial Methods and Assumptions

The total OPEB liability 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 October 2010 and updated in 2018. We have a blended medical trend rate of 2% based on 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%
Extra Trend due to Technology and other factors	1.2%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

Discount Rate/Investment 7.0% per annum.

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 28 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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018 and rolled forward to the measurement date of June 30, 2019.

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year ended June 30, 2020 are as follows:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of June 30, 2018 for FYE 2019	\$ 54,820,624	33,277,855	21,542,769
Changes for the year:			
Service cost	2,800,822	-	2,800,822
Interest	3,709,543	-	3,709,543
Experience Losses/(Gains)	(594,394)	-	(594,394)
Trust Contributions - employer	-	4,859,924	(4,859,924)
Net investment income	-	2,248,464	(2,248,464)
Benefit payments (net of retiree contributions)	(3,059,924)	(3,059,924)	-
Administrative expense	-	(2,000)	2,000
Net changes	2,856,047	4,046,464	(1,190,417)
Balances as of June 30, 2019 for FYE 2020	\$ 57,676,671	37,324,319	20,352,352

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	\$ 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:

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

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

For the fiscal year ended June 30, 2020, PWCS recognized OPEB expense of \$1,574,953. At June 30, 2020, PWCS reported deferred outflows of resources and deferred inflows of resources related to OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	13,485,490
Net difference between projected and actual earnings on OPEB plan investments	285,878	-
Employer contributions subsequent to the measurement date	4,844,816	-
Total	<u><u>\$ 5,130,694</u></u>	<u><u>13,485,490</u></u>

\$4,844,816 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, 2021. 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,	
2021	\$ (2,545,032)
2022	(2,545,032)
2023	(2,693,187)
2024	(2,651,331)
2025	(2,680,114)
Thereafter	<u>(84,916)</u>
Total	<u><u>\$ (13,199,612)</u></u>

Note 12 – Subsequent events

On July 15, 2020, the Department of Health and Human Services Administration for Children and Families awarded \$348,887 to PWCS to prevent, prepare for and respond to COVID-19 in response to public health emergency. The award approves the purchase of equipment.

On September 22, 2020, the Board of County Supervisors approved Resolution No. 20-659, authorizing the transfer of the Coronavirus Relief Funds (CRF) in the CARES Act Special revenue fund to the PWCS. The first allocation of the CRF of \$5,000,000 was transferred to PWCS for the acquisition of computer devices to support distance learning; and the second allocation of the CRF of \$20,000,000 was transferred to PWCS to support the opening school facilities initiatives during the pandemic.

On September 22, 2020, the Board of County Supervisors approved Resolution No. 20-645, authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority (VPSA) in an amount not to exceed \$119,450,000 for the purpose of financing certain capital projects for schools.

On September 29, 2020, the County sold the VPSA Special Obligation School Financing Bonds, Series 2020, in the par amount of \$106,510,000 to finance the acquisition and construction of two new schools, the

renovation of four schools, and architectural and engineering design documents for the future improvement of five schools. True interest cost was 1.43%.

On October 13, 2020, the Board of County Supervisors approved Resolution No. 20-706, authorizing the transfer of \$15,906,398 to the School Board Operating Fund from Coronavirus Aid, Recovery, and Economic Security (CARES) Act funding allocated by the Commonwealth of Virginia for COVID-19 preparedness and response.

On November 17, 2020, the Board of County Supervisors approved Resolution No. 20-758, authorizing the transfer of \$3,240,000 to the School Board Operating Fund from Coronavirus Aid, Recovery, and Economic Security (CARES) Act allocations to Prince William County.

On November 17, 2020, the Board of County Supervisors approved Resolution No. 20-759, authorizing the transfer of \$897,711.40 to the School Board Operating Fund from Coronavirus Aid, Recovery, and Economic Security (CARES), Elementary and Secondary School and Emergency Relief (ESSER) Fund and Governor's Emergency Education Relief (GEER) funding allocated by the Commonwealth of Virginia.

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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
2020	\$ 3,139,774	\$ 3,139,774	-	\$ 61,564,188	5.10 %
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

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 *

	2019**	2018**	2017**	2016**	2015**	2014**
Total pension liability						
Service cost	\$ 5,214,001	5,226,349	5,373,106	5,488,020	5,522,513	5,560,285
Interest	14,066,735	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	(761,360)	909,690	(2,110,561)	(1,740,559)	527,708	-
Changes in assumptions	6,199,051.00	-	(2,193,518)	-	-	-
Benefit payments, including refunds of employee contributions	(9,091,649)	(8,794,953)	(8,314,018)	(8,021,757)	(7,438,101)	(6,966,544)
Net change in total pension liability	15,626,778	10,671,220	5,702,781	8,115,612	10,301,361	9,625,688
Total pension liability - beginning	205,499,179	194,827,959	189,125,178	181,009,566	170,708,205	161,082,517
Total pension liability - ending	<u>221,125,957</u>	<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	\$ 3,154,179	3,550,621	3,512,916	4,237,856	4,216,224	4,691,242
Contributions - employee	2,819,104	2,757,542	2,751,600	2,663,882	2,629,471	2,628,936
Net investment income	13,317,444	13,917,266	20,712,494	2,941,145	7,407,239	22,069,344
Benefit payments, including refunds of employee contributions	(9,091,649)	(8,794,953)	(8,314,018)	(8,021,757)	(7,438,101)	(6,966,544)
Administrative expenses	(131,359)	(119,620)	(118,992)	(103,842)	(100,577)	(117,603)
Other changes	(8,405)	(12,445)	(18,491)	(1,248)	(1,578)	1,163
Net change in plan fiduciary net position	10,059,314	11,298,411	18,525,509	1,716,036	6,712,678	22,306,538
Plan fiduciary net position - beginning	\$ 200,515,602	\$ 189,217,191	170,691,682	168,975,646	162,262,968	139,956,430
Plan fiduciary net position - ending	<u>\$ 210,574,916</u>	<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>\$ 10,551,041</u>	<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	95 %	98	97	90	93	95
Covered payroll	\$ 58,969,432	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	18 %	9	10	34	23	16

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

** Years presented as of measurement date

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
2020	\$ 93,207,003	\$ 93,207,003	-	\$ 594,432,415	15.68 %
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

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 *

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	6.61 %	6.68	6.57	6.51	6.45	6.34
Proportionate share of the net pension liability	\$ 870,089,914	785,340,000	808,531,000	911,712,000	811,927,000	766,482,000
Covered payroll	556,485,157	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	156.35 %	144.84	155.34	183.80	169.30	165.26
Plan fiduciary net position as a percentage of the total pension liability	73.51 %	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
2020	\$ 129,285	\$ 129,285		\$ 61,564,208	0.21 %
2019	123,821	123,821	-	58,962,494	0.21
2018	126,680	126,680	-	57,625,524	0.22
2017	123,856	123,856	-	56,288,932	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

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:

	2019	2018	2017
Total HIC OPEB liability			
Service cost	\$ 64,277	62,278	67,405
Interest	159,532	156,456	153,000
Changes of benefit terms			
Differences between expected and actual experience	(31,876)	(58,144)	-
Changes in assumptions	63,915	-	(70,000)
Benefit payments, including refunds of employee contributions	(104,630)	(128,649)	(70,000)
Net change in total HIC OPEB liability	151,218	31,941	80,405
Total HIC OPEB liability - beginning	2,331,346	2,299,405	2,219,000
Total HIC OPEB liability - ending	<u>\$ 2,482,564</u>	<u>2,331,346</u>	<u>2,299,405</u>
Plan fiduciary net position			
Contributions - employer	\$ 123,765	126,680	123,856
Net investment income	103,070	105,718	151,368
Benefit payments, including refunds of employee contributions	(104,630)	(128,649)	(69,750)
Administrative expenses	(2,257)	(2,500)	(2,506)
Other changes	(122)	(7,449)	7,449
Net change in plan fiduciary net position	119,826	93,800	210,417
Plan fiduciary net position - beginning	1,589,957	1,496,157	1,285,740
Plan fiduciary net position - ending	<u>\$ 1,709,783</u>	<u>1,589,957</u>	<u>1,496,157</u>
Non-professional groups' net HIC OPEB liability - ending	<u>\$ 772,781</u>	<u>741,389</u>	<u>803,248</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	68.9%	68.2%	65.1%
Covered payroll	\$ 58,962,494	57,625,524	56,288,932
Non-professional groups' net HIC OPEB liability as a percentage of covered payroll	1.26%	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
2020	\$ 7,133,739	\$ 7,133,739	-	\$ 594,478,287	1.20 %
2019	6,678,231	6,678,231	-	556,519,225	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

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>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net HIC OPEB liability	6.64 %	6.70	6.60
Proportionate share of the net HIC OPEB liability	\$ 86,886,094	85,128,000	83,738,000
Covered payroll	556,519,225	542,242,000	520,545,000
Proportionate share of the net HIC liability as a percentage of covered payroll	15.61 %	15.70	16.10
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.97 %	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
2020	\$ 322,141	\$ 322,141	-	\$ 61,950,129	0.52 %
2019	308,426	308,426	-	59,312,661	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

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 *

	2020	2019	2018
Proportion of the net GLI OPEB liability	0.30 %	0.31	0.31
Proportionate share of the net GLI OPEB liability	\$ 4,920,528	4,637,000	4,616,000
Covered payroll	59,312,661	58,065,000	56,540,000
Proportionate share of the net GLI liability as a percentage of covered payroll	8.30 %	7.99	8.16
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.00 %	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
2020	3,100,707	3,100,707	-	596,289,711	0.52 %
2019	2,907,340	2,907,340	-	559,103,828	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

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 *

	2020	2019	2018
Proportion of the net GLI OPEB liability	2.85 %	2.87	2.84
Proportionate share of the net GLI OPEB liability	\$ 46,421,022	43,550,000	42,687,000
Covered payroll	559,103,828	545,279,000	522,882,000
Proportionate share of the net GLI liability as a percentage of covered payroll	8.30 %	7.99	7.83
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.00 %	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
2020	\$ 4,844,816	\$ 4,844,816	-	\$ 655,996,604	0.74 %
2019	4,859,924	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

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 *

	2020	2019	2018**	2017
Total OPEB liability				
Service cost	\$ 2,912,856	2,800,822	3,015,212	2,624,490
Interest	3,902,547	3,709,543	4,651,642	4,689,989
Differences between expected and actual experience	(22,625,822)	(594,394)	(18,166,413)	-
Changes in assumptions	(220,440)	-	-	-
Benefit payments, including refunds of employee contributions	(3,044,816)	(3,059,924)	(3,041,063)	(3,328,588)
Net change in total OPEB liability	(19,075,675)	2,856,047	(13,540,622)	3,985,891
Total OPEB liability - beginning	57,676,671	54,820,624	68,361,246	64,375,355
Total OPEB liability - ending	38,600,996	57,676,671	54,820,624	68,361,246
Plan fiduciary net position				
Contributions - employer	\$ 4,844,816	4,859,924	4,041,063	4,328,588
Net investment income	2,478,472	2,248,464	2,340,204	2,618,693
Benefit payments, including refunds of employee contributions	(3,044,816)	(3,059,924)	(3,041,063)	(3,328,588)
Administrative expenses	-	(2,000)	(8,500)	-
Net change in plan fiduciary net position	4,278,472	4,046,464	3,331,704	3,618,693
Plan fiduciary net position - beginning	37,324,319	33,277,855	29,946,151	26,327,458
Plan fiduciary net position - ending	41,602,791	37,324,319	33,277,855	29,946,151
Net OPEB liability (asset) - ending	(3,001,795)	20,352,352	21,542,769	38,415,095
Plan fiduciary net position as a percentage of the total OPEB liability	% 107.8	64.7	60.7	43.8
Covered-employee payroll	\$ 615,454,589	599,821,643	576,721,212	549,996,838
Non-professional groups' net OPEB liability as a percentage of covered-employee payroll	% (0.5)	3.4	3.7	7.0

* 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.

June 30, 2020

Note 1 – Changes of benefit terms

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

Note 2 – Changes of assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board actions are as follows.

	Largest 10 Non-Hazardous Duty	All Others (Non 10 Largest) Non-Hazardous Duty	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%	
Discount Rate	Decreased rate from 7.00% to 6.75%	Decreased rate from 7.00% to 6.75%	Decrease rate from 7.00% to 6.75%

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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, 2020

Schedule 1

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:				
Use of money and property:				
Use of money - interest	\$ -	-	119,362	119,362
Use of property	1,200,000	1,200,000	623,221	(576,779)
Charges for services	555,200	555,200	269,564	(285,636)
Total revenues	<u>1,755,200</u>	<u>1,755,200</u>	<u>1,012,147</u>	<u>(743,053)</u>
EXPENDITURES:				
Current:				
Community service operations	1,762,575	1,762,575	957,281	805,294
Total expenditures	<u>1,762,575</u>	<u>1,762,575</u>	<u>957,281</u>	<u>805,294</u>
Excess of revenues over expenditures	(7,375)	(7,375)	54,866	62,241
Net change in fund balances	(7,375)	(7,375)	54,866	62,241
FUND BALANCES, beginning of year	3,633,000	3,633,000	3,633,000	-
FUND BALANCES, end of year	<u>\$ 3,625,625</u>	<u>3,625,625</u>	<u>3,687,866</u>	<u>62,241</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, 2020

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	\$ -	-	7,957,634	60,963,227	68,920,861
Accounts receivable and other current assets	-	-	29,621	674,226	703,847
Inventory	1,143,747	-	-	-	1,143,747
Total assets	1,143,747	-	7,987,255	61,637,453	70,768,455
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	114,060	710	270,514	1,382,979	1,768,263
Salaries payable and withholdings	-	39	-	-	39
Unearned revenue	-	-	-	9,173,994	9,173,994
Due to other funds	415,273	88,970	-	-	504,243
Incurred but not reported claims	-	-	1,361,877	8,595,000	9,956,877
Total current liabilities	529,333	89,719	1,632,391	19,151,973	21,403,416
Noncurrent liabilities:					
Incurred but not reported claims	-	-	4,150,963	-	4,150,963
Total noncurrent liabilities	-	-	4,150,963	-	4,150,963
Total liabilities	529,333	89,719	5,783,354	19,151,973	25,554,379
NET POSITION					
Unrestricted (deficit)	614,414	(89,719)	2,203,901	42,485,480	45,214,076
Total net position	\$ 614,414	(89,719)	2,203,901	42,485,480	45,214,076

