

LOUDOUN COUNTY PUBLIC SCHOOLS

A component unit of the
County of Loudoun,
Virginia

For the fiscal year ended,
June 30, 2022

THE NORTH STAR SCHOOL

ANNUAL COMPREHENSIVE FINANCIAL REPORT



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Annual Comprehensive Financial Report

For the fiscal year ended, June 30, 2022

Loudoun County Public Schools

A component unit of the County of Loudoun, Virginia



Prepared by:
Department of Business & Financial Services
Division of Accounting

Dr. Scott A. Ziegler, Superintendent
Sharon Willoughby, Chief Financial Officer



Loudoun County Public Schools
A Climate for Success



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Introductory Section

LCPS Annual Comprehensive Financial Report 2022

The Introductory Section contains the letter of transmittal, which provides an overview of Loudoun County Public Schools' organizational structure, economic condition and outlook, strategic governance, major initiatives, management controls and accomplishments. Also included in the introductory section is a listing of School Board Members and administration, an organizational chart, and awards for excellence in financial reporting.



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LOUDOUN COUNTY PUBLIC SCHOOLS

OFFICE OF THE SUPERINTENDENT

21000 Education Court
Ashburn, VA 20148
571-252-1020

December 9, 2022

Loudoun County School Board
21000 Education Court
Ashburn, Virginia 20148

Dear Chair Morse, Members of the Board, and Citizens of Loudoun County:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Loudoun County Public Schools (LCPS), a component unit of the County of Loudoun (County), Virginia, for the fiscal year ended June 30, 2022. The financial statements in this report are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. This report consists of management's representations concerning the finances of LCPS.

Accordingly, responsibility for both the data's accuracy and the presentation's completeness and fairness, including all disclosures, rests with LCPS' management. To the best of our knowledge and belief, the information included in this report is accurate in all material respects. It is reported in a manner designed to fairly present the financial position and results of operations of the various activities and funds of LCPS.

The County of Loudoun, including LCPS, must undergo annual compliance or "single audit" in conformity with the provisions of the revised Uniform Guidance. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting, compliance, and other matters, is included in a separate report.

The independent accounting firm of Cherry Bekaert LLP audited LCPS' financial statements. The independent audit involved examining, on a test basis, documents supporting the amounts and disclosures in the financial statements, assessing the accounting principles and significant estimates made by management, and evaluating the overall financial statement presentation. Cherry Bekaert LLP issued an unmodified opinion on LCPS' financial statements for the fiscal year ended June 30, 2022. The independent auditors' report is included in the financial section of this report.

GAAP requires that the management of LCPS 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. The MD&A can be found immediately following the independent auditors' report.

Organizational Structure

Loudoun County covers 520 square miles and is 25 miles west of Washington, D.C., with the Blue Ridge Mountains to the west, the Potomac River to the north, Virginia's horse country to the south, and Dulles International Airport to its eastern boundary. Loudoun County Public Schools is the third largest of 132 school divisions in Virginia and the 41st in the nation and is one of Virginia's fastest-growing school divisions, serving over 81,000 students in FY22. LCPS facilities consist of more than 12 million square feet of school buildings and support facilities, 97 schools and ten support facilities, with 3,120 acres of campus located throughout Loudoun County; built from 1911 to the present, with an average age of all schools at 27.659 years old. LCPS is the largest employer in Loudoun County, with approximately 13,018 full-time staff positions, of which approximately 93 percent are school-based.

LCPS' comprehensive instructional program begins in the 60 community-oriented elementary schools for children in grades K-5. Students progress through the 17 middle schools, grades 6-8, and the 17 high schools, grades 9-12. Programs offered at an academy, and two alternative schools complement the instructional program. Over 80 percent of the school system's approved operating budget (\$1.478 billion for the fiscal year 2022) was allocated to instructional programs.

The Virginia Board of Education is responsible for apportioning the Commonwealth of Virginia (State) into school divisions based on geographic area and school-age population. The school divisions are charged with promoting the realization of the standards of quality required by Article VIII, Section 2 of the Constitution of Virginia. The General Assembly shall determine how funds are to be provided for maintaining an educational program meeting the prescribed standards of quality and shall provide for the apportionment of the cost of such programs between the Commonwealth and the local units of government comprising such school divisions. Each local government unit shall provide its portion of such cost by local taxes or other available funds.

Nine elected School Board members govern LCPS and serve a four-year term. One member represents each of the County's eight magisterial districts, and there is one at-large member. The School Board is charged by Virginia law and the regulations of the Virginia Board of Education to establish policies, guidelines, and rules that will ensure the proper administration of the County's school programs. A non-voting student representative is selected from each comprehensive high school, the Academies of Loudoun, The North Star School, and an LCPS student who attends the Thomas Jefferson School for Science and Technology to serve a one-month term to provide the board student input on educational issues. The School Board is responsible for hiring the school division's superintendent. The superintendent and seven Cabinet members oversee the school system's day-to-day operations and support services.

Economic Condition and Outlook

As the fastest-growing county in the Commonwealth of Virginia, according to the 2020 US Census Report, Loudoun County's population was 420,959. An increase of 35% since 2010, with an estimated annual growth of 1.5% in future years, compared to a statewide increase of 0.1%. 20.7 percent of the population is between the ages of 5 and 18.

With the highest median household income in the US since 2007, Loudoun County has consistently been ranked the top county in the United States, coming in at \$147,111 (2020 US Census Report). Comparatively, the median household income for Virginia was \$76,398 and \$64,994 for the United States for the same year. Loudoun's highly educated workforce (almost 61.6% have at least a bachelor's degree), the availability of high-wage jobs in the region, the high percentage of working-age persons, and the low unemployment rate (3.2%) all contribute to the high median income. Total employment for Loudoun County decreased to 2.6% in the calendar year 2022.

Loudoun is a key player in the world's technology economy. Data centers occupy more than 25 million square feet in operation, resulting in much of the world's internet traffic passing through Loudoun's digital infrastructure. Loudoun County's industry targets are information and communications technology, federal government contractors; data centers; aerospace, aviation, and transportation; health information and analytics, and agriculture. SmartAsset, a New York-based financial technology company, has ranked Loudoun as the top county for business growth in Virginia for the past five years.

In September 2021, LCPS students returned to school just as in pre-pandemic years, with five days of in-person instruction and the opening of two new facilities. LCPS enrollment totals remained flat for FY22 at 81,642, with FY23 expected to increase by 1,397 students or 1.7% growth. FY22 expenditure per student was \$17,120, putting LCPS fourth out of five local school divisions in the Northern Virginia area. Student enrollment is projected to increase in the next two years, followed by a slight decline in FY26.

On April 5, 2022, the Loudoun County Board of Supervisors approved an appropriation for LCPS of \$2,024,514,323 budget reflects an \$82,493,440 (5.6%) increase in the Operating Fund; a \$78,500,000 (48%) decrease in the Capital Improvement Projects (CIP) Fund; a \$26,497,412 (89%) increase in Grant Funds; and increases in the Self Insurance Fund (6.1%), School Nutrition Fund (23.3%), and Capital Asset Preservation Program (CAPP) Fund (13.7%). The overwhelming majority of increases focus on Student Experience/Learning and Employee Experience.

LCPS has two charter schools as component units. Hillsboro Charter Academy (HCA) opened in FY17, and Middleburg Community Charter School (MCCS) opened in FY15. Funding for the charter schools is outlined in their specific contract agreements approved by the Loudoun County School Board, where operation and maintenance expenditures are provided as a per-pupil payment from LCPS

Major Initiatives

LOUDOUN COUNTY PUBLIC SCHOOLS DELIVERS NEW STRATEGIC PLAN

Loudoun County Public Schools (LCPS) is proud to deliver this new Strategic Plan as a foundational tool that will provide high-level direction for our school division over the next five years.

Our plan aims to:

- Articulate a shared set of core beliefs
- Establish common goals
- Prioritize and align our work; and
- Hold ourselves accountable to all LCPS students.

Students are at the center of our work, now more than ever – above all else, we seek to ensure that every LCPS student is prepared to achieve their dreams and empowered to make meaningful contributions to the world. We are committed to building on our schools' rich history and long-standing successes and are excited to see this document come to life with your help over the coming weeks, months, and years to benefit all students across the division.

This Strategic Plan will be a living document – we will revisit its contents to adjust, as needed, whether per changes in state policy or evolving local priorities. We will do everything we can to ensure our work continues to reflect the diverse needs of our students, families, and community.

We believe that together, as One LCPS, our families, staff, division, and community can ensure that all students can pursue and achieve their full potential. With this mindset, we share our new Strategic Plan: accountable to our families and community, proud of our staff and schools' commitment to excellence and equitable opportunity for all, and excited for the limitless potential of our students.

The School Board may revise the Strategic plan as outlined after a series of School Board meetings and after obtaining community feedback.

ONE LCPS

2027 Strategic Plan for Excellence

*We believe that together, as **One LCPS**, our families, staff, division, and community can ensure that all students are able to pursue and achieve their full potential.*

- Dr. Scott A. Ziegler, Superintendent

OUR VISION: Every student will reach their full potential and achieve their dreams.

OUR MISSION: Empowering all students to make meaningful contributions to the world.

STRATEGIC GOALS



Empowered Students: Students will be at the center of our work – valuing all students' hopes and dreams and preparing them to make meaningful contributions to the world.



Exemplary Staff: LCPS teachers, administrators, and staff are the most important factor in helping our students after their parents; seeing that staff are esteemed, exemplary, supported, and accountable is vital to student success.



Enriched Division: LCPS must be aligned around our core educational mission for students and strengthen trust, listen humbly, value differences, and remain steadfast in ensuring every student is prepared to make meaningful contributions to the world.



Engaged Community: Parents, families, and our community must be a support, guide, ally, and partner; there is no one more deeply invested in the success of students than their families.



CORE VALUES

HOLISTIC SUPPORT

Every student should have the support to feel safe, happy, and cared for in school.

EQUITY AND OPPORTUNITY

All students and staff should have access to resources, programs, and support that enable a successful future.

TRUST THROUGH LISTENING

All students, staff, and community members should have regular opportunities to be heard in two-way conversations across the division.

RIGOROUS TEACHING & LEARNING

All students should be challenged to reach their full potential in the classroom as part of a system that aspires to become the best performing district in the nation.

INDIVIDUALIZED SUCCESS

All unique strengths, skills, and passions should be celebrated, encouraging diverse pathways that support readiness after graduation.

CONTINUOUS IMPROVEMENT

A culture of continuous improvement should drive the fulfillment of our mission.



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Academic Achievement

Loudoun County Public Schools had a 97.2% on-time graduation rate in 2022.

2021 SAT scores for Loudoun County Public Schools (LCPS) stayed well above state and national averages. The average overall score for LCPS students was 1,182. The LCPS total average exceeded the state average by 31 points and the global average by 122 points.

Two LCPS middle schools – Brambleton and River Bend – earned the Purple Star Designation. The Purple Star is awarded to schools that provide consistent support to military-connected students and their families.

LCPS received its 10th ENERGY STAR Partner of the Year Sustained Excellence Award from the federal Environmental Protection Agency (EPA). ENERGY STAR is the national, official symbol of energy efficiency in America. The ENERGY STAR award results from work by the LCPS Department of Support Services and its Energy Education Program. LCPS has achieved \$100 million in energy savings since 1993.

Twenty-two students from eight LCPS high schools were recognized as finalists in their respective competitive events at the DECA International Career Development Conference.

Four students from four LCPS high schools were national award winners in the Scholastic Art and Writing Awards. The Scholastic Art & Writing Awards is the nation's longest-running and most prestigious scholarship and recognition program for creative teens, grades 7-12.

89.3% of Class of 2022 graduates will attend a two or four-year college. Another 2.09 percent will pursue other forms of continuing education.

A total of 57 students were named National Merit Semifinalists in the Class of 2022 and 12 National Merit Finalists, and \$78,486,755 in Scholarships earned.

LCPS opened Hovatter Elementary and W.O. Robey High School, bringing the total number of schools to 97.

LCPS is the only school in the Commonwealth to have all its eligible middle schools receive the Schools to Watch designation.

Forbes names LCPS one of America's Best-In-State Employers for 2022.

For 14 consecutive years, LCPS has been named among the Best Communities for Music Education by the National Association of Music Merchants (NAMM) Foundation.

Community Involvement

LCPS continues to be an integral part of the Loudoun Community. Parents, school-business partners, and volunteers support schools and other families by mentoring, tutoring, helping with special projects, fundraising, and reading. LCPS Business Partnerships Network currently includes 500 plus organizations from the public and private sectors.

LCPS facilities are made available for the community's use when not being used for instructional purposes. This includes youth development activities, government organizations, advisory groups, non-commercial community organizations such as non-profits and religious entities, adult education classes, and civic organizations.

Future Challenges

LCPS faces multiple long-term budgetary challenges in fulfilling our mission of empowering all students to make meaningful contributions to the world. Various examples illustrate these challenges.

- LCPS projects the continued growth of student enrollment for the foreseeable future. Additional funds are required yearly to maintain current class sizes and service levels. Additional funds are also needed to construct new schools and fund new positions that would not otherwise be required, e.g., additional principals and custodians.
- Providing competitive employee compensation is vital for attracting and retaining a high-performing team of professionals focused on our mission and goals. Although LCPS has made significant investments in improved employee compensation in recent years, additional increases will be needed for years to come to sustain and build on our excellence. To maintain and enhance competitiveness, LCPS needs to continue revising our teacher salary structure while engaging in multi-year review cycles relating to employees' classification and compensation levels, not on the teacher salary schedule. The state and national teacher shortage reinforce the need for teacher compensation to remain a priority.
- Making continuous improvements requires changing practices and may involve additional resources. Areas of focus identified by the School Board include equity, students with special needs, communication, gifted education, performance assessments, personalized learning, professional learning, project-based learning, social-emotional learning, mental wellness, and safety and security.

Management Controls

LCPS utilizes many control systems to ensure its financial information's integrity and its assets' protection.

Internal Controls

The Division of Financial Services is responsible for accounting for all financial transactions, payroll services, internal audits, financial reporting, school activity fund accounting, procurement, risk management services, financial applications systems training and support, and employee health and wellness. The Division develops and implements a procedure of internal controls to protect and safeguard Loudoun County Public Schools' financial assets through the Internal Audit program. Additionally, the office provides guidance and support to all departments, divisions, and schools throughout Loudoun County Public Schools to serve students and staff in their financial and business efforts.

The scope of this office encompasses the accurate and timely recording of transactions, compliance with regulatory parameters, adherence to appropriate professional guidelines, implementation and oversight of local policies, and incorporation of a high level of personal and professional ethics in those responsible for handling the school division's finances. Examples of benchmark standards and ruling agencies include the Internal Revenue Service, the Social Security Administration, state and federal laws, Generally Accepted Accounting Principles (GAAP), governmental accounting standards established by the Governmental Accounting Standards Board (GASB), guidelines provided through the Commonwealth of Virginia's Auditor of Public Accounts, and the United States Office of Management and Budget. Financial Services oversees the receipt of revenues and the disbursement of expenditures over \$1 billion through an elaborate accounting structure. The office provides accurate and timely payments to vendors and all LCPS staff.

Budgetary Controls

In addition to internal controls, LCPS maintains budgetary controls. These budgetary controls aim to ensure compliance with legal provisions embodied in the Appropriations Resolution and adopted in the Budget by the County's Board of Supervisors and the School Board.

The level of budgetary control (the level at which Appropriated Budget expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. However, each organizational unit maintains management control at the program level. The division maintains an encumbrance accounting system to accomplish budgetary control. Encumbered amounts at year-end lapse and are re-appropriated in the subsequent year.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to LCPS for its ACFR beginning in the fiscal year ended June 30, 2009, and each ACFR through 2021. To be awarded a GFOA Certificate of Achievement, specific requirements must be met, including issuing an easily readable and efficiently organized ACFR. The report must also satisfy both GAAP and applicable legal requirements.

LCPS was also awarded the Association of School Business Officials International (ASBO) *Certificate of Excellence* beginning in the fiscal year 2009 and each ACFR through 2021. ASBO's Certificate program fosters excellence in preparing and issuing the school's annual financial reports.

We believe the current ACFR conforms to the GFOA and ASBO Certificate program requirements. Therefore, we submit it to them to confirm our compliance and achieve GFOA and ASBO certification.

Acknowledgments

LCPS maintains a solid financial position through responsible and progressive management of financial operations and sound accounting and financial reporting practices. The current accounting and financial reporting standards represent significant enhancements and increase governmental accounting and financial reporting efficiency. LCPS continues to support the achievements in these areas by GASB, GFOA, and the ASBO. In the staff's opinion, these practices provide a sound framework for a truly "comprehensive" annual financial report.

The timely preparation of the ACFR could not have been accomplished without the effort of the entire staff of this Department's Accounting Division.

Special recognition goes to the Accounting Division for their technical expertise, review, and dedicated service in preparing this ACFR. Continued diligent efforts by all staff involved towards upgrading LCPS' financial management information systems, and other ancillary financial systems, have led to the improved quality of financial information reported to management, the Superintendent, the School Board, and the citizens of the County.

It is only appropriate to express appreciation to all other members of the Department of Business and Financial Services, LCPS' independent auditors, and all departments that assisted and contributed to the preparation of this report.

Thanks are also due to the School Board members for their interest and continued support in planning and implementing efficient yet effective financial operations of LCPS.

This support and cooperation represent responsible and progressive financial management for LCPS. All LCPS staff continue to strive to maintain the direction the School Board requires to ensure an equitable balance between available resources and the demand for high-quality education.

LCPS' financial health is reflected in its current financial condition's soundness, and it is anticipated that current financial management practices will continue LCPS' tradition of fiscal stability. The School Board's emphasis on sound fiscal planning, budget development, and transparent financial management contributes to the present financial condition of LCPS. It sets the parameters and tasks for next year.

Respectfully submitted,



Dr. Scott A. Ziegler

Superintendent



Sharon Willoughby

Chief Financial Officer

School Board Members and Administration

Loudoun County Public Schools - as of June 30, 2022

SCHOOL BOARD

Brenda L. Sheridan
Chair
Sterling District

Atoosa Reaser
Vice Chair
Algonkian District

Harris Mahedavi
Ashburn District

Ian Serotkin
Blue Ridge District

Andrew Hoyler
Broad Run District

John Beatty
Catoctin District

Jeff Morse
Dulles District

Tom Marshall
Leesburg District

Denise Corbo
At-Large

ADMINISTRATION

Dr. Scott A. Ziegler
Superintendent

Dr. Daniel W. Smith
Chief of Staff

Dr. Ashley F. Ellis
Deputy Superintendent

Lisa M. Boland
Chief Human Resources Officer for Human Resources and Talent Development

Sharon V. Willoughby
Chief Financial Officer for Business and Financial Services

Dr. Asia R. Jones
Assistant Superintendent for Student Services

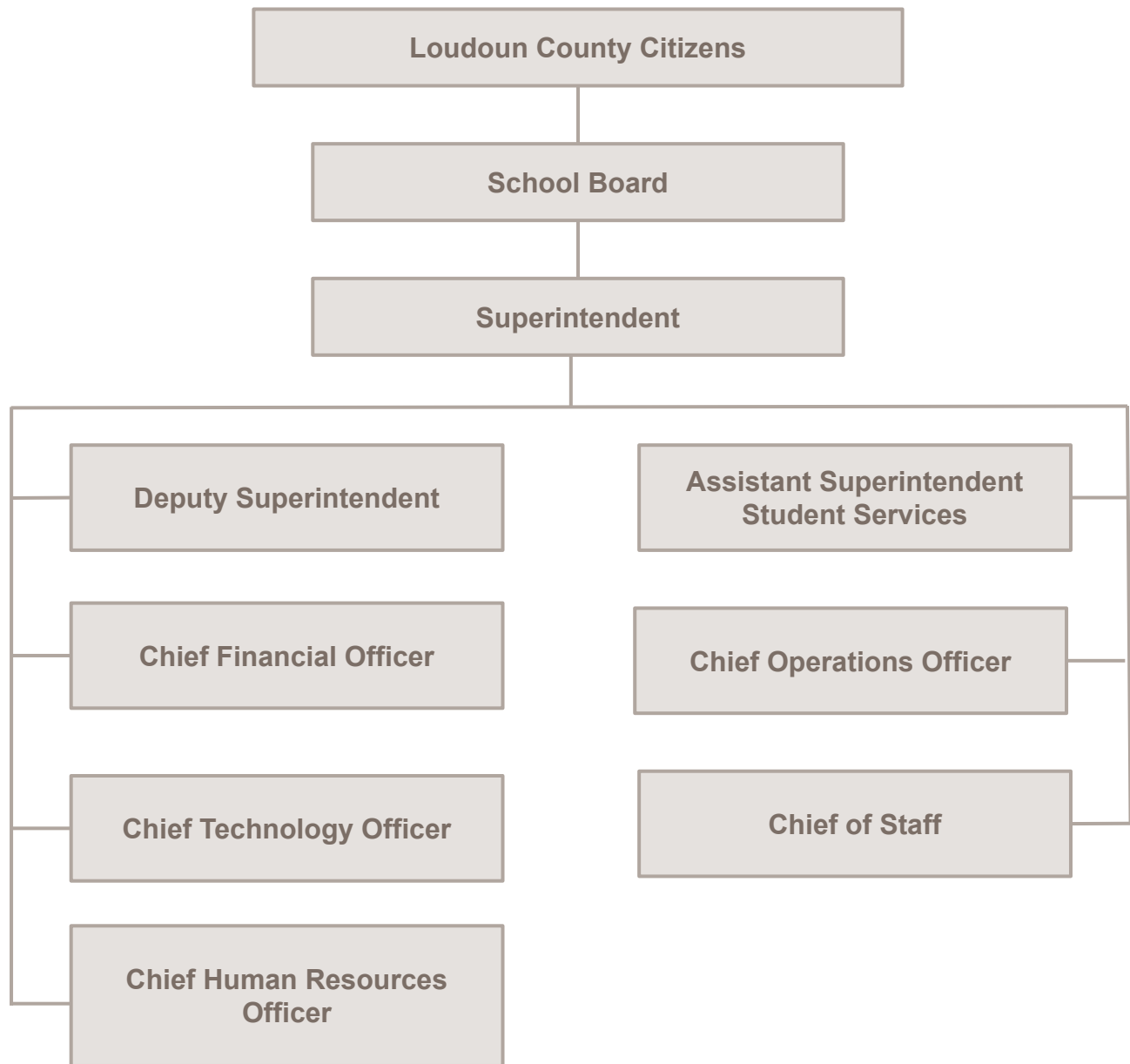
Kevin L. Lewis
Chief Operations Officer for Support Services

Aaron M. Smith
Chief Technology Officer for Digital Innovation

Robert Falconi
Division Counsel

Shari Byrne
Clerk of the School Board

Organizational Chart



Awards for Excellence in Financial Reporting

Association Of School Business Officials Award

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to LCPS, for its Annual Comprehensive Financial Report (ACFR), for the thirteenth year ended June 30, 2021. This nationally recognized program was established by ASBO to encourage school business officials to achieve a high standard of financial reporting. The award is the highest recognition for school division financial operations offered by ASBO, and it is only conferred upon school systems that have met or exceeded the standards of the program. Participation in the Certificate of Excellence in Financial Reporting program validates LCPS' commitment to fiscal and financial integrity and enhances the credibility of LCPS' operations with the School Board and the community. The program reviews the accounting practices and reporting procedures used by LCPS in its ACFR based upon specific standards established by the Governmental Accounting Standard Board.



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

Loudoun County Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Will A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Government Finance Officers Association Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Loudoun County Public Schools (LCPS) for its Annual Comprehensive Financial Report (ACFR) for the thirteenth year ended June 30, 2021. The Certificate of Achievement for Excellence in Financial Reporting is a prestigious national award which recognizes conformance with the highest standards for preparation of state and local government ACFRs.

In order to receive a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an ACFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. In addition, this report must satisfy both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Loudoun County Public Schools
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



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Financial Section

LCPS Annual Comprehensive Financial Report 2022

The Financial Section includes the report of the independent auditor with management's discussion and analysis (MD&A), basic financial statements including the accompanying notes, required supplementary information, and other supplementary information.



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Report of Independent Auditor





Report of Independent Auditor

To the School Board and Management
Loudoun County Public Schools

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Loudoun County Public Schools (the "LCPS"), a component unit of the Loudoun County, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the LCPS' basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the LCPS, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the School Activity Fund Special Revenue Fund, which represents 2.7%, 4.5% and 3.0% of the total assets, revenues and fund balance, respectively, of the aggregate remaining fund information. We also did not audit the financial statements of the Middleburg Community Charter School (the "MCCS") and Hillsboro Charter Academy (the "HCA"), the LCPS' discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Fund Special Revenue Fund and the discretely presented component units, is based solely on the reports of the other auditors.

Basis for Opinions

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* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of the School Activity Fund Special Revenue Fund, MCCS and HCA were not audited in accordance with the Specifications. Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the LCPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the LCPS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LCPS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LCPS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and the notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LCPS' basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and the reports of the other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, on our consideration of the LCPS' 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 the LCPS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LCPS' internal control over financial reporting and compliance.



Tysons Corner, Virginia
December 9, 2022

Management's Discussion and Analysis



The Management's Discussion and Analysis subsection provides a narrative introduction, overview, and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements as well as analysis of Loudoun County Public Schools' and its component units.

Management's Discussion and Analysis

It is a pleasure to present the financial performance of Loudoun County Public Schools (LCPS). This subsection of the Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the financial activities of LCPS for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information we furnished in our letter of transmittal, which is also contained in this ACFR.

FINANCIAL HIGHLIGHTS

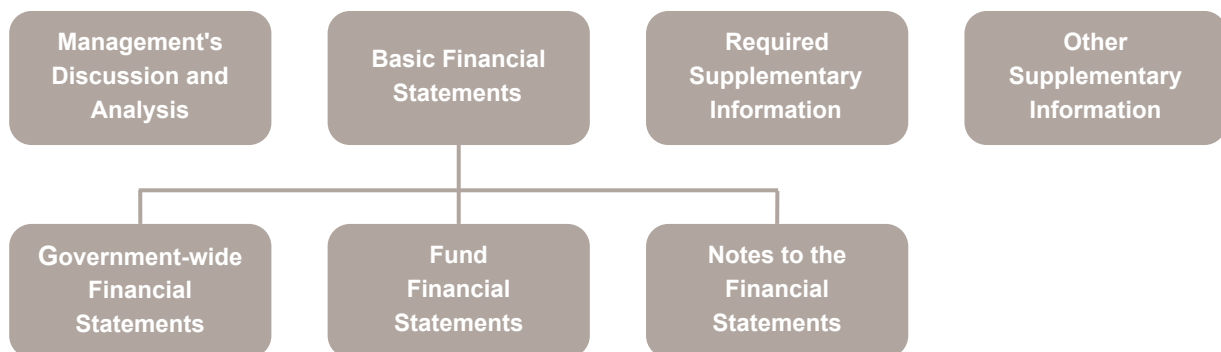
GOVERNMENT-WIDE FINANCIAL STATEMENTS

- The assets and deferred outflows of resources of the total Reporting Entity, which includes the Charter School component units, exceeded liabilities and deferred inflows of resources (net position) by \$1,350.9 million at June 30, 2022. Of this amount, \$2,103.3 million is net investment in capital assets.
- At the close of the fiscal year, total revenues of the Reporting Entity amounted to \$1,745.7 million, while total expenses incurred were \$1,632.2 million, which resulted an increase in net position of \$113.5 million, as compared to the net increase of \$70.0 million for fiscal year 2021 or 6.00% increase. The increase in Net Position is due to an increase of \$86.2 million in expenses, and an increase of \$128.6 million in revenue.
- Fiscal year ended June 30, 2022 reported Primary Government's costs of governmental activities of \$1,626.9 million, which exceeded program revenues (charges for services, \$4.6 million; operating grants and contributions, \$118.0 million; and capital grants and contributions, \$171.8 million by \$1,332.5 million.
- General revenues, which are funds available for all educational purposes, including contributions from the County of Loudoun, Virginia (County), and other changes in net position in the amount of \$1,445.7 million, were sufficient to cover the excess of programs' costs over revenues.
- The Charter Schools ended the fiscal year by reporting \$5.5 million in operating grants and contributions. Total expenses incurred were \$5.3 million. General revenues of \$0.1 million, in addition to the excess of program revenue over program costs, resulted in a decrease in net position of \$0.8 for 2022.

FUND FINANCIAL STATEMENTS

- LCPS' governmental funds reported a combined fund balance of \$246.9 million at June 30, 2022 an increase of \$19.9 million over the prior year.
- At June 30, 2022, the General Fund reported an ending fund balance of \$48.6 million, a decrease of \$27.4 million from June 30, 2021.

Components of the Financial Section



OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this ACFR consists of four parts: 1) management's discussion and analysis (presented here), 2) basic financial statements, 3) required supplementary information, and 4) other supplementary information.

LCPS' basic financial statements consist of two types of statements, each with a different perspective of LCPS' financial condition.

The government-wide financial statements provide both long-term and short-term information about LCPS' and its component units' overall finances. The fund financial statements focus on the details of individual components of LCPS' operations in more detail than the government-wide financial statements. The basic financial statements also include notes to provide additional explanation and detailed information that is essential to a full understanding of the data provided in the financial statements.

The financial statements and notes are followed by required supplementary information, which consists of the budget to actual comparison schedule for the General Fund, pension related schedules, and trend data pertaining to the Other Postemployment Benefits (OPEB) Trust Fund. In addition to these required elements, LCPS provides other supplementary information that includes a budgetary comparison schedule of the Capital Improvements Fund, combining fund statements for the nonmajor governmental funds, budget to actual comparison schedules for the nonmajor governmental funds, combining fund statements for the Internal Service Funds, and related statements for LCPS' component units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the activities of LCPS and its component units, as a whole, using accounting methods similar to those used by private-sector businesses. In addition, they report LCPS' and its component units' net position and how net position has changed during the fiscal year.

The first government-wide statement, the Statement of Net Position, presents information on all LCPS' and its component units' assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the ability of LCPS and its component units to cover costs and continue to provide services in the future.

The second statement, the Statement of Activities, presents information on the net change of LCPS' and its component units', costs of providing services (i.e., expenses) and resources used to finance those services (i.e., revenues). This statement highlights the extent to which specific programs are able to cover their costs with user fees, contributions and grants, as opposed to being financed with general revenues. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. The change in net position from year to year may serve as a gauge of whether LCPS' and its two component units' financial position, as a whole, is improving or diminishing.

All of LCPS' and its component units' basic services are reported as governmental activities. These activities are financed primarily by charges for services and Federal, State, and County grants and contributions. Included in the governmental activities, in the government-wide financial statements, are the governmental funds and internal service funds.

FUND FINANCIAL STATEMENTS

Fund financial statements provide an additional level of detail about LCPS' most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LCPS uses fund accounting to track transactions in individual funds, as well as to ensure and demonstrate compliance with finance-related legal requirements. All of LCPS' funds are divided into the following three classifications:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 1) how cash and other financial assets that can be readily converted to cash flow in and out; and 2) the balances remaining at year-end that are available for spending.

The governmental funds provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance LCPS' programs. Because this information does not encompass the additional long-term focus of the governmental activities in the government-wide financial statements, reconciliations are provided to explain the relationship (or differences).

The General Fund accounts for the main operating activities of LCPS. The General Fund is always reported as a major fund.

The Capital Improvements Fund is also reported as a major fund.

All other governmental funds, which include the Lease Fund, School Nutrition Services Fund, the Grant Fund, School Activity Fund, the Capital Asset Preservation Fund, the Debt Service Fund and the Peabody Trust Fund, are collectively referred to as nonmajor governmental funds.

Information on the General Fund and the Capital Improvements Fund is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Data for the seven nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in combining statements elsewhere within the ACFR.

