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# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30 **2022**

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FAIRFAX COUNTY PUBLIC SCHOOLS, VIRGINIA
A component unit of the County of Fairfax, Virginia

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30 **2022**

**Fairfax County Public Schools**
A component unit of the County of Fairfax, Virginia

Prepared by the Department of Financial Services

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Vacant, Comptroller

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# Table of Contents


## INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal ....x
School Board Members and Administration ....xx
Organizational Chart ....xi
Award for Excellence in Financial Reporting....xxii

## FINANCIAL SECTION

Report of Independent Auditor ....3
Management's Discussion and Analysis (Unaudited)....9

### BASIC FINANCIAL STATEMENTS

Exhibit

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

A Statement of Net Position ....23
B Statement of Activities ....24

#### FUND FINANCIAL STATEMENTS

C Balance Sheet—Governmental Funds....25
C-1 Reconciliation of the Balance Sheet to the Statement of Net Position—Governmental Funds ....26
D Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds ....27
D-1 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities—Governmental Funds....28
E Statement of Net Position—Proprietary Funds ....29
F Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds....30
G Statement of Cash Flows—Proprietary Funds ....31
H Statement of Fiduciary Net Position—Fiduciary Funds ....32
I Statement of Changes in Fiduciary Net Position—Pension and Other Postemployment Benefit Trust Funds ....33

Notes to the Financial Statements

I. Summary of Significant Accounting Policies....34
II. Reconciliation of Government-Wide and Fund Financial Statements ....42
III. Detailed Notes to All Funds ....43
IV. Retirement Plans....63
V. OPEB Plans ....76
VI. Other Information .... 89

## REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Exhibit


J Budgetary Comparison Schedule—Budget and Actual—General Fund . . . . . 93
K Schedule of Changes in Net Pension Liability and Related Ratios—ERFC Pension Plan . . . . 94
K-1 Schedule of Contributions—ERFC Pension Plan . . . . . 96
K-2 Schedule of FCPS' Proportionate Share of Net Pension Liability and Related Ratios—FCERS Pension Plan. . . . . 98
K-3 Schedule of Contributions—FCERS Pension Plan . . . . . 100
K-4 Schedule of FCPS' Proportionate Share of Net Pension Liability and Related Ratios—VRS Pension Plan . . . . . 102
K-5 Schedule of Contributions—VRS Pension Plan . . . . . 104
L Schedule of Changes in Net OPEB Liability and Related Ratios— FCPS OPEB Plan . . . . . 107
L-1 Schedule of Contributions—FCPS OPEB Plan . . . . . 108
L-2 Schedule of Investment Returns—FCPS OPEB Plan . . . . . 108
L-3 Schedule of FCPS' Proportionate Share of Net OPEB Liability and Related Ratios—VRS HIC OPEB Plan . . . . . 110
L-4 Schedule of Employer Contributions— VRS HIC OPEB Plan . . . . . 112
L-5 Schedule of FCPS' Proportionate Share of Net OPEB Liability and Related Ratios—VRS GLI OPEB Plan . . . . . 114
L-6 Schedule of Employer Contributions— VRS GLI OPEB Plan . . . . . 116
Notes to the Required Supplementary Information . . . . . 117


## OTHER SUPPLEMENTARY INFORMATION

Exhibit

### NONMAJOR GOVERNMENTAL FUNDS


M Combining Balance Sheet—Nonmajor Governmental Funds . . . . . 125
N Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds . . . . . 126
O Budgetary Comparison Schedules—Budget and Actual—Food and Nutrition Services Fund . . 127
P Budgetary Comparison Schedules—Budget and Actual—Grants and Self- Supporting Programs Fund . . . . . 128
Q Budgetary Comparison Schedules—Budget and Actual—Adult and Community Education Fund . . . . . 129


### INTERNAL SERVICE FUNDS


R Combining Statement of Net Position—Internal Service Funds . . . . . 133
S Combining Statement of Revenues, Expenses, and Changes in Net Position— Internal Service Funds . . . . . 134
T Combining Statement of Cash Flows—Internal Service Funds . . . . . 135

FIDUCIARY FUNDS

U Combining Statement of Fiduciary Net Position—Pension and Other Postemployment Benefit Trust Funds . . . 139
V Combining Statement of Changes in Fiduciary Net Position—Pension and Other Postemployment Benefit Trust Funds . . . 140

## STATISTICAL SECTION (UNAUDITED)

Table

1 Net Position by Component . . . 142
2 Changes in Net Position . . . 144
3 Fund Balances of Governmental Funds . . . 146
4 Changes in Fund Balances of Governmental Funds . . . 148
5 Charges for Services Revenue by Source . . . 150
6 Food Service Sales Price Breakdown . . . 151
7 Principal Food Service Sales by Client . . . 151
8 Food Sales—Meals Served Daily . . . 152
9 Ratios of Debt Outstanding . . . 153
10 Enrollment Trend . . . 154
11 Cost per Pupil . . . 155
12 Demographic and Economic Statistics of the County of Fairfax, Virginia . . . 156
13 Principal Employers in the County of Fairfax, Virginia . . . 157
14 Full-Time Employees by Function—All Funds . . . 158
15 SAT Scores—Comparison of County of Fairfax, Virginia, Commonwealth of Virginia, and National Averages . . . 160
16 Average Class Size—Students per Classroom Teacher . . . 160
17 Teacher Salary . . . 161
18 Capital Assets Statistics . . . 161
19 School Building Statistics . . . 162

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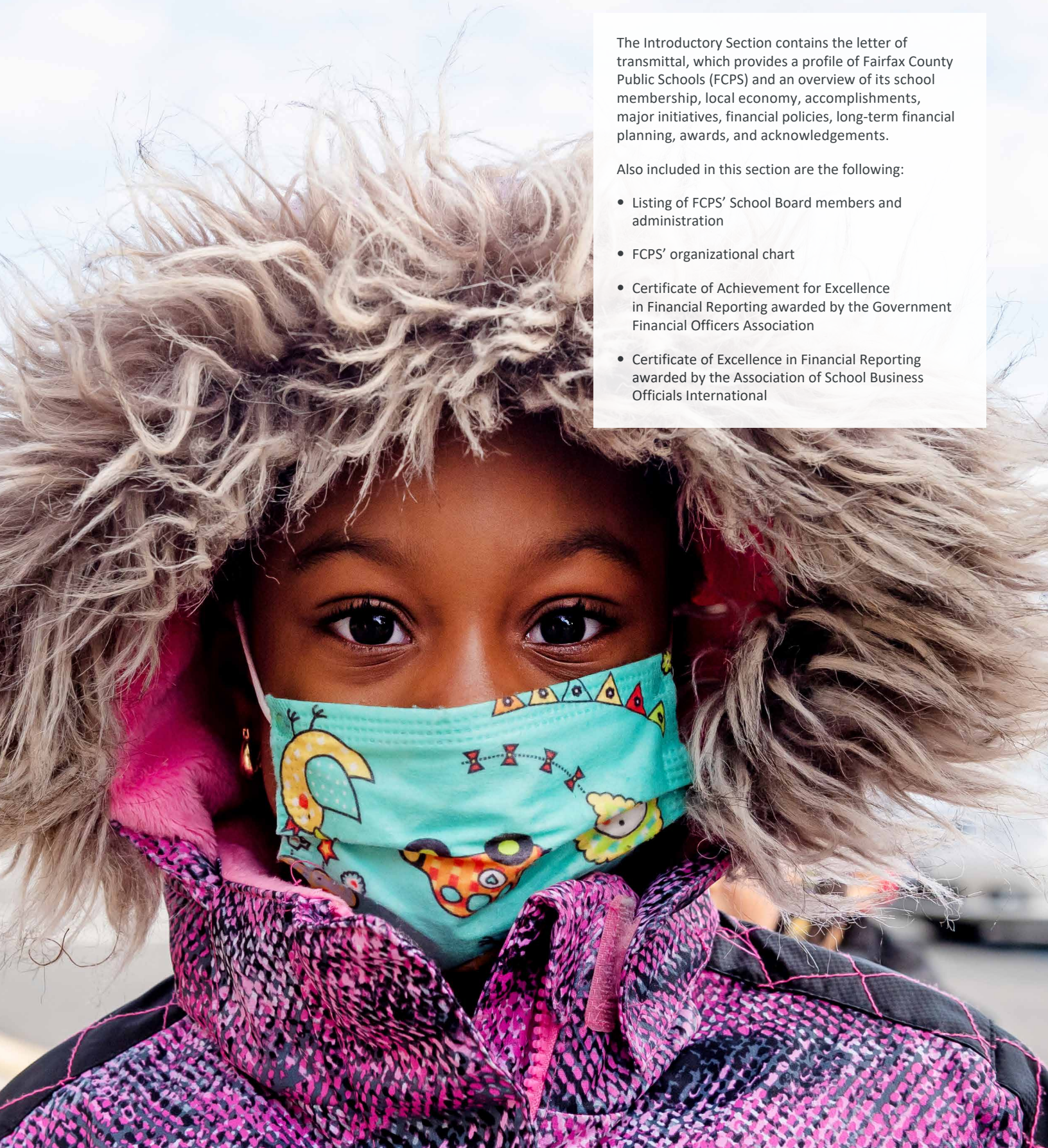
# INTRODUCTORY SECTION (unaudited)

The Introductory Section contains the letter of transmittal, which provides a profile of Fairfax County Public Schools (FCPS) and an overview of its school membership, local economy, accomplishments, major initiatives, financial policies, long-term financial planning, awards, and acknowledgements.

Also included in this section are the following:

- Listing of FCPS' School Board members and administration
- FCPS' organizational chart
- Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Financial Officers Association
- Certificate of Excellence in Financial Reporting awarded by the Association of School Business Officials International



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Michelle C. Reid, Superintendent
8115 Gatehouse Road
Falls Church, Virginia 22042

November 16, 2022

Members of the Board of Supervisors, Members of the School Board, and Residents of Fairfax County

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Fairfax County Public Schools (FCPS) for the fiscal year ended June 30, 2022. The financial statements included 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 FCPS. Accordingly, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with FCPS' management.

To the best of our knowledge and belief, the information included in this report is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various activities and funds of FCPS.

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

GAAP requires that management of FCPS 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 auditor's report.

# Profile of the School System

## OVERVIEW

The Virginia Department of Education (VDOE) 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. FCPS, the school division for the County of Fairfax, Virginia (County), is located in the northeastern corner of the State and encompasses an area of 407 square miles, including land and water. The County is part of the Washington, D.C. metropolitan area, which includes part of Northern Virginia, the District of Columbia, and Maryland.

FCPS is the largest educational system in the State and the 11th largest school division in the U.S. based on enrollment. FCPS is the third largest employer in the State, with approximately 25,600 full-time staff positions, of which approximately 93 percent are school-based. The FCPS bus fleet is one of the largest bus fleets in the U.S., transporting approximately 145,500 students on over 1,600 buses each day. FCPS facilities consist of more than 27 million square feet of school buildings and office space.

The function of the FCPS School Board is to set general school policy and, within the framework of the VDOE regulations, establish guidelines and rules that will ensure the proper administration of the school system. The School Board comprises 12 members who are elected by citizens of the County and serve four-year terms. There is one member from each of the County's nine magisterial districts and three members at large. A nonvoting student representative is selected by a countywide student advisory council for a one-year term. The School Board is entrusted with the responsibility of hiring the school division's superintendent. The superintendent along with the deputy superintendent, chief equity officer, chief academic officer, chief operating officer, and assistant superintendents manage the day-to-day operations of the school system.

### Schools and Centers – Fiscal Year 2022

| | |
|---|---|
| Elementary (K-6) | 142 |
| Middle (6-8) | 3 |
| Middle (7-8) | 20 |
| Secondary (7-12) | 3 |
| High (9-12) | 24 |
| Special Education Centers | 7 |
| **Total** | **199** |

FCPS is focused on meeting the needs of approximately 178,000 students from preschool through twelfth grade, while managing 199 schools and centers. The schools and centers are divided into five regions and are supported by seven departments that provide a broad range of services including instructional services, special services, facilities and transportation, information technology, school improvement/supports, human resources, and financial services.

Over 86 percent of the school system's approved operating budget ($3.4 billion for fiscal year 2022) was allocated to instructional programs. In addition to core instructional programs designed to meet the varied needs of the student body and to enhance academic achievement, FCPS offers a variety of other instructional programs. Such programs include Family and Early Childhood Education, Elementary Magnet Schools, State K-3 Reduced Ratio Schools, Project Momentum, Title I Schools, Foreign Language Immersion, International Baccalaureate (IB), Advanced Placement (AP), Advanced Academics, as well as, extensive programs for students pursuing technical careers. FCPS also provides a broad range of adult education programs offering basic education courses along with vocational and enrichment programs to adults in the community. Thomas Jefferson High School for Science and Technology (TJHSST), a Governor's magnet school, attracts students from throughout Northern Virginia for an intensive program emphasizing sciences, mathematics, and technology.

FCPS is a component unit of the County and is included as an integral part of the County's financial statements. The cost of FCPS governmental activities are funded primarily by the County. For fiscal year 2022, the County provided 64.3 percent of funding and the state and federal governments provided 32.5 percent of FCPS' operating funding. The fiscal year 2022 transfer from the County totals $2.2 billion, an increase in funding of $29.3 million, or 1.4 percent, from the fiscal year 2021 transfer amount.

# Economic Condition and Outlook

## LOCAL ECONOMY

Total employment in Fairfax County increased a net of 15,603 jobs (2.6 percent) in calendar year 2021, as reported by the U.S. Bureau of Labor and Statistics. This represents approximately half of the jobs that were lost in calendar year 2020, and the number of jobs still remained below pre-pandemic levels as of March 2022, the latest available data. Public facing sectors such as the Leisure and Hospitality sector remained over 20 percent below their pre-pandemic levels at the end of 2021, while other sectors such as the higher paying Professional and Business Services sector have fully recovered.

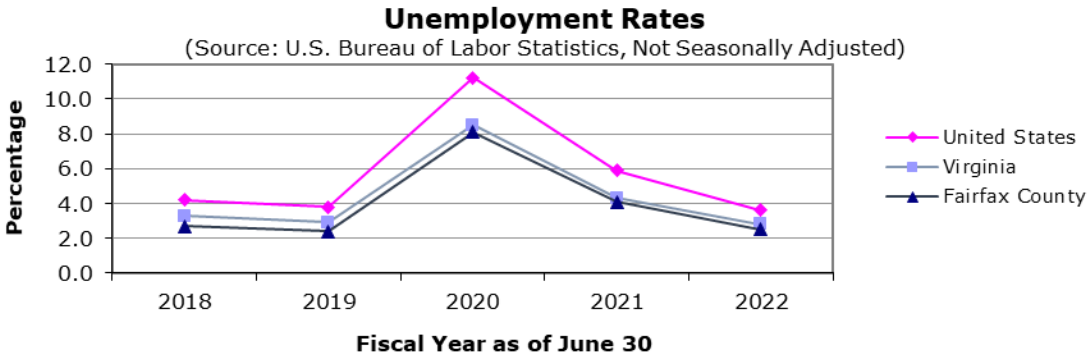
Because the economy of the Washington Metro region is knowledge-based, it is somewhat insulated from the supply-chain manufacturing disruptions affecting other regional economies. Business, Professional, and Occupational License (BPOL) and Sales Taxes are two revenue sources that are good indicators of economic activity in the County. In fiscal year 2022, overall BPOL tax receipts increased 7.6 percent over the previous year. Revenues in the combined Consultant and Business Service Occupations categories, which represent almost 44 percent of total BPOL tax receipts, increased by 5.2 percent. Fiscal year 2022 Sales Tax receipts increased 15.1 percent.

For the commercial real estate market, office vacancy rates increased. According to the Fairfax County Economic Development Authority, the direct office vacancy rate increased for the second year in a row, from 14.6 percent in calendar year 2020 to 16.0 percent as of the end of calendar year 2021.

Based on information from Bright MLS, the average sales price of homes in Fairfax County rose 8.7 percent in calendar year 2021. Home prices continued to increase primarily because of the tight inventory of homes for sale and unprecedentedly low mortgage interest rates. Since 2009, the average home sales price has risen 70.0 percent, or an average annual growth rate of 4.5 percent. Bright MLS also reported that the number of home sales in Fairfax County increased by 15.9 percent compared to calendar year 2020.

It should be noted that in fiscal year 2022, the County received a final tranche of $111 million in federal stimulus funds from the American Rescue Plan Act (ARPA) of 2021 to mitigate revenue shortfalls and the negative effects of the pandemic. The revenue was appropriated in the General Fund to provide the County flexibility in responding to the pandemic.

As illustrated in the following chart, Fairfax County's unemployment rates, not seasonally adjusted, have consistently tracked well below both state and national averages. For June 2022, Fairfax County's unemployment rate was 2.5 percent. The seasonally adjusted unemployment rates for the state of Virginia and the United States was 2.8 percent and 3.6 percent, respectively.




# School Enrollment

## PROJECTED ENROLLMENT

The projected student enrollment for fiscal year 2023 is 177,570 students. This represents a decrease of 11,229 students compared to fiscal year 2022 projections. The projected decrease in enrollment is largely attributable to the impact the pandemic has had on public school enrollment across the nation. FCPS enrollment projections are developed using a bottom-up methodology for general education students, beginning with elementary, then middle, and finally high schools. Kindergarten projections are based on historical relationships between kindergarten enrollment and births (five years prior) of Fairfax County and Fairfax City residents by attendance area. Each cohort is then aged through successive grades based on selected historical ratios or averages of those ratios, school by school. Projections may be modified, as necessary, to consider other factors such as new housing completions. New housing data forecasts are considered with each projection effort. The number of additional students attributed to new housing decreased during the recent economic downturn as fewer houses were completed.

## SPECIAL EDUCATION

In fiscal year 2023, an estimated 46,456 special education services at an average cost of $17,349 per service will be provided to 26,828 students (an average of 1.7 services per student). Special education services are determined by each student's Individualized Education Program (IEP) and is mandated by the Individuals with Disabilities Education Act (IDEA).

## ENGLISH FOR SPEAKERS OF OTHER LANGUAGES (ESOL) TRENDS

In fiscal year 2023, 33,806 students, approximately 19 percent of FCPS students, in grades K-12 are projected to receive ESOL services. This is a decrease of 2,272 compared to fiscal year 2022 projections and a decrease of 1,967 students compared to fiscal year 2018 actual figures.

### FREE AND REDUCED-PRICE MEALS

The federal free and reduced-price meals (FRM) program is one of the fastest growing segments of the FCPS student population. Families qualifying for free and reduced-price meals must meet established federal guidelines of income and household size. In fiscal year 2023, it is projected that 56,112 FCPS students will be eligible to participate. This is a decrease of 2,737 compared to the fiscal year 2022 projection and an increase of 1,455 compared to fiscal year 2018 actual figures. FRM eligibility is projected to be 31.6 percent of the total student population. The percentage of students eligible for free and reduced-price meals is used by FCPS to provide needs-based staffing to schools.

# Accomplishments

### STUDENT AND TEACHER ACHIEVEMENTS

Individual students and groups annually earn honors and awards in all academic, extracurricular, and athletic areas in regional, state, and national competitions. FCPS teachers are recognized on regional, national, and state levels for their accomplishments.

- For the 2021-2022 school year, FCPS' average overall composite SAT score was 1185, compared to the State average of 1124 and the national average of 1050.
- Graduation rates released by the Virginia Department of Education (VDOE) indicate that 94.2 percent of FCPS students in the class of 2022 graduated on time. This year's overall on-time graduation rate is only 0.4 points less than the FCPS' 94.6 percent high in 2021, reflecting continued success with a larger and more diverse senior class.
- Eight FCPS high schools made the U.S. News & World Report 2022 list of top ten Best High Schools in Virginia. Thomas Jefferson High School for Science and Technology (TJHSST) was ranked number one best high school in Virginia, and number one best high school in the national rankings.
- Mosaic Elementary School has been named 2022 National Blue Ribbon Schools by the U.S. Department of Education. This FCPS school is among seven schools in Virginia receiving the honor this year.
- Nine FCPS students were named winners of 2022 National Merit corporate-sponsored scholarship awards.
- A teacher at Lynbrook Elementary School has been named the 2022 National Social Worker of the Year by the School Social Work Association of America for her commitment to the profession and for positively impacting the lives of the students, families, and staff of the communities she serves.

# Major Initiatives

### STRATEGIC PLAN

FCPS' Strategic Plan provides the framework for decision making that builds upon a common mission, vision, and guiding beliefs held by the community in support of all students reflecting Portrait of a Graduate attributes. The Strategic Plan represents the shared values and priorities of FCPS' stakeholders. Development of the plan relied upon extensive outreach with stakeholders invited to participate in both focus groups and surveys so that input from the community members, parents, employees, and students could form the foundation of the plan. The four goal areas are:

- Goal 1 - Student Success - commitment to reach, challenge and prepare every student for success in school and life

- Goal 2 - Caring Culture - commitment to foster a responsive caring and inclusive culture where all feel valued, supported and hopeful

- Goal 3 - Premier Workforce - commitment to invest in employees, encourage innovation and celebrate success

- Goal 4 - Resource Stewardship - commitment to champion the needs of school communities to be responsible stewards of the public's investment

During fiscal year 2022, FCPS focused on safely reopening schools, sustaining safe operations, and addressing students' academic, social, emotional, and mental health needs to aid in pandemic recovery. The annual review of the strategic plan goals continued and included strategic initiatives to address the ongoing needs as result of the pandemic.

- Goal 1 - Student Success - Strategic focus includes the elimination of gaps in opportunity, access, and achievement for all students; continual progression in Portrait of a Graduate attributes for all FCPS Pre-K-12 students, and ensure all future FCPS families will access high quality early learning experiences. Through the FCPSOn initiative, all students now have access to a FCPS provided individual computer or tablet to facilitate distance or hybrid learning environment. Pandemic stimulus funds were utilized to enhance and expand summer school programming to provide more students with academic and enrichment opportunities.

- Goal 2 - Caring Culture – As a vastly diverse school division, FCPS strives to foster an environment where students, parents, and staff feel welcomed and empowered to make healthy life choices. FCPS continues to focus on implementing best practices that ensure all schools demonstrate a culturally responsive and welcoming environment for all students, families, and staff. As well as fostering an environment that encourages students and staff to make healthy life choices. Funding was provided to conduct family engagement surveys, add additional school counselors and substance abuse specialists. There was also continued work around the expansion of cultural proficiency cohorts and training for staff during fiscal year 2022.

- Goal 3 - Premier Workforce - Over the last three years, the strategic focus has been on recruiting, hiring, and maintaining exceptional employees. There was continued progress towards maintaining pay scales within 90-105 percent of market pay. In line with building a premier workforce, the Superintendent emphasized the need to attain greater workforce diversity and equity within the school division, an effort, which was a continued budget priority for fiscal year 2022. Funds were infused into pay rates for bus drivers and substitute teachers to ensure market competitive compensation. Additionally, the School Board provided one-time bonuses to recognize the dedication, service, and contributions made by staff during the pandemic.

- Goal 4 - Resource Stewardship – FCPS created the Strategic Decision-Making Cycle for Resource Allocation (SDMC) framework as an operating tool intended to connect Strategic Plan activities, decision making, and resource allocation. The SDMC framework guides FCPS' alignment of resources to Division priorities and determines whether resources are being used effectively. Once priorities, or desired outcomes are identified, the remaining framework can be used to direct funds towards prioritized programs and then to evaluate how well those funds were used and ultimately decide whether adjustments are needed to achieve the outcome. The framework has become the central process for aligning funding and resources in the Division.

## INITIATIVES

The fiscal year 2022 Approved Budget has been aligned with FCPS' vision, mission, and Strategic Plan goals. The budget focuses heavily on student achievement, equity, and social and emotional supports for students as we recover from the pandemic. The federal funding that FCPS received is being used to enhance summer school programming, support special education recovery services, address learning needs or regression, provide stipends for staff working summer school, supplement HVAC air quality projects, provide technology support specialist positions, and cover lease payments for FCPSOn.

## TECHNOLOGY INTEGRATION IN THE CLASSROOM

Achieving high academic standards increasingly involves integrating technology into the classroom. FCPSOn was established to meet the FCPS Strategic Plan's goal to provide one electronic device per student and to create systemic strategies and standards for technology use by teachers and students to improve student engagement and learning. FCPSOn provides students with equitable access to meaningful learning experiences using a variety of technology tools. Teachers are able to personalize student learning and ensure that each student has access to an active and inspiring learning environment in which they can develop and apply their Portrait of a Graduate skills as communicators, collaborators, ethical and global citizens, creative and critical thinkers, and goal oriented and resilient individuals. The pandemic brought unprecedented challenges to FCPS in Spring 2020. FCPS distributed nearly 17,000 student laptops and more than 7,000 MiFis to students. As a result of responding to the changing dynamics, additional distance learning and technical support are required. The pandemic further demonstrates that technology connectivity and infrastructure are vital for distance learning to ensure that instructional supports for students are not disrupted.

## ENVIRONMENTAL STEWARDSHIP

Policies and initiatives at FCPS are aligned with local, regional, and national goals for environmental stewardship. Most notably are those identified in the Metropolitan-Washington Council of Government's Regional Climate and Energy Action Plan and the U.S. Department of Energy Better Buildings Challenges. Goals include energy intensity reduction of 20 percent over a 10-year period and 80 percent by the year 2050. FCPS has reduced energy intensity over 18 percent in the first six years of the 10-year period. Both plans put forth commitments and recommended actions aimed at reducing the carbon impact of the built environment, including those related to energy usage and transportation, while increasing resiliency and improving education and outreach.

In addition to aligning with these goals, FCPS works closely with the County and its Environmental Vision which recognizes the responsibility to be good stewards in order to ensure a sustainable future. The vision focuses on two key principles: (1) to conserve our limited natural resources and (2) to commit to providing the resources needed to protect our environment.

FCPS earned the U.S. Environmental Protection Agency's Energy Star Certification for 185 buildings, which is the highest number of Energy Star-certified school buildings in the country. FCPS earned the Energy Star Partner of the Year award from the U.S. Department of Energy in 2017, 2018, 2019, 2020, and again in 2021, for Sustained Excellence Award in recognition of its ongoing energy achievements. This award is given in recognition of superior energy and sustainability performance and practices.

Get2Green is the environmental stewardship program for FCPS. The mission is to promote student learning and action using the environment as a foundation. The goal is to provide equal access to environmental and outdoor learning opportunities. FCPS Get2Green has a partnership with the National Wildlife Federation Eco-Schools USA program. Through this program, FCPS' efforts focus on developing student-driven action teams within Eco-Schools across the county. These teams work on a variety of environmental topics (pathways) under the Eco-Schools umbrella. FCPS has 146 registered Eco-Schools, 18 of which are designated Green Flag status, Eco-Schools USA's highest award.

## CHALLENGES

FCPS faced several mandatory cost increases that impact its ability to expand services. These mandatory costs continue to rise year over year. In fiscal year 2023, healthcare costs are projected to increase $8.0 million due to rate increases. Funding of $6.2 million is required for the FCPS' contractual increases due to cost escalations. The rising cost for diesel fuel, unleaded gasoline, and electricity due to the recent economic impact of inflation will require additional funds in future years.

The need to recruit, hire, and retain a diverse workforce with exceptional employees is at the forefront of the Premier Workforce goal in the FCPS Strategic Plan. Competition for top educators, especially those in critical shortage areas, is prompting all area school divisions to offer higher salaries and additional incentives to attract a highly qualified teaching staff. The shortage of qualified bus drivers needed to meet operational demand is ever more prevalent and is reaching a critical level.

# Financial Policies

FCPS utilizes a number of control systems to ensure the integrity of its financial information and the protection of its assets.

## INTERNAL CONTROLS

The internal control system is designed to provide reasonable, but not absolute, assurance about the achievement of FCPS' objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with the applicable laws and regulations.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. A sound internal control system should ensure that if any material error or fraud occurs, they would be detected in a timely manner by employees in the normal course of performing their duties.

## BUDGET DEVELOPMENT PROCESS

The School Board's Strategic Plan includes beliefs, vision, and mission statements for all FCPS' planning activities. The Strategic Plan acts as a framework for both FCPS' operations and its funding priorities which guides the development of the annual budget. The four goals of the Strategic Plan: Student Success, Caring Culture, Premier Workforce, and Resource Stewardship. These goals were developed on the foundation of FCPS' Portrait of a Graduate, which encompasses what the community believes is important for graduates to know and be able to do when they leave FCPS. FCPS' strategic initiatives and corresponding spending priorities originate from the Strategic Plan and are at the core of the annual budget.

## BUDGET POLICIES

The School Board's policies and practices highlight significant assumptions used to develop the budget and are divided into the following broad categories:

**Reserve Policies**
School Board reserves are maintained to enable FCPS to address unanticipated needs in a timely manner. Each year, the reserve amount is approved after a careful review of previous years' expenditures and balances to ensure that sufficient contingency funding is not delayed awaiting quarterly reviews. These are grants, food and nutrition services, restricted, school board flexibility, school materials, staffing contingency, and strategic reserves.

**Fund Balance Reserve Policies**
The School Board may establish fund balance reserves to address future requirements. Fund balance reserves represent funds available for School Board's action and may include reserves for budgeted beginning balance, centralized instructional resources, transportation public safety radio, and fuel contingency reserves.

**Position and Salary Policies**
There are three policies that include position growth, position reallocation, and salary increase. All position adjustments are subject to School Board approval. Principals and program managers can reallocate funds available as a result of vacant positions and unanticipated needs provided they maintain certain standards. FCPS maintains five salary scales: teacher, classroom instructional support, school-based administrator, unified, and other scales. The other scale provides rates of pay for substitutes and other hourly employees. All salary adjustments are subject to School Board approval.

**Assumptions and Costing Guidelines for Other Budget Issues**
Included in this category are building maintenance, building renovation, carryover funding, equipment funds transfer, technology funding, utilities, vehicle and bus replacement, and vehicle services.

### BUDGETARY CONTROLS

The budget is controlled at certain legal, as well as administrative, levels. The legal level is placed at the individual fund level and the administrative controls are placed at the commitment item group for each office and school within a fund.

FCPS maintains an encumbrance accounting system as a technique of accomplishing budgetary control. All expenditures - purchase orders, contracts, or salary commitments - must have funds set aside or encumbered to ensure that funds will be available when payment is due. The encumbrance process is an important control measure to prevent over-expenditure of budget appropriations due to lack of information about future commitments.

## Long-Term Financial Planning

The fiscal year 2022 budget development process was a collaborative process involving many stakeholders. The School Board and County Board of Supervisors have held several joint budget work sessions to incorporate One Fairfax into the decision-making process while continuing to identify efficiencies.

The Superintendent worked closely with the School Board, the leadership team, and the community to present the needs of the school division and worked closely with the County to fit these needs into the larger requirements of the community and within the budget plan for Fairfax County. The fiscal year 2022 budget included an increase in funding from the County of $29.3 million, or 1.4 percent from the fiscal year 2021 transfer.

The fiscal year 2023 Approved Budget focuses on student and staff compensation, totaling $3.3 billion. Approximately eighty-six percent of the $3.3 billion budget goes directly to instruction. It has never been more critical that FCPS is able to recruit and retain outstanding teachers and staff. Our country is grappling with an educator shortage, and FCPS is not immune. We remain focused on using innovative methods to provide our students with access to engaging, high-quality learning experiences. The fiscal year 2023 Approved Budget includes an increase of $102.6 million, or 3.1 percent, from the County to invest in FCPS teachers and staff. Compensation increases include a 4.0 percent market scale adjustment for all employees totaling $99.9 million and funding of $55.3 million to provide a step increase for all eligible employees. Other compensation adjustments include $4.3 million for an extension of all salary scales, $1.3 million for the redesign of the transportation salary scale, and $0.9 million for an enhancement to the family liaison scale.

The major planning activities are:

FCPS' Approved Budget - the approved budget is adopted annually by the School Board and reflects ongoing programs as well as initiatives for the next fiscal year.

The Technology Plan - outlines the multiyear strategic goals and demonstrates the effective use of technology throughout the school system. The technology plan supports FCPS' vision and mission to provide a high quality education to every child in an instructional setting appropriate for his or her needs; to educate all students to meet high academic standards; and to prepare all students to be responsible citizens in the 21st century. The technology plan is aligned with the VDOE's Educational Technology Plan.

School Improvement Plans - required by FCPS and the VDOE. Aligned within the school plan are the annual measurable objectives and Standards of Accreditation requirements. Schools are required to review their progress related to student achievement goals and describe how the school will accomplish its objectives. Each school's plan is posted on their website, which can be accessed through FCPS' Schools and Centers Directory.

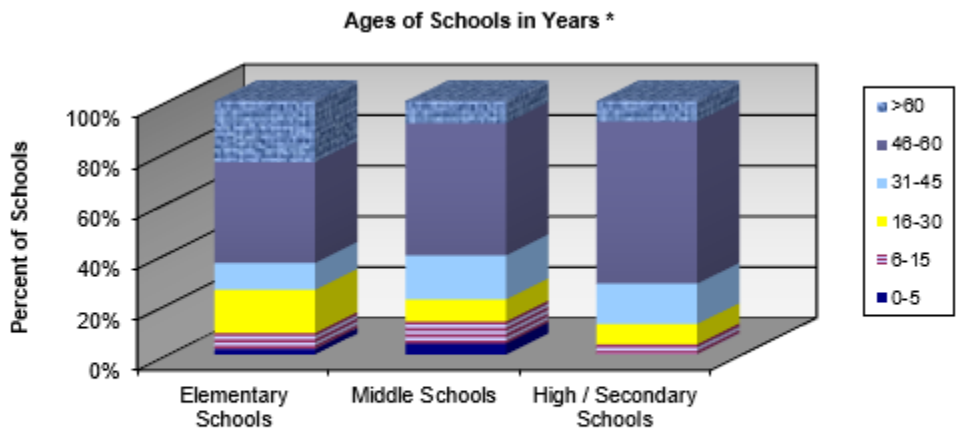
Capital Improvement Program (CIP) - contains the five-year capital improvement plan, student enrollment projections, and building use analysis. The CIP assesses requirements for new facilities, renovation of existing facilities, infrastructure management, technology upgrades, and other facility-related needs. The list of capital projects resulting from this assessment provides a clear statement of school facility requirements. Actual completion dates for CIP projects depend on cash flow and debt service limitations established by the County Board of Supervisors.
The CIP is a planning and fiscal management tool used to coordinate the location, timing, and funding of projects over a five-year period. The capital requirement on the CIP schedule includes:

- New School Constructions – capacity shortages likely to persist over time
- Capacity Enhancements – permanent methods for accommodating future needs
- Facility Renovations – ensuring all schools provide facilities necessary to support current educational programs, regardless of the age of the buildings
- Site Acquisition – identifying areas where a new school will be needed as a result of anticipated residential development in the long-range planning timeframe

The fiscal year 2023-2027 five-year CIP totals approximately $1.2 billion. The funding will allow for the renovation of two high schools and twelve elementary schools, and the site acquisition for one high school.

Traditionally, the County has used the sale of municipal bonds to fund school capital facility expenditures. Every two years in November, school capital facility projects are part of a school bond referendum, which is added to the general election ballot. Funding for capital improvement projects is currently limited by a $180 million yearly cap on General Obligation Bond by the financial management principles of the Fairfax County Board of Supervisors. Funding approved in the 2021 School Bond Referendum and previous referenda will address approximately $0.5 billion of the five-year requirement, leaving an unfunded balance of $0.7 million. A bond referendum is expected in the fall of 2023.

The graph below reflects the ages of FCPS' elementary, middle, and high schools as of June 30, 2022




* From the year that each school opened through June 30, 2022 (does not reflect renovation dates)
Source: FCPS - Office of Design and Construction Services

# Awards

FCPS maintains a significant commitment to provide annual financial reports. By preparing and presenting an ACFR, FCPS validates the credibility of the school system's operations and recognizes the commitment of the School Board and staff in being good stewards of financial resources. The financial reporting awards received by FCPS reflect the commitment to communicate financial activity in a comprehensive and clear format.

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

GFOA has given an *Award of Outstanding Achievement in Popular Annual Financial Reporting* to FCPS for its Popular Annual Financial Report for the fiscal year ended June 30, 2021. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government unit must publish a popular annual financial report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

In addition, the Association of School Business Officials International (ASBO) sponsors a *Certificate of Excellence in Financial Reporting* program to foster transparency and quality information in the preparation and issuance of school system's annual financial reports. The ASBO program is similar to the GFOA Certificate of Achievement for Excellence in Financial Reporting program. FCPS was awarded the ASBO Certificate of Excellence for its ACFR for the fiscal year ended June 30, 2021.

FCPS has received prestigious awards from both GFOA and ASBO for 28 consecutive years. We believe that the current ACFR also conforms to the GFOA and ASBO certificate program requirements therefore; we are submitting it to them to confirm our compliance and to obtain another GFOA and ASBO certificate.

FCPS has won several awards for its budgeting reports, forecasting reports, and a separately issued ACFR for the Educational Employees' Supplementary Retirement System of Fairfax County pension plan. In addition, ASBO and GFOA awarded FCPS with the Meritorious Budget Award and the Distinguished Budget Presentation Award, respectively, for the fiscal year 2022 Approved Budget.

# Acknowledgments

We would like to express our sincere gratitude to the personnel in the Office of Comptroller, Department of Financial Services who participated in the preparation of this ACFR and to our independent auditors, Cherry Bekaert LLP. Appreciation is also extended to the School Board and the administration, whose continuing support is vital to the financial health of the school system.