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, 2020

Schedule 3

	Distribution Center Fund	Imaging Center Fund	Self- Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 3,878,494	537,214	4,763,439	104,619,656	113,798,803
Total operating revenues	<u>3,878,494</u>	<u>537,214</u>	<u>4,763,439</u>	<u>104,619,656</u>	<u>113,798,803</u>
OPERATING EXPENSES:					
Personnel services	-	413,055	459,066	636,535	1,508,656
Materials/supplies	-	141,402	548	205,145	347,095
Administrative costs	-	-	170,450	7,720,904	7,891,354
Contractual services	-	55,244	2,768	160,447	218,459
Premiums	-	-	2,185,489	-	2,185,489
Claims and benefits paid	-	-	-	94,620,804	94,620,804
Losses and unallocated loss adjustment	-	-	2,486,975	-	2,486,975
Cost of goods sold	3,915,582	-	-	-	3,915,582
Total operating expenses	<u>3,915,582</u>	<u>609,701</u>	<u>5,305,296</u>	<u>103,343,835</u>	<u>113,174,414</u>
Operating Income (loss)	<u>(37,088)</u>	<u>(72,487)</u>	<u>(541,857)</u>	<u>1,275,821</u>	<u>624,389</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest earnings (loss)	(12,046)	-	289,856	1,865,087	2,142,897
Total non-operating revenues (expenses)	<u>(12,046)</u>	<u>-</u>	<u>289,856</u>	<u>1,865,087</u>	<u>2,142,897</u>
Income (loss) before transfers	(49,134)	(72,487)	(252,001)	3,140,908	2,767,286
TRANSFERS:					
Transfers In:					
General fund	-	-	-	1,800,000	1,800,000
Total other transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>1,800,000</u>
Change in net position	(49,134)	(72,487)	(252,001)	4,940,908	4,567,286
NET POSITION, beginning 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>
NET POSITION, end of year	<u>\$ 614,414</u>	<u>(89,719)</u>	<u>2,203,901</u>	<u>42,485,480</u>	<u>45,214,076</u>

Prince William County Public Schools
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended June 30, 2020

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 interfund services provided	\$ 3,878,494	528,586	4,763,431	104,654,965	113,825,476
Receipts from customers and users	-	8,628	-	-	8,628
Payments to suppliers for goods and services	(3,615,143)	(200,979)	(4,358,894)	(104,001,227)	(112,176,243)
Payments to employees		(413,970)	(459,066)	(638,087)	(1,511,123)
Net cash provided (used) by operating activities	<u>263,351</u>	<u>(77,735)</u>	<u>(54,529)</u>	<u>15,651</u>	<u>146,738</u>
Cash Flows from Non-Capital Financing Activities:					
Due to other funds	-	77,735	-	-	77,735
Due (from) other funds	(251,305)	-	-	-	(251,305)
Transfers from other funds	-	-	-	1,800,000	1,800,000
Net cash provided (used) by non-capital financing activities	<u>(251,305)</u>	<u>77,735</u>	<u>-</u>	<u>1,800,000</u>	<u>1,626,430</u>
Cash Flows from Investing Activities:					
Interest paid (used) for investments	(12,046)	-	292,407	1,873,379	2,153,740
Net cash provided (used) by investing activities	<u>(12,046)</u>	<u>-</u>	<u>292,407</u>	<u>1,873,379</u>	<u>2,153,740</u>
Net increase in equity in cash and pooled investments	-	-	237,878	3,689,030	3,926,908
Equity in cash and pooled investments, beginning of year	-	-	7,719,756	57,274,197	64,993,953
Equity in cash and pooled investments, end of year	<u>\$ -</u>	<u>-</u>	<u>7,957,634</u>	<u>60,963,227</u>	<u>68,920,861</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (loss)	\$ (37,088)	(72,487)	(541,857)	1,275,821	624,389
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Change in assets and liabilities:					
(Increase) in accounts receivable	-	-	(8)	(448,026)	(448,034)
Decrease in inventory	385,281	-	-	-	385,281
Increase in unearned revenue	-	-	-	483,335	483,335
Increase (decrease) in accounts payable and accrued liabilities	(84,842)	(4,333)	270,514	(714,927)	(533,588)
(Decrease) in salaries payable and withholdings	-	(915)	-	(1,552)	(2,467)
Increase (decrease) incurred but not reported claims	-	-	216,822	(579,000)	(362,178)
Net cash provided (used) by operating activities	<u>\$ 263,351</u>	<u>(77,735)</u>	<u>(54,529)</u>	<u>15,651</u>	<u>146,738</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, 2020

Schedule 5

	Governor's School @ Innovation Park	Regional School Fund	Student Activity Fund	Total Agency Funds
ASSETS				
Cash and pooled investments	\$ 268,458	3,640,295	8,295,326	12,204,079
Interest and other receivable	1,571	14,137	-	15,708
Due from other governmental units	27,462	1,835,321	-	1,862,783
Capital assets:				
Depreciable capital assets	14,750	-	-	14,750
Less: accumulated depreciation	(8,625)	-	-	(8,625)
Total assets	<u>303,616</u>	<u>5,489,753</u>	<u>8,295,326</u>	<u>14,088,695</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ <u>303,616</u>	<u>5,489,753</u>	<u>8,295,326</u>	<u>14,088,695</u>

Prince William County Public Schools
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2020

Schedule 6

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Governor's School @ Innovation Park				
ASSETS				
Cash and pooled investments	\$ 297,260	1,440,428	1,469,230	268,458
Interest and other receivable	907	1,571	907	1,571
Due from other governmental units	8,284	27,462	8,284	27,462
Capital assets:				
Depreciable capital assets, net	14,750	-	-	14,750
Less: accumulated depreciation	(6,514)	(2,111)	-	(8,625)
Total assets	<u>314,687</u>	<u>1,467,350</u>	<u>1,478,421</u>	<u>303,616</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 314,687</u>	<u>1,467,350</u>	<u>1,478,421</u>	<u>303,616</u>
Regional School Fund				
ASSETS				
Cash and pooled investments	\$ 4,750,173	13,647,453	14,757,331	3,640,295
Interest and other receivable	20,620	14,137	20,620	14,137
Due from other governmental units	1,701,020	1,835,321	1,701,020	1,835,321
Total assets	<u>6,471,813</u>	<u>15,496,911</u>	<u>16,478,971</u>	<u>5,489,753</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 6,471,813</u>	<u>15,496,911</u>	<u>16,478,971</u>	<u>5,489,753</u>
Student Activity Fund				
ASSETS				
Cash and pooled investments	<u>\$ 8,279,120</u>	<u>10,634,720</u>	<u>10,618,514</u>	<u>8,295,326</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 8,279,120</u>	<u>10,634,720</u>	<u>10,618,514</u>	<u>8,295,326</u>
Total Agency Funds				
ASSETS				
Cash and pooled investments	\$ 13,326,553	25,722,601	26,845,075	12,204,079
Interest receivable	21,527	15,708	21,527	15,708
Due from other governmental units	1,709,304	1,862,783	1,709,304	1,862,783
Capital assets:				
Depreciable capital assets	14,750	-	-	14,750
Less: accumulated depreciation	(6,514)	(2,111)	-	(8,625)
Total assets	<u>15,065,620</u>	<u>27,598,981</u>	<u>28,575,906</u>	<u>14,088,695</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>\$ 15,065,620</u>	<u>27,598,981</u>	<u>28,575,906</u>	<u>14,088,695</u>