Proprietary Funds – Proprietary funds, which consist of LCPS' Internal Service Funds, are used to account for operations that are financed and operated in a manner similar to private-sector businesses in which costs are recovered primarily through user charges.

Proprietary fund financial statements, like the government-wide financial statements, provide both long-term and short-term financial information. The Internal Service Funds are used to account for LCPS' Central Service and Self-Insurance Funds' activities on a cost reimbursement basis. Because these services only benefit LCPS' governmental activities, they have been included with governmental activities in the government-wide financial statements. Both Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these Internal Service Funds is provided in combining statements elsewhere within the ACFR.

Fiduciary Fund – Fiduciary funds are used to account for resources that are held by LCPS for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support LCPS' programs. LCPS' fiduciary fund has an OPEB Trust Fund. The OPEB Trust Fund is used to account for assets held in trust by LCPS for postemployment health benefits.

FINANCIAL ANALYSIS OF GOVERNMENTAL ACTIVITIES

The Statement of Net Position and the Statement of Activities provide the financial status and operating results of LCPS and its component units as a whole.

STATEMENT OF NET POSITION

As noted earlier, net position may serve over time as a useful indicator of LCPS' financial position. LCPS' assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,348.9 million at the close of fiscal year 2022, representing an increase of \$113.3 million from the net position at June 30, 2021.

By far, the largest portion of LCPS' net position (155.9 percent) reflects its investment in capital assets (e.g., land, construction in progress, equipment, and buildings) less any related debt used to acquire those assets that are still outstanding. LCPS uses these capital assets to provide services; consequently, they are not available for future spending.

Although LCPS' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The *Code of Virginia* precludes school districts from issuing general obligation debt. As a result, the County issues general obligation debt for LCPS and reports in its financial statements the general obligation debt related to LCPS' capital assets.

LCPS is responsible for the outstanding debt obligations of installment purchases and leases amounting to \$50.4 million at June 30, 2022.

The following table provides a summary of net position as of June 30, 2022 and 2021:

SUMMARY OF NET POSITION

As of June 30

(Dollars in Millions-may not foot due to rounding)

	Primary Government			Component Units		
	2022	2021	Variance	2022	2021	Variance
ASSETS						
Current and other assets	\$ 522.6	\$ 491.8	\$ 30.8	\$ 2.1	\$ 1.7	\$ 0.4
Capital assets, net	2,176.2	2,116.4	59.8	-	-	-
Total assets	<u>2,698.8</u>	<u>2,608.2</u>	<u>90.6</u>	<u>2.1</u>	<u>1.7</u>	<u>0.4</u>
DEFERRED OUTFLOWS OF RESOURCES	519.5	578.8	(59.3)	-	-	-
LIABILITIES						
Current liabilities	212.1	194.8	17.3	0.1	-	0.1
Long-term liabilities	1,115.8	1,615.8	(500.0)	-	-	-
Total liabilities	<u>1,327.9</u>	<u>1,810.6</u>	<u>(482.7)</u>	<u>0.1</u>	<u>-</u>	<u>0.1</u>
DEFERRED INFLOWS OF RESOURCES	541.2	140.6	400.6	-	-	-
NET POSITION						
Net Investment in capital assets	2,103.3	2,061.8	41.5	-	-	-
Restricted	1.9	3.4	(1.5)	0.1	-	0.1
Unrestricted	(756.2)	(829.4)	73.2	1.8	1.7	0.1
Total net position	<u>\$ 1,348.9</u>	<u>\$ 1,235.7</u>	<u>\$ 113.2</u>	<u>\$ 1.9</u>	<u>\$ 1.7</u>	<u>\$ 0.2</u>

STATEMENT OF ACTIVITIES

The following table provides a summary of the changes in LCPS' net position for the fiscal years ended June 30, 2022 and 2021:

SUMMARY OF CHANGES IN NET POSITION

For the Fiscal Years Ended June 30

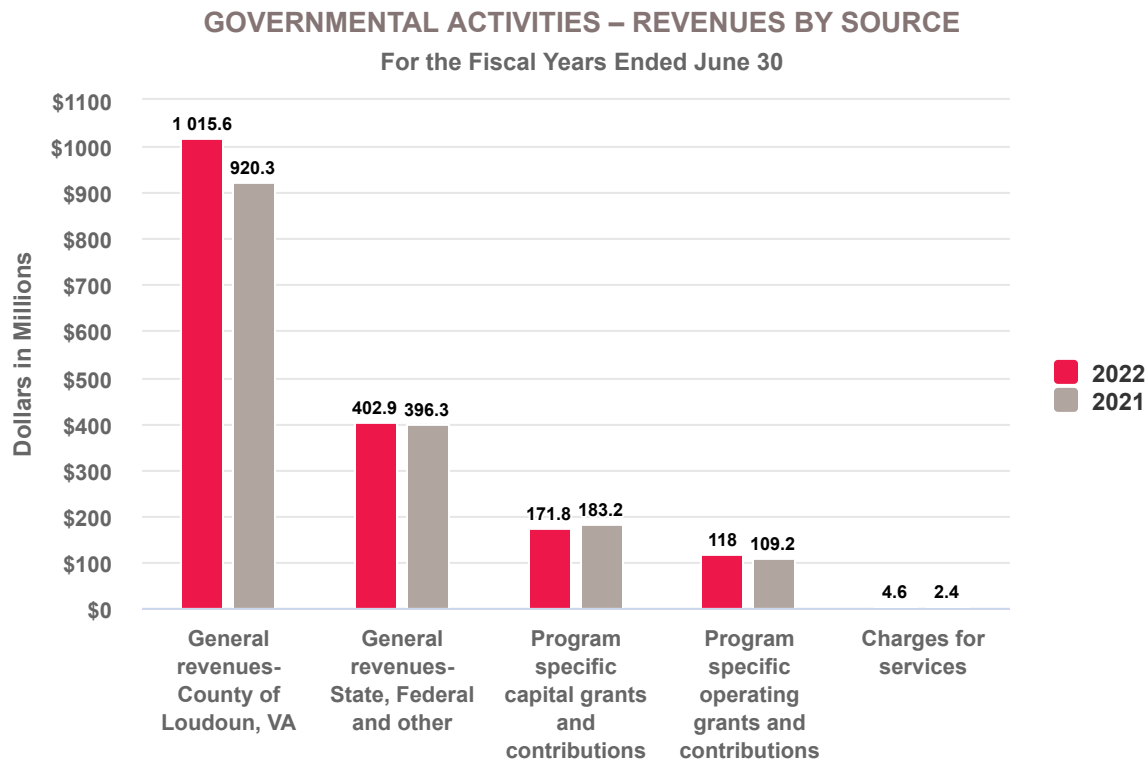
(Dollars in Millions-may not foot due to rounding)

	Primary Government			Component Units		
	2022	2021	Variance	2022	2021	Variance
REVENUES						
Program revenues:						
Charges for services	\$ 4.6	\$ 2.4	\$ 2.2	\$ -	\$ -	\$ -
Operating grants and contributions	118.0	109.2	8.8	5.5	5.6	(0.1)
Capital grants and contributions	171.8	183.2	(11.4)	-	-	-
General revenues:						
Grants and contributions	1,416.8	1,306.5	110.3	-	-	-
Revenue from the use of money	1.7	0.3	1.4	-	-	-
Other	27.2	9.7	17.5	0.1	0.2	(0.1)
Total revenues	<u>1,740.1</u>	<u>1,611.3</u>	<u>128.8</u>	<u>5.6</u>	<u>5.8</u>	<u>(0.2)</u>
EXPENSES						
Instruction:						
Regular	964.5	919.1	45.4	-	-	-
Special	252.0	258.2	(6.2)	-	-	-
Adult education	1.0	0.8	0.2	-	-	-
Other	7.5	4.4	3.1	-	-	-
Charter Schools	4.9	4.7	0.2	-	-	-
Support Services:						
Administration	35.8	33.6	2.2	-	-	-
Attendance and health	27.1	30.1	(3.0)	-	-	-
Pupil transportation	74.7	64.8	9.9	-	-	-
Facilities services	14.7	10.1	4.6	-	-	-
Operation and maintenance	132.7	116.9	15.8	-	-	-
School nutrition services	40.1	29.1	11.0	-	-	-
Technology	71.2	69.1	2.1	-	-	-
Charter Schools	-	-	-	5.3	4.7	0.6
Interest on long-term debt	0.7	0.4	0.3	-	-	-
Total expenses	<u>1,626.9</u>	<u>1,541.3</u>	<u>85.6</u>	<u>5.3</u>	<u>4.7</u>	<u>0.6</u>
Change in net position	<u>113.2</u>	<u>70.0</u>	<u>43.2</u>	<u>0.3</u>	<u>1.1</u>	<u>(0.8)</u>
Net position, beginning of year	<u>1,235.7</u>	<u>1,165.7</u>	<u>70.0</u>	<u>1.7</u>	<u>0.6</u>	<u>1.1</u>
Net position, end of year	<u>\$ 1,348.9</u>	<u>\$ 1,235.7</u>	<u>\$ 113.2</u>	<u>\$ 2.0</u>	<u>\$ 1.7</u>	<u>\$ 0.3</u>

Revenues

Revenues for LCPS' governmental activities totaled \$1,740.1 million during the fiscal year 2022, representing an increase of \$128.8 million over fiscal year 2021.

The following chart represents revenues by source for the fiscal years ended June 30, 2022 and 2021:



The events contributing to the increase in revenues during the fiscal year 2022 were:

- Operating grants and contributions increased \$8.8 million, or 8.1 percent, from fiscal year 2021. The increase was primarily from increased funding for School Nutrition Services of \$13.3 million, offset by a decrease of \$6.3 million related to Regular instruction.
- Capital grants and contributions decreased \$11.4 million from fiscal year 2021 due to lower cost projects this year such as working on one elementary school versus last year constructing an elementary and high school. We also completed major roof repairs at most schools last year.
- From the previous fiscal year, LCPS received an increase of \$129.2 million in general revenues. The Federal Government awarded CSLFRF funding of \$16 million for HVAC upgrades. LCPS also received a 10.4 percent increase, or \$95.3 million, in the contribution from the County. This contribution is LCPS' primary revenue source. Additionally, LCPS received an increase in general revenues from the Commonwealth of Virginia of \$18.4 million or \$5.0 percent from 2021. All other general revenues – grants and contributions increased \$17.5 million from 2021.

Expenses

The following table compares the total program costs of each LCPS' program (or function) and the net cost of each program (total costs less fees generated by the program and program-specific intergovernmental aid) for the fiscal years ended June 2022 and 2021:

SUMMARY OF PROGRAM COSTS BY FUNCTION

For the Fiscal Years Ended June 30

(Dollars in Millions-may not foot due to rounding)

Function	Total Cost of Function			Net Cost (Revenues) of Function		
	2022	2021	Percent Variance	2022	2021	Percent Variance
Governmental Activities:						
Instruction:						
Regular	\$ 964.5	\$ 919.1	4.9%	\$ 948.0	\$ 897.0	5.7%
Special	252.0	258.2	-2.4%	201.9	208.7	-3.3%
Adult education	1.0	0.8	25.0%	0.6	0.2	0.0%
Other	7.5	4.4	70.5%	7.5	4.4	70.5%
Charter schools	4.9	4.7	4.3%	4.9	4.7	4.3%
Support Services:						
Administration	35.8	33.6	6.5%	35.8	33.6	6.5%
Attendance and health	27.1	30.1	-10.0%	27.1	30.1	-10.0%
Pupil transportation	74.7	64.8	15.3%	74.7	64.8	15.3%
Facilities services	14.7	10.1	45.5%	(157.1)	(173.1)	-9.2%
Operation and maintenance	132.7	116.9	13.5%	132.7	116.9	13.5%
School nutrition services	40.1	29.1	37.8%	(13.1)	(8.0)	63.8%
Technology	71.2	69.1	3.0%	68.8	66.6	3.3%
Interest on long-term debt	0.7	0.4	75.0%	0.7	0.4	75.0%
Total expenses	<u>\$ 1,626.9</u>	<u>\$ 1,541.3</u>	<u>5.6%</u>	<u>\$ 1,332.5</u>	<u>\$ 1,246.3</u>	<u>6.9%</u>

The total costs of LCPS' programs for fiscal year 2022 were \$1,626.9 million, which represents an increase of \$85.6 million from fiscal year 2021. Some of the costs of governmental activities were paid by those who directly benefited from the programs (\$4.6 million) and other governments and organizations that subsidized certain programs with grants and contributions (\$289.8 million).

As the table above indicates, regular instruction continues to be LCPS' largest function.

Regular instruction includes those activities and programs that are conducted during the regular instructional day for students attending kindergarten through 12th grade, with the exception of programs specifically designed to improve or overcome disabilities and programs intended for gifted and talented students. LCPS' second largest program, special instruction, includes those activities for students with special needs/services or programs for other types of students such as alternative education, Head Start, gifted and talented, and preschool programs.

Regular instruction expenses increased \$45.4 million and special instruction expenses decreased \$6.2 million from the prior fiscal year. There was also an increase in enrollment.

The majority of LCPS' functional areas required general revenues to cover their operational costs. In fiscal year 2022, facilities services was self-supporting with program revenues exceeding program costs by \$157.1 million.

The primary source of adult education services was operating grants from the Commonwealth of Virginia. The primary revenue source of facilities was general obligation bond proceeds from the County used for the construction, acquisition, or renovation of capital assets. The primary revenue source of school nutrition was charges for services.

Interest on LCPS' long-term debt decreased slightly to \$0.7 million for the year.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, LCPS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of LCPS' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing LCPS' financing requirements.

As of June 30, 2022, LCPS' governmental funds reported a combined fund balance of \$246.9 million, an increase of \$19.9 million, compared to an increase of \$60.4 million at June 30, 2021.

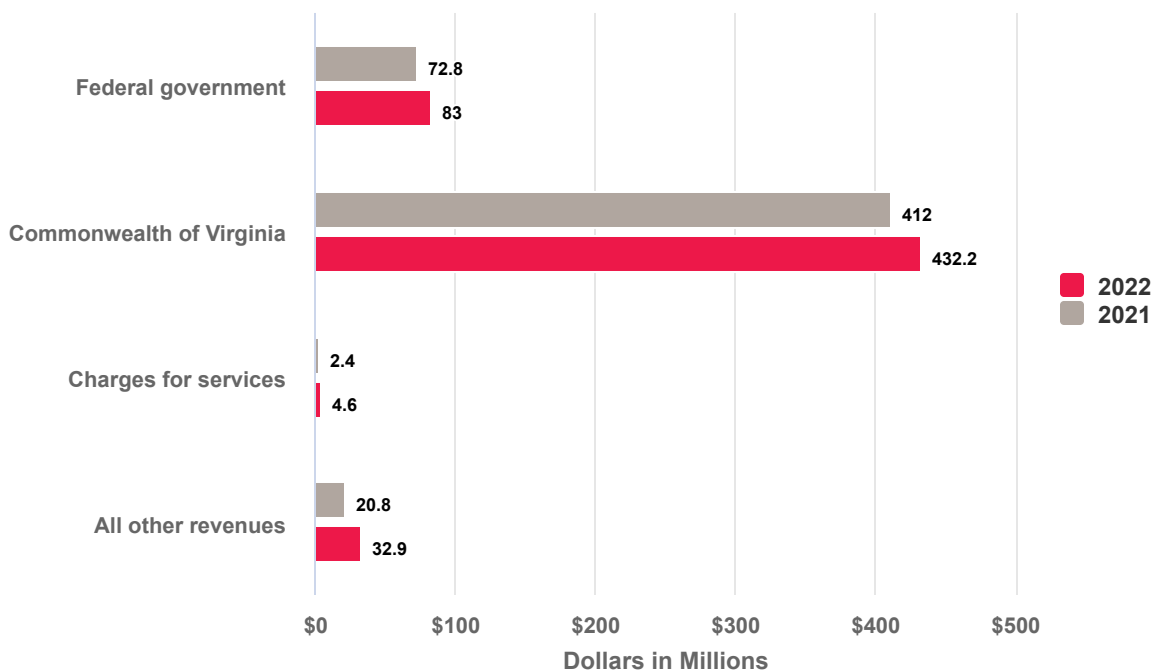
Of the combined fund balance, \$2.0 million was nonspendable and not available for future funding, \$2.6 million was restricted by fiscal agents, \$153.4 million was committed by various board actions, and \$93.9 million was assigned to specific contractual and financial planning purposes.

The total revenues for governmental funds in fiscal year 2022 totaled \$1,740.0 million, an 8.0 percent increase over fiscal year 2021. LCPS' primary source of revenue was intergovernmental (from the Federal government, State, and the County) and amounted to \$1,702.5 million in fiscal year 2022, a 7.2 percent increase over fiscal year 2021. All other revenue sources (e.g., charges for services, and recovered costs) totaled \$37.5 million, representing an increase of 61.5 percent over the previous fiscal year.

The following chart compares the total revenues by source for governmental funds (excluding revenue from the County and transfers in) for the fiscal years ended in June 30, 2022 and 2021:

REVENUES BY SOURCE (EXCLUDING COUNTY REVENUE AND TRANSFERS IN)

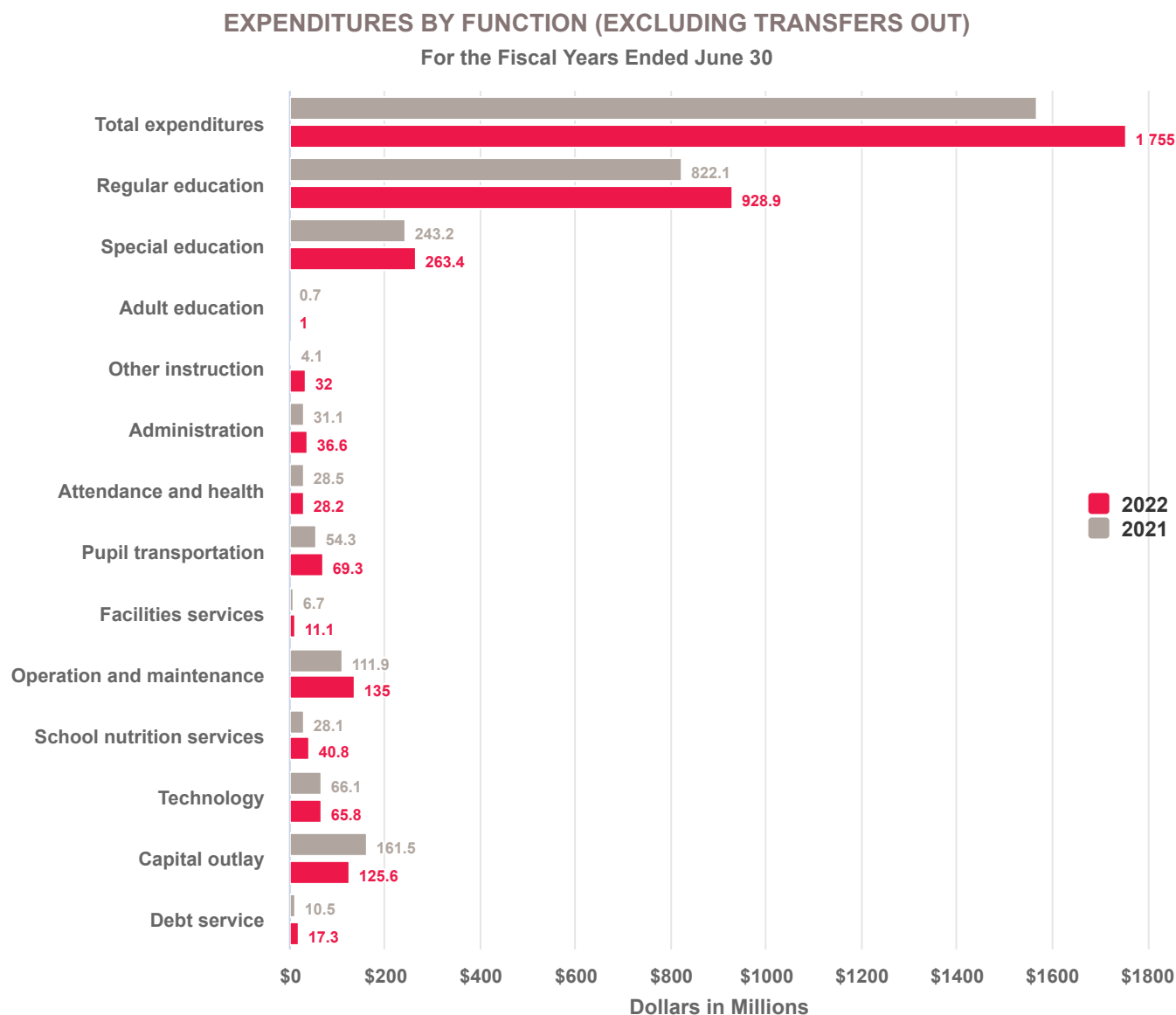
For the Fiscal Years Ended June 30



Several factors contributing to the net increase in total revenues during fiscal year 2022 include:

- Funding from the County increased \$95.3 million from fiscal year 2021 to support general LCPS operations. This represents a 10.4 percent increase from fiscal year 2021. Revenue from the Federal government increased by \$11.9 million.
- The State allocates one and one-eighths percent of the six percent State sales tax to run programs for school age children. Sales tax revenues increased by \$16.7 million, or 14 percent. Other State revenues increased by \$3.4 million from fiscal year 2021.

The following chart compares the expenditures (excluding transfers out) for each LCPS' functional area for the fiscal years ended June 30, 2022 and 2021:



Excluding other financing uses, the total expenditures for governmental funds for the fiscal year ended June 30, 2022 were \$1,731.0 million, an increase of 10.3 percent over fiscal year 2021. Regular and special instruction continue to be LCPS' largest programs.

For the fiscal year ended June 30, 2022, regular instruction expenditures were \$928.9 million in comparison to \$822.09 million in fiscal year 2021. This represents an increase of \$106.8 million, or 12.99 percent.

Special instruction expenditures amounted to \$263.4 million, representing an increase of \$20.3 million, or 8.34 percent. The majority of regular and special instruction expenditures were primarily attributed to salaries and benefits.

Regular and special instruction had a \$127.1 million combined increase in expenditures in comparison to fiscal year 2021, due primarily to learning loss, and the opening of two new facilities. LCPS' third largest program, operations and maintenance, includes all activities concerned with keeping LCPS' buildings, grounds, and equipment in effective working condition. At the close of fiscal year 2022, expenditures totaled \$135.0 million. Operations and maintenance costs increased by \$23.1 million from the prior year.

Capital outlays for the total governmental funds decreased by \$35.9 million. Capital outlay expenditures were \$125.6 million compared to \$161.5 million during fiscal year 2021. The decrease of 22.2 percent from the prior year is due mainly to a decrease in the number of projects under construction.

Other factors accounting for expenditures during fiscal year 2022 include:

- Expenditures for pupil transportation increased \$15.1 million, or 27.8 percent. This increase is due to opening two new facilities. Administration, Attendance and Health, and Facilities services expenditures increased \$5.2 million or 8.8 percent from fiscal year 2021.
- There was a decrease from fiscal year 2021 of \$.3 million or .5 percent for the technology program.

The General Fund is the main operating fund of LCPS. At the end of the current fiscal year, the fund balance was \$48.6 million. The General Fund's revenues increased \$109.0 million, or 8.1 percent, from the previous fiscal year, while expenditures (excluding other financing uses) increased \$166.1 million, or 12.6 percent. The increase in revenues, the increase in expenditures, the changes to other financing sources and uses resulted in a net increase in fund balance of \$27.4 million from the prior fiscal year. The total fund balance at June 30, 2022 for the General Fund represents 19.7 percent of the total combined fund balance of all governmental funds.

The Capital Improvements Fund, which accounts for LCPS' major capital projects, ended the current fiscal year with a \$122.1 million fund balance. All of the fund balance is committed to fund next year's operations. The Capital Improvement Fund's revenue of \$147.3 million is a decrease of \$11.7 million, or 7.3 percent, from the previous year. The expenditures of \$121.7 million for fiscal year 2022 is a decrease of \$31.5 million from fiscal year 2021, or 20.6 percent. The decrease in revenues and the larger decrease in expenditures resulted in a net increase in fund balance of \$25.6 million from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The *Code of Virginia* requires the appointed Superintendent of LCPS to submit a budget to the County Board of Supervisors (BOS), with the approval of the School Board.

The Superintendent presents LCPS' proposed budget to the School Board in January. The School Board conducts a series of public hearings and workshop sessions before adopting the advertised budget. The School Board's advertised budget is then forwarded to the County for inclusion in the County Executive's advertised budget. By early April, the BOS holds public hearings regarding the proposed budget and determines the amount of funding to be transferred to LCPS. The School Board then adopts the final budget.

The approved budget governs the financial operations of LCPS beginning on July 1 and is modified on an as needed basis as revenue sources and expenditure priorities change. LCPS' School Board approves all budget modifications.

During fiscal year 2022, the amendment to the General Fund's budget was an increase to expenditures for the carryover of encumbrance obligations from fiscal year 2021. Actual revenues were less than the final amended budget by \$36.8 million due to the return of unassigned fund balance to the County of Loudoun and budgeted Federal COVID relief funding not recognized this year. Actual expenditures were \$74.5 million less than amended budget, or 4.8 percent. The \$74.5 million variance between actual and amended budget for expenditures was a result of savings in: regular education of \$9.6 million; operation and maintenance of \$15.2 million; special education \$19.6 million; all other functions of \$30.1 million. These savings were due in part to lower actual expenditures related to the budgeted COVID funding unrecognized this year and a decline in student enrollment due to the pandemic.

The following table presents a summary comparison of the General Fund's original and final budgets with actual performance, net of other financing sources and uses, for the fiscal year ended June 30, 2022

GENERAL FUND BUDGET AND ACTUAL COMPARISON

For the Fiscal Year Ended June 30, 2022

(Dollars in Billions-may not foot due to rounding)

	Original Budget	Final Budget	Actual	Variance from Final Budget
Total revenues	\$ 1,466.6	\$ 1,491.9	\$ 1,455.2	\$ (36.7)
Total expenditures	(1,478.6)	(1,558.1)	(1,483.5)	74.6
Total other financing uses	-	-	0.9	0.9
Net change in fund balances	\$ (12.0)	\$ (66.2)	\$ (27.4)	\$ 38.8

CAPITAL ASSETS AND LONG-TERM LIABILITIES

CAPITAL ASSETS

At June 30, 2022, LCPS' investment in capital assets for governmental activities totaled \$3,024.9 billion. Accumulated depreciation and amortization totaled \$848.7 million resulting in capital assets, net of accumulated depreciation and amortization of \$2,176.2

billion. This represents a net increase in capital assets of \$59.8 million, or 2.7 percent, over the prior year, due to lease assets being reported this year.

Major capital asset events during fiscal year 2022 included the following:

- LCPS acquired \$5.0 million in equipment and machinery.
- Total asset disposals amounted to \$4.7 million.
- LCPS recorded the completion of two new schools: The North Star School and Hovatter Elementary School which cost \$39 million and \$37.3 million respectively. Also there were HVAC upgrades of \$12.7 million for six schools. Douglas School incurred \$15 million in building costs in FY22. Total building costs incurred during fiscal year 2022 amounted to \$113.0 million.
- Costs associated with ongoing projects remained in construction in progress at the fiscal year end. These projects include cumulative construction expenditures of \$122.1 million.
- Additional detailed information regarding LCPS' capital assets, including the current year's activity, can be found in notes I.G and III.E in the notes to the financial statements.

The following table summarizes capital assets as of June 30, 2022 and 2021:

NET CAPITAL ASSETS

As of June 30, 2022

(Dollars in Billions-may not foot due to rounding)

Capital Asset Category	Book Value (net of depreciation/amortization)*	
	2022	2021
Land	\$ 173.4	\$ 170.1
Construction in progress	133.7	130.5
Buildings	1,795.0	1,760.3
Right-to-use lease Buildings	1.3	-
Right-to-use lease Equipment	26.0	-
Machinery and equipment	38.8	46.8
Improvements other than buildings	7.8	8.8
Total	<u>\$ 2,176.0</u>	<u>\$ 2,116.5</u>

* Except for land and construction in progress.

LONG-TERM LIABILITIES

As of June 30, 2022, LCPS reported total outstanding debt of \$1,115.8 million, compared to \$1,615.8 million at June 30, 2021. Of this amount, \$636.3 million related to pension liability. OPEB Liabilities total \$347.2 million in 2022 as compared to \$334.8 million for 2021. \$50.4 million is related to leases and installment purchases. Compensated absences are \$58.7 million in 2022 as compared to \$52.4 million in 2021. LCPS' additions to installment purchases related to \$7.5 million for computers, vehicles and other equipment. The following is a summary of LCPS' gross outstanding long-term liabilities for governmental activities.

OUTSTANDING LONG-TERM LIABILITIES

As of June 30

(Dollars in Millions-may not foot due to rounding)

	2022	2021
Compensated absences	\$ 58.7	\$ 52.4
Claims liabilities	23.3	18.1
Lease liability	27.7	-
Installment purchase liability	22.7	25.3
OPEB liability	347.2	334.8
Net pension liability	636.3	1,185.3
Total	<u>\$ 1,115.9</u>	<u>\$ 1,615.8</u>

Further detail is provided below for the OPEB Liabilities:

OUTSTANDING OPEB LIABILITIES

As of June 30

(Dollars in Millions-may not foot due to rounding)

	2022	2021
Virginia Local Disability Program	\$ (0.3)	\$ 0.3
Group Life Insurance	44.9	62.4
Health Insurance Credit	105.9	105.1
OPEB liability	196.7	167.0
Total	<u>\$ 347.2</u>	<u>\$ 334.8</u>

Additional detailed information regarding LCPS' long-term obligations, including the current year's activity, can be found in notes I.H, I.I, I.M, III.H, IV.B, IV.C and IV.E in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

LCPS enrollment totals remained flat for FY22 with FY23 expected to increase by 1,397 students or 1.7% growth. Student enrollment is projected to increase in the next two years, followed by a slight decline in FY26.

The primary source of revenue for LCPS comes from the County of Loudoun. Budgeted revenue in FY23 is \$53.7 million higher than FY22 or a 5.3 percent increase.

LCPS opened Elaine Thompson ES in the fall of 2022. In FY23, it will cost an average of \$18,719 for personnel, employee benefits, and materials to provide school-level instructional and support services for each student. Step and market increases continue for all eligible employees, as well as restoration of positions and compensation increases. Key items under focus are enhanced safety and security measures at all LCPS locations, funding for Virtual Loudoun distance learning and an increase in specialized support positions to help support the mental health of LCPS students. The other major source of LCPS' revenues is driven by student enrollment, particularly in the area of State and Federal aid.

The fiscal year 2023 approved operating budget maintains existing programs that support LCPS' student achievement goals, allocates resources in support of LCPS' beliefs, and conserves fiscal resources. The approved operating budget includes a \$56.2 million, or 2.85 percent, increase in expenditures over the fiscal year 2022 approved budget.

CONTACTING LCPS MANAGEMENT

This summary is designed to provide a general overview of the financial condition of LCPS. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Executive Director of Financial Services, Department of Business and Financial Services, 21000 Education Court, Ashburn, Virginia, 20148, or by calling 571- 252-1190.

This ACFR can also be found on the LCPS website at www.lcps.org.

Basic Financial Statements



The Basic Financial Statements subsection includes the government-wide statements, which incorporates the governmental activities of Loudoun County Public Schools and its component units, in order to provide an overview of the financial position and results of operation for the reporting entity. This subsection also includes the fund financial statements and the accompanying notes to the financial statements.