Respectfully submitted,

Michelle C. Reid, Ed.D.
Superintendent of Schools

Marty K. Smith
Chief Operating Officer

E. Leigh Burden
Assistant Superintendent, Financial Services

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# School Board Members and Administration

As of July 01, 2022

## SCHOOL BOARD

Rachna Sizemore Heizer
Chairman
Member at Large

Tamara Derenak Kaufax
Vice Chairman
Lee District

Ricardy Anderson
Mason District

Laura Jane Cohen
Springfield District

Karen Corbett Sanders
Mount Vernon District

Karl Frisch
Providence District

Karen Keys-Gamarra
Member at Large

Megan McLaughlin
Braddock District

Melanie K. Meren
Hunter Mill District

Abrar Omeish
Member at Large

Stella Pekarsky
Sully District

Elaine Tholen
Dranesville District

Michele Togbe
Student Representative

## ADMINISTRATION

Michelle C. Reid, Ed.D.
Superintendent

Frances Ivey
Deputy Superintendent

Sloan Presidio
Chief Academic Officer

Nardos King, Interim
Chief Equity Officer

Marty Smith
Chief Operating Officer

Michelle Boyd
Assistant Superintendent
Special Services

Jessica Gillis, Interim
Assistant Superintendent
Facilities and Transportation Services

E. Leigh Burden
Assistant Superintendent
Financial Services

Sherry Wilson
Assistant Superintendent
Human Resources

Guatam Sethi
Assistant Superintendent
Information Technology

Helen Lloyd
Executive Director
Communication and Community Relations

Noel Klimenko
Assistant Superintendent
Instructional Services

Mark Greenfelder
Assistant Superintendent
School Improvements & School Supports

Kathleen Walts
Executive Director
Office of Professional Learning and Family Engagement

Marcy Kneale
Director of Operations

John Foster
Division Counsel

Douglas Tyson
Assistant Superintendent
Region 1

Fabio Zuluaga
Assistant Superintendent
Region 2

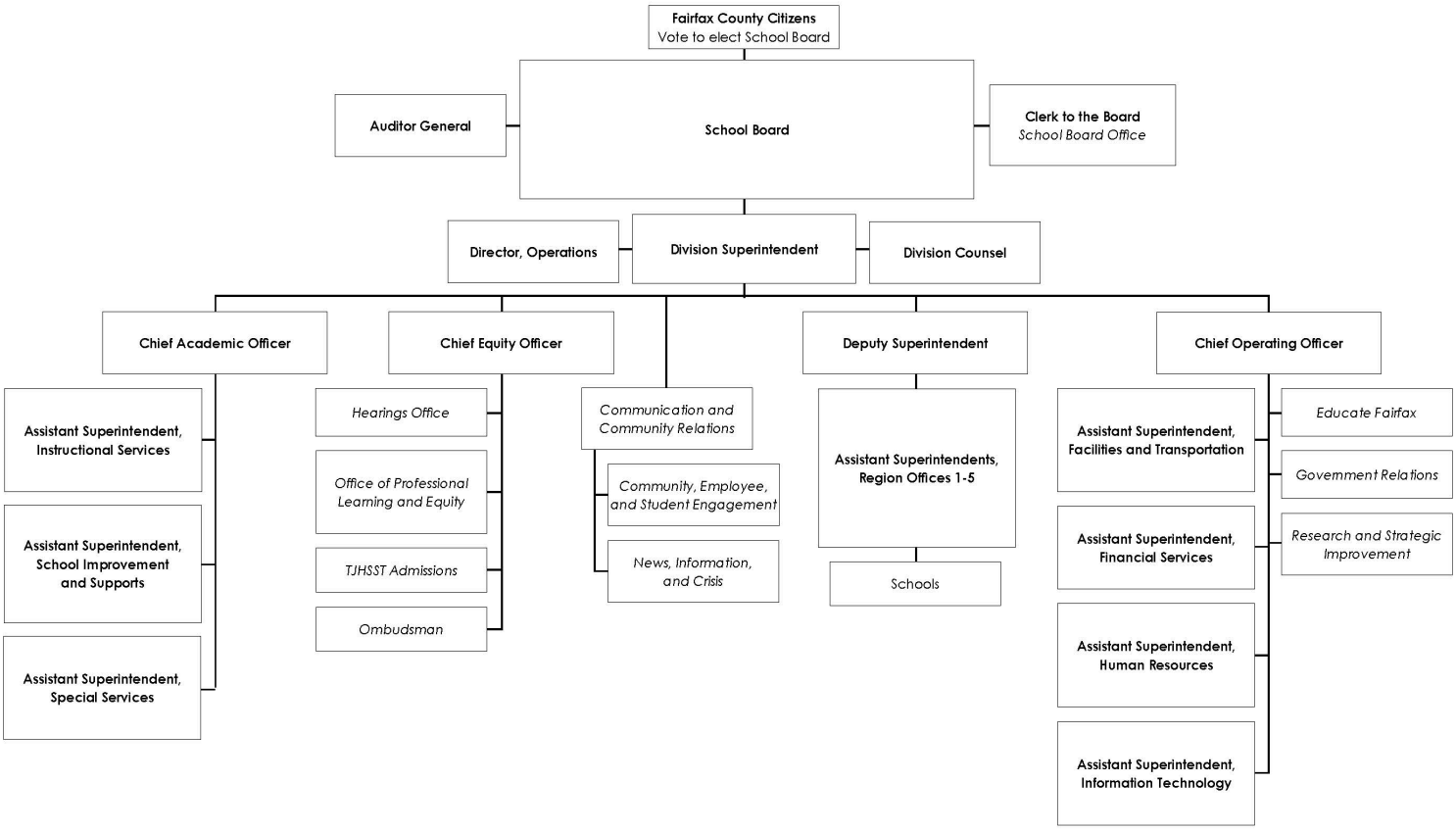
Grace Taylor, Interim
Assistant Superintendent
Region 3

Penny Gros
Assistant Superintendent
Region 4

Rebecca Baenig
Assistant Superintendent
Region 5

# Organizational Chart

As of July 01, 2022

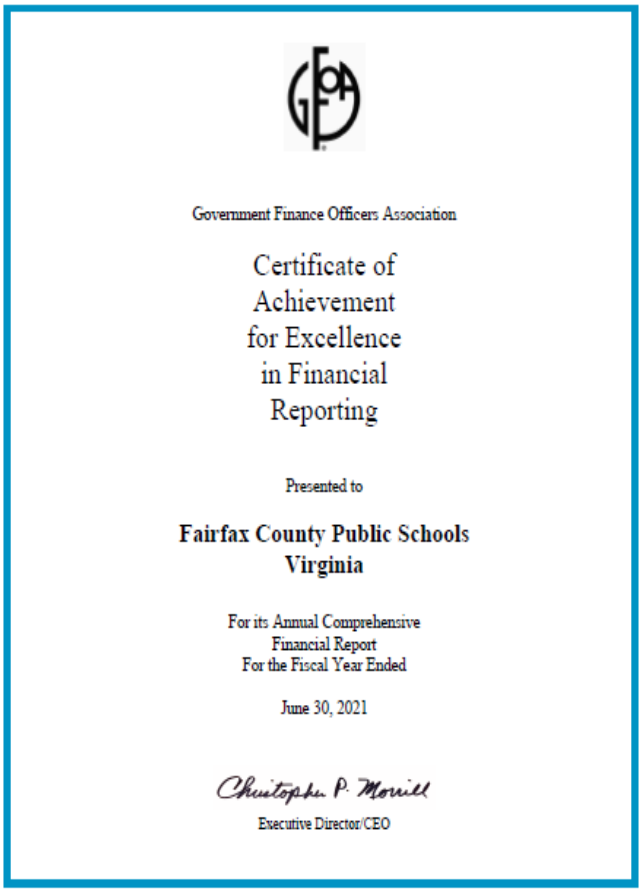


# Awards for Excellence in Financial Reporting

## GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to FCPS for its ACFR for the fiscal 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 a 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 and applicable legal requirements. FCPS has received the Certificate of Achievement for Excellence in Financial Reporting for 28 consecutive years.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Fairfax County Public Schools**
**Virginia**

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

**Fairfax 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.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

William A. Sutter
President

David J. Lewis
Executive Director

## ASSOCIATION OF SCHOOL BUSINESS OFFICIALS AWARD

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to FCPS for its ACFR for the fiscal year ended June 30, 2021. FCPS has received this award for 28 consecutive years.

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. More than 500 school systems and educational institutions submit applications each year.

Participation in the Certificate of Excellence in Financial Reporting program validates FCPS' commitment to fiscal and financial integrity and enhances the credibility of FCPS' operations with the School Board and the community. The program reviews the accounting practices and reporting procedures used by FCPS in its ACFR based upon specific standards established by the Governmental Accounting Standards Board.

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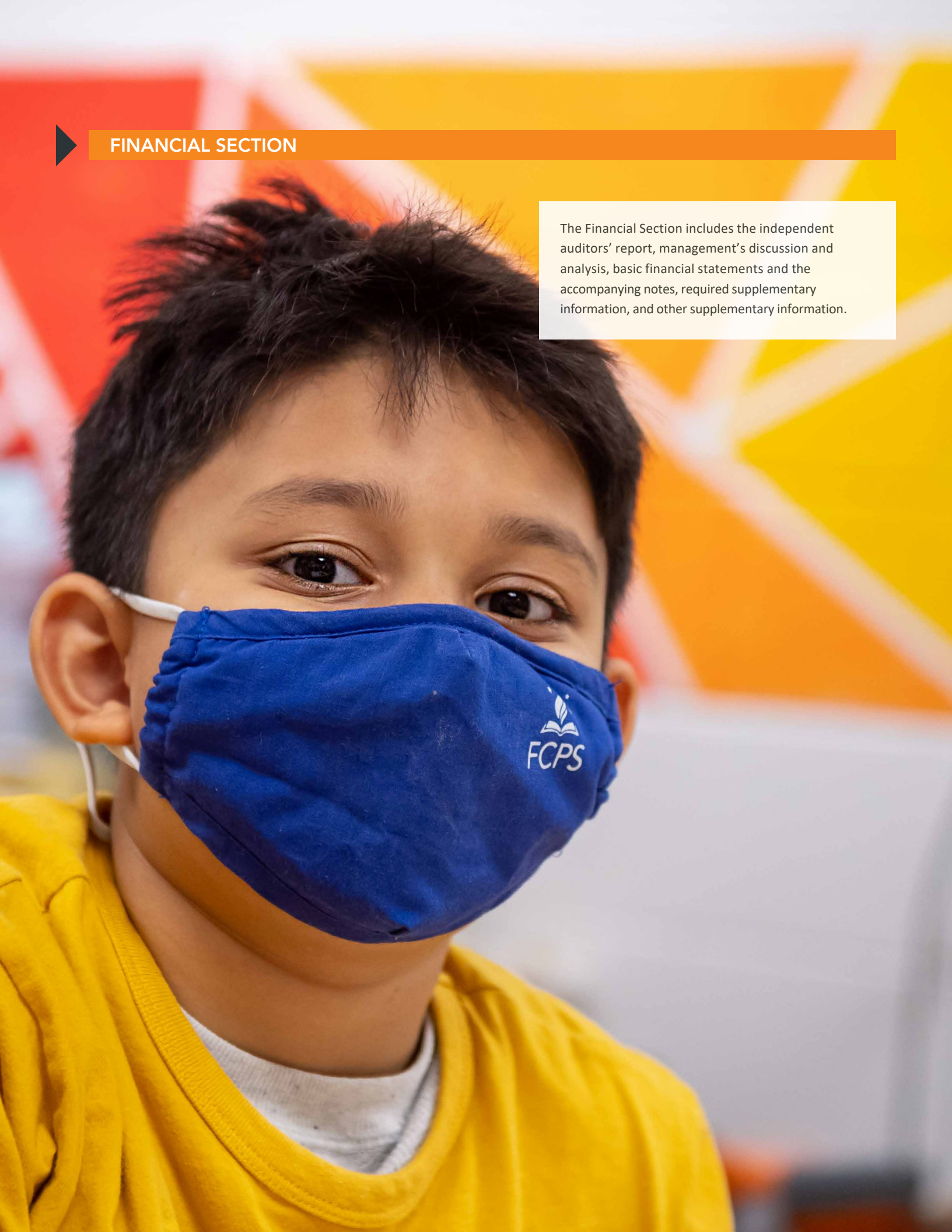
# FINANCIAL SECTION

The Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements and the accompanying notes, required supplementary information, and other supplementary information.



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Cherry Bekaert LLP
Your Guide Forward

## Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

To the Fairfax County School Board
County of Fairfax, Virginia

### Report on the Financial Statements

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of FCPS, 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.

***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. 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 FCPS 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.

***Emphasis of Matter***
As discussed in Note I.Q. to the financial statements, FCPS adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Effective July 1, 2021. As a result, net position has been restated. Our opinion is not modified with respect to this matter.

***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 FCPS' 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 FCPS' 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 FCPS' 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, 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 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.

***Supplementary Information***
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise FCPS' 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. In our opinion, 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 November 16, 2022, on our consideration of FCPS' 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 FCPS' 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 FCPS' internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 16, 2022

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# MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The Management's Discussion and Analysis provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of Fairfax County Public Schools' financial position and results of operations.

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# Management's Discussion and Analysis (Unaudited)

This discussion and analysis, a section of the Fairfax County Public Schools' (FCPS) Annual Comprehensive Financial Report (ACFR), provides a narrative overview and analysis of the financial activities of FCPS for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal in the introductory section of this ACFR.

## FINANCIAL HIGHLIGHTS

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about FCPS as a whole using the economic resources measurement focus and accrual basis of accounting.

- Net position is $(111.8) million at June 30, 2022 as a result of the liabilities and deferred inflows of resources exceeding assets and deferred outflows of resources.

- Total revenues of $3,657.1 million were generated in fiscal year 2022. Expenses incurred were $3,121.9 million, resulting in an increase in net position of $535.2 million for the current year.

- General revenues, including the funds transferred from the County, totaled $2,764.1 million and are available for all purposes. Such revenues were sufficient to fund the $2,228.9 million excess of total operating costs over program-specific revenues. For the fiscal year 2022, program-specific revenues amounted to $893.0 million.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about FCPS' major funds using the current financial resources measurement focus and modified accrual basis of accounting.

- FCPS' governmental funds reported a combined fund balance of $488.3 million, representing an increase of $124.5 million from the prior fiscal year fund balance. The increase is primarily due to additional federal government funding for the Elementary and Secondary School Emergency Relief (ESSER) Fund.

- On June 30, 2022, the General Fund, which accounts for the main operating activities of FCPS, reported an ending fund balance of $318.1 million, an increase of $59.0 million from June 30, 2021. The unassigned portion of the General Fund's fund balance was $4.6 million, which is available for future spending at FCPS' discretion.

- The Capital Projects Fund ended fiscal year 2022 with a fund balance of $77.6 million, an increase of $10.0 million over prior fiscal year. This is restricted for construction projects in progress or starting in the near future.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this ACFR comprises five sections: 1) report of independent auditor, 2) management's discussion and analysis, 3) basic financial statements, 4) required supplementary information, and 5) other supplementary information.

FCPS basic financial statements consist of two types of statements, each with a different perspective on FCPS' financial condition. First, the government-wide financial statements provide both long-term and short-term information about overall FCPS finances. On the other hand, the fund financial statements focus on the individual components of FCPS operations, providing more detail than the government-wide financial statements. The basic financial statements also include notes providing additional explanation and detailed information essential for gaining a full understanding of the data presented in the financial statements.

The financial statements and notes are followed by required supplementary information, consisting of the budget and actual comparison schedule for the General Fund and trend data pertaining to the pension and other

postemployment benefit trust funds. In addition to these required elements, FCPS provides other supplementary information that includes combining fund statements for the nonmajor governmental funds, budget and actual comparison schedules for the special revenue funds, combining fund statements for the internal service funds, and combining fund statements for the pension and OPEB trust funds.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about FCPS activities as a whole using accounting methods similar to those used by private-sector businesses. In addition, they report the FCPS net position and financial position changes during the fiscal year.

The Statement of Net Position presents information on all of FCPS' assets, liabilities, and deferred outflows/inflows of resources with the difference as net position. Over time, increases or decreases in net position may serve as a useful indicator of FCPS' ability to cover costs and continue to provide services in the future.

The Statement of Activities presents information on the change in the FCPS net position providing the results of operations during the fiscal year. The statement highlights the extent to which, specific programs are able to cover their costs with user fees, grants, and contributions, as opposed to being financed with general revenues. All of 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 FCPS' financial position performance.

All of FCPS' basic services are reported as governmental activities. These activities are financed primarily by charges for services and intergovernmental grants and contributions. The governmental funds and the internal service funds are included in governmental activities because these services only benefit FCPS.

## FUND FINANCIAL STATEMENTS

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

Governmental Funds - Governmental funds account for, in essence, 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, which can readily be converted to cash, flow in and out and 2) the balances of spendable resources available at the end of the fiscal year.

The governmental funds provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources available for spending in the near future to finance FCPS' 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.

The General Fund is the largest of the governmental funds, which is the main operating activities of FCPS. Information on the General Fund and the Capital Projects Fund, both of which are considered to be major funds, is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. All other governmental funds, which include the Food and Nutrition Services, Grants and Self-Supporting Programs, and Adult and Community Education special revenue funds, are collectively referred to as nonmajor governmental funds. Data for the three 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 in the ACFR.

Proprietary Funds - Proprietary funds consist of FCPS' internal service funds and are used to account for activities financed and operated in a manner similar to private-sector businesses. In other words, costs are recovered primarily through user charges. Proprietary fund financial statements provide both long-term and short-term financial information. The internal service funds are used to account for FCPS' health benefits and insurance activities on a cost reimbursement basis. 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 combined statements elsewhere in the ACFR.

Fiduciary Funds - Fiduciary funds are used to account for resources that are held by FCPS for the benefit of outside parties. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support FCPS' programs. FCPS' fiduciary fund types consist of pension and OPEB trust funds. The pension and OPEB trust funds are combined into a single, aggregated presentation in the fiduciary fund financial statements and are used to account for assets held in trust by FCPS for the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) pension plan and to accumulate and invest funds for FCPS' postemployment health benefit subsidies for eligible retirees and their surviving spouses. Individual fund data for the pension and other postemployment benefit trust funds is provided in combining statements elsewhere in the ACFR.

## FINANCIAL ANALYSIS OF GOVERNMENTAL ACTIVITIES

The Statement of Net Position and the Statement of Activities provide the financial status and operating results of FCPS as a whole.

### STATEMENT OF NET POSITION

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

**SUMMARY OF NET POSITION**
**As of June 30**
**(Dollars in Millions)**

| | Governmental Activities | | | |
|---|---|---|---|---|
| | **2022** | **2021** | **Variance** | **Percent Variance** |
| **ASSETS** | | | | |
| Current and other assets | $ 886.5 | $ 757.4 | $ 129.1 | 17.1 % |
| Capital assets, net | 2,751.2 | 2,689.2 | 62.0 | 2.3 |
| Total assets | 3,637.7 | 3,446.6 | 191.1 | 5.5 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred pensions | 832.3 | 1,037.4 | (205.1) | (19.8) |
| Deferred OPEB | 137.8 | 117.3 | 20.5 | 17.5 |
| Deferred debt refundings | 3.5 | - | 3.5 | 100.0 |
| Total deferred outflows of resources | 973.6 | 1,154.7 | (181.1) | (15.7) |
| **LIABILITIES** | | | | |
| Current liabilities | 220.8 | 195.6 | 25.2 | 12.9 |
| Non-current liabilities | 2,786.4 | 4,727.9 | (1,941.5) | (41.1) |
| Total liabilities | 3,007.2 | 4,923.5 | (1,916.3) | (38.9) |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Capital lease reduction | - | 3.1 | (3.1) | (100.0) |
| Deferred pensions | 1,580.8 | 193.1 | 1,387.7 | 718.5 |
| Deferred OPEB | 133.2 | 136.4 | (3.2) | (2.4) |
| Deferred Lease | 1.9 | - | 1.9 | 100.0 |
| Total deferred inflows of resources | 1,715.9 | 332.6 | 1,383.3 | 415.9 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 2,607.8 | 2,564.3 | 43.5 | 1.7 |
| Restricted | 168.6 | 104.0 | 64.6 | 62.1 |
| Unrestricted (deficit) | (2,888.2) | (3,323.1) | 434.9 | (13.1) |
| Total net position | $ (111.8) | $ (654.8) | $ 543.0 | (82.9) % |

Net investment in capital assets is $2,607.8 million, which represents the portion of net position related to capital assets, net of accumulated depreciation, reduced by the lease liabilities, notes payable and contract retainages of $143.3 million that were used to acquire the assets.

For fiscal year 2022, FCPS reported deferred outflows of resources of $832.3 million related to pensions and $137.8 million related to OPEB. The majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement systems, in addition to outflows attributable to the various components that impact pension and OPEB expense, amortization of changes due to actuarial assumptions, changes in proportionate share of

contributions, and differences between expected or actual experience. The majority of the reduction in non-current liability is due to the decrease of net pension liability in the amount of $1,951.4 million.

For fiscal year 2022, FCPS established deferred outflows of resources related to debt refundings due to the refinance of the Fairfax County Economic Development Authority bond series 2014, which was issued to fund the construction cost of Gatehouse Administrative Building. FCPS reported deferred inflows of resources for pension of $1,580.8 million and OPEB of $133.2 million, which represents a net amount attributable to the various components that impact pension and OPEB expense, amortization of changes due to actuarial assumptions, changes in proportionate share of contributions, and differences between expected or actual experience..

## STATEMENT OF ACTIVITIES

The following table provides a summary of the changes in FCPS' 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)**

| | Governmental Activities | | | |
|---|---|---|---|---|
| | **2022** | **2021** | **Variance** | **Percent Variance** |
| **REVENUES** | | | | |
| Program revenues: | | | | |
| Charges for services | $ 108.5 | $ 76.9 | $ 31.6 | 41.1 % |
| Operating grants and contributions | 587.8 | 411.9 | 175.9 | 42.7 |
| Capital grants and contributions | 196.7 | 194.6 | 2.1 | 1.1 |
| General revenues: | | | | |
| Grants and contributions not restricted to specific purposes | 2,759.8 | 2,715.2 | 44.6 | 1.6 |
| Other | 4.3 | 3.5 | 0.8 | 22.8 |
| Total revenues | 3,657.1 | 3,402.1 | 255.0 | 7.5 |
| **EXPENSES** | | | | |
| Instruction | 2,567.2 | 2,817.4 | (250.2) | (8.9) |
| Support programs | 439.2 | 414.2 | 25.0 | 6.0 |
| Food service | 80.3 | 72.6 | 7.7 | 10.6 |
| Local School Activity | 32.2 | 12.8 | 19.4 | 152.1 |
| Interest on long-term debt | 3.0 | 3.8 | (0.8) | (21.8) |
| Total expenses | 3,121.9 | 3,320.8 | (198.9) | (6.0) |
| Increase in net position | 535.2 | 81.3 | 453.9 | 558.3 |
| Net position - July 1 | (654.8) | (736.1) | 81.3 | (11.0) |
| Prior period adjustment * | 7.8 | - | 7.8 | 100.0 |
| Net position - July 1, 2021, as restated | (647.0) | (736.1) | 89.1 | (12.1) |
| Net position - June 30 | $ (111.8) | $ (654.8) | $ 543.0 | (82.9) % |

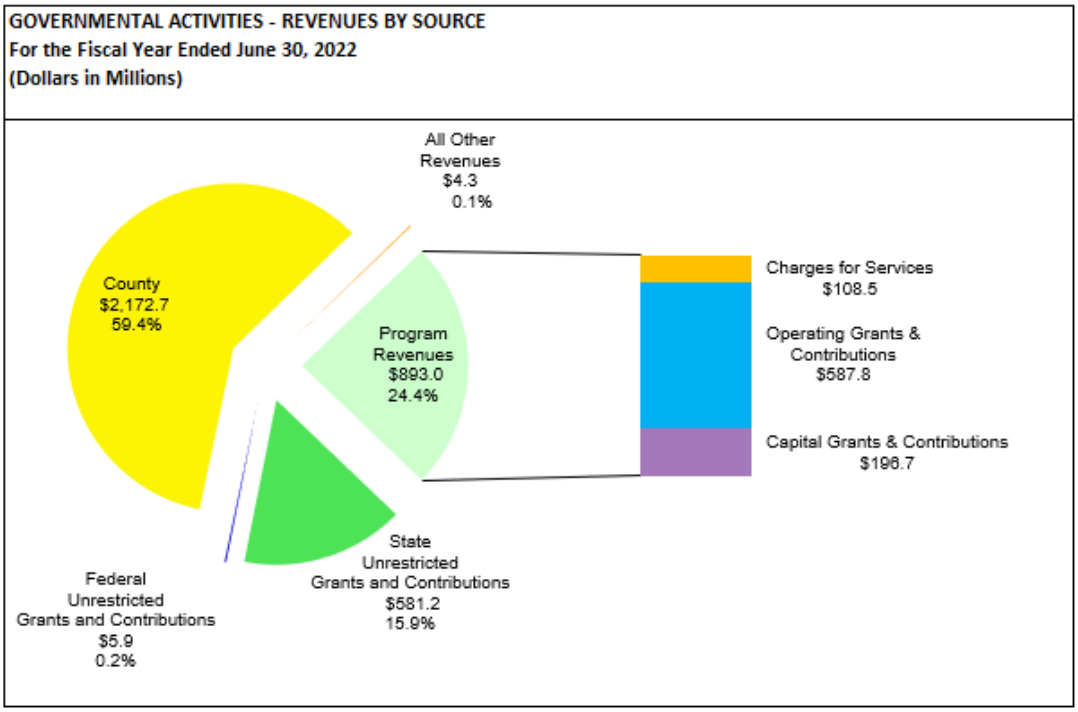
* Beginning net position was restated due to implementation of GASB Statement No. 87, Leases. See Note I.S. for more information.

Total revenues for FCPS' governmental activities were $3,657.1 million in fiscal year 2022, representing an increase of $255.0 million, or 7.5 percent, over fiscal year 2021. The increase is primarily due to $105.5 million received for ESSER

funding, $20.0 million received from Individual with Disabilities Education Improvement Act (IDEA ), $79.0 million increase in federal grants for National School Lunch Program and $30.7 million increase of state sales tax revenues.

The total expenses of FCPS' programs for fiscal year 2022 were $3,121.9 million, representing a decrease of $(198.9) million or (6.0) percent over fiscal year 2021. The decrease is primarily due to pension expense decrease as a result of actuarial assumption changes offset by increase in ESSER grant spending.

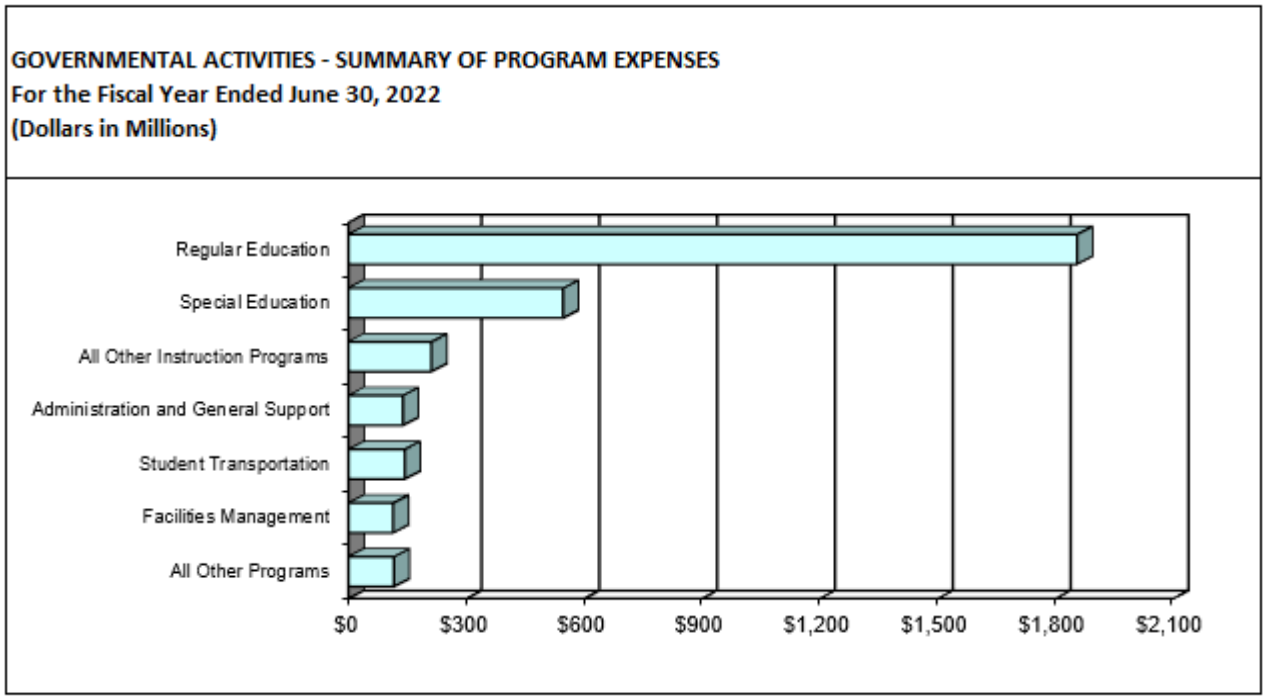
The following chart presents revenues by source for the fiscal year ended June 30, 2022:




The following items reflect the major increases and decreases in revenues during fiscal year 2022:

- $105.5 million received from the federal government for ESSER II and ESSER III funding
- $67.9 million increase in federal grants consisting mainly of increases for National School Lunch Program
- $30.7 million increase in state sales tax
- $29.4 million increase in funding from the County
- $19.7 million increase from local school activities
- $18.9 million increase from Federal Communications Commission's Emergency Connectivity Fund (ECF) program
- $10.1 million increase in community use revenue, school fees, and tuition from other jurisdictions due to in-person learning activities resuming in fiscal year 2022
- $9.4 million increase in state compensation supplement and Virginia Public School Authority (VPSA) technology grants
- $4.4 million increase in state lottery-funded programs including special education regional tuition
- $3.0 million increase in program revenues for food and nutrition services and adult and community education due to in-person learning resuming in fiscal year 2022
- $(5.7) million increase in Basic Aid, special education and other state Standards of Quality (SOQ) programs
- $(17.5) million decrease in No loss funding from the state
- $(32.1) million decrease in Coronavirus Aid, Relief, and Economic Security (CARES) Act under the Elementary and Secondary School Emergency Relief (ESSER I) funding

The following chart compares the total expenses of each of FCPS' programs for the fiscal year ended June 30, 2022:




As the chart indicates, regular education is FCPS' largest program. Regular education includes activities and programs conducted during the regular instructional day for students in grades K-12. Special education, FCPS' second largest program, includes activities for students with special needs. Such activities include programs specifically designed to overcome disabilities, alternative education, Head Start, and preschool programs.

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

### ALL GOVERNMENTAL FUNDS

As noted earlier, FCPS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of FCPS' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing FCPS' short-term financing requirements. Fund balance is reported by purpose within these classifications as appropriate: nonspendable, restricted, committed and assigned and unassigned.

The following table presents a summary of fund balances of governmental funds as of June 30, 2022 and 2021:

**FUND BALANCES OF GOVERNMENTAL FUNDS**
**As of June 30**
**(Dollars in Millions)**

| | 2022 | 2021 | Variance | Percent Variance |
|---|---|---|---|---|
| General Fund | | | | |
| Nonspendable | $ 0.1 | $ 0.1 | $ - | - % |
| Committed | 31.9 | 39.9 | (8.0) | (20.0) |
| Assigned | 281.5 | 215.7 | 65.8 | 30.5 |
| Unassigned | 4.6 | 3.4 | 1.2 | 35.2 |
| Total General Fund | 318.1 | 259.1 | 59.0 | 22.8 |
| Capital Projects Fund | | | | |
| Restricted | 77.6 | 67.6 | 10.0 | 14.8 |
| Total Capital Projects Fund | 77.6 | 67.6 | 10.0 | 14.8 |
| Nonmajor governmental funds | | | | |
| Nonspendable | 2.1 | 1.4 | 0.7 | 49.0 |
| Restricted | 90.9 | 36.3 | 54.6 | 150.3 |
| Unassigned | (0.4) | (0.6) | 0.2 | (33.7) |
| Total nonmajor governmental funds | 92.6 | 37.1 | 55.5 | 149.6 |
| All governmental funds | | | | |
| Nonspendable | 2.2 | 1.5 | 0.7 | 46.9 |
| Restricted | 168.5 | 103.9 | 64.6 | 62.2 |
| Committed | 31.9 | 39.9 | (8.0) | (20.0) |
| Assigned | 281.5 | 215.7 | 65.8 | 30.5 |
| Unassigned | 4.2 | 2.8 | 1.4 | 49.8 |
| Total governmental funds | $ 488.3 | $ 363.8 | $ 124.5 | 34.2 % |

As of June 30, 2022, FCPS' governmental funds had a combined fund balance of $488.3 million, compared with $363.8 million at June 30, 2021, resulting in an increase of $124.5 million. The following represents the fiscal year 2022 fund balance classification:

- $2.2 million is nonspendable for prepaid items and inventories
- $168.5 million is restricted for capital construction, grants, and food service
- $31.9 million is committed by the School Board for fiscal year 2023 operating budget requirements
- $281.5 million is assigned for undelivered orders, fiscal year 2023 initiatives, and fiscal year 2024 operating budget requirements.
- $4.2 million is unassigned representing resources not associated with a specified purpose

## MAJOR GOVERNMENTAL FUNDS

The General Fund is the main operating fund of FCPS. For fiscal year 2022, General Fund revenues, inclusive of other financing sources, totaled $3,294.0 million, which represents an increase of $146.5 million, or 4.7 percent, over the prior year. Expenditures for the General Fund, inclusive of other financing uses, increased by $179.1 million, or 5.9 percent, over fiscal year 2021, totaling $3,234.9 million. This resulted in an increase in fund balance of $59.0 million from prior year fund balance as restated. The per pupil cost increased $462, from $16,043 in fiscal year 2021 to $16,505 in fiscal year 2022.

The Capital Projects Fund reported a total fund balance of $77.6 million, an increase of $10.0 million from fiscal year 2021. Other revenues in this fund for fiscal year 2022 totaled $3.5 million, an increase of $1.9 million from fiscal year 2021. Expenditures increased by $48.0 million, or 29.8 percent, from fiscal year 2021 due to the resuming of construction projects after a temporary delay due to the pandemic.

During fiscal year 2021, FCPS received $180.0 million of bond proceeds from the County to fund capital projects. As of June 30, 2022, the unspent portion of this funding totaled $121.4 million, which is represented as restricted cash and investments on the Balance Sheet.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The *Code of Virginia* (Code) requires the appointed Superintendent of the school division to submit a budget annually to the governing body, following approval of the advertised budget by the School Board.

The Superintendent presents FCPS' proposed budget to the School Board in early January. The School Board then conducts a series of public hearings and work 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. In early April, the County Board of Supervisors holds public hearings regarding the advertised budget and determines the amount of funding to be transferred to FCPS. The School Board then holds additional public hearings before approving the final budget in late May.

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

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

**GENERAL FUND BUDGET AND ACTUAL COMPARISON**
**For the Fiscal Year Ended June 30, 2022**
**(Dollars in Millions)**

| | Budget - Original | Budget - Final | Actual - Budget Basis | Variance from Final Budget |
|---|---|---|---|---|
| Total revenues | $ 1,175.1 | $ 1,194.6 | $ 1,034.7 | $ (159.9) |
| Total expenditures | 3,344.2 | 3,524.5 | 3,104.4 | 420.1 |
| Excess of expenditures over revenues | (2,169.1) | (2,329.9) | (2,069.7) | 260.2 |
| Total other financing sources, net of uses | 2,139.2 | 2,115.6 | 2,128.6 | 13.0 |
| Net change in fund balances | $ (29.9) | $ (214.3) | $ 58.9 | $ 273.2 |

During fiscal year 2022, the General Fund's final budget for revenues exceeded the original budget by $19.5 million. The increase in revenues is due to the increase in the sales tax projection.

Actual revenues were $(159.9) million less than final budgeted amounts as a result of the budgeted total ESSER grant amount was not fully received in fiscal year 2022.

The final budget for expenditures exceeded the original budget by $180.3 million, or 5.4 percent, higher than the original budget. The overall increase in expenditures is due to carryover of undelivered orders, school balance carryover, and flexibility reserve funding from fiscal year 2021.

Actual expenditures came in under the final budget for expenditures by $420.1 million, or 11.9 percent, primarily due to the following:

- $177.6 million in carryover and other commitments
- $154.4 million in unexpended multiyear federal grants
- $88.1 million in salary and benefits attributed to lower student enrollment caused by the pandemic

The final budgeted total for other financing sources was less than the original budget by $(23.5) million.

## CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

### CAPITAL ASSETS

As of June 30, 2022, FCPS' investment in capital assets for governmental activities totaled $2,751.1 million, net of accumulated depreciation of $2,555.1 million and amortization of $19.7 million. This represents a net increase in capital assets of $61.9 million, or 2.3 percent, over the prior year.

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

**NET CAPITAL ASSETS**
**As of June 30**
**(Dollars in Millions)**

| Capital Asset Category | Book Value (net of depreciation) 2022 | Book Value (net of depreciation) 2021 |
|---|---|---|
| Land | $ 46.8 | $ 46.8 |
| Construction in progress | 343.4 | 321.2 |
| Equipment | 93.2 | 131.9 |
| Intangible Assets - Software/Licenses | 4.2 | 4.2 |
| Intangible Assets - Software in Development | - | 0.8 |
| Intangible Assets - Right-to-Use | 46.7 | - |
| Library collections | 7.1 | 6.4 |
| Buildings | 590.8 | 612.7 |
| Building improvements | 1,568.7 | 1,513.3 |
| Land improvements | 50.2 | 51.9 |
| Total | $ 2,751.1 | * $ 2,689.2 |

* Fiscal year 2021 amounts were not restated for the effect of implementing GASB Statement No. 87, Leases, in fiscal year 2022.

Net additions to capital assets during fiscal year 2022 include the following:

- $53.9 million in multiyear major renovations and additions
- $7.3 million equipment and copier acquisition
- $0.7 million in Library Collections

Additional detailed information regarding FCPS' capital assets, including the current year's activity, can be found in notes I.H and III.E in the notes to the financial statements.

## LONG-TERM OBLIGATIONS

As of June 30, 2022, FCPS reported total long-term obligations in the amount of $2,786.4 million, compared to $4,723.7 million, as restated, at June 30, 2021. The following table summarizes FCPS' long-term obligations as of June 30, 2022 and 2021:

| **LONG-TERM OBLIGATIONS**<br>**As of June 30**<br>**(Dollars in Millions)** | | |
|---|---|---|
| | **2022** | **2021 *** |
| Compensated absences | 39.2 | 38.9 |
| Capital Leases * | - | 109.8 |
| Right-to-use Leases | 47.7 | - |
| Notes Payable | 80.9 | - |
| Net pension liabilities | 2,163.9 | 4,115.3 |
| Net OPEB liabilities | 380.1 | 387.5 |
| Actuarial claims payable | 74.6 | 72.1 |
| Total | $ 2,786.4 | $ 4,723.7 |

*Prior to implementation of GASB Statement No. 87, capital leases were included in long term obligations.

Additional detailed information regarding long-term obligations, including the current year's activity, can be found in notes I.I, I.J, and III.F in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary source of revenue for FCPS comes from the County, which in turn derives the majority of its revenue from real and personal property taxes. For fiscal year 2022, real estate tax rate slightly decreased to $1.14 per $100 of the assessed home value. The personal property tax rate remains unchanged in fiscal year 2022 at $4.57 per $100 of assessed personal property value.

## FISCAL YEAR 2023 BUDGET

The fiscal year 2023 Approved Operating Expenditure Budget totals $3.3 billion, a decrease of ($78.5) million, or (2.3) percent, from the fiscal year 2022 Approved Budget. The fiscal year 2023 Approved Budget has been aligned with FCPS' vision, mission, and Strategic Plan goals. FCPS' Strategic Plan focuses on: Student Success, Caring Culture, Premier Workforce, and Resource Stewardship. The fiscal year 2023 Approved Budget provides for the basic needs of the school system and concentrates heavily on providing support to our students as we recover from the pandemic.

The following are highlights of the fiscal year 2023 expenditure budget:

- $99.9 million for a 4.0 percent compensation increase for employees
- $55.3 million to provide a step increase for all eligible employees
- $32.0 million to provide three additional professional development days

- $17.8 million for recurring federal stimulus and other baseline adjustments
- $16.2 million for centralized instructional resources reserve (textbooks and basal materials)
- $14.7 million to provide a special education lead teacher position at all 142 elementary schools
- $13.6 million for critical operational needs, e.g., enhancement of the assistant principal staffing formula at schools, staffing support for Department of Human Resources, provide 12-month contracts for high school assistant principals and to strengthen cybersecurity practices within FCPS
- $10 million placeholder to address unanticipated costs due to Virginia General Assembly actions
- $8.6 million for staffing reserve and additional staff to help mitigate the impact of significant enrollment-related fluctuations
- $8.0 million to fund employee health benefits coverage due to rate increases
- $6.2 million for contracted increases due to terms of negotiated contracts, renewals, and leases
- $5.2 million for English for Speakers of Other Languages staffing
- $4.4 million for the recurring cost of increasing substitute hourly pay in fiscal year 2022 to support substitute fill rates
- $3.3 million for the recurring cost approved by the School Board to increase transportation salary scales by 2.5 percent for attendants, drives, floaters, and supervisors
- $2.9 million for the Advanced Academic Program phase II investments in response to an external review conducted in fiscal year 2020
- $2.0 million placeholder to address market comparative analysis recommendations requested by the School Board
- $2.0 million placeholder to address the recommendations from the special education services review
- $(21.5) million in compensation base savings due to position turnover
- $(88.2) million in savings due to enrollment adjustments
- $(272.6) million to remove one-time federal stimulus ESSER II and ESSER III funding included in the fiscal year 2022 Approved Budget

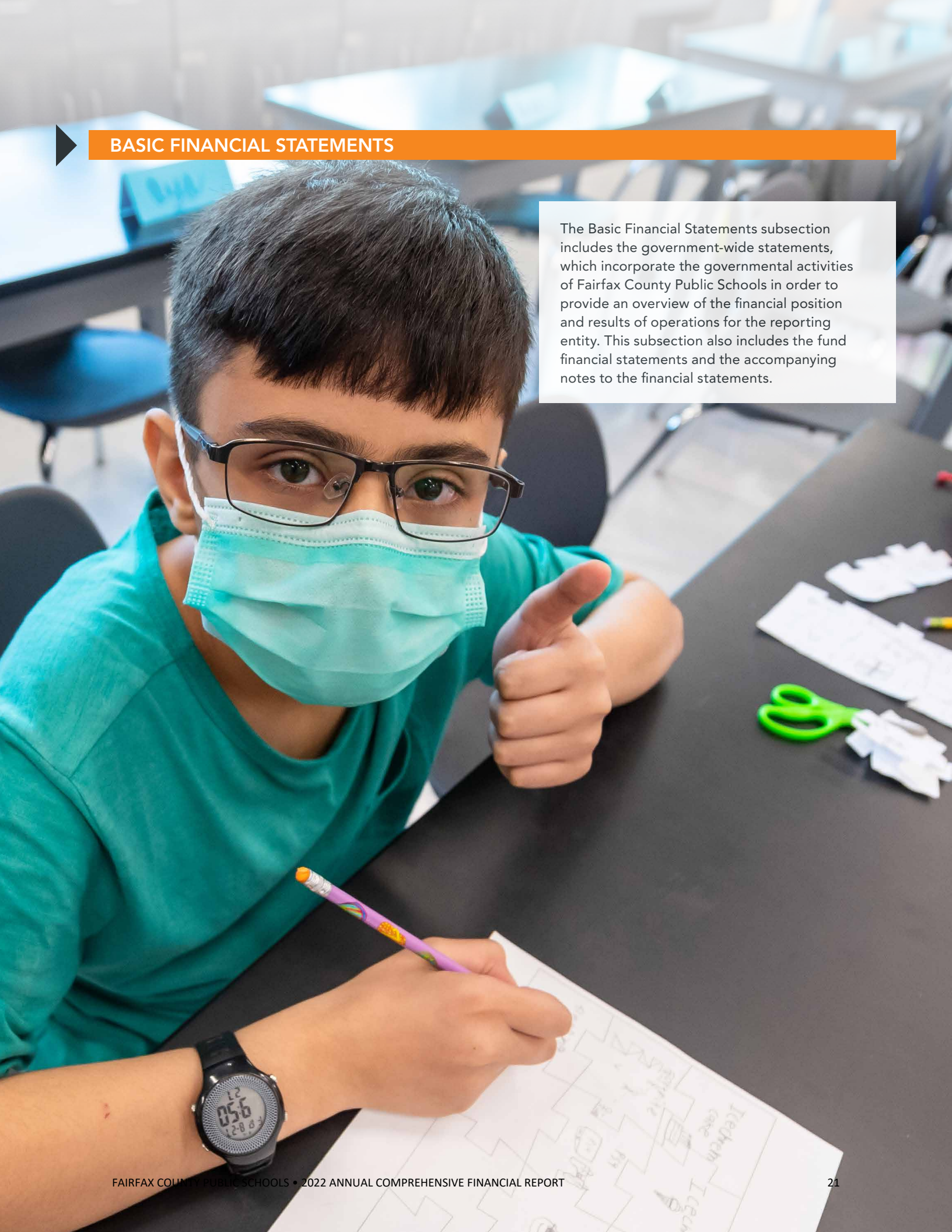
## CONTACTING FCPS MANAGEMENT

This summary is designed to provide a general overview of the financial condition of FCPS. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Assistant Superintendent of Financial Services, Department of Financial Services, 8115 Gatehouse Road, Falls Church, Virginia 22042 or by calling (571) 423-3750.