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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									
	2011	2012	2013	2014 ⁽²⁾	2015	2016	2017 ⁽³⁾	2018	2019	2020
Governmental activities:										
Invested in capital assets	\$ 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	1,695,750
Restricted	39,065	34,791	43,092	49,769	66,882	197,524	173,218	230,312	101,666	78,442
Unrestricted (deficit)	112,851	94,042	104,037	(728,330)	(738,304)	(697,152)	(856,226)	(814,905)	(721,635)	(687,540)
Total governmental activities net position	<u>\$ 1,192,152</u>	<u>1,206,000</u>	<u>1,272,144</u>	<u>501,338</u>	<u>589,748</u>	<u>851,469</u>	<u>766,340</u>	<u>912,262</u>	<u>967,601</u>	<u>1,086,652</u>
Business-type activities: ⁽¹⁾										
Invested in capital assets	\$ -	-	-	-	-	-	9,058	8,876	8,694	8,512
Unrestricted (deficit)	939	838	664	560	466	340	274	48	(8)	(429)
Total business-type activities net position	<u>\$ 939</u>	<u>838</u>	<u>664</u>	<u>560</u>	<u>466</u>	<u>340</u>	<u>9,332</u>	<u>8,924</u>	<u>8,686</u>	<u>8,083</u>
Total school division:										
Invested in capital assets	\$ 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	1,704,262
Restricted	39,065	34,791	43,092	49,769	66,882	197,524	173,218	230,312	101,666	78,442
Unrestricted (deficit)	113,790	94,880	104,701	(727,770)	(737,838)	(696,812)	(855,952)	(814,857)	(721,643)	(687,969)
Total school division net position	<u>\$ 1,193,091</u>	<u>1,206,838</u>	<u>1,272,808</u>	<u>501,898</u>	<u>590,214</u>	<u>851,809</u>	<u>775,672</u>	<u>921,186</u>	<u>976,287</u>	<u>1,094,735</u>

⁽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									
	2011	2012	2013	2014 ⁽²⁾	2015	2016	2017 ⁽³⁾	2018	2019	2020
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 438,872	461,883	485,165	489,514	511,206	514,177	562,799	560,440	560,277	638,487
Special	91,911	107,521	101,696	104,231	107,557	107,705	115,150	119,230	124,952	139,207
Other	9,130	9,047	9,565	9,607	10,540	11,811	13,279	13,315	11,796	10,549
Instructional leadership	51,393	54,417	57,215	57,186	59,926	62,180	65,905	70,159	72,143	75,639
Support services:										
General administration	9,191	8,400	10,023	9,988	10,386	10,265	12,185	10,029	10,202	13,234
Student services	9,190	9,699	10,446	13,323	13,157	12,972	16,267	15,356	16,675	22,222
Curricular/staff development	13,469	13,625	14,092	12,707	12,849	12,512	14,935	15,762	18,498	19,666
Pupil transportation	49,830	49,379	53,658	55,479	55,458	54,212	57,032	58,863	60,435	62,282
Operations	21,554	21,856	22,858	23,168	22,848	22,907	24,977	24,100	23,780	27,430
Utilities	25,430	25,331	23,321	22,649	23,715	21,058	23,030	22,822	22,347	21,454
Maintenance	25,054	32,431	31,147	35,983	43,990	42,033	42,245	40,971	40,981	45,628
Central business services	43,445	44,687	52,343	51,164	51,510	50,487	58,559	55,008	61,938	65,454
Reimbursement to County for debt service	63,800	68,440	70,605	74,691	80,755	88,470	89,728	101,582	105,491	104,997
Food & nutrition services	32,480	36,597	38,551	37,430	40,145	42,390	44,879	45,631	44,842	41,003
Community service operations	897	1,205	1,267	1,200	1,342	1,420	1,441	1,514	1,465	957
Education foundation	-	-	-	-	519	594	509	532	535	559
Total governmental activities expenses	<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>	<u>1,288,768</u>
Business-type activities: ⁽¹⁾										
School Age Child Care	334	508	594	592	607	632	633	619	576	518
Aquatics Center	-	-	-	-	-	-	902	1,238	1,373	1,240
Total business-type activities expenses	<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>	<u>1,758</u>
Total school division expenses	\$ <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>	<u>1,290,526</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction	\$ 2,748	2,879	3,498	3,185	3,140	3,285	3,117	3,416	3,262	2,694
Curricular/staff development	40	-	-	-	-	-	-	-	-	-
Pupil transportation	111	99	80	61	69	60	110	78	157	236
Operations	282	170	392	306	312	326	326	323	321	260
Central business services	281	301	380	403	430	407	373	831	421	402
Food & nutrition services	16,951	18,318	17,924	17,870	17,401	17,860	18,932	18,415	17,953	12,322
Community service operations	814	921	1,026	1,289	1,408	1,490	1,554	1,552	1,512	893
Operating grants and contributions	134,064	134,204	136,285	138,511	147,692	153,479	164,137	164,271	164,707	168,118
Capital grants and contributions	96	98	113	108	116	124	119	123	128	119
Total governmental activities program revenues	<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>	<u>185,044</u>
Business-type activities:										
Charges for services:										
School Age Child Care	658	389	425	475	503	500	513	538	550	297
Aquatics Center	-	-	-	-	-	-	310	510	756	487
Operating grants and contributions	303	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<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>	<u>784</u>
Total school division program revenues	\$ <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>	<u>185,828</u>
Net (Expense) Revenues										
Governmental activities	(730,259)	(787,528)	(822,254)	(836,587)	(875,335)	(878,162)	(954,252)	(966,305)	(987,896)	(1,103,724)
Business-type activities	627	(119)	(169)	(117)	(104)	(132)	(712)	(809)	(643)	(974)
Total school division net (expense)	\$ <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>	<u>(1,104,698)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted grants and contributions	\$ 733,426	795,676	883,194	890,805	957,609	1,133,523	1,037,970	1,105,143	1,031,003	1,211,472
Unrestricted investment earnings	3,555	3,045	1,724	3,123	3,001	3,343	2,638	2,731	8,622	7,180
Miscellaneous revenues	1,595	2,655	3,480	6,745	3,135	3,017	5,400	4,753	4,010	4,523
Transfer to Aquatic Center	-	-	-	-	-	-	(9,709)	(400)	(400)	(400)
Total governmental activities general revenues	<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>	<u>1,222,775</u>
Business-type activities:										
Unrestricted investment earnings	10	18	(5)	13	10	6	(4)	1	5	(29)
Transfer to Aquatic Center	-	-	-	-	-	-	9,709	400	400	400
Total business-type activities general revenues	<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>	<u>371</u>
Total school division general revenues and other changes in net position	\$ <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>	<u>1,223,146</u>
Change in Net Position										
Governmental activities	\$ 8,317	13,848	66,144	64,086	88,410	261,721	82,047	145,922	55,339	119,051
Business-type activities	637	(101)	(174)	(104)	(94)	(126)	8,993	(408)	(238)	(603)
Total school division	\$ <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>	<u>118,448</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.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 930	997	1,079	1,091	1,159	1,247	1,158	1,639	4,192	4,039
Restricted	482	5,524	5,008	5,253	4,630	5,042	2,282	6,563	7,938	4,204
Assigned	79,933	71,315	60,554	49,227	43,727	64,684	70,183	88,930	81,919	125,559
Unassigned	1,030	3,042	15,404	9,766	22,479	16,172	24,888	15,259	47,224	26,078
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>	<u>159,880</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	40,615
Committed	3,078	-	-	-	-	-	-	-	-	-
Assigned	32,382	21,158	30,704	52,603	28,170	28,218	20,170	20,270	40,521	53,960
Food & Nutrition Services Fund ⁽²⁾										
Nonspendable	-	-	-	-	1,495	1,246	1,455	1,696	1,529	1,771
Restricted	-	-	-	-	23,922	26,628	27,609	30,208	35,554	33,622
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	3,688
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>	<u>133,656</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' is now nonspendable, restricted, or committed and 'unreserved' is now assigned or unassigned.