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LOUDOUN COUNTY PUBLIC SCHOOLS
Statement of Net Position
June 30, 2022

Exhibit I

	Primary Government	Component Units		Total Reporting Entity
	Governmental Activities	Middleburg Community Charter School	Hillsboro Charter Academy	
ASSETS				
Cash and cash equivalents	\$ 10,009,927	\$ 577,546	\$ 1,241,114	\$ 11,828,587
Accounts receivable, net	24,248,053	-	-	24,248,053
Lease receivable	114,921	-	-	114,921
Due from County	451,811,332	-	-	451,811,332
Due from Primary Government	-	109,114	-	109,114
Due from other governmental units	22,128,679	-	-	22,128,679
Inventories	1,682,133	-	-	1,682,133
Prepaid items	6,557,844	-	494	6,558,338
Deposits	4,840,000	-	-	4,840,000
Restricted cash on deposit with others	1,159,961	130,000	-	1,289,961
Nondepreciable capital assets	307,176,273	-	-	307,176,273
Depreciable capital assets, net of depreciation/amortization	1,869,014,642	-	-	1,869,014,642
Total assets	2,698,743,765	816,660	1,241,608	2,700,802,033
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to other postemployment benefits	165,868,322	-	-	165,868,322
Deferred outflows related to pensions	353,592,052	-	-	353,592,052
Total deferred outflows of resources	519,460,374	-	-	519,460,374
LIABILITIES				
Accounts payable	28,763,770	22,150	34,559	28,820,479
Accrued interest payable	296,501	-	-	296,501
Accrued liabilities	154,843,281	8,698	11,000	154,862,979
Due to Primary Government	-	-	31,179	31,179
Due to component unit	77,934	-	-	77,934
Contract retainages	5,297,850	-	-	5,297,850
Other liabilities	19,317,870	-	-	19,317,870
Unearned revenues	3,532,560	-	-	3,532,560
Long-term liabilities:				
Due within one year:	38,160,533	-	-	38,160,533
Due in more than one year:	1,077,686,096	-	-	1,077,686,096
Total liabilities	1,327,976,395	30,848	76,738	1,328,083,981
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	114,921	-	-	114,921
Deferred inflows related to other postemployment benefits	65,092,723	-	-	65,092,723
Deferred inflows related to pensions	476,032,230	-	-	476,032,230
Total deferred inflows of resources	541,239,874	-	-	541,239,874
NET POSITION				
Net investment in capital assets	2,103,307,674	-	-	2,103,307,674
Restricted for:				
Permanent fund-nonexpendable	22,020	-	-	22,020
Legal agreement	1,867,322	130,000	-	1,997,322
Unrestricted	(756,209,146)	655,812	1,164,870	(754,388,464)
Total net position	\$ 1,348,987,870	\$ 785,812	\$ 1,164,870	\$ 1,350,938,552

See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS

Statement of Activities

For the Fiscal Year Ended June 30, 2022

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Instruction:				
Regular	\$ 964,510,273	\$ 1,560,404	\$ 14,931,257	\$ -
Special	251,958,858	-	50,101,629	-
Adult education	956,985	149,544	227,389	-
Other	7,482,885	-	-	-
Charter Schools	4,886,756	-	-	-
Total instruction	1,229,795,757	1,709,948	65,260,275	-
Support Services:				
Administration	35,794,252	-	-	-
Attendance and health	27,055,250	-	-	-
Pupil transportation	74,718,086	-	-	-
Facilities services	14,703,205	-	-	171,799,983
Operation and maintenance	132,723,028	-	-	-
School nutrition services	40,083,643	2,867,339	50,311,615	-
Total support services	325,077,462	2,867,339	50,311,615	171,799,983
Technology	71,247,183	-	2,467,785	-
Interest on long-term debt	706,850	-	-	-
Total Primary Government	\$ 1,626,827,252	\$ 4,577,287	\$ 118,039,675	\$ 171,799,983
Component Units:				
Middleburg Community Charter School	\$ 2,606,157	\$ -	\$ 2,726,596	\$ -
Hillsboro Charter Academy	\$ 2,645,802	\$ -	\$ 2,757,000	\$ -

General revenues:

Grants and contributions not restricted to specific purposes:

Federal government

Commonwealth of Virginia

County of Loudoun, Virginia

Revenue from the use of money and property

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position, end of year

See accompanying notes to the financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government	Component Units		Total Reporting Entity	Functions/Programs
Governmental Activities	Middleburg Community Charter School	Hillsboro Charter Academy		
				Primary Government:
				Instruction:
\$ (948,018,612)	\$ -	\$ -	\$ (948,018,612)	Regular
(201,857,229)	-	-	(201,857,229)	Special
(580,052)	-	-	(580,052)	Adult education
(7,482,885)	-	-	(7,482,885)	Other
(4,886,756)	-	-	(4,886,756)	Charter Schools
	-	-		
(1,162,825,534)	-	-	(1,162,825,534)	Total instruction
				Support Services:
(35,794,252)	-	-	(35,794,252)	Administration
(27,055,250)	-	-	(27,055,250)	Attendance and health
(74,718,086)	-	-	(74,718,086)	Pupil transportation
157,096,778	-	-	157,096,778	Facilities services
(132,723,028)	-	-	(132,723,028)	Operation and maintenance
13,095,311	-	-	13,095,311	School nutrition services
	-	-		
(100,098,525)	-	-	(100,098,525)	Total support services
(68,779,398)	-	-	(68,779,398)	Technology
(706,850)	-	-	(706,850)	Interest on long-term debt
\$ (1,332,410,307)	\$ -	\$ -	\$ (1,332,410,307)	Total Primary Government
				Component Units:
	\$ 120,439	\$ -	\$ 120,439	Middleburg Community Charter School
	\$ -	\$ 111,198	\$ 111,198	Hillsboro Charter Academy
				General revenues:
				Grants and contributions not restricted to specific purposes:
\$ 12,292,087	\$ -	\$ -	\$ 12,292,087	Federal government
388,928,663	-	-	388,928,663	Commonwealth of Virginia
1,015,553,982	-	-	1,015,553,982	County of Loudoun, Virginia
1,651,054	67	2,386	1,653,507	Revenue from the use of money and property
27,248,276	-	62,879	27,311,155	Other
	-	-		
1,445,674,062	67	65,265	1,445,739,394	Total general revenues
113,263,755	120,506	176,463	113,560,724	Change in net position
1,235,724,115	665,306	988,407	1,237,377,828	Net position at beginning of year
\$ 1,348,987,870	\$ 785,812	\$ 1,164,870	\$ 1,350,938,552	Net position, end of year

LOUDOUN COUNTY PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2022

Exhibit III

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 500	\$ -	\$ 10,009,427	\$ 10,009,927
Accounts receivable, net	1,113,515	-	22,767,736	23,881,251
Lease receivable	114,921	-	-	114,921
Due from County	451,811,332	-	-	451,811,332
Due from other governmental units	19,428,313	-	2,700,366	22,128,679
Interfund receivables	302,426	144,605,887	67,520,294	212,428,607
Inventories	930,277	-	751,856	1,682,133
Prepaid items	121,525	-	148,276	269,801
Restricted cash on deposit with others	-	-	1,159,961	1,159,961
Total assets	<u>\$ 473,822,809</u>	<u>\$ 144,605,887</u>	<u>\$ 105,057,916</u>	<u>\$ 723,486,612</u>
LIABILITIES				
Accounts payable	\$ 14,486,689	\$ 9,215,736	\$ 3,471,087	\$ 27,173,512
Accrued liabilities	139,725,111	7,805,005	7,189,043	154,719,159
Due to component unit	77,934	-	-	77,934
Interfund payables	250,858,702	-	15,534,973	266,393,675
Contract retainages	-	5,297,850	-	5,297,850
Other liabilities	19,317,870	-	-	19,317,870
Unearned revenues	624,104	200,000	2,708,456	3,532,560
Total liabilities	<u>425,090,410</u>	<u>22,518,591</u>	<u>28,903,559</u>	<u>476,512,560</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to Lease	114,921	-	-	114,921
Total deferred inflows of resources	<u>114,921</u>	<u>-</u>	<u>-</u>	<u>114,921</u>
FUND BALANCES:				
Nonspendable:				
Inventories	930,277	-	751,856	1,682,133
Prepaid items and deposits	121,525	-	148,276	269,801
Permanent fund-nonexpendable	-	-	22,020	22,020
Restricted for:				
Restricted by legal agreement	-	-	2,551,422	2,551,422
Committed to:				
Subsequent years' appropriations	-	-	2,523,668	2,523,668
Capital improvements	-	122,087,296	-	122,087,296
Capital asset preservation	-	-	28,750,476	28,750,476
Assigned to:				
General Fund contractual obligations	34,799,017	-	-	34,799,017
General Fund subsequent years' appropriations	12,000,000	-	-	12,000,000
Special revenue fund	-	-	47,138,075	47,138,075
Unassigned	766,659	-	(5,731,436)	(4,964,777)
Total fund balances	<u>48,617,478</u>	<u>122,087,296</u>	<u>76,154,357</u>	<u>246,859,131</u>
Total liabilities and fund balances	<u>\$ 473,822,809</u>	<u>\$ 144,605,887</u>	<u>\$ 105,057,916</u>	<u>\$ 723,486,612</u>

See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS**Exhibit IV****Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds****June 30, 2022**

Fund balances - total governmental funds	\$	246,859,131
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Amounts reported for governmental activities in the Statement of Net Position are different due to:
Capital assets used in governmental funds' activities are not financial resources and, therefore, are not reported in the funds.

Nondepreciable capital assets	307,176,273	
Depreciable/amortizable capital assets	2,717,717,704	
Accumulated depreciation and amortization	<u>(848,703,063)</u>	
Total		2,176,190,915

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets, deferred outflows, liabilities, and deferred inflows of the internal service funds are included in governmental activities in the Statement of Net Position.

Assets:

Current assets	65,459,913	
Liabilities	<u>(25,037,266)</u>	
Total		40,422,647

Non-current liabilities related to governmental funds' activities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(58,660,653)	
Installment purchase liabilities	(22,707,358)	
Lease liabilities	(27,657,292)	
Accrued interest on long-term debt	<u>(296,502)</u>	
Total		(109,321,805)

GAAP requires the reporting of net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions in the Statement of Net Position; however, they are not financial resources and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	353,592,051	
Net pension liability	(636,300,637)	
Deferred inflows of resources related to pensions	<u>(476,032,230)</u>	
Total		(758,740,816)

GAAP requires the reporting of net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB in the Statement of Net Position; however, they are not financial resources and, therefore, are not reported in the funds.

Deferred outflows of resources related to OPEB	165,868,322	
Net OPEB liability	(347,197,802)	
Deferred inflows of resources related to OPEB	<u>(65,092,723)</u>	
Total		(246,422,203)

Net position of governmental activities	\$	<u><u>1,348,987,870</u></u>
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See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit V

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2022

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental:				
Federal government	\$ 12,292,087	\$ -	\$ 70,682,876	\$ 82,974,963
Commonwealth of Virginia	425,585,670	-	6,567,745	432,153,415
County of Loudoun, Virginia	1,005,105,407	147,256,983	34,991,575	1,187,353,965
Charges for services:				
Tuition and fees	1,709,948	-	-	1,709,948
Food sales	-	-	2,867,339	2,867,339
Revenue from the use of money and property	1,787,422	-	-	1,787,422
Recovered costs	7,013,521	-	-	7,013,521
Other	1,684,051	-	22,421,255	24,105,306
Total revenues	1,455,178,106	147,256,983	137,530,790	1,739,965,879
EXPENDITURES				
Current:				
Instruction:				
Regular	901,639,992	-	27,270,149	928,910,141
Special	245,112,244	-	18,337,513	263,449,757
Adult education	751,168	-	254,564	1,005,732
Other	7,924,681	-	-	7,924,681
Support services:				
Administration	36,604,448	-	1,500	36,605,948
Attendance and health	28,066,735	-	130,755	28,197,490
Pupil transportation	69,304,344	-	33,146	69,337,490
Facilities services	9,993,446	1,075,694	-	11,069,140
Operation and maintenance	119,927,033	-	15,048,907	134,975,940
School nutrition services	512,617	-	40,295,587	40,808,204
Technology	56,101,801	-	9,728,328	65,830,129
Capital outlay	3,271,372	120,622,315	1,712,530	125,606,216
Debt service:				
Principal	3,936,062	-	12,551,772	16,487,834
Interest	376,136	-	420,471	796,607
Total expenditures	1,483,522,079	121,698,009	125,785,221	1,731,005,309
Excess (deficiency) of revenues over (under) expenditures	(28,343,973)	25,558,974	11,745,569	8,960,570
OTHER FINANCING SOURCES				
Installment purchases	-	-	10,000,000	10,000,000
Leases	937,720	-	-	937,720
Total other financing sources	937,720	-	10,000,000	10,937,720
Net change in fund balances	(27,406,253)	25,558,974	21,745,569	19,898,290
Fund balances at beginning of year	76,023,731	96,528,322	54,408,788	226,960,841
Fund balances at end of year	\$ 48,617,478	\$ 122,087,296	\$ 76,154,357	\$ 246,859,130

See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Fiscal Year Ended June 30, 2022

Exhibit VI

Net changes in fund balances - total governmental funds \$ 19,898,290

Amounts reported for governmental activities in the Statement of Activities are different due to:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is expensed over their estimated useful lives and reported as depreciation expense.

Capital outlay	125,606,216	
Depreciation and amortization expense	(96,618,481)	
Total		28,987,735

Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		261,495
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Gains and losses on the disposal of capital assets are reported in the Statement of Activities. However, in governmental funds, the proceeds from sales are reported. The difference is the net depreciated value of the disposed capital assets.		(136,397)
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Principal payments on leases are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the Statement of Net Position and do not result in expenses in the Statement of Activities.		16,487,834
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Proceeds from the issuance of long-term debt are reported as other financing sources in the governmental funds, increasing fund balance. In the government-wide statements, new debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This represents principal amounts of new leases.		(10,937,721)
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In the Statement of Activities, certain operating expenses (OPEB, pensions, and compensated absences) are measured by the amounts earned during the current year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

OPEB:		
OPEB contributions	43,373,766	
Cost of benefits earned net of employee contributions	(39,268,309)	(4,105,457)

Compensated absences		(6,279,920)
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Pensions:		
Pension contributions	137,658,915	
Cost of benefits earned net of employee contributions	(39,098,532)	80,845,972

Internal service funds are used by management to charge the costs of certain services to individual funds. Activities of the internal service funds are reported with governmental activities.		(11,847,834)
--	--	--------------

Interest on leases is reported as expenditures in the governmental funds when it is due. However, in the Statement of Activities, interest is expensed as it accrues. This amount represents the net change in accrued interest on long-term debt.		89,757
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Change in net position of governmental activities		<u>\$ 113,263,755</u>
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See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit VII

Statement of Net Position

Proprietary Funds

June 30, 2022

	Self- Insurance Fund
ASSETS	
Current assets:	
Accounts receivable, net	\$ 366,802
Interfund receivables	53,965,068
Prepaid items	6,288,044
Deposits	4,840,000
Total current assets	<u>65,459,914</u>
 Total assets	 <u>65,459,914</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,590,258
Accrued liabilities	124,121
Claims liabilities	18,968,524
Total current liabilities	<u>20,682,903</u>
 Noncurrent liabilities:	
Claims liabilities	4,354,363
Total noncurrent liabilities	<u>4,354,363</u>
Total liabilities	<u>25,037,266</u>
NET POSITION	
Unrestricted	40,422,648
Total net position	<u>\$ 40,422,648</u>

See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS**Exhibit VIII****Statement of Revenues, Expenses, and Changes in Fund Net Position****Proprietary Funds****For the Fiscal Year Ended June 30, 2022**

	Self Insurance Fund
OPERATING REVENUES	
Charges for services	\$ 228,753,729
Total operating revenues	<u>228,753,729</u>
OPERATING EXPENSES	
Claims	222,102,405
Personnel services	3,504,124
Other services and charges	14,794,412
Materials and supplies	200,622
Total operating expenses	<u>240,601,563</u>
Net operating loss	(11,847,834)
Net position at beginning of year	52,270,482
Net position at end of year	<u>\$ 40,422,648</u>

See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit IX

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Self Insurance Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 228,753,440
Payments to suppliers for goods and services	(17,091,698)
Claims paid	(216,903,974)
Payments to employees	(3,504,124)
Prepaid items	(6,288,043)
Payments to interfund services	15,034,399
Net cash provided by operating activities	<u>-</u>
Cash at beginning of year	-
Cash at end of year	<u>\$ -</u>
Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities:	
NET OPERATING LOSS	<u>\$ (11,847,835)</u>
(INCREASE) DECREASE IN ASSETS AND INCREASE (DECREASE) IN LIABILITIES	
Accounts receivable, net	(288)
Interfund receivables	15,034,399
Deposits	(97,000)
Prepaid items	(6,288,043)
Accounts payable	(1,668,737)
Accrued liabilities	(330,927)
Claims liabilities	5,198,431
Total adjustments	<u>11,847,835</u>
Net cash provided by operating activities	<u>\$ -</u>
See accompanying notes to the financial statements.	

LOUDOUN COUNTY PUBLIC SCHOOLS
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

Exhibit X

	Other Postemployment Benefits Fund
ASSETS	
Investments at fair value-investments in pooled funds	\$ 231,132,173
Total assets	<u>231,132,173</u>
NET POSITION	
Net position restricted for other postemployment benefits	<u>\$ 231,132,173</u>

See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022

Exhibit XI

	Other Postemployment Benefits Fund
ADDITIONS	
Contributions:	
Employer	\$ 37,411,116
Total contributions	<u>37,411,116</u>
Investment income:	
Interest	53,433
Net change in investments	(29,013,037)
Investment management fees	(143,541)
Total investment loss	<u>(29,103,145)</u>
Total additions	<u>8,307,971</u>
DEDUCTIONS	
Benefit payments	24,776,704
Administrative payments	634,412
Total deductions	<u>25,411,116</u>
Change in net position	(17,103,145)
Net position restricted for other postemployment benefits, at beginning of year	248,235,318
Net position restricted for other postemployment benefits, at end of year	<u><u>\$ 231,132,173</u></u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

Loudoun County Public Schools

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loudoun County Public Schools (LCPS) is a corporate body operating under the constitution of the Commonwealth of Virginia (State) and the *Code of Virginia*. The nine voting members of the School Board are elected by the citizens of the County of Loudoun, Virginia (County) to serve four-year terms. Each of the County's eight magisterial districts has a member who represents its constituents. There is one at-large member and a non-voting student member selected by a countywide student advisory council to serve a one-year term. The School Board is responsible for setting the educational policies of LCPS and appoints a Superintendent to implement them. In addition, the Superintendent is responsible for administering the operations, supervising personnel, and advising the School Board on all educational matters for the welfare and benefit of the students.

A. REPORTING ENTITY

A reporting entity is comprised of its Primary Government and component units. To justify inclusion as a component unit, a financial dependency alone no longer requires inclusion, but a financial benefit or burden relationship must also exist. Per accounting principles generally accepted in the United States of America as applicable to governmental units (GAAP), component units are legally separate entities for which the Primary Government is financially accountable. Accordingly, Middleburg Community Charter School (MCCS) and Hillsboro Charter Academy (HCA) meet those criteria as component units of LCPS. MCCS and HCA are included as discretely presented component units of the reporting entity for fiscal year ended June 30, 2022 because exclusion would render the financial statements misleading.

MCCS is a public school which provides the children of Loudoun County a SOL based, academically rigorous, art and music enhanced, integrated curriculum. A separately issued financial report can be obtained by writing to:

Middleburg Community Charter School
101 N. Madison Street
Middleburg, VA 20177

HCA is a public school providing individualized learning plans. Students are encouraged to use higher-order thinking skills and are immersed in hands-on, engineering, and creative-arts based projects that support the rigorous academic program.

A separately issued financial report can be obtained by writing to:

Hillsboro Charter Academy
37110 Charles Town Pike
Purcellville, VA 20132

LCPS' Primary Government includes all of its departments, boards, and associated agencies that are not legally separate.

LCPS is a component unit of the County because it approves the budget for, issues debt on behalf of, and is the primary funding source for LCPS.

Fiduciary-type component units are entities that are legally separate from LCPS, but are included within the fiduciary fund financial statements, where no distinction is made between component units and fiduciary funds. The OPEB Trust Fund is a fiduciary-type component unit established for the purpose of accumulating and investing assets to fund other postemployment benefits obligations.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION AND FUND ACCOUNTING

LCPS' financial statements are prepared in conformity with GAAP. The Governmental Accounting Standards Board is the standard setting body for establishing governmental accounting and financial reporting principles for state and local governments.

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements, the Statement of Net Position and the Statement of Activities, present financial information, about LCPS as a whole. These statements include the financial activities of LCPS' Primary Government and its component units, MCCA and HCA, except for the fiduciary activities because LCPS cannot use those assets to finance its operations. The activities of the internal service fund is eliminated to avoid duplicate reporting of revenues and expenses. In accordance with GAAP reporting requirements, activities are reported in these statements as either governmental or business-type. Primary activities of LCPS and its component units are categorized solely as governmental. The Statement of Net Position presents the overall financial condition of LCPS and its component units at year end. The net position balance is an indication of LCPS' ability to cover its costs and continue to provide services in the future. The Statement of Activities reports the expenses and revenues of LCPS and its component units in a format that focuses on the cost of each of LCPS' major programs/functions and those of its component units.

The net of revenues and expenses indicate whether the function is self-supporting or relies on general revenue funding sources. The direct expenses are those that are clearly identifiable to particular functions.

LCPS includes centralized expenses, which includes an administrative overhead component as program expenses within the functional activities. The allocation of these costs is based on a ratio of a function's expenses to the total expenses.

Program revenues include: (1) charges for services (e.g., tuition and fees), (2) operating grants and contributions, and (3) capital grants and contributions. Revenues that are not directly related to a program are reported as general revenues. These include LCPS' portion of property tax revenues, which are received as payments from the County, as well as certain other unrestricted amounts received from the State and the Federal government.

2. FUND FINANCIAL STATEMENTS

LCPS reports three classifications of funds: governmental, proprietary, and fiduciary. Separate financial statements are provided for each classification. The General Fund is always reported as a major fund. The Capital Improvements Fund is also presented as a major fund since it represents a significant portion of LCPS' financial position and results of operation. All other governmental funds are aggregated in a single column entitled, "Nonmajor Governmental Funds".

The Internal Service Funds consist of the Self Insurance Funds.

LCPS has one fiduciary fund, the Other Postemployment Benefits (OPEB) Trust Fund in the fiduciary fund statements.

The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Each fund reports cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein.

LCPS reports the following major governmental fund types:

- **General Fund**—The General Fund is LCPS' primary operating fund, which accounts for all financial resources, except those required to be accounted for in another fund.
- **Capital Improvements Fund**—The Capital Improvements Fund tracks LCPS' financial transactions used for the acquisition, construction or renovation of school sites, buildings, and other major capital improvements.

LCPS reports the following nonmajor governmental fund types:

- **Special Revenue Funds**—Special revenue funds are used to account for proceeds of specific revenue sources, other than major Capital Improvements, in which expenditures are restricted for a specified purpose. The Lease Fund accounts for lease proceeds used to purchase specific vehicles, technology and other machinery and equipment. The School Nutrition Services Fund accounts for sales proceeds from the school cafeterias. The Grant Fund accounts for federal, state, and private grant proceeds used for educational purposes. The School Activity Fund accounts for monies collected and disbursed at schools in support of student related activities.
- **Capital Asset Preservation Fund**—The Capital Asset Preservation Fund tracks LCPS' financial transactions used for the replacement and maintenance of major systems of LCPS' facilities.
- **Debt Service Fund**—The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on long-term debt of governmental funds.
- **Permanent Fund**—The Peabody Trust Fund is used to account for monies provided through a private donor, the corpus of which is nonexpendable. The interest earned on fund assets may be used only for school expenses.

- **Internal Service Fund**—The Internal Service Fund is a proprietary fund, which accounts for the financing of goods and services provided by one department to other departments within LCPS on a cost reimbursement basis. The Self-Insurance Fund accounts for the transactions associated with the comprehensive health benefits self-insurance program, the disability self-insurance program, and the workers' compensation insurance program.
- **LCPS OPEB Trust Fund**—The LCPS OPEB Trust Fund is a fiduciary fund, which accounts for monies collected and disbursed in connection with other postemployment benefits provided to LCPS' retirees for health care.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are shown in the Statement of Net Position; therefore, the non-current assets (i.e., land, buildings, improvements, and other capital assets) as well as the long-term liabilities (i.e., compensated absences, lease installment purchase liabilities, lease liabilities, OPEB liabilities, pension liabilities, and actuarial claims payable) are included in this statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. The Statement of Activities demonstrates the degree to which expenses are offset by program revenues for a specific program or function of LCPS. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Grants and contributions from the County, the State, and the Federal Government, which are not restricted for specific purposes, are presented as general revenues. In addition, revenue from the use of money is presented as general revenues. The effect of interfund revenue has been eliminated from these statements.

2. FUND FINANCIAL STATEMENTS

Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the Balance Sheet.

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources.

Revenues are recorded in the fiscal year in which the resources are measurable and expected to be collected by fiscal year end or sixty days thereafter to be used to pay current liabilities.

Non-exchange transactions, where LCPS either gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. These revenues are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Expenditures are reported in the fiscal year when the related fund liability is incurred, except that certain general long-term liabilities, such as compensated absences, are recognized only to the extent they have matured. Depreciation expense, which is an allocation of cost, is not recorded in the governmental funds. Since the governmental fund statements are prepared on a different measurement focus than the government-wide statements, reconciliations are presented, which detail the differences.

Proprietary funds are reported using economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund net position is classified as invested in capital assets, restricted or unrestricted. Proprietary funds' operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The operating revenues are charges for services provided to other departments on a cost reimbursement basis; the costs to provide these services are reported as operating expenses. For services which extend over more than one fiscal period, such as insurance, the change in actuarially determined insurance liability from one year to the next is reported as an operating expense. The Statement of Cash Flows presents the cash inflows and outflows of the proprietary activities.

The fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund is used to report assets held in trust.

D. UNEARNED REVENUES, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**1. UNEARNED REVENUES**

Unearned revenues are liabilities of resources obtained prior to revenue recognition. This includes resources received in advance of an exchange transaction, resources received in advance in relation to a government-mandated nonexchange transaction or a voluntary nonexchange transaction when eligibility requirements other than time requirements have not been met, and resources received in advance in relation to derived tax revenue nonexchange transaction.

2. DEFERRED OUTFLOWS OF RESOURCES

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. LCPS reports deferred outflows of resources for amounts related to pensions and OPEB in the government-wide Statement of Net Position. Deferred outflows for pensions and OPEB result from changes in actuarial assumptions, pension/OPEB trust net change in investments, change in the proportionate share of total VRS Teachers' Pool liability and VRS OPEB programs, actual economic experience that is different than estimated, and pension/OPEB contributions made to the measurement date. Changes in deferred outflows of resources are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period, and contributions subsequent to the measurement date, which are recognized in the subsequent fiscal year.

3. DEFERRED INFLOWS OF RESOURCES

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for amounts related to pensions, leases, and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in expected and actual experience, net change in investments, changes in actuarial assumptions and changes in proportionate share are deferred and amortized. Changes in deferred inflows of resources are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period. LCPS is a lessor for a noncancellable lease of an asset and recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

E. CASH AND INVESTMENTS**1. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represent available cash in the respective accounts.

In the General Fund, petty cash is held for small purchases. In the School Nutrition Service Fund, a change fund is held to be used for making change in various cafeterias. In the School Activity Fund, cash and cash equivalents represent available cash in the local school accounts and include deposits in checking and savings accounts, and certificates of deposit. Cash and cash equivalents in the charter schools represent available cash held for operations.

2. RESTRICTED CASH AND INVESTMENTS AT FAIR VALUE

Investments are presented at Net Asset Value in the Statement of Fiduciary Net Position and represents cash and investments held by the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo).

Restricted cash on deposit with others are liquid assets that have third-party limitations on their use. LCPS reports restricted cash on deposit with others in the Lease Fund, which represents unspent amounts from lease proceeds.

F. INVENTORIES, PREPAID ITEMS AND DEPOSITS

Inventories are valued at cost, using the average cost method. The consumption method of accounting for inventory is used in the government-wide statements as well as in the governmental funds and proprietary funds' statements. Under this method, inventory items are comprised of expendable supplies and are expensed as they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The consumption method of accounting for prepaid items is used in the government-wide statements as well as in the proprietary fund statements. Prepaid items in the governmental funds are recorded as nonspendable fund balance.

Deposits represent funds paid out to demonstrate intent to complete future transactions. LCPS deposited \$340,000 to its workers' compensation third party administrator and \$4,500,000 to its health insurance third party administrator for future claim transactions.

G. CAPITAL ASSETS

Capital assets are reported in the government-wide Statement of Net Position and include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, right-to-use leased assets, and infrastructure with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are recorded at acquisition cost or if that is not available, at estimated historical cost.

Right-to-use lease assets are measured at the present value of payments expected to be made during the lease term and amortized on a straight-line basis over their useful life.

Donated assets, generally, are recorded at acquisition value at the time of receipt.

All of LCPS' capital assets, except land and construction in progress, are depreciated and amortized. Accumulated depreciation and amortization are reported as a reduction to the capital assets.

The straight-line depreciation/amortization method is used over the following estimated useful lives:

<u>Capital Assets</u>	<u>Useful lives (Years)</u>
Buildings	45
Building Improvements	15-25
Infrastructure	20-60
Vehicles	5
Machinery and Other Equipment	5-10
Computer Equipment	5
 <u>Right-To-Use Lease Assets</u>	 <u>Useful lives (Years)</u>
Buildings	45
Building Improvements	15-25
Infrastructure	20-60
Vehicles	5
Machinery and Other Equipment	5-10
Computer Equipment	5

Permanent easements are not amortized and are reported as land assets. Temporary easements are amortized over a 20 year period or the life of the easement, whichever is less and reported as infrastructure. Developed software is amortized over a five-year period.

The charter schools reported no capital assets for fiscal year ended June 30, 2022.

H. COMPENSATED ABSENCES AND ACCRUED SALARIES AND BENEFITS

LCPS employees, other than teachers, earn annual leave pay based on a prescribed formula depending on years of service. Eligible employees are allowed to accumulate a maximum of 560 hours of annual leave as of the end of each fiscal year. Any excess annual leave hours are converted to sick leave. Employees who terminate their employment will have their annual leave prorated based on the total amount earned for the school year. Payment for earned annual leave will be calculated based upon the employees' regular rate of pay at the time of separation. Teachers do not accumulate annual leave. As of June 30, 2022, \$29,989,367 of accumulated annual leave was accrued as compensated absences.

Any LCPS retiree, with ten (10) or more years of service will receive 25% of their final daily wage for each day of unused sick leave, the total amount not to exceed an index of 25% of the previous year's average teacher salary for LCPS as reported in the State of Virginia's Annual School Report. There is an allowed maximum amount of \$19,054 per individual for FY22. As of June 30, 2022, \$20,974,575 of unused sick leave was accrued as compensated absences.

Additionally, any LCPS retiree, with ten (10) or more years of service is eligible for a salary supplement equal to 0.5% of the final annual salary multiplied by the number of years of service to LCPS. The amount shall not exceed \$2,500 nor be less than \$500. As of June 30, 2022, \$7,696,711 of eligible retiree salary supplement was accrued.

LCPS' accrued liabilities include salaries and benefits from employees who retired or resigned during the fiscal year and have not received payment for their accrued annual leave. In addition, salary and fringe benefits that were incurred during the fiscal year, but not paid, were accrued as a fund liability.

The charter schools reported no compensated absences on June 30, 2022 .

I. PAYABLES, ACCRUED LIABILITIES, AND LONG-TERM LIABILITIES

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements as well as in the proprietary fund financial statements. These liabilities are segregated between current and long-term; however, in the government-wide financial statements, the long-term liabilities are further divided between those due within one year and those due beyond one year.

Payables and accrued liabilities that will be paid from current financial resources are reported as liabilities of the funds. Certain long-term liabilities, such as claims and judgments and compensated absences, due for payment in the next fiscal year, are recorded as liabilities of the governmental funds.