This ACFR can also be found on FCPS' website at: https://www.fcps.edu/about-fcps/budget/financial-reports

# BASIC FINANCIAL STATEMENTS

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



Fairfax County
PUBLIC SCHOOLS
ENGAGE • INSPIRE • THRIVE

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT A**
**Statement of Net Position**
**June 30, 2022**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 593,944,023 |
| Cash with fiscal agent | 90,558 |
| Cash in escrow | 322,504 |
| Receivables: | |
| Accounts | 15,868,019 |
| Accrued interest | 10,744 |
| Lease | 551,439 |
| Due from intergovernmental units: | |
| Federal government | 126,291,078 |
| Commonwealth of Virginia | 24,149,773 |
| County of Fairfax, VA | 268,459 |
| Other | 175,712 |
| Inventories | 2,057,604 |
| Prepaid items | 107,242 |
| Restricted cash and investments | 121,365,892 |
| Nondepreciable capital assets: | |
| Land | 46,837,095 |
| Construction in progress | 343,497,904 |
| Depreciable capital assets: | |
| Equipment | 332,629,685 |
| Library collections | 18,706,970 |
| Buildings and improvements | 4,530,124,635 |
| Accumulated depreciation | (2,571,559,689) |
| Intangible capital assets: | |
| Software and licenses | 14,037,906 |
| Right-to-use asset | 56,536,496 |
| Accumulated amortization | (19,655,755) |
| Other non-current assets: | |
| Lease Receivable | 1,354,229 |
| Total assets | 3,637,712,523 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to pensions | 832,323,133 |
| Deferred outflows related to OPEB | 137,740,194 |
| Deferred outflows related to debt refundings | 3,514,808 |
| Total deferred outflows of resources | 973,578,135 |
| **LIABILITIES** | |
| Accounts payable | 64,519,037 |
| Accrued salaries and withholdings | 99,655,825 |
| Accrued interest payable | 874,300 |
| Unearned revenues | 17,487,054 |
| Contract retainages | 14,712,990 |
| Deposits | 22,265,979 |
| Due to intergovernmental units: | |
| Other | 1,309,583 |
| Non-current liabilities: | |
| Due within one year: | |
| Compensated absences | 27,417,964 |
| Actuarial claims payable | 34,936,213 |
| Lease liability | 8,902,524 |
| Notes Payable | 19,176,713 |
| Due beyond one year: | |
| Compensated absences | 11,750,556 |
| Net pension liability | 2,163,904,859 |
| Net OPEB liability | 380,070,500 |
| Actuarial claims payable | 39,732,350 |
| Lease liability | 38,798,134 |
| Notes Payable | 61,730,082 |
| Total liabilities | 3,007,244,663 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows related to pensions | 1,580,814,039 |
| Deferred inflows related to OPEB | 133,182,650 |
| Deferred inflows related to lease | 1,886,109 |
| Total deferred inflows of resources | 1,715,882,798 |
| **NET POSITION** | |
| Net investment in capital assets | 2,607,834,804 |
| Restricted for: | |
| Food and Nutrition Services | 46,590,092 |
| Grant programs | 44,345,239 |
| Capital Projects | 77,610,385 |
| Unrestricted (deficit) | (2,888,217,323) |
| Total net position | $ (111,836,803) |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT B**
**Statement of Activities**
**For the Fiscal Year Ended June 30, 2022**

| Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Change in Net Position |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Instruction: | | | | | |
| Regular education: | | | | | |
| Elementary school | $ 986,748,856 | $ 24,343,812 | $ 59,954,200 | $ - | $ (902,450,844) |
| Middle school | 264,537,720 | 12,106,417 | 2,113,517 | - | (250,317,786) |
| High school | 559,133,148 | 20,878,988 | 29,333,887 | - | (508,920,273) |
| Special education | 546,027,444 | 500,126 | 57,205,639 | - | (488,321,679) |
| Adult and community education | 6,129,353 | 2,962,027 | 1,448,889 | - | (1,718,437) |
| Instructional support | 204,642,387 | 2,539,396 | 77,614,638 | - | (124,488,353) |
| Total instruction | 2,567,218,908 | 63,330,766 | 227,670,770 | - | (2,276,217,372) |
| Support programs: | | | | | |
| Administration and general support | 182,595,751 | 578,655 | 237,841,180 | - | 55,824,084 |
| Student transportation | 143,308,460 | - | - | - | (143,308,460) |
| Facilities management | 113,272,556 | 8,459,003 | - | 196,671,034 | 91,857,481 |
| Total support programs | 439,176,767 | 9,037,658 | 237,841,180 | 196,671,034 | 4,373,105 |
| Food service | 80,333,137 | 3,808,411 | 122,306,703 | - | 45,781,977 |
| Local school activities | 32,243,247 | 32,369,311 | - | - | 126,064 |
| Interest on long-term debt | 2,994,513 | - | - | - | (2,994,513) |
| Total governmental activities | $ 3,121,966,572 | $ 108,546,146 | $ 587,818,653 | $ 196,671,034 | $ (2,228,930,739) |

| | |
|---|---|
| **General revenues:** | |
| Grants and contributions not restricted to specific purposes: | |
| Federal government | 5,945,100 |
| Commonwealth of Virginia | 581,203,543 |
| County of Fairfax, VA | 2,172,661,166 |
| Revenue from the use of money | 756,579 |
| Other | 3,541,361 |
| Total general revenues | 2,764,107,749 |
| Change in net position | 535,177,010 |
| Net position - July 1, 2021 | (654,854,927) |
| Prior period adjustment | 7,841,114 |
| Net position - July 1, 2021, (as restated) | (647,013,813) |
| Net position - June 30, 2022 | $ (111,836,803) |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT C**
**Balance Sheet**
**Governmental Funds**
**June 30, 2022**

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 336,839,452 | $ 13,872,584 | $ 60,599,010 | $ 411,311,046 |
| Cash with fiscal agent | 90,558 | - | - | 90,558 |
| Receivables: | | | | |
| Accounts | 573,630 | - | 181,407 | 755,037 |
| Accrued interest | - | - | 10,744 | 10,744 |
| Lease | 1,905,668 | - | - | 1,905,668 |
| Due from intergovernmental units: | | | | |
| Federal government | 81,215,415 | - | 45,075,663 | 126,291,078 |
| Commonwealth of Virginia | 22,091,349 | - | 2,058,424 | 24,149,773 |
| County of Fairfax, VA | 133,980 | - | 134,479 | 268,459 |
| Other | 175,712 | - | - | 175,712 |
| Inventories | - | - | 2,057,604 | 2,057,604 |
| Prepaid Items | 54,167 | - | 53,075 | 107,242 |
| Interfund receivables | 400,000 | - | - | 400,000 |
| Restricted cash and investments | - | 121,365,892 | - | 121,365,892 |
| Total assets | $ 443,479,931 | $ 135,238,476 | $ 110,170,406 | $ 688,888,813 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 24,514,499 | $ 20,636,176 | $ 9,465,266 | $ 54,615,941 |
| Accrued salaries and withholdings | 97,427,028 | 12,946 | 2,215,851 | 99,655,825 |
| Contract retainages | - | 14,712,990 | - | 14,712,990 |
| Deposits | - | 22,265,979 | - | 22,265,979 |
| Due to intergovernmental units: | | | | |
| Other | 1,309,583 | - | - | 1,309,583 |
| Interfund payables | - | - | 400,000 | 400,000 |
| Unearned revenues | 244,367 | - | 5,483,684 | 5,728,051 |
| Deferred inflows of resource: | | | | |
| Deferred inflows of resources-lease | 1,886,109 | - | - | 1,886,109 |
| Total liabilities | 125,381,586 | 57,628,091 | 17,564,801 | 200,574,478 |
| Fund balances: | | | | |
| Nonspendable | 54,167 | - | 2,110,679 | 2,164,846 |
| Restricted | - | 77,610,385 | 90,935,331 | 168,545,716 |
| Committed | 31,874,771 | - | - | 31,874,771 |
| Assigned | 281,533,666 | - | - | 281,533,666 |
| Unassigned | 4,635,741 | - | (440,405) | 4,195,336 |
| Total fund balances | 318,098,345 | 77,610,385 | 92,605,605 | 488,314,335 |
| Total liabilities and fund balances | $ 443,479,931 | $ 135,238,476 | $ 110,170,406 | $ 688,888,813 |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT C-1**
**Reconciliation of the Balance Sheet to the Statement of Net Position**
**Governmental funds**
**June 30, 2022**

| | | |
|---|---|---|
| Fund balances - total governmental funds | | $ 488,314,335 |
| 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 funds. | | |
| Nondepreciable capital assets | $ 390,334,999 | |
| Depreciable capital assets | 4,881,461,290 | |
| Accumulated depreciation | (2,571,559,689) | |
| Total | | 2,700,236,600 |
| Intangible assets used in governmental funds' activities are not financial resources and, therefore, are not reported in the funds. | | |
| Software and licenses | $ 14,037,906 | |
| Depreciable Lease Assets | 56,536,496 | |
| Accumulated amortization | (19,655,755) | |
| Total | | 50,918,647 |
| Internal Service Funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | | |
| Assets: | | |
| Current assets | $ 198,068,463 | |
| Liabilities | (96,626,912) | |
| Total | | 101,441,551 |
| Non-current liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Accrued interest on long-term debt | $ (874,300) | |
| Compensated absences | (38,872,270) | |
| Leases | (47,700,658) | |
| Notes Payable | (80,906,795) | |
| Total | | (168,354,023) |
| Revisions of debt agreement resulting in an increase of debt obligations are reported as deferred outflows in the Statement of Net Position, but they are not financial resources and, therefore, are not reported in the funds. | | 3,514,808 |
| 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 related to pensions | $ 832,323,133 | |
| Net pension liability | (2,163,904,859) | |
| Deferred inflows related to pensions | (1,580,814,039) | |
| Total | | (2,912,395,765) |
| 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 related to OPEB | $ 137,740,194 | |
| Net OPEB liability | (380,070,500) | |
| Deferred inflows related to OPEB | (133,182,650) | |
| Total | | (375,512,956) |
| Net position of governmental activities | | $ (111,836,803) |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT D**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Governmental Funds**
**For the Fiscal Year Ended June 30, 2022**

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Intergovernmental: | | | | |
| Federal government | $ 167,082,179 | $ - | $ 191,798,035 | $ 358,880,214 |
| Commonwealth of Virginia | 796,609,720 | - | 9,638,382 | 806,248,102 |
| County of Fairfax, VA | 2,173,536,166 | 195,547,227 | 2,179,486 | 2,371,262,879 |
| Charges for services: | | | | |
| Tuition and fees | 11,522,819 | - | 4,998,085 | 16,520,904 |
| Food sales | - | - | 3,856,626 | 3,856,626 |
| Revenue from the use of money and property | 3,371,561 | - | 39,730 | 3,411,291 |
| Recovered costs - City of Fairfax, VA | 48,934,163 | 3,973,617 | - | 52,907,780 |
| Revenue from local school activities | 32,369,311 | - | - | 32,369,311 |
| Other | 7,229,665 | 3,518,475 | 938,335 | 11,686,475 |
| Total revenues | 3,240,655,584 | 203,039,319 | 213,448,679 | 3,657,143,582 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education: | | | | |
| Elementary school | 988,070,238 | - | 55,993,982 | 1,044,064,220 |
| Middle school | 279,289,844 | - | 613,348 | 279,903,192 |
| High school | 632,917,456 | - | 5,302,413 | 638,219,869 |
| Special education | 570,110,789 | - | 7,634,868 | 577,745,657 |
| Adult and community education | 246,442 | - | 6,241,917 | 6,488,359 |
| Instructional support | 197,561,739 | - | 18,963,759 | 216,525,498 |
| Support programs: | | | | |
| Administration and general support | 147,385,048 | - | 2,195,296 | 149,580,344 |
| Student transportation | 150,059,183 | - | 1,578,224 | 151,637,407 |
| Facilities management | 101,069,767 | 18,789,360 | 1,197 | 119,860,324 |
| Food service | - | - | 85,694,305 | 85,694,305 |
| Local school activities | 32,243,247 | - | - | 32,243,247 |
| Capital outlay | 60,193,186 | 190,246,223 | 3,245,881 | 253,685,290 |
| Debt service: | | | | |
| Principal | 30,777,855 | - | 330,985 | 31,108,840 |
| Interest | 3,049,167 | - | 51,567 | 3,100,734 |
| Total expenditures | 3,192,973,961 | 209,035,583 | 187,847,742 | 3,589,857,286 |
| Excess (deficiency) of revenues over (under) expenditures | 47,681,623 | (5,996,264) | 25,600,937 | 67,286,296 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | 16,004,197 | 25,944,261 | 41,948,458 |
| Transfers out | (41,948,458) | - | - | (41,948,458) |
| Leases | 53,310,931 | - | 3,225,566 | 56,536,497 |
| Total other financing sources, net | 11,362,473 | 16,004,197 | 29,169,827 | 56,536,497 |
| Net change in fund balances | 59,044,096 | 10,007,933 | 54,770,764 | 123,822,793 |
| Fund balances - July 1, 2021 | 259,054,249 | 67,602,452 | 37,176,657 | 363,833,358 |
| Increase in reserve for inventories | - | - | 658,184 | 658,184 |
| Fund balances - June 30, 2022 | $ 318,098,345 | $ 77,610,385 | $ 92,605,605 | $ 488,314,335 |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHBIT D-1**
**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**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ 123,822,793 |
| 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 | $ 253,685,290 | |
| Depreciation expense | (183,550,551) | |
| Total | | 70,134,739 |
| 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. | | 82,691 |
| 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. | | (1,580,804) |
| Principal payments on leases and installment purchases 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. | | 31,108,840 |
| Other financing sources recorded at the inception of leases increase fund balnace of governmental funds.In the government-wide statements, new debt increases non-current liabilities in the Statement of Net Position and does not affect the Statement of Activities. This amount represents principal amounts of new leases. | | (56,536,497) |
| In the government-wide statements, inventory changes impact net position. Inventory is recorded as an expenditure in the governmental fund statements as purchased. These expenditures are not adjusted for the net change in inventory. | | 658,184 |
| In the Statement of Activities, compensated absences are measured by the amounts earned during the current fiscal year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This amount represents the net change in compensated absences. | | (130,130) |
| Internal Service Funds are used by management to provide certain goods and services to governmental funds. The change in net position of these funds is reported within governmental activities in the Statement of Activities | | (25,004,155) |
| Interest on leases is reported as expenditures in the governmental funds when it is due. However, in the Statement of Activities, interest is expenses as it accrues. This amount represents the net change in accrued interest on long-term debt. | | 106,221 |
| In the government-wide statements, the effects of deferred outflows of resources relating to refinance of Gatehouse Administrative Building are amortized over the life of each lease and expensed. | | 2,828,996 |
| In the government-wide statements, the effects of net pension liability, deferred outflows of resources, and deferred inflows of resources relating to pension accounting are expensed. | | 358,672,615 |
| In the government-wide statements, the effects of net OPEB liability, deferred outflows of resources, and deferred inflows of resources relating to OPEB accounting are expensed. | | 31,013,517 |
| Change in net position of governmental activities | | $ 535,177,010 |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT E**
**Statement of Net Position**
**Proprietary Funds**
**June 30, 2022**

| | | Governmental Activities - Internal Service Activities |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash on deposit with County of Fairfax, VA | $ | 182,632,977 |
| Cash in escrow | | 322,504 |
| Accounts Receivable | | 15,112,982 |
| Total current assets | | 198,068,463 |
| Total assets | | 198,068,463 |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | | 9,903,096 |
| Unearned revenues | | 11,759,003 |
| Compensated absences | | 207,375 |
| Actuarial claims payable | | 34,936,213 |
| Total current liabilities | | 56,805,687 |
| Non-current liabilities: | | |
| Compensated absences | | 88,875 |
| Actuarial claims payable | | 39,732,350 |
| Total non-current liabilities | | 39,821,225 |
| Total liabilities | | 96,626,912 |
| **NET POSITION** | | |
| Unrestricted | | 101,441,551 |
| Total net position | $ | 101,441,551 |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT F**
**Statement of Revenues, Expenses, and Changes in Net Position**
**Proprietary Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Governmental Activities - Internal Service Funds |
|---|---|
| **OPERATING REVENUES** | |
| Charges for services | $ 470,732,394 |
| **OPERATING EXPENSES** | |
| Salaries and wages | 4,519,424 |
| Claims and benefits | 476,836,075 |
| Professional consultant services | 14,079,250 |
| Other operating expenses | 417,094 |
| Total operating expenses | 495,851,843 |
| Operating loss | (25,119,449) |
| **NONOPERATING REVENUES** | |
| Interest revenue | 115,294 |
| Total nonoperating revenue | 115,294 |
| Change in net position | (25,004,155) |
| Total net position - July 1, 2021 | 126,445,706 |
| Total net position - June 30, 2022 | $ 101,441,551 |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT G**
**Statement of Cash Flows**
**Proprietary Funds**
**For the Fiscal Year Ended June 30, 2022**

| | | Governmental Activities - Internal Service Funds |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from interfund services provided | $ | 469,214,987 |
| Payments to employees | | (4,519,424) |
| Payments for claims and health benefits | | (474,294,715) |
| Payments for professional services | | (15,770,323) |
| Payments for other operating expenses | | (417,094) |
| Net cash used by operating activities | | (25,786,569) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest received | | 115,294 |
| Net cash provided by investing activities | | 115,294 |
| Net decrease in cash and cash equivalents | | (25,671,275) |
| Cash and cash equivalents - July 1, 2021 | | 208,626,756 |
| **Cash and cash equivalents - June 30, 2022** | $ | 182,955,481 |
| **Reconciliation of operating income to net cash provided by operating activities:** | | |
| Operating loss | $ | (25,119,449) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| (Increase) in accounts receivable | | (476,921) |
| (Decrease) in accounts payable | | (1,691,073) |
| (Decrease) in unearned revenues | | (1,040,486) |
| (Decrease) in compensated absences | | (10,468) |
| Increase in actuarial claims payable | | 2,551,828 |
| Total adjustments to operating income | | (667,120) |
| Net cash used by operating activities | $ | (25,786,569) |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT H**
**Statement of Fiduciary Net Position**
**Fiduciary Funds**
**June 30, 2022**

| | Pension and Other Postemployment Benefit Trust Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 1,336,057 |
| Cash with fiscal agent | 2,536,933 |
| Cash collateral for securities on loan | 100,361,317 |
| Short-term investments | 55,357,186 |
| Receivables: | |
| Accounts | 51,734 |
| Interest and dividends | 3,783,713 |
| Securities sold | 10,641,927 |
| Investments, at fair value: | |
| U.S. government obligations | 140,353,981 |
| Asset and mortgage backed | 147,774,908 |
| Corporate bonds | 274,702,007 |
| International bonds | 2,403,350 |
| Convertible securities | 5,650,314 |
| Commingled fixed income | 181,214,664 |
| Commingled equity | 842,946,628 |
| Stocks | 288,897,994 |
| Municipal bonds | 538,258 |
| Real estate | 222,855,620 |
| Multi asset class solutions | 192,343,465 |
| Hedge funds | 263,871,419 |
| Private debt | 50,349,798 |
| Private equity | 309,762,531 |
| Infrastructure | 29,519,738 |
| Investment in pooled funds | 189,698,157 |
| Capital assets: | |
| Furniture and equipment | 79,325 |
| Accumulated depreciation | (72,869) |
| Right-to-use asset | 651,709 |
| Accumulated amortization : Right-to-use-asset | (322,142) |
| Total assets | 3,317,287,722 |
| **LIABILITIES** | |
| Right-to-use lease liability | 334,590 |
| Accounts payable | 2,196,220 |
| Securities purchased | 22,923,839 |
| Securities lending collateral | 100,361,317 |
| Total liabilities | 125,815,966 |
| **NET POSITION** | |
| Net position restricted for pension | 2,997,909,880 |
| Net position restricted for OPEB | 193,561,876 |
| Total net position | $ 3,191,471,756 |

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT I**
**Statement of Changes in Fiduciary Net Position**
**Pension and Other Postemployment Benefit Trust Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Pension and Other Postemployment Benefit Trust Fund |
|---|---|
| **Additions** | |
| Contributions: | |
| Employer | $ 126,531,927 |
| Plan members | 50,017,839 |
| Total contributions | 176,549,766 |
| Investment earnings: | |
| From investing activities: | |
| Net depreciation in fair value of investments | (273,328,073) |
| Interest and dividends | 30,134,138 |
| Total loss from investing activities | (243,193,935) |
| Less investment expenses: | |
| Investment management fees | 7,439,001 |
| Investment consulting fees | 1,094,620 |
| Investment custodial fees | 348,034 |
| Investment salaries | 356,675 |
| Total investment expenses | 9,238,330 |
| Net loss from investing activities | (252,432,265) |
| From securities lending activities: | |
| Securities lending | 619,108 |
| Securities lending management fees | (237,214) |
| Net income from securities lending activities | 381,894 |
| Net investment loss | (252,050,371) |
| Total reductions | (75,500,605) |
| **Deductions** | |
| Benefit payments | 204,652,034 |
| Refund of contributions | 4,415,933 |
| Administrative expenses | 4,155,162 |
| Depreciation and Amortization expenses | 326,219 |
| Total deductions | 213,549,348 |
| Change in net position | (289,049,953) |
| Net position - July 1, 2021 | 3,480,525,710 |
| Prior period adjustment | (4,001) |
| Net position - June 30, 2022 | $ 3,191,471,756 |

See accompanying notes to the financial statements.

# Notes to the Financial Statements

As of and for the year ended June 30, 2022

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fairfax County Public Schools (FCPS) is a corporate body operating under the constitution of the Commonwealth of Virginia (State) and the *Code of Virginia* (Code). The twelve voting members of the School Board are elected by the citizens of the County of Fairfax, Virginia (County) to serve four-year terms. Each of the County's nine magisterial districts has a member who represents its constituents. There are three at-large members and a non-voting student member selected by a countywide student advisory council to serve a one-year term. The School Board sets the educational policies of FCPS and appoints the Superintendent to implement them. In addition, the Superintendent administers operations, supervises personnel, and advises the School Board on all educational matters with a view toward enhancing students' learning, safety, and well-being.

### A. REPORTING ENTITY

FCPS includes all of its departments, boards, and associated agencies that are not legally separate. In accordance with standards established by accounting principles generally accepted in the United States of America (GAAP), FCPS has identified one component unit required to be included in its financial statements. The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is a legally separate entity that provides pension benefits exclusively for former employees of FCPS. The School Board appoints the majority of the trustees and has ultimate ability to impose its will. The School Board, in conjunction with its employees, provides all the funding for ERFC. Therefore, ERFC is considered to be a blended component unit and the results of its operations are reported within a single fund and combined with data from FCPS for financial presentation purposes.

FCPS is a component unit of the County since the County issues and services general obligation debt to finance the purchase or construction of school facilities. In addition, the County is FCPS' primary funding source.

### B. BASIS OF FINANCIAL STATEMENT PRESENTATION AND FUND ACCOUNTING

FCPS' financial statements are prepared in conformity with GAAP, as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The basic financial statements consist of the government-wide statements, including the Statement of Net Position and the Statement of Activities; fund financial statements (which provide more detailed financial information); and notes to the financial statements (which provide detailed narrative explanations of the accounting policies used by FCPS). They serve to enhance user understanding of the data presented in the financial statements.

#### 1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements, the Statement of Net Position and the Statement of Activities, present financial information about FCPS as a whole. These statements include the financial activities of FCPS' Primary Government, except for the fiduciary activities because FCPS cannot use these assets to finance its operations. Activities of the internal service funds are eliminated to avoid duplicate reporting of revenues and expenses; however, interfund services provided and used are not eliminated in the process of consolidation. In accordance with GAAP, activities are reported in these statements as governmental.

The Statement of Net Position presents the overall financial condition of FCPS at June 30, 2022. The net position balance provides evidence of FCPS' ability to cover its costs and continue to provide services in the future.

The Statement of Activities clarifies the extent to which FCPS program revenues are sufficient to cover direct program expenses. Direct expenses are those that are associated with specific programs and, therefore, can be classified by activity. FCPS also reports certain administrative expenses that cannot be specifically associated with a given program. These indirect expenses are allocated to the programs based on a ratio of expenditures by program reported in the governmental funds' statements. The net revenue or expense figure demonstrates whether the program is self-supporting or depends on general revenue sources. For the year ended June 30, 2022, most programs were heavily dependent on general revenues. Facilities management was the only program where the revenue sources exceeded program expenses.

Program revenues include: (a) charges for services such as tuition and fees, (b) operating grants and contributions, and (c) capital grants and contributions. Revenues that are not directly related to a program are reported as general revenues. These include funding provided by the County, as well as certain other unrestricted amounts received from the State and the Federal government.

## 2. FUND FINANCIAL STATEMENTS

FCPS classifies funds as governmental, proprietary, and fiduciary. Separate financial statements are produced for each classification. Major governmental funds are reported in separate columns in the governmental funds’ financial statements. All other governmental funds are aggregated in a single column entitled, "Nonmajor Governmental Funds". Internal service funds are aggregated in a single column entitled, "Governmental Activities - Internal Service Funds", in the proprietary fund statements. FCPS' fiduciary funds are reported by type (pension and other postemployment benefit funds) in the fiduciary fund statements.

Each fund is considered an independent fiscal activity that operates 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.

FCPS reports the following major governmental fund types:

- General Fund - the primary operating fund, which accounts for all financial resources, except those which are accounted for in another fund.
- Capital Projects Fund - the fund used to track financial transactions involved with acquisition, construction, or renovation of school sites, buildings, and other major capital improvements.

FCPS reports the following nonmajor governmental fund type:

- Special Revenue Funds - used to account for proceeds of specific revenue sources, other than for capital projects, in which expenditures are restricted for a specified purpose. The Food and Nutrition Services Fund accounts for sales proceeds from the school cafeterias. The Grants and Self-Supporting Programs Fund accounts for transactions related to grants and self-supporting programs, including the summer school program, that are not specifically reported in another fund. The Adult and Community Education Fund accounts for transactions arising from the programs and activities provided by the Office of Adult and Community Education.

FCPS reports the following additional fund types:

- Internal Service Funds - these are proprietary funds which account for the financial transactions associated with the provision of goods and services by one department in FCPS to another on a cost reimbursement basis. The Health Benefits Fund presents the results of transactions associated with the comprehensive health benefits self-insurance program. The Insurance Fund reports activities connected with FCPS' casualty liability obligations, including workers' compensation.
- Pension and Other Postemployment Benefits Funds - these are fiduciary funds used to account for assets held in a trustee capacity for the members and beneficiaries of ERFC, a single-employer defined benefit pension plan, and for the School Other Postemployment Benefits (OPEB) Trust Fund, a single-employer defined benefit plan to account for nonpension postemployment benefit commitments made by FCPS to its employees.

## 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 and liabilities are shown in the Statement of Net Position, including non-current assets (such as land, buildings, improvements, and other capital assets) and long-term liabilities (such as obligations for pensions, compensated absences, leases, and actuarial claims payable).

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 program expenses are offset by associated revenues. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. County, State and Federal grants and contributions, which are not restricted for specific uses, are classified as general revenues. Revenue generated from the use of money is classified as general. The effect of interfund revenue was 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 in the Balance Sheet. Revenue is recorded when susceptible to accrual, that is, when measurable and available for funding of current appropriations. FCPS, in general, considers revenues available if it is received within 60 days after fiscal year-end, except for insurance claim reimbursements, which FCPS considers available if it is collected within 90 days after fiscal year-end.

Statement of Revenues, Expenditures, and Changes in Fund Balance for these funds present increases and decreases in current financial resources. Increases result from the receipt of revenues and other financing sources, while decreases result from expenditures and other financing uses. Non-exchange revenues, where FCPS receives value without directly giving equal value in exchange, include grants and donations. These revenues are recognized in the fiscal year when all eligibility requirements have been satisfied and the resources are available. Expenditures are reported in the fiscal year when the related fund liability is incurred, except that certain long-term obligations, such as expenditures related to compensated absences or leases, are recorded when payment is due. Depreciation and amortization 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 government-wide statements, reconciliations are provided to aid the reader in understanding the differences.

Proprietary funds and funds are reported using the 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.

The proprietary funds' operating statement presents increases (revenues) and decreases (expenses) in net position. The operating revenues are charges for services provided to other departments on a cost reimbursement basis, while the costs incurred to deliver these services are reported as operating expenses. Since insurance services typically pertain to multiple fiscal years, the change in the actuarially determined insurance liability from one year to the next is reported as an operating expense. Nonoperating revenues in the proprietary funds are generated from investing activities. The Statement of Cash Flows presents the cash inflows and outflows of the proprietary activities.

For the pension trust fund, both member and employer contributions to the plan are recognized in the period when contributions are due. For the employee benefit trust fund, employer contributions are recognized in the period in which the contributions are due. For the pension and OPEB funds, benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

## D. UNEARNED REVENUES

Unearned revenues are liabilities that do not involve the application of the revenue availability criteria and, therefore, applies equally to both accrual and modified accrual financial statements. FCPS has several types of unearned revenues. Community use payments are reported in the General Fund. In the Food and Nutrition Services Fund, the unearned revenues reported represents balances in student accounts for prepaid purchases of school lunches, breakfasts, and snacks as of June 30, which will be used to purchase meals in the subsequent school year. Unearned revenues reported in the Grants and Self-Supporting Programs Fund is primarily attributable to advance tuition payments for summer school. The unearned revenues in the Adult and Community Education Fund stems from tuition payments to be applied to classes offered in the following fiscal year. Unearned revenues in the Health Benefits Fund represents coverage for the months of July and August withheld in advance from employees' paychecks from September through June.

## E. CASH AND CASH EQUIVALENTS

The majority of FCPS' cash and cash equivalents is cash on deposit with the County. Placing these funds in an investment pool administered by the County enhances investment returns. At June 30, 2022, all of the County's deposits were covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act establishes a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions. This ensures that the procedure for securing public deposits is uniform throughout the State. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

On a monthly basis, the County allocates interest, less an administrative charge, to some funds based on their respective average balances in pooled cash and investments. In accordance with the County's legally adopted operating budget, interest earned on FCPS' remaining funds is assigned directly to the County's General Fund.

Cash and cash equivalents in the Statement of Cash Flows and the Statement of Fiduciary Net Position represent amounts in the investment pool administered by the County, as such they are considered to be demand deposits under GAAP.

The figure reported for cash with fiscal agent in the Statement of Fiduciary Net Position stems from receipts from ERFC pension investment sales occurring on the last day of the fiscal year, which could not be invested in the pooled cash fund until July 1, 2022.

## F. INVESTMENTS

Cash on deposit with the County is maintained in an investment pool administered by the County. Money market investments that have a remaining maturity of one year or less at the time of purchase are reported at amortized cost, which approximates fair value. Other investments are reported at fair value.

Investments are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date, which is usually the trade date, but could be up to seven business days after the trade date.

## G. INVENTORIES AND PREPAID ITEMS

Inventories in the Food and Nutrition Services Fund are valued at cost. The consumption method of accounting for inventory is used in the government-wide statements. Under this method, inventory items are comprised of expendable supplies and are expensed as they are consumed. The purchase method of accounting for inventory is used in the governmental funds. Under this method, inventory items are expended when purchased. Inventory of the Food and Nutrition Services Fund, which consists of food products, are classified as nonspendable fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods. These transactions are recorded as prepaid assets in both the government-wide and fund financial statements using the consumption method. Prepaid items in the governmental funds are classified as nonspendable fund balance.

## H. CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements, fiduciary fund statements, and include land, construction in progress, equipment, library collections, buildings, improvements, and intangible assets. An asset must have a useful life of more than a year to be capitalized. Equipment, buildings, and improvements with a value of $10,000 or more are capitalized. The capitalization threshold for capital assets purchased with grant funding is $5,000.

Land, construction in progress, software in development, and library collections are generally capitalized regardless of value. The costs of routine maintenance and repairs that do not add to asset values or materially extend asset lives are not capitalized.

Capital assets are recorded at acquisition cost, or at estimated historical cost, if acquisition cost is not available. Donated assets are recorded at their acquisition value at the time of receipt.

No depreciation is taken in the year of acquisition for library collections. Depreciation on other capital assets commences when the assets are purchased or are substantially complete and ready to be placed into operation.

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

| Capital Assets | Useful Lives (Years) |
|---|---|
| Equipment: | |
| Buses and other vehicles | 5-10 |
| Office and other | 3-20 |
| Library collections | 5 |
| Buildings | 20-50 |
| Improvements | 10-25 |
| Software and licenses | 5-12 |
| Right-to-use * | 4-5 |

* Based on the underlying agreement of lease term

Intangible assets lack physical substance, are nonfinancial in nature, and have an initial useful life greater than one year. The intangible assets recognized by FCPS are software products and licenses, and right-to-use assets. Software products and licenses are valued at historic cost, when right-to-use assets are measured at the discounted value of future lease payments. No indirect costs are incorporated into the valuations for internally generated software. The cost threshold for individual asset recognition is $100,000 for software and licenses, and $10,000 for right-to-use assets.

Preliminary cost of software development (Stage 1) is expensed. Software in the application development stage (Stage 2) is capitalized. Amortization on software under development commences when software is operational. Any subsequent expenses and training costs are expensed (Stage 3).

## I. COMPENSATED ABSENCES AND ACCRUED WAGES AND BENEFITS

FCPS employees earn annual leave pay based on a prescribed formula tied to years of service. Employees with less than 10 years of service are allowed to accumulate a maximum of 240 hours as of fiscal year end and employees with more than 10 years of service may accumulate 320 hours. Any excess hours are converted to the unused sick leave balance.

The accrued wages and benefits liability stems from employees who retired, resigned, or were terminated during the fiscal year, and, as of June 30, had not received payment for their accrued annual leave or severance pay. In addition, a number of FCPS' employees are paid on a biweekly schedule that does not align precisely with the fiscal year. Any salaries and fringe benefits that were incurred during the fiscal year, but not paid as of June 30, are accrued as current liabilities in the applicable funds.

## J. LONG-TERM OBLIGATIONS

Long-term obligations are reported in the government-wide financial statements and the proprietary fund financial statements. These obligations are segregated between current and long-term components. In the government-wide financial statements, the long-term obligations are further divided between those due within one year and those due beyond a year.

Certain long-term obligations, such as claims and judgments and compensated absences that will be paid from current financial resources, are recorded as liabilities of the governmental funds. Lease payments are recorded as they are due and no liability is reported at fiscal year-end in the governmental funds.

## K. PENSIONS

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV. Retirement Plans and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount

recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

FCPS recognizes a net pension liability, which represents FCPS' proportionate share of the excess of the total pension liability over the fiduciary net position of the pensions reflected in the actuarial reports of The Fairfax County Employees' Retirement System (FCERS) and Virginia Retirement System (VRS). For EFRC, FCPS recognizes the entire net pension liability. The net pension liability is measured as of FCPS' prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the changes. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions, changes in proportionate share, or other inputs and differences between expected or actual experience) are amortized over the weighted-average remaining service life of all participants in the respective pension plans and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows of resources and deferred inflows of resources relating to pensions and pension expense, information about the fiduciary net position of FCPS' pension plans and the additions to/deductions from FCPS plans' net fiduciary position have been determined on the same basis as they are reported by the retirement plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

## L. OTHER POSTEMPLOYMENT BENEFITS

In government-wide financial statements, OPEB is required to be recognized and disclosed using the accrual basis of accounting (see Note V. OPEB and RSI section immediately following the Notes to Financial Statements), regardless of the amount recognized as OPEB expenditures on the governmental funds' financial statements, which use the modified accrual basis of accounting.

FCPS recognizes a net OPEB liability, which represents FCPS' proportionate share of the excess of the total OPEB liability over the fiduciary net position of the OPEB reflected in the actuarial reports of FCPS OPEB plan, Virginia Retirement System Teacher Health Insurance Credit Plan (VRS HIC) and Virginia Retirement System Group Life Insurance Plan (VRS GLI). For the FCPS OPEB plan, FCPS recognizes the entire net OPEB liability. The net OPEB liability for the FCPS OPEB plan is measured as of FCPS' current fiscal year-end. The net OPEB liability for the VRS HIC and VRS GLI plans are measured as of FCPS' prior fiscal year-end. Changes in the net OPEB liability are recorded, in the period incurred, as OPEB expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the changes. The changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions, changes in proportionate share, or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective OPEB plans and are recorded as a component of OPEB expense beginning with the period in which they are incurred.

For purposes of measuring the net OPEB liability and deferred outflows of resources and deferred inflows of resources relating to OPEB and OPEB expense, information about the fiduciary net position of FCPS' OPEB plans and the additions to/deductions from FCPS plans' net fiduciary position have been determined

on the same basis as they are reported by the OPEB plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on OPEB investments are recognized as a component of OPEB expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

## M. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources which represent a consumption of net assets that applies to future periods. FCPS has three items which qualify for reporting in this category, deferred outflows related to pensions, deferred outflows related to OPEB, and deferred outflows related to debt refunding. Refer to Notes IV. Retirement Plans and V. OPEB for a detailed listing of the deferred outflows of resources related to pensions and OPEB, respectively. The deferred outflows related to debt refunding is the result of the debt restructure to fund construction costs for the Gatehouse Administrative Building.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources which represent an acquisition of net assets that applies to future periods. FCPS has three items which qualify for reporting in this category, deferred inflows of resources related to pension, deferred inflows of resources related to OPEB, and deferred inflows related to leases. Refer to Notes IV. Retirement Plans and V. OPEB for a detailed listing of the deferred inflows of resources related to pensions and OPEB, respectively. Refer to Note III G. Leases for a detailed listing of the deferred inflows related to leases.

## N. NET POSITION

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. In the government-wide and proprietary fund financial statements, FCPS' net position is categorized as follows:

- Net investment in capital assets which represents the portion of capital-related assets, net of accumulated depreciation, reduced by right -to use lease liability , notes payable, and contract retainages to acquire these assets
- Restricted, which represents the amount of net position that is externally restricted for food and nutrition services, grant programs, and capital projects
- Unrestricted deficit, which represents net position, which are neither restricted nor capital-related

In the fiduciary funds' financial statements, FCPS' net position is categorized as restricted for pension and OPEB, which represent the amount of assets accumulated for the payment of benefits to the members and beneficiaries of the ERFC pension and FCPS OPEB plans.

## O. RECOVERED COSTS

Reimbursements from the City of Fairfax, Virginia (City) for operating City owned schools and providing educational services to City students are recorded as recovered costs in the governmental fund financial statements. During fiscal year 2022, reimbursements totaled $48,934,163 for educational services, in addition to $3,973,617 for construction projects performed on the City's behalf through FCPS' Capital Projects Fund.

## P. RESTRICTED ASSETS

Restricted assets are liquid assets that have third-party limitations on their use. FCPS reports restricted cash and investments in the Capital Projects Fund, which represents unspent amounts from the County's issuance of general obligation bonds. The County issues general obligation debt to finance the construction of school facilities on behalf of FCPS because the Code precludes school divisions issuing debt or levying taxes.

When both restricted and unrestricted resources are available for use, FCPS' policy is to use restricted resources first, and then unrestricted resources, as they are needed. As of June 30, 2022, restricted cash and investments reported in the Capital Projects Fund totaled $121,365,892.