⁽²⁾ In FY2015, the Food & Nutrition Services Fund became a major fund. Prior it was a part of the Special Revenue Fund.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Federal sources:										
Food & nutrition services	\$ 17,418	19,314	21,115	21,975	22,963	25,418	26,975	28,417	29,001	24,003
Other federal sources	58,566	44,145	34,231	33,322	34,090	36,129	39,360	41,290	40,020	46,963
Total federal sources	75,984	63,459	55,346	55,297	57,053	61,547	66,335	69,707	69,021	70,966
State sources:										
Basic aid	206,773	221,759	232,907	230,776	241,848	242,427	258,167	259,954	276,492	278,032
Food & nutrition services	535	632	685	722	735	752	938	1,074	1,098	1,054
Regional school program	15,016	16,532	19,926	20,605	21,598	22,904	24,091	20,531	15,000	12,000
Sales tax	62,525	66,475	73,929	75,529	80,774	85,219	87,330	85,089	98,199	98,715
Special education SOQ ⁽¹⁾	17,221	17,721	16,823	17,358	17,451	17,675	18,226	18,371	21,212	21,520
Other state sources	56,079	67,594	85,023	91,311	93,964	97,448	102,579	122,452	129,303	151,994
Total state sources	358,149	390,713	429,293	436,301	456,370	466,425	491,331	507,471	541,304	563,315
County sources:										
County bond sale transfer	9,685	48,681	88,930	70,276	89,792	243,190	84,214	127,266	-	125,417
County general transfer ⁽²⁾	412,881	436,079	435,195	469,571	493,164	503,877	542,732	557,697	585,711	609,923
County proffer transfer	3,224	-	10,954	-	7,677	6,000	12,000	6,000	-	6,000
Total county sources	425,790	484,760	535,079	539,847	590,633	753,067	638,946	690,963	585,711	741,340
Local sources:										
Charges for services	3,762	4,042	4,532	4,444	4,811	4,673	4,178	5,319	4,948	4,555
Food & nutrition services sales	16,699	18,027	17,901	18,135	17,698	18,153	19,226	18,840	17,952	12,321
Interest and other income	3,722	3,118	1,839	3,200	3,077	3,768	3,773	4,338	11,572	8,599
Use of property	814	921	1,027	1,007	1,104	1,192	1,255	1,123	1,107	623
Other local sources	2,253	3,376	3,225	4,260	3,322	3,661	6,936	5,600	5,248	4,979
Total local sources	27,250	29,484	28,524	31,046	30,012	31,447	35,368	35,220	40,827	31,077
Total revenues	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	1,406,698
Expenditures										
Instruction:										
Regular	416,900	439,685	457,948	461,647	489,493	500,245	530,467	546,629	556,133	600,665
Special	91,384	107,463	100,384	102,987	107,931	109,796	114,639	123,051	130,757	137,354
Other	9,062	8,986	9,446	9,495	10,577	12,005	13,180	13,674	12,351	10,477
Instructional leadership	51,393	54,417	57,212	57,167	59,915	62,180	65,905	70,159	72,143	75,639
Support services:										
General administration	8,090	7,678	8,843	8,489	9,979	9,711	11,596	10,395	11,399	12,824
Student services	9,143	9,704	10,340	13,205	13,888	14,562	15,784	17,298	19,410	21,604
Curricular/staff development	13,441	13,628	13,979	12,652	12,963	12,846	14,817	16,314	19,382	19,510
Pupil transportation	49,191	52,400	55,568	58,945	58,084	59,298	62,748	65,508	66,581	61,060
Operations	21,419	21,842	22,613	22,944	23,236	23,921	24,665	25,433	25,800	27,080
Utilities	25,430	25,331	23,321	22,649	24,021	21,671	22,855	23,461	23,167	21,224
Maintenance	24,601	32,872	30,886	35,988	44,267	42,256	38,995	40,592	41,655	45,373
Central business services	43,626	45,624	51,017	48,608	53,960	53,074	56,646	56,485	62,356	64,966
Community service operations	897	1,205	1,267	1,200	1,342	1,420	1,441	1,514	1,465	957
Food & nutrition service	32,451	36,582	38,544	37,518	40,108	42,353	44,842	45,570	44,772	40,914
Reimbursement to County for debt service	64,425	68,516	70,605	74,691	77,278	84,523	89,728	101,582	105,491	147,004
Capital Outlay	88,159	57,076	70,681	78,829	106,249	113,326	137,050	77,210	122,610	104,996
Total expenditures	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	1,391,647
Excess (deficiency) of revenues over (under) expenditures	(62,439)	(14,593)	25,588	15,477	777	149,299	(13,378)	68,486	(78,609)	15,051
Other Financing Sources (Uses):										
Transfers in:										
General fund	1,000	1,000	1,943	1,490	1,255	2,436	3,292	1,631	2,864	1,365
Construction fund	7,842	8,143	17,588	44,297	19,363	17,863	18,301	11,719	25,737	32,393
Other Governmental funds	-	-	-	-	-	11	1	4	-	-
Transfers out:										
General fund	(11,842)	(12,179)	(19,388)	(47,897)	(20,259)	(21,142)	(21,639)	(12,793)	(27,437)	(34,593)
Construction fund	(1,000)	(1,000)	(1,943)	(1,490)	(1,255)	(2,436)	(2,262)	(1,631)	(2,864)	(1,365)
Other Governmental funds	-	-	-	-	-	(650)	(1,730)	(330)	(532)	-
Total other financing sources (uses), net	(4,000)	(4,036)	(1,800)	(3,600)	(896)	(3,918)	(4,037)	(1,400)	(2,232)	(2,200)
Net change in fund balances	\$ (66,439)	(18,629)	23,788	11,877	(119)	145,381	(17,415)	67,086	(80,841)	12,851

⁽¹⁾ Standards of Quality

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

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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; dollar 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	
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	1,018,777	20,156	3,456	41,465	55,244	54,288	966,701	17,863	2,177,950
2020	1,076,413	19,847	2,705	30,157	45,753	54,288	966,280	23,985	2,219,428
Change 2011 - 2020	56.37%	72.66%	-16.54%	143.08%	30.90%	0.00%	47.13%	32.29%	50.00%

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. (PPTRA)

⁽³⁾ Fluctuations in revenue from the use of money can be primarily attributed to favorable or unfavorable 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 fiscal years 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
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	48,279	1,018,777
2020	733,071	156,474	22,683	912,228	72,341	14,408	28,236	49,200	1,076,413
Change 2011 - 2020	48.78%	127.46%	18.10%	57.08%	45.98%	9.23%	34.68%	105.63%	56.37%

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 assessed value; dollar 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
2011	\$ 30,434,819	\$ 1,451,944	\$ 5,722,158	\$ 1,466,645	\$ 180,505	\$ 39,256,071	\$1.31460	\$ 48,535,035	80.88%
2012	32,477,281	1,642,125	5,899,244	1,472,610	163,184	41,654,444	1.28060	49,533,872	84.09%
2013	33,769,506	1,911,766	6,210,947	1,521,977	170,032	43,584,228	1.28590	50,810,494	85.78%
2014	35,821,828	2,185,291	6,597,590	1,501,931	171,126	46,277,766	1.25620	57,109,671	81.03%
2015	39,073,111	2,525,672	6,802,104	1,531,397	161,172	50,093,456	1.22120	57,663,419	86.87%
2016	41,983,238	2,856,819	7,179,333	1,678,330	166,961	53,864,681	1.19360	60,222,753	89.44%
2017	43,393,628	3,020,162	7,406,620	1,782,650	161,469	55,764,529	1.19500	61,527,421	90.63%
2018	44,665,855	3,047,465	8,185,594	1,826,020	166,147	57,891,081	1.20670	65,844,401	87.92%
2019	46,722,672	3,243,286	9,258,196	1,804,079	185,978	61,214,211	1.20750	69,155,694	88.52%
2020	48,810,816	3,416,858	9,638,310	1,888,134	186,227	63,940,345	1.20750	69,062,205	92.58%

Source: County of Prince William, Virginia.