Lease and installment purchase payments are recorded as they are due in the governmental funds and no liability is reported at fiscal year end.

Pension liabilities and reported deferred outflows of resources and deferred inflows of resources related to pensions are reported at fiscal year end in the government-wide financial statements.

OPEB liabilities and reported deferred outflows of resources and deferred inflows of resources related to OPEB are reported at fiscal year end in the government-wide financial statements.

J. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. In the government-wide and proprietary fund financial statements, LCPS' net position and that of its component units, falls into three categories: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets represents the portion of net position related to capital assets, net of accumulated depreciation and amortization, reduced by the outstanding liabilities to acquire these assets.

Total capital assets, net of depreciation/amortization	\$ 2,176,190,915
Lease liability	(27,657,292)
Installment purchase liability	(22,707,358)
Total liabilities - Capital Improvements Fund	(22,518,591)
Net Investment in capital assets	<u>\$ 2,103,307,674</u>

The restricted net position represents the portion of net position that is legally restricted to be used for the nonexpendable portion (\$22,020) of the permanent fund and the portion legally restricted by external parties for leases (\$1,867,322.)

The unrestricted category represents the remaining amount of net position that may be used to meet LCPS' ongoing programs.

K. FUND BALANCE

For governmental funds only, a five-tier fund balance classification hierarchy that depicts the extent to which LCPS is bound by spending constraints imposed on the use of its resources has been adopted in accordance with GAAP.

1. NONSPENDABLE FUND BALANCE

The nonspendable fund balance classification reflects amounts that are not in spendable form. Inventories and prepaid items are included in the nonspendable fund balance, as well as the Peabody Trust Fund's corpus balance.

2. RESTRICTED FUND BALANCE

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

3. COMMITTED FUND BALANCE

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by a School Board resolution, which can only be removed by a similar School Board motion.

4. ASSIGNED FUND BALANCE

The assigned fund balance classification reflects amounts that the School Board *intends* to be used for specific purposes. Assignments may be established either by the School Board or by the Superintendent, and are subject to neither the

restricted nor the committed levels of constraint. The assignment of fund balance is authorized by Board resolution for subsequent year appropriations and by Board policy for assignment of contractual obligations.

5. UNASSIGNED FUND BALANCE

In the General Fund, the Unassigned Fund Balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund.

However, deficits in any fund, including the General Fund, which cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

6. FLOW ASSUMPTION

For the purpose of fund balance classification, LCPS considers restricted amounts spent first, when an expenditure is incurred for which both restricted and unrestricted fund balance is available.

Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

L. LEASES

LCPS recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements related to its leases of buildings and equipment. LCPS recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, LCPS initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how LCPS determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. LCPS uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, LCPS generally uses its estimated incremental borrowing rate as the discount rate for lease, unless an implied rate can be calculated.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that LCPS is reasonably certain to exercise.

LCPS monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

M. ENCUMBRANCES

LCPS uses encumbrance accounting where purchase orders, contracts, and other commitments for the expenditure of funds are recorded. Encumbrances represent the estimated amount of expenditures to result if the open purchase orders and unfinished contracts were completed.

The appropriations of any funds encumbered at the end of the fiscal year carries over into the next fiscal year.

Following are the encumbrances as of June 30, 2022:

General Fund	\$	34,799,017
Capital Improvements Fund		66,873,905
Nonmajor Funds (aggregate)		12,148,553
Total Governmental Funds	\$	<u>113,821,475</u>

N. PENSION PLANS

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 LCPS' pension plans and the

additions to/deletions from LCPS' pension plans' net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

O. OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of LCPS' OPEB plans and the additions to/deletions from LCPS' OPEB plans' net fiduciary position have been determined on the same basis as they were reported by the VRS for Group Life Insurance (GLI), Health Insurance Credit (HIC), and Virginia Local Disability Program (VLDP), as well as by the actuarial valuation provided for LCPS' OPEB Trust. 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.

P. USE OF ESTIMATES

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Q. TAX STATUS

LCPS, as a local school district, is not subject to federal, state, or local income taxes, and accordingly, no provision for income taxes is recorded.

R. NEW PRONOUNCEMENTS

The GASB issued Statement 87, *Leases*, in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has implemented this statement.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, in March 2020. This Statement addresses accounting and reporting implications that result from the replacement of an interbank offered rate (IBOR). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 but Statement No. 95 postpones the effective date for one year. Management is in the process of completing its assessment of the impact of these requirements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, in March 2020. This Statement addresses issues related to public-private and public-public partnership arrangements and availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is in the process of completing its assessment on the impact of these requirements.

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in May 2020. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing effective dates of certain GASB Statements by one year or 18 months. The requirements of this Statement are effective immediately.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management is in the process of completing its assessment of the impact of these requirements.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. Management has implemented this statement.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* in June 2022. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections by providing more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. Management is in the process of completing its assessment of the impact of these requirements.

The GASB issued Statement No. 101, Compensated Absences, in June 2022. This Statement updates the recognition and measurement guidance. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Management is in the process of completing its assessment on the impact of these requirements.

S. BUDGETARY CONTROLS

In addition to internal controls, LCPS maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the Appropriations Resolution and adopted in the Budget by the County's Board of Supervisors and the School Board. The level of budgetary control (the level at which Appropriated Budget expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. However, management control is maintained at the program level within each organizational unit. The division maintains an encumbrance accounting system as one element of accomplishing budgetary control. Encumbered amounts at year-end lapse and are re-appropriated in the subsequent year.

The Grant and Debt Service Fund had a negative unassigned fund balance of \$684,100 and \$ 2,523,668, respectively, at June 30, 2022.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following reconciliations accompany the governmental fund statements:

- **Reconciliation of the Balance Sheet to the Statement of Net Position**

This reconciliation explains the differences between total fund balances as reflected on the governmental funds' Balance Sheet and net position for governmental activities as shown on the government-wide Statement of Net Position.

- **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities**

This reconciliation explains the differences between the total net change in fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in net position for governmental activities as shown on the government-wide Statement of Activities.

The reconciling differences are a result of the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

III. DETAILED NOTES TO ALL FUNDS

A. BANK DEPOSITS AND INVESTMENTS

LCPS' cash balances in all funds, except for fiduciary funds and petty cash/change accounts, are held by the County and are invested to the extent available by the County Treasurer and according to County policy. Please refer to the County of Loudoun's Annual Comprehensive Financial Report at <https://www.loudoun.gov/financialreports> for detailed investment policy. These balances are reflected as amounts Due from the County in the financial statements.

1. CASH AND CASH EQUIVALENTS

The General Fund holds \$500 petty cash on June 30, 2022 for small purchases on an emergency basis. The School Nutrition Services Fund held no petty cash in its change fund on June 30, 2022. Cash and temporary investments related to MCCS and HCA are all highly liquid cash and cash equivalents. Cash and temporary investments related to the School Activity Funds are all highly liquid cash and cash equivalents. The Special Revenue School Activity Fund reported \$10,009,427 cash and cash equivalents on June 30, 2022.

MCCS had \$577,546 cash and cash equivalents on June 30, 2022. Cash and temporary investments related to HCA are all highly liquid cash and cash equivalents. HCA had \$1,241,114 cash and cash equivalents on June 30, 2022.

2. RESTRICTED CASH ON DEPOSIT WITH OTHERS

Restricted cash on deposit with others represents unspent lease proceeds held by third parties. The Lease Fund reported \$1,159,961 on June 30, as restricted cash on deposit with others, which represents unspent lease proceeds from its 2022 borrowings.

3. INVESTMENTS AT FAIR VALUE

LCPS' OPEB trust fund participates in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The Trust is not rated by a nationally recognized statistical rating organization.

The Board of Trustees of the Virginia Pooled OPEB Trust establishes investment objectives; risk tolerance, and asset allocation policies in light of market and economic conditions. As of June 30, 2022, excluding the pooled funds, there were no other investments. Accordingly, there is no credit risk, or concentration of credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire balance of the pooled funds in the OPEB Fund is uninsured and uncollateralized. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The weighted average effective duration of the Virginia Pooled OPEB Trust at June 30, 2020 was 5.31 years.

The Trust categorizes its investments within the fair value hierarchy established by GAAP. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the Net Asset Value (NAV) per share (or its equivalent) of the investment.

Investments in the Trust are valued using the NAV per share, which is determined by dividing the total value of the Trust by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the Trust. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice.

The Coronavirus (COVID-19) pandemic has had a significant impact on the US economy, including most retiree health plans, and will likely continue to have an impact in the future.

At June 30, 2022, LCPS' share in this pool was \$231,132,173 as reported on Exhibit X.

B. DUE FROM INTERGOVERNMENTAL UNITS

Amounts due from the Federal government are attributed primarily to the Individuals with Disabilities Education Act (IDEA) grant and to the Title III and Head Start grants in the Grant Fund. IDEA is designed to ensure that all school age handicapped children are provided a free, appropriate public education. Title III and Head Start programs enhance the instruction for disadvantaged children.

A significant portion of the receivable from the State in the General Fund was attributed to State sales taxes due to LCPS. The Virginia Retail Sales and Use Tax Act requires one and one-eighth cent of every five cents collected in State sales tax to be distributed to school divisions based on school-age population.

Amounts due from other governments at June 30, 2022 are as follows:

<u>Fund</u>	<u>Federal Government</u>	<u>Commonwealth of Virginia</u>	<u>Total</u>
General Fund	\$ 9,587,597	\$ 9,840,716	\$ 19,428,313
Nonmajor Governmental Funds	2,072,199	628,167	2,700,366
Total	<u>\$ 11,659,796</u>	<u>\$ 10,468,883</u>	<u>\$ 22,128,679</u>

C. INTERFUND RECEIVABLES AND PAYABLES

All receipt and disbursement transactions for LCPS flow through its general fund thereby creating interfund receivables and payables between funds. The purpose of interfund balances is to present transactions that are to be repaid between funds at year end. Cash for the governmental and proprietary funds are held by the County as "Due from the County" in the General Fund.

The composition of interfund receivables and payables balances as of June 30, 2022 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 302,426	\$ 250,858,702
Capital Improvements Fund	144,605,887	-
Lease Fund	1,435,292	-
School Nutrition Services Fund	33,366,246	-
Grant Fund	-	13,011,305
Capital Asset Preservation Fund	32,696,736	-
Debt Service Fund	-	2,523,668
Peabody Trust Fund	22,020	-
Proprietary-Self Insurance Fund	53,965,068	-
Total	<u>\$ 266,393,675</u>	<u>\$ 266,393,675</u>

D. INTERFUND TRANSFERS

There were no interfund transfers during fiscal year 2022.

E. CAPITAL ASSETS

A summary of capital asset activity for fiscal year 2022 was as follows:

Governmental Activities	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Non-depreciable capital assets:				
Land	\$ 170,066,259	\$ 3,367,478	\$ -	\$ 173,433,737
Construction in progress	130,460,429	122,052,581	(118,770,473)	133,742,536
Total non-depreciable capital assets	300,526,688	125,420,059	(118,770,473)	307,176,273
Depreciable capital assets				
Building	2,393,406,715	113,048,850	-	2,506,455,565
Machinery and equipment	165,814,689	4,966,825	(4,728,479)	166,053,035
Improvements other than buildings	13,349,897	264,732	-	13,614,629
Infrastructure	1,121	-	-	1,121
Total depreciable capital assets	2,572,572,422	118,280,407	(4,728,479)	2,686,124,350
Right-to-use leased assets, being amortized:				
Buildings	-	1,656,526	-	1,656,526
Equipment	-	29,936,828	-	29,936,828
Total amortizable capital assets	-	31,593,354	-	31,593,354
Total depreciable/amortizable capital assets	2,572,572,422	149,873,762	(4,728,479)	2,717,717,704
Accumulated depreciation:				
Buildings	(633,090,068)	(78,361,995)	-	(711,452,063)
Machinery and equipment	(119,033,161)	(12,776,556)	4,592,082	(127,217,635)
Improvements other than buildings	(4,552,790)	(1,224,753)	-	(5,777,543)
Infrastructure	(645)	(56)	-	(701)
Total accumulated depreciation	(756,676,664)	(92,363,360)	4,592,082	(844,447,942)
Accumulated amortization:				
Buildings	-	(311,679)	-	(311,679)
Equipment	-	(3,943,442)	-	(3,943,442)
Total amortization	-	(4,255,121)	-	(4,255,121)
Depreciable capital assets, net	1,815,895,758	53,255,281	(136,397)	1,869,014,642
Total capital assets, net	\$ 2,116,422,446	\$ 178,675,339	\$ (118,906,869)	\$ 2,176,190,915

Depreciation and amortization are charged to governmental programs/functions as shown:

Governmental Activities	Depreciation Expense	Amortization Expense
Instruction:		
Regular	\$ 61,107,975	\$ -
Special Education	37,581	-
Support services:		
Administration	581,548	22,877
Attendance and health	12,676	-
Pupil transportation	7,788,582	-
Facilities	19,429,699	187,403
Operation and maintenance	778,346	337,261
School nutrition services	85,248	-
Technology	2,541,705	3,707,581
Total	\$ 92,363,360	\$ 4,255,121

F. DEFERRED OUTFLOWS OF RESOURCES

A deferred outflow of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of the resources (expenses) until the future period. At June 30, 2022, LCPS had deferred outflows of resources relating to other postemployment benefits and pensions in the amounts of \$165,868,322 and \$353,592,052 respectively.

G. DEFERRED INFLOWS OF RESOURCES

A deferred inflow of resources represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue or reduction of expenses) until that time. At June 30, 2022, LCPS had deferred inflows of resources relating to other postemployment benefits and pensions in the amounts of \$65,092,723 and \$476,032,230 respectively.

H. LONG-TERM LIABILITIES

The Internal service fund predominantly serves the governmental funds. Accordingly, the long-term liabilities are included as part of governmental activities.

Long-term liabilities related to leases and installment purchases are liquidated through LCPS' Debt Service Fund. Long-term liabilities for claims are liquidated by the Self-Insurance Internal Service Fund. Compensated absences, net OPEB liabilities and net pension liabilities are liquidated by the General Fund, the School Nutrition Services Fund, and the Grant Fund based upon allocations to each fund.

The following is a summary of changes in the long-term liabilities of LCPS for the year ended June 30, 2022:

Governmental Activities	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 52,380,733	\$ 17,724,439	\$ 11,444,519	\$ 58,660,653	\$ 4,984,819
Claims liabilities	18,124,456	217,925,777	212,727,346	23,322,887	18,968,524
Lease liability	-	31,593,354	3,936,062	27,657,292	4,119,119
Installment purchase liability	25,259,130	10,000,000	12,551,772	22,707,358	10,088,070
Net OPEB liability	334,779,254	271,490,552	259,072,004	347,197,802	-
Net pension liability	1,185,302,293	341,082,180	890,083,836	636,300,637	-
Total	\$ 1,615,845,866	\$ 889,816,302	\$ 855,806,580	\$ 1,115,846,629	\$ 38,160,533

For purposes of aiding the reader to understand the additional net OPEB liabilities that are included, we are presenting the following expansion schedule:

Governmental Activities	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Virginia Local Disability Program	\$ 341,125	\$ 1,425,078	\$ 2,075,055	\$ (308,852)	\$ -
Group Life Insurance	62,380,433	19,495,619	36,965,448	44,910,604	-
Health Insurance Credit	105,084,706	28,909,434	28,108,363	105,885,777	-
OPEB Trust	166,972,990	221,660,421	191,923,138	196,710,273	-
Total	\$ 334,779,254	\$ 271,490,552	\$ 259,072,004	\$ 347,197,802	\$ -

1. INSTALLMENT PURCHASE AGREEMENT

LCPS entered into an installment purchase agreement for school buses, other vehicles, computers and telecommunications equipment.

The installment purchase agreements for this equipment include the following principal interest payments to maturity as of June 30, 2022:

Year Ending June 30	Principal	Interest
2023	\$ 10,088,070	\$ 289,091
2024	7,572,908	130,438
2025	5,046,381	41,992
Total	\$ 22,707,359	\$ 461,521

The following schedule lists the lease installment purchase at June 30, 2022 by individual items:

Date Issued	Final Maturity	Interest Rate	Issue Amount	Balance at June 30, 2022	Type of Project Financed (the assets acquired secured the related capital lease)
8/2/2018	8/2/2022	2.71%	\$ 10,000,000	\$ 2,602,408	\$2.8M for vehicles; \$7.2M for computers and equipment
8/6/2019	8/6/2023	1.82%	10,000,000	5,090,324	\$0.6M for vehicles; \$9.4M for computers and equipment
8/6/2020	8/6/2024	1.03%	10,000,000	7,538,295	\$0.5M for vehicles; \$9.5M for technology and equipment
8/6/2021	8/6/2024	0.63%	10,000,000	7,476,332	\$2.8M for vehicles; \$7.2M for computers and equipment
			\$ 40,000,000	\$ 22,707,359	

2. LEASE PAYABLE

This note provides information for leases where LCPS is a lessee. For leases where LCPS is a lessor, see Leases Receivable.

LCPS is obligated under leases covering certain office space, machinery and IT equipment that expire at various dates during the next 17 years.

LCPS has entered into various lease agreements as lessee primarily for office space, land and office equipment. Most leases have initial terms of up to 20 years, and contain one or more renewals at our option, generally for three or five year periods. We have included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. LCPS leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred as variable lease payments. For LCPS transportation equipment leases, variable payments include those for property taxes and mileage. For office space leases that include variable payments, those include payments for LCPS' proportionate share of the building's property taxes, insurance, and common area maintenance. LCPS' lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in LCPS' leases is not readily determinable, LCPS utilizes its incremental borrowing rate to discount the lease payments.

Amounts recognized in the statement of net position

The Statement of Net Position shows the following amounts relating to leases:

<u>Right-to-use assets</u>	Governmental Activities
Buildings	\$ 1,344,847
Equipment	25,993,386
Total Right-to-use assets, net	<u>\$ 27,338,233</u>

<u>Lease liability</u>	Governmental Activities
Current	\$ 4,119,119
Non-current	23,538,172
Total Lease liability	<u>\$ 27,657,292</u>

The future principal and interest lease payments as of June 30, 2022, were as follows:

<u>Fiscal year</u>	Governmental Activities	
	Principal	Interest
2023	\$ 4,119,119	\$ 373,212
2024	4,288,440	329,799
2025	2,944,693	285,490
2026	1,337,903	259,904
2027	1,206,810	238,999
2028-2032	5,807,402	902,170
2033-2037	5,821,813	424,198
2038-2042	2,131,112	31,941
Total	<u>\$ 27,657,292</u>	<u>\$ 2,845,714</u>

3. LEASE RECEIVABLE

LCPS leases out its buildings and land. Most leases have initial terms of up to 20 years, and contain one or more renewals at our option, generally for three- or 5-year periods. We have generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. LCPS' lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in LCPS leases is not readily determinable, LCPS utilizes its incremental borrowing rate to discount the lease payments.

Although LCPS is exposed to changes in the residual value at the end of the current leases, LCPS typically enters into new leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

4. DEBT SERVICE RESPONSIBILITY

The *Code of Virginia* prohibits LCPS from having borrowing or taxing authority. The County issues and services general obligation debt to finance the purchase or construction of school facilities. The debt is not secured by the assets purchased or constructed by LCPS, but by the full faith and credit, and taxing authority of the County.

Since LCPS is not obligated to repay principal or interest on any general obligation debt incurred on LCPS' behalf, the debt is recorded in the County's government-wide financial statements.

5. CONSTRUCTION COMMITMENTS

At June 30, 2022, LCPS had contractual commitments in the amount of \$66,873,905 in the Capital Improvements Fund for construction of various projects.

IV. OTHER INFORMATION

A. RELATED PARTIES

With the exception of the County, which funds a large portion of LCPS' budget, and the charter schools, to which LCPS provides a substantial contribution, LCPS had no other related parties during fiscal year 2022.

B. RISK MANAGEMENT

LCPS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; the health of and injuries to employees; and natural disasters.

LCPS maintains an internal service fund for workers' compensation claims, disability claims, and health insurance benefits. LCPS' property and liability insurance program is provided through membership in the Virginia Association of Counties Group Self-Insurance Pool. Member jurisdictions contribute to the pool based on their risk exposures and past claims experience.

The property coverage program consists of blanket replacement cost, business real and personal property insurance, boiler and machinery insurance, comprehensive crime and employee dishonesty insurance, and automobile physical damage insurance.

The business real and personal property insurance carries a \$5,000 deductible per occurrence with the balance of the property coverages carrying a \$2,500 deductible per occurrence.

The liability insurance program consists of first dollar insurance for general liability, school board legal professional liability, automobile liability, and excess liability for a total limit of \$11 million per occurrence (no annual aggregate, deductible or retention applies). In addition, LCPS carries cyber risk liability insurance with a \$2,000,000 limit (per occurrence and annual aggregate) providing coverage due to network security breaches (including hacking and viruses) and online privacy matters (including identity theft).

LCPS has no significant reduction in insurance coverage from prior years. Our coverage amounts increase each year with the addition of new school construction, new technology, and new vehicles. Our insurance premiums remain relatively flat despite the increase in our blanket property coverage limits. Claims that arose from incidents occurring prior to the existence of all the foregoing agreements are covered under LCPS' previous commercial insurance programs. LCPS has not had any insurance claims or made any settlements to exceed insurance coverage amounts for each of the past three fiscal years.

In 1990, LCPS received a Certificate as a Qualified Self-Insurer from the Virginia Workers' Compensation Commission. At that time, LCPS began to self-insure statutory workers' compensation and employer's liability coverage. At the same time, LCPS purchased excess workers' compensation and employer's liability insurance. This excess insurance limits individual claims against the self-insurance program with a current specific retention level of \$600,000 per occurrence. Workers' Compensation claims that arose from incidents occurring prior to the self-insured program are covered under LCPS' previous commercial insurance carrier. A reserve for pending claims and incurred but not reported claims has been accrued as a liability within the self-insurance funds as an estimate based on information received from AON Risk Solutions.

LCPS contracts with a third-party administrator to adjust workers' compensation claims, provide underwriting services, and recommend reserve levels, including claims reported but not settled. All other property and casualty insurance either has been, or is expected to be renewed as it becomes due.

The following table shows the amounts that have been accrued for workers' compensation as a liability within the self-insurance fund. LCPS' administrator is PMA Companies

Fiscal Year 2021	
Unpaid claims beginning of fiscal year	\$ 6,190,988
Incurred claims (including IBNR)	724,365
Claim payments	(1,679,197)
Unpaid claims end of fiscal year	<u>\$ 5,236,156</u>
Fiscal Year 2022	
Unpaid claims beginning of fiscal year	\$ 5,236,156
Incurred claims (including IBNR)	3,896,229
Claim payments	(3,437,345)
Unpaid claims end of fiscal year	<u>\$ 5,695,040</u>

On October 1, 1984, LCPS began to self-insure health care for all eligible employees and all retirees. Eligible employees and retirees are defined by School Board Policy.

LCPS has purchased stop loss insurance from Connecticut General Life Insurance Company (CIGNA) limiting claims against the self-insurance program to \$575,000 per occurrence for individual claims.

The following table shows the amounts that have been accrued as a liability within the self-insurance fund based upon an estimate from LCPS' contracted actuary.

Fiscal Year 2021	
Unpaid claims beginning of fiscal year	\$ 11,089,400
Incurred claims (including IBNR)	193,117,305
Claim payments	(191,318,405)
Unpaid claims end of fiscal year	<u>\$ 12,888,300</u>
Fiscal Year 2022	
Unpaid claims beginning of fiscal year	\$ 12,888,300
Incurred claims (including IBNR)	214,029,548
Claim payments	(209,290,001)
Unpaid claims end of fiscal year	<u>\$ 17,627,847</u>

CIGNA is also contracted to adjudicate health insurance claims, provide underwriting services and recommend reserve levels, including claims incurred but not yet reported.

LCPS offers three (3) health plan options to active employees: A High Deductible Health Plan with Health Savings Accounts (HDHP), a Point of Service (POS) Plan and an Open Access Plus (OAP) Plan. Non-Medicare eligible retirees may also choose from the POS and OAP Plans. A Medicare Supplement Plan is offered to Medicare-eligible retirees/dependents. All plan designs and premiums for employees and retirees are evaluated every fiscal year. Coverage levels are Employee Only, Employee Plus Child, Employee Plus Spouse and Family.

Prescription drug coverage is included as part of the medical plans and is provided by Express Scripts, Inc. Dental and vision coverage is available as an add-on with Delta Dental as the third-party administrator for dental benefits and Davis Vision as the third-party administrator for vision benefits. Summary Plan Documents are available on the Employee Health, Wellness and Benefits website.

C. LCPS' OPEB TRUST

1. BACKGROUND

LCPS presents the requirements for OPEB offered to retirees in accordance with GAAP.

GAAP prescribes how local governments should account for and report their costs related to postemployment health care and other non-pension benefits. The objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees, both active and inactive, are provided with postemployment benefits other than pensions, or OPEB. One aspect of that objective is to provide information about the effects of OPEB-related transactions and other events on the elements of the basic financial statements. This information will assist users in assessing accountability and the relationship between a government's inflows of resources and its total cost (including OPEB expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's OPEB liabilities and the resources, if any, available to satisfy those liabilities. An additional objective of this Statement is to improve

the information provided in government financial reports about OPEB-related financial support provided by certain nonemployer entities for OPEB that is provided to the employees of other entities.

LCPS' subsidy is funded on a pay-as-you-go basis plus an amount determined by management to pre-fund future costs. GAAP requires LCPS to disclose the unfunded actuarial full liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on LCPS. This methodology mirrors the funding approach used for pension benefits.

2. PLAN DESCRIPTION

The LCPS' OPEB Trust Fund is a single-employer defined benefit healthcare plan (Plan), which provides healthcare insurance for eligible retirees and their spouses through LCPS' group health insurance plan, which covers both active and retired members. Actives hired prior to July 1, 2013 are eligible for retiree coverage provided certain eligibility requirements are met. LCPS offers a Point of Service (POS) Plan and an Open Access Plus (OAP) Plan to non-Medicare retirees. A Medicare Supplement Plan is offered to Medicare-eligible retirees/dependents.

Prescription drug coverage is included as part of the medical plans and is provided by Express Scripts, Inc. Dental and vision coverage is available as an add-on with Delta Dental as the third-party administrator for dental benefits and Davis Vision as the third-party administrator for vision benefits.

Employer contribution rates for retirees vary based on the type of retirement, years of service, and type of coverage. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The Plan does not issue a publicly available financial report.

At June 30, 2020, the date of the most recent actuarial valuation, plan membership consisted of:

Retirees and beneficiaries entitled to benefits	1,890
Active plan members	5,688
Total	<u>7,578</u>

3. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The following charts reflect the deferred inflows and outflows of resources related to LCPS OPEB Trust. Deferred inflows and outflows are differences between actual and expected experience that are not reflected in the current year's expenses.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,097,883	\$ 36,495,479
Net difference between projected and actual earnings on LCPS OPEB Trust plan investments	19,655,955	-
Changes in Assumptions	60,326,443	6,993,027
Total	<u>\$ 120,080,281</u>	<u>\$ 43,488,506</u>

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:

Year Ended June 30,	
2023	\$ 14,500,386
2024	14,339,223
2025	13,641,600
2026	19,437,022
2027	9,977,477
Thereafter	4,696,067
Total	<u>\$ 76,591,775</u>

4. FUNDING POLICY

The contribution requirements of plan members of LCPS are established and may be amended by the School Board. The contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. Contributions from LCPS towards OPEB benefits over the most recent five-year period were approximately \$27,583,000 per year. During fiscal year 2022, LCPS contributed \$28,812,744 to the OPEB Trust Fund, which included \$16,812,744 for current costs and an additional \$12,000,000 to prefund benefits.

LCPS participates in the Virginia Pooled OPEB Trust Fund (Trust Fund) sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Virginia Pooled OPEB Trust Fund was established in 2008 as an investment vehicle for participating employers to accumulate assets to fund OPEB.

The Virginia Pooled OPEB Trust Fund is governed by a Board of Trustees. The Board of Trustees is responsible for managing Trust Fund assets through the appointment and oversight of investment managers and with the guidance of an investment advisor. The targeted rate of return established by the Trustees for the Virginia Pooled OPEB Trust Fund, Portfolio II, is currently 6.00%.

Plan assets for purposes of GAAP are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan.

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -11.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League and the Virginia Association of Counties Finance Program, 8 East Canal Street, Richmond, Virginia 23219.

a. Long-Term Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting expected investment expenses.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation of 2.75%, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Core Bonds	7.00%	2.58%
Core Plus	38.00%	2.88%
Liquid Absolute Return	5.00%	3.25%
U.S. Large Cap Equity	16.00%	7.13%
U.S. Small Cap Equity	7.00%	8.53%
international Developed Equity	9.00%	7.99%
Emerging Market Equity	4.00%	9.23%
Long/Short Equity	4.00%	5.68%
Core Real Estate	10.00%	6.60%
Total	100.00%	

The discount rate used to measure the Total OPEB Liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that contributions from Loudoun County Public Schools will continue to be made commensurate with their average contributions over the most recent five-year period (approximately \$27,583,000 per year). Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

5. ANNUAL OPEB COST AND NET OPEB LIABILITY

LCPS is required to contribute the *actuarially determined contribution* of the employer (ADC), an amount actuarially determined in accordance with the parameters of GAAP.

The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

LCPS' Net OPEB Liability (NOL) calculation consists of the Total OPEB Liability (TOL) less the Plan Fiduciary Net Position. The NOL as of June 30, 2022 is \$196,710,273, an increase of \$29,737,283 from the prior valuation NOL of \$166,972,990 as of June 30, 2021. The difference between the actual and expected Net OPEB Liability was the net effect of several factors:

- Combined actuarial experience gains decreased the NOL by \$40,643,633. These were comprised of \$3,713,631 gains from actual 2022 contributions and benefit payments that were different from expected and by losses of \$44,357,264 due to difference between expected and actuarial earnings on investments.

As of June 30, 2022, the ratio of assets to the Total OPEB Liability (the funded ratio) is 54.02%. This is based on the market value of assets at this point in time.

The Annual OPEB Expense is \$32,939,989 for the year ending June 30, 2022. The expense was \$34,061,067 for the year ending June 30, 2021.

Total OPEB Liability includes service cost, interest, changes of benefit terms and assumptions, any difference between expected and actual experience and benefit payments.

The Plan Fiduciary Net Position consists of the LCPS' contributions plus net investment income, less any benefit payments, Administrative expenses and Other disbursements. Benefit payments includes any refunds of member contributions.

a. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 415,208,308	\$ 248,235,318	\$ 166,972,990
Changes for the year:			
Service cost	8,250,047	-	8,250,047
Interest	24,910,466	-	24,910,466
Difference between expected and actual experience	(3,713,631)	-	(3,713,631)
Changes of assumptions	-	-	-
Contributions-employer	-	28,812,744	(28,812,744)
Net investment income	-	(29,103,145)	29,103,145
Benefit payments, including refunds of employee contributions	(16,812,744)	(16,812,744)	-
Net changes	12,634,138	(17,103,145)	29,737,283
Balances at June 30, 2022	\$ 427,842,446	\$ 231,132,173	\$ 196,710,273

The Net OPEB Liability was measured as of June 30, 2022 and 2021. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2020.

Actuarial assumptions. The Total OPEB Liability was measured by an actuarial valuation as of June 30, 2022.

Inflation	2.75%
Salary Increases	Varies by service
Discount rate	6.00%
Healthcare cost trend rates:	
Non-Medicare Medical & Prescription Drug	6.6% graded to 4.50% over 11 years
Medicare Medical and Prescription Drug	5.85% graded to 4.50% over 9 years
Dental	4.00%
Vision	3.00%
Mortality rates:	
Healthy	Approximate 2006 table based on Headcount-Weighted RP-2014 Combined Healthy Annuitant, projected generationally with Scale MP- 2020 from 2006
Disabled	Approximate 2006 table based on Headcount-Weighted RP-2014 Disabled Retiree, projected generationally with Scale MP-2020 from 2006

b. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the NOL of the County as well as what the County's NOL would be if it were calculated using a discount rate that is 1 percentage-point lower (5.00%) or 1 percentage-point higher (7.00%) than the current rate.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	<u>\$239,670,063</u>	<u>\$196,710,273</u>	<u>\$159,208,099</u>

c. Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates.