## Q. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2022, FCPS implemented GASB Statement No. 87, *Leases*. This statement improves accounting and financial reporting for leases. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Accordingly, the following prior period adjustment was recorded:

| Statement of Activities | Governmental Activities |
|---|---|
| Net position - July 1, 2021, as previously reported | $ (654,854,927) |
| Prior period adjustment | 7,841,114 |
| Net position - July 1, 2021, as restated | $ (647,013,813) |

| Statement of Changes in Fiduciary Net Position | Pension and Other Postemployment Benefit Trust Fund |
|---|---|
| Net Position - July 1, 2021, as previously reported | $ 3,480,525,710 |
| Prior Period adjustment | (4,001) |
| Net Position - July 1, 2021, as restated | $ 3,480,521,709 |

# 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 Balances 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. NONFIDUCIARY DEPOSITS AND INVESTMENTS

### 1. DEPOSIT AND INVESTMENT POLICIES

The County maintains an investment policy to pursue the following objectives:

- Preserve capital
- Protect investment principal
- Maintain sufficient liquidity to meet operating requirements
- Conform with Federal, State, and other legal requirements
- Diversify as a means to avoid incurring unreasonable risks connected to specific security types or individual financial institutions
- Achieve a rate of return consistent with relevant market benchmarks

Oversight of investment activity is the responsibility of the County's Investment Committee, which is comprised of the County's chief financial officer and certain key County management and investment staff.

The County's policy calls for pooling, for investment purposes, all funds available to it and its component units that are not otherwise required to be kept separate. The County's investment policy, therefore, applies to the activities of the County's reporting entity, including FCPS, for both pooled and separate funds.

The Code authorizes the purchase of the following types of investments:

- Commercial paper
- US Treasury, agency securities and US Treasury strips
- Certificates of deposit and bank notes
- Insured Deposits
- Demand Deposit Accounts and savings accounts
- Money market funds
- Bankers' acceptances
- Repurchase agreements
- Medium term corporate notes
- Local Government Investment Pool
- Asset-backed securities
- Hedged debt obligations of sovereign governments
- Securities lending programs
- Obligations of the Asian Development Bank, the African Development Bank, the International Bank for Reconstruction and Development
- Obligations of the State and its instrumentalities; of counties, cities, towns, and other public bodies located within the State and other state and local government units
- Qualified investment pools

The County's investment policy precludes the investment of pooled funds in derivative securities, reverse repurchase agreements, security lending programs, asset-backed securities, hedged debt, obligations of sovereign governments, obligations of the State and its instrumentalities, obligations of counties, cities, towns, and other public bodies located within the State and obligations of state and local government units located within other states.

## 2. FAIR VALUE MEASUREMENT

The County's pooled investments are reported at fair value, except for money market funds and investments that have a remaining maturity at the time of purchase of one year or less. These are carried at amortized cost, which approximates fair value. The fair value of all investments is determined annually and is based on current market prices.

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the source and type of information used to determine the fair value of the asset. Level 1 information is quoted prices in accessible active markets, Level 2 would utilize information that is observable, either directly or indirectly from a source other than an active market, and Level 3 includes unobservable information to arrive at the valuation. Fair value measurements in their entirety are categorized based on the lowest level of input that is significant to their valuation.

## 3. INTEREST RATE RISK

The County's policy is to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the County structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby, avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of 90 days or less. All other pooled funds are invested primarily in short-term securities, with a maximum maturity of five years.

As of June 30, 2022, the pooled investments allocated to the County's component units, of which FCPS is designated a majority share, is presented below:

| Investment Type | | Fair Value | Weighted Average Maturity (Days) |
|---|---|---|---|
| US Treasury Securities and Agencies | $ | 226,682,735 | 935 |
| Commercial Paper | | 131,478,388 | 59 |
| Corporate Notes | | 33,277,409 | 1 |
| Money Market Funds | | 76,044,859 | 37 |
| Negotiable Certificates of Deposit | | 138,310,635 | 486 |
| VA Investment Pool LGIP | | 39,798,928 | 1 |
| Total | $ | 645,592,954 | |
| Portfolio weighted average maturity | | | 449 |

## 4. CREDIT RISK

The County's policy is to minimize the risk of loss due to the failure of an issuer or other counterparty to an investment to fulfill its obligations. The County pre-qualifies financial institutions, broker-dealers, intermediaries, and advisors with which the County does business. In addition, the County limits its pooled investments to the safest types of securities and diversifies its pooled investment portfolio so that potential losses on individual securities will be minimized. Also, new investments are not placed in securities that have been assigned a negative short-term rating by Moody's Investors Service, Inc. (Moody's) Watchlist or Standard and Poor's, Inc. (S&P) Credit Watch. County policy specifies the following acceptable credit ratings for specific types of investments in the pooled portfolio:

- U.S. government agency and GSE instruments should have a rating of Prime-1 by Moody's and A-1 by S&P. In those instances when a GSE does not have a rating, a thorough credit and financial analysis will be conducted by county investment staff.
- Prime quality commercial paper must be rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch Investor's Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.

- Mutual funds must have a rating of AAA or better by S&P, Moody's, or another nationally recognized rating agency.
- Negotiable certificates of deposit must have a rating of at least A-1 by S&P and P-1 by Moody's if less than one year, and a rating of AA by S&P if more than one year.
- Bankers' acceptances must be rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch, F-1; or by Duff and Phelps, Inc., D-1.
- Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.
- LGIP bond fund must have a rating of AAA by S&P, and "AAAm" by S&P for VIP Stable NAV Liquidity Pool.
- Supranationals must have a rating of AAA by S&P or Moody's.

As of June 30, 2022, the County had investments in the following issuers with credit quality ratings as a percent of total investments in debt securities:

| Credit Quality Rating * | | | | | | | |
|---|---|---|---|---|---|---|---|
| AA | | A-1 | | AAA-m | | Unrated | |
| Corporate Notes | 4.4% | Commercial Paper | 16.7% | Money Market Funds | 1.9% | Demand Deposit Accounts | 2.1% |
| | | | | LGIP | 15.1% | | |
| US Treasury and Agencies** | 30.5% | Negotiable CD | 17.6% | Bond Funds | 7.7% | Collateralized CDs | 4.0% |
| | 34.9% | | 34.3% | | 24.7% | | 6.1% |

* Credit quality ratings are determined using S&P's short-term and long-term ratings, which approximates the greatest degree of risk as of June 30, 2022.
** U.S. Treasury and Agencies AA+

## 5. CONCENTRATION OF CREDIT RISK

The County's investment policy sets the following allocation percentage limits for the types of securities held in its pooled investment portfolio:

| | | |
|---|---|---|
| US Treasury securities and agencies | 100% | maximum |
| Negotiable certificates of deposit | 40% | maximum |
| Banker's acceptances | 35% | maximum |
| Commercial paper | 35% | maximum |
| Repurchase agreements | 30% | maximum |
| Mutual funds | 30% | maximum |
| Virginia investment pool - daily liquidity | 30% | maximum |
| Corporate notes | 25% | maximum |
| Non-negotiable certificates of deposit | 25% | maximum |
| Virginia investment pool - LGIP bond fund | 25% | maximum |
| Insured certificates of deposit | 15% | maximum |
| Bank demand deposit | 10% | maximum |
| Supranationals | 10% | maximum |

In addition, not more than five percent of the total pooled funds available for investment at the time of purchase may be invested in any one issuing or guaranteeing corporation for commercial paper, corporate notes, and negotiable certificate of deposits. The County seeks to maintain five percent of the investment portfolio in a combination of mutual funds, demand deposit accounts or open repurchase agreements to meet liquidity requirements.

### 6. CUSTODIAL CREDIT RISK

For deposits, custodial credit risk is the prospect that in the event that a depository financial institution fails, the County may not recover its deposits. In accordance with the Act, all of the County's deposits are covered by the FDIC or collateralized in accordance with the Act, which provides for the pooling of collateral pledged by financial institutions with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor, and public depositors are prohibited from holding collateral in their names as security for deposits. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts are assessed on a pro rata basis to the members of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by participating financial institutions. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance, so funds deposited in accordance with the requirements of the Act are considered to be fully insured.

For investments, custodial credit risk is the risk that, in the event of the failure of a counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Per County policy, all of the investments purchased with pooled funds are insured, collateralized, or registered or are securities held by the County or its agent in the County's name.

## B. FIDUCIARY INVESTMENTS

### 1. ERFC

#### Fair Value Measurements

ERFC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. ERFC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following table shows the fair value leveling of the investments for ERFC:

| INVESTMENTS MEASURED BY FAIR VALUE HIERARCHY LEVEL | | | | |
|---|---|---|---|---|
| | | Fair Value Measures Using | | |
| | | Quoted Prices in Active Markets for Identical Assets | Significant Other Observable Inputs | Significant Unobservable Inputs |
| **Investments by fair value level** | **6/30/2022** | **Level 1** | **Level 2** | **Level 3** |
| **Short-term securities** | $ 55,357,186 | $ - | $ 55,357,186 | $ - |
| **Debt securities** | | | | |
| Asset and mortgage backed | 147,774,908 | - | 147,774,908 | - |
| Corporate bonds | 274,702,006 | - | 267,484,870 | 7,217,136 |
| International bonds | 2,403,350 | - | 2,403,350 | - |
| Convertible securities | 5,650,315 | 400,260 | 5,250,055 | - |
| Municipal bonds | 538,258 | - | 538,258 | - |
| US Government obligations | 140,353,981 | 140,353,981 | - | - |
| Total debt securities | 571,422,818 | 140,754,241 | 423,451,441 | 7,217,136 |
| **Equity investments** | 288,897,994 | 288,897,994 | - | - |
| **Total investments and short-term securities measured by fair value hierarchy level** | $ 915,677,998 | $ 429,652,235 | $ 478,808,627 | $ 7,217,136 |

Short-term securities are reported at fair value when published market prices and quotations are available, or at cost plus accrued interest, which approximates market or fair value.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique or a bid evaluation.

Debt securities classified in Level 3 of the fair value hierarchy are valued by a third party.

Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Bid evaluations may include reported trades, broker/dealer quotes, issuer spreads, two-sided markets, bids,offers, and reference data including market research publications.

Investments measured at fair value and investments measured at NAV are presented in the following table.

| INVESTMENTS MEASURED AT NET ASSET VALUE (NAV) | | | | |
|---|---|---|---|---|
| | 6/30/2022 | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Equity investments | | | | |
| Commingled large cap equity funds | $ 390,598,945 | $ - | Daily | None |
| Commingled global equity fund | 338,464,595 | - | Daily | None |
| Commingled emerging markets equity funds | 113,883,088 | - | Daily | 3 days |
| **Total equity investments measured at the NAV** | 842,946,628 | - | | |
| Fixed income investments | | | | |
| Commingled global fixed income fund | 103,832,166 | - | Daily | None |
| Commingled emerging markets debt funds | 77,382,498 | - | Monthly | 30 days |
| **Total fixed income investments measured at the NAV** | 181,214,664 | - | | |
| Private markets | 389,632,067 | 199,739,006 | Not eligible | N/A |
| Multi asset class solutions | 192,343,465 | - | Monthly | 5 days |
| Hedge funds - opportunistic | 263,871,419 | - | Monthly | 30 days |
| Real estate - commingled real estate equity funds | 174,568,128 | - | Daily, quarterly | 1-90 days |
| Real estate - private real estate fund | 48,287,492 | 125,673,861 | Not Eligible | N/A |
| **Total investments measured at the NAV** | $ 2,092,863,863 | $ 325,412,867 | | |
| **TOTAL INVESTMENTS AND SHORT-TERM SECURITIES** | $ 3,008,541,861 | | | |

- Commingled Large Cap Equity Funds - The objective of these index funds is to invest in securities and collective funds that together are designed to track the performance of the Russell 1000®.

- Commingled Global Equity Funds - The fund in this category is an actively managed, multi-capitalization fund focused on attractively priced companies with strong and/or improving financial productivity. The fund invests in listed global equity securities located in both developed and emerging markets.

- Commingled Emerging Markets Equity Funds - The fund invests in common stocks and other forms of equity investments issued by emerging market companies of all sizes to obtain long-term capital appreciation.

- Commingled Global Fixed Income Funds - The fund seeks to generate strong risk-adjusted returns from the global bond markets. The strategy focuses on selecting securities with attractive valuations in countries with stable to improving structural outlooks and growth trajectories.

- Commingled Emerging Markets Debt Funds - This fund invests in fixed income securities of "emerging" or developing countries to achieve high current income and long-term capital growth.

- Private Equity and Debt Partnerships - This type includes investments in limited partnerships, which generally include the following strategies: buyouts, venture capital, mezzanine, distressed debt, growth equity and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of June 30, 2022, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.

- Infrastructure - This type invests in assets which provide essential services or facilities to a community such as schools, hospitals, transportation, distribution, communication, power generation, water and waste management. These investments can include limited partnerships and commingled funds and are considered illiquid. The investment seeks to provide long-term risk-adjusted returns, a stable income stream and inflation protection.

- Commingled Multi-Asset Class Solutions Funds - This type of fund typically has an unconstrained, non-benchmark oriented investment approach with investments across various asset classes. It may invest in, but is not limited to, equities, fixed income, inflation-linked bonds, currencies and commodities. The objective is to provide attractive returns in any type of economic environments.

- Commingled Real Estate Equity Funds - This type of fund provides diversified exposure to a core portfolio of US real estate investments across different sectors. The investment primarily focused on income with some value-add properties seeking higher returns from potential appreciation.

- Private Real Estate - This type of fund is a limited partnership that makes direct or secondary investments in various types of real estate and real estate related entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded REIT vehicles.

- Hedge Funds - Opportunistic - This is an alternative type of strategy with a typical return objective of cash plus a premium. It invests across different asset classes.

## Deposit and Investment Policies

The authority to establish pension funds is set forth in Sections 51.1-800 of the Code, which provides that the County may purchase investments for pension funds (including common and preferred stocks and corporate bonds) that meet the standard of judgment and care set forth in Section 51.1-124 of the Code. ERFC does not have investments (other than U.S. government and U.S. government guaranteed obligations) in any one organization that represents five percent or more of net position restricted for pensions.

## Investment Policy

ERFC's investment policy is established by the Board of Trustees (Board) based on information and/or recommendations provided by ERFC's investment consultant and ERFC staff. The policy may be amended as necessary by the Board and is reviewed at least annually. There were no significant investment policy changes during the fiscal year. ERFC's asset structure is enumerated in the investment policy and reflects a proper balance of ERFC's needs for liquidity, growth of assets and the risk tolerance of the Board.

## Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (7.29) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Derivative Financial Instruments

As permitted by the Code, ERFC invests in derivative instruments on a limited basis in accordance with the Board's investment policy. Investment in derivatives allows ERFC to increase earnings and/or hedge against potential losses. The risks associated with derivative instruments, include market risk resulting from fluctuations in interest and currency rates, the credit worthiness of counter parties to any contracts entered into, and the credit worthiness of mortgages related to collateralized mortgage obligations (CMOs). Specific authorization by the Board is required should investment managers seek to purchase securities on margin or leverage.

During fiscal year 2022, ERFC's fair value of CMOs was $3,682,269.

## Securities Lending

The Board's policy permits the fund to participate in a securities lending program. This program is administered by ERFC's custodian. Certain securities are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or Government Agency Securities, letters of credit issued by approved banks, or other securities of a quality specified in the securities lending agreement. Collateral must be provided in the amount of 102 percent of the fair value for domestic securities and 105 percent for international securities. ERFC did not impose any restrictions during the period on the number of loans the custodian made on its behalf. The custodian provides for full indemnification to ERFC for any losses that might occur in the program due to the failure of a broker/dealer to return the borrowed security or a failure to pay ERFC for income of the securities while on loan. The fair value of collateral is monitored daily by the custodian.

Cash collateral is invested in a fund maintained by the custodian or its affiliate. Per stated custodian policy, the maximum weighted average maturity is sixty days. Investment income from the securities lending program is shared 75/25 by ERFC and the custodian, respectively. At year-end, ERFC had no overall credit risk exposure to borrowers because the amounts ERFC owed the borrowers exceeded the amounts the borrowers owed ERFC.

Cash received as collateral and related liability of $100,361,317. As of June 30, 2022, are shown on the Statement of Fiduciary Net Position. As of June 30, 2022 the fair value of securities on loan for cash collateral

was $97,547,926. Securities received as collateral are not reported as assets and liabilities since ERFC does not have the ability to pledge or sell the collateral securities absent borrower default.

On June 30, 2022, the array of securities ERFC had on loan for cash and non-cash collateral took this form:

| Securities | Fair Value | Cash Collateral |
|---|---|---|
| Domestic corporate bonds | $ 36,486,519 | $ 37,421,097 |
| International bonds | 1,494,835 | 1,720,268 |
| Domestic stock | 49,339,705 | 50,523,514 |
| International stock | 1,335,226 | 1,621,079 |
| US Government | 8,891,641 | 9,075,359 |
| Total | $ 97,547,926 | $ 100,361,317 |

## Interest Rate Risk

ERFC's fixed income managers use the effective duration method to control interest rate risk. Regarding maturity, ERFC does not place limits on these fixed income managers. However, it does expect the average duration to be within 30 percent of the portfolio's benchmark. One of the managers is expected to be within 50 percent of the Bloomberg Barclays Capital Government/Credit Index.

As of June 30, 2022, ERFC had the following fixed income investments, none of which are highly sensitive to changes in interest rates:

| Investment Category | Amount | Effective Duration | Percentage of Fixed |
|---|---|---|---|
| Asset and mortgage backed | $ 147,774,908 | 1.23 | 25.9% |
| Corporate bonds | 274,702,007 | 2.68 | 48.0% |
| International bonds | 2,403,350 | 0.05 | 0.4% |
| Convertible securities | 5,650,314 | 0.12 | 1.0% |
| Municipal bonds | 538,258 | 0.02 | 0.1% |
| US Government | 140,353,981 | 2.01 | 24.6% |
| Total | $ 571,422,818 | 6.11 * | 100.00% |

* Weighted duration in years: 6.65

| Short-term | | |
|---|---|---|
| Short-term investment funds | $ 55,357,186 | - |
| Total Short-Term | $ 55,357,186 | - |

## Credit Risk

ERFC's policy on credit quality states that the average credit quality of the portfolio must be at least A. Up to 20 percent of the portfolio may be invested in below investment grade (that is, Moody's Baa or Standard & Poor's BBB ratings). If a security has a split rating, the lower rating will be considered in meeting the minimum quality standard. One of ERFC's fixed income managers may invest up to 35 percent in below investment grade securities. For this manager, if a security has a split rating, the higher rating shall be considered.

The Credit Quality Summary lists the ratings of all of ERFC's fixed income investments, excluding pooled funds, according to Moody's Investment Services and Standard & Poor's.

The credit quality summary of ERFC's portfolio as of June 30, 2022, is portrayed below:

| Investment Type | | Amount | Rating | Percent of Fixed |
|---|---|---|---|---|
| Asset and mortgage backed | $ | 26,251,230 | AAA | 6.1% |
| | | 65,122,891 | AA | 15.1% |
| | | 14,733,666 | A | 3.4% |
| | | 23,844,272 | BBB | 5.5% |
| | | 2,457,124 | BB | 0.6% |
| | | 1,442,252 | B | 0.3% |
| | | 2,024,222 | CCC | 0.5% |
| | | 4,430,679 | CC | 1.0% |
| | | 2,159,430 | C | 0.5% |
| | | 5,309,142 | Not Rated | 1.2% |
| Convertible securities | | 3,372,639 | BBB | 0.8% |
| | | 2,277,675 | B | 0.5% |
| Corporate bonds | | 2,100,260 | AAA | 0.5% |
| | | 4,548,096 | AA | 1.1% |
| | | 26,804,413 | A | 6.2% |
| | | 160,276,366 | BBB | 37.3% |
| | | 51,204,355 | BB | 11.9% |
| | | 26,504,879 | B | 6.1% |
| | | 2,091,415 | CCC | 0.5% |
| | | 26,527 | CC | -% |
| | | 127,567 | C | -% |
| | | 9,218 | Below C | -% |
| | | 1,008,911 | Not Rated | 0.2% |
| International bonds | | 451,156 | AA | 0.1% |
| | | 1,952,194 | BBB | 0.5% |
| Municipal bonds | | 538,258 | BBB | 0.1% |
| Total Fixed Income | $ | 431,068,837 | | 100.0% |

## Concentration of Credit Risk

ERFC's policy limits the securities of any one issuer to 10% at cost and 15% at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies. As of June 30, 2022, ERFC had three active fixed income managers. The portfolios had values of $166.5 million, $184.9 million and $240.8 million. The fair value of the largest issue other than the U.S. Government in the portfolios of the active managers, excluding pooled funds, was 1.60 percent of that portfolio.

## Deposits

At June 30, 2022, short-term investments with the custodial bank totaled $55,357,186. These investments consist of U.S. Treasury bills, are collateralized with securities held by the agent in ERFC's name or are in a short-term investment pool.

## Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, ERFC's funds will be lost. However, ERFC's investments and deposits are not exposed to custodial credit risk since they are held by the agent in ERFC's name. Other investments such as mutual funds, a short-term investment pool, and a cash collateral investment pool which invests cash collateral for securities on loan, are not exposed to custodial risk due to their non-physical form. As such, ERFC does not have a custodial credit risk policy.

The mix of investments held by the custodian on June 30, 2022, was as follows:

| Investment Type | Fair Value |
|---|---|
| Stocks | $ 288,897,994 |
| Bonds and mortgage securities | 431,068,837 |
| US Government obligations | 140,353,981 |
| Real estate | 222,855,620 |
| Multi asset class solutions (MACS) | 192,343,465 |
| Hedge funds - opportunistic | 263,871,419 |
| Private equity | 309,762,531 |
| Private debt | 50,349,798 |
| Infrastructure | 29,519,738 |
| Commingled fixed income funds | 181,214,664 |
| Commingled equity funds | 842,946,628 |
| Subtotal investments | 2,953,184,675 |
| Cash collateral for securities on loan | 100,361,317 |
| Total | $ 3,053,545,992 |

## Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. ERFC's currency risk exposures primarily exist in the international equity and active fixed income holdings. At the present time, there are no specific foreign currency guidelines for equities or active fixed income investments, however, equity and fixed income managers are all measured against specific performance standards and risk guidelines identified in ERFC's investment policy.

The following chart provides a summary of ERFC's foreign currency risk as of June 30, 2022:

| Currency | Cash & Cash Equivalents | Equities | Fixed Income Securities | Private Markets | Grand Total |
|---|---|---|---|---|---|
| AUSTRALIAN DOLLAR | $ 2,173 | $ - | $ - | $ - | $ 2,173 |
| BRAZIL REAL | 36,656 | - | - | - | 36,656 |
| CANADIAN DOLLAR | 45,590 | - | - | - | 45,590 |
| CHILEAN PESO | 11,064 | - | - | - | 11,064 |
| CHINESE YUAN RENMINBI | 16,539 | - | - | - | 16,539 |
| DANISH KRONE | 167,774 | 5,178,361 | - | - | 5,346,135 |
| EURO CURRENCY UNIT | 539,408 | 14,538,538 | - | 29,831,797 | 44,909,743 |
| HONG KONG DOLLAR | 39,843 | 2,319,585 | - | - | 2,359,428 |
| INDONESIAN RUPIAH | 12,583 | - | - | - | 12,583 |
| ISRAELI SHEKEL | 11,699 | - | - | - | 11,699 |
| JAPANESE YEN | 169,176 | 3,122,722 | - | - | 3,291,898 |
| MALAYSIAN RINGGIT | 9,670 | - | - | - | 9,670 |
| MEXICAN PESO | 20,594 | - | 1,952,194 | - | 1,972,788 |
| NEW TAIWAN DOLLAR | 26,132 | 2,673,483 | - | - | 2,699,615 |
| NEW ZEALAND DOLLAR | 8,060 | 678,794 | - | - | 686,854 |
| NORWEGIAN KRONE | 7,440 | 1,789,089 | - | - | 1,796,529 |
| PHILIPPINES PESO | 1,349 | - | - | - | 1,349 |
| POLISH ZLOTY | 1,273 | - | - | - | 1,273 |
| POUND STERLING | 45,829 | 3,197,734 | - | - | 3,243,563 |
| QATARI RIYAL | - | - | 273,244 | - | 273,244 |
| SOUTH AFRICAN RAND | 1,939 | - | - | - | 1,939 |
| SOUTH KOREAN WON | 378 | 270 | - | - | 648 |
| SWEDISH KRONA | 10,643 | 3,196,831 | - | - | 3,207,474 |
| SWISS FRANC | 593,127 | 3,159,055 | - | - | 3,752,182 |
| THAILAND BAHT | 3,782 | - | - | - | 3,782 |
| UAE DIRHAM | - | - | 177,913 | - | 177,913 |
| Grand Total | $ 1,782,721 | $ 39,854,462 | $ 2,403,351 | $ 29,831,797 | $ 73,872,331 |

## 2. SCHOOL OPEB TRUST FUND

### Deposit and Investment Policies

The authority to establish a trust fund for the purpose of accumulating and investing other postemployment benefits is set forth in Section 15.2-1544 of the Code, which provides for the purchase of investments that meet the standard of judgment and care set forth in Section 51.1-803 of the Code.

FCPS invests the School OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Association of Counties and the Virginia Municipal League (VACo/VML). The Pooled Trust is an investment pooling vehicle created to allow participating local governments, school divisions, and authorities in the State to accumulate and invest assets to fund other postemployment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. FCPS' respective shares in the Pooled Trust are reported in the School OPEB Trust Fund's financial statements. Investment decisions are made by the Board of Trustees (Trustees) of the Pooled Trust.

The Trustees adopted an investment policy to establish investment objectives, risk tolerance levels, and asset allocation parameters. The investment objective is to maximize the total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Pooled Trust is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Portfolio II is structured to achieve an expected rate of return of 6.5%. The investment performance of each Portfolio is reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

The Pooled Trust's assets are separately managed by professional investment managers or invested in professionally managed investment vehicles. Each Portfolio is invested in a broadly diversified manner by asset class, style and capitalization, which control volatility levels.

The asset allocation policies for the Portfolios are outlined in the table below:

| | Portfolio I | | Portfolio II | |
|---|---|---|---|---|
| | Target Percentages of Total Assets | Allocation Range | Target Percentages of Total Assets | Allocation Range |
| Total Equity | 59% | 49% - 69% | 32% | 22% - 42% |
| Total Fixed Income | 21% | 16% - 26% | 58% | 48% - 68% |
| Total Real Assets | 10% | 5% - 15% | 5% | 0% - 10% |
| Diversified Hedge Funds | 10% | 5% - 15% | 5% | 0% - 10% |

The Pooled Trust and each Portfolio is monitored on a continual basis for consistency in investment philosophy, return relative to objectives, and investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. Each Portfolio is reviewed by the Trustees on a regular basis, but results are evaluated over longer time periods. The Trustees regularly review each manager in order to confirm that the factors underlying the performance expectations remain in place.

The Trustees meet a minimum of four times a year to review quarterly performance and asset allocation. The investment policy is reviewed and updated at least annually.

### Fair Value Measurement

The Pooled Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP.

Investments that are measured at fair value using the NAV are not classified in the fair value hierarchy. The Pooled Trust measures certain qualifying investments at the NAV to estimate fair value unless it is probable that the Pooled Trust will sell its interest at an amount different than the NAV. Short-term highly liquid investments classified as cash equivalents that are measured and reported at amortized cost are not classified in the fair value hierarchy.

On June 30, 2022, the School OPEB Trust Fund's share in the Pooled Trust was $189,698,157 as reported on Exhibit U.

### Concentration of Credit Risk

The Pooled Trust does not have investments (other than U.S. government, agency, and guaranteed obligations) in any one organization that represent five percent or more at market value of net position held in trust for OPEB benefits. The Pooled Trust does not have investments assigned to any single investment manager that represent 25 percent or more at market value of net position, or more than 20 percent of the fund at market value invested in one industry.

More extensive information about the Pooled Trust, including the classification of individual investments and related risks, can be obtained by writing to VACo/VML Finance, 8 East Canal Street, Richmond, Virginia 23219.

## C. DUE FROM INTERGOVERNMENTAL UNITS

Amounts due from the Federal government are attributed primarily to the ESSER funding in the General Fund; and to Title I, Title II, Title III, Seamless Summer Option and the Summer Food Service Program grants in the nonmajor governmental funds. ESSER funding supports the safe operation of schools and address the impacts of the pandemic on students. Title I and II programs enhance the instruction for disadvantaged children. Title III program improves education of limited English proficient children. The Seamless Summer Option and Summer Food Service Program provide reimbursement for free healthy meals and snacks served to children and teens.

A significant portion of the receivable from the State in the General Fund is attributed to State sales taxes due to FCPS. The Virginia Retail Sales and Use Tax Act require 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.

FCPS provides special education services for eligible students, including those who reside outside of FCPS' school boundaries. These services are provided on a fee-based system. The receivables from other jurisdictions are related to outstanding invoices for services provided to other localities within the Washington Metropolitan area as well as those from out-of-state public school systems. The receivable from the County represents funds owed to FCPS for custodial services and school use.

Amounts due from governments as of June 30, 2022, were as follows:

| Fund | Federal Government | Commonwealth of Virginia | County | Other Jurisdictions | Total |
|---|---|---|---|---|---|
| General Fund | $ 81,215,415 | $ 22,091,349 | $ 133,980 | $ 175,712 | $ 103,616,456 |
| Food and Nutrition Fund | 17,379,256 | - | 115,562 | - | 17,494,818 |
| Grants and Self-Supporting Programs Fund | 26,946,769 | 2,058,424 | 18,917 | - | 29,024,110 |
| Adult and Community Education | 749,638 | - | - | - | 749,638 |
| Total | $ 126,291,078 | $ 24,149,773 | $ 268,459 | $ 175,712 | $ 150,885,022 |

## D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

FCPS' General Fund advances money to other funds as needed to offset year-end cash deficits. The deficits occur due to timing differences between payments for expenditures and the receipt of cash to cover them. The $400,000 advance to the Adult and Community Education Fund is a result of the cash shortage in the fund.

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

| Fund | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Fund | $ 400,000 | $ - |
| Adult and Community Education Fund | - | 400,000 |
| Total | $ 400,000 | $ 400,000 |

The primary purpose for interfund transfers is to provide funding for FCPS' operations, and capital projects. The breakdown of interfund transfers for the fiscal year ended June 30, 2022 was as follows:

| Fund | Transfers In | Transfers Out |
|---|---|---|
| General Fund | $ - | $ 41,948,458 |
| Capital Projects Fund | 16,004,197 | - |
| Food and Nutrition Services Fund | 1,800,000 | - |
| Grants and Self-Supporting Fund | 22,608,552 | - |
| Adult and Community Education Fund | 1,535,709 | - |
| Total | $ 41,948,458 | $ 41,948,458 |

## E. CAPITAL ASSETS

A summary of capital asset activity for fiscal year 2022 is shown below:

| Governmental Activities | Balance July 01, 2021 | Increases | Decreases | Balance June 30, 2022 |
|---|---|---|---|---|
| Non-depreciable/non-amortizable capital assets: | | | | |
| Land | $ 46,837,095 | $ - | $ - | $ 46,837,095 |
| Construction in progress | 321,205,883 | 166,485,236 | (144,193,215) | 343,497,904 |
| Software in development | 777,072 | - | (777,072) | - |
| Total non-depreciable/non-amortizable capital assets | 368,820,050 | 166,485,236 | (144,970,287) | 390,334,999 |
| Depreciable/amortizable capital assets: | | | | |
| Equipment | 451,156,307 | 4,350,409 | (122,877,031) | 332,629,685 |
| Library collections | 20,612,968 | 2,828,782 | (4,734,780) | 18,706,970 |
| Buildings | 1,316,960,489 | 2,287,590 | (1,101,976) | 1,318,146,103 |
| Building improvements | 2,949,638,737 | 163,285,327 | (144,045) | 3,112,780,019 |
| Land improvements | 96,749,148 | 2,449,365 | - | 99,198,513 |
| Software/licenses | 13,260,834 | 777,072 | - | 14,037,906 |
| Right-to-use lease asset | | | | |
| Parking lot | - | 233,954 | - | 233,954 |
| Buildings | 43,947,118 | 1,383,687 | - | 45,330,805 |
| Equipment | 8,330,568 | 2,641,169 | - | 10,971,737 |
| Total depreciable/amortizable capital assets | 4,900,656,169 | 180,237,355 | (128,857,832) | 4,952,035,692 |
| Accumulated depreciation/amortization: | | | | |
| Equipment | (275,177,086) | (34,696,195) | 70,453,815 | (239,419,466) |
| Library collections | (14,196,955) | (2,121,522) | 4,734,780 | (11,583,697) |
| Buildings | (704,306,576) | (24,185,032) | 1,061,831 | (727,429,777) |
| Building improvements | (1,436,340,828) | (107,895,863) | 60,832 | (1,544,175,859) |
| Land improvements | (44,881,544) | (4,069,346) | - | (48,950,890) |
| Software/licenses | (9,073,162) | (754,447) | - | (9,827,609) |
| Right-to-use lease asset | | | | |
| Parking lot | - | (27,295) | - | (27,295) |
| Buildings | - | (5,444,718) | - | (5,444,718) |
| Equipment | - | (4,356,133) | - | (4,356,133) |
| Total accumulated depreciation/amortization | (2,483,976,151) | (183,550,551) | 76,311,258 | (2,591,215,444) |
| Depreciable/amortizable capital assets, net | 2,416,680,018 | (3,313,196) | (52,546,574) | 2,360,820,248 |
| Total capital assets, net | $ 2,785,500,068 | $ 163,172,040 | $(197,516,861) | $ 2,751,155,247 |

Depreciation and amortization was charged to governmental programs during fiscal year 2022 as shown:

| Governmental Activities | Depreciation and Amortization Expense |
|---|---|
| Instruction: | |
| Regular education: | |
| Elementary school | $ 58,607,692 |
| Middle school | 15,711,927 |
| High school | 35,829,068 |
| Special education | 32,433,382 |
| Adult and community education | 367,101 |
| Instructional support | 12,151,046 |
| Support programs: | |
| Administration and general support | 8,388,260 |
| Student transportation | 8,516,746 |
| Facilities management | 6,736,305 |
| Food service | 4,809,024 |
| Total | $ 183,550,551 |

## F. LONG-TERM OBLIGATIONS

Internal service funds long-term obligations are included as part of government activities because these funds generally serve the governmental funds. Net pension liability, net OPEB liability, accrued rent, compensated absences, and capital leases are generally liquidated from the General Fund. Actuarial claims payable are liquidated in the internal service funds.

The County issues general obligation debt for FCPS and carries this debt on their books. However, FCPS is responsible for the outstanding obligations indicated below.

The table below summarizes the changes in the long-term obligations of FCPS for the year ended June 30, 2022:

| Governmental Activities | Balance July 01, 2021 | Additions | Reductions | Balance June 30, 2022 | Due within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 39,048,858 | $ 27,453,860 | $ (27,334,200) | $ 39,168,520 | $ 27,417,964 |
| Actuarial claims payable | 72,116,735 | 5,104,341 | (2,552,513) | 74,668,563 | 34,936,213 |
| Lease liability | 52,277,686 | 4,258,810 | (8,835,838) | 47,700,658 | 8,902,524 |
| Notes payable | 99,449,796 | 3,730,000 | (22,273,001) | 80,906,795 | 19,176,713 |
| Net pension liability | 4,115,292,996 | (1,518,995,293) | (432,392,843) | 2,163,904,859 | - |
| Net OPEB liability | 387,461,319 | 435,470,715 | (442,861,534) | 380,070,500 | - |
| Total | $ 4,765,647,390 | $ (1,042,977,567) | $ (936,249,929) | $ 2,786,419,895 | $ 90,433,414 |

### 1. NOTES PAYABLE

Leases for laptops, buses and Gatehouse Administrative Building are recognized as financed-purchase leases because ownership of the underlying assets will automatically be transferred to FCPS at the end of the lease term and the lease contracts do not contain any termination options. Therefore, the lease liability for laptops, buses and Gatehouse Administrative Building are recorded as notes payable.

The future minimum obligations and the net present value of these minimum payments as of June 30, 2022, are as follows:

**Principal and Interest Requirements to Maturity**

| | Governmental Activities | | |
|---|---|---|---|
| **Fiscal Year** | **Principal Payments** | **Interest Payments** | **Total Payments** |
| 2023 | $ 19,176,713 | $ 1,376,176 | $ 20,552,888 |
| 2024 | 19,033,687 | 1,059,869 | 20,093,556 |
| 2025 | 12,425,314 | 746,649 | 13,171,963 |
| 2026 | 3,526,080 | 579,529 | 4,105,610 |
| 2027 | 2,810,000 | 514,402 | 3,324,402 |
| 2028-2032 | 14,660,000 | 1,693,223 | 16,353,223 |
| 2033-2035 | 9,275,000 | 283,946 | 9,558,946 |
| | $ 80,906,795 | $ 6,253,794 | $ 87,160,589 |

### 2. DEBT SERVICE RESPONSIBILITY

The Code prohibits FCPS 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 FCPS, but by the full faith and credit and taxing authority of the County. Since FCPS is not obligated to repay principal or interest on any general obligation debt incurred on FCPS' behalf, the debt is recorded in the County's government-wide financial statements.

## G. LEASES

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

### 1. Right-to-Use Leases as Lessee

#### Lease Liability

On July 1, 2021, FCPS entered into 256 leases as Lessee for the use of Ricoh copiers, the lease terms range from 36 months and 60 months respectively. An initial lease liability was recorded in the amount ranging from $119 to $1,868,190. FCPS is required to make annual fixed payments ranging from $555 to $677,750. Leases have interest rate ranging from 5.58% to 7.18%. The copiers' estimated useful life was 96 months as of the contract commencement.

On July 1, 2021, FCPS entered into seven leases as Lessee for real estate, the lease term ranges from 24 months to 132 months. An initial lease liability was recorded in the amount ranging from $11,508 to $28,065,170. FCPS is required to make monthly fixed payments ranging from $574 to $350,607. Leases have interest rate ranging from 0.44 % to 1.60%. The buildings' estimated useful life was 240 months as of the contract commencement, while the parking lot's estimated useful life was 120 months.

These right-to-use leases are recorded at the present value of their future minimum lease payments as of the inception date and expire at various times through fiscal year 2033.

| Principal and Interest Requirements to Maturity | | | |
|---|---|---|---|
| | Governmental Activities | | |
| Fiscal Year | Principal Payments | Interest Payments | Total Payments |
| 2023 | $ 8,902,524 | $ 829,891 | $ 9,732,415 |
| 2024 | 7,088,829 | 584,996 | 7,673,825 |
| 2025 | 5,938,211 | 428,649 | 6,366,860 |
| 2026 | 5,591,202 | 335,323 | 5,926,525 |
| 2027 | 5,486,580 | 255,828 | 5,742,408 |
| 2028-2032 | 14,625,063 | 360,514 | 14,985,577 |
| 2033 | 68,249 | 91 | 68,340 |
| | $ 47,700,658 | $ 2,795,292 | $ 50,495,950 |

## 2. Lease Receivable as Lessor

On July 1, 2021, FCPS entered into leases as Lessor for the use of cell towers in different school locations with multiple carriers. The leases have terms ranging from 14 months to 107 months and provide for renewal options ranging from one year to five years. An initial lease receivable was recorded in the amount ranging from $8,596 to $482,900. As of June 30, 2022, the value of the lease receivable ranged from $6,192 to $429,889. The lessee was required to make monthly fixed payments ranging from $200 to $4,820. The leases have interest rates ranging from 0.31% to 0.81%. The Land Improvement's estimated useful life was 180 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 ranges from $6,096 to $428,743, and FCPS recognized lease revenue of $701,562 in total during the fiscal year 2022.

The table of principal and interest expected to Maturity is disclosed below:

| Principal and Interest Expected to Maturity | | | |
|---|---|---|---|
| | Governmental Activities | | |
| Fiscal Year | Principal Payments | Interest Payments | Total Payments |
| 2023 | $ 551,439 | $ 12,529 | $ 563,968 |
| 2024 | 446,124 | 8,977 | 455,101 |
| 2025 | 320,930 | 5,769 | 326,699 |
| 2026 | 195,884 | 3,745 | 199,629 |
| 2027 | 190,355 | 2,192 | 192,547 |
| 2028 - 2031 | 200,936 | 1,630 | 202,564 |
| | $ 1,905,668 | $ 34,842 | $ 1,940,508 |

The table of deferred Inflows of resources is disclosed below:

| | Balance as of July 1, 2021 | Additions | Reductions | Balance as of June 30, 2022 |
|---|---|---|---|---|
| **Deferred Inflow of Resources** | | | | |
| Land Improvements | | | | |
| Centreville High School - Cingular | $ - | $ 65,211 | $ 52,402 | $ 12,809 |
| Centreville High School - Sprint Amendment | - | 199,460 | 64,247 | 135,213 |
| Chantilly High School - T-Mobile | - | 146,762 | 44,029 | 102,733 |
| Chantilly High School - Sprint | - | 71,662 | 47,163 | 24,499 |
| Chantilly High School - Cingular | - | 482,900 | 54,157 | 428,743 |
| Langley High School - Cingular | - | 308,386 | 49,989 | 258,397 |
| South Lake High School - T-Mobile | - | 57,083 | 44,674 | 12,409 |
| South Lakes High School - Cingular | - | 314,729 | 51,037 | 263,692 |
| South Lakes High School - Verizon | - | 172,679 | 47,273 | 125,406 |
| Thomas Jefferson High School - Sprint original | - | 152,466 | 74,031 | 78,435 |
| Thomas Jefferson High School - Cingular | - | 253,730 | 60,895 | 192,835 |
| Westgate Elementary School - Verizon | - | 221,073 | 64,136 | 156,937 |
| Westgate Elementary School - T-Mobile | - | 141,530 | 47,529 | 94,001 |
| Total Deferred Inflow of Resources | $ - | $ 2,587,671 | $ 701,562 | $ 1,886,109 |

## H. CONSTRUCTION COMMITMENTS

On June 30, 2022, FCPS had contractual commitments of $132,325,488 in the Capital Projects Fund for the construction of various projects.