⁽¹⁾ Net of tax-exempt property:

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
2015 - \$3,761,235	2020 - \$4,839,651

⁽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
(dollar amounts expressed in millions)

Fiscal Year	Commercial to Total	Commercial & Public Service to Total	New Construction ⁽¹⁾				Bank Deposits ⁽²⁾
			Residential		Non-Residential		
			Permits	Value	Permits	Value	
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
2020	15.1%	18.0%	1,339	255	67	312	5,715

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. 2011-2020, 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PRINCE WILLIAM COUNTY										
<i>Countywide Tax Levies:</i>										
Real Estate - General Fund	\$1.23600	\$1.20400	\$1.20900	\$ 1.18100	\$ 1.14800	\$ 1.12200	\$ 1.12200	\$ 1.12500	\$ 1.12500	\$ 1.12500
Fire and Rescue Levy (Countywide)	0.07610	0.07410	0.07440	0.07270	0.07070	0.06910	0.07050	0.07920	0.08000	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	<u>\$1.31460</u>	<u>\$1.28060</u>	<u>\$1.28590</u>	<u>\$ 1.25620</u>	<u>\$ 1.22120</u>	<u>\$ 1.19360</u>	<u>\$ 1.19500</u>	<u>\$ 1.20670</u>	<u>\$ 1.20750</u>	<u>\$ 1.20750</u>
Service District Levies -										
Bull Run	\$0.20100	\$0.20100	\$0.20100	\$ 0.18300	\$ 0.14710	\$ 0.13770	\$ 0.13770	\$ 0.13110	\$ 0.12630	\$ 0.12300
Lake Jackson	0.17500	0.17500	0.17500	0.16500	0.16500	0.16500	0.16500	0.16500	0.16500	0.16500
Transportation District Levies -										
Prince William Parkway	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	0.33350	0.33330	0.27733	0.27330	0.23330	0.18990	0.18990	0.18990	0.18990	0.18990
Town of Haymarket	0.16400	0.16400	0.16400	0.13900	0.13900	0.12900	0.14600	0.14600	0.14600	0.13600
Town of Occoquan	0.10000	0.10000	0.10000	0.11000	0.11000	0.11000	0.12000	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
(dollar amounts expressed in thousands)

Taxpayer	2020			2011		
	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	\$ 929,163	1	1.45%	\$ 705,155	1	1.80%
Mall at Potomac Mills, LLC	519,964	2	0.81%	400,609	2	1.02%
Abteen Ventures, LLC	501,809	3	0.78%	263,114	3	0.67%
Northern Virginia Electric Co-op	362,688	4	0.57%			
VA Data Inc	250,220	5	0.39%			
Powerloft @ Innovation I LLC	165,132	6	0.26%			
Washington Gas Light Company	158,576	7	0.25%	96,901	5	0.25%
Verizon South, Inc.	149,702	8	0.23%	169,997	4	0.43%
JBG/Woodbridge Retail LLC	134,232	9	0.21%			
Porpoise Ventures LLC	115,930	10	0.18%			
Prince William Square Investors, LLC				81,111	6	0.21%
Manassas Owner, LLC				77,179	7	0.20%
TR Rolling Brook Corp.				75,033	8	0.19%
Stellar Chatsworth LLC				72,568	9	0.18%
Dominion Country Club, LP				67,914	10	0.17%
	<u>\$ 3,287,416</u>		<u>5.14%</u>	<u>\$ 2,009,581</u>		<u>5.12%</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
(dollar 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
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%	358	629,375	99.9%
2017	653,759	651,883	99.7%	1,096	652,979	99.9%
2018	682,368	681,108	99.8%	613	681,721	99.9%
2019	714,169	712,882	99.8%	886	713,768	99.9%
2020	754,389	745,087	98.8%	--	745,087	98.8%

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary Government										
<i>Governmental Activities:</i>										
General Obligation Bonds ⁽¹⁾										
General Government	\$ 156,520	\$ 139,782	\$ 127,400	\$ 140,032	\$ 126,438	\$ 197,564	\$ 181,934	\$ 167,369	\$ 152,782	\$ 140,868
School Board-Related	549,775	556,747	579,969	594,188	628,638	793,235	815,195	865,535	796,785	845,159
Park Related	7,210	7,126	6,651	9,746	9,069	14,421	13,606	11,816	10,833	9,893
IDA Lease Revenue Bonds	7,160	6,260	5,325	4,355	3,345	2,290	1,175	--	--	--
IDA Loan	--	--	--	--	--	--	--	--	21,153	21,153
Literary Fund Loans	3,000	2,750	2,500	2,250	2,000	--	--	--	--	--
Real Property Capital Leases										
General Government	156,854	145,695	133,415	122,609	110,324	96,720	86,026	77,630	65,985	57,591
Adult Detention Center	33,100	25,875	23,405	21,680	19,955	18,230	15,596	13,890	12,202	10,533
Park Related	462	429	385	352	644	395	268	235	203	171
Equipment Capital Leases	485	398	1,456	951	539	110	--	--	--	--
<i>Business-Type Activities:</i>										
Solid Waste System Revenue Bonds**	4,595	3,004	1,590	--	--	--	--	--	--	--
Parks & Recreation Revenue Bonds	--	--	11,031	10,525	10,555	9,965	9,355	8,725	6,090	5,410
Parks & Recreation Equipment Capital Leases	--	--	889	596	295	99	--	--	--	--
Total Primary Government	\$ 919,161	\$ 888,066	\$ 894,016	\$ 907,284	\$ 911,802	\$ 1,133,029	\$ 1,123,155	\$ 1,145,200	\$ 1,066,033	\$ 1,090,778
Percentage of Personal Income ⁽²⁾	4.02%	3.76%	3.78%	3.69%	3.56%	4.29%	4.10%	3.97%	3.57%	3.51%
Per Capita ⁽²⁾	2,239	2,124	2,100	2,092	2,065	2,519	2,462	2,490	2,298	2,331
Component Units										
Park Authority Component Unit ⁽³⁾ :										
Series 1999 Revenue Bonds**	\$ 12,008	\$ 11,528	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Equipment Capital Leases**	1,689	2,793	--	--	--	--	--	--	--	--
Installment Notes Payable**	78	--	--	--	--	--	--	--	--	--
Total Component Units	13,775	14,321	--	--	--	--	--	--	--	--
Total Reporting Entity Outstanding Debt	932,936	902,387	894,016	907,284	911,802	1,133,029	1,123,155	1,145,200	1,066,033	1,090,778
Less: Self-Supporting Revenue and Other Bonds	18,370	17,325	13,510	11,121	10,850	10,064	9,355	8,725	6,090	5,410
Net Tax-Supported Debt	\$ 914,566	\$ 885,062	\$ 880,506	\$ 896,163	\$ 900,952	\$ 1,122,965	\$ 1,113,800	\$ 1,136,475	\$ 1,059,943	\$ 1,085,368

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 Estimated Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
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%	2,271
2019	960,400	--	960,400	1.39%	2,070
2020	995,920	--	995,920	1.44%	2,128

Source: County of Prince William, Virginia.