	1% Decrease Healthcare Cost	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost
Net OPEB Liability	<u>\$193,080,925</u>	<u>\$196,710,273</u>	<u>\$195,411,228</u>

The projection of future benefit payment for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

6. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short- term volatility in actuarial accrued liabilities and the actuarial value of assets, if any.

Many of the demographic assumptions used in this valuation (including disability, turnover, retirement, and salary increases) are the same as used in the Virginia Retirement System Actuarial Valuation as of June 30, 2021, completed by Cavanaugh Macdonald Consulting. We have no reason to doubt their reasonableness for use in this valuation. In addition, a comparison was made between the actual number of disability retirements, retirements, and terminations and the projected number.

7. PLANS REPORTING

The OPEB Trust is sponsored by VML/VACo.

For purposes of aiding the reader to full understanding of the impact of the total OPEB requirements on the net position of LCPS, the following allocation schedule is presented:

	LCPS-OPEB Trust Totals
Net OPEB liability	\$ 196,710,273
OPEB Expense	<u>32,939,989</u>
Deferred outflows of resources:	
Net difference between projected and actual earnings on OPEB plan investments	19,655,955
Changes of assumptions	60,326,443
Difference between expected and actual experience	<u>40,097,883</u>
Total deferred outflows of resources	<u>120,080,281</u>
Deferred inflows of resources:	
Net difference between projected and actual earnings	
Difference between expected and actual experience	36,495,479
Changes of assumptions	<u>6,993,027</u>
Total deferred inflows of resources	<u>\$ 43,488,506</u>

D. OPEB GROUP LIFE INSURANCE

1. BACKGROUND

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance 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. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. PLAN DESCRIPTION

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members 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 members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' 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 Group Life Insurance Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GLI PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>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.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute 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 \$8,722 as of June 30, 2022.</p>

3. CONTRIBUTIONS

The contribution requirements for the Group Life Insurance 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 state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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. LCPS' contributions to the GLI Program were \$4,312,461 and \$4,300,601 for the years ended June 30, 2022 and June 30, 2021, respectively.

4. GLI OPEB LIABILITIES, EXPENSES AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

At June 30, 2022, LCPS reported a liability of \$44,910,604 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, LCPS' proportion was 4.0217% as compared to 3.7380% at June 30, 2020.

For the year ended June 30, 2022, LCPS recognized GLI OPEB expense of \$3,695,963. 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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,122,213	\$ 342,193
Net difference between projected and actual earnings on GLI OPEB program investments	-	10,719,197
Changes in Assumptions	2,475,909	6,144,728
Changes in Proportion	6,317,237	12,708
Employer contributions subsequent to the measurement date	4,681,252	-
Total	<u>\$ 18,596,611</u>	<u>\$ 17,218,826</u>

\$4,681,252 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's 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, 2023.

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 future reporting periods as follows:

Year Ended June 30,	
2023	\$ (356,415)
2024	(33,760)
2025	(361,912)
2026	(2,343,008)
2027	(208,372)
Total	<u>\$ (3,303,467)</u>

5. ACTUARIAL ASSUMPTIONS

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5 %
Salary increases, including inflation -	
General state employees	3.5 % – 5.35 %
Teachers	3.5 % – 5.95 %
SPORS employees	3.5 % – 4.75 %
VaLORS employees	3.5 % – 4.75 %
JRS employees	4.5 %
Locality – General employees	3.5 % – 5.35 %
Locality – Hazardous Duty employees	3.5 % – 4.75 %
Investment rate of return	6.75 %, net of 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 the OPEB liabilities.

Mortality rates – General State Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scales that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2020 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers - General Employees**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update of PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year decrement through 9 years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

6. NET GLI OPEB LIABILITY

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position.

As of June 30, 2021, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
Employers' Net GLI OPEB Liability	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

7. LONG-TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy) Allocation	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
Inflation			2.50%
*Expected arithmetic nominal return			<u>7.39%</u>

**The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a longterm rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11% including expected inflation of 2.50%.*

8. DISCOUNT RATE

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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. Through the fiscal year ending June 30, 2021 the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

9. **SENSITIVITY OF LCPS' PROPORTIONATE SHARE OF THE NET GLI OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
LCPS' net OPEB liability	<u>\$65,616,019</u>	<u>\$44,910,604</u>	<u>\$28,190,040</u>

10. **GLI PROGRAM FIDUCIARY NET POSITION**

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2021 annual-report.pdf](http://varetire.org/pdf/publications/2021%20annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

11. PLANS REPORTING

For purposes of aiding the reader to full understanding of the impact of the total OPEB requirements on the net position of LCPS, the following combining and allocation schedule is presented:

	VRS-Group Life Insurance (GLI)		
	Teachers	Political Subdivision	Combined Totals
Net OPEB liability	\$ 40,986,660	\$ 3,923,944	\$ 44,910,604
OPEB Expense	3,430,430	265,533	3,695,963
Deferred outflows of resources:			
Changes in proportionate share	5,927,978	389,259	6,317,237
Changes of assumptions	2,259,583	216,326	2,475,909
Difference between expected and actual experience	4,674,673	447,540	5,122,213
Net difference between projected and actual			
Employer contributions subsequent to the measurement date	4,265,451	415,801	4,681,252
Total deferred outflows of resources	17,127,685	1,468,926	18,596,611
Deferred inflows of resources:			
Difference between expected and actual experience	312,295	29,898	342,193
Net difference between projected and actual			
earnings on OPEB plan investments	9,782,636	936,561	10,719,197
Changes of assumptions	5,607,849	536,879	6,144,728
Changes in proportion	-	12,708	12,708
Total deferred inflows of resources	\$ 15,702,780	\$ 1,516,046	\$ 17,218,826

E. OPEB HEALTH INSURANCE CREDIT PROGRAM-TEACHERS

1. BACKGROUND

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program (HIC) is a multiple-employer, cost-sharing plan. The Teacher Employee 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. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC 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.

2. PLAN DESCRIPTION

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit 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.

The specific information for the Teacher HIC OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p>HIC Program Notes:</p> <ul style="list-style-type: none"> • 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.

3. CONTRIBUTIONS

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 school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.11% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 LCPS to the VRS Teacher Employee HIC Program were \$8,806,887 and \$8,793,743 for the years ended June 30, 2022 and June 30, 2021, respectively.

4. TEACHER EMPLOYEE HIC PROGRAM OPEB LIABILITIES, EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS RELATED TO TEACHER EMPLOYEE HIC PROGRAM OPEB

At June 30, 2022, LCPS reported a liability of \$105,477,938 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. LCPS proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on LCPS actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, LCPS' proportion of the VRS Teacher Employee HIC Program was 8.2176% as compared to 7.9990% at June 30, 2020.

For the year ended June 30, 2022, LCPS recognized VRS Teacher Employee HIC Program OPEB expense of \$11,234,503. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, LCPS reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,840,582
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,389,463
Changes in Assumptions	2,851,261	423,908
Changes in Proportion	12,652,769	-
Employer contributions subsequent to the measurement date	9,547,109	-
Total	<u>\$ 25,051,139</u>	<u>\$ 3,653,953</u>

\$9,547,109 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2023	\$ 2,515,118
2024	2,499,340
2025	2,387,569
2026	1,914,308
2027	1,686,341
Thereafter	847,401
Total	<u>\$ 11,850,077</u>

5. ACTUARIAL ASSUMPTIONS

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5 %
Salary increases, including inflation –	
Teacher Employees	3.5 % – 5.95 %
Investment rate of return	6.75%, net of 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 assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP 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 OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabilities Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MO-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-202
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

6. NET TEACHER EMPLOYEE HIC OPEB LIABILITY

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2021 NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee net HIC OPEB Liability	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

7. LONG-TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy) Allocation	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
		*Expected arithmetic nominal return	7.39%

Inflation

* Expected arithmetic nominal return

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10 2019, the VRS Board elected a longterm rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including expected inflation of 2.5%

8. DISCOUNT RATE

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

9. SENSITIVITY OF LCPS' PROPORTIONATE SHARE OF THE TEACHER EMPLOYEE HIC NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents LCPS' proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what LCPS' 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%)
LCPS' net OPEB Liability	\$118,738,922	\$105,477,938	\$94,255,982

10. TEACHER EMPLOYEE HIC OPEB FIDUCIARY NET POSITION

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

F. OTHER POSTEMPLOYMENT BENEFITS (OPEB) HIC PROGRAM – POLITICAL SUBDIVISION

1. BACKGROUND

The LCPS' Political Subdivision HIC Program is a multiple-employer, agent-defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision 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. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program OPEB, and the Political Subdivision HIC Program OPEB

expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program; and the additions to/deductions from the VRS Political Subdivision HIC 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.

2. PLAN DESCRIPTION

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit 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.

The specific information about the Political Subdivision HIC Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	
Eligible Employees	
<p>The Political Subdivision Retiree HIC Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. 	
Benefit Amounts	
<p>The political subdivision's Retiree HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <u>Disability Retirement</u> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month. 	
HIC Program Notes:	
<ul style="list-style-type: none"> • The monthly HIC benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree. 	

3. EMPLOYEES COVERED BY BENEFIT TERMS

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries	
Currently receiving benefits	283
Inactive members:	
Vested inactive members	17
Total inactive members	300
Active members	1,997
Total covered employees	<u>2,297</u>

4. CONTRIBUTIONS

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 political subdivisions by the Virginia General Assembly. LCPS' contractually required employer contribution rate for the year ended June 30, 2022 was 0.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 LCPS to the Political Subdivision HIC Program were \$129,986 and \$132,027 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. The bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employees were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contribution in FY 2021.

5. NET HIC OPEB LIABILITY

The LCPS' net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

6. ACTUARIAL ASSUMPTIONS

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5 percent
Salary increases, including inflation –	
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 Percent, net of investment exp., incl. 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 assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP 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 the OPEB liabilities.

Mortality Rates – Largest ten locality employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates, projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females forward 2 years.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective July 1, 2019.

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

7. LONG-TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy) Allocation	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a longterm rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.11%, including expected inflation of 2.50%.

8. DISCOUNT RATE

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of turn was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

9. CHANGES IN NET POLITICAL SUBDIVISION HIC OPEB LIABILITY

	Increase (Decrease)		
	Total Political Subdivision HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Political Subdivision HIC OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 2,581,440	\$ 1,845,010	\$ 736,430
Changes for the year:			
Service cost	70,444	-	70,444
Interest	169,692	-	169,692
Difference between expected and actual experience	(5,096)	-	(5,096)
Assumption Changes	43,313	-	43,313
Contributions-employer	-	129,986	(129,986)
Net investment income	-	482,701	(482,701)
Benefit payments	(134,969)	(134,969)	-
Administrative expenses	-	(5,743)	5,743
Net changes	143,384	471,975	(328,591)
Balances at June 30, 2021	\$ 2,724,824	\$ 2,316,985	\$ 407,839

10. SENSITIVITY OF LCPS' HIC NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT

The following presents LCPS' HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what LCPS' 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%)
LCPS' net OPEB liability	\$736,594	\$407,839	\$131,321

11. LCPS' HIC PROGRAM OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

For the year ended June 30, 2022, LCPS recognized HIC Program OPEB expense of 75,005. At June 30, 2022, LCPS reported deferred outflows of resources and deferred inflows of resources related to the LCPS HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 37,935	\$ 4,273
Net difference between projected and actual earnings on Political HIC OPEB plan investments	-	231,651
Changes in Assumptions	70,068	15,294
Employer contributions subsequent to the measurement date	146,195	-
Total	\$ 254,198	\$ 251,218

\$146,195 reported as deferred outflows of resources related to the HIC OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,		
2023	\$	(33,864)
2024		(30,911)
2025		(28,179)
2026		(57,949)
2027		6,515
Thereafter		1,173
Total	\$	<u>(143,215)</u>

12. HIC PROGRAM PLAN DATA

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2021 annual-report.pdf](http://varetire.org/pdf/publications/2021%20annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

13. PLANS REPORTING

The HIC Teacher and HIC Political Subdivision plans have been reported separately herein since each plan has different and distinct characteristics, reporting requirement and valuations.

For purposes of aiding the reader to full understanding of the impact of the total OPEB requirements on the net position of LCPS, the following combining and allocation schedule is presented:

	VRS-Health Insurance Credit (HIC)		
	Teachers	Political Subdivision	Combined Totals
Net OPEB liability	\$105,477,938	\$407,839	\$105,885,777
OPEB Expense	11,234,503	75,005	11,309,508
Deferred outflows of resources:			
Changes in proportion and difference between employer contributions and proportionate share of contributions	12,652,769	-	12,652,769
Change of assumptions	2,851,261	70,068	2,921,329
Difference between expected and actual experience	-	37,935	37,935
Employer contributions subsequent to the measurement date	9,547,109	146,195	9,693,304
Total deferred outflows of resources	25,051,139	254,198	25,305,337
Deferred inflows of resources:			
Difference between expected and actual experience	1,840,582	4,273	1,844,855
Net difference between projected and actual earnings on OPEB plan investments	1,389,463	231,651	1,621,114
Changes of assumptions	423,908	15,294	439,202
Total deferred inflows of resources	\$3,653,953	\$251,218	\$3,905,171

G. OPEB TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM

1. BACKGROUND

The Virginia Retirement System (VRS) Teacher Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Teacher Employee Virginia Local Disability Program (VLDP) OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB, and the Teacher Employee VLDP OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee VLDP; and the additions to/deductions from the VRS Teacher Employee VLDP'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.

2. PLAN DESCRIPTION

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee VLDP. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the VLDP.

TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS**Eligible Employees**

The Teacher Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid retirement benefits

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

- Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

Short-Term Disability –

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work- related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work- related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

Long-Term Disability –

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

VLDP Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

3. CONTRIBUTIONS

The contribution requirement for active hybrid plan employees is governed by § 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021, was 0.39% of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 the school division to the VRS Teacher Employee Virginia Local Disability Program were \$1,099,348 and \$1,098,186 for the years ended June 30, 2022 and June 30, 2021, respectively.

4. TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) OPEB LIABILITIES/(ASSETS), EXPENSE, AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

At June 30, 2022, LCPS reported an asset of -\$244,455 for its proportionate share of the VRS Teacher Employee VLDP Net OPEB Asset. The Net VRS Teacher Employee VLDP OPEB Liability/(asset) was measured as of June 30, 2021 and the total VRS Teacher Employee VLDP OPEB Liability/(asset) used to calculate the Net VRS Teacher Employee VLDP OPEB Liability/(asset) was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. LCPS' proportion of the Net VRS Teacher Employee VLDP OPEB Liability/(asset) was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, LCPS' proportion of the VRS Teacher Employee VLDP was 35.3575% as compared to 34.6531% at June 30, 2020.

For the year ended June 30, 2022, LCPS recognized VRS Teacher Employee VLDP OPEB expense of \$825,257. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher VLDP OPEB plan investments	\$ -	\$ 194,497
Difference between expected and actual experience	122,229	135,850
Changes in Assumptions	132,679	-
Changes in Proportion	18,905	-
Employer contributions subsequent to the measurement date	1,308,476	-
Total	<u>\$ 1,582,289</u>	<u>\$ 330,347</u>

\$1,308,476 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from LCPS' contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2023	\$ (36,462)
2024	(36,691)
2025	(36,366)
2026	(43,837)
2027	10,284
Thereafter	86,538
Total	<u>\$ (56,534)</u>

5. ACTUARIAL ASSUMPTIONS

The total Teacher Employee VLDP OPEB liability/(asset) for the VRS Teacher Employee VLDP was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5 percent
Salary increases, including inflation – Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	6.75%, including inflation

Mortality rates – Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, 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 are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

6. NET TEACHER EMPLOYEE VLDP OPEB LIABILITY/(ASSET)

The net OPEB liability (NOL) for the Teacher Employee VLDP represents the program's total OPEB liability/(asset) determined in accordance with GAAP, less the associated fiduciary net position.

As of June 30, 2021, NOL amounts for the VRS Teacher Employee VLDP is as follows (amounts expressed in thousands):

	Teacher Employee VLDP OPEB Plan
Total Teacher Employee VLDP OPEB Liability/(asset)	\$ 4,884
Plan Fiduciary Net Position	5,590
Teacher Employee net VLDP OPEB Liability/(asset)	\$ (706)
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	114.46%

The total Teacher Employee VLDP OPEB liability/(asset) is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee VLDP OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

7. LONG TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy) Allocation	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Provate Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019 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. More recent capital market assumptions compiled for the FY2020 actual valuations provide a median return of 7.11% including expected inflation of 2.50%

8. DISCOUNT RATE

The discount rate used to measure the total Teacher Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB 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 Teacher Employee VLDP OPEB liability/(asset).

9. SENSITIVITY OF LCPS' PROPORTIONATE SHARE OF THE TEACHER EMPLOYEE VLDP NET OPEB LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE

The following presents the school division's proportionate share of the VRS Teacher Employee Virginia Local Disability Program net VLDP OPEB liability/(asset) using the discount rate of 6.75%, as well as what the school division's proportionate share of the net VLDP OPEB 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 (6.75%)	1% Increase (7.75%)
LCPS' net OPEB liability/(asset)	\$(36,686)	\$(244,455)	\$(427,105)

10. TEACHER EMPLOYEE VLDP OPEB FIDUCIARY NET POSITION

Detailed information about the VRS Teacher Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

H. OTHER POSTEMPLOYMENT BENEFITS (OPEB) POLITICAL SUBDIVISION EMPLOYEE VLDP**1. BACKGROUND**

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability 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.

2. PLAN DESCRIPTION

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Political Subdivision Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> • Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
<p>Benefit Amounts</p> <p>The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:</p> <p><u>Short-Term Disability –</u></p> <ul style="list-style-type: none"> • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work- related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels <p><u>Long-Term Disability –</u></p> <ul style="list-style-type: none"> • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week • Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
<p>VLDP Notes:</p> <ul style="list-style-type: none"> • Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. • VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

3. CONTRIBUTIONS

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2022 was 0.83% of covered employee compensation for employees in the VRS Political Subdivision Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 the political subdivision to the VRS Political Subdivision Employee VLDP were \$212,340 and \$212,111 for the years ended June 30, 2022 and June 30, 2021, respectively.

4. LCPS' EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) OPEB LIABILITIES AND DEFERRED OUTFLOWS DEFERRED INFLOWS

At June 30, 2022, the LCPS reported a liability (asset) of -\$64,397 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2021, and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 6.7003% as compared to 6.3222% at June 30, 2020.

For the year ended June 30, 2022, the political subdivision recognized VRS Political Subdivision Employee VLDP OPEB expense of \$178,433. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, LCPS reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 38,256	\$ 96,479
Net difference between projected and actual earnings on Political Subdivision VLDP OPEB plan investments	-	35,930
Changes in Assumptions	2,186	17,464
Changes in Proportion	7,344	-
Employer contributions subsequent to the measurement date	256,018	-
Total	<u>\$ 303,804</u>	<u>\$ 149,873</u>

\$256,018 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from LCPS' contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LCPS' Employee VLDP OPEB will be recognized in LCPS' Employee VLDP OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2023	\$ (12,860)
2024	(12,877)
2025	(14,202)
2026	(29,245)
2027	(9,925)
Thereafter	(22,978)
Total	<u>\$ (102,087)</u>

5. ACTUARIAL ASSUMPTIONS

The total Political Subdivision Employee VLDP OPEB liability/(asset) for the VRS Political Subdivision Employee VLDP was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5%
Salary increases, including inflation –	
Political Subdivision Employees	3.5% – 5.35%
Investment rate of return	6.75%, 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 assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP 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 OPEB liabilities.

Mortality rates – Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 year; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rae for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generally

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changes final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service year decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

6. NET POLITICAL SUBDIVISION EMPLOYEE VLDP OPEB LIABILITY/(ASSET)

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Political Subdivision Employee VLDP OPEB Plan
Total Political Subdivision Employee VLDP OPEB Liability	\$ 5,156
Plan Fiduciary Net Position	6,166
Political Subdivision Employee net VLDP OPEB Liability	<u>\$ (1,010)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision Employee VLDP OPEB Liability	119.59%

7. LONG-TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy) Allocation	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
*Expected arithmetic nominal return			7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.945%, including expected inflation of 2.50%. On October 10, 2019, 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 at this time, providing a median return of 7.11%, including expected inflation of 2.50%

8. DISCOUNT RATE

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB 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 Political Subdivision Employee VLDP OPEB liability.

9. SENSITIVITY OF LCPS' PROPORTIONATE SHARE OF THE POLITICAL SUBDIVISION EMPLOYEE VLDP NET OPEB LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 6.75%, as well as what the political subdivision's proportionate share of the net VLDP 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%)
LCPS' net OPEB liability/(asset)	\$ (34,496)	\$ (64,397)	\$ (90,330)

10. POLITICAL SUBDIVISION EMPLOYEE VLDP OPEB FIDUCIARY NET POSITION

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

11. PLANS REPORTING

The VLDP Teacher and VLDP Political Subdivision plans have been reported separately herein since each plan has different and distinct characteristics, reporting requirements and valuations.

For purposes of aiding the reader to full understanding of the impact of the total OPEB requirements on the net position of LCPS, the following combining and allocation schedule is presented:

	VRS-Virginia Local Disability Plan (VLDP)		
	Teachers	Political Subdivision	Combined Totals
Net OPEB liability/(asset)	\$ (244,455)	\$ (64,397)	\$ (308,852)
OPEB Expense	825,257	178,433	1,003,690
Deferred outflows of resources:			
Changes in proportion and difference between employer contributions and proportionate share of contributions	18,905	7,344	26,249
Changes of assumptions	132,679	2,186	134,865
Difference between expected and actual experience	122,229	38,256	160,485
Employer contributions subsequent to the measurement date	1,308,476	256,018	1,564,495
Total deferred outflows of resources	1,582,289	303,804	1,886,094
Deferred inflows of resources:			
Difference between expected and actual experience	135,850	96,479	232,329
Net difference between projected and actual earnings on OPEB plan investments	194,497	35,930	230,427
Changes of assumptions	-	17,464	17,464
Total deferred inflows of resources	\$ 330,347	\$ 149,873	\$ 480,220

12. OPEB PLANS REPORTING IN THE ENTIRETY

The OPEB plans (LCPS OPEB Trust; VRS OPEB GLI, HIC and VLDP) have been reported separately herein since each plan has different and distinct characteristics, reporting requirements and valuations.

For purposes of aiding the reader to full understanding of the impact of the total pension requirements on the net position of LCPS, the following combining schedule is presented:

	LCPS OPEB Trust	VRS OPEB GLI	HIC	VLDP	OPEB Combined Totals
Net OPEB liability/(asset)	\$ 196,710,273	\$ 44,910,604	\$ 105,885,777	\$ (308,852)	\$ 347,197,802
OPEB Expense	32,939,989	3,695,963	11,309,508	1,003,690	48,949,150
Deferred outflows of resources:					
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	6,317,237	12,652,769	26,249	18,996,255
Net difference between projected and actual earnings on OPEB plan investments	19,655,955	-	-	-	19,655,955
Changes of assumptions	60,326,443	2,475,909	2,921,329	134,865	65,858,546
Difference between expected and actual experience	40,097,883	5,122,213	37,935	160,485	45,418,516
Employer contributions subsequent to the measurement date	-	4,681,252	9,693,304	1,564,495	15,939,050
Total deferred outflows of resources	120,080,281	18,596,611	25,305,337	1,886,094	165,868,322
Deferred inflows of resources:					
Difference between expected and actual experience	36,495,479	342,193	1,844,855	232,329	38,914,856
Net difference between projected and actual earnings on OPEB plan investments	-	10,719,197	1,621,114	230,427	12,570,738
Changes of assumptions	6,993,027	6,144,728	439,202	17,464	13,594,421
Changes in proportion	-	12,708	-	-	12,708
Total deferred inflows of resources	\$ 43,488,506	\$ 17,218,826	\$ 3,905,171	\$ 480,220	\$ 65,092,723

I. CONTINGENT LIABILITIES

LCPS is contingently liable with respect to lawsuits and other claims, which arise in the ordinary course of its operations. Management believes that the amount of loss, if any, is not material to LCPS' financial condition.

LCPS receives grant funds, principally from the Federal government, for various educational programs. Certain expenditures of these funds are subject to audit by the grantor. LCPS is contingently liable to refund amounts received in excess of allowable expenditures.

In the opinion of LCPS management, no material refunds will be required as a result of expenditures disallowed by the grantors.

J. PENSION PLANS

LCPS participates in two public employee pension plans, a cost-sharing multiple-employer plan (professional) and an agent multiple-employer plan (Political Subdivision). Both are administered by the VRS.

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing 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 Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, 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.

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision Retirement Plan and the additions to/deductions from the Political Subdivision Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

The actuarial valuation for VRS is performed biennially; however, an actuarial update is performed in the interim year.

1. PLAN DESCRIPTION-Professional Plan

Name of Plan:

Virginia Retirement System

Identification of Plan:

Teacher Employee Retirement Plan-Cost-Sharing Multi-Employer Pension Plan

Administering Entity:

Virginia Retirement System

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) 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 System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria.

The specific information for each plan and the eligibility for covered groups within each plan are set out in the following table:

RETIREMENT PLAN PROVISIONS-PROFESSIONAL PLAN

PLAN 1	PLAN 2	PLAN 3
About Plan 1	About Plan 2	About the Hybrid Retirement Plan
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.	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.	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> • 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	Eligible Members	Eligible Members
Members 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.	Members 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.	Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> • School division 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
Hybrid Opt-In Election	Hybrid Opt-In Election	
VRS non-hazardous duty-covered Plan 1 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 Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.	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.	
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan	The Hybrid Retirement 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 Retirement Plan	

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pretax 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 payment.

Retirement Contributions

Same as Plan 1.

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Service Credit includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional 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.

Service Credit

Same as Plan 1.

Service Credit**Defined Benefit Component:**

Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

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.

Vesting

Same as Plan 1

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 Retirement 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 Retirement 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

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 members is 1.70%

Normal Retirement Age

Age 65.

Earliest Unreduced Retirement Eligibility

Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

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. The retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.

Normal Retirement Age

Normal Social Security retirement age.

Earliest Unreduced Retirement Eligibility

Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1

Defined Contribution 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

Defined Benefit Component:

The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement 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.

Defined Contribution Component:

Not applicable.

Normal Retirement Age

Defined Benefit Component:

Same as Plan 2.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility:

Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of 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 is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability

Earliest Reduced Retirement Eligibility:

Age 60 with at least five years (60 months) of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility:

Same as Plan 1

Exceptions to COLA Effective Dates:

Same as Plan 1

Earliest Reduced Retirement Eligibility:**Defined Benefit Component:**

Age 60 with at least five years (60 months) of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2.

Defined Contribution Component:

Not applicable.

Eligibility:

Same as Plan 1 and Plan 2

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2.

- The 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

For 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.

Disability Coverage

For 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.

Disability Coverage

Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides 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

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.

Purchase of Prior Service

Same as Plan 1.

Purchase of Prior Service

Defined Benefit Component: Same as Plan 1, with the following exception:

- Hybrid Retirement Plan members are ineligible for posted service.

Defined Contribution Component:

Not Applicable

a. **Contribution**

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2022, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from LCPS were \$132,321,596 and \$120,778,008 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. The special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

b. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2022, LCPS reported a liability of \$634,184,094 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021. LCPS' proportion of the Net Pension Liability was based on LCPS actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, LCPS' proportion was 8.16904% as compared to 7.96679% at June 30, 2020.

For the year ended June 30, 2022, LCPS recognized pension expense of \$51,374,748. 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, 2022, LCPS 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
Difference between expected and actual experience	\$ -	\$ 54,014,809
Net difference between projected and actual earnings on pension plan investments	-	399,637,663
Changes of assumptions	111,105,018	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	94,556,337	-
Employer contributions subsequent to the measurement date	131,139,042	-
Total	<u>\$ 336,800,397</u>	<u>\$ 453,652,472</u>

\$131,139,042 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization Amount
2023	\$ (43,592,983)
2024	(41,826,964)
2025	(58,722,490)
2026	(104,011,122)
2027	162,442
Total	<u>\$ (247,991,117)</u>

c. Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, 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 GAAP 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:
Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2019, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

d. Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GAAP, less that system's fiduciary net position.

As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	85.46%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

e. Long-Term Expected Rate of Return

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

Asset Class (Strategy) Allocation	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
*Expected arithmetic nominal return			7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, 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 at this time, providing a median return of 7.11%, including expected inflation of 2.5%.

f. 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 member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021, 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.

g. Sensitivity of the LCPS proportionate share of the Net Pension Liability to Changes in the Discount Rate

The following presents LCPS' proportionate share of the net pension liability using the discount rate of 6.75%, as well as what LCPS' 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
LCPS' net pension liability	\$1,223,914,785	\$634,184,094	\$149,027,111

h. Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

2. PLAN DESCRIPTION-Political Subdivision Plan

Name of Plan:

Virginia Retirement System

Identification of Plan:

Political Subdivision Plan- Multi-Employer-Agent Plan

Administering Entity:

Virginia Retirement System

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) 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 System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS-POLITICAL SUBDIVISION

PLAN 1	PLAN 2	PLAN 3
About Plan 1	About Plan 2	About the Hybrid Retirement Plan
<p>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.</p>	<p>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.</p>	<p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • 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	Eligible Members	Eligible Members
<p>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.</p>	<p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 2010, and they were not vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision 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.
Hybrid Opt-In Election	Hybrid Opt-In Election	*Non-Eligible Members
<p>VRS non-hazardous duty covered Plan 1 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 Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>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 Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement 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 Retirement Plan and remain as Plan 1 or ORP.

Retirement Contributions Employees 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 payment.

Service Credit

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.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

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.

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.

Vesting

Same as Plan 1.

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 Retirement 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 Retirement 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

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

Calculating the Benefit

See definition under Plan 1.

Calculating the Benefit *Defined Benefit Component:*

See definition under Plan 1.

Defined Contribution 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 contribution.

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 VRS: 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 1.70%.

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 VRS: 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.

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 Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement 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.

Sheriffs and regional jail superintendents:

The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees:

The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

Sheriffs and regional jail superintendents:

Same as Plan 1

Political subdivision hazardous duty employees:

Same as Plan 1.

Sheriffs and regional jail superintendents:

Not applicable.

Political subdivision hazardous duty employees:

Not applicable.

Defined Contribution Component:

Not applicable.

Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security retirement age.	Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2.
Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility	Earliest Unreduced Retirement Eligibility
VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	<i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.
Political subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivisions hazardous duty employees: Same as Plan 1	Political subdivisions hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility	Earliest Reduced Retirement Eligibility
VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	VRS: Age 60 with at least five years (60 months) of service credit.	<i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit.
Political subdivisions hazardous duty employees: 50 with at least five years of service credit.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement	Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (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%.	The Cost-of-Living Adjustment (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%.	<i>Defined Benefit Component:</i> Same as Plan 2. <i>Defined Contribution Component:</i> Not applicable.

Eligibility:

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

Eligibility:

Same as Plan 1

Eligibility:

Same as Plan 1 and Plan 2

Exceptions to COLA Effective Dates:

- The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- 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.

Exceptions to COLA Effective Dates:

Same as Plan 1

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2.

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.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Disability Coverage

Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) 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

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.

Purchase of Prior Service

Same as Plan 1.