## I. FUND BALANCE

Governmental fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the School Board is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The two major types of fund balances are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent as they are not expected to be converted to cash or they are legally or contractually required to remain intact. This classification includes prepaid items and inventories.

In addition to nonspendable fund balance, FCPS classifies spendable fund balances based on the following hierarchy of spending constraints:

- Restricted: Fund balances that are constrained by external parties, constitutional provisions or enabling legislation.

- Committed: Fund balances that include amounts that can be used only for the specific purposes determined by a formal action of FCPS' highest level of decision-making authority, the School Board. Fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned: Fund balances that are intended to be used by FCPS for specific purposes but do not meet the criteria to be classified as restricted or committed. The School Board makes assignments of fund balance.

- Unassigned: Fund balance of the General Fund that is not constrained for any particular purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is only used to report a deficit fund balance.

The School Board reviews and amends the budget on a quarterly basis. Commitment of fund balance is established and approved by the School Board at the final fiscal year end quarterly budget review. All subsequent changes to the budget plan to add, reduce, or redirect resources to other purposes are also accomplished by board resolution. As a result, all unrestricted amounts directed toward a purpose are shown as committed. Balances shown as assigned in the General Fund represent encumbrances which would otherwise be unassigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. FCPS considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available.

When utilizing unrestricted balances, committed balances are applied first, followed by assigned then unassigned balances. FCPS has classified fund balances based on the following hierarchy:

- Nonspendable: The nonspendable fund balance of $2,164,846 includes prepaid items and inventories of $107,242 and $2,057,604, respectively, among all governmental funds.

- Restricted: The restricted fund balance of $168,545,716 includes funds from Food Service, Grants Programs and Capital Projects.

- Committed: The committed portion of the fund balance includes amounts that can be used for the specific purposes that was determined by School Board action prior to the end of the fiscal year. Amounts in the committed fund balance classification may be redeployed for other purposes with appropriate due process. When a budget appropriation lapses at year end, the commitment still exists because the commitment was made solely through the appropriation. The committed fund balance of $31,874,771 includes flexibility reserve which is committed to meet unforeseen circumstances by the School Board and other appropriated items.

- Assigned: The assigned fund balance of $281,533,666 for school operations includes $167,631,686 for outstanding encumbrances and other fiscal year balance carryovers; $22,963,307 for local school activities; $69,063,902 for fiscal year 2023 operating budget; and $21,874,771 for fiscal year 2024 operating budget.

- Unassigned: The unassigned fund balance totals $4,195,336, which will be utilized by the School Board during future budget development. This amount is comprised of $4,635,741 from the General Fund and a deficit of $(440,405) from the Adult and Community Education Fund. The deficit fund balance of the Adult and Community Education Fund was a result of decreased revenue due to lower enrollment as a result of the pandemic.

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **FUND BALANCES:** | | | | |
| Nonspendable: | | | | |
| Inventories | $ - | $ - | $ 2,057,604 | $ 2,057,604 |
| Prepaid Items | 54,167 | - | 53,075 | 107,242 |
| | 54,167 | - | 2,110,679 | 2,164,846 |
| Restricted: | | | | |
| Capital Projects | - | 77,610,385 | - | 77,610,385 |
| Grant Programs, Summer Fund and Remediation | - | - | 44,345,239 | 44,345,239 |
| Food Service | - | - | 46,590,092 | 46,590,092 |
| | - | 77,610,385 | 90,935,331 | 168,545,716 |
| Committed: | | | | |
| Set Aside for fiscal year 2023 Budget | 21,874,771 | - | - | 21,874,771 |
| School Board Flexibility Reserve | 8,000,000 | - | - | 8,000,000 |
| Fuel Contingency | 2,000,000 | - | - | 2,000,000 |
| | 31,874,771 | - | - | 31,874,771 |
| Assigned: | | | | |
| Schools/Projects Carryover | 86,387,519 | - | - | 86,387,519 |
| Outstanding Encumbered Obligations | 57,155,128 | - | - | 57,155,128 |
| Department Critical Needs Carryover | 24,089,039 | - | - | 24,089,039 |
| Set Aside for 2024 Beginning Balance | 21,874,771 | - | - | 21,874,771 |
| Staffing Reserve | 19,994,151 | - | - | 19,994,151 |
| Employee Bonus | 15,787,153 | - | - | 15,787,153 |
| Stadium Bathrooms | 7,500,000 | - | - | 7,500,000 |
| Major Maintenance | 7,050,970 | - | - | 7,050,970 |
| Recruitment Incentive for Substitutes | 3,496,037 | - | - | 3,496,037 |
| Superintendent's Strategic Reserve | 3,000,000 | - | - | 3,000,000 |
| Paper Inflation | 2,500,000 | - | - | 2,500,000 |
| Electricity Inflation | 2,491,155 | - | - | 2,491,155 |
| Food Services Equipment Transfer | 1,800,000 | - | - | 1,800,000 |
| Title IX Upgrades (softball fields) | 1,493,325 | - | - | 1,493,325 |
| FCPS' Cost Share for Electric Buses | 1,037,599 | - | - | 1,037,599 |
| Safety and Security Review | 1,000,000 | - | - | 1,000,000 |
| Turf Fields | 750,000 | - | - | 750,000 |
| Young Scholars Extracurricular Enrichment | 500,000 | - | - | 500,000 |
| Transfer to ACE Fund | 388,512 | - | - | 388,512 |
| Middle School Start Time Study | 275,000 | - | - | 275,000 |
| Local School Activities | 22,963,307 | - | - | 22,963,307 |
| | 281,533,666 | - | - | 281,533,666 |
| Unassigned | 4,635,741 | - | (440,405) | 4,195,336 |
| Total Fund Balance | $ 318,098,345 | $ 77,610,385 | $ 92,605,605 | $ 488,314,335 |

## IV. RETIREMENT PLANS

FCPS employees participate in ERFC, the FCERS, and the Virginia Retirement System (VRS) Teacher Retirement Plan. Information about these plans is provided as follows.

### A. ERFC

#### Plan Description

ERFC is a legally separate, single-employer pension plan established under the Code to provide pension benefits to all full-time educational and administrative support employees who are employed by FCPS and who are not covered by another County plan. The plan contains two primary defined benefit structures, ERFC and ERFC 2001. The original structure, ERFC, became effective July 1, 1973, and is coordinated with the benefits that members expect to receive from VRS and Social Security. It remains in effect, however, it is closed to new members employed after June 30, 2001. A new simplified plan of benefits was developed effective July 1, 2001 with an exclusive level lifetime benefit structure. All newly hired full-time educational and administrative support employees are enrolled in ERFC 2001, hereinafter referred to as ERFC 2001 Tier 1. It was closed to new members employed after June 30, 2017.

On April 27, 2017, the School Board voted to modify the ERFC 2001 Tier 1 Plan effective July 1, 2017. For ERFC members hired on or after July 1, 2017, members of ERFC 2001 Tier 2, retirement eligibility was raised, the period for calculating a member's final average salary was increased and the cost-of-living adjustment was changed to be based on the Consumer Price Index. For all members, the annual interest rate credited on member accounts was reduced.

#### Benefits Provided

Benefit provisions for ERFC and ERFC 2001 are established and may be amended by ERFC's Board of Trustees (ERFC Board) subject to approval by the School Board. All members are vested for benefits after five years of service. The ERFC benefit formula was revised effective July 1, 1988, following changes to VRS, which ERFC has historically supplemented. The benefit structure is designed to supplement VRS and Social Security benefits to provide a level retirement benefit throughout retirement.

ERFC 2001 Tier 1 and Tier 2 have a stand-alone structure. Member contributions for ERFC and ERFC 2001 are made through an arrangement that results in a deferral of taxes on the contributions. Further details of member contributions may be found in Article III of the ERFC and ERFC 2001 Plan Documents.

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. Minimum eligibility requirements for full service benefits for ERFC is either (a) age 65 with 5 years of service or (b) age 55 with 25 years of service. Minimum eligibility requirements for full service benefits for ERFC 2001 Tier 1 is either (a) age 60 with five years of service or (b) any age with 30 years of service. Minimum eligibility requirements for full service benefits from ERFC 2001 Tier 2 is either (a) age and service equal 90 (the rule of 90) or (b) full Social Security age with five years of service. Annual post-retirement cost-of-living (COLA) increases are effective each March 31 for ERFC and ERFC 2001 Tier 1 members. Participants in their first full year of retirement from ERFC and ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no COLA increase that first March. Under ERFC 2001 Tier 2, the first COLA will equal approximately half of the full COLA amount. Thereafter, the full COLA will equal 100 percent of the Consumer Price Index for all Urban Consumers (CPI-U) for the Washington, D.C., metropolitan area for the period ending in November of each year, capped at 4%. Additional detail regarding all benefit payment types can be found in the actuarial valuation and/or plan documents.

At December 31, 2021, the date of the most recent actuarial valuation, ERFC's membership was composed of:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 13,338 |
| Terminated employees entitled to benefits but not yet receiving them | 5,783 |
| Active plan members | 22,329 |
| Total | 41,450 |

### Contributions

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the ERFC Board with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, ERFC has actuarial valuations prepared annually. Members are required to contribute three percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.70 percent for fiscal year 2022. Employer contributions to the pension plan were $111,119,456 and $104,784,310 for the years ended June 30, 2022 and June 30, 2021 respectively.

The actuarial valuations as of odd numbered years are used to set the employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the December 31, 2019 valuation recommended that the contribution rate for the two-year period beginning July 1, 2021 to June 30, 2023 be increased from 6.44 percent to 6.70 percent.

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

At June 30, 2022, ERFC's net pension liability was $438,056,419 and 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 as of December 31, 2020 and rolled forward to June 30, 2021 measurement date. For the year ended June 30, 2021, FCPS recognized pension expense of $25,602,886 and 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 | $ 49,814,422 | $ (9,904,962) |
| Change in assumptions | 9,916,684 | (14,432,343) |
| Net difference between expected and actual earnings on pension plan investments | - | (364,904,907) |
| FCPS' contributions subsequent to the measurement date | 111,119,456 | - |
| Total | $ 170,850,562 | $ (389,242,212) |

A total of $111,119,456 reported as deferred outflows of resources related to pensions resulting from FCPS 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: | |
|---|---|
| 2023 | $ (69,376,731) |
| 2024 | (70,333,915) |
| 2025 | (86,967,975) |
| 2026 | (103,511,349) |
| 2027 | 678,864 |
| Thereafter | - |
| | $ (329,511,106) |

## Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2021. Significant actuarial assumptions used in the valuation include:

| Actuarial Assumptions | |
|---|---|
| Inflation | 2.25% |
| Salary increases, including inflation | 2.75% to 7.25% |
| Investment rate of return | 7.25% |

Mortality rates were based on PUB-2010 mortality healthy annuitant total data set table with fully generation two-dimensional sex distinct MP-2020 projection scale.

## Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined in conjunction with a formal study of experience during the period January 1, 2015 to December 31, 2019. Based on the analysis of expected investment return, asset allocation and relevant Actuarial Standards of Practice, the rate was lowered to 7.25 percent. The investment consultant's inflation expectation is 2.1 percent.

Best estimates of arithmetic real rates of return as of the measurement date are summarized in the table below:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Large Cap Equity | 14.0% | 6.9% |
| Domestic Small Cap Equity | 10.0% | 7.0% |
| International Large Cap Equity | 5.0% | 7.6% |
| International Small Cap Equity | 5.0% | 8.0% |
| Emerging International Equity | 5.0% | 8.6% |
| Global Equity | 5.0% | 7.4% |
| Emerging Market Debt | 2.0% | 4.8% |
| US Fixed Income | 21.0% | 2.4% |
| Multi-Asset Class Strategies | 4.0% | 5.3% |
| Hedge Funds Opportunistic | 5.0% | 6.2% |
| Infrastructure | 4.0% | 7.8% |
| Real Estate (Core) | 9.0% | 5.5% |
| Private Equity | 7.0% | 9.1% |
| Private Debt | 4.0% | 6.9% |
| | 100.0% | |

## Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that ERFC member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, ERFC's fiduciary net position was projected to be available to make all projected future benefit payments of current ERFC members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

| | Increases (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| **Balances at June 30, 2020** | $ 3,543,956,246 | $ 2,593,383,175 | $ 950,573,071 |
| **Changes for the year:** | | | |
| Service cost | 91,770,647 | - | 91,770,647 |
| Interest | 253,330,122 | - | 253,330,122 |
| Differences between expected and actual experience | 29,758,913 | - | 29,758,913 |
| Changes of assumptions | (17,342,443) | - | (17,342,443) |
| Contributions - employer | - | 104,784,310 | (104,784,310) |
| Contributions - employee | - | 48,934,340 | (48,934,340) |
| Net investment income | - | 720,738,680 | (720,738,680) |
| Benefit payments, including refunds of employee contributions | (191,265,982) | (191,265,982) | - |
| Administrative expense | - | (4,423,439) | 4,423,439 |
| **Net changes** | 166,251,257 | 678,767,909 | (512,516,652) |
| **Balances at June 30, 2021** | $ 3,710,207,503 | $ 3,272,151,084 | $ 438,056,419 |

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following table presents ERFC's net pension liability, calculated using a single discount rate of 7.25 percent as well as what ERFC's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

| | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|---|---|---|---|
| FCPS' ERFC net pension liability | $ 899,811,494 | $ 438,056,419 | $ 37,998,624 |

### Pension Plan Fiduciary Net Position

ERFC is considered a part of FCPS' reporting entity and ERFC's financial statements are included in FCPS' basic financial statements as a trust fund.

Information concerning ERFC as a whole, including pension plan's fiduciary net position, is available in FCPS' ACFR for the fiscal year ended June 30, 2022. Additionally, ERFC issues a publicly available annual financial report that includes financial statements and required supplementary information, which may be obtained by writing to the Educational Employee's Supplementary Retirement System of Fairfax County, 8001 Forbes Place, Suite 300, Springfield, VA 22151 or the report is also available online ERFC's website at www.fcps.edu/erfc/erfc-retirement-forms-publications-and-resources.

## B. FCERS

### Plan Description

FCERS is a single-employer defined benefit pension plan, which covers only employees of the County and component units of the County. The plan covers full-time and certain part-time FCPS employees who are not covered by ERFC or VRS.

### Benefits Provided

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. Members who were hired before January 1, 2013 may elect to join Plan A or Plan B, and members who were hired on or after January 1, 2013 may elect to join Plan C or Plan D. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, (b) for Plans A and B, attain the age of 50 with age plus years of service being greater than or equal to 80, or (c) for Plans C and D, attain the age of 55 with age plus years of service being greater than or equal to 85. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. Those who commenced employment on or after January 1, 2013, may not use more than 2,080 hours of accrued sick leave toward service credit for retirement or entry into the Deferred Retirement Option Program (DROP). The benefit for early retirement is actuarially reduced and payable at early termination.

Effective July 1, 2005, DROP was established for eligible members of the FCERS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the

amount of 5.0 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

### Contributions

The contribution requirements of FCERS members are established and may be amended by County ordinances including member contribution rates. Plan A and Plan C require member contributions of 4.0 percent of compensation up to the maximum Social Security wage base and 5.33 percent of compensation in excess of the wage base. Plan B and Plan D require member contributions of 5.33 percent of compensation.

FCPS is required to contribute at an actuarially determined rate, which for the year ended June 30, 2022, was 28.88 percent of annual covered payroll. In the event the FCERS' funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) falls below 90 percent, the contribution rate will be adjusted to bring the funded ratio back within these parameters. Employer contributions to the pension plan were $60,366,922 and $57,305,475 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, FCPS reported a liability of $297,680,732 for its proportionate share of the net pension liability. The net pension liability was determined based on an actuarial valuation as of June 30, 2021 using the December 31, 2020 data rolled forward to June 30, 2021. At June 30, 2021, FCPS' proportion was 25.15 percent, a decrease of (0.78) from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, FCPS recognized pension expense of $29,511,419. At June 30, 2021, FCPS 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 | $ 5,033,828 | $ (9,599,841) |
| Changes of assumptions | 47,026,157 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (129,209,756) |
| Change in proportion applicable to FCPS | - | (19,573,807) |
| FCPS' contributions subsequent to the measurement date | 60,366,922 | - |
| Total | $ 112,426,907 | $ (158,383,404) |

A total of $60,366,922 reported as deferred outflows of resources related to pensions resulting from FCPS 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: | |
|---|---|
| 2023 | $ (22,315,413) |
| 2024 | (23,790,241) |
| 2025 | (27,066,234) |
| 2026 | (33,151,531) |
| | $ (106,323,419) |

### Actuarial Assumptions

The total pension liability for the year ended June 30, 2021 was determined as part of the December 31, 2020, actuarial valuation using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2021. Significant actuarial assumptions used in the valuation include:

| **Actuarial Assumptions** | |
|---|---|
| Discount rate, net plan investment expenses | 6.75% |
| Inflation | 2.25% |
| Salary increases, including inflation | 2.25% + merit |
| Investment rate of return, net of plan investment expenses | 6.75% |
| Mortality | Health and Disability Annuity PubG-2010 Combined Mortality projected to MP-2020 |

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study performed in 2021.

### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

Best estimates of arithmetic real rates of return for each major asset class included in the FCERS' target asset allocation as of June 30, 2022, are summarized below:

| Asset Class | Long-Term Expected Real Rate of Return | Target Allocation* |
|---|---|---|
| US Leverage Cost | 1.9% | -35% |
| Non-US Leverage Cost | 1.1% | -26% |
| US Large-Cap Equity | 7.7% | 11% |
| US Small/Mid Cap-Equity | 8.7% | 3% |
| Non-US Developed Equity (USD Hedge) | 8.3% | 6% |
| Non-US Developed Small-Cap-Equity | 9.3% | 3% |
| Emerging Market Equity | 12.5% | 3% |
| Global Equity | 8.6% | 5% |
| Private Equity - Growth | 14.6% | 1% |
| Private Equity - Venture | 20.8% | 1% |
| Private Equity | 13.2% | 2% |
| US TIPS | 2.3% | 16% |
| US Treasury Bond | 2.1% | -3% |
| US Mortgage-Backed Securities | 2.5% | 2% |
| US High Yield Corporate Bond | 5.7% | 4% |
| Emerging Market External Debt | 5.3% | 4% |
| Emerging Market Local Currency Debt | 6.0% | 2% |
| Non-US Government Bond | 2.2% | 2% |
| Non-US Government Bond (USD Hedge) | 2.0% | 2% |
| Non-US Inflation-Linked Bond (USD Hedge) | 1.3% | 12% |
| Private Debt - Credit Opportunities | 8.0% | 6% |
| Private Debt - Distressed | 8.8% | 4% |
| Private Debt - Direct Lending | 8.1% | 1% |
| US Long-Term Treasury Bond (10-30 Year) | 2.6% | 5% |
| 20+ Year US Treasury STRIPS | 3.9% | 3% |
| US High Yield Securitized Bond | 5.1% | 2% |
| US High Yield Collateralized Loan Obligation | 6.3% | 4% |
| 10 Year US Treasury Bond | 2.6% | 8% |
| 10 Year Non-US Government Bond (USD Hedge) | 1.2% | 18% |
| Commodity Futures | 5.0% | 7% |
| Public Real Assets (Multi-Asset) | 6.0% | 2% |
| US REIT | 9.0% | 5% |
| Gold | 5.1% | 3% |
| Core Real Estate | 6.7% | 1% |
| Private Real Assets - Infrastructure | 7.4% | 4% |
| Hedge Fund - Macro | 5.1% | 8% |
| Hedge Fund - Credit | 5.8% | 4% |
| Hedge Fund | 5.6% | 3% |

## Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made according to FCERS' stated policy. 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 plan members. Therefore, the long-term expected rate of return

on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of FCPS' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents FCPS' proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what FCPS' share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| FCPS' proportionate share of the FCERS net pension liability | $ 489,605,676 | $ 297,680,732 | $ 137,056,305 |

### Pension Plan Fiduciary Net Position

FCERS is considered a part of the County's reporting entity and FCERS' financial statements are included in the County's basic financial statements as a pension trust fund.

Information concerning FCERS as a whole, including pension plan's fiduciary net position, is available in the County ACFR for the fiscal year ended June 30, 2022. Additionally, FCERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, Virginia 22033, by calling (703) 279-8200, or by accessing the information at http://www.fairfaxcounty.gov/retirement/financial-publications.

## C. VRS

### Plan Description

VRS is a cost-sharing, multiple-employer retirement system, which administers two defined benefit plans and a hybrid plan that combines the features of a defined benefit plan and a defined contribution plan. These plans are administered by the State and provide coverage for State employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. All full-time, salaried, permanent employees of VRS-participating employers are automatically covered under VRS. All employees hired after January 1, 2014 are automatically enrolled in the Hybrid Plan. Contributions made by members and participating VRS employers are invested to provide future retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. FCPS contributes to VRS on behalf of its covered professional employees.

### Benefits Provided

Benefit provisions are established and governed by Section 51.1 of the Code. Changes to the Code can be made only by an act of the Virginia General Assembly. All benefits vest at five years of creditable service. Benefits under the Defined Contribution component of the Hybrid Plan are always 100% vested. To be eligible for unreduced retirement benefits, an individual must meet the following criteria: (a) attain the age of 65 with five years of service or age 50 with 30 years of service for Plan 1, (b) for Plan 2 and the Defined Benefit component of the Hybrid Plan, attain normal social security retirement age with five years of service or combination of age and service equals 90 or (c) for the Defined Contribution component of the Hybrid Plan, terminate employment.

To be eligible for reduced retirement benefits, an individual must meet the following criteria: (a) attain the age of 55 with five years of service or age 50 with 10 years of service for Plan 1, (b) for Plan 2 and the Defined Benefit component of the Hybrid Plan, attain the age of 60 with five years of service or (c) for the Defined Contribution component of the Hybrid Plan, terminate employment.

Annual retirement benefits are payable monthly for life in an amount equal to (a) 1.7 percent of eligible members' average final compensation for each year of credited service under Plan 1, (b) 1.65 percent of eligible members' average final compensation for each year of creditable service on or after January 1, 2013 and 1.7 percent on creditable service before January 1, 2013 for Plan 2, or (c) 1.0 percent of eligible members' average final compensation for each year of creditable service for the Defined Benefit component of the Hybrid Plan.

A health insurance credit provides retirees who have 15 or more years of creditable service with reimbursement to assist with the cost of health insurance premiums. The credit is a dollar amount set by the General Assembly for each year of service.

### Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the Code, 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 5.0 percent of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2022 was 16.62 percent 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. Employer contributions to the pension plan were $275,534,721 and $270,303,058 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

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

At June 30, 2022, FCPS reported a liability of $1,428,167,708 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 as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. FCPS' proportion of the net pension liability was based on FCPS' 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, FCPS' proportion was 18.40 percent as compared to 18.51 percent at June 30, 2020.

For the year ended June 30, 2022, FCPS recognized pension expense of $34,741,090. 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, FCPS 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 | $ - | $ (121,642,671) |
| Net difference between projected and actual earnings on pension plan investments | - | (899,993,074) |
| Change of Assumptions | 250,211,243 | - |
| Changes in proportion and differences between FCPS contributions and proportionate share of contributions | 23,299,700 | - (11,552,678) |
| FCPS' contributions subsequent to the measurement date | 275,534,721 | - |
| Total | $ 549,045,664 | $ (1,033,188,423) |

A total of $275,534,721 reported as deferred outflows of resources related to pensions resulting from FCPS' 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: | |
|---|---|
| 2023 | $ (170,651,360) |
| 2024 | (154,452,889) |
| 2025 | (179,293,121) |
| 2026 | (255,496,188) |
| 2027 | 216,078 |
| | $ (759,677,480) |

## Actuarial Assumptions

The total pension liability for VRS 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.

| Actuarial Assumptions | |
|---|---|
| Inflation | 2.5% |
| Salary increases, including inflation | 3.5% to 5.95% |
| Investment rate of return, net of plan investment expense, including inflation | 6.75% |

| Mortality Rates | | |
|---|---|---|
| Pre-Retirement | Post-Retirement | Post-Disablement |
| Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males | Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females | Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females |

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 Plan2/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 |

## Long-term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|---|---|---|---|
| Public Equity | 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 |
| Multi-Asset Public Strategies | 6.00 | 3.29 | 0.20 |
| Private Investment Partnership | 3.00 | 6.84 | 0.21 |
| Total | 100.00 % | | 4.89 % |
| | | Inflation | 2.50 % |
| Expected arithmetic nominal return (a) | | | 7.39 % |

(a) 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 VRS, 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 that time, providing a median return of 7.11%, including expected inflation of 2.50%.

## Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. 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 FCPS for VRS will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100.0 percent of the actuarially determined contribution rate. From July 1, 2021, on, school divisions are assumed to continue to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS' 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.

### Sensitivity of FCPS' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents FCPS' proportionate share of the net pension liability using the discount rate of 6.75 percent, as well as what FCPS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| FCPS' proportionate share of the VRS net pension liability | $ 2,756,286,347 | $ 1,428,167,708 | $ 335,612,738 |

### Pension Plan Fiduciary Net Position

Detailed information about the VRS net position is available in the separately issued VRS 2021 ACFR, which may be obtained from the VRS website at www.varetire.org, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## D. SUMMARY OF PENSION PLANS

The following table presents a summary of pension amounts by each defined benefit plan as of the measurement date of June 30, 2021 to the Statement of Net Position:

| | ERFC | FCERS | VRS | Total |
|---|---|---|---|---|
| **Deferred Outflows of Resources:** | | | | |
| Differences between expected and actual experience | $ 49,814,422 | $ 5,033,828 | $ - | $ 54,848,250 |
| Employer contributions made in fiscal year 2022 | 111,119,456 | 60,366,922 | 275,534,721 | 447,021,099 |
| Changes in assumptions | 9,916,684 | 47,026,157 | 250,211,243 | 307,154,084 |
| Changes in proportionate share of contributions | - | - | 23,299,700 | 23,299,700 |
| Deferred Outflows of Resources | $ 170,850,562 | $ 112,426,907 | $ 549,045,664 | $ 832,323,133 |
| **Deferred Inflows of Resources:** | | | | |
| Differences between expected and actual experience | $ (9,904,962) | $ (9,599,841) | $ (121,642,671) | $ (141,147,474) |
| Changes in proportionate share of contributions | - | (19,573,807) | (11,552,678) | (31,126,485) |
| Changes in assumptions | (14,432,343) | - | - | (14,432,343) |
| Net difference between projected and actual earnings on pension plan investments | (364,904,907) | (129,209,756) | (899,993,074) | (1,394,107,737) |
| Deferred Inflows of Resources | $ (389,242,212) | $ (158,383,404) | $(1,033,188,423) | $(1,580,814,039) |
| **Pension expense for the year ended June 30, 2022** | $ 25,602,886 | $ 29,511,419 | $ 34,741,090 | $ 89,855,395 |
| **Net pension liability as of June 30, 2022** | $ 438,056,419 | $ 297,680,732 | $ 1,428,167,708 | $ 2,163,904,859 |

## V. OTHER POSTEMPLOYMENT BENEFITS

FCPS employees participate in the FCPS OPEB Plan, the Virginia Retirement System Teacher Health Insurance Credit (HIC) OPEB Plan and the Virginia Retirement System Group Life Insurance (GLI) OPEB Plan. Information about these plans is provided as follows.

### A. FCPS OPEB PLAN

#### Plan Description

The FCPS OPEB Plan (the Plan) is a single-employer defined benefit plan administered by FCPS. The Plan provides the opportunity to continue participation in medical/dental, vision, and life insurance benefits for eligible retirees and their spouses. The plan benefits correspond with benefits available to active employees. Benefit provisions are established and may be amended by the School Board. Fiduciary oversight is provided by the members of the Local Finance Board for OPEB. The Plan does not issue a stand-alone financial report.

#### Benefits Provided

In order to participate in the Plan, an employee must meet retirement criteria for either VRS, ERFC, or FCERS. Employees are eligible to continue health insurance coverage after retirement, provided that retiring employees have health coverage in effect for at least 60 months when they stop working. Upon retirement FCPS no longer contributes to the premium payments and the participant becomes responsible for 100% of premiums less any applicable subsidies.

A retiree and/or spouse who is at least 55 of years of age and participates in an FCPS-administered health insurance plan will receive an explicit subsidy ranging from $15 to $175 per month, based on years of service and the retirement plan in which the retiree is covered. In addition, FCPS provides an implicit subsidy by allowing retirees to participate in the health insurance plans at the group premium rates calculated on the entire universe of active and retired employees. This subsidy occurs because, on an actuarial basis, the current and future claims of the retiree participants are expected to result in higher per person costs to the insurance plans than will be the experience for active employees.

For fiscal year 2022, required disclosures for the FCPS OPEB liability and the Plan's fiduciary net position are made simultaneously. Participant data for current fiscal year and prior year is as follows:

| | Fiscal Years Ending | |
|---|---|---|
| | **June 30, 2022** | **June 30, 2021** |
| **Medical** | | |
| **Actives** | | |
| Count | 20,528 | 19,878 |
| Average age | 46.3 | 46.0 |
| Average service | 11.3 | 10.9 |
| **Retirees and spouses** | | |
| Count | 10,174 | 10,135 |
| Average age | 72.6 | 72.3 |
| **Life Insurance** | | |
| **Actives** | | |
| Count | 4,451 | 4,457 |
| Average age | 53.1 | 52.6 |
| Average service | 11.7 | 11.2 |
| **Retirees and spouses** | | |
| Count | 3,050 | 2,844 |
| Average age | 72.2 | 71.7 |

## Contributions

Contributions to the School OPEB Trust Fund are determined and may be amended by the School Board. The contributions are set at a minimum to satisfy the current year's projected pay-as-you-go benefits costs. The School Board may provide additional amounts to prefund future costs. Contributions to the Plan were $15,527,658 for the year ended June 30, 2022. The costs of administrating the plan are paid for by the Plan through the use of investment income and employer contributions.

## Net FCPS OPEB Liability

FCPS OPEB Plan's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of net OPEB liability for the FCPS OPEB Plan is as follows:

| | |
|---|---|
| Total OPEB liability | $ 245,104,162 |
| Plan Fiduciary Net Position (market value of assets) | (193,561,876) |
| Net OPEB liability as of June 30, 2022 | $ 51,542,286 |
| Plan fiduciary net position as a percentage of the OPEB liability | 78.97% |

## Actuarial Assumptions

Significant actuarial assumptions used in the valuation include:

| **Methods and Assumptions Used to Determine Contribution Rates** | |
|---|---|
| Actuarial cost method | Entry age normal |
| Asset method | Fair market value |
| Salary increases | 7.25% trending down to 2.75% |
| Investment rate of return, net of OPEB plan investment expense, including inflation | 7.00%, prior year rate was 7.00% |
| Retirement age | Varies by age and pension plan |
| Mortality | |
| Active Participants | 102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Employees Mortality Table, projected using Scale MP-2021, sex-distinct |
| Current Retirees | 102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Healthy Annuitant Mortality Table, projected using scale MP-2021, sex-distinct |
| Surviving Spouses | 102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Survivor Beneficiary Mortality Table, projected using scale MP-2021, sex-distinct |
| Disabled Retirees | 102% of the male rates and 99% of the female rates of the Pub-2010, "Teachers" Classification, Disabled Retirement Mortality Table, projected using scale MP-2021, sex-distinct |
| Healthcare cost trend rate | 6.50% - 8.50% decreasing to 4.50% |

### Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments are determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Expected Real Rate of Return | Allocation |
|---|---|---|
| Large Cap U.S.Equity | 7.30% | 25.78% |
| Small Cap U.S.Equity | 7.80% | 9.86% |
| International Equity | 7.60% | 11.98% |
| Emerging Markets Equity | 8.20% | 4.59% |
| Long/Short Equity | 7.20% | 4.70% |
| Private Equity | 10.20% | 7.06% |
| Core Plus U.S. Fixed Income | 4.90% | 14.05% |
| Core U.S. Fixed Income | 3.70% | 4.04% |
| Absolute Return Fixed Income | 3.30% | 3.60% |
| Real Estate | 5.10% | 12.48% |
| Cash | 2.90% | 1.86% |
| Total Portfolio | | 100.0% |

There are no concentrations in any one organization that represent five percent or more of the fiduciary net position in the plan. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense was (9.36) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing actual invested.

The plan's funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers. FCPS is not involved in the administration of these funds. Further information about the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo., including financial statements, can be obtained by writing to VML/VACo Finance Program, 8 East Canal Street, Richmond, Virginia 23219.

### Discount Rate

The discount rate used to measure the total OPEB liability is 7.0 percent. The projection of cash flows used to determine the discount rate assumed that FCPS contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments of current active and inactive employees / current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Sensitivity of the Net FCPS OPEB Liability to Changes in the Discount Rate

The following represents the net FCPS OPEB liability calculated using the discount rate of 7.0 percent, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

| | 1% Decrease 6.0% | Current Discount Rate 7.0% | 1% Increase 8.0% |
|---|---|---|---|
| Total OPEB liability | $ 271,385,302 | $ 245,104,162 | $ 222,889,081 |
| Plan fiduciary net position | (193,561,876) | (193,561,876) | (193,561,876) |
| Net OPEB liability | $ 77,823,426 | $ 51,542,286 | $ 29,327,205 |

### Sensitivity of the Net FCPS OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the net FCPS OPEB liability calculated using the stated healthcare trend rates (varied percentages decreasing to 4.5 percent), as well as what the liability would be if it were calculated using a healthcare trend rates that is 1-percentage-point lower (varied percentages decreasing to 3.5 percent) or 1-percentage-point higher (varied percentages decreasing to 5.5 percent) than the current healthcare trend rates:

| | 1% Decrease (Varied decreasing to 3.5%) | Current Trend Rate (Varied decreasing to 4.5%) | 1% Increase (Varied decreasing to 5.5%) |
|---|---|---|---|
| Total FCPS OPEB liability | $ 235,559,736 | $ 245,104,162 | $ 256,718,071 |
| Plan fiduciary net position | (193,561,876) | (193,561,876) | (193,561,876) |
| Net FCPS OPEB liability | $ 41,997,860 | $ 51,542,286 | $ 63,156,195 |

### FCPS OPEB Expense, Deferred Outflows of Resources and Deferred and Inflows of Resources Related to FCPS OPEB

For the year ended June 30, 2022, FCPS recognized FCPS OPEB plan expense of $(10,528,208). At June 30, 2022, FCPS reported deferred outflows of resources and deferred inflows of resources related to FCPS OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 71,853,126 | $ (15,081,797) |
| Net difference between projected and actual earnings on FCPS OPEB plan investments | 8,691,356 | - |
| Change of assumptions | - | (72,355,275) |
| Total | $ 80,544,482 | $ (87,437,072) |

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to the FCPS OPEB plan will be recognized in the FCPS OPEB plan expense as follows:

| Year ended June 30: | |
|---|---|
| 2023 | $ (14,960,835) |
| 2024 | (13,025,588) |
| 2025 | 3,889,381 |
| 2026 | 13,430,308 |
| 2027 | 877,280 |
| Thereafter | 2,896,864 |
| | $ (6,892,590) |

### Changes in the Net FCPS OPEB Liability

| | Fiscal Year Ending June 30, 2022 |
|---|---|
| **Total FCPS OPEB Liability** | |
| Service cost | $ 4,149,646 |
| Interest cost | 15,412,471 |
| Difference between expected and actual experiences | 33,747,285 |
| Changes of assumptions | (18,880,891) |
| Benefit payments | (10,527,658) |
| **Net Change in Total FCPS OPEB Liability** | 23,900,853 |
| **Total FCPS OPEB Liability - Beginning** | 221,203,309 |
| **Total FCPS OPEB Liability - Ending (a)** | $ 245,104,162 |
| | |
| **Plan Fiduciary Net Position** | |
| Contributions - Employer | $ 15,527,658 |
| Net Investment Income | (19,691,861) |
| Benefit payments | (10,527,658) |
| Administrative Expense | (120,889) |
| **Net Change in Plan Fiduciary Net Position** | (14,812,750) |
| **Plan Fiduciary Net Position - Beginning** | 208,374,626 |
| **Plan Fiduciary Net Position - Ending (b)** | $ 193,561,876 |
| **Net FCPS OPEB Liability - Ending (a) - (b)** | $ 51,542,286 |

## B. VRS HEALTH INSURANCE CREDIT (HIC) OPEB

### Plan Description

The HIC OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the HIC OPEB plan. The plan provides health insurance credit to eligible retirees. 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 Virginia 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.

### Benefits Provided

In order to participate, retirees must have at least 15 years of service credit. The HIC OPEB plan provides the following benefits for eligible employees:

- At Retirement - For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.

- Disability Retirement - 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 month benefit is either (a) $4.00 per month, multiplied by twice the amount of service credit, or (b) $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

### Contributions

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, 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 1.21 percent of covered employee compensation for employees in the HIC OPEB plan. 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. Employer contributions to the HIC OPEB plan were $20,059,856 and $19,679,363 for the years ended June 30, 2022 and June 30, 2021, respectively.

### HIC OPEB Liabilities, HIC OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB

At June 30, 2022, FCPS reported a liability of $236,047,340 for its proportionate share of the net HIC OPEB liability. The net HIC OPEB liability was measured as of June 30, 2021 and the total HIC OPEB liability used to calculate the net HIC 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. FCPS' proportion of the net HIC OPEB liability was based on FCPS' actuarially determined employer contributions to the HIC 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, FCPS' proportion was 18.39 percent as compared to 18.55 percent at June 30, 2020.

For the year ended June 30, 2022, FCPS recognized HIC OPEB expense of $19,671,033. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, FCPS reported deferred outflows of resources and deferred inflows of resources related to HIC OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes in proportionate share | $ 4,060,024 | $ (1,816,937) |
| Differences between expected and actual experience | - | (4,119,011) |
| Net difference between projected and actual earnings on HIC OPEB plan investments | - | (3,109,452) |
| Change of assumptions | 6,380,792 | (948,661) |
| FCPS' contributions subsequent to the measurement date | 20,059,856 | - |
| Total | $ 30,500,672 | $ (9,994,061) |

A total of $20,059,856 reported as deferred outflows of resources related to HIC OPEB resulting from FCPS' contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIC OPEB will be recognized in HIC OPEB expense as follows:

| Year ended June 30: | |
|---|---|
| 2023 | $ 158,060 |
| 2024 | 122,757 |
| 2025 | 107,121 |
| 2026 | (71,808) |
| 2027 | 349,427 |
| Thereafter | (218,802) |
| | $ 446,755 |

## Actuarial Assumptions

The total HIC OPEB liability for VRS 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.

| Actuarial Assumptions | |
|---|---|
| Inflation | 2.5% |
| Salary increases, including inflation | 3.5% to 5.95% |
| Investment rate of return, net of plan investment expense, including inflation | 6.75% |

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 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 Plan2/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 |

## Long-term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return* |
|---|---|---|---|
| Public Equity | 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 |
| Multi-Asset Public Strategies | 6.00 | 3.29 | 0.20 |
| 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 VRS, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.5%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected inflation of 2.5%.

## Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75 percent. 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 FCPS for the VRS

HIC plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100.0 percent of the actuarially determined contribution rate. From July 1, 2021 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, 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 HIC OPEB liability.

### Sensitivity of FCPS' Proportionate Share of the Net HIC OPEB Liability to Changes in the Discount Rate

The following presents FCPS' proportionate share of the net HIC OPEB liability using the discount rate of 6.75 percent, as well as what FCPS' proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| FCPS' proportionate share of the VRS net HIC OPEB liability | $ 265,723,873 | $ 236,047,340 | $ 210,933,911 |

### HIC OPEB Plan Fiduciary Net Position

Detailed information about the HIC OPEB plan's fiduciary net position is available in the separately issued VRS 2021 ACFR. A copy of the 2020 VRS CAFR may be obtained from the VRS website at http://www.varetire.org, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## C. VRS GROUP LIFE INSURANCE (GLI) OPEB

### Plan Description

The GLI OPEB plan is a cost-sharing, multiple-employer plan administered by VRS. All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the GLI OPEB plan upon employment.