⁽¹⁾ Includes general obligation bonds associated with School Board-related and Adult Detention Center-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, 2020

(amounts expressed in thousands)

	Outstanding on June 30, 2020	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ⁽²⁾
Direct:				
Net Tax Supported Debt ⁽¹⁾	\$ 1,085,368	100.00%	\$ 1,085,368	1.6975%
Overlapping:				
Town of Dumfries	-- *	100.00%	--	0.0000%
Town of Quantico	85	100.00%	85	0.0001%
Town of Haymarket	816 ⁽⁴⁾	100.00%	816	0.0013%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	817	100.00%	817	0.0013%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	7,800	100.00%	7,800	0.0122%
Cherry Hill Community Development Authority Special Assessment Bond Series 2015	29,565	100.00%	29,565	0.0462%
Northern Virginia Transportation Commission - Virginia Railway Express ⁽³⁾	55,738	32.32%	18,014	0.0282%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ⁽³⁾	5,375	33.40%	1,795	0.0028%
Total Overlapping Governmental Activities Debt	<u>\$ 100,196</u>	<u>58.78%</u>	<u>\$ 58,892</u>	<u>0.0921%</u>
Total Direct and Overlapping Governmental Activities Debt	<u>\$ 1,185,564</u>	<u>96.52%</u>	<u>\$ 1,144,260</u>	<u>1.7896%</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 FY2019 CAFR (latest available at publication)

* Not available at time of 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
General Government ⁽¹⁾										
Principal	\$ 66,299	\$ 74,760	\$ 69,858	\$ 72,969	\$ 76,750	\$ 78,093	\$ 86,849	\$ 93,220	\$ 97,685	
Interest ⁽²⁾	43,783	42,803	41,991	42,546	42,476	46,072	47,888	48,688	48,358	
Debt Service on Net Tax-Supported Debt	\$ 110,082	\$ 117,563	\$ 111,849	\$ 115,515	\$ 119,226	\$ 124,165	\$ 134,737	\$ 141,908	\$ 146,043	
Total Government Expenditures ⁽³⁾	\$ 1,337,189	\$ 1,427,543	\$ 1,461,112	\$ 1,491,793	\$ 1,557,703	\$ 1,610,616	\$ 1,734,264	\$ 1,731,969	\$ 1,867,084	
Ratio of Debt Service to Expenditures	8.2%	8.2%	7.7%	7.7%	7.7%	7.7%	7.8%	8.2%	7.8%	
Total Revenues ⁽⁴⁾	\$ 1,439,786	\$ 1,460,245	\$ 1,493,495	\$ 1,636,801	\$ 1,611,230	\$ 1,496,700	\$ 1,649,319	\$ 1,802,191	\$ 2,067,001	
Ratio of Debt Service to Revenues	7.6%	8.1%	7.5%	7.1%	7.4%	8.3%	8.2%	7.9%	7.1%	
Net Tax-Supported Debt ⁽⁵⁾	\$ 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 ⁽⁶⁾	42,750,432	45,413,737	47,672,172	50,601,568	54,623,175	58,854,961	61,335,721	63,755,919	67,613,073	
Ratio of Net Tax-Supported Debt to Assessed Value	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⁾ Total Expenditures excluding capital projects from Table 22, PWC CAFR.

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

⁽⁵⁾ From Table 10.

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

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

Fiscal Year	System Revenues ⁽¹⁾	Operating Expenses and Transfers ⁽²⁾	Closure Payment ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Payments ⁽⁴⁾			Coverage ⁽⁵⁾
					Principal	Interest	Total	
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	22,679	14,801	2,612	5,266	--	--	--	n/a ⁽⁶⁾
2020	21,449	13,864	2,863	4,722	--	--	--	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⁾
2011	410,454	\$ 22,871,770	\$ 48,239	79,358	225,335	5.7%
2012	418,107	23,598,964	48,511	81,937	229,856	5.3%
2013	425,681	23,658,239	47,678	83,551	232,925	5.2%
2014	433,621	24,587,457	48,962	85,055	233,654	4.8%
2015	441,627	25,621,570	50,355	86,641	233,379	4.4%
2016	449,864	26,426,685	51,354	87,823	236,471	3.7%
2017	456,126	27,420,200	52,555	89,378	241,663	3.5%
2018	459,966	28,845,521	54,740	90,595	244,925	3.0%
2019	463,867	29,870,606	55,356	90,876	249,170	2.6%
2020	467,935	31,075,084	56,238	92,270	247,201	8.9%

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.pwccgov.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). 2019 and 2020 data estimated based upon ten-year growth rates on BEA data from 2009 through 2018.

⁽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⁾	2020			2011		
	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	5	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	7	1000 and over
Sentara Healthcare/Potomac Hospital Corp	Private	6	1000 and over	Private	6	1000 and over
Target Corporation	Private	7	500 to 999	Private	8	500 to 999
Wegmans Store #07	Private	8	500 to 999	Private	9	500 to 999
Northern Virginia Community College	State Government	9	500 to 999			
M J Morgan Group	Private	10	500 to 999	Federal Government	4	1000 and over
U.S. Federal Bureau of Investigation				Private	10	500 to 999
Minnieland Private Day School						

Source: County of Prince William, Virginia.

⁽¹⁾ All data provided by the Virginia Employment Commission (1st Quarter, 2020 & 2011).

⁽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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
School -Based Positions										
Teachers	5,363	5,584	5,730	5,746	5,874	5,975	6,218	6,431	6,511	6,655
School-Based Administrators	250	265	264	286	289	295	302	322	324	345
Education Specialist	17	72	78	81	79	78	206	209	223	206
Instructional Assistants	655	656	656	642	640	641	645	703	737	746
Other Positions	1,111	1,102	1,124	1,270	1,280	1,176	1,156	1,197	1,198	1,235
Total School-Based Positions	7,396	7,678	7,851	8,024	8,160	8,165	8,527	8,862	8,993	9,187
Non-school-Based Positions										
Leadership team	11	11	12	12	12	12	12	12	13	15
Technical support	123	165	163	161	165	163	171	175	168	200
Management	96	112	121	141	144	147	179	183	190	236
Education specialist	201	223	223	112	123	135	127	133	132	127
Office assistants	146	148	138	99	101	102	113	117	117	126
Custodial/maintenance	231	235	245	248	249	248	248	249	247	248
Total Non-school-Based Positions	808	893	902	773	794	808	850	869	867	951
Total Authorized Positions	8,204	8,571	8,753	8,797	8,954	8,972	9,378	9,730	9,860	10,137
Other Operating Fund Positions	876	892	879	930	938	1,061	917	933	966	930
Total Non-Operating Fund Positions	566	603	628	647	670	673	706	691	708	709
Total Positions	9,646	10,066	10,259	10,374	10,562	10,706	11,000	11,354	11,534	11,776

Source: FY 2020 WABE Guide.