Purchase of Prior Service Defined Benefit Component

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable.

a. Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	834
Inactive members:	
Vested inactive members	198
Non-vested inactive members	688
LTD	3
Inactive members active elsewhere in VRS	295
Total inactive members	1,184
Active members	1,997
Total covered employees	4,015

b. 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 political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. LCPS' contractually required contribution rate for the year ended June 30 2022, was 6.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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. Contributions to the pension plan from LCPS were \$5,337,319 and 4,787,825 for the years ended June 30, 2022 and June 30, 2021, respectively.

c. Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. For LCPS, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

d. Actuarial Assumptions – General Employees

The total pension liability for General Employees in LCPS' pension plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.5%
Salary increases, including inflation –	
Political Subdivision Employees	3.5% – 5.35%
Investment rate of return	6.75% percent, net of 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 GAAP 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:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rate for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rate for males set back 3 years; 9-% pf rate for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rate for males and females set forward 2 years

Mortality Improvement: Rate sare projected generationally with Modified MO-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

e. **Long-Term Expected Rate of Return**

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

Asset Class (Strategy) Allocation	Long-term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
*Expected arithmetic nominal return			7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do 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 proved a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, 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 at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

f. 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 System 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, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021, on, participating employers 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.

g. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 189,130,165	\$ 163,205,037	\$ 25,925,128
Changes for the year:			
Service cost	5,848,757	-	5,848,757
Interest	12,519,488	-	12,519,488
Benefit Changes			
Difference between expected and actual experience	4,000,688	-	4,000,688
Assumption Changes	6,057,512	-	6,057,512
Contributions-employer	-	4,259,920	(4,259,920)
Contributions-employee	-	3,188,065	(3,188,065)
Net investment income	-	44,891,184	(44,891,184)
Benefit payments, including refunds of employee contributions	(7,312,524)	(7,312,524)	-
Refunds of employee contributions			
Administrative expenses	-	(108,411)	108,411
Other changes	-	4,272	(4,272)
Net changes	21,113,921	44,922,506	(23,808,585)
Balances at June 30, 2021	\$ 210,244,086	\$ 208,127,543	\$ 2,116,543

h. **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of LCPS using the discount rate of 6.75%, as well as what LCPS' 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
LCPS' net pension liability	\$30,770,287	\$2,116,543	\$(21,394,390)

i. **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, LCPS recognized pension expense of \$4,570,075. At June 30, 2022, LCPS 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	\$ 5,987,080	\$ -
Net difference between projected and actual earnings on pension plan investments	-	22,379,758
Change in assumptions	5,505,413	-
Employer contributions subsequent to the measurement date	5,299,161	-
Total	\$ 16,791,654	\$ 22,379,758

Contributions of \$5,299,161 made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization Amount
2023	\$ 1,132,178
2024	(1,557,452)
2025	(3,687,232)
2026	(6,774,759)
Total	\$ (10,887,265)

j. **Net Pension Liability**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Financial Report. A copy of the 2021 VRS Annual Financial Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500

3. PLANS REPORTING

The VRS Professional plan and the VRS Political Subdivision plan are reported separately herein since each plan has different and distinct characteristics, reporting requirements and valuations.

For purposes of aiding the reader to full understanding of the impact of the total pension requirements on the net position of LCPS, the following combining and allocation schedule is presented:

a. **Combining and Allocating Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

	Virginia Retirement System		
	Professional Plan	Non-Professional Plan	Combined Totals
Net pension liability	\$ 634,184,094	\$ 2,116,543	\$ 636,300,637
Pension Expense	51,374,748	4,570,075	55,944,823
Deferred outflows of resources:			
Changes in proportion and difference between employer contributions and proportionate share of contributions	94,556,337	-	94,556,337
Net difference between projected and actual earnings on pension plan investments	-	-	-
Difference between expected and actual experience	-	5,987,080	5,987,080
Changes of assumptions	111,105,018	5,505,413	116,610,431
Employer contributions subsequent to the measurement date	131,139,042	5,299,161	136,438,203
Total deferred outflows of resources	336,800,397	16,791,654	353,592,051
Deferred inflows of resources:			
Difference between expected and actual experience	54,014,809	-	54,014,809
Net difference between projected and actual earnings on pension plan investments	399,637,663	22,379,758	422,017,421
Changes of assumptions	-	-	-
Total deferred inflows of resources	\$ 453,652,472	\$ 22,379,758	\$ 476,032,230

K. BUDGETS

Budgets are prepared and adopted on a basis consistent with GAAP. Annual appropriation resolutions and budgets are adopted for the General Fund, Lease Fund, School Nutrition Service Fund, Grant Fund and Debt Service Fund. The budget also included a recommended program of capital expenditures to be financed from current operations and a separate six-year capital improvement plan. All annual appropriations lapse at fiscal year end except for the Capital Improvements Fund and the Capital Asset Preservation Fund, for which project-length budgets are adopted. Encumbrances represent goods or services that have been contracted and are funded; however, these goods or services have not been received or performed. Encumbrances do not constitute expenditures. The budget of any funds encumbered at the end of the fiscal year carries over into the next fiscal year.

Required Supplementary Information



A budgetary comparison schedule for the General Fund, which accounts for all revenues and expenditures of Loudoun County Public Schools, not required to be accounted for in other funds.

Schedules that are required concerning LCPS' pensions and other postemployment benefits.

Trend data for pensions and other postemployment benefits.

The notes to the required supplementary information are also included.

LOUDOUN COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

Exhibit XII

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Intergovernmental:				
Federal government	\$ 362,436	\$ 21,540,196	\$ 12,292,087	\$ (9,248,109)
Commonwealth of Virginia	441,958,474	446,164,353	425,585,670	(20,578,683)
County of Loudoun, Virginia	1,014,059,336	1,014,059,335	1,005,105,407	(8,953,928)
Charges for services:				
Tuition and fees	2,638,800	2,638,800	1,709,948	(928,852)
Revenue from the use of money and property	1,866,333	1,866,333	1,787,422	(78,911)
Recovered costs	3,715,000	3,715,000	7,013,521	3,298,521
Other	1,955,333	1,955,333	1,684,051	(271,282)
Total revenues	<u>1,466,555,712</u>	<u>1,491,939,350</u>	<u>1,455,178,106</u>	<u>(36,761,244)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular	891,870,957	911,269,602	901,639,992	9,629,610
Special	261,522,495	264,735,272	245,112,244	19,623,028
Adult education	1,095,420	1,104,173	751,168	353,005
Other	4,118,253	8,325,149	7,924,681	400,468
Support services:				
Administration	38,765,610	38,518,657	36,604,448	1,914,209
Attendance and health	29,785,722	31,318,184	28,066,735	3,251,449
Pupil transportation	73,653,585	73,645,035	69,304,344	4,340,691
Facilities services	6,166,517	13,612,427	9,993,446	3,618,981
Operation and maintenance	117,538,101	135,103,497	119,927,033	15,176,464
School nutrition services	370,613	505,125	512,617	(7,492)
Technology	52,445,374	72,188,384	56,101,801	16,086,583
Capital outlay	1,223,065	7,730,134	3,271,372	4,458,762
Debt service:				
Principal	-	-	3,936,062	(3,936,062)
Interest	-	-	376,136	(376,136)
Total expenditures	<u>1,478,555,712</u>	<u>1,558,055,639</u>	<u>1,483,522,079</u>	<u>74,533,560</u>
OTHER FINANCING SOURCES				
Leases	-	-	937,720	937,720
Total other financing sources	<u>-</u>	<u>-</u>	<u>937,720</u>	<u>937,720</u>
Net change in fund balances	(12,000,000)	(66,116,289)	(27,406,253)	36,834,596
Fund balances at beginning of year	<u>36,216,773</u>	<u>15,639,466</u>	<u>76,023,731</u>	<u>60,384,265</u>
Fund balances at end of year	<u>\$ 24,216,773</u>	<u>\$ (50,476,823)</u>	<u>\$ 48,617,478</u>	<u>\$ 97,218,861</u>

See accompanying notes to the required supplementary information

LCPS received all monies appropriated from the County of Loudoun.
The Revenue variance of \$(8,953,928) represents the
return of the prior year unassigned fund balance to the County of Loudoun.
See accompanying notes to the financial statements.

LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit XIII

Schedule of Employer's Proportionate Share of the Net Pension Liability and Related Ratios**Virginia Retirement System-Pension-Professional Plan**

For the Fiscal Year Ended June 30, 2022*

Fiscal Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	8.16904%	\$ 634,184,094	\$ 726,702,816	87.27%	85.46%
2021	7.96679%	1,159,377,165	701,172,761	165.35%	71.47%
2020	7.44121%	979,305,522	626,445,257	156.33%	73.51%
2019	7.16702%	842,841,000	580,077,082	145.30%	74.81%
2018	6.85549%	843,087,000	542,902,050	155.29%	72.92%
2017	6.61724%	927,348,000	507,489,598	182.73%	68.28%
2016	6.37430%	802,292,000	473,788,018	169.34%	70.68%
2015	6.15461%	743,824,733	468,435,000	158.79%	70.88%

See accompanying notes to the required supplementary information

*The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.

LOUDOUN COUNTY PUBLIC SCHOOLS**Schedule of Changes in Employer's Net Pension Liability and Related Ratios****Virginia Retirement System-Pension-Political Subdivision Plan**

For the Fiscal Year Ended June 30, 2022*

TOTAL PENSION LIABILITY	2015	2016	2017	2018	2019
Service cost	\$ 5,409,000	\$ 5,228,000	\$ 5,258,000	\$ 5,209,000	\$ 5,032,000
Interest	7,606,000	8,227,000	8,778,000	9,459,000	9,946,000
Difference between expected and actual experience	-	(902,000)	905,000	(37,000)	29,000
Changes of assumptions	-	-	-	(2,080,000)	-
Benefit payments, including refunds of employee contributions	(3,882,000)	(4,410,000)	(4,947,000)	(5,490,000)	(5,692,000)
Net change in total pension liability	9,133,000	8,143,000	9,994,000	7,061,000	9,315,000
Total pension liability, beginning of year	110,598,000	119,731,000	127,874,000	137,868,000	144,929,000
Total pension liability, end of year (a)	<u>\$ 119,731,000</u>	<u>\$ 127,874,000</u>	<u>\$ 137,868,000</u>	<u>\$ 144,929,000</u>	<u>\$ 154,244,000</u>
PLAN FIDUCIARY NET POSITION					
Contributions-employer	\$ 3,657,000	\$ 3,637,000	\$ 3,731,000	\$ 3,079,000	\$ 3,287,000
Contributions-employee	2,521,000	2,527,000	2,587,000	2,624,000	2,796,000
Net investment income	15,392,000	5,276,000	2,186,000	15,251,000	10,355,000
Benefit payments, including refunds of employee contributions	(3,882,000)	(4,410,000)	(4,947,000)	(5,490,000)	(5,692,000)
Administrative expense	(80,000)	(69,000)	(73,000)	(86,000)	(87,000)
Other	-	(2,000)	(1,000)	(13,000)	(9,000)
Net change in plan fiduciary net position	17,608,000	6,959,000	3,483,000	15,365,000	10,650,000
Plan fiduciary net position, beginning	96,556,000	114,164,000	121,123,000	124,606,000	139,971,000
Plan fiduciary net position, ending (b)	<u>\$ 114,164,000</u>	<u>\$ 121,123,000</u>	<u>\$ 124,606,000</u>	<u>\$ 139,971,000</u>	<u>\$ 150,621,000</u>
Net pension liability, ending (a)-(b)	\$ 5,567,000	\$ 6,751,000	\$ 13,262,000	\$ 4,958,000	\$ 3,623,000
Plan fiduciary net position as a percentage of the total pension liability	95.35%	94.72%	90.38%	96.58%	97.65%
Covered payroll	\$ 50,095,243	\$ 50,973,799	\$ 53,004,200	\$ 53,665,362	\$ 57,768,804
Net pension liability as a percentage of covered payroll	11.11%	13.24%	25.02%	9.24%	6.27%

See accompanying notes to the required supplementary information

*The rounded amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.

Exhibit XIV

2020	2021	2022	TOTAL PENSION LIABILITY
\$ 5,330,056	\$ 5,625,101	\$ 5,848,757	Service cost
10,573,312	11,568,079	12,519,488	Interest
5,812,334	4,094,215	4,000,688	Difference between expected and actual experience
5,348,446	-	6,057,512	Changes of assumptions
(6,392,665)	(7,072,355)	(7,312,524)	Benefit payments, including refunds of employee contributions
20,671,483	14,215,040	21,113,921	Net change in total pension liability
154,243,642	174,915,125	189,130,165	Total pension liability, beginning of year
\$ 174,915,125	\$ 189,130,165	\$ 210,244,086	Total pension liability, end of year (a)
			PLAN FIDUCIARY NET POSITION
\$ 3,387,225	\$ 3,497,885	\$ 4,259,920	Contributions-employer
3,010,797	3,184,680	3,188,065	Contributions-employee
10,117,648	3,060,374	44,891,184	Net investment income
(6,392,665)	(7,072,355)	(7,312,524)	Benefit payments, including refunds of employee contributions
(96,958)	(102,475)	(108,411)	Administrative expense
(6,411)	(3,679)	4,272	Other
10,019,636	2,564,430	44,922,506	Net change in plan fiduciary net position
150,620,971	160,640,607	163,205,037	Plan fiduciary net position, beginning
\$ 160,640,607	\$ 163,205,037	\$ 208,127,543	Plan fiduciary net position, ending (b)
\$ 14,274,518	\$ 25,925,128	\$ 2,116,543	Net pension liability, ending (a)-(b)
91.84%	86.29%	98.99%	Plan fiduciary net position as a percentage of the total pension liability
\$ 63,808,087	\$ 67,956,479	\$ 69,489,477	Covered payroll
22.37%	38.15%	3.05%	Net pension liability as a percentage of covered payroll

LOUDOUN COUNTY PUBLIC SCHOOLS
Schedule of Employer Contributions
Virginia Retirement System-Pension
For the Fiscal Year Ended June 30, 2022

Exhibit XV

Professional Plan	Date	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	2022	\$ 132,321,596	\$ 132,321,596	\$ -	\$ 796,158,822	16.62%
	2021	120,778,008	120,778,008	-	726,702,816	16.62%
	2020	109,943,889	109,943,889	-	701,172,761	15.68%
	2019	98,226,616	98,226,616	-	626,445,257	15.68%
	2018	82,475,000	82,475,000	-	580,077,082	14.22%
	2017	78,001,000	78,001,000	-	542,902,050	14.37%
	2016	70,276,318	70,276,318	-	507,489,598	13.85%
	2015	68,243,888	68,243,888	-	473,788,018	14.40%
Non-Professional Plan						
	2022	\$ 5,337,319	\$ 5,337,319	\$ -	\$ 77,464,722	6.89%
	2021	4,787,825	4,787,825	-	69,489,477	6.89%
	2020	3,893,906	3,893,906	-	67,956,479	5.73%
	2019	3,656,203	3,656,203	-	63,808,087	5.73%
	2018	3,252,000	3,252,000	-	57,768,804	5.63%
	2017	3,088,000	3,088,000	-	53,665,362	5.75%
	2016	3,739,163	3,739,163	-	53,004,200	7.05%
	2015	3,643,729	3,643,729	-	50,973,799	7.15%

See accompanying notes to the required supplementary information

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.



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LOUDOUN COUNTY PUBLIC SCHOOLS

Schedule of Changes in the Net OPEB Liability and Related Ratios with Investment Returns

LCPS OPEB Trust*

For the Fiscal Year Ended June 30, 2022

TOTAL OPEB LIABILITY	2017	2018	2019
Service cost	N/A	\$ 7,710,000	\$ 5,783,010
Interest	N/A	18,800,379	17,077,102
Changes of benefit terms	N/A	(2,102,019)	-
Difference between expected and actual experience	N/A	13,574,790	4,481,330
Changes of assumptions	N/A	(3,470,322)	-
Benefit payments	N/A	(15,724,264)	(17,098,396)
Net change in total OPEB liability	N/A	18,788,564	10,243,046
Total OPEB liability, beginning of year	N/A	268,596,000	287,384,564
Total OPEB liability, end of year (a)	\$ 299,301,000	\$ 287,384,564	\$ 297,627,610
PLAN FIDUCIARY NET POSITION			
Contributions-employer	\$ 12,000,000	\$ 27,724,264	\$ 27,098,396
Net investment income	10,053,902	7,611,010	9,119,738
Benefit payments		(15,724,264)	(17,098,396)
Administrative expense	(500)	-	-
Other	(81,795)	-	-
Net change in plan fiduciary net position	21,971,607	19,611,010	19,119,738
Plan fiduciary net position, beginning	118,843,399	140,815,006	160,426,016
Plan fiduciary net position, ending (b)	\$ 140,815,006	\$ 160,426,016	\$ 179,545,754
Net OPEB Liability-OPEB Trust (ending) (a)-(b)	\$ 158,485,994	\$ 126,958,548	\$ 118,081,856
Plan Fiduciary Net position as a percentage of the Total OPEB liability	47.05%	55.82%	60.33%
Covered-employee payroll (1)	\$ 522,745,000	\$ 460,995,350	\$ 468,583,742
Net OPEB liability as a percentage of covered-employee payroll	30.32%	27.54%	25.20%

(1) 2017 covered payroll was projected from the July 1, 2015 covered payroll using the assumed payroll growth rate of 3.0%. The 2018 covered payroll decreased due to excluding payroll from actives hired on or after July 1, 2013, who are ineligible for retiree benefits.

(2) Totals may not foot due to rounding

Investment Return Schedule

	Fiscal Year Ending June 30 2017	Fiscal Year Ending June 30 2018	Fiscal Year Ending June 30 2019
Annual money-weighted rate of return, net of investment expense	8.09%	5.18%	5.51%

See accompanying notes to the required supplementary information

*LCPS is participating in the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.

Exhibit XVI

2020	2021	2022	TOTAL OPEB LIABILITY
\$ 5,580,255	\$ 12,498,442	\$ 8,250,047	Service cost
17,614,339	26,997,794	24,910,466	Interest
-	-	-	Changes of benefit terms
48,770,039	(46,637,314)	(3,713,631)	Difference between expected and actual experience
94,538,038	(7,502,400)	-	Changes of assumptions
(19,271,094)	(15,007,398)	(16,812,744)	Benefit payments
147,231,574	(29,650,876)	12,634,138	Net change in total OPEB liability
297,627,610	444,859,184	415,208,308	Total OPEB liability, beginning of year
<u>\$ 444,859,184</u>	<u>\$ 415,208,308</u>	<u>\$ 427,842,446</u>	Total OPEB liability, end of year (a)
			PLAN FIDUCIARY NET POSITION
\$ 29,271,094	\$ 25,007,398	\$ 28,812,744	Contributions-employer
7,584,631	41,104,933	(29,103,145)	Net investment income
(19,271,094)	(15,007,398)	(16,812,744)	Benefit payments
-	-	-	Administrative expense
-	-	-	Other
17,584,631	51,104,933	(17,103,145)	Net change in plan fiduciary net position
179,545,754	197,130,385	248,235,318	Plan fiduciary net position, beginning
<u>\$ 197,130,385</u>	<u>\$ 248,235,318</u>	<u>\$ 231,132,173</u>	Plan fiduciary net position, ending (b)
<u>\$ 247,728,799</u>	<u>\$ 166,972,990</u>	<u>\$ 196,710,273</u>	Net OPEB Liability-OPEB Trust (ending) (a)-(b)
44.31%	59.79%	54.02%	Plan Fiduciary Net position as a percentage of the Total OPEB liability
\$ 453,623,652	\$ 398,195,610	\$ 390,237,676	Covered-employee payroll (1)
54.61%	41.93%	50.41%	Net OPEB liability as a percentage of covered-employee payroll

Fiscal Year Ending June 30 2020	Fiscal Year Ending June 30 2021	Fiscal Year Ending June 30 2022	
4.11%	20.34%	-11.45%	Annual money-weighted rate of return, net of investment expense

LOUDOUN COUNTY PUBLIC SCHOOLS
Schedule of Employer Contributions
LCPS OPEB Trust*
For the Fiscal Year Ended June 30, 2022

Exhibit XVII

OPEB Trust	Actuarial Valuation Date	Fiscal Year	Employer Annual Contribution
	6/30/2020	6/30/2022	\$ 28,812,744
	6/30/2020	6/30/2021	25,007,398
	6/30/2019	6/30/2020	29,271,094
	7/1/2017	6/30/2019	27,098,396
	7/1/2017	6/30/2018	27,724,264
	7/1/2015	6/30/2017	26,321,831
	7/1/2014	6/30/2016	24,740,087
	7/1/2013	6/30/2015	23,266,040
	7/1/2012	6/30/2014	17,668,922
	7/1/2011	6/30/2013	23,218,531

*LCPS is participating in the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB.

Fiscal Year Ending June 30,	Actuarially Determined Contributions (1)	Contributions Made in Relation to the Actuarially Determined Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll (2)	Contributions as a Percentage of Payroll
2022	N/A	\$ 28,812,744	N/A	\$ 390,237,676	7.38%
2021	N/A	25,007,398	N/A	398,195,610	6.28%
2020	N/A	29,271,094	N/A	453,623,652	6.45%
2019	N/A	27,098,396	N/A	468,583,742	5.78%
2018	N/A	27,724,264	N/A	460,995,350	6.01%
2017	N/A	26,321,831	N/A	522,745,000	5.04%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Market Value of Assets.
Inflation	2.50%
Salary Increases	Varies by service
Discount Rate	6.00%
Healthcare cost trend rates	
Non-Medicare Medical and Prescription Drug	6.60% graded to 4.50% over 11 years
Medicare Medical and Prescription Drug	5.85% graded to 4.50% over 9 years
Dental	4.00%
Vision	3.00%

Mortality rates:

Healthy	Approximate 2006 table based on Headcount-Weighted RP-2014 Combined Healthy Annuitant, projected generationally with Scale MP-2020 from 2006
Disabled	Approximate 2006 table based on Headcount-Weighted RP-2014 Disabled Retiree, projected generationally with Scale MP-2020 from 2006

See accompanying notes to the required supplementary information

(1) GASB 75 was effective for employer fiscal years beginning after June 15, 2017. LCPS has no policy to determine contributions to the OPEB Trust, therefore, no actuarially determined contributions are presented.

(2) June 30, 2017 covered payroll was projected from the July 1, 2015 covered payroll using the assumed payroll growth rate of 3.0%. The decrease in covered employee payroll for June 30, 2018 is due to excluding payroll from active employees hired on or after July 1, 2013, who are ineligible for retiree benefits.

(3) N/A reflects information not applicable for the current fiscal year.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, ten years of data is not available.

However, additional years will be included as they become available.

LOUDOUN COUNTY PUBLIC SCHOOLS
Schedule of Employer's Share of Net OPEB Liability
Virginia Retirement System-Group Life Insurance (GLI)
For the Fiscal Year Ended June 30, 2022*

Exhibit XVIII

		Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
GLI-Teachers						
	2022	3.67%	\$ 40,986,660	\$ 726,824,504	5.64%	67.45%
	2021	3.41%	56,861,425	701,223,596	8.11%	52.64%
	2020	3.20%	51,999,615	626,427,691	8.30%	52.00%
	2019	3.06%	46,412,000	581,094,062	7.99%	51.22%
	2018	2.94%	44,272,000	542,661,496	8.16%	48.86%
GLI-Political Subdivision						
	2022	0.36%	\$ 3,923,944	\$ 69,583,180	5.64%	67.45%
	2021	0.33%	5,519,008	68,062,132	8.11%	52.64%
	2020	0.32%	5,298,866	63,833,514	8.30%	52.00%
	2019	0.30%	4,622,000	57,864,717	7.99%	51.22%
	2018	0.29%	4,384,000	53,727,081	8.16%	48.86%

See accompanying notes to the required supplementary information

* The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2021 is the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.

LOUDOUN COUNTY PUBLIC SCHOOLS
Schedule of Employer Contributions
Virginia Retirement System-Group Life Insurance (GLI)
For the Fiscal Year Ended June 30, 2022

Exhibit XIX

GLI-Teachers	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	2022	\$ 3,935,671	\$ 3,935,671	\$ -	\$ 797,292,984	0.49%
	2021	3,924,852	3,924,852	-	726,824,504	0.54%
	2020	3,646,363	3,646,363	-	701,223,596	0.52%
	2019	3,257,424	3,257,424	-	626,427,691	0.52%
	2018	3,021,689	3,021,689	-	581,094,062	0.52%
	2017	2,821,840	2,821,840	-	542,661,496	0.52%
	2016	2,433,288	2,433,288	-	506,935,062	0.48%
	2015	2,290,175	2,290,175	-	477,119,855	0.48%
	2014	2,171,127	2,171,127	-	452,318,042	0.48%
	2013	2,066,435	2,066,435	-	430,507,380	0.48%
GLI-Political Subdivision						
	2022	\$ 376,790	\$ 376,790	\$ -	\$ 77,536,540	0.49%
	2021	375,749	375,749	-	68,583,180	0.55%
	2020	353,923	353,923	-	68,062,132	0.52%
	2019	331,934	331,934	-	63,833,514	0.52%
	2018	300,897	300,897	-	57,864,717	0.52%
	2017	279,381	279,381	-	53,727,081	0.52%
	2016	254,042	254,042	-	52,925,461	0.48%
	2015	245,623	245,623	-	51,171,372	0.48%
	2014	240,217	240,217	-	50,045,215	0.48%
	2013	240,335	240,335	-	50,069,822	0.48%

See accompanying notes to the required supplementary information

LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit XX

Schedule of Employer's Share of Net OPEB Liability**Virginia Retirement System-Health Insurance Credit (HIC)-Teachers**

For the Fiscal Year Ended June 30, 2022*

Date	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	8.22%	\$ 105,477,938	\$ 726,755,639	14.51%	9.95%
2021	8.00%	104,348,276	701,252,844	14.88%	9.95%
2020	7.47%	97,780,663	626,502,557	15.61%	8.97%
2019	7.18%	91,209,000	580,972,292	15.70%	8.08%
2018	6.87%	87,145,000	542,126,406	16.07%	7.04%

See accompanying notes to the required supplementary information

* The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2021 is the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.

LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit XXI

Schedule of Changes in the Net OPEB Liability and Related Ratios with Investment Returns
 Virginia Retirement System-Health Insurance Credit (HIC) - Political Subdivision
 For the Fiscal Year Ended June 30, 2022*

	2018	2019	2020	2021	2022
TOTAL HIC OPEB LIABILITY					
Service Cost	\$ 68,371	\$ 62,353	\$ 63,900	\$ 68,131	\$ 70,444
Interest	139,537	143,395	151,076	159,417	169,692
Changes in benefit terms	-	-	-	48,577	-
Difference between expected and actual experience	-	23,315	44,121	8,201	(5,096)
Changes in assumptions	(60,019)	-	63,797	-	43,313
Benefit Payments	(57,252)	(129,029)	(109,555)	(129,229)	(134,969)
Net change in total HIC OPEB Liability	90,997	100,034	213,339	155,097	143,384
Total HIC OPEB liability - beginning	2,022,011	2,113,008	2,213,004	2,426,343	2,581,440
Total HIC OPEB liability - ending (a)	<u>\$ 2,113,008</u>	<u>\$ 2,213,042</u>	<u>\$ 2,426,343</u>	<u>\$ 2,581,440</u>	<u>\$ 2,724,824</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 107,353	\$ 116,631	\$ 121,225	\$ 129,062	\$ 129,986
Net Investment income	163,092	111,147	109,411	36,025	482,701
Benefit Payments	(57,252)	(129,029)	(109,555)	(129,229)	(134,969)
Administrative Expense	(2,698)	(2,664)	(2,394)	(3,507)	(5,743)
Other	8,051	(8,051)	(129)	(16)	-
Net change in plan fiduciary net position	218,546	88,034	118,558	32,335	471,975
Plan fiduciary net position - beginning	1,385,442	1,603,988	1,694,117	1,812,675	1,845,010
Plan fiduciary net position - ending (b)	<u>\$ 1,603,988</u>	<u>\$ 1,692,022</u>	<u>\$ 1,812,675</u>	<u>\$ 1,845,010</u>	<u>\$ 2,316,985</u>
Net OPEB Liability-HIC Political Subdivision	<u>\$ 509,020</u>	<u>\$ 521,020</u>	<u>\$ 613,668</u>	<u>\$ 736,430</u>	<u>\$ 407,839</u>
Plan Fiduciary Net position as a percentage of the Total OPEB liability	75.91%	76.46%	74.71%	71.47%	85.03%
Covered Payroll	\$53,683,988	\$57,864,863	\$63,808,087	\$67,956,479	\$69,127,673
Net OPEB liability as a percentage of covered payroll	0.95%	0.90%	0.96%	1.08%	0.59%

See accompanying notes to the required supplementary information

* The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.

LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit XXII

Schedule of Employer Contributions**Virginia Retirement System-Health Insurance Credit (HIC)**

For the Fiscal Year Ended June 30, 2022

HIC-Teachers	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	2022	\$ 8,806,887	\$ 8,806,887	\$ -	\$ 796,150,028	1.11%
	2021	8,793,743	8,793,743	-	726,755,639	1.21%
	2020	8,415,034	8,415,034	-	701,252,844	1.20%
	2019	7,518,031	7,518,031	-	626,502,557	1.20%
	2018	7,145,959	7,145,959	-	580,972,292	1.23%
	2017	6,017,603	6,017,603	-	542,126,406	1.11%
	2016	5,347,894	5,347,894	-	504,518,323	1.06%
	2015	5,023,870	5,023,870	-	473,949,958	1.06%
	2014	4,995,977	4,995,977	-	450,088,055	1.11%
	2013	4,750,883	4,750,883	-	428,007,513	1.11%
HIC-Political Subdivision						
	2022	\$ 129,986	\$ 129,986	\$ -	\$ 77,463,456	0.17%
	2021	132,027	132,027	-	69,127,673	0.19%
	2020	129,117	129,117	-	67,956,479	0.19%
	2019	121,235	121,235	-	63,808,087	0.19%
	2018	115,730	115,730	-	57,864,863	0.20%
	2017	107,368	107,368	-	53,683,988	0.20%
	2016	100,049	100,049	-	52,657,193	0.19%
	2015	96,772	96,772	-	50,932,626	0.19%
	2014	119,791	119,791	-	49,912,895	0.24%
	2013	119,642	119,642	-	49,851,021	0.24%

See accompanying notes to the required supplementary information

LOUDOUN COUNTY PUBLIC SCHOOLS**Exhibit XXIII****Schedule of Employer's Share of Net OPEB Liability/(Asset)****Virginia Retirement System-Virginia Local Disability Program (VLDP)****For the Fiscal Year Ended June 30, 2022***

VLDP-Teachers	Date	Employer's Proportion of the Net OPEB Liability/ (Asset)	Employer's Proportionate Share of the Net OPEB Liability/ (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability/ (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
	2022	35.36%	\$ (244,455)	\$ 233,657,292	-0.10%	78.28%
	2021	34.65%	278,014	204,972,203	0.14%	78.28%
	2020	33.31%	193,658	159,743,547	0.12%	74.12%
	2019	32.95%	246,000	122,861,829	0.20%	46.18%
	2018	31.84%	191,000	89,862,999	0.21%	31.96%
VLDP-Political Subdivision						
	2022	6.70%	\$ (64,397)	\$ 25,555,567	-0.25%	76.84%
	2021	6.32%	63,111	23,558,688	0.27%	76.84%
	2020	6.02%	121,947	18,601,794	0.66%	49.19%
	2019	5.41%	42,000	13,127,622	0.32%	51.39%
	2018	4.68%	27,000	8,601,102	0.31%	38.40%

See accompanying notes to the required supplementary information

* The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, ten years of data is not available. However, additional years will be included as they become available.