In addition to 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 GLI plan. For members who elect the optional group life insurance coverage, the insurer bills FCPS directly for the premiums. FCPS deducts 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 GLI OPEB plan. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

### Benefits Provided

The benefits payable under the GLI OPEB plan have the following components:

- Natural Death Benefit - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit - The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions - In additional to the basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances. These benefits include accidental dismemberment, safety belt, repatriation, felonious assault and accelerated death option.

The benefit amounts provided to members covered under the GLI OPEB plan are subject to a reduction factor. The benefit amount reduces by 25.0 percent on January 1 following one calendar year of separation.

The benefit amount reduces by an additional 25.0 percent on each subsequent January 1 until it reaches 25.0 percent of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI OPEB plan. The minimum benefit was set at $8,000 by statue in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,722 as of June 30, 2022.

### Contributions

The contribution requirement for active employees is governed by Sections 51.1-506 and 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total rate for the GLI OPEB plan was 1.34 percent 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 percent (1.34 x 60 percent) and the employer component was 0.54 percent (1.34 x 40 percent). 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 percent 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. Employer contributions to the GLI OPEB plan were $9,003,779 and $8,855,883 for the years ended June 30, 2022 and June 30, 2021, respectively.

### GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to GLI OPEB

At June 30, 2022, FCPS reported a liability of $92,480,874 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. FCPS' proportion of the net GLI OPEB liability was based on FCPS' actuarially determined employer contributions to the GLI 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, FCPS' proportion was 7.94 percent as compared to 7.95 percent at June 30, 2020.

For the year ended June 30, 2022, FCPS recognized GLI OPEB expense of $4,488,811. 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, 2021, FCPS reported deferred outflows of resources and deferred inflows of resources related to GLI OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes in proportionate share | $ 2,045,046 | $ (320,312) |
| Differences between expected and actual experience | 10,547,769 | (704,652) |
| Net difference between projected and actual earnings on GLI OPEB plan investments | - | (22,073,208) |
| Change of assumptions | 5,098,446 | (12,653,345) |
| FCPS' contributions subsequent to the measurement date | 9,003,779 | - |
| Total | $ 26,695,040 | $ (35,751,517) |

A total of $9,003,779 reported as deferred outflows of resources related to GLI OPEB resulting from FCPS' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLI OPEB will be recognized in GLI OPEB expense as follows:

| **Year ended June 30:** | | |
|---|---|---|
| 2023 | $ | (3,855,937) |
| 2024 | | (3,051,653) |
| 2025 | | (3,158,291) |
| 2026 | | (6,697,360) |
| 2027 | | (1,297,015) |
| Thereafter | | - |
| | $ | (18,060,256) |

## Actuarial Assumptions

The total GLI OPEB liability for VRS 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.

| **Actuarial Assumptions** | |
|---|---|
| Inflation | 2.5% |
| Salary increases, including inflation | 3.5% to 5.95% |
| Investment rate of return, net of plan investment expenses, including inflation | 6.75% |

**Mortality Rates**

| Pre-Retirement | Post-Retirement | Post-Disablement | Beneficiaries and Survivors | Mortality Improvement Scale |
|---|---|---|---|---|
| Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males | Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% rates for females | Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females | Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally | 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 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 on 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 |

## Long-term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|---|---|---|---|
| Public Equity | 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 |
| Multi-Asset Public Strategies | 6.00 | 3.29 | 0.20 |
| Private Investment Partnership | 3.00 | 6.84 | 0.21 |
| Total | 100.00 % | | 4.89 % |
| | | Inflation | 2.50 % |
| Expected arithmetic nominal return (a) | | | 7.39 % |

(a) 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 VRS, stochastic projections are employed to model future returns under various economic conditions. These 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 the time, providing a medium return of 7.11%, including expected inflation of 2.50%.

## Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75 percent. 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 FCPS for the GLI OPEB plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100.0 percent of the actuarially determined contribution rate. From July 1, 2021 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, GLI OPEB plan'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.

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

The following presents FCPS' proportionate share of the net GLI OPEB liability using the discount rate of 6.75 percent, as well as what FCPS' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| FCPS' proportionate share of the VRS net GLI OPEB liability | $ 135,117,899 | $ 92,480,874 | $ 58,049,533 |

### GLI OPEB Plan Fiduciary Net Position

Detailed information about the GLI OPEB plan's fiduciary net position is available in the separately issued VRS 2021 ACFR. A copy of the 2021 VRS ACFR may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## D. SUMMARY OF OPEB PLANS

The following table presents a summary of OPEB amounts by each plan as of the measurement date of June 30, 2022 for the FCPS OPEB plan and June 30, 2021 for the HIC OPEB plan and GLI OPEB plan to the Statement of Net Position:

| | FCPS OPEB | VRS HIC OPEB | VRS GLI OPEB | Total |
|---|---|---|---|---|
| **Deferred Outflows of Resources:** | | | | |
| Differences between expected and actual experience | $ 71,853,126 | $ - | $ 10,547,769 | $ 82,400,895 |
| Employer contributions made in FY 2022 | - | 20,059,856 | 9,003,779 | 29,063,635 |
| Changes of assumptions | - | 6,380,792 | 5,098,446 | 11,479,238 |
| Net difference between projected and actual earnings on OPEB plan investments | 8,691,356 | - | - | 8,691,356 |
| Changes in proportionate share of contributions | - | 4,060,024 | 2,045,046 | 6,105,070 |
| Deferred Outflows of Resources | $ 80,544,482 | $ 30,500,672 | $ 26,695,040 | $ 137,740,194 |
| **Deferred Inflows of Resources:** | | | | |
| Differences between expected and actual experience | $ (15,081,797) | $ (4,119,011) | $ (704,652) | $ (19,905,460) |
| Changes of assumptions | (72,355,275) | (948,661) | (12,653,345) | (85,957,281) |
| Changes in proportionate share of contributions | - | (1,816,937) | (320,312) | (2,137,249) |
| Net difference between projected and actual earnings on OPEB plan investments | - | (3,109,452) | (22,073,208) | (25,182,660) |
| Deferred Inflows of Resources | $ (87,437,072) | $ (9,994,061) | $ (35,751,517) | $ (133,182,650) |
| **OPEB expense for the year ended June 30, 2022** | $ (10,528,208) | $ 19,671,033 | $ 4,488,811 | $ 13,631,636 |
| **Net OPEB liability as of June 30, 2022** | $ 51,542,286 | $ 236,047,340 | $ 92,480,874 | $ 380,070,500 |

# VI. OTHER INFORMATION

## A. RELATED PARTIES

With the exception of the County, which funds a large portion of FCPS' budget, and ERFC, a blended component unit of FCPS, which the School Board created and oversees, FCPS did not conduct business with any other related parties in fiscal year 2022.

## B. RISK MANAGEMENT

FCPS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee illnesses and injuries; and natural disasters.

FCPS maintains internal service funds for workers' compensation claims, property losses, casualty claims, and health insurance benefits. The School Board believes it is cost effective to manage risks by a combination of self-insurance and the purchase of commercial insurance policies. Liabilities are reported in the internal service funds when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Since actual liability claims depend on complex factors such as inflation, changes in governing laws and standards, and court awards, the process used in computing liability claims is reevaluated periodically to take into consideration the history, frequency, severity of recent claims, and other economic and social factors. These liabilities are computed using a combination of actual claims experience and actuarially determined amounts and recorded at an undiscounted rate.

In addition to the self-insurance program, FCPS purchases commercial property and casualty insurance, cyber liability insurance, bonds, fiduciary liability insurance, and catastrophic accident insurance for Virginia High School League student participants. In the past three fiscal years, there have been no instances where claims settlements exceeded commercial insurance coverage limits. In fiscal year 2022, there were no significant reductions in insurance coverage from the prior year.

Changes in the balances of liability claims during fiscal years 2021 and 2022 are as follows:

| | Health Benefits | Insurance | Total |
|---|---|---|---|
| July 1, 2020 - liability balance | $ 16,275,000 | $ 46,413,184 | $ 62,688,184 |
| Claims and changes in estimates | 430,589,417 | 13,627,205 | 444,216,622 |
| Claims Payments | (424,984,417) | (9,803,654) | (434,788,071) |
| June 30, 2021 - liability balance | 21,880,000 | 50,236,735 | 72,116,735 |
| Claims and changes in estimates | 465,918,929 | 10,927,616 | 476,846,545 |
| Claims Payments | (461,128,929) | (13,165,788) | (474,294,717) |
| June 30, 2022 - liability balance | $ 26,670,000 | $ 47,998,563 | $ 74,668,563 |

## C. CONTINGENT LIABILITIES

FCPS 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 FCPS' financial condition.

FCPS receives grant funds, principally from the Federal government, for various educational programs. Certain expenditures of these funds are subject to audit by the grantor. FCPS is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of FCPS management, no material refunds will be required as a result of expenditures disallowed by the grantors.

## D. TERMINATION BENEFITS

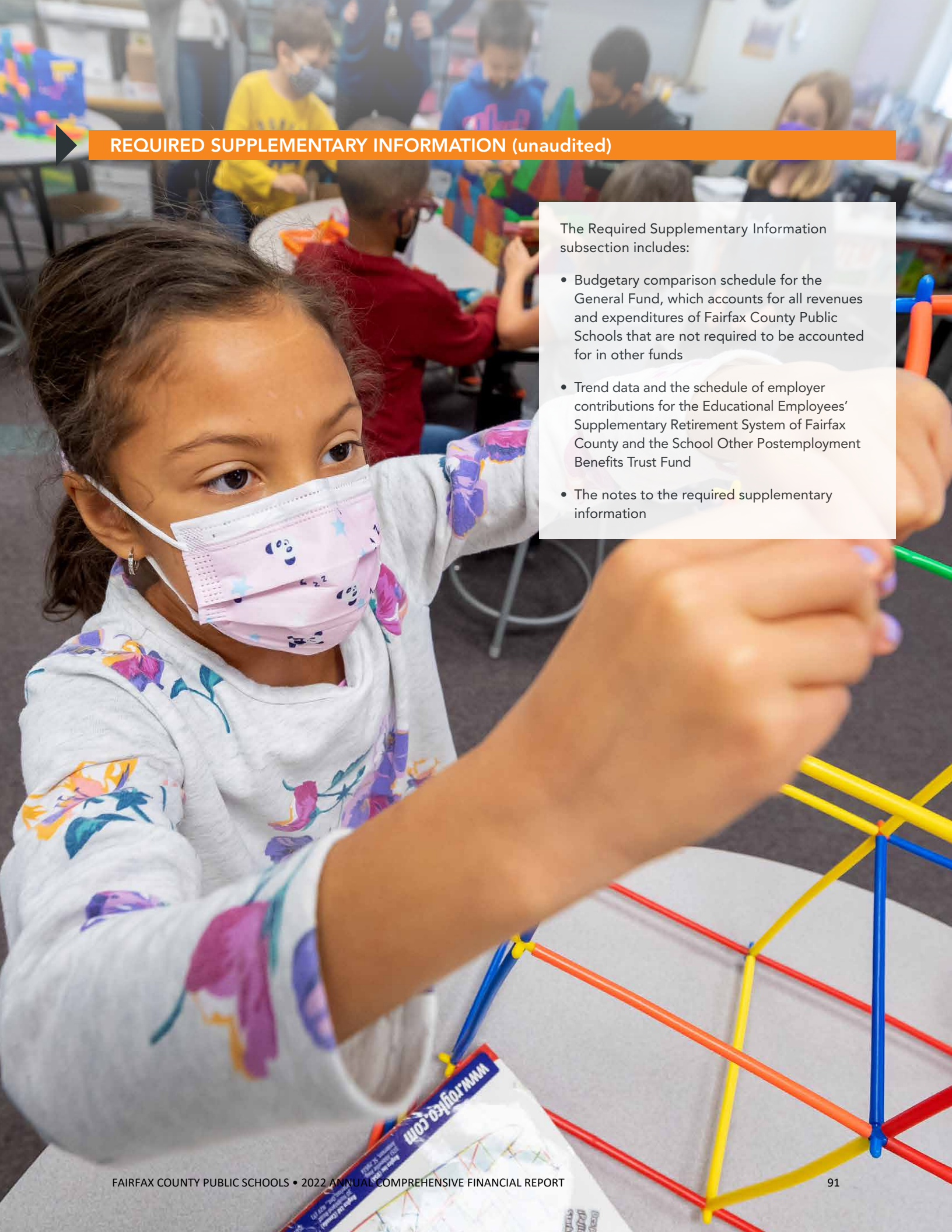
### Public Health Service Act

FCPS provides health care benefits as required by Federal law under the Public Health Service Act (PHSA). This benefit was previously required by the Consolidated Omnibus Budget Reconciliation Act (COBRA). PHSA requires employers that sponsor group health plans to provide a continuation of group coverage to terminated employees and their dependents in qualifying circumstances where coverage would normally end. FCPS provides 18 to 36 months of optional postemployment healthcare to employees and their dependents that elect to continue healthcare coverage. The election to be covered is at the request of the employees. The employees are required to pay 102 percent of the premium costs for themselves and their dependents, which include a two percent administrative fee. The premium costs to the employees and their dependents are the established premium equivalent rates for each respective plan year; accordingly, no liability is recorded for PHAS benefits. On June 30, 2022, there were 79 participants receiving benefits under PHSA.

## E. UNCERTAINTY

FCPS has assumed that several revenue categories will be negatively impacted by the COVID-19 pandemic, and is taking reasonable measures to reduce expenditures. FCPS has received significant stimulus funding and grants to manage the impact of the pandemic and staff is working to maximize the usage of these resources. Revenue and expenditures are currently being closely monitored. As there is still a significant level of uncertainty associated with the pandemic, FCPS continues to proactively take steps to respond according to the situation.

# REQUIRED SUPPLEMENTARY INFORMATION (unaudited)



The Required Supplementary Information subsection includes:

- Budgetary comparison schedule for the General Fund, which accounts for all revenues and expenditures of Fairfax County Public Schools that are not required to be accounted for in other funds
- Trend data and the schedule of employer contributions for the Educational Employees' Supplementary Retirement System of Fairfax County and the School Other Postemployment Benefits Trust Fund
- The notes to the required supplementary information

Fairfax County
PUBLIC SCHOOLS
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**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT J**
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**
**General Fund**
**For the Fiscal Year Ended June 30, 2022**

| | Budget - Original | Budget - Final | Actual - Budget Basis | Variance from Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Intergovernmental: | | | | |
| Federal government | $ 319,197,367 | $ 338,606,910 | $ 167,082,179 | $ (171,524,731) |
| Commonwealth of Virginia | 781,783,807 | 781,783,807 | 796,609,720 | 14,825,913 |
| Charges for services: | | | | |
| Tuition and fees | 10,917,142 | 10,917,142 | 11,522,819 | 605,677 |
| Revenue from the use of money and property | 3,686,259 | 3,686,259 | 3,371,561 | (314,698) |
| Recovered costs | 50,243,746 | 50,243,746 | 48,934,163 | (1,309,583) |
| Other | 9,323,373 | 9,323,373 | 7,229,665 | (2,093,708) |
| Total revenues | 1,175,151,694 | 1,194,561,237 | 1,034,750,107 | (159,811,130) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education: | | | | |
| Elementary school | 1,071,426,279 | 1,111,827,016 | 996,126,028 | 115,700,988 |
| Middle school | 312,095,827 | 328,338,448 | 284,711,668 | 43,626,780 |
| High school | 702,237,198 | 740,767,269 | 640,482,285 | 100,284,984 |
| Special education | 627,119,374 | 645,607,500 | 570,260,281 | 75,347,219 |
| Adult and community education | 237,907 | 149,865 | 246,441 | (96,576) |
| Instructional support | 192,396,340 | 209,795,088 | 198,941,637 | 10,853,451 |
| Support programs: | | | | |
| Administration and general support | 140,875,629 | 166,386,171 | 148,219,602 | 18,166,569 |
| Student transportation | 170,720,016 | 178,455,761 | 159,335,804 | 19,119,957 |
| Facilities management | 127,133,163 | 143,195,820 | 106,087,444 | 37,108,376 |
| Total expenditures | 3,344,241,733 | 3,524,522,938 | 3,104,411,190 | 420,111,748 |
| Excess (deficiency) of revenues over (under) expenditures | (2,169,090,039) | (2,329,961,701) | (2,069,661,083) | 260,300,618 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in from County of Fairfax, VA | 2,173,536,166 | 2,173,536,166 | 2,173,536,166 | - |
| Transfers out to other governmental funds | (30,909,287) | (54,421,100) | (41,948,458) | 12,472,642 |
| Transfers out to County of Fairfax, VA | (3,467,125) | (3,467,125) | (3,008,593) | 458,532 |
| Total other financing sources, net | 2,139,159,754 | 2,115,647,941 | 2,128,579,115 | 12,931,174 |
| Net change in fund balances | $ (29,930,285) | $ (214,313,760) | $ 58,918,032 | $ 273,231,792 |

See accompanying notes to the required supplementary information.

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of Changes in Net Pension Liability and Related Ratios**
**ERFC Pension Plan**
**Last Ten Fiscal Years (1)**

| | ACFR Reporting Year<br>Measurement Date June 30 of prior year | | | |
|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2019** |
| **Total Pension Liability** | | | | |
| Service Cost | $ 91,770,647 | $ 92,719,549 | $ 90,633,074 | $ 88,599,697 |
| Interest on the Total Pension Liability | 253,330,122 | 243,578,788 | 231,477,042 | 221,106,804 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience of the Total Pension Liability | 29,758,913 | (12,696,483) | 27,726,555 | 12,140,768 |
| Changes of assumptions | (17,342,443) | - | - | - |
| Benefits payments, including refunds of employee contributions | (191,265,982) | (185,986,496) | (181,932,073) | (177,720,296) |
| **Net Change in Total Pension Liability** | $ 166,251,257 | $ 137,615,358 | $ 167,904,598 | $ 144,126,973 |
| **Total Pension Liability - Beginning** | 3,543,956,246 | 3,406,340,888 | 3,238,436,290 | 3,094,309,317 |
| **Total Pension Liability - Ending (a)** | $ 3,710,207,503 | $ 3,543,956,246 | $ 3,406,340,888 | $ 3,238,436,290 |
| **Plan Fiduciary Net Position** | | | | |
| Contributions - Employer | $ 104,784,310 | $ 104,741,255 | $ 96,982,911 | $ 91,704,877 |
| Contributions - Employee | 48,934,340 | 49,095,601 | 46,645,396 | 44,169,100 |
| Net Investment Income | 720,738,680 | 108,472,534 | 117,727,500 | 188,145,489 |
| Benefits payments, including refunds of employee contributions | (191,265,982) | (185,986,496) | (181,932,073) | (177,720,296) |
| Pension Plan Administrative Expense | (4,423,439) | (4,381,191) | (4,262,159) | (4,300,927) |
| **Net Change in Plan Fiduciary Net Position** | 678,767,909 | 71,941,703 | 75,161,575 | 141,998,243 |
| **Plan Fiduciary Net Position - Beginning** | 2,593,383,175 | 2,521,441,472 | 2,446,279,897 | 2,304,281,654 |
| **Plan Fiduciary Net Position - Ending (b)** | $ 3,272,151,084 | $ 2,593,383,175 | $ 2,521,441,472 | $ 2,446,279,897 |
| **Net Pension Liability - Ending (a) - (b)** | 438,056,419 | 950,573,071 | 884,899,416 | 792,156,393 |
| **Plan fiduciary net position as a percentage of Total Pension Liability** | 88.19% | 73.18% | 74.02% | 75.54% |
| **Covered Payroll** | $ 1,627,085,559 | $ 1,626,417,003 | $ 1,549,247,780 | $ 1,469,629,439 |
| **Net Pension Liability as a Percentage of Covered Payroll** | 26.93% | 58.45% | 57.12% | 53.90% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2015 is first year implemented, additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

**EXHIBIT K**

| ACFR Reporting Year<br>Measurement Date June 30 of prior year | | | | |
|---|---|---|---|---|
| **2018** | **2017** | **2016 (2)** | **2015 (2)** | |
| | | | | **Total Pension Liability** |
| $ 78,925,763 | $ 77,760,915 | $ 77,493,999 | $ 75,787,752 | Service Cost |
| 209,515,636 | 205,720,047 | 198,938,575 | 192,723,577 | Interest on the Total Pension Liability |
| (1,038,793) | - | - | - | Changes of benefit terms |
| 19,857,344 | (11,011,883) | (17,051,192) | (19,051,630) | Difference between expected and actual experience of the Total Pension Liability |
| 23,334,195 | 45,752,095 | - | - | Changes of assumptions |
| (173,385,583) | (170,347,847) | (167,842,576) | (167,049,790) | Benefits payments, including refunds of employee contributions |
| $ 157,208,562 | $ 147,873,327 | $ 91,538,806 | $ 82,409,909 | **Net Change in Total Pension Liability** |
| 2,937,100,755 | 2,789,227,428 | 2,697,688,622 | 2,615,278,713 | **Total Pension Liability - Beginning** |
| $ 3,094,309,317 | $ 2,937,100,755 | $ 2,789,227,428 | $ 2,697,688,622 | **Total Pension Liability - Ending (a)** |
| | | | | **Plan Fiduciary Net Position** |
| $ 80,094,538 | $ 76,599,695 | $ 74,324,396 | $ 74,174,082 | Contributions - Employer |
| 43,062,632 | 41,383,642 | 39,982,963 | 40,018,590 | Contributions - Employee |
| 250,981,777 | (15,766,967) | 32,083,908 | 304,640,803 | Net Investment Income |
| (173,385,583) | (170,347,847) | (167,842,576) | (167,049,790) | Benefits payments, including refunds of employee contributions |
| (4,059,408) | (4,004,882) | (3,751,825) | (3,629,320) | Pension Plan Administrative Expense |
| 196,693,956 | (72,136,359) | (25,203,134) | 248,154,365 | **Net Change in Plan Fiduciary Net Position** |
| 2,107,587,698 | 2,179,724,057 | 2,204,927,191 | 1,956,772,826 | **Plan Fiduciary Net Position - Beginning** |
| $ 2,304,281,654 | $ 2,107,587,698 | $ 2,179,724,057 | $ 2,204,927,191 | **Plan Fiduciary Net Position - Ending (b)** |
| 790,027,663 | 829,513,057 | 609,503,371 | 492,761,431 | **Net Pension Liability - Ending (a) - (b)** |
| | | | | **Plan fiduciary net position as a percentage** |
| 74.47% | 71.76% | 78.15% | 81.73% | **of Total Pension Liability** |
| $ 1,430,259,607 | $ 1,374,735,094 | $ 1,328,419,881 | $ 1,328,419,881 | **Covered Payroll** |
| 55.24% | 60.34% | 45.88% | 37.09% | **Net Pension Liability as a Percentage of Covered Payroll** |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT K-1**
**Schedule of Contributions**
**ERFC Pension Plan**
**Last Ten Fiscal Years (1)**

| | Actuarial Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|
| 2022 | $ 111,119,456 | $ 111,119,456 | $ - | $ 1,658,499,343 | 6.7 % |
| 2021 | 104,784,310 | 104,784,310 | - | 1,627,085,559 | 6.4 |
| 2020 | 104,741,255 | 104,741,255 | - | 1,626,417,003 | 6.4 |
| 2019 | 96,982,911 | 96,982,911 | - | 1,549,247,780 | 6.3 |
| 2018 | 93,543,467 | 91,704,877 | 1,838,590 | 1,469,629,439 | 6.2 |
| 2017 | 80,305,269 | 80,145,997 | 159,272 | 1,430,259,607 | 5.6 |
| 2016 | 76,069,503 | 76,599,695 | (530,192) | 1,374,735,094 | 5.6 |
| 2015 | 74,791,177 | 74,324,396 | 466,781 | 1,328,419,881 (2) | 5.6 (2) |

(1) The schedule is intended to show information for 10 years. Fiscal year 2015 is the first year implemented; additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

Fairfax County
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**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of FCPS' Proportionate Share of Net Pension Liability and Related Ratios**
**FCERS Pension Plan**
**Last Ten Fiscal Years (1)**

| | ACFR Reporting Year<br>Measurement Date June 30 of prior year | | | |
|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2019** |
| FCPS' proportion of net pension liability | 25.15% | 25.93% | 26.87% | 26.93% |
| FCPS' proportionate share of net pension liability | $ 297,680,732 | $ 471,704,069 | $ 454,079,606 | $ 444,409,864 |
| FCPS' covered payroll | 202,135,714 | 214,722,233 | 208,849,573 | 200,800,463 |
| FCPS' proportionate share of net pension liability as a percentage of covered payroll | 147.27% | 219.68% | 217.42% | 221.32% |
| Plan fiduciary net position as a percentage of the total pension liability | 81.30% | 69.50% | 70.80% | 70.50% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2015 is first year implemented, additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

**EXHIBIT K-2**

| ACFR Reporting Year<br>Measurement Date June 30 of prior year | | | | |
|---|---|---|---|---|
| **2018** | **2017** | **2016** | **2015** | |
| 27.15% | 27.20% | 28.03% | 28.21% | FCPS' proportion of net pension liability |
| $ 439,330,794 | $ 415,142,671 | $ 360,555,377 | $ 293,867,011 | FCPS' proportionate share of net pension liability |
| 198,340,140 | 192,679,291 | 192,655,643 | 189,438,838 | FCPS' covered payroll |
| 221.50% | 215.46% | 187.15% | 155.13% | FCPS' proportionate share of net pension liability as a percentage of covered payroll |
| 69.90% | 70.20% | 74.20% | 78.33% | Plan fiduciary net position as a percentage of the total pension liability |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT K-3**

**Schedule of Contributions**

**FCERS Pension Plan**

**Last Ten Fiscal Years (1)**

| | | Actuarial Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | FCPS' Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 2022 | | $ 60,366,922 | $ 60,366,922 | $ - | $ 209,026,738 | 28.9 % |
| 2021 | | 57,305,475 | 57,305,475 | - | 202,135,714 | 28.4 |
| 2020 | | 60,873,753 | 60,873,753 | - | 214,722,233 | 28.3 |
| 2019 | | 56,681,774 | 56,681,774 | - | 208,849,573 | 27.1 |
| 2018 | | 50,782,437 | 50,782,437 | - | 200,800,463 | 25.3 |
| 2017 | | 45,419,892 | 45,419,892 | - | 198,340,140 | 22.9 |
| 2016 | | 43,370,176 | 43,370,176 | - | 192,679,291 | 22.5 |
| 2015 | (2) | 38,820,112 | 38,820,112 | - | 192,655,643 | 20.1 |

(1) The schedule is intended to show information for 10 years. Fiscal year 2015 is first year implemented, additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

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**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of FCPS' Proportionate Share of Net Pension Liability and Related Ratios**
**VRS Pension Plan**
**Last Ten Fiscal Years (1)**

| | ACFR Reporting Year<br>Measurement Date June 30 of prior year | | | |
|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2019** |
| FCPS' proportion of the net pension liability | 18.40% | 18.51% | 18.47% | 18.19% |
| FCPS' proportionate share of the net pension liability | $ 1,428,167,708 | $ 2,693,015,856 | $ 2,430,714,832 | $ 2,139,026,999 |
| FCPS' covered payroll | 1,626,372,170 | 1,626,469,344 | 1,549,185,402 | 1,470,715,666 |
| FCPS' proportionate share of net pension liability as a percentage of covered payroll | 87.81% | 165.57% | 156.90% | 145.44% |
| Plan fiduciary net position as a percentage of the total pension liability | 85.46% | 71.47% | 73.51% | 74.81% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2015 is first year implemented, additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

**EXHIBIT K-4**

| ACFR Reporting Year<br>Measurement Date June 30 of prior year | | | | |
|---|---|---|---|---|
| **2018** | **2017** | **2016** | **2015** | |
| 18.16% | 17.95% | 17.89% | 18.15% | FCPS' proportion of the net pension liability |
| $ 2,232,727,000 | $ 2,515,447,000 | $ 2,251,917,000 | $ 2,193,660,000 | FCPS' proportionate share of the net pension liability |
| 1,432,051,405 | 1,368,572,241 | 1,330,241,479 (2) | 1,327,488,219 | FCPS' covered payroll |
| 155.91% | 183.80% | 169.29% | 165.25% | FCPS' proportionate share of net pension liability as a percentage of covered payroll |
| 72.92% | 68.28% | 70.68% | 70.88% | Plan fiduciary net position as a percentage of the total pension liability |

(2) Restated from prior year to reflect measurement date presentation.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT K-5**
**Schedule of Contributions**
**VRS Pension Plan**
**Last Ten Fiscal Years (1)**

| | | Actuarial Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | FCPS' Covered Payroll | Contribution as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 2022 | | $ 275,534,721 | $ 275,534,721 | $ - | $ 1,657,850,320 | 16.6 % |
| 2021 | | 270,303,058 | 270,303,058 | - | 1,626,372,170 | 16.6 |
| 2020 | | 255,030,396 | 255,030,396 | - | 1,626,469,344 | 15.7 |
| 2019 | | 242,912,277 | 242,912,277 | - | 1,549,185,402 | 15.7 |
| 2018 | | 240,020,797 | 240,020,797 | - | 1,470,715,666 | 16.3 |
| 2017 | | 233,710,789 | 209,938,736 | 23,772,053 | 1,432,051,405 | 14.7 |
| 2016 | | 192,421,257 | 192,421,257 | - | 1,368,572,241 | 14.1 |
| 2015 | (2) | 192,885,015 | 192,885,015 | - | 1,330,241,479 | 14.5 |

(1) The schedule is intended to show information for 10 years. Fiscal year 2015 is first year implemented, additional years will be displayed as they become available.

(2) Restated from prior year to reflect fiscal year presentation.

See accompanying notes to the required supplementary information.

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**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of Changes in Net OPEB Liability and Related Ratios**
**FCPS OPEB Plan**
**Last Ten Fiscal years (1)**

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Total OPEB Liability** | | | |
| Service Cost | $ 4,149,646 | $ 3,878,113 | $ 5,046,137 |
| Interest on the Total OPEB Liability | 15,412,471 | 15,321,158 | 12,378,488 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experiences | 33,747,285 | (6,730,917) | 58,670,164 |
| Changes of assumptions | (18,880,891) | (998,727) | (15,662,364) |
| Benefit payments | (10,527,658) | (10,348,747) | (23,875,000) |
| **Net Change in Total OPEB Liability** | **23,900,853** | **1,120,880** | **36,557,425** |
| **Total OPEB Liability - Beginning** | **221,203,309** | **220,082,429** | **183,525,004** |
| **Total OPEB Liability - Ending (a)** | **$ 245,104,162** | **$ 221,203,309** | **$ 220,082,429** |
| **Plan Fiduciary Net Position** | | | |
| Contributions - Employer | $ 15,527,658 | $ 15,348,747 | $ 28,875,000 |
| Contributions - Employee | | | - |
| Net Investment Income | (19,691,861) | 47,506,802 | 4,561,466 |
| Benefit payments | (10,527,658) | (10,348,747) | (23,875,000) |
| Administrative Expense | (120,889) | (101,244) | (101,363) |
| **Net Change in Plan Fiduciary Net Position** | **(14,812,750)** | **52,405,558** | **9,460,103** |
| **Plan Fiduciary Net Position - Beginning** | **208,374,626** | **155,969,068** | **146,508,965** |
| **Plan Fiduciary Net Position - Ending (b)** | **$ 193,561,876** | **$ 208,374,626** | **$ 155,969,068** |
| **Net OPEB Liability - Ending (a) - (b)** | **$ 51,542,286** | **$ 12,828,683** | **$ 64,113,361** |
| Plan Fiduciary Net Position as a percentage of Total OPEB Liability | 78.97% | 94.20% | 70.87% |
| Covered Payroll | $ 1,765,660,378 | $ 1,750,085,165 | $ 1,699,111,811 |
| Net OPEB Liability as a Percentage of Covered Payroll | 2.92% | 0.73% | 3.77% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2017 is the first year implemented; additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

**EXHIBIT L**

| 2019 | 2018 | 2017 | |
|---|---|---|---|
| | | | **Total OPEB Liability** |
| $ 5,220,696 | $ 8,319,993 | N/A | Service Cost |
| 17,156,591 | 29,187,359 | N/A | Interest on the Total OPEB Liability |
| (39,066,967) | - | N/A | Changes of benefit terms |
| (24,767,704) | 33,883,573 | N/A | Difference between expected and actual experiences |
| - | (170,067,992) | N/A | Changes of assumptions |
| (29,286,809) | (54,806,266) | N/A | Benefit payments |
| **(70,744,193)** | **(153,483,333)** | N/A | **Net Change in Total OPEB Liability** |
| **254,269,197** | **$ 407,752,530** | N/A | **Total OPEB Liability - Beginning** |
| **$ 183,525,004** | **$ 254,269,197** | **$ 407,752,530** | **Total OPEB Liability - Ending (a)** |
| | | | **Plan Fiduciary Net Position** |
| $ 34,286,809 | $ 59,806,266 | $ 22,404,000 | Contributions - Employer |
| - | - | - | Contributions - Employee |
| 6,422,536 | 11,564,600 | 13,288,807 | Net Investment Income |
| (29,286,809) | (54,806,266) | (17,404,000) | Benefit payments |
| (89,000) | (86,550) | (83,537) | Administrative Expense |
| **11,333,536** | **16,478,050** | **18,205,270** | **Net Change in Plan Fiduciary Net Position** |
| **135,175,429** | **118,697,379** | **100,492,109** | **Plan Fiduciary Net Position - Beginning** |
| **$ 146,508,965** | **$ 135,175,429** | **$ 118,697,379** | **Plan Fiduciary Net Position - Ending (b)** |
| **$ 37,016,039** | **$ 119,093,768** | **$ 289,055,151** | **Net OPEB Liability - Ending (a) - (b)** |
| | | | |
| 79.83% | 53.16% | 29.11% | Plan Fiduciary Net Position as a percentage of Total OPEB Liability |
| $ 1,393,958,673 | $ 1,340,334,878 | $ 1,256,877,000 | Covered Payroll |
| 2.66% | 8.89% | 23.00% | Net OPEB Liability as a Percentage of Covered Payroll |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of Contributions**
**FCPS OPEB Plan**
**Last Ten Fiscal Years (1)**

| | Fiscal Year | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| Actuarially determined contribution | $ 10,527,658 | $ 10,348,747 | $ 23,875,000 |
| Contributions made in relation to the actuarially determined contribution | 15,527,658 | 15,348,747 | 28,875,000 |
| Contribution deficiency (excess) | (5,000,000) | (5,000,000) | (5,000,000) |
| Covered payroll | 1,765,660,378 | 1,750,085,165 | 1,699,111,811 |
| Contributions as a percentage of covered payroll | 0.88% | 0.88% | 1.70% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2017 is the first year implemented; additional years will be displayed as they become available.

(2) GASB 75 was effective for employer fiscal year beginning after June 15, 2017.

See accompanying notes to the required supplementary information.

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of Investment Returns**
**FCPS OPEB Plan**
**Last Ten Fiscal Years (1)**

| | Fiscal Year | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Annual money-weighted rate of return net of investment expense | (9.36)% | 30.09% | 3.05% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2017 is the first year implemented; additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

**EXHIBIT L-1**

| Fiscal Year 2019 | Fiscal Year 2018 | Fiscal Year 2017 (2) | |
|---|---|---|---|
| $ 29,286,809 | $ 54,806,266 | N/A | Actuarially determined contribution |
| 34,286,809 | 59,806,266 | N/A | Contributions made in relation to the actuarially determined contribution |
| (5,000,000) | (5,000,000) | N/A | Contribution deficiency (excess) |
| 1,393,958,673 | 1,340,334,878 | N/A | Covered payroll |
| 2.46% | 4.46% | N/A | Contributions as a percentage of covered payroll |

**EXHIBIT L-2**

| Fiscal Year 2019 | Fiscal Year 2018 | Fiscal Year 2017 | |
|---|---|---|---|
| 4.66% | 9.50% | 12.86% | Annual money-weighted rate of return net of investment expense |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of FCPS' Proportionate Share of Net OPEB Liability and Related Ratios**
**VRS HIC OPEB Plan**
**Last Ten Fiscal Years (1)**

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| FCPS' proportion of net OPEB liability | 18.39% | 18.55% | 18.47% |
| FCPS' proportionate share of net OPEB liability | $ 236,047,340 | $ 242,022,384 | $ 241,786,588 |
| FCPS' covered payroll | 1,626,393,998 | 1,626,465,634 | 1,549,185,402 |
| FCPS' proportionate share of net OPEB liability as a percentage of covered payroll | 14.51% | 14.88% | 15.61% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 13.15% | 9.95% | 8.97% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2018 was first year implemented, additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

**EXHIBIT L-3**

| 2019 | 2018 | |
|---|---|---|
| 18.18% | 18.15% | FCPS' proportion of net OPEB liability |
| $ 230,889,000 | $ 230,217,000 | FCPS' proportionate share of net OPEB liability |
| 1,470,711,793 | 1,432,191,455 | FCPS' covered payroll |
| 15.70% | 16.07% | FCPS' proportionate share of net OPEB liability as a percentage of covered payroll |
| 8.08% | 7.04% | Plan fiduciary net position as a percentage of the total OPEB liability |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT L-4**
**Schedule of Employer Contributions**
**VRS HIC OPEB Plan**
**Last Ten Fiscal Years**

| | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contributions Deficiency (Excess) | FCPS' Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2022 | $ 20,059,856 | $ 20,059,856 | - | $ 1,657,839,404 | 1.2 % |
| 2021 | 19,679,363 | 19,679,363 | - | 1,626,393,998 | 1.2 |
| 2020 | 19,517,590 | 19,517,590 | - | 1,626,465,634 | 1.2 |
| 2019 | 18,590,218 | 18,590,218 | - | 1,549,185,402 | 1.2 |
| 2018 | 18,089,758 | 18,089,758 | - | 1,470,711,793 | 1.2 |
| 2017 | 17,615,955 | 15,897,325 | 1,718,630 | 1,432,191,455 | 1.1 |
| 2016 | 16,152,458 | 14,509,835 | 1,642,623 | 1,368,852,341 | 1.1 |
| 2015 | 15,699,867 | 14,103,271 | 1,596,596 | 1,330,497,219 | 1.1 |
| 2014 | 15,534,713 | 14,738,061 | 796,652 | 1,327,753,219 | 1.1 |
| 2013 | 14,936,911 | 14,170,916 | 765,995 | 1,276,659,075 | 1.1 |

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

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**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Schedule of FCPS' Proportionate Share of Net OPEB Liability and Related Ratios**
**VRS GLI OPEB Plan**
**Last Ten Fiscal Years (1)**

| | ACFR Reporting Year Measurement Date June 30 of prior year | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| FCPS' proportion of net OPEB liability | 7.94% | 7.95% | 7.96% |
| FCPS' proportionate share of net OPEB liability | $ 92,480,874 | $ 132,610,252 | $ 129,574,636 |
| FCPS' covered payroll | 1,639,977,606 | 1,635,370,534 | 1,560,950,089 |
| FCPS' proportionate share of net OPEB liability as a percentage of covered payroll | 5.64% | 8.11% | 8.30% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 67.45% | 52.64% | 52.00% |

(1) The schedule is intended to show information for 10 years. Fiscal year 2018 is first year implemented; additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

**EXHIBIT L-5**

| ACFR Reporting Year Measurement Date June 30 of prior year | | |
|---|---|---|
| **2019** | **2018** | |
| 7.79% | 7.80% | FCPS' proportion of net OPEB liability |
| $ 118,262,000 | $ 117,380,000 | FCPS' proportionate share of net OPEB liability |
| 1,480,800,510 | 1,438,996,361 | FCPS' covered payroll |
| 7.99% | 8.16% | FCPS' proportionate share of net OPEB liability as a percentage of covered payroll |
| 51.22% | 48.86% | Plan fiduciary net position as a percentage of the total OPEB liability |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT L-6**
**Schedule of Employer Contributions**
**VRS GLI OPEB Plan**
**Last Ten Fiscal Years**

| | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contributions Deficiency (Excess) | FCPS' Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2022 | $ 9,003,779 | $ 9,003,779 | - | $ 1,667,365,884 | 0.5 % |
| 2021 | 8,855,883 | 8,855,883 | - | 1,639,977,606 | 0.5 |
| 2020 | 8,503,928 | 8,503,928 | - | 1,635,370,534 | 0.5 |
| 2019 | 8,116,936 | 8,116,936 | - | 1,560,950,089 | 0.5 |
| 2018 | 7,700,163 | 7,700,163 | - | 1,480,800,510 | 0.5 |
| 2017 | 7,482,781 | 7,482,781 | - | 1,438,996,361 | 0.5 |
| 2016 | 7,286,313 | 6,598,925 | 687,388 | 1,374,775,965 | 0.5 |
| 2015 | 7,072,543 | 6,405,322 | 667,221 | 1,334,442,126 | 0.5 |
| 2014 | 7,062,141 | 6,395,901 | 666,240 | 1,332,479,417 | 0.5 |
| 2013 | 6,789,585 | 6,149,058 | 640,527 | 1,281,053,810 | 0.5 |
| 2012 | 5,442,504 | 3,463,412 | 1,979,092 | 1,236,932,717 | 0.3 |

The amounts presented for each fiscal year were determined as of June 30 of the fiscal year shown.