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

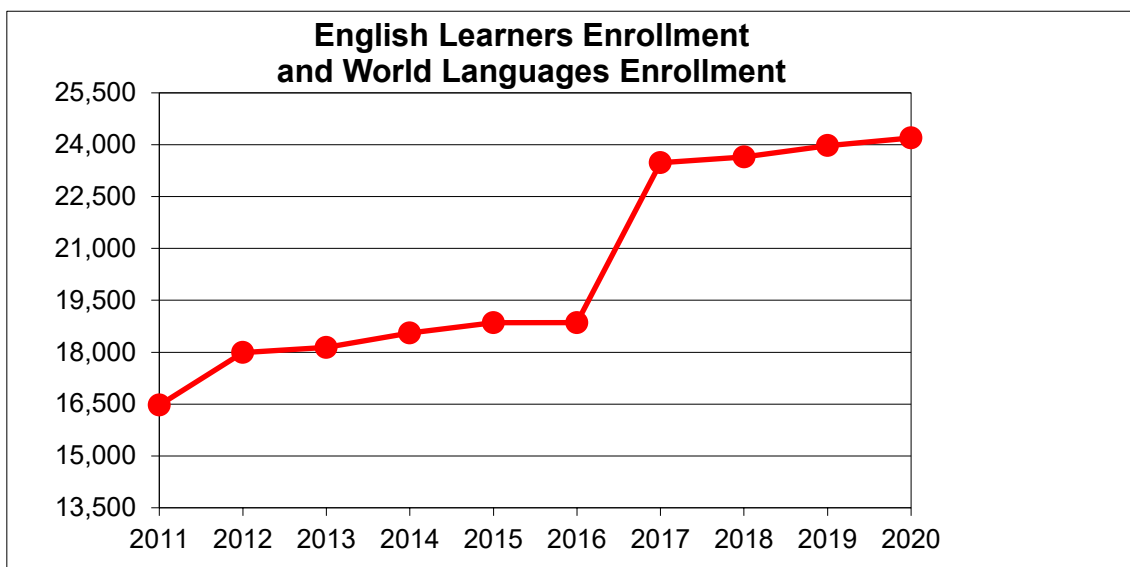
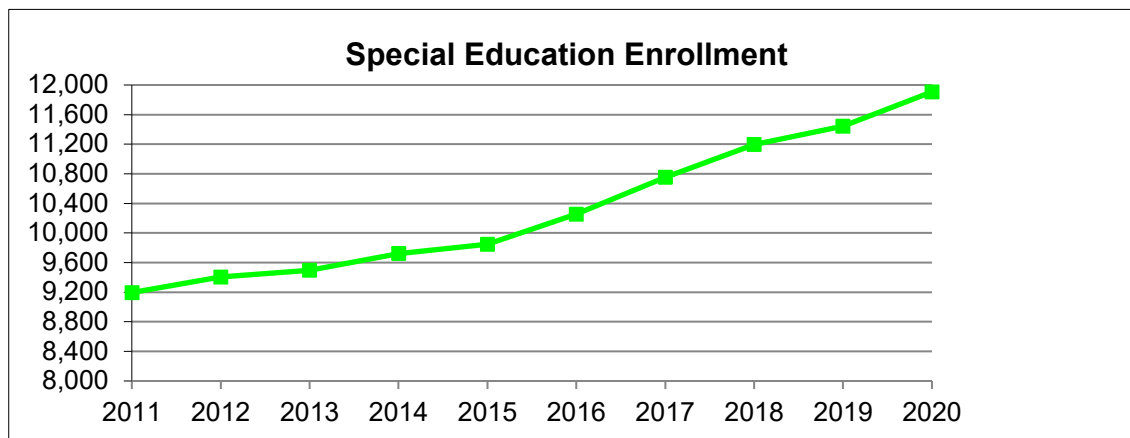
Fiscal Year	Total Student Enrollment ⁽¹⁾	Special Education Enrollment ⁽²⁾	English Learners and World Languages Enrollment ⁽³⁾
2011	79,115	9,195	16,467
2012	81,635	9,406	17,988
2013	83,551	9,496	18,139
2014	85,055	9,721	18,555
2015	86,209	9,848	18,853
2016	87,253	10,256	18,855
2017	88,920	10,752	23,479
2018	89,861	11,195	23,646
2019	90,203	11,444	23,971
2020	91,526	11,907	24,196

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 2020.

⁽²⁾ Student Enrollment at October 1, 2019. 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

<u>Fiscal Year</u>	<u>Student Enrollment ⁽¹⁾</u>	<u>Operating Expenditures ⁽²⁾</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Expenses</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ⁽³⁾</u>	<u>Pupil-Teacher Ratio</u>
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%	5,684	15.9
2020	91,526	1,106,134,345	12,085	-2.0%	1,288,768,125	14,081	8.0%	5,731	16.0

⁽¹⁾ The student enrollment as of September 30th for each fiscal year. Source: School Board Approved Budget fiscal year 2020.

⁽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>
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	78,874	121,872
2020	49,496	68,584	79,954	127,945

Source: Washington Area Boards of Education (WABE) Guide FY2020.

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

Fiscal Year	Number of Lunches Served Daily	Student Lunch Price			Lunch Sites	Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility	Free and Reduced Eligibility %	Adult Breakfast	Adult Lunch
		Elementary	Middle School	High School								
2011	50,777	\$ 2.10	\$ 2.25	2.35	88	13,413	\$ 1.20	88	29,108	36.8%	\$ 1.75	\$ 3.10
2012	51,576	2.15	2.30	2.40	90	14,154	1.35	90	30,792	37.8%	1.90	3.10
2013	52,056	2.25	2.40	2.50	90	15,387	1.40	90	32,062	38.1%	1.95	3.20
2014	52,519	2.35	2.50	2.60	92	15,877	1.40	92	33,883	40.2%	1.95	3.30
2015	53,192	2.40	2.55	2.65	93	16,275	1.40	93	35,669	41.3%	1.95	3.35
2016	53,319	2.45	2.60	2.70	95	18,851	1.45	95	36,483	41.4%	2.00	3.40
2017	54,487	2.45	2.60	2.70	96	21,047	1.45	96	38,425	42.8%	2.00	3.40
2018	55,566	2.50	2.65	2.75	95	24,136	1.50	95	37,883	41.9%	2.05	3.45
2019	55,490	2.50	2.65	2.75	95	23,792	1.50	95	38,383	42.3%	2.05	3.45
2020	55,250	2.50	2.65	2.75	95	23,455	1.50	95	39,258	42.8%	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

Fiscal Year	Elementary Schools					Middle Schools					High Schools				
	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres
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
2020	61	4,683,645	41,692	66	1011	16	2,194,133	20,015	58	557.7	12	3,596,073	26,197	67	843.6

Fiscal Year	Alternative Schools					Special Schools					Combined Schools				
	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres	Buildings	Square feet	Capacity	Trailers	Acres
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	-	80.1
2019	0					4	195,688	**	0	34.5	3	269,407	2,333	-	80.1
2020	0					4	187,559	**	0	32.6	3	271,423	2,295	-	80.1

Fiscal Year	Total School Buildings ⁽¹⁾				
	Buildings	Square feet	Capacity	Trailers	Acres
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	96	10,920,091	90,927	183	2,527.2
2020	96	10,932,833	90,199	191	2,525.2

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, 2020

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	688
Number of volunteers	649
Police protection:	
Number of police officers	698
Public Safety Communications:	
Number of employees	118
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,510
Tourism	
Tourist information center visitors	12,028
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	84
Number of public high schools	12
Fall Membership, fiscal year 2020	91,526 ⁽¹⁾
Number of personnel (full-time equivalent)	11,954 ⁽²⁾
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	519
Capacity of work-release center	9
Number of personnel (full-time equivalent)	447
Other statistical data:	
Elections:	
Registered voters at last general election	306,789
Number of votes cast in last general election	227,397
Percent voting in last general election	74%
Water and Wastewater Treatment:	
<i>(provided by Prince William County Service Authority)</i>	
Miles of water mains	1,273
Miles of sanitary sewer mains	1,126

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 2021 Approved Budget Book. Number differs from other sources due to criteria used for determining membership.

⁽²⁾ Source: Prince William County Schools Fiscal Year 2020 Approved Budget book.