LOUDOUN COUNTY PUBLIC SCHOOLS**Exhibit XXIV****Schedule of Employer Contributions****Virginia Retirement System-Virginia Local Disability Program (VLDP)****For the Fiscal Year Ended June 30, 2022**

VLDP-Teachers	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	2022	\$ 1,099,348	\$ 1,099,348	\$ -	\$ 284,577,727	0.39%
	2021	1,098,186	1,098,186	-	233,657,292	0.47%
	2020	840,390	840,390	-	204,972,203	0.41%
	2019	654,948	654,948	-	159,743,547	0.41%
	2018	380,872	380,872	-	122,861,829	0.31%
	2017	278,575	278,575	-	89,862,999	0.31%
	2016	165,728	165,728	-	57,147,570	0.29%
	2015	78,176	78,176	-	26,957,354	0.29%
	2014	2,023	2,023	-	697,439	0.29%
VLDP-Political Subdivision						
	2022	\$ 212,340	\$ 212,340	\$ -	\$ 31,390,085	0.68%
	2021	212,111	212,111	-	25,555,567	0.83%
	2020	169,623	169,623	-	23,558,688	0.72%
	2019	115,331	115,331	-	18,601,794	0.62%
	2018	78,766	78,766	-	13,127,622	0.60%
	2017	51,607	51,607	-	8,601,102	0.60%
	2016	35,461	35,461	-	5,910,085	0.60%
	2015	18,774	18,774	-	3,128,970	0.60%
	2014	1,981	1,981	-	330,143	0.60%

See accompanying notes to the required supplementary information

Schedule is intended to show information for 10 years. Since 2014 was the first year for VLDP benefits, ten years of data is not available. However, additional years will be included as they become available.

Notes to the Required Supplementary Information (RSI)

Loudoun County Public Schools June 30, 2022

I. BUDGETARY COMPARISON SCHEDULE

The *Code of Virginia* requires the appointed Superintendent of LCPS to submit a budget to the County Board of Supervisors (BOS), with the approval of the School Board.

The preparation of LCPS' budget begins with the Superintendent soliciting input from managers, parents, and community leaders on the School Board's budget priorities. In January, the Superintendent releases the proposed budget to the School Board. The School Board holds budget work sessions and public hearings on the proposed budget during the month of January. The School Board may alter the proposed budget prior to submission to the BOS. Upon approval by the School Board, the budget is submitted to the BOS in January.

The BOS holds budget work sessions and public hearings in conjunction with the School Board. By the first BOS meeting in April, the BOS adopts the final budget. The adopted budget governs the financial operations of the school system beginning on July 1.

Formal budgetary integration is employed at each program level as a management control device during the fiscal year. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All budgetary changes that affect the total fund appropriations or estimated revenues are required to have School Board approval prior to BOS action. All budgetary changes that deviate by \$50,000 or more from the program purpose designated by the School Board but do not revise the original appropriation are submitted for consideration to the Finance and Facilities Committee and final approval by the School Board.

Budgetary changes under \$50,000 that do not revise the original appropriation are submitted for approval/disapproval to the Director of Budget along with sufficient justification for the revision to the budget.

II. VIRGINIA RETIREMENT SYSTEM (System)

A. TEACHER'S-PROFESSIONAL PLAN

1. CHANGES OF BENEFIT TERMS

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

2. CHANGES OF ASSUMPTIONS

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changes final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

B. POLITICAL SUBDIVISION PLAN**1. CHANGES OF BENEFIT TERMS**

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

2. CHANGES OF ASSUMPTIONS

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

III. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**A. LCPS OPEB TRUST**

1. CHANGES OF BENEFIT TERMS - There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

2. CHANGES OF ASSUMPTIONS

The June 30, 2022 liabilities in this report were developed based on data as of July 1, 2021. Multiple assumption changes were made in the valuation. These changes include:

- The valuation-year per capita health costs were updated.
- The retiree self-pay contribution rates remained at their current level.
- The future trend rates on the valuation-year per capita health costs and retiree self-pay contribution rates were modified.
- The assumed mortality rates were modified

B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) GROUP LIFE INSURANCE

1. CHANGES OF BENEFIT TERMS - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

2. CHANGES OF ASSUMPTIONS - The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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:

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Largest Ten Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

C. OTHER POSTEMPLOYMENT BENEFITS (OPEB) HEALTH INSURANCE CREDIT PROGRAM - TEACHERS

- CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- CHANGES OF ASSUMPTIONS** - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) HEALTH INSURANCE CREDIT PROGRAM – POLITICAL SUBDIVISION

1. **CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
2. **CHANGES OF ASSUMPTIONS** - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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 Ten Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changes final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) Virginia Local Disability Program - Teachers

1. **CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
2. **CHANGES OF ASSUMPTIONS** - The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

F. OTHER POSTEMPLOYMENT BENEFITS (OPEB) VIRGINIA LOCAL DISABILITY PROGRAM – POLITICAL SUBDIVISION

1. **CHANGES OF BENEFIT TERMS** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
2. **CHANGES OF ASSUMPTIONS** – The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, 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 Ten Locality Employers-General and Non-Hazardous Duty Employees

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No Change

Other Supplementary Information



Capital Improvements Fund

Nonmajor Governmental Funds

Component Units-Charter Schools



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Capital Improvements Fund

Capital Improvements Fund - is used to account for the construction, renovation, and major maintenance projects of schools and buildings. The primary revenue source is bond proceeds from the County of Loudoun, Virginia

LOUDOUN COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Budget and Actual
Capital Improvements Fund
For the Fiscal Year Ended June 30, 2022

Schedule 1

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Intergovernmental:				
County of Loudoun, Virginia	\$ 1,600,383,351	\$ 147,256,983	\$ 1,747,640,334	\$ 1,843,918,991
Other	450,000	-	450,000	350,000
Total revenues	<u>1,600,833,351</u>	<u>147,256,983</u>	<u>1,748,090,334</u>	<u>1,844,268,991</u>
EXPENDITURES				
Current:				
Support services:				
Facilities services	817,545	1,075,694	1,893,239	961,000
Capital outlay	<u>1,503,432,125</u>	<u>120,622,315</u>	<u>1,624,054,440</u>	<u>1,843,307,991</u>
Total expenditures	<u>1,504,249,670</u>	<u>121,698,009</u>	<u>1,625,947,679</u>	<u>1,844,268,991</u>
Excess of revenues over expenditures	<u>96,583,681</u>	<u>25,558,974</u>	<u>122,142,655</u>	-
OTHER FINANCING USES				
Transfers out	<u>(55,359)</u>	-	<u>(55,359)</u>	-
Total other financing uses	<u>(55,359)</u>	-	<u>(55,359)</u>	-
Net change in fund balance	<u>\$ 96,528,322</u>	<u>25,558,974</u>	<u>\$ 122,087,296</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>96,528,322</u>		
Fund balance at end of year		<u>\$ 122,087,296</u>		

Nonmajor Governmental Funds

Lease Fund – used to account for lease proceeds and expenditures.

School Nutrition Services Fund – used to account for the procurement, preparation, and serving of student breakfasts, snacks, and lunches. The primary revenue sources are receipts derived from food sales and the Federal school lunch program.

Grant Fund – used to account for all Federal, State and local grants. The primary revenue source is Federal and State government funding.

School Activity Funds – used to account for monies collected and disbursed at schools in connection with student athletics, classes, clubs, various fund raising activities, and private donations. This fund has no adopted budget.

Capital Asset Preservation Fund – used to account for the maintenance projects of schools and buildings. The primary revenue source is contributions from the County of Loudoun, Virginia.

Debt Service Fund – used to account for the resources accumulated and payments made for principal, interest, and related costs on long-term debt of the governmental funds.

Peabody Trust Fund – used to account for monies provided through a private donor, the corpus of which is nonexpendable.

LOUDOUN COUNTY PUBLIC SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue				Capital Asset Preservation Fund
	Lease Fund	School Nutrition Services Fund	Grant Fund	School Activity Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,009,427	\$ -
Accounts receivable, net	-	8,442,954	14,028,794	295,988	-
Due from other governmental units	-	-	2,700,366	-	-
Interfund receivables	1,435,292	33,366,246	-	-	32,696,736
Inventories	-	465,604	-	286,252	-
Prepaid items	-	-	-	148,276	-
Restricted cash on deposit with others	1,159,961	-	-	-	-
Total assets	<u>\$ 2,595,253</u>	<u>\$ 42,274,804</u>	<u>\$ 16,729,160</u>	<u>\$ 10,739,943</u>	<u>\$ 32,696,736</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 43,831	\$ 470,740	\$ 431,834	\$ 112,638	\$ 2,412,044
Accrued liabilities	-	2,986,489	2,668,338	-	1,534,216
Interfund payables	-	-	13,011,305	-	-
Unearned revenues	-	1,111,763	1,301,783	294,910	-
Total liabilities	<u>43,831</u>	<u>4,568,992</u>	<u>17,413,260</u>	<u>407,548</u>	<u>3,946,260</u>
Fund balances:					
Nonspendable:					
Inventories	-	465,604	-	286,252	-
Prepaid items and deposits	-	-	-	148,276	-
Permanent fund-nonexpendable	-	-	-	-	-
Restricted for:					
Restricted by legal agreement	2,551,422	-	-	-	-
Committed to:					
Subsequent years' appropriations	-	-	-	-	-
Capital asset preservation	-	-	-	-	28,750,476
Assigned to:					
Special revenue fund	-	37,240,208	-	9,897,867	-
Unassigned:	-	-	(684,100)	-	-
Total fund balances	<u>2,551,422</u>	<u>37,705,812</u>	<u>(684,100)</u>	<u>10,332,395</u>	<u>28,750,476</u>
Total liabilities and fund balances	<u>\$ 2,595,253</u>	<u>\$ 42,274,804</u>	<u>\$ 16,729,160</u>	<u>\$ 10,739,943</u>	<u>\$ 32,696,736</u>

Schedule 2

Debt Service Fund	Permanent Peabody Trust Fund	Total Nonmajor Governmental Funds	
			ASSETS
\$ -	\$ -	\$ 10,009,427	Cash and cash equivalents
-	-	22,767,736	Accounts receivable, net
-	-	2,700,366	Due from other governmental units
-	22,020	67,520,294	Interfund receivables
-	-	751,856	Inventories
-	-	148,276	Prepaid items
-	-	1,159,961	Restricted cash on deposit with others
<u>\$ -</u>	<u>\$ 22,020</u>	<u>\$ 105,057,916</u>	Total assets
			LIABILITIES AND FUND BALANCES
			Liabilities:
\$ -	\$ -	\$ 3,471,087	Accounts payable
-	-	7,189,043	Accrued liabilities
2,523,668	-	15,534,973	Interfund payables
-	-	2,708,456	Unearned revenues
<u>2,523,668</u>	<u>-</u>	<u>28,903,559</u>	Total liabilities
			Fund balances:
			Nonspendable:
-	-	751,856	Inventories
-	-	148,276	Prepaid items and deposits
-	22,020	22,020	Permanent fund-nonexpendable
			Restricted for:
-	-	2,551,422	Restricted by legal agreement
			Committed to:
-	-	-	Subsequent years' appropriations
-	-	28,750,476	Capital asset preservation
			Assigned to:
-	-	47,138,075	Special revenue fund
(2,523,668)	-	(3,207,768)	Unassigned:
<u>(2,523,668)</u>	<u>22,020</u>	<u>76,154,357</u>	Total fund balances
<u>\$ -</u>	<u>\$ 22,020</u>	<u>\$ 105,057,916</u>	Total liabilities and fund balances

LOUDOUN COUNTY PUBLIC SCHOOLS**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2022

	Special Revenue				
	Lease Fund	School Nutrition Services Fund	Grant Fund	School Activity Fund	Capital Asset Preservation Fund
REVENUES					
Intergovernmental:					
Federal government	\$ -	\$ 50,311,615	\$ 20,371,261	\$ -	\$ -
Commonwealth of Virginia	-	1,071,515	5,496,230	-	-
County of Loudoun, Virginia	-	-	-	-	24,543,000
Charges for services:					
Food sales	-	2,867,339	-	-	-
Other	1,412	900,149	3,196,914	18,322,780	-
Total revenues	1,412	55,150,618	29,064,405	18,322,780	24,543,000
EXPENDITURES					
Current:					
Instruction:					
Regular	-	-	10,276,007	16,993,792	-
Special	-	-	18,337,513	-	-
Adult education	-	-	254,564	-	-
Support services:					
Attendance and health	-	-	130,755	-	-
Operation and maintenance	801,183	-	-	-	14,247,724
Pupil transportation	5,781	-	27,365	-	-
School nutrition services	-	40,274,930	20,657	-	-
Technology	7,200,001	-	2,528,327	-	-
Capital outlay	939,675	672,631	6,323	-	93,901
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	8,948,140	40,947,561	31,581,511	16,993,792	14,341,625
Excess (deficiency) of revenues over (under) expenditures	(8,946,728)	14,203,057	(2,517,106)	1,328,988	10,201,375
OTHER FINANCING SOURCES					
Installment purchases	10,000,000	-	-	-	-
Net change in fund balances	1,053,273	14,203,057	(2,517,106)	1,328,988	10,201,375
Fund balances at beginning of year	1,498,149	23,502,755	1,833,006	9,003,407	18,549,101
Fund balances at end of year	\$ 2,551,422	\$ 37,705,812	\$ (684,100)	\$ 10,332,395	\$ 28,750,476

Debt Service Fund	Permanent Peabody Trust Fund	Total Nonmajor Governmental Funds	
			REVENUES
			Intergovernmental:
\$ -	\$ -	\$ 70,682,876	Federal government
-	-	6,567,745	Commonwealth of Virginia
10,448,575	-	34,991,575	County of Loudoun, Virginia
			Charges for services:
-	-	2,867,339	Food sales
-	-	22,421,255	Other
10,448,575	-	137,530,790	Total revenues
			EXPENDITURES
			Current:
			Instruction:
-	350	27,270,149	Regular
-	-	18,337,513	Special
-	-	254,564	Adult education
			Support services:
-	-	130,755	Attendance and health
-	-	15,048,907	Operation and maintenance
-	-	33,146	Pupil transportation
-	-	40,295,587	School nutrition services
-	-	9,728,328	Technology
-	-	1,712,530	Capital outlay
			Debt service:
12,551,772	-	12,551,772	Principal
420,471	-	420,471	Interest
12,972,243	350	125,785,221	Total expenditures
			Excess (deficiency) of revenues over
(2,523,668)	(350)	11,745,569	(under) expenditures
			OTHER FINANCING SOURCES
-	-	10,000,000	Installment purchases
(2,523,668)	(350)	21,745,569	Net change in fund balances
-	22,370	54,408,788	Fund balances at beginning of year
\$ (2,523,668)	\$ 22,020	\$ 76,154,357	Fund balances at end of year

LOUDOUN COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Budget and Actual
Lease Fund
For the Fiscal Year Ended June 30, 2022

Schedule 4

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Other	\$ -	\$ -	\$ 1,412	\$ 1,412
EXPENDITURES				
Current:				
Administration	2,000	8,500	1,500	7,000
Pupil Transportation	-	5,781	5,781	-
Operation and maintenance	-	1,257,423	801,183	456,240
Technology	7,200,000	7,260,841	7,200,001	60,840
Capital outlay	2,800,000	2,749,016	939,675	1,809,342
Total expenditures	<u>10,002,000</u>	<u>11,281,561</u>	<u>8,948,140</u>	<u>2,333,422</u>
Excess (deficiency) of revenues over (under) expenditures	(10,002,000)	(11,281,561)	(8,946,728)	2,334,834
OTHER FINANCING SOURCES				
Leases	<u>10,002,000</u>	<u>11,281,561</u>	<u>10,000,000</u>	<u>(1,281,561)</u>
Net change in fund balance	-	-	1,053,273	1,053,273
Fund balance at beginning of year	<u>1,505,333</u>	<u>1,505,333</u>	<u>1,498,149</u>	<u>(753,128)</u>
Fund balance at end of year	<u>\$ 1,505,333</u>	<u>\$ 1,505,333</u>	<u>\$ 2,551,422</u>	<u>\$ 300,145</u>

LOUDOUN COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Budget and Actual
School Nutrition Services Fund
For the Fiscal Year Ended June 30, 2022

Schedule 5

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Intergovernmental:				
Federal government	\$ 13,267,228	\$ 14,519,652	\$ 50,311,615	\$ 35,791,963
Commonwealth of Virginia	500,000	500,000	1,071,515	571,515
Charges for services:				
Food sales	23,395,336	27,377,387	2,867,339	(24,510,048)
Other	-	-	900,149	900,149
Total revenues	<u>37,162,564</u>	<u>42,397,039</u>	<u>55,150,618</u>	<u>12,753,579</u>
EXPENDITURES				
Current:				
Support services:				
School nutrition services	37,027,564	41,619,346	40,274,930	1,344,416
Capital outlay	135,000	777,693	672,631	105,062
Total expenditures	<u>37,162,564</u>	<u>42,397,039</u>	<u>40,947,561</u>	<u>1,449,478</u>
Net change in fund balance	-	-	14,203,057	14,203,057
Fund balance at beginning of year	<u>13,017,197</u>	<u>13,017,197</u>	<u>23,502,755</u>	<u>8,911,060</u>
Fund balance at end of year	<u>\$ 13,017,197</u>	<u>\$ 13,017,197</u>	<u>\$ 37,705,812</u>	<u>\$ 23,114,117</u>

LOUDOUN COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Budget and Actual
Grant Fund
For the Fiscal Year Ended June 30, 2022

Schedule 6

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Intergovernmental:				
Federal government	\$ 20,587,170	\$ 31,512,787	\$ 20,371,261	\$ (11,141,526)
Commonwealth of Virginia	5,925,635	8,839,489	5,496,230	(3,343,259)
Charges for services:				
Tuition and fees	-	106,573	-	(106,573)
Other	3,405,529	7,815,943	3,196,914	(4,619,029)
Total revenues	<u>29,918,334</u>	<u>48,274,792</u>	<u>29,064,405</u>	<u>(19,210,387)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular	8,676,237	19,840,188	10,276,007	9,564,181
Special	18,175,724	24,253,853	18,337,513	5,916,340
Adult education	225,736	255,352	254,564	788
Support services:				
Attendance and health	-	-	130,755	(130,755)
Operation and maintenance	-	339,500	-	339,500
Pupil transportation	-	27,365	27,365	-
School nutrition services	-	51,773	20,657	31,116
Technology	2,494,000	2,528,554	2,528,327	227
Capital outlay	346,637	765,061	6,323	758,738
Total expenditures	<u>29,918,334</u>	<u>48,061,646</u>	<u>31,581,511</u>	<u>16,271,390</u>
Net change in fund balance	-	213,146	(2,517,106)	(2,730,252)
Fund balance at beginning of year	<u>2,374,235</u>	<u>2,374,235</u>	<u>1,833,006</u>	<u>226,555</u>
Fund balance at end of year	<u>\$ 2,374,235</u>	<u>\$ 2,587,381</u>	<u>\$ (684,100)</u>	<u>\$ (2,503,697)</u>

LOUDOUN COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Budget and Actual
Capital Asset Preservation Fund
For the Fiscal Year Ended June 30, 2022

Schedule 7

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Intergovernmental:				
County of Loudoun, Virginia	\$ 18,549,101	\$ 24,543,000	\$ 43,092,101	\$ 43,092,101
Total revenues	<u>18,549,101</u>	<u>24,543,000</u>	<u>43,092,101</u>	<u>43,092,101</u>
EXPENDITURES				
Current:				
Support services:				
Operation and maintenance	-	14,247,724	14,247,724	43,092,101
Capital outlay	-	93,901	93,901	-
Total expenditures	<u>-</u>	<u>14,341,625</u>	<u>14,341,625</u>	<u>43,092,101</u>
Net change in fund balance	<u>\$ 18,549,101</u>	<u>\$ 10,201,375</u>	<u>\$ 28,750,476</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>18,549,101</u>		
Fund balance at end of year		<u>\$ 28,750,476</u>		

LOUDOUN COUNTY PUBLIC SCHOOLS
Budgetary Comparison Schedule - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2022

Schedule 8

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Intergovernmental:				
County of Loudoun, Virginia	\$ 10,448,575	\$ 10,448,575	\$ 10,448,575	\$ -
Total revenues	<u>10,448,575</u>	<u>10,448,575</u>	<u>10,448,575</u>	<u>-</u>
EXPENDITURES				
Debt service:				
Principal	10,028,104	10,028,104	12,551,772	(2,523,668)
Interest	<u>420,471</u>	<u>420,471</u>	<u>420,471</u>	<u>-</u>
Total expenditures	<u>10,448,575</u>	<u>10,448,575</u>	<u>12,972,243</u>	<u>(2,523,668)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(2,523,668)</u>	<u>2,523,668</u>
Fund balance at beginning of year	<u>2,396,901</u>	<u>2,396,901</u>	<u>-</u>	<u>(2,396,901)</u>
Fund balance at end of year	<u>\$ 2,396,901</u>	<u>\$ 2,396,901</u>	<u>\$ (2,523,668)</u>	<u>\$ 126,767</u>

Component Units

The Middleburg Community Charter School – is a public school which provides the children of Loudoun County a SOL based, academically rigorous, art and music enhanced, integrated curriculum.

The Hillsboro Charter Academy – is a public school providing individualized learning plans. Students are encouraged to use higher-order thinking skills and are immersed in hands-on, engineering, and creative-arts based projects that support the rigorous academic program.

LOUDOUN COUNTY PUBLIC SCHOOLS

Schedule 9

Balance Sheet-Governmental Fund

Component Unit-Middleburg Community Charter School

June 30, 2022

	<u>General Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 577,546
Restricted cash on deposit with others	130,000
Due from Primary Government	<u>109,114</u>
Total assets	<u><u>816,660</u></u>
 LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable	\$ 22,150
Payroll liabilities	<u>8,698</u>
Total liabilities	<u>30,848</u>
 Fund balances:	
Unrestricted	655,812
Restricted for capital improvements	<u>130,000</u>
Total fund balance	<u>785,812</u>
 Total liabilities and fund balance	<u><u>\$ 816,660</u></u>

LOUDOUN COUNTY PUBLIC SCHOOLS**Schedule 10****Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund****Component Unit-Middleburg Community Charter School****For the Fiscal Year Ended June 30, 2022**

	General Fund
REVENUES	
Revenue from the use of money and property	\$ 67
Donations and contributions	26,876
Contributions from Loudoun County Public Schools	2,684,187
Revenue from the Federal government	15,533
Total revenues	<u>2,726,663</u>
EXPENDITURES	
Education:	
Instructional	1,854,664
Attendance and health services	218,755
Transportation	144,520
Operation and maintenance	385,146
Food services	3,072
Total expenditures	<u>2,606,157</u>
Net change in fund balance	120,506
Fund balance, beginning of year	<u>665,306</u>
Fund balance, end of year	<u><u>\$ 785,812</u></u>

LOUDOUN COUNTY PUBLIC SCHOOLS

Schedule 11

Balance Sheet-Governmental Fund

Component Unit-Hillsboro Charter Academy

June 30, 2022

	General Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,241,114
Prepaid items	494
Total assets	<u>1,241,608</u>
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable	\$ 34,559
Due to primary government	31,179
Payroll liabilities	11,000
Total liabilities	<u>76,738</u>
Fund balances:	
Nonspendable:	
Prepaid items	494
Unassigned	1,164,376
Total fund balance	<u>1,164,870</u>
Total liabilities and fund balance	<u>\$ 1,241,608</u>

LOUDOUN COUNTY PUBLIC SCHOOLS**Schedule 12****Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund****Component Unit-Hillsboro Charter Academy****For the Fiscal Year Ended June 30, 2022**

	General Fund
REVENUES	
Miscellaneous	9,582
Donations and contributions	8,551
Fundraising	53,297
Revenue from the use of money and property	2,386
Contributions from Loudoun County Public Schools	2,748,449
Total revenues	<u>2,822,265</u>
EXPENDITURES	
Education:	
Instructional	1,738,844
Administration and health services	309,265
Transportation	48,661
Operation and maintenance	541,444
Fundraising	4,591
Food services	2,997
Total expenditures	<u>2,645,802</u>
Net change in fund balance	176,463
Fund balance, beginning of year	<u>988,407</u>
Fund balance, end of year	<u>\$ 1,164,870</u>



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Statistical Section

LCPS Annual Comprehensive Financial Report 2022

Unaudited-See accompanying independent auditor's report.

This section of Loudoun County's Public School (LCPS) Annual Comprehensive 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 LCPS' overall financial health. Information is presented in the following five categories:

- **Financial Trends** - trend information to help the reader understand how LCPS' financial performance and well being have changed over time.
- **Revenue Capacity** - information to help the reader assess LCPS' most significant revenue sources.
- **Debt Capacity** - information to help the reader in understanding LCPS's debt burden.
- **Demographic and Economic Information** - demographic and economic indicators to help the reader understand the environment within which the LCPS financial activities take place.
- **Operating Information** - service and infrastructure data to help the reader understand the resources used and services provided in LCPS' operations.

LOUDOUN COUNTY PUBLIC SCHOOLS
Net Position by Component

(accrual basis of accounting)

Governmental Activities	Fiscal Year				
	2022	2021	2020	2019	2018
Net investment in capital assets	\$ 2,103,307,674	\$ 2,061,751,435	\$ 1,972,889,722	\$ 1,893,341,002	\$ 1,787,598,402
Restricted	1,889,342	3,353,525	3,903,338	3,882,548	2,319,695
Unrestricted	(756,209,146)	(829,380,845)	(819,642,013)	(776,656,859)	(871,954,719)
Total net position, as previously reported, restated	1,348,987,870	1,235,724,115	1,157,151,047	1,120,566,691	917,963,378
Prior period adjustments/restatements (1)	-	-	8,590,501	-	-
Total net position	<u>\$ 1,348,987,870</u>	<u>\$ 1,235,724,115</u>	<u>\$ 1,165,741,548</u>	<u>\$ 1,120,566,691</u>	<u>\$ 917,963,378</u>

(1) FY 2020-LCPS restated net position for the implementation of GASB Statement 84 relating to Student Activity Funds in the amount of \$8,590,501

(1) FY 2017-LCPS restated net position for the implementation of GASB Statement 75 relating to OPEB accounting in the amount of \$166,015,606.

(1) FY 2014-LCPS restated net position for the implementation of GASB Statement 68 relating to pension accounting in the amount of \$783,249,733.

(1) FY 2014-Net position was also restated for an omission of Due to County of \$3,500,000 relating to FY13.

Table A

Fiscal Year					Governmental Activities
2017	2016	2015	2014	2013	
\$ 1,634,288,422	\$ 1,583,599,591	\$ 1,532,224,787	\$ 1,469,383,294	\$ 1,345,039,435	Net investment in capital assets
1,851,696	3,381,400	29,406	32,647,494	45,542,377	Restricted
(718,725,777)	(746,910,871)	(821,309,109)	(87,816,066)	(101,134,357)	Unrestricted
917,414,341	840,070,120	710,945,084	1,414,214,722	1,289,447,455	Total net position, as previously reported
(166,015,606)	-	-	(783,249,733)	-	Prior period adjustments/restatements(1)
<u>\$ 751,398,735</u>	<u>\$ 840,070,120</u>	<u>\$ 710,945,084</u>	<u>\$ 630,964,989</u>	<u>\$ 1,289,447,455</u>	Total net position

LOUDOUN COUNTY PUBLIC SCHOOLS
Changes in Net Position
(accrual basis of accounting)

Governmental Activities	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses					
Instruction:					
Regular	\$ 964,510,273	\$ 919,055,882	\$ 877,709,427	\$ 724,655,424	\$ 721,595,070
Special	251,958,858	258,238,313	241,956,861	200,765,707	166,515,819
Adult education	956,985	751,560	817,409	860,694	860,289
Other	7,482,885	4,390,758	3,302,058	2,151,766	1,689,859
Charter Schools	4,886,756	4,734,432	4,115,070	4,011,758	3,771,454
Total instruction	<u>1,229,795,757</u>	<u>1,187,170,945</u>	<u>1,127,900,825</u>	<u>932,445,349</u>	<u>894,432,491</u>
Support Services:					
Administration	35,794,252	33,627,285	33,269,743	29,635,996	28,549,412
Attendance and health	27,055,250	30,117,163	11,706,150	17,108,962	15,768,881
Pupil transportation	74,718,086	64,774,255	65,292,109	61,840,432	60,653,658
Facilities services	14,703,205	10,075,176	11,874,092	8,021,502	5,181,035
Operation and maintenance	132,723,028	116,933,355	116,631,517	98,185,651	97,125,742
School nutrition services	40,083,643	29,053,844	30,701,900	29,413,042	27,464,983
Total support services	<u>325,077,462</u>	<u>284,581,078</u>	<u>269,475,511</u>	<u>244,205,585</u>	<u>234,743,711</u>
Technology	71,247,183	69,127,748	63,418,914	48,585,046	36,783,840
Interest on long-term debt	706,850	425,803	494,468	467,622	330,571
Total Expenses	<u>1,626,827,252</u>	<u>1,541,305,574</u>	<u>1,461,289,718</u>	<u>1,225,703,602</u>	<u>1,166,290,613</u>
Program Revenues					
Charges for services:					
Regular instruction	1,560,404	2,246,030	2,366,230	2,870,467	2,760,144
All other instruction	149,544	113,767	182,025	413,003	444,577
School nutrition services	2,867,339	9,363	14,277,723	20,608,328	18,808,535
Operating grants and contributions	118,039,675	109,232,687	75,940,321	73,291,582	60,944,366
Capital grants and contributions	171,799,983	183,170,821	172,769,957	191,328,688	195,274,010
Total program revenues	<u>294,416,945</u>	<u>294,772,668</u>	<u>265,536,256</u>	<u>288,512,068</u>	<u>278,231,632</u>
Net (expense)	<u>(1,332,410,307)</u>	<u>(1,246,532,906)</u>	<u>(1,195,753,462)</u>	<u>(937,191,534)</u>	<u>(888,058,981)</u>
General Revenues and Other Changes in Net Position					
Grants and contributions not restricted to specific purposes:					
Federal Government	12,292,087	15,653,053	1,516,900	377,608	107,774
Commonwealth of Virginia	388,928,663	370,576,010	353,451,342	324,509,718	309,914,527
County of Loudoun, Virginia	1,015,553,982	920,285,052	872,629,877	807,652,367	737,000,680
Revenue from the use of money and property	1,651,054	323,437	1,195,527	1,788,215	1,987,844
Other	27,248,276	9,677,921	3,544,172	5,466,939	5,612,799
Special items	-	-	-	-	-
Total general revenues and other changes in net position	<u>1,445,674,062</u>	<u>1,316,515,473</u>	<u>1,232,337,818</u>	<u>1,139,794,847</u>	<u>1,054,623,624</u>
Change in Net Position	<u>\$ 113,263,755</u>	<u>\$ 69,982,567</u>	<u>\$ 36,584,356</u>	<u>\$ 202,603,313</u>	<u>\$ 166,564,643</u>

Table B

Fiscal Year					Governmental Activities
2017	2016	2015	2014	2013	
					Expenses
					Instruction:
\$ 689,981,195	\$ 621,120,465	\$ 598,844,655	\$ 554,392,389	\$ 544,209,456	Regular
160,599,364	145,456,923	142,401,177	129,244,542	150,140,769	Special
774,264	707,242	759,725	736,678	820,681	Adult education
1,839,511	1,711,412	1,383,824	2,435,818	4,229,954	Other
3,269,360	1,435,100	1,378,767	-	-	Charter Schools
856,463,694	770,431,142	744,768,148	686,809,427	699,400,860	Total instruction
					Support Services:
26,693,802	23,030,952	21,995,247	19,754,018	19,821,969	Administration
14,965,974	13,540,598	13,497,921	12,459,804	11,188,037	Attendance and health
56,126,296	55,634,667	56,085,138	56,467,025	57,473,572	Pupil transportation
4,249,055	2,340,378	1,823,048	1,924,504	3,377,440	Facilities services
83,989,938	81,867,506	82,258,524	73,352,930	77,922,303	Operation and maintenance
26,095,594	24,226,030	22,419,261	23,401,309	25,892,431	School nutrition services
212,120,659	200,640,131	198,079,139	187,359,590	195,675,752	Total support services
37,424,763	30,055,892	30,487,363	23,544,855	22,013,000	Technology
299,611	301,611	283,289	280,174	296,132	Interest on long-term debt
1,106,308,727	1,001,428,776	973,617,939	897,994,046	917,385,744	Total Expenses
					Program Revenues
					Charges for services:
2,594,197	2,506,063	2,319,185	221,019	2,366,230	Regular instruction
312,992	291,785	242,873	2,079,239	182,025	All other instruction
18,633,779	16,454,344	15,786,657	15,422,559	14,277,723	School nutrition services
34,998,883	28,826,012	27,360,795	25,269,020	75,940,321	Operating grants and contributions
112,116,942	106,240,042	141,662,059	148,057,525	172,769,957	Capital grants and contributions
168,656,793	154,318,246	187,371,569	191,049,362	265,536,256	Total program revenues
(937,651,934)	(847,110,530)	(786,246,370)	(706,944,684)	(1,199,112,116)	Net (expense)
					General Revenues and Other Changes in Net Position
					Grants and contributions not restricted to specific purposes:
252,028	225,367	225,392	1,284,916	309,764	Federal Government
316,787,568	289,484,886	275,124,246	256,765,872	247,085,380	Commonwealth of Virginia
692,137,749	679,458,663	610,280,440	566,207,402	553,640,610	County of Loudoun, Virginia
1,788,122	1,959,285	1,729,089	2,026,055	2,166,749	Revenue from the use of money and property
4,030,688	5,107,365	5,632,056	5,427,706	4,660,206	Other
-	-	(26,764,758)	-	-	Special items
1,014,996,155	976,235,566	866,226,465	831,711,951	807,862,709	Total general revenues and other changes in net position
<u>\$ 77,344,221</u>	<u>\$ 129,125,036</u>	<u>\$ 79,980,095</u>	<u>\$ 124,767,267</u>	<u>\$ 49,408,983</u>	Change in Net Position

LOUDOUN COUNTY PUBLIC SCHOOLS
Fund Balances of Governmental Funds

(modified accrual basis of accounting)

General Fund:	Fiscal Year				
	2022 ⁽²⁾	2021	2020	2019	2018
General Fund:					
Nonspendable	\$ 1,051,802	\$ 953,515	\$ 142,240	\$ 145,621	\$ 180,142
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	46,799,017	66,116,288	32,584,862	28,656,119	36,088,162
Unassigned	766,659	8,953,928	15,489,671	11,537,377	77,108
Total General Fund	48,617,478	76,023,731	48,216,773	40,339,117	36,345,412
All other governmental funds:					
Nonspendable	922,152	864,668	786,724	319,631	340,730
Restricted	2,551,422	3,331,155	3,879,568	3,857,728	2,293,825
Committed	153,361,440	115,077,423	101,334,124	64,976,165	55,618,817
Assigned	47,138,075	31,663,864	12,304,243	14,296,884	11,944,420
Unassigned	(5,731,436)	-	-	-	-
Total all other governmental funds	198,241,653	150,937,110	118,304,659	83,450,408	70,197,792
Total governmental funds, previously reported, restated	246,859,131	226,960,841	166,521,432	123,789,525	106,543,204
Prior period adjustment	-	-	-	-	-
Total governmental funds	<u>\$ 246,859,131</u>	<u>\$ 226,960,841</u>	<u>\$ 166,521,432</u>	<u>\$ 123,789,525</u>	<u>\$ 106,543,204</u>

⁽¹⁾ The Grant Fund is treated as a Special Revenue Fund beginning in fiscal year 2014, but was part of the General Fund prior to fiscal year 2014.