See accompanying notes to the required supplementary information.

# Notes to the Required Supplementary Information

Fairfax County Public Schools
June 30, 2022

## I. BUDGETARY COMPARISON SCHEDULE

The *Code of Virginia* requires the appointed superintendent of Fairfax County Public Schools (FCPS) to submit a budget to the County of Fairfax, Virginia (County) Board of Supervisors (BOS), with the approval of the School Board.

The preparation of FCPS' budget begins with the Superintendent soliciting input from parents and community leaders on the School Board's budget priorities. In January, the Superintendent releases the proposed budget and meets with the community, County, and employee groups to discuss it. The School Board reviews the proposed budget and holds work sessions and public hearings.

February through April, the School Board adopts the advertised budget. The Superintendent forwards the FCPS advertised budget to the County for funding consideration. The County Executive releases the County's advertised budget including a proposed transfer to FCPS. The Virginia General Assembly adopts the state budget. The School Board presents its budget to the BOS. The County adopts its budget and determines the transfer to FCPS.

In May, the School Board holds public hearings and work sessions and makes final funding decisions based on the most current information. The School Board adopts is approved budget. The approved budget governs the financial operations of the school system beginning on July 1.

The County legally adopts annual budgets all FCPS appropriated governmental funds, except for the Capital Projects Fund in which budgetary control is achieved on a project-by-project basis. The modified accrual basis is used in budgeting for governmental funds and the budgets are consistent with accounting principles generally accepted in the United States of America, with the following exceptions:

- Transactions for capital leases and local school activities, when initiated, are not budgeted as offsetting expenditures and other financing sources; and
- Transactions between FCPS and the County are budgeted as other financing sources (uses).

All annual appropriations lapse at fiscal year-end. The current budget is re-evaluated three times during the year based on current projections and amended accordingly by the School Board and the BOS.

The budget is controlled at certain legal and administrative levels. The legal controls are placed at the individual fund level and the administrative controls are placed at the object level, which is at the expenditure category for each office and school within a fund. Management may amend the approved budget at the administrative level within the same fund. Amendments, changes, or transfers at the legal level require the specific approval of the School Board.

The following schedule reconciles the General Fund amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances, Exhibit D, to the amounts on the Budgetary Comparison Schedule—Budget and Actual (Budgetary Basis), Exhibit J for the fiscal year ended June 30, 2022:

| | | Basis Differences | | | |
|---|---|---|---|---|---|
| **General Fund** | **Actual - GAAP Basis (Exhibit D)** | **Leases** | **Local School Activities** | **Transactions between FCPS and the County** | **Actual - Budget Basis (Exhibit J)** |
| Total revenues | $ 3,240,655,584 | | $ (32,369,311) | $ (2,173,536,166) | $ 1,034,750,107 |
| Total expenditures | (3,192,973,961) | 53,310,931 | 32,243,247 | 3,008,593 | (3,104,411,190) |
| Total other financing sources | 11,362,473 | (53,310,931) | - | 2,170,527,573 | 2,128,579,115 |
| Net change in fund balances | $ 59,044,096 | | $ (126,064) | $ - | $ 58,918,032 |

## II. PENSIONS AND OPEB

### PENSIONS

Ten-year historical trend information for FCPS' retirement systems is presented as required supplementary information. This information is intended to help users assess each system's financial health status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each system's financial health. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the system. Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the system.

The Schedule of Changes in Net Pension Liability and Related Ratios illustrates whether each plan's net position is increasing or decreasing over time relative to the total pension liability and the net pension liability as it relates to covered payroll.

The Schedule of Employer Contributions provides historical context for the amount of contributions in the current period. The contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Information pertaining to FCPS retirement systems can be found in Note IV.D to the financial statements.

### OPEB

#### 1. FCPS OPEB

Beginning in fiscal year 2017 GAAP required information related to the total and net OPEB liability, information associated with the actuarially determined contribution, and investment returns to be presented.

Information pertaining to the FCPS OPEB Plan can be found in Notes III.B.2 and IV.E to the financial statements. Disclosures associated with the GASB 74 requirements are found in Note IV.E to the financial statements.

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

The financial accounting valuation reflects the following assumption changes:

No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA):

i. the excise tax on high-cost health plans (Cadillac tax);
ii. the annual fee on health insurance providers; and
iii. the medical device excise tax.

Additionally, the financial accounting valuation reflects the following assumption changes based on the FCERS pension report as of June 30, 2021 and the ERFC pension funding report as of December 31, 2021:

- Annual rates of salary increases were updated to reflect more recent experience.
- Rates of Normal Retirement and Early Retirement were updated to reflect more recent experience.
- Rates of withdrawal were updated to reflect more recent experience.
- Rates of disability were updated to reflect more recent experience.
- The mortality table was updated from the RP-2014 Mortality Table using projection scale MP-2016 to Pub-2010, "Teachers" Classification, Mortality Table using projection scale MP-2019 reflect more recent experience.

## 2. VRS HIC

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 Plan2/Hybrid; changed final retirement 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 |
| Discount Rate | No change |

## 3. VRS GLI

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 Plan2/Hybrid; changed final retirement 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 |
| Discount Rate | No change |

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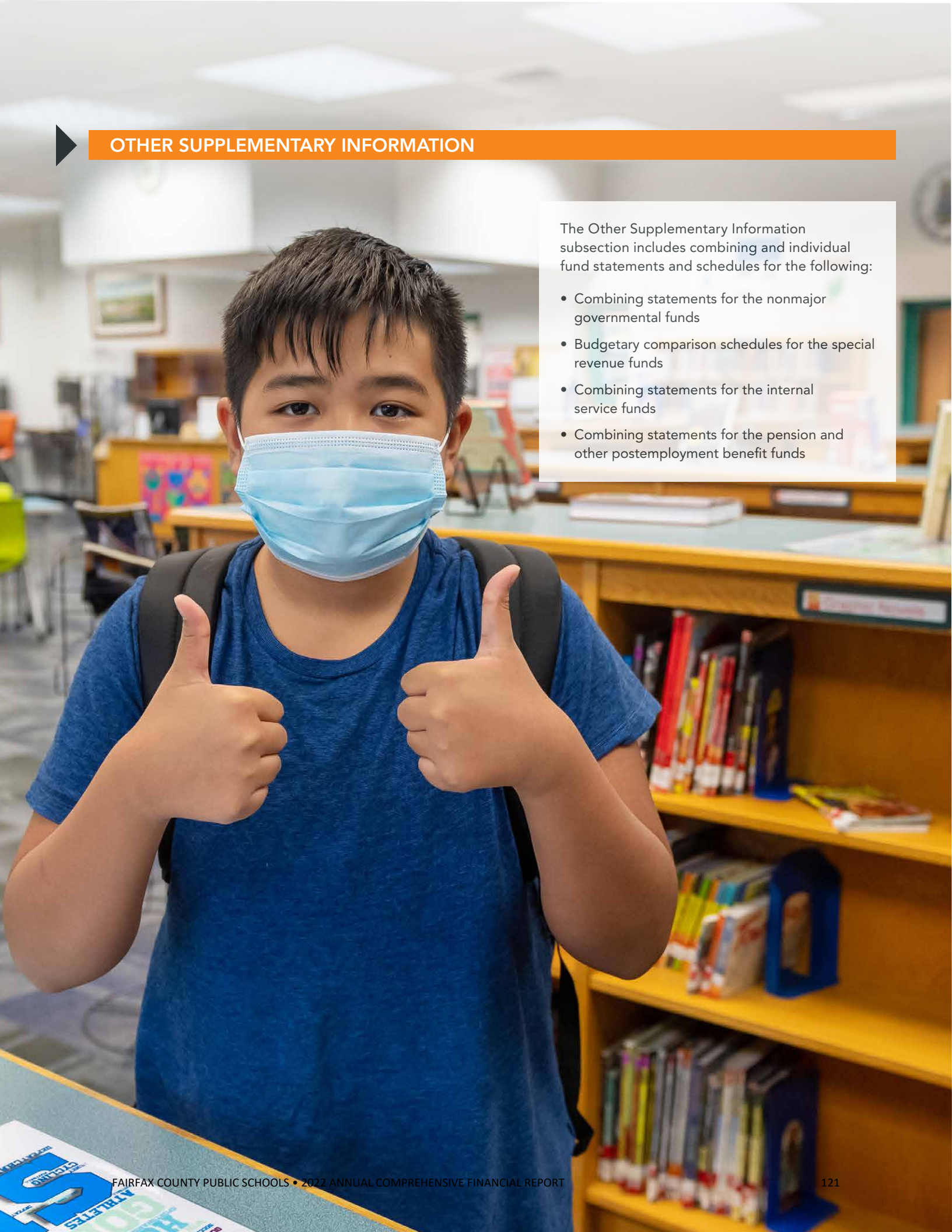
# OTHER SUPPLEMENTARY INFORMATION



The Other Supplementary Information subsection includes combining and individual fund statements and schedules for the following:

- Combining statements for the nonmajor governmental funds
- Budgetary comparison schedules for the special revenue funds
- Combining statements for the internal service funds
- Combining statements for the pension and other postemployment benefit funds

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## NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (except for major capital projects) that are restricted to expenditures for specific purposes.

- Food and 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.
- Grants and Self-Supporting Programs Fund—used to account for Federal, State, non-profit, and private industry grants that support instructional programs. This fund is also used to account for the summer school program.
- Adult and Community Education Fund—used to account for activities resulting from programs provided by the Office of Adult and Community Education. These programs include basic skills education, high school completion, English for Speakers of Other Languages, apprenticeship and occupational skills instruction, and various consumer education and special interest courses. The main revenue source is tuition charged to the participants.

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**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT M**
**Combining Balance Sheet**
**Nonmajor Governmental Funds**
**June 30, 2022**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | Food and Nutrition Services | Grants Self-Supporting Programs | Adult and Community Education | Total Nonmajor Governmental Funds |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 35,222,472 | $ 25,298,232 | $ 78,306 | $ 60,599,010 |
| Receivables: | | | | |
| Accounts | 132,173 | 5,860 | 43,374 | 181,407 |
| Accrued interest | 10,452 | - | 292 | 10,744 |
| Due from intergovernmental units: | | | | |
| Federal government | 17,379,256 | 26,946,769 | 749,638 | 45,075,663 |
| Commonwealth of Virginia | - | 2,058,424 | - | 2,058,424 |
| County of Fairfax, VA | 115,562 | 18,917 | - | 134,479 |
| Inventories | 2,057,604 | - | - | 2,057,604 |
| Prepaid Items | - | - | 53,075 | 53,075 |
| Total assets | $ 54,917,519 | $ 54,328,202 | $ 924,685 | $ 110,170,406 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 2,011,282 | $ 7,391,243 | $ 62,741 | $ 9,465,266 |
| Accrued salaries and withholdings | 1,648,661 | 104,409 | 462,781 | 2,215,851 |
| Interfund payables | - | - | 400,000 | 400,000 |
| Unearned revenues | 2,609,880 | 2,487,311 | 386,493 | 5,483,684 |
| Total liabilities | 6,269,823 | 9,982,963 | 1,312,015 | 17,564,801 |
| Fund balances: | | | | |
| Nonspendable | 2,057,604 | - | 53,075 | 2,110,679 |
| Restricted | 46,590,092 | 44,345,239 | - | 90,935,331 |
| Unassigned | - | - | (440,405) | (440,405) |
| Total fund balances | 48,647,696 | 44,345,239 | (387,330) | 92,605,605 |
| Total liabilities and fund balances | $ 54,917,519 | $ 54,328,202 | $ 924,685 | $ 110,170,406 |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT N**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Nonmajor Governmental Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **Food and Nutrition Services** | **Grants Self-Supporting Programs** | **Adult and Community Education** | **Total Nonmajor Governmental Funds** |
| **REVENUES** | | | | |
| Intergovernmental: | | | | |
| Federal government | $ 120,735,499 | $ 69,740,761 | $ 1,321,775 | $ 191,798,035 |
| Commonwealth of Virginia | 1,418,934 | 7,350,975 | 868,473 | 9,638,382 |
| County of Fairfax, VA | - | 2,179,486 | - | 2,179,486 |
| Charges for services: | | | | |
| Tuition and fees | - | 2,070,093 | 2,927,992 | 4,998,085 |
| Food sales | 3,856,626 | - | - | 3,856,626 |
| Revenue from the use of money and property | 20,013 | 15,892 | 3,825 | 39,730 |
| Other | 1,407 | 930,821 | 6,107 | 938,335 |
| Total revenues | 126,032,479 | 82,288,028 | 5,128,172 | 213,448,679 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education: | | | | |
| Elementary school | - | 55,993,982 | - | 55,993,982 |
| Middle school | - | 613,348 | - | 613,348 |
| High school | - | 5,054,246 | 248,167 | 5,302,413 |
| Special education | - | 7,634,868 | - | 7,634,868 |
| Adult and community education | - | - | 6,241,917 | 6,241,917 |
| Instructional support | - | 18,963,759 | - | 18,963,759 |
| Support programs: | | | | |
| Administration and general support | - | 2,195,296 | - | 2,195,296 |
| Student transportation | - | 1,578,224 | - | 1,578,224 |
| Facilities management | - | 1,197 | - | 1,197 |
| Food service | 85,694,305 | - | - | 85,694,305 |
| Capital outlay | 3,205,723 | 29,498 | 10,660 | 3,245,881 |
| Debt service: | | | | |
| Principal | 325,737 | 2,679 | 2,569 | 330,985 |
| Interest | 50,313 | 572 | 682 | 51,567 |
| Total expenditures | 89,276,078 | 92,067,669 | 6,503,995 | 187,847,742 |
| Excess (deficiency) of revenues over (under) expenditures | 36,756,401 | (9,779,641) | (1,375,823) | 25,600,937 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers in | 1,800,000 | 22,608,552 | 1,535,709 | 25,944,261 |
| Leases | 3,205,723 | 9,183 | 10,660 | 3,225,566 |
| Total other financing sources | 5,005,723 | 22,617,735 | 1,546,369 | 29,169,827 |
| Net change in fund balances | 41,762,124 | 12,838,094 | 170,546 | 54,770,764 |
| Fund balances - July 1, 2021 | 6,227,388 | 31,507,145 | (557,876) | 37,176,657 |
| Increase in reserve for inventories | 658,184 | - | - | 658,184 |
| Fund balances - June 30, 2022 | $ 48,647,696 | $ 44,345,239 | $ (387,330) | $ 92,605,605 |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT O**
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**
**Food and Nutrition Services Fund**
**For the Fiscal Year Ended June 30, 2022**

| | Budget - Original | Budget - Final | Actual - Budget Basis | Variance from Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Intergovernmental: | | | | |
| Federal government | $ 43,613,061 | $ 43,613,061 | $ 120,735,499 | $ 77,122,438 |
| Commonwealth of Virginia | 1,448,727 | 1,448,727 | 1,418,934 | (29,793) |
| Charges for services: | | | | |
| Food sales | 41,141,127 | 41,141,127 | 3,856,626 | (37,284,501) |
| Revenue from the use of money and property | 155,359 | 155,359 | 20,013 | (135,346) |
| Other | 15,000 | 15,000 | 1,407 | (13,593) |
| Total revenues | 86,373,274 | 86,373,274 | 126,032,479 | 39,659,205 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Food service | 86,373,274 | 94,400,663 | 86,070,355 | 8,330,308 |
| Total expenditures | 86,373,274 | 94,400,663 | 86,070,355 | 8,330,308 |
| Excess (deficiency) of revenues over (under) expenditures | - | (8,027,389) | 39,962,124 | 47,989,513 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers in | - | 1,800,000 | 1,800,000 | - |
| Net change in fund balances | $ - | $ (6,227,389) | $ 41,762,124 | $ 47,989,513 |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT P**
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**
**Grants and Self-Supporting Programs Fund**
**For the Fiscal Year Ended June 30, 2022**

| | Budget - Original | Budget - Final | Actual - Budget Basis | Variance from Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Intergovernmental: | | | | |
| Federal government | $ 42,054,561 | $ 110,730,346 | $ 69,740,761 | $ (40,989,585) |
| Commonwealth of Virginia | 9,329,550 | 17,881,556 | 7,350,975 | (10,530,581) |
| Charges for services: | | | | |
| Tuition and fees | 2,407,100 | 2,407,100 | 2,070,093 | (337,007) |
| Revenue from the use of money and property | 20,000 | 20,000 | 15,892 | (4,108) |
| Other | 380,107 | 1,385,928 | 930,821 | (455,107) |
| Total revenues | 54,191,318 | 132,424,930 | 80,108,542 | (52,316,388) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education: | | | | |
| Elementary school | 38,115,863 | 71,888,136 | 55,993,982 | 15,894,154 |
| Middle school | 579,467 | 1,427,539 | 613,348 | 814,191 |
| High school | 7,169,343 | 9,513,053 | 5,057,502 | 4,455,551 |
| Special education | 5,371,624 | 10,062,124 | 7,655,178 | 2,406,946 |
| Instructional support | 19,975,266 | 61,916,754 | 18,963,759 | 42,952,995 |
| Support programs: | | | | |
| Administration and general support | 6,489,600 | 41,985,441 | 2,195,296 | 39,790,145 |
| Student transportation | 2,820,294 | 4,398,517 | 1,578,224 | 2,820,293 |
| Facilities management | - | 1,190 | 1,197 | (7) |
| Total expenditures | 80,521,457 | 201,192,754 | 92,058,486 | 109,134,268 |
| Excess (deficiency) of revenues over (under) expenditures | (26,330,139) | (68,767,824) | (11,949,944) | 56,817,880 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers in from County of Fairfax, VA | 1,886,781 | 2,179,486 | 2,179,486 | - |
| Transfers in | 20,481,059 | 35,081,193 | 22,608,552 | (12,472,641) |
| Total other financing sources | 22,367,840 | 37,260,679 | 24,788,038 | (12,472,641) |
| Net change in fund balances | $ (3,962,299) | $ (31,507,145) | $ 12,838,094 | $ 44,345,239 |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT Q**
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**
**Adult and Community Education Fund**
**For the Fiscal Year Ended June 30, 2022**

| | Budget - Original | Budget - Final | Actual - Budget Basis | Variance from Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Intergovernmental: | | | | |
| Federal government | $ 1,121,199 | $ 1,288,913 | $ 1,321,775 | $ 32,862 |
| Commonwealth of Virginia | 962,622 | 962,621 | 868,473 | (94,148) |
| Charges for services: | | | | |
| Tuition and fees | 4,033,603 | 4,033,605 | 2,927,992 | (1,105,613) |
| Revenue from the use of money and property | 37,736 | 37,736 | 3,825 | (33,911) |
| Other | 65,035 | 65,035 | 6,107 | (58,928) |
| Total revenues | 6,220,195 | 6,387,910 | 5,128,172 | (1,259,738) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education: | | | | |
| High school | 199,730 | 247,126 | 248,167 | (1,041) |
| Adult and community education | 6,995,465 | 7,118,617 | 6,245,168 | 873,449 |
| Total expenditures | 7,195,195 | 7,365,743 | 6,493,335 | 872,408 |
| Excess (deficiency) of revenues over (under) expenditures | (975,000) | (977,833) | (1,365,163) | (387,330) |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers in | 975,000 | 1,535,709 | 1,535,709 | - |
| Net change in fund balances | $ - | $ 557,876 | $ 170,546 | $ (387,330) |

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## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by a department to another department on a cost reimbursement basis.

- Health Benefits Fund—a self-insurance fund used to account for the transactions associated with the comprehensive health benefits self-insurance program. This fund also provides for payment of eligible health care and dependent care expenses for employees participating in the flexible spending account program.
- Insurance Fund—a self-insurance fund used to account for Fairfax County Public Schools' casualty liability obligations, including workers' compensation

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**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT R**
**Combining Statement of Net Position**
**Internal Service Funds**
**June 30, 2022**

| | Health Benefits | Insurance | Total Internal Service Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash on deposit with County of Fairfax, VA | $ 125,916,753 | $ 56,716,224 | $ 182,632,977 |
| Cash in escrow | - | 322,504 | 322,504 |
| Receivables: | | | |
| Accounts Receivable | 15,112,982 | - | 15,112,982 |
| Total current assets | 141,029,735 | 57,038,728 | 198,068,463 |
| Total assets | 141,029,735 | 57,038,728 | 198,068,463 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 9,474,431 | 428,665 | 9,903,096 |
| Unearned revenues | 11,759,003 | - | 11,759,003 |
| Compensated absences | 155,244 | 52,131 | 207,375 |
| Actuarial claims payable | 25,336,500 | 9,599,713 | 34,936,213 |
| Total current liabilities | 46,725,178 | 10,080,509 | 56,805,687 |
| Non-current liabilities: | | | |
| Compensated absences | 66,533 | 22,342 | 88,875 |
| Actuarial claims payable | 1,333,500 | 38,398,850 | 39,732,350 |
| Total non-current liabilities | 1,400,033 | 38,421,192 | 39,821,225 |
| Total liabilities | 48,125,211 | 48,501,701 | 96,626,912 |
| **NET POSITION** | | | |
| Unrestricted | 92,904,524 | 8,537,027 | 101,441,551 |
| Total net position | $ 92,904,524 | $ 8,537,027 | $ 101,441,551 |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT S**
**Combining Statement of Revenues, Expenses, and Changes in Net Position**
**Internal Service Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Health Benefits | Insurance | Total Internal Service Funds |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 449,968,773 | $ 20,763,621 | $ 470,732,394 |
| **OPERATING EXPENSES** | | | |
| Salaries and wages | 3,231,576 | 1,287,848 | 4,519,424 |
| Claims and benefits | 465,923,837 | 10,912,238 | 476,836,075 |
| Professional consultant services | 11,792,341 | 2,286,909 | 14,079,250 |
| Other operating expenses | 36,112 | 380,982 | 417,094 |
| Total operating expenses | 480,983,866 | 14,867,977 | 495,851,843 |
| Operating gain/(loss) | (31,015,093) | 5,895,644 | (25,119,449) |
| **NONOPERATING REVENUES** | | | |
| Interest revenue | 115,294 | - | 115,294 |
| Total nonoperating revenue | 115,294 | - | 115,294 |
| Change in net position | (30,899,799) | 5,895,644 | (25,004,155) |
| Total net position - July 1, 2021 | 123,804,323 | 2,641,383 | 126,445,706 |
| Total net position - June 30, 2022 | $ 92,904,524 | $ 8,537,027 | $ 101,441,551 |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT T**
**Combining Statement of Cash Flows**
**Internal Service Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Health Benefits | Insurance | Total Internal Service Funds |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from interfund services provided | $ 448,451,366 | $ 20,763,621 | $ 469,214,987 |
| Payments to employees | (3,231,576) | (1,287,848) | (4,519,424) |
| Payments for claims and health benefits | (461,128,929) | (13,165,786) | (474,294,715) |
| Payments for professional services | (13,591,706) | (2,178,617) | (15,770,323) |
| Payments for other operating expenses | (36,112) | (380,982) | (417,094) |
| Net cash provided by (used in) operating activities | (29,536,957) | 3,750,388 | (25,786,569) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | 115,294 | - | 115,294 |
| Net cash provided by investing activities | 115,294 | - | 115,294 |
| Net increase (decrease) in cash and cash equivalents | (29,421,663) | 3,750,388 | (25,671,275) |
| Cash and cash equivalents - July 1, 2021 | 155,338,416 | 53,288,340 | 208,626,756 |
| **Cash and cash equivalents - June 30, 2022** | $ 125,916,753 | $ 57,038,728 | $ 182,955,481 |
| **Reconciliation of operating gain/loss to net cash provided by operating activities:** | | | |
| Operating income (loss) | $ (31,015,093) | $ 5,895,644 | $ (25,119,449) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| (Increase) in accounts receivable | (476,921) | - | (476,921) |
| Increase (decrease) in accounts payable | (1,799,365) | 108,292 | (1,691,073) |
| (Decrease) in unearned revenues | (1,040,486) | - | (1,040,486) |
| Increase (decrease) in compensated absences | 4,908 | (15,376) | (10,468) |
| Increase (decrease) in actuarial claims payable | 4,790,000 | (2,238,172) | 2,551,828 |
| Total adjustments to operating income (loss) | 1,478,136 | (2,145,256) | (667,120) |
| Net cash provided by (used in) operating activities | $ (29,536,957) | $ 3,750,388 | $ (25,786,569) |

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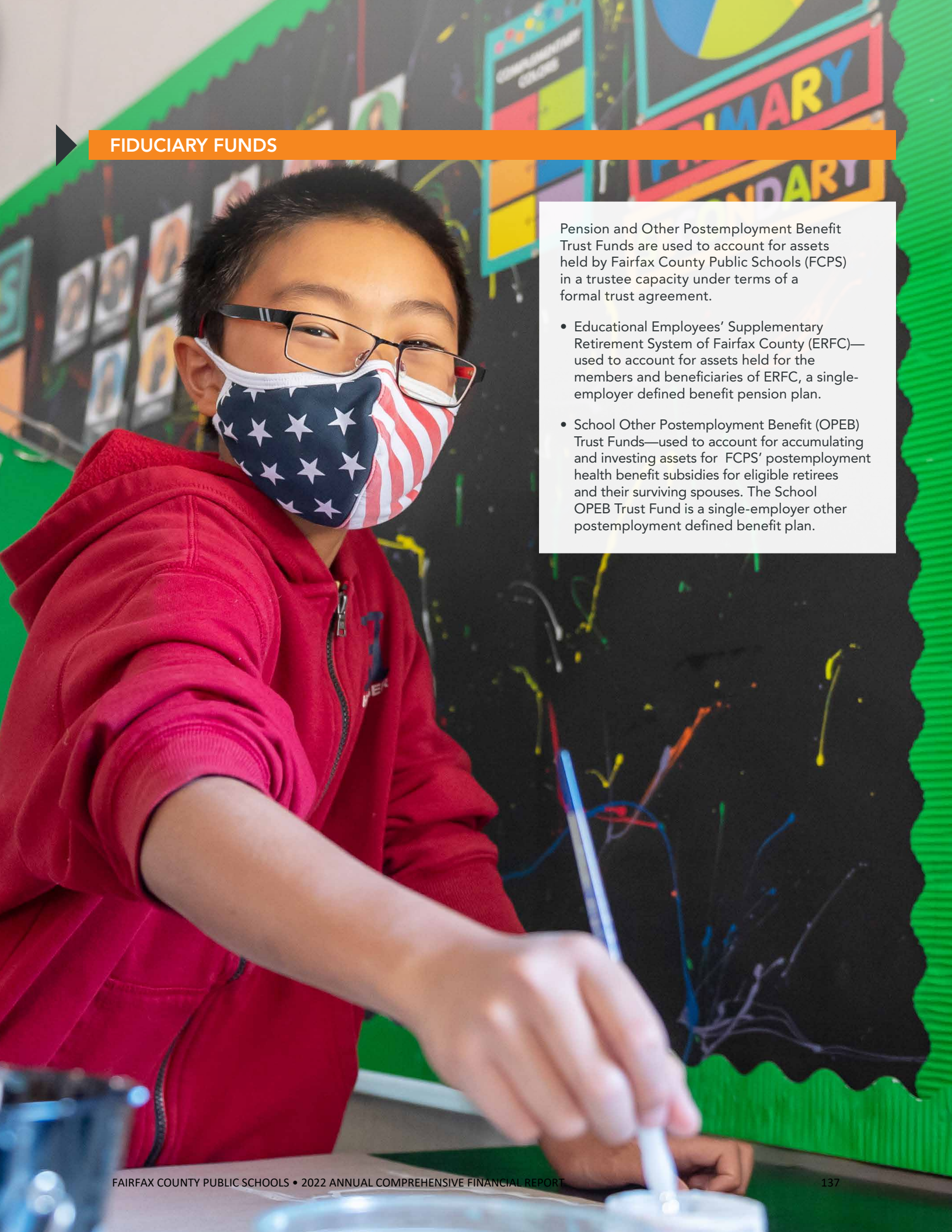
# FIDUCIARY FUNDS



Pension and Other Postemployment Benefit Trust Funds are used to account for assets held by Fairfax County Public Schools (FCPS) in a trustee capacity under terms of a formal trust agreement.

- Educational Employees' Supplementary Retirement System of Fairfax County (ERFC)—used to account for assets held for the members and beneficiaries of ERFC, a single-employer defined benefit pension plan.
- School Other Postemployment Benefit (OPEB) Trust Funds—used to account for accumulating and investing assets for FCPS' postemployment health benefit subsidies for eligible retirees and their surviving spouses. The School OPEB Trust Fund is a single-employer other postemployment defined benefit plan.

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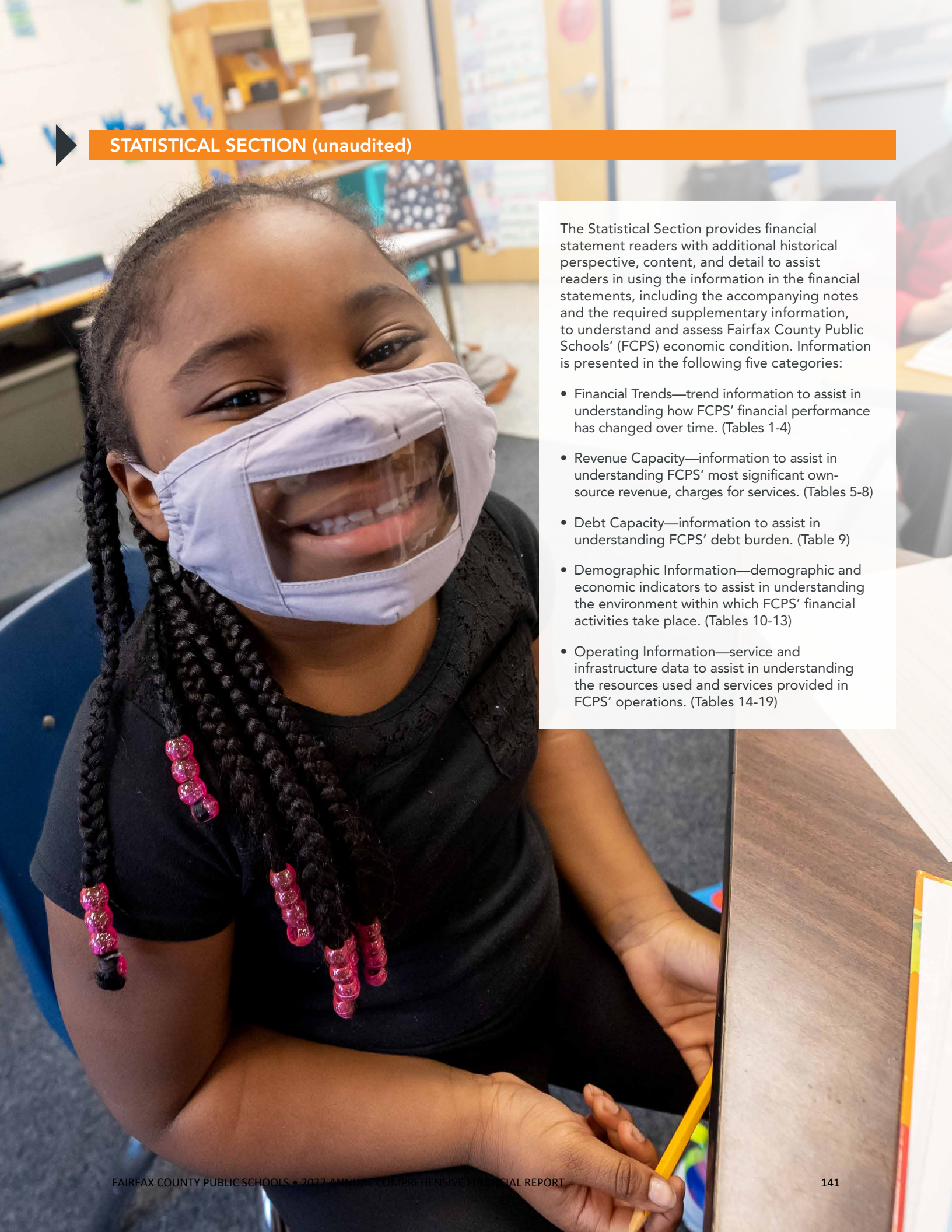
**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT U**
**Combining Statement of Fiduciary Net Position**
**Pension and Other Postemployment Benefit Trust Funds**
**June 30, 2022**

| | Educational Employees' Supplementary Retirement System | School Other Postemployment Benefits Trust | Total Pension and Other Postemployment Benefit Trust Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 1,336,057 | $ - | $ 1,336,057 |
| Cash with fiscal agent | 2,536,933 | - | 2,536,933 |
| Cash collateral for securities on loan | 100,361,317 | - | 100,361,317 |
| Short-term investments | 55,357,186 | - | 55,357,186 |
| Receivables: | | | |
| Accounts | 14,534 | 37,200 | 51,734 |
| Interest and dividends | 3,783,713 | - | 3,783,713 |
| Securities sold | 6,778,208 | 3,863,719 | 10,641,927 |
| Investments, at fair value: | | | |
| U.S. government obligations | 140,353,981 | - | 140,353,981 |
| Asset and mortgage backed | 147,774,908 | - | 147,774,908 |
| Corporate bonds | 274,702,007 | - | 274,702,007 |
| International bonds | 2,403,350 | - | 2,403,350 |
| Convertible securities | 5,650,314 | - | 5,650,314 |
| Commingled fixed income | 181,214,664 | - | 181,214,664 |
| Commingled equity | 842,946,628 | - | 842,946,628 |
| Stocks | 288,897,994 | - | 288,897,994 |
| Municipal bonds | 538,258 | - | 538,258 |
| Real estate | 222,855,620 | - | 222,855,620 |
| Multi asset class solutions | 192,343,465 | - | 192,343,465 |
| Hedge funds | 263,871,419 | - | 263,871,419 |
| Private debt | 50,349,798 | - | 50,349,798 |
| Private equity | 309,762,531 | - | 309,762,531 |
| Infrastructure | 29,519,738 | - | 29,519,738 |
| Investment in pooled funds | - | 189,698,157 | 189,698,157 |
| Capital assets: | | | |
| Furniture and equipment | 79,325 | - | 79,325 |
| Accumulated depreciation | (72,869) | - | (72,869) |
| Right-to-use asset | 651,709 | - | 651,709 |
| Accumulated amortization : Right-to-use-asset | (322,142) | - | (322,142) |
| Total assets | 3,123,688,646 | 193,599,076 | 3,317,287,722 |
| **LIABILITIES** | | | |
| Right-to-use lease liability | 334,590 | - | 334,590 |
| Accounts payable | 2,159,020 | 37,200 | 2,196,220 |
| Securities purchased | 22,923,839 | - | 22,923,839 |
| Securities lending collateral | 100,361,317 | - | 100,361,317 |
| Total liabilities | 125,778,766 | 37,200 | 125,815,966 |
| **NET POSITION** | | | |
| Net position restricted for pension | 2,997,909,880 | - | 2,997,909,880 |
| Net position restricted for OPEB | - | 193,561,876 | 193,561,876 |
| Total net position restricted for pension and OPEB | $ 2,997,909,880 | $ 193,561,876 | $ 3,191,471,756 |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **EXHIBIT V**
**Combining Statement of Changes in Fiduciary Net Position**
**Pension and Other Postemployment Benefit Trust Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Educational Employees' Supplementary Retirement System | School Other Postemployment Benefits Trust | Total Pension and Other Postemployment Benefit Trust Funds |
|---|---|---|---|
| **ADDITIONS** | | | |
| Contributions: | | | |
| Employer | $ 111,119,456 | $ 15,412,471 | $ 126,531,927 |
| Plan members | 50,017,839 | - | 50,017,839 |
| Total contributions | 161,137,295 | 15,412,471 | 176,549,766 |
| Investment earnings: | | | |
| From investing activities: | | | |
| Net depreciation in fair value of investments | (253,636,057) | (19,692,016) | (273,328,073) |
| Interest and dividends | 30,133,983 | 155 | 30,134,138 |
| Total loss from investing activities | (223,502,074) | (19,691,861) | (243,193,935) |
| Less investment expenses: | | | |
| Investment management fees | 7,318,612 | 120,389 | 7,439,001 |
| Investment consulting fees | 1,094,620 | - | 1,094,620 |
| Investment custodial fees | 347,534 | 500 | 348,034 |
| Investment salaries | 356,675 | - | 356,675 |
| Total investment expenses | 9,117,441 | 120,889 | 9,238,330 |
| Net loss from investing activities | (232,619,515) | (19,812,750) | (252,432,265) |
| From securities lending activities: | | | |
| Securities lending | 619,108 | - | 619,108 |
| Securities lending management fees | (237,214) | - | (237,214) |
| Net income from securities lending activities | 381,894 | - | 381,894 |
| Net investment loss | (232,237,621) | (19,812,750) | (252,050,371) |
| Total reductions | (71,100,326) | (4,400,279) | (75,500,605) |
| **DEDUCTIONS** | | | |
| Benefit payments | 194,239,563 | 10,412,471 | 204,652,034 |
| Refund of contributions | 4,415,933 | - | 4,415,933 |
| Administrative expenses | 4,155,162 | - | 4,155,162 |
| Depreciation and Amortization expenses | 326,219 | - | 326,219 |
| Total deductions | 203,136,877 | 10,412,471 | 213,549,348 |
| Change in net position | (274,237,203) | (14,812,750) | (289,049,953) |
| Net position - July 1, 2021 | 3,272,151,084 | 208,374,626 | 3,480,525,710 |
| Prior period adjustment | (4,001) | - | (4,001) |
| Net position - June 30, 2022 | $ 2,997,909,880 | $ 193,561,876 | $ 3,191,471,756 |

# STATISTICAL SECTION (unaudited)



The Statistical Section provides financial statement readers with additional historical perspective, content, and detail to assist readers in using the information in the financial statements, including the accompanying notes and the required supplementary information, to understand and assess Fairfax County Public Schools' (FCPS) economic condition. Information is presented in the following five categories:

- Financial Trends—trend information to assist in understanding how FCPS' financial performance has changed over time. (Tables 1-4)
- Revenue Capacity—information to assist in understanding FCPS' most significant own-source revenue, charges for services. (Tables 5-8)
- Debt Capacity—information to assist in understanding FCPS' debt burden. (Table 9)
- Demographic Information—demographic and economic indicators to assist in understanding the environment within which FCPS' financial activities take place. (Tables 10-13)
- Operating Information—service and infrastructure data to assist in understanding the resources used and services provided in FCPS' operations. (Tables 14-19)

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Net Position by Component (1)**
**Last Ten Fiscal Years**
**(Dollars in Thousands)**
**Unaudited**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| **Governmental Activities** | **2022** | **2021 (3)** | **2020 (2)** | **2019** | **2018** |
| Net investment in capital assets | $ 2,607,835 | $ 2,564,344 | $ 2,553,192 | $ 2,505,368 | $ 2,418,471 |
| Restricted | 168,546 | 103,938 | 48,881 | 65,263 | 79,502 |
| Unrestricted (deficit) | (2,888,217) | (3,323,137) | (3,338,234) | (3,346,426) | (3,497,379) |
| Total net position | $ (111,836) | $ (654,855) | $ (736,161) | $ (775,795) | $ (999,406) |

(1) Starting in fiscal year 2013, net assets changed to net position.

(2) Fiscal year 2020 net position restated due to the implementation of GASB statement 84.

(3) Fiscal year 2021 net position restated due to the implementation of GASB statement 87

Source: FCPS Annual Comprehensive Financial Reports 2013-2022

**TABLE 1**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2017** | **2016** | **2015** | **2014** | **2013** | **Governmental Activities** |
| $ 2,372,731 | $ 2,298,394 | $ 2,226,691 | $ 2,126,682 | $ 2,026,739 | Net investment in capital assets |
| 64,143 | 66,320 | 60,964 | 103,699 | 137,390 | Restricted |
| (2,933,512) | (2,892,239) | (2,961,330) | 200,355 | 251,288 | Unrestricted (deficit) |
| $ (496,638) | $ (527,525) | $ (673,675) | $ 2,430,736 | $ 2,415,417 | Total net position |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Changes in Net Position (1)**
**Last Ten Fiscal Years**
**(Dollars in Thousands)**
**Unaudited**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| **Governmental Activities** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Expenses** | | | | | |
| Instruction | $ 2,567,219 | $ 2,817,431 | $ 2,769,242 | $ 2,518,673 | $ 2,443,217 |
| Support programs | 439,177 | 414,153 | 413,596 | 372,899 | 365,265 |
| Food service | 80,333 | 72,649 | 84,429 | 83,458 | 78,855 |
| Local school activities | 32,243 | 12,750 | - | - | - |
| Interest on long-term debt | 2,995 | 3,829 | 3,223 | 3,173 | 2,965 |
| Total expenses | 3,121,967 | 3,320,812 | 3,270,490 | 2,978,203 | 2,890,302 |
| **Program Revenues** | | | | | |
| Charges for services: | | | | | |
| Instruction | 63,331 | 59,838 | 60,020 | 55,765 | 55,534 |
| Support programs | 9,038 | 3,107 | 10,847 | 15,192 | 13,637 |
| Food service | 3,808 | 1,328 | 29,708 | 40,865 | 39,358 |
| Local school activities | 32,369 | 12,620 | - | - | - |
| Operating grants and contributions | 587,819 | 411,859 | 339,385 | 329,314 | 317,227 |
| Capital grants and contributions | 196,671 | 194,679 | 196,132 | 200,894 | 173,864 |
| Total program revenues | 893,036 | 683,431 | 636,092 | 642,030 | 599,620 |
| Total net expense | (2,228,931) | (2,637,382) | (2,634,398) | (2,336,173) | (2,290,682) |
| **General Revenues and Other Changes in Net Position** | | | | | |
| Grants and contributions not restricted to specific purposes: | | | | | |
| Federal government | 5,945 | 14,210 | 5,889 | 6,011 | 5,623 |
| Commonwealth of Virginia | 581,204 | 557,655 | 506,674 | 499,661 | 470,174 |
| County of Fairfax, VA | 2,172,661 | 2,143,322 | 2,136,017 | 2,051,659 | 1,966,920 |
| Revenue for the use of money (2) | 757 | 62 | 343 | 413 | 230 |
| Other | 3,541 | 3,439 | 2,141 | 2,039 | 2,266 |
| Total general revenues and other changes in net position | 2,764,108 | 2,718,688 | 2,651,064 | 2,559,783 | 2,445,213 |
| **Change in Net Position** | $ 535,177 | $ 81,306 | $ 16,666 | $ 223,610 | $ 154,531 |

(1) In fiscal year 2013, net assets was changed to net position.
(2) Revenue from the use of money varies from year to year primarily due to fluctuations in interest rates.