⁽²⁾ The School Activity Fund is treated as a Special Revenue Fund beginning in fiscal year 2021, but was part of the Fiduciary Fund prior to fiscal year 2021.

Table C

Fiscal Year					
2017	2016	2015 ⁽¹⁾	2014	2013	
\$ 138,578	\$ 154,865	\$ 201,346	\$ 120,733	\$ 357,661	General Fund:
-	-	647,714	1,760,162	-	Nonspendable
-	-	-	26,764,758	27,734,254	Restricted
24,966,285	21,924,835	14,567,565	13,458,757	15,346,560	Committed
15,491,769	53	140,519	-	940,166	Assigned
40,596,632	22,079,753	15,557,144	42,104,410	44,378,641	Unassigned
					Total General Fund
503,123	408,938	385,874	460,369	820,962	All other governmental funds:
1,824,776	3,353,080	429,222	32,615,988	45,509,471	Nonspendable
61,093,398	80,078,810	77,103,392	3,681,948	1,941,931	Restricted
9,157,093	5,990,189	4,439,211	2,715,886	2,833,861	Committed
-	-	(170,014)	(169,158)	-	Assigned
72,578,390	89,831,017	82,187,685	39,305,033	51,106,225	Unassigned
					Total all other governmental funds
113,175,022	111,910,770	97,744,829	81,409,443	95,484,866	Total governmental funds,
-	-	-	3,500,000	-	previously reported, restated
					- Prior period adjustment
<u>\$ 113,175,022</u>	<u>\$ 111,910,770</u>	<u>\$ 97,744,829</u>	<u>\$ 77,909,443</u>	<u>\$ 95,484,866</u>	Total governmental funds

LOUDOUN COUNTY PUBLIC SCHOOLS
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Intergovernmental	\$ 1,702,482,343	\$ 1,588,185,538	\$ 1,471,486,868	\$ 1,397,720,517	\$ 1,289,031,572
Charges for services	4,577,287	2,369,160	16,825,978	23,844,780	21,966,238
Revenue from the use of money and property	1,787,422	433,979	1,266,159	1,845,872	2,032,297
Recovered costs	7,013,521	7,070,742	3,986,339	3,806,670	3,586,291
Other	24,105,306	13,341,764	4,285,969	6,110,291	4,510,548
Total revenues	<u>1,739,965,879</u>	<u>1,611,401,183</u>	<u>1,497,851,313</u>	<u>1,433,328,130</u>	<u>1,321,126,946</u>
Expenditures					
Current:					
Instruction	1,201,290,311	1,070,035,399	1,021,204,779	945,156,960	878,478,022
Support services	320,994,212	260,419,203	249,059,364	245,368,447	231,968,561
Technology	65,830,129	66,136,688	61,021,726	48,466,526	36,074,646
Capital outlay	125,606,216	161,524,249	123,408,744	176,763,324	180,943,640
Debt service:					
Principal	16,487,834	9,959,753	9,944,037	9,990,672	9,992,314
Interest	796,607	496,972	480,756	335,880	301,581
Total expenditures	<u>1,731,005,309</u>	<u>1,568,572,264</u>	<u>1,465,119,406</u>	<u>1,426,081,809</u>	<u>1,337,758,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,960,570</u>	<u>42,828,919</u>	<u>32,731,907</u>	<u>7,246,321</u>	<u>(16,631,818)</u>
Other financing sources (uses)					
Installment purchases	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Leases	937,720	-	-	-	44,677
Transfers in	-	-	-	-	-
Transfers out	-	(980,011)	-	-	(44,677)
Total other financing sources (uses), net	<u>10,937,720</u>	<u>9,019,989</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 19,898,290</u>	<u>\$ 51,848,908</u>	<u>\$ 42,731,907</u>	<u>\$ 17,246,321</u>	<u>\$ (6,631,818)</u>
Debt service as a percentage of noncapital expenditures	1.08%	0.75%	0.78%	0.83%	0.90%

Table D

Fiscal Year					
2017	2016	2015	2014	2013	
\$ 1,152,913,390	\$ 1,102,620,217	\$ 1,053,666,344	\$ 983,141,375	\$ 941,325,334	Revenues
21,540,968	19,252,192	18,348,715	17,722,817	18,642,425	Intergovernmental
					Charges for services
1,873,339	1,958,475	1,717,382	2,067,086	1,891,239	Revenue from the use of money and property
3,547,551	2,363,494	2,320,500	2,343,701	1,272,925	Recovered costs
3,754,591	4,506,263	4,091,304	4,624,365	3,639,900	Other
1,183,629,839	1,130,700,641	1,080,144,245	1,009,899,344	966,771,823	Total revenues
					Expenditures
					Current:
814,953,656	761,368,922	709,551,487	663,454,627	640,643,449	Instruction
206,364,658	199,404,249	190,099,253	181,309,660	181,711,775	Support services
36,366,962	29,539,481	29,484,711	22,659,717	20,720,834	Technology
137,330,180	103,463,999	100,059,392	154,728,949	90,315,280	Capital outlay
					Debt service:
9,972,603	9,214,448	8,738,395	7,865,235	7,859,917	Principal
300,748	275,601	264,102	294,160	363,146	Interest
1,205,288,807	1,103,266,700	1,038,197,340	1,030,312,348	941,614,401	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
(21,658,968)	27,433,941	41,946,905	(20,413,004)	25,157,422	
					Other financing sources (uses)
					Capital leases and installment purchases
10,000,000	10,000,000	10,000,000	10,000,000	9,926,000	Transfers in
23,824,678	-	-	-	55,359	
(10,901,458)	(23,268,000)	(5,346,761)	(3,662,419)	(1,936,359)	Transfers out
					Total other financing sources (uses), net
22,923,220	(13,268,000)	4,653,239	6,337,581	8,045,000	
-	-	26,764,758	-	-	
					Special items
\$ 1,264,252	\$ 14,165,941	\$ 19,835,386	\$ (14,075,423)	\$ 33,202,422	Net change in fund balances
					Debt service as a percentage of noncapital expenditures
0.97%	0.96%	0.97%	0.94%	0.98%	

LOUDOUN COUNTY PUBLIC SCHOOLS
Charges for Services Revenue
by Source (1)
(modified accrual basis of accounting)

Table E

Fiscal Year	Food Sales	Tuition	Testing Fees ⁽²⁾	Driver's ED Fees	Miscellaneous Fees	Total
2022	\$ 2,867,339	\$ 1,251,723	\$ 251,248	\$ 198,523	\$ 8,454	\$ 4,577,287
2021	9,363	904,906	1,301,820	151,640	1,431	2,369,160
2020	14,277,723	911,836	1,520,081	113,958	2,380	16,825,978
2019	20,608,328	1,589,445	1,380,778	263,616	2,613	23,844,780
2018	18,808,535	1,494,805	1,356,283	278,598	28,017	21,966,238
2017	18,633,779	1,375,894	1,223,442	258,270	49,583	21,540,968
2016	16,454,344	1,268,321	1,174,692	284,332	70,503	19,252,192
2015	15,786,657	1,172,247	1,078,542	288,773	22,496	18,348,715
2014	15,422,559	1,045,638	985,557	255,874	13,189	17,722,817
2013	16,130,453	1,191,128	1,073,836	227,701	19,307	18,642,425

⁽¹⁾ LCPS' primary own source revenue is charges for services, which consists of food sales, tuition, testing fees, drivers education fees and miscellaneous fees.

⁽²⁾ The first four AP exam fees are free beginning in FY22.

LOUDOUN COUNTY PUBLIC SCHOOLS
School Nutrition Services
Sales Price Breakdown

Table F

Fiscal Year	Breakfast		Lunch		
	Student	Adult	Student		Adult
			Elementary	Secondary	
2022	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2021	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2020	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2019	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2018	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2017	\$2.10	n/a(1)	\$3.00	\$3.10	\$4.10
2016	\$2.10	n/a(1)	\$3.00	\$3.10	\$4.10
2015	\$2.10	n/a(1)	\$3.10	\$3.20	\$4.10
2014	\$2.00	\$2.30	\$3.00	\$3.10	\$4.00
2013	\$2.00	\$2.25	\$3.00	\$3.10	\$4.00

⁽¹⁾ Meal price eliminated. Sold a la carte only.

Source: LCPS - School Nutrition Services Office

LOUDOUN COUNTY PUBLIC SCHOOLS
Food Sales - Annual Meals Served

Table G

Fiscal Year	Students Served ⁽¹⁾				Adult Lunches
		Free & Reduced		Free & Reduced	
	Breakfasts	Breakfasts	Lunches	Lunches	
2022	-	-	-	-	13,982
2021	-	-	-	-	897
2020	241,997	616,942	2,206,333	1,413,056	33,367
2019	309,555	823,845	3,070,371	1,917,563	49,551
2018	286,367	811,561	2,817,858	1,866,394	47,606
2017	236,467	763,087	2,753,158	1,869,432	52,413
2016	220,562	741,029	2,443,532	1,728,039	52,595
2015	161,687	547,787	2,378,468	1,541,255	53,926
2014	155,358	547,787	2,429,268	1,490,766	66,313
2013	184,562	548,712	2,717,735	1,507,780	86,095

⁽¹⁾ 2021 and 2022 - USDA Waiver to feed students for free due to COVID-19
Source: LCPS - School Nutrition Services Office

LOUDOUN COUNTY PUBLIC SCHOOLS
Ratios of Outstanding Debt by Type

Table H

Fiscal Year	Installment Purchases	Total Reporting Entity	Percentage of Personal Income	Debt Per Capita
2022	\$ 22,707,358	\$ 22,707,358	0.06%	\$ 54
2021	25,259,130	25,259,130	0.07%	59
2020	25,218,883	25,218,883	0.07%	59
2019	25,162,921	25,162,921	0.08%	61
2018	25,153,593	25,153,593	0.08%	62
2017	25,145,907	25,145,907	0.09%	64
2016	25,118,510	25,118,510	0.09%	66
2015	24,332,957	24,332,957	0.09%	66
2014	23,071,352	23,071,352	0.10%	65
2013	20,936,587	20,936,587	0.09%	61

Source: LCPS Annual Comprehensive Financial Reports 2013-2022

LOUDOUN COUNTY PUBLIC SCHOOLS
Demographic Statistics

Table I

Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾	School Enrollment ⁽⁵⁾
2022	434,326	\$ 39,526,978,000	\$ 91,008	2.5%	81,642
2021	427,706	37,810,016,000	88,402	3.6%	81,504
2020	420,959	35,672,015,000	84,374	8.4%	84,175
2019	413,000	33,411,579,000	80,535	2.3%	82,485
2018	402,575	32,184,956,000	79,280	2.6%	81,235
2017	392,376	30,273,684,000	76,219	3.1%	79,001
2016	381,214	28,704,183,000	74,411	3.3%	76,263
2015	368,654	26,751,428,000	71,494	3.7%	73,461
2014	354,983	25,033,092,000	69,089	4.3%	70,858
2013	341,187	23,737,085,000	67,820	4.6%	68,289

⁽¹⁾ 2020, U.S. Census Bureau. Other years are Loudoun County Department of Department of Finance and Budget estimates.

⁽²⁾ Through 2020: U.S. Bureau of Economic Analysis. 2021 and 2022 are Loudoun County Department of Department of Finance and Budget estimates.

⁽³⁾ Through 2020: U.S. Bureau of Economic Analysis. 2021 and 2022 are Loudoun County Department of Department of Finance and Budget estimates.

⁽⁴⁾ Virginia Employment Commission for the month of June. Prior year values reflect updates and revisions to labor force estimates.

⁽⁵⁾ Loudoun County Public Schools, for the end of September of the given fiscal year.

Note: Prior year numbers are adjusted as more current data becomes available.

LOUDOUN COUNTY PUBLIC SCHOOLS
Principal Employers in the County of Loudoun, Virginia
Current Year and Nine Years Ago

Table J

Employer	Rank	June 30, 2022		Rank	June 30, 2013	
		Number of Employees (1)	Percentage of Total County Employment (2)		Number of Employees (1)	Percentage of Total County Employment (2)
Loudoun County Public Schools	1	13,018	7.55%	1	9,671	6.71%
County of Loudoun	2	4,453	2.58%	2	3,438	2.39%
U.S. Department of Homeland (Security) Defense	3	2,500-5,000	2.17%	3	1,000-5,000	2.08%
Verizon Business (formerly MCI Worldcom)	4	2,500-5,000	2.17%	7	1,000-5,000	2.08%
Northrop Grumman Innovation Systems (formerly Orbital ATK at this location)	5	1,000-2,500	1.01%	4	1,000-5,000	2.08%
United Airlines	6	1,000-2,500	1.01%	5	1,000-5,000	2.08%
Inova Health System - (Loudoun Hospital Center)	7	1,000-2,500	1.01%	8	1,000-5,000	2.08%
Raytheon Technologies	8	1,000-2,500	1.01%			
Dynaletric	9	1,000-2,500	1.01%			
Amazon	10	1,000-2,500	1.01%			
M.C.Dean, Inc.				6	1,000-5,000	2.08%
United States Postal Services				9	1,000-5,000	2.08%
America Online				10	1,000-5,000	2.08%
Totals			20.53%			25.74%

⁽¹⁾ Loudoun County Department of Economic Development, Virginia Employment Commission links to BLS, CEW publications, 2nd Quarter 2021 released in December 2021, 2013 ACFR data, Loudoun County Public Schools, and Loudoun County Department of Financial and Budget.

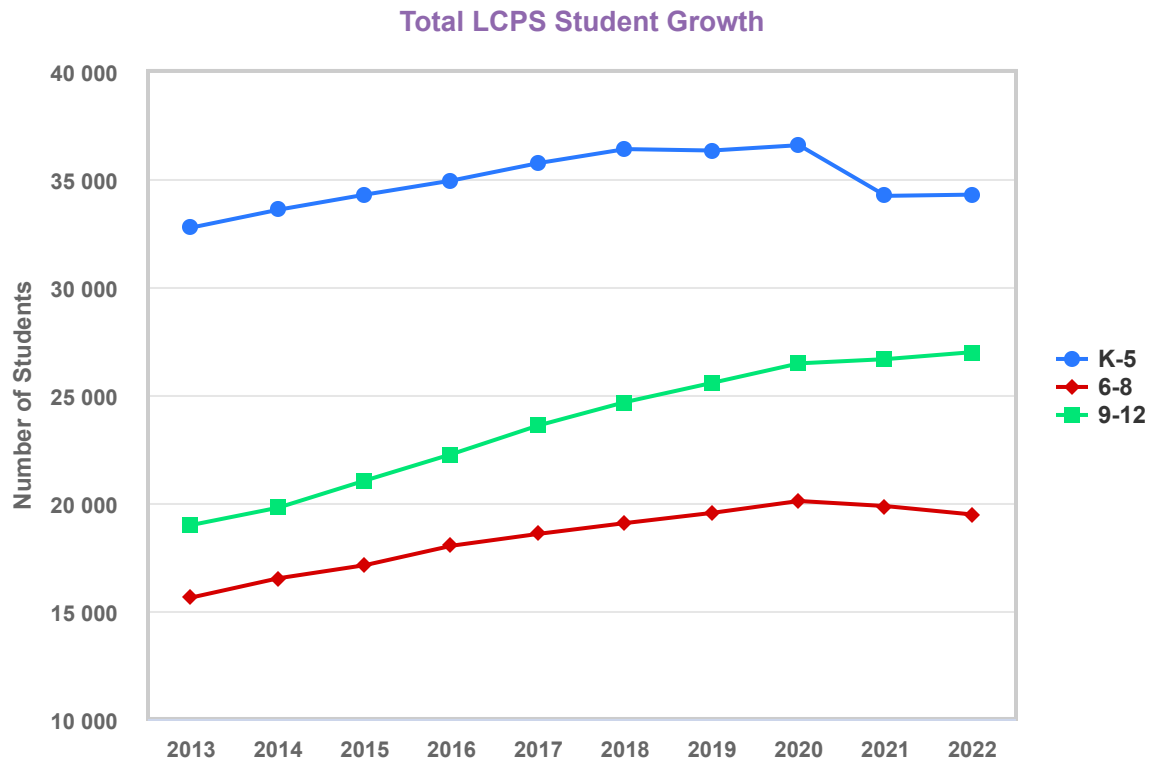
⁽²⁾ Percentages are based on the midpoint of the employment range and average total Loudoun County employment of prior calendar year according to the Virginia Employment Commission and BLS data files.

LOUDOUN COUNTY PUBLIC SCHOOLS Enrollment Trend Last Ten Fiscal Years

Table K

Fiscal Year	Grades K-5	Grades 6-8	Grades 9-12	Grades K-12 Total
2022	34,275	19,465	26,983	80,723
2021	34,218	19,855	26,660	80,733
2020	36,565	20,092	26,463	83,120
2019	36,317	19,541	25,561	81,419
2018	36,383	19,070	24,674	80,127
2017	35,736	18,570	23,592	77,898
2016	34,928	18,021	22,263	75,212
2015	34,274	17,121	21,038	72,433
2014	33,574	16,512	19,782	69,868
2013	32,750	15,623	18,980	67,353

Source: LCPS Department of Planning & Legislative Services



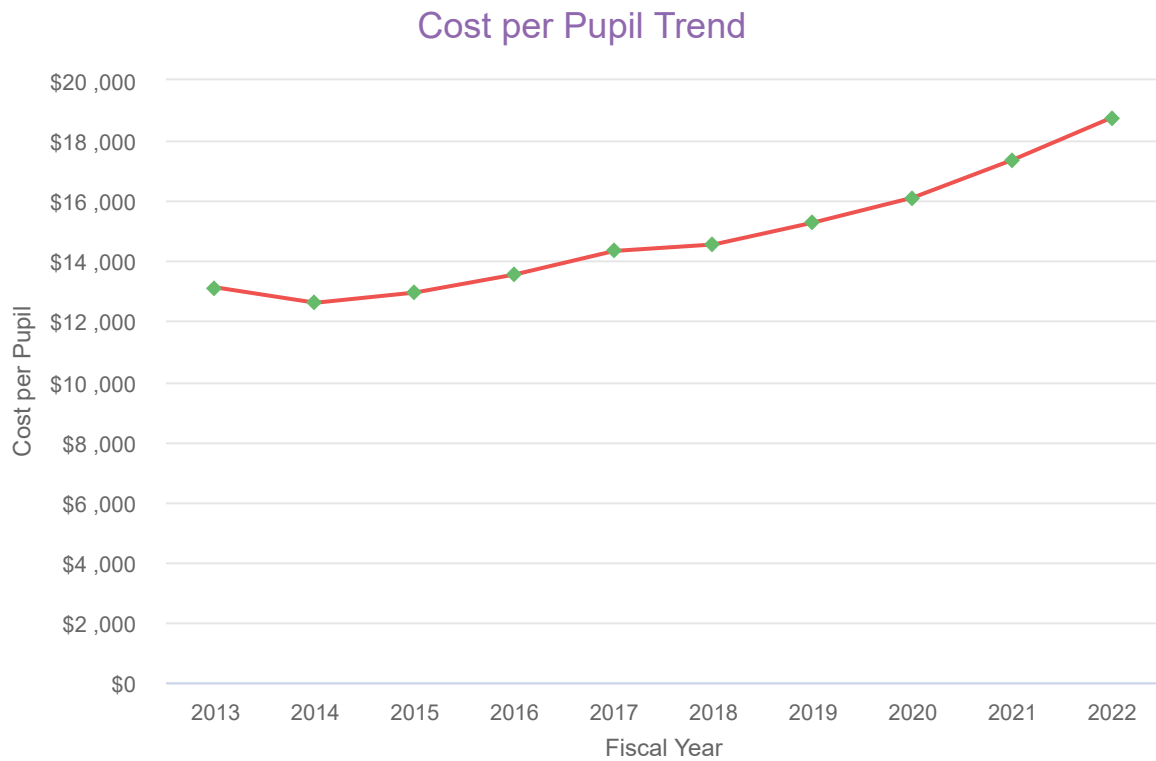
LOUDOUN COUNTY PUBLIC SCHOOLS

Cost per Pupil
Last Ten Fiscal Years

Table L

Fiscal Year	Cost per Pupil
2022	\$ 18,767
2021	17,358
2020	16,106
2019	15,277
2018	14,548
2017	14,332
2016	13,549
2015	12,951
2014	12,611
2013	13,121

Source: LCPS Budget Office as reported to Commonwealth of Virginia



LOUDOUN COUNTY PUBLIC SCHOOLS

Scholastic Assessment Test (SAT) Scores

Comparison of County of Loudoun, VA, Commonwealth of Virginia, and National Averages

Last Ten Fiscal Years

Table M

Fiscal Year	Combined SAT Scores		
	Evidence-based Reading and Writing and Math (1)		
	County of Loudoun	Commonwealth of Virginia	Total Group
2022	1178	1124	1050
2021 (2)	1182	1151	1060
2020	1173	1116	1051
2019	1180	1119	1059
2018	1184	1117	1068
2017	1155	1102	1060

Fiscal Year	Combined SAT Scores		
	Critical Reading, Math and Writing		
	County of Loudoun	Commonwealth of Virginia	National
2016	1617	1535	1484
2015	1612	1533	1490
2014	1611	1530	1497
2013	1606	1528	1498

Source: LCPS Research Office

⁽¹⁾ The SAT exam was redesigned in March 2016 to include two sections with a maximum total score of 1600. The maximum score for the old SAT exam was 2400; the 2017-2022 scores are not comparable to previous SAT scores.

⁽²⁾ The College Board began reporting Global Overall Average SAT scores in 2021.

LOUDOUN COUNTY PUBLIC SCHOOLS
Average Class Size - Students per Classroom Teacher
Last Ten Fiscal Years

Table N

Fiscal Year	Elementary	Middle/ Intermediate	High
2022	22.0	23.7	23.7
2021	22.0	23.8	23.7
2020	22.0	23.8	23.7
2019	23.0	23.8	24.2
2018	23.0	23.8	24.8
2017	23.0	23.8	24.8
2016	23.0	22.3	24.8
2015	23.0	23.6	26.9
2014	24.0	23.6	27.9
2013	24.0	23.6	27.9

Source: LCPS Budget Office

LOUDOUN COUNTY PUBLIC SCHOOLS

Full-Time Equivalent Employees by Function - All Funds

Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
School based:					
Instruction	7,583.8	7,249.3	7,018.0	6,754.2	6,474.7
Bus drivers & attendants	809.5	819.5	837.5	836.5	832.5
Teacher assistants	1,670.1	1,622.7	1,514.3	1,461.3	1,394.2
Custodians	638.0	625.8	607.8	591.8	557.8
Other school support	595.5	560.5	540.0	517.5	492.5
Administration	414.5	385.0	378.0	364.0	340.0
Instructional support	310.0	246.7	240.0	241.8	216.4
Nurses & health clinic specialists	110.1	108.6	107.2	102.7	101.0
Total school based FTE's	12,131.5	11,618.1	11,242.8	10,869.8	10,409.1
Non-school based:					
Secretarial/clerical	124.0	114.0	114.0	112.0	115.0
Other support staff	493.8	406.0	404.0	378.0	374.3
Administration	268.5	243.5	234.0	217.5	204.5
Total non-school based FTE's	886.3	763.5	752.0	707.5	693.8
Total FTE's	13,017.8	12,381.6	11,994.8	11,577.3	11,102.9

Source: LCPS Budget Office

Table O

Fiscal Year					Function
2017	2016	2015	2014	2013	
					School based:
6,210.1	5,927.4	5,632.7	5,382.4	5,188.6	Instruction
852.0	853.5	888.5	888.5	876.5	Bus drivers & attendants
1,287.3	1,189.5	1,148.2	1,285.7	1,255.6	Teacher assistants
546.7	536.8	519.7	493.0	510.5	Custodians
434.8	429.4	418.4	402.4	394.9	Other school support
324.0	299.0	283.5	291.0	283.0	Administration
183.1	176.0	171.1	199.1	191.1	Instructional support
100.4	97.9	94.9	92.4	90.4	Nurses & health clinic specialists
9,938.4	9,509.5	9,157.0	9,034.5	8,790.6	Total school based FTE's
					Non-school based:
146.0	158.0	157.5	141.5	140.0	Secretarial/clerical
385.3	382.3	372.5	334.2	338.2	Other support staff
170.5	152.5	134.5	128.0	128.0	Administration
701.8	692.8	664.5	603.7	606.2	Total non-school based FTE's
10,640.2	10,202.3	9,821.5	9,638.2	9,396.8	Total FTE's

LOUDOUN COUNTY PUBLIC SCHOOLS

Miscellaneous Statistics

Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
Attendance percentage	94.5%	97.4%	95.6%	95.4%	95.7%
Drop-out rate	(1) 0.54%	0.54%	0.58%	0.52%	0.55%
English as a Second Language students served	11,022	9,802	10,228	9,588	8,827
Financial aid received by graduates	\$78,486,755	\$55,315,071	\$47,680,920	\$63,186,640	\$58,505,588
Graduates pursuing further education:					
Number of students	5,696	5,400	5,467	5,338	5,167
Percent of students	86.6%	84.0%	87.6%	92.8%	91.3%
Percent of staff that is school-based	93.2%	93.8%	93.7%	93.2%	93.8%
National Merit Scholarship Committee Semifinalists	57	55	54	58	38
Gifted & Talented students served	9,117	7,267	8,658	8,152	7,336

Source: LCPS Public Information Office

⁽¹⁾ The final 2022 Drop-out rate wasn't available at the time of completion of the ACFR.

Table P

2017	2016	Fiscal Year			Function
		2015	2014	2013	
96.0%	95.9%	96.4%	96.3%	96.2%	Attendance percentage
0.53%	0.82%	0.66%	0.66%	0.67%	Drop-out rate
8,530	7,173	6,768	5,824	4,563	English as a Second Language students served
\$54,768,301	\$59,476,537	\$38,792,416	\$43,416,413	\$34,931,604	Financial aid received by graduates
4,794	4,628	4,665	4,222	4,351	Graduates pursuing further education: Number of students
91.2%	92.8%	91.2%	90.1%	91.3%	Percent of students
93.7%	92.6%	92.6%	93.7%	92.9%	Percent of staff that is school-based
32	40	36	40	14	National Merit Scholarship Committee Semifinalists
6,950	7,108	6,099	6,557	6,554	Gifted & Talented students served

LOUDOUN COUNTY PUBLIC SCHOOLS

Capital Assets Statistics

by Function

Function	Fiscal Year				
	2022	2021	2020	2019	2018
Elementary Schools:					
Buildings	60	59	59	58	57
Building square footage	4,548,663	4,433,833	4,433,833	4,330,981	4,227,919
Base Capacity *	43,327	42,298	42,252	41,207	39,845
Middle Schools:					
Buildings	17	17	17	17	16
Building square footage	2,787,897	2,787,897	2,787,897	2,787,897	2,602,676
Base Capacity	22,178	22,178	22,178	21,874	20,447
High Schools:					
Buildings	17	17	16	15	15
Building square footage	4,366,061	4,366,061	4,060,928	3,766,768	3,766,798
Base Capacity	31,050	31,023	28,988	26,887	26,101
Education Centers:					
Buildings	2	2	2	2	2
Building square footage	361,771	361,771	361,771	361,771	127,071
School Buses	788	784	783	828	788

Source: LCPS Construction Division

⁽¹⁾ Capacity reporting has been changed beginning with FY19 to reflect a base capacity calculation for all schools.

* Does not reflect capacity for Charter Schools (i.e., Hillsboro Charter Academy, Middleburg Community Charter School).

Table Q

Fiscal Year					Function
2017	2016	2015	2014	2013	
					Elementary Schools:
57	56	56	55	53	Buildings
4,199,245	4,093,488	4,093,488	3,991,121	3,790,826	Building square footage
40,655	38,807	38,163	35,739	33,945	Base Capacity
					Middle Schools:
15	15	15	14	14	Buildings
2,418,083	2,418,083	2,418,083	2,234,279	2,234,279	Building square footage
18,918	18,818	16,956	16,696	16,696	Base Capacity
					High Schools:
15	15	14	13	13	Buildings
3,766,798	3,766,798	3,463,864	3,463,864	3,149,764	Building square footage
25,068	25,370	22,212	22,570	20,523	Base Capacity
					Education Centers:
2	2	2	2	2	Buildings
127,071	127,071	123,771	127,074	124,862	Building square footage
800	821	859	880	854	School Buses



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