Source: FCPS Annual Comprehensive Financial Reports 2013-2022

**TABLE 2**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2017** | **2016** | **2015** | **2014** | **2013** | **Governmental Activities** |
| | | | | | **Expenses** |
| $ 2,471,926 | $ 2,256,704 | $ 2,220,230 | $ 2,216,228 | $ 2,201,593 | Instruction |
| 379,770 | 361,025 | 360,930 | 360,657 | 340,158 | Support programs |
| 82,869 | 76,123 | 77,804 | 81,128 | 82,418 | Food service |
| - | - | - | - | - | Local school activities |
| 2,831 | 2,908 | 2,865 | 3,043 | 3,372 | Interest on long-term debt |
| 2,937,396 | 2,696,760 | 2,661,829 | 2,661,056 | 2,627,541 | Total expenses |
| | | | | | **Program Revenues** |
| | | | | | Charges for services: |
| 52,135 | 48,935 | 47,392 | 49,753 | 51,495 | Instruction |
| 14,037 | 15,624 | 15,672 | 11,536 | 11,489 | Support programs |
| 41,659 | 39,604 | 39,592 | 41,567 | 43,563 | Food service |
| - | - | - | - | - | Local school activities |
| 287,733 | 267,993 | 259,109 | 262,295 | 253,061 | Operating grants and contributions |
| 181,916 | 184,126 | 171,313 | 160,008 | 167,136 | Capital grants and contributions |
| 577,480 | 556,282 | 533,078 | 525,159 | 526,744 | Total program revenues |
| (2,359,916) | (2,140,478) | (2,128,751) | (2,135,897) | (2,100,797) | Total net expense |
| | | | | | **General Revenues and Other Changes in Net Position** |
| | | | | | Grants and contributions not restricted to specific purposes: |
| 6,776 | 5,446 | 4,635 | 4,739 | 6,324 | Federal government |
| 464,403 | 453,988 | 448,297 | 427,765 | 426,778 | Commonwealth of Virginia |
| 1,913,519 | 1,825,153 | 1,768,498 | 1,716,989 | 1,683,322 | County of Fairfax, VA |
| 118 | 48 | 21 | 19 | 74 | Revenue for the use of money (2) |
| 5,987 | 1,993 | 1,688 | 1,703 | 1,668 | Other |
| 2,390,803 | 2,286,628 | 2,223,139 | 2,151,215 | 2,118,166 | Total general revenues and other changes in net position |
| $ 30,887 | $ 146,150 | $ 94,388 | $ 15,318 | $ 17,369 | **Change in Net Position** |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Fund Balances of Governmental Funds**
**Last Ten Fiscal Years**
**(Dollars in Thousands)**
**Unaudited**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2022** | **2021** | **2020 (1)** | **2019** | **2018** |
| General Fund: | | | | | |
| Nonspendable | $ 54 | $ 54 | $ 453 | $ 664 | $ 649 |
| Committed | 31,875 | 39,930 | 41,023 | 39,292 | 43,495 |
| Assigned | 281,534 | 215,665 | 124,278 | 95,082 | 92,439 |
| Unassigned | 4,636 | 3,405 | 1,702 | 91 | 2,018 |
| Total General Fund | $ 318,098 | 259,054 | $ 167,456 | $ 135,129 | $ 138,601 |
| | | | | | |
| All other governmental funds: | | | | | |
| Nonspendable | $ 2,111 | $ 1,434 | $ 1,557 | $ 987 | $ 1,162 |
| Restricted | 168,546 | 103,938 | 48,881 | 65,236 | 79,501 |
| Assigned | - | - | - | - | - |
| Unassigned | (440) | (593) | (288) | (20) | (86) |
| Total all other governmental funds | $ 170,216 | $ 104,779 | $ 50,150 | $ 66,203 | $ 80,577 |

(1) Fiscal year 2020 the fund balance for the general fund restated due to the implementation of GASB statement 84.

Source: FCPS Annual Comprehensive Financial Reports 2013-2022 and FCPS Final Budget Review Reports 2013-2022.

**TABLE 3**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2017 | 2016 | 2015 | 2014 | 2013 | |
| | | | | | General Fund: |
| $ 401 | $ 144 | $ 396 | $ 427 | $ 259 | Nonspendable |
| 55,182 | 49,986 | 54,084 | 57,205 | 90,651 | Committed |
| 87,476 | 91,943 | 90,075 | 97,550 | 119,806 | Assigned |
| 3,800 | - | 2,141 | 2,086 | 3,272 | Unassigned |
| $ 146,859 | $ 142,073 | $ 146,696 | $ 157,268 | $ 213,988 | Total General Fund |
| | | | | | All other governmental funds: |
| $ 1,219 | $ 1,529 | $ 1,852 | $ 2,348 | $ 1,466 | Nonspendable |
| 63,590 | 66,320 | 61,362 | 104,066 | 137,974 | Restricted |
| - | - | - | - | - | Assigned |
| (553) | - | - | - | - | Unassigned |
| $ 64,256 | $ 67,849 | $ 63,214 | $ 106,414 | $ 139,440 | Total all other governmental funds |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Changes in Fund Balances of Governmental Funds**
**Last Ten Fiscal Years**
**(Dollars in Thousands)**
**Unaudited**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Revenues** | | | | | |
| Intergovernmental | $ 3,536,391 | $ 3,316,983 | $ 3,175,758 | $ 3,074,135 | $ 2,920,689 |
| Charges for services | 20,378 | 15,580 | 48,357 | 59,564 | 58,106 |
| Revenue from the use of money and property | 3,411 | 1,391 | 3,239 | 4,689 | 4,239 |
| Recovered costs (1) | 52,908 | 47,657 | 48,777 | 47,453 | 46,010 |
| Revenue from local school activities | 32,369 | 12,620 | - | - | - |
| Other | 11,687 | 7,888 | 11,025 | 15,974 | 15,789 |
| Total revenues | 3,657,144 | 3,402,119 | 3,287,156 | 3,201,815 | 3,044,833 |
| **Expenditures** | | | | | |
| Current : | | | | | |
| Instruction | 2,762,947 | 2,607,719 | 2,600,047 | 2,518,656 | 2,405,116 |
| Support programs | 421,078 | 383,606 | 388,496 | 373,001 | 359,618 |
| Food service | 85,694 | 67,174 | 79,772 | 83,253 | 77,569 |
| Local school activities | 32,243 | 12,750 | - | - | - |
| Capital outlay | 253,685 | 207,092 | 223,390 | 237,578 | 179,222 |
| Debt service: | | | | | |
| Principal | 31,109 | 26,936 | 21,201 | 19,792 | 20,477 |
| Interest | 3,101 | 3,398 | 3,305 | 3,190 | 3,122 |
| Total expenditures | 3,589,857 | 3,308,675 | 3,316,211 | 3,235,470 | 3,045,124 |
| Excess (deficiency of revenues over (under) expenditures | 67,287 | 93,444 | (29,055) | (33,655) | (291) |
| **Other financing sources (uses)** | | | | | |
| Transfers in | 41,948 | 44,299 | 33,263 | 30,677 | 32,090 |
| Transfers out | (41,948) | (44,299) | (33,263) | (30,677) | (32,090) |
| Leases (2) | 56,536 | 52,847 | 21,799 | 16,041 | 7,858 |
| Total other financing sources, net | 56,536 | 52,847 | 21,799 | 16,041 | 7,858 |
| Net change in fund balances | $ 123,823 | $ 146,291 | $ (7,256) | $ (17,614) | $ 7,567 |
| Debt service as a percentage of noncapital expenditures | 1.0% | 1.0% | 0.8% | 0.8% | 0.8% |

(1) FCPS provides educational services to the City of Fairfax's schools on a cost reimbursement basis. These revenues are reported as recovered costs.
(2) The items acquired by leases include computes , vehicles, buses. The amount of funding available for these purchases may vary dramatically over time depending on needs.
Source: FCPS Annual Comprehensive Financial Reports 2013-2022.

**TABLE 4**

| Fiscal Year 2017 | 2016 | 2015 | 2014 | 2013 | |
|---|---|---|---|---|---|
| | | | | | **Revenues** |
| $ 2,838,365 | $ 2,726,484 | $ 2,639,091 | $ 2,559,313 | $ 2,514,854 | Intergovernmental |
| 58,851 | 56,291 | 56,650 | 57,838 | 60,184 | Charges for services |
| 4,094 | 3,948 | 3,630 | 3,183 | 3,170 | Revenue from the use of money and property |
| 44,793 | 44,033 | 42,426 | 42,140 | 43,523 | Recovered costs (1) |
| - | - | - | - | - | Revenue from local school activities |
| 22,180 | 12,154 | 14,420 | 13,900 | 23,179 | Other |
| 2,968,283 | 2,842,910 | 2,756,217 | 2,676,374 | 2,644,910 | Total revenues |
| | | | | | **Expenditures** |
| | | | | | Current : |
| 2,318,272 | 2,206,938 | 2,154,041 | 2,121,484 | 2,102,979 | Instruction |
| 353,367 | 353,194 | 350,964 | 345,640 | 325,273 | Support programs |
| 77,427 | 74,128 | 75,526 | 77,987 | 78,635 | Food service |
| - | - | - | - | - | Local school activities |
| 224,279 | 215,607 | 229,852 | 214,819 | 154,625 | Capital outlay |
| | | | | | Debt service: |
| 18,157 | 14,444 | 15,238 | 14,407 | 12,834 | Principal |
| 2,803 | 2,909 | 2,751 | 3,273 | 3,372 | Interest |
| 2,994,305 | 2,867,220 | 2,828,372 | 2,777,610 | 2,677,718 | Total expenditures |
| (26,022) | (24,310) | (72,155) | (101,236) | (32,808) | Excess (deficiency of revenues over (under) expenditures |
| | | | | | **Other financing sources (uses)** |
| 29,378 | 30,687 | 30,491 | 36,874 | 30,393 | Transfers in |
| (29,378) | (30,687) | (30,491) | (36,874) | (30,393) | Transfers out |
| 28,079 | 24,646 | 18,340 | 11,148 | 10,294 | Capital leases and installment purchases (2) |
| 28,079 | 24,646 | 18,340 | 11,148 | 10,294 | Total other financing sources, net |
| $ 2,057 | $ 336 | $ (53,815) | $ (90,088) | $ (22,514) | Net change in fund balances |
| 0.8% | 0.7% | 0.7% | 0.7% | 0.6% | Debt service as a percentage of noncapital expenditures |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 5**

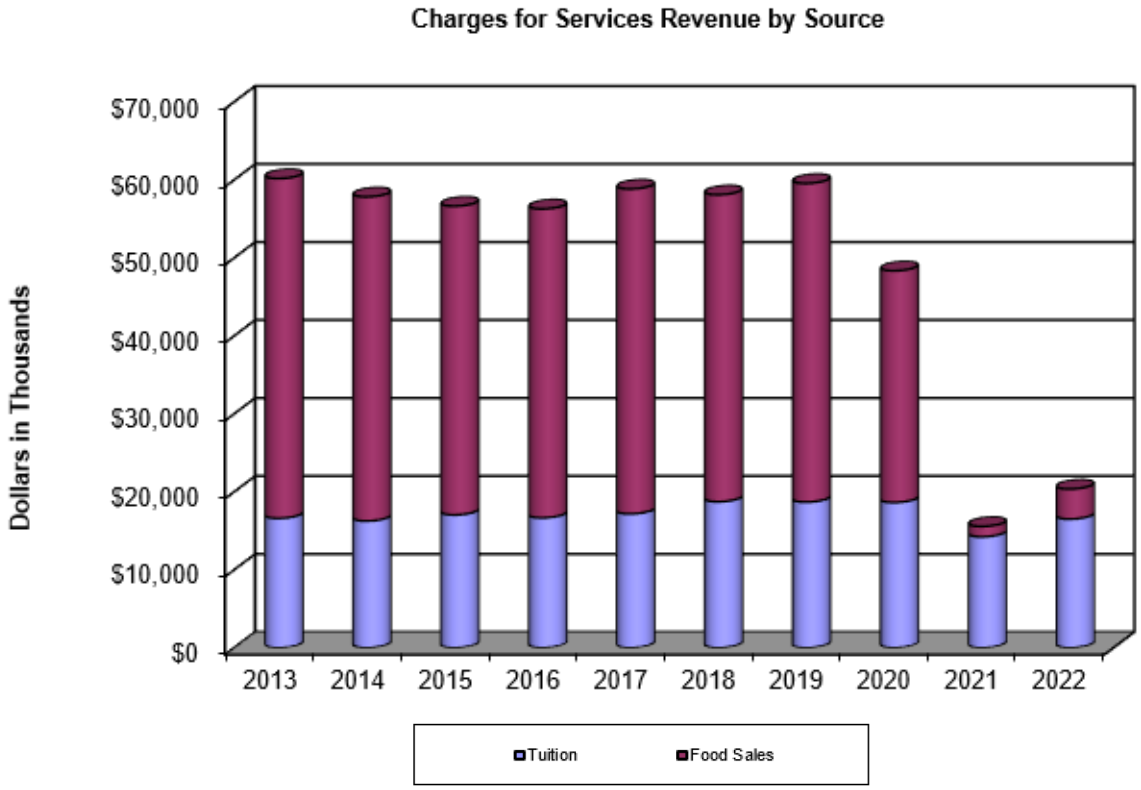
**Charges for Services Revenue by Source (1)**

**Last Ten Fiscal Years**

**(Dollars in Thousands)**

**Unaudited**

| Fiscal Year | Tuition | Percentage | Food Sales | Percentage | Total |
|---|---|---|---|---|---|
| 2022 | $ 16,521 | 81.1% | $ 3,857 (2) | 18.9% | $ 20,378 |
| 2021 | 14,252 | 91.5 | 1,328 (2) | 8.5 | 15,580 |
| 2020 | 18,649 | 38.6 | 29,708 | 61.4 | 48,357 |
| 2019 | 18,699 | 31.4 | 40,865 | 68.6 | 59,564 |
| 2018 | 18,748 | 32.3 | 39,358 | 67.7 | 58,106 |
| 2017 | 17,193 | 29.2 | 41,659 | 70.8 | 58,852 |
| 2016 | 16,687 | 29.6 | 39,604 | 70.4 | 56,291 |
| 2015 | 17,058 | 30.1 | 39,592 | 69.9 | 56,650 |
| 2014 | 16,271 | 28.1 | 41,567 | 71.9 | 57,838 |
| 2013 | 16,621 | 27.6 | 43,563 | 72.4 | 60,184 |




(1) FCPS' primary own source revenue is charges for services, which consists of tuition fees and food sales.

(2) Due to the pandemic in fiscal years 2021 and 2022, meals were distributed and provided to the community for school age children at no cost.

Source: FCPS Annual Comprehensive Financial Reports 2013-2022

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 6**
**Food Service Sales Price Breakdown (1)**
**Last Ten Fiscal Years**
**Unaudited**

| Fiscal Year | Student Breakfast | Student Lunch Elementary | Student Lunch Middle | Student Lunch High | Adult Lunch |
|---|---|---|---|---|---|
| 2022 | $ 1.75 | $ 3.25 | $ 3.50 | $ 3.50 | $ 4.50 |
| 2021 | 1.75 | 3.25 | 3.50 | 3.50 | 4.50 |
| 2020 | 1.75 | 3.25 | 3.50 | 3.50 | 4.50 |
| 2019 | 1.75 | 3.25 | 3.50 | 3.50 | 4.50 |
| 2018 | 1.75 | 3.00 | 3.25 | 3.25 | 4.25 |
| 2017 | 1.75 | 3.00 | 3.25 | 3.25 | 4.25 |
| 2016 | 1.75 | 2.90 | 3.00 | 3.00 | 3.90 |
| 2015 | 1.75 | 2.90 | 3.00 | 3.00 | 3.90 |
| 2014 | 1.50 | 2.65 | 2.75 | 2.75 | 3.65 |
| 2013 | 1.50 | 2.65 | 2.75 | 2.75 | 3.65 |

(1) In fiscal years 2021 and 2022, meals were distributed and provided to the community for school age children at no charge.

Source: FCPS - Office of Food and Nutrition Services

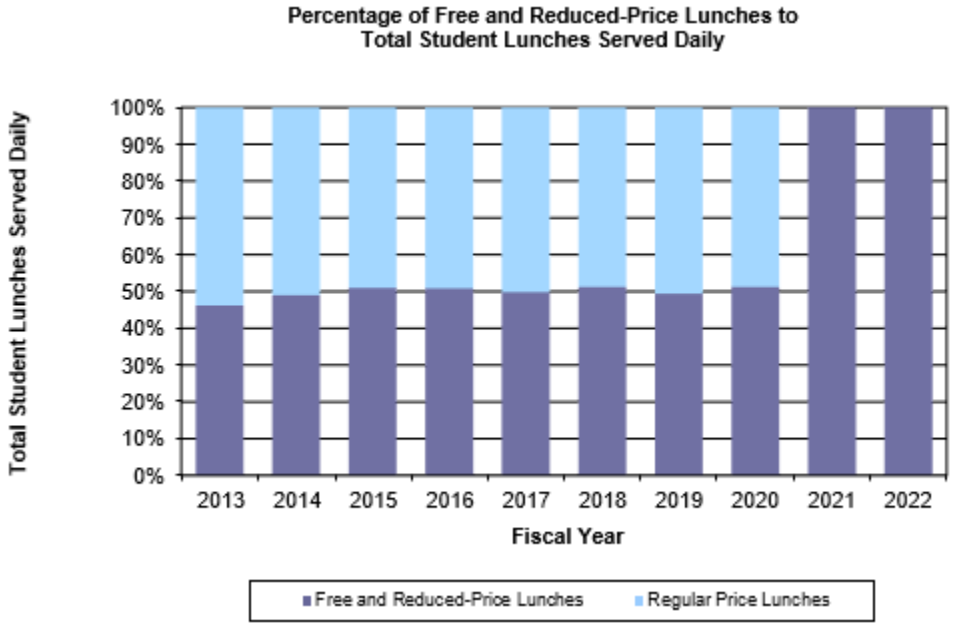
**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 7**
**Principal Food Service Sales by Client**
**Current Fiscal year and ten years ago**
**(Dollars in Thousands)**
**Unaudited**

| | Fiscal Year 2022 | | | Fiscal Year 2013 | | |
|---|---|---|---|---|---|---|
| Client | Sales | Rank | Percentage of Total Sales | Sales | Rank | Percentage of Total Sales |
| School-age child care(SACC) | $ 1,538 | 1 | 39.88 % | $ 2,511 | 4 | 5.76 % |
| Student | 1,233 | 2 | 31.97 | 31,830 | 1 | 73.07 |
| Vending | 882 | 3 | 22.87 | 2,798 | 2 | 6.42 |
| Adult | 165 | 4 | 4.28 | 1,362 | 6 | 3.13 |
| Catering/other | 39 | 5 | 1.00 | 2,657 | 3 | 6.10 |
| Daycare | - | | - | 1,557 | 5 | 3.57 |
| Senior nutrition | - | | - | 848 | 7 | 1.95 |
| Total: | $ 3,857 | | 100.00 % | $ 43,563 | | 100.00 % |

Source: FCPS - Office of Food and Nutrition Services

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 8**
**Food Sales - Meals Served Daily**
**Last Ten Fiscal Years**
**Unaudited**

| | | Students Served Daily | | | |
|---|---|---|---|---|---|
| **Fiscal Year** | | **Breakfasts** | **Lunches (1)** | **Free and Reduced-Price Lunches** | **Adult Lunches Served Daily** |
| 2022 | (2) | 47,165 | 108,349 | 108,349 | 1,117 |
| 2021 | (2) | 16,271 | 17,273 | 17,273 | 10 |
| 2020 | | 29,099 | 81,137 | 41,566 | 2,043 |
| 2019 | | 29,506 | 80,473 | 40,051 | 2,154 |
| 2018 | | 26,591 | 80,374 | 41,184 | 2,156 |
| 2017 | | 22,261 | 80,660 | 40,163 | 2,202 |
| 2016 | | 20,102 | 82,168 | 41,733 | 2,441 |
| 2015 | | 19,193 | 81,526 | 41,549 | 2,635 |
| 2014 | | 19,090 | 83,355 | 40,786 | 2,743 |
| 2013 | | 17,171 | 85,006 | 39,258 | 2,877 |




1) Includes free and reduced-price lunches served daily.

2) Due to the pandemic in fiscal years 2021 and 2022, meals were distributed and provided to the community for school age children at no cost.

Source: FCPS - Office of Food and Nutrition Services

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 9**
**Ratios of Debt Outstanding (1)**
**Last Ten Fiscal Years**
**(Dollars in Thousands)**
**Unaudited**

| | Governmental Activities (2) | | |
|---|---|---|---|
| **Fiscal Year** | **Debt** | **Percent of Personal Income (3)** | **Debt Per Capita (3)** |
| 2022 | $ 128,607 | 0.12 % | $ 110 |
| 2021 | 109,792 | 0.11 | 94 |
| 2020 | 83,881 | 0.09 | 72 |
| 2019 | 83,283 | 0.09 | 72 |
| 2018 | 87,033 | 0.10 | 76 |
| 2017 | 99,652 | 0.12 | 88 |
| 2016 | 89,731 | 0.10 | 79 |
| 2015 | 79,529 | 0.10 | 70 |
| 2014 | 76,413 | 0.09 | 68 |
| 2013 | 84,948 | 0.11 | 76 |

(1) See Note III.F in the notes to the financial statements for additional details on FCPS' outstanding debt.

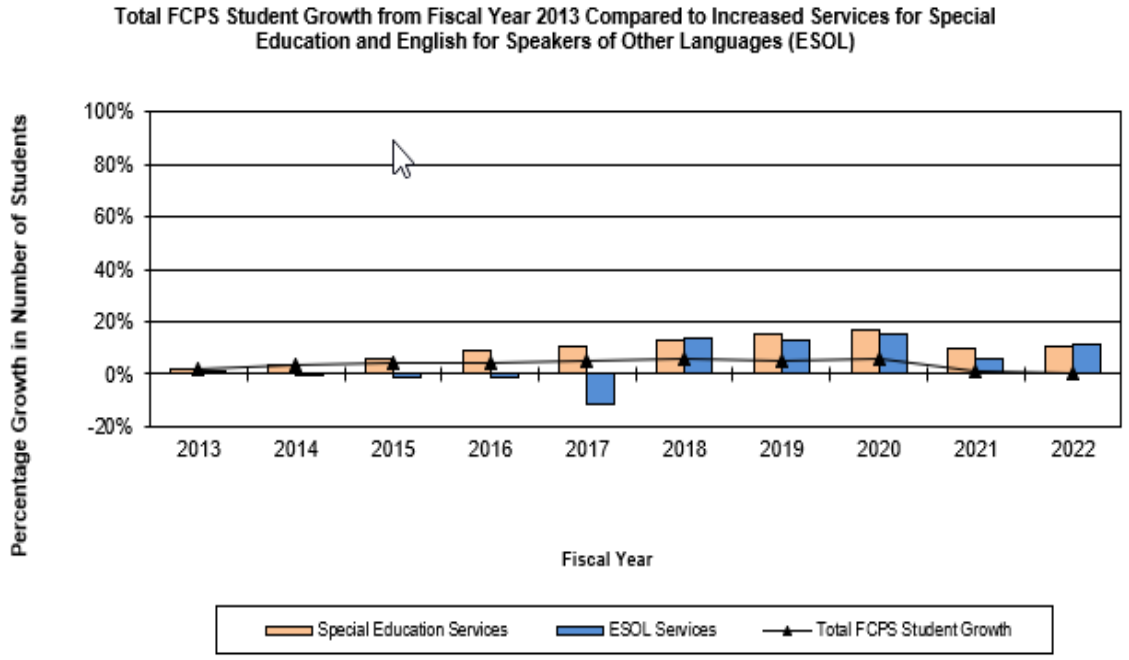
(2) The Code prohibits FCPS from issuing general obligation debt. As a result, the County issues general obligation bonds for FCPS and reports in its financial statements, the general obligation debt related to FCPS. The Code does not impose a legal limit on the amount of long-term indebtedness that the County can incur or have outstanding; however, the County's Board of Supervisors has imposed limits.

(3) See Table 12 for personal income and population totals. The calculations are based on calendar year figures that fall within the fiscal year.
(4) Due to GASB 87 implementation, FCPS oustanding debt includes two parts:Right-to-use lease and Notes payable

Source: FCPS Annual Comprehensive Financial Reports 2013-2022

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 10**
**Enrollment Trend**
**Last Ten Fiscal Years**
**Unaudited**

| Fiscal Year | Grades K-6 (1) | Grades 7-8 | Grades 9-12 (2) | Special Education (3) | Total |
|---|---|---|---|---|---|
| 2022 | 83,418 | 25,559 | 53,134 | 16,310 | 178,421 |
| 2021 | 83,786 | 26,425 | 53,319 | 16,218 | 179,748 |
| 2020 | 90,641 | 26,543 | 53,899 | 17,272 | 188,355 |
| 2019 | 90,788 | 26,404 | 53,253 | 17,029 | 187,474 |
| 2018 | 91,714 | 26,251 | 53,697 | 16,741 | 188,403 |
| 2017 | 92,535 | 25,680 | 52,876 | 16,393 | 187,484 |
| 2016 | 92,473 | 25,215 | 52,225 | 16,066 | 185,979 |
| 2015 | 92,897 | 25,060 | 52,265 | 15,692 | 185,914 |
| 2014 | 93,281 | 23,847 | 51,472 | 15,295 | 183,895 |
| 2013 | 91,657 | 23,459 | 51,124 | 15,019 | 181,259 |

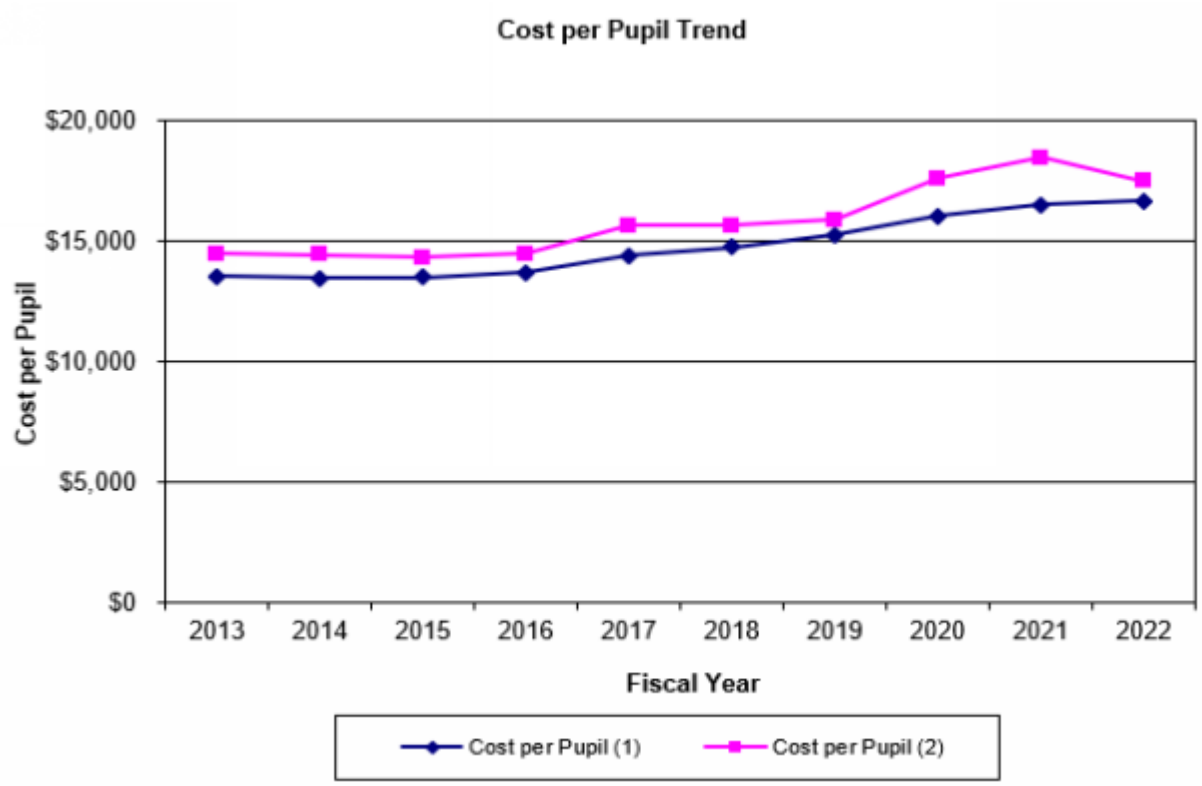



(1) Includes Family and Early Childhood Education Program (FECEP), kindergarten, and grades 1 to 6 membership.
(2) Includes membership in grades 9 through 12, including alternative programs.
(3) Includes Level 2 and preschool services.

Source: FCPS Approved Budgets 2013-2023

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 11**
**Cost per Pupil**
**Last Ten Fiscal Years**
**Unaudited**

| Fiscal Year | Cost per Pupil (1) | Cost per Pupil (2) |
|---|---|---|
| 2022 | $ 16,674 | $ 17,498 |
| 2021 | 16,505 | 18,475 |
| 2020 | 16,043 | 17,631 |
| 2019 | 15,293 | 15,886 |
| 2018 | 14,767 | 15,659 |
| 2017 | 14,432 | 15,667 |
| 2016 | 13,718 | 14,500 |
| 2015 | 13,519 | 14,318 |
| 2014 | 13,472 | 14,471 |
| 2013 | 13,564 | 14,496 |




1) The regional formula for calculating the cost per pupil is based on General Fund expenditures rather than the government-wide expenses. The computation includes all costs directly associated with an instructional program. Transportation costs are allocated to each program according to the actual costs of providing services.

(2) Calculation is based on the total government-wide expenses divided by the number of students enrolled.

Source: Metropolitan/Washington Area Boards of Education Guides 2013-2022
FCPS Annual Comprehensive Financial Reports 2013-2022

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 12**

**Demographic and Economic Statistics of the County of Fairfax, Virginia**

**Last Ten Calendar Years**

**Unaudited**

| Calendar Year | Population (1) | Personal Income (000s) (2) | Per Capita Personal Income (2) | Median Age (Years) (3) | Percent of People ≥ 25 Years Old with a Bachelor's Degree (3) | Public School Enrollment (4) | Unemployment Rate (5) |
|---|---|---|---|---|---|---|---|
| 2021 | 1,170,033 | $ 105,777,709 | $ 88,971 | 38.1 | 62.1 | 179,748 | 3.5 |
| 2020 | 1,171,848 | 100,944,159 | 86,141 | 38.4 | 61.6 | 188,355 | 5.6 |
| 2019 | 1,166,965 | 96,205,762 | 82,441 | 38.4 | 61.1 | 187,474 | 2.3 |
| 2018 | 1,152,873 | 90,357,574 | 78,376 | 37.9 | 60.7 | 188,403 | 2.4 |
| 2017 | 1,142,888 | 86,834,344 | 75,978 | 38.1 | 60.3 | 187,484 | 3.0 |
| 2016 | 1,138,652 | 85,311,224 | 74,923 | 38.0 | 59.9 | 185,979 | 3.2 |
| 2015 | 1,142,234 | 85,675,546 | 75,007 | 37.7 | 59.2 | 185,914 | 3.1 |
| 2014 | 1,137,538 | 81,620,627 | 71,752 | 37.6 | 58.6 | 183,895 | 3.5 |
| 2013 | 1,130,924 | 80,982,075 | 71,607 | 37.3 | 58.2 | 181,259 | 3.7 |
| 2012 | 1,118,602 | 77,012,392 | 68,847 | 37.6 | 59.3 | 177,918 | 4.4 |

Source:

(1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.

(2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2021 is estimated using percent change in per capita personal income from 2020.

(3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Fact Finder.

(4) Public school enrollment is obtained from FCPS Approved Budgets 2013-2022.

(5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 13**
**Principal Employers in the County of Fairfax, Virginia**
**Current Fiscal Year and Nine Years Ago**
**Unaudited**

| | Fiscal Year 2022 (1) | | | Fiscal Year 2013 (1) | | |
|---|---|---|---|---|---|---|
| **Employer** | **Number of Employees (2)** | **Rank** | **Percent of Total County Employment (3)** | **Number of Employees (2)** | **Rank** | **Percent of Total County Employment (3)** |
| Federal Government | 25,964 | 1 | 4.15% | 24,421 | 1 | 4.14% |
| Fairfax County Public Schools | 25,570 | 2 | 4.09 | 24,232 | 2 | 4.11 |
| Fairfax County Government | 11,984 | 3 | 1.92 | 12,302 | 3 | 2.08 |
| Inova Health System | 10,000-12,000 | 4 | 1.76 | 7,000-10,000 | 5 | 1.44 |
| George Mason University | 5,000-9,999 | 5 | 1.20 | | | |
| Booz-Allen Hamilton | 5,000-9,999 | 6 | 1.20 | 7,000-10,000 | 4 | 1.44 |
| Amazon | 5,000-9,999 | 7 | 1.20 | | | |
| Capital One | 5,000-9,999 | 8 | 1.20 | | | |
| Science Applications International Corporation (4) | 5,000-9,999 | 9 | 1.20 | 4,000-6,999 | 9 | 0.93 |
| Federal Home Loan Mortgage | 5,000-9,999 | 10 | 1.20 | 4,000-6,999 | 6 | 0.93 |
| Locked Martin Corporation | | | | 4,000-6,999 | 7 | 0.93 |
| Northrop Grumman | | | | 4,000-6,999 | 8 | 0.93 |
| Adminstaff | | | | 1,000-3,999 | 10 | 0.42 |
| Computer Science Corporation | | | | 1,000-3,999 | | 0.42 |
| Gannett | | | | 1,000-3,999 | | 0.42 |
| Navy Federal Credit Union | | | | 1,000-3,999 | | 0.42 |
| | | | 19.11% | | | 18.61% |

(1) Employment information for fiscal year 2022, excluding data for Fairfax County Government and FCPS, is from the 4th quarter of calendar year 2021 Virginia Employment Commission (VEC) and Fairfax County's Economic Development
Authority. Employment information for fiscal year 2013 was presented in the fiscal year 2013 Fairfax County ACFR.

(2) Employment estimates for separate facilities of the same firm have been combined to create company totals. Employement ranges for the private sector are given to ensure confidentiality.

(3) Percentages are based on the midpoint of the employment range. Average total County employment in fiscal year 2022
is estimated at 625,452 based on VEC. Average total County employment for fiscal year 2013 was estimated at 590,282.

(4) Science Applications International Corporation employment reported prior to the September 2013 split into two independent companies (SAIC and Leidos).

Source: Fairfax County Economic Development Authority (using VEC data); FCPS - Office of the Comptroller; Fairfax County Department of Management and Budget

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**Full-Time Employees by Function - All Funds**
**Last Ten Fiscal Years**
**Unaudited**

| | Fiscal year | | | | |
|---|---|---|---|---|---|
| **Function** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **School Based:** | | | | | |
| Principals | 199.0 | 199.0 | 198.0 | 199.0 | 199.0 |
| Assistant principals & directors | 466.0 | 469.0 | 463.0 | 462.0 | 453.0 |
| Teachers | 15,841.7 | 15,734.3 | 15,655.7 | 15,585.5 | 15,420.3 |
| Instructional assistants | 2,778.7 | 2,794.7 | 2,781.8 | 2,820.6 | 2,779.7 |
| Custodian | 1,372.0 | 1,360.0 | 1,347.5 | 1,332.5 | 1,324.0 |
| Other school based personnel | 2,775.8 | 2,760.6 | 2,658.6 | 2,644.2 | 2,649.3 |
| **Non-School Based:** | | | | | |
| Administration | 1,375.1 | 1,313.1 | 1,219.7 | 1,176.6 | 1,153.3 |
| Teachers (1) | 52.9 | 54.5 | 22.5 | 22.5 | 30.5 |
| Office assistants | 227.7 | 226.7 | 227.6 | 229.1 | 234.1 |
| Trades personnel | 481.0 | 477.0 | 467.0 | 464.0 | 472.0 |
| Total | 25,569.9 | 25,388.9 | 25,041.4 | 24,936.0 | 24,715.2 |

(1) These employees were teachers who performed administrative-type functions such as curriculum development.

Source: FCPS - Office of Budget Services

**TABLE 14**

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2017** | **2016** | **2015** | **2014** | **2013** | **Function** |
| | | | | | **School Based:** |
| 199.0 | 198.0 | 197.0 | 196.0 | 196.0 | Principals |
| 451.0 | 459.0 | 454.0 | 454.0 | 450.0 | Assistant principals & directors |
| 15,464.0 | 15,295.3 | 15,086.8 | 15,221.3 | 14,986.0 | Teachers |
| 2,741.7 | 2,790.3 | 2,600.3 | 2,719.6 | 2,678.5 | Instructional assistants |
| 1,306.5 | 1,327.0 | 1,301.5 | 1,345.0 | 1,338.0 | Custodian |
| 2,632.3 | 2,619.3 | 2,658.1 | 2,690.8 | 2,667.3 | Other school based personnel |
| | | | | | **Non-School Based:** |
| 1,150.6 | 1,140.1 | 1,125.6 | 1,158.1 | 1,120.6 | Administration |
| 31.5 | 31.0 | 27.5 | 38.0 | 40.5 | Teachers (1) |
| 235.6 | 243.1 | 251.6 | 274.1 | 274.6 | Office assistants |
| 476.0 | 478.0 | 479.0 | 493.0 | 480.0 | Trades personnel |
| 24,688.2 | 24,581.1 | 24,181.4 | 24,589.9 | 24,231.5 | Total |

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 15**

**Combined SAT Scores -**

**SAT Scores**

**Comparison of County of Fairfax, Virginia, Commonwealth of Virginia, and National Averages**

**Last Ten Fiscal Years**

**Unaudited**

| | Combined SAT Scores - Critical Reading, Math and Writing (1) | | |
|---|---|---|---|
| **Fiscal Year** | **County of Fairfax, VA** | **Commonwealth of Virginia** | **National** |
| 2022 | 1185 | 1124 | 1050 |
| 2021 | 1201 | 1151 | 1060 |
| 2020 | 1211 | 1116 | 1051 |
| 2019 | 1218 | 1113 | 1039 |
| 2018 | 1213 | 1110 | 1049 |
| 2017 | 1187 | 1095 | 1044 |
| 2016 | 1672 | 1522 | 1453 |
| 2015 | 1669 | 1523 | 1462 |
| 2014 | 1668 | 1520 | 1471 |
| 2013 | 1663 | 1517 | 1474 |

1) New SAT format implemented by the College Board on March 2016 changing the grading scale from 600-2400 (maximum of 1200 in Math and 1200 in Critical Reading & Writing) to a grading scale of 400-1600 (maximum of 800 in Math and 800 in Critical Reading & Writing).

Source: FCPS - Office of Student Testing

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 16**

**Average Class Size - Students per Classroom Teacher**

**Last Ten Fiscal Years**

**Unaudited**

| Fiscal Year | Elementary | Middle | Secondary/High |
|---|---|---|---|
| 2022 | 21.2 | 24.8 | 25.7 |
| 2021 | 21.2 | 24.9 | 25.8 |
| 2020 | 21.7 | 24.9 | 25.9 |
| 2019 | 22.6 | 25.1 | 25.9 |
| 2018 | 22.9 | 25.1 | 26.0 |
| 2017 | 22.4 | 24.6 | 25.8 |
| 2016 | 22.3 | 24.6 | 25.8 |
| 2015 | 22.4 | 24.6 | 25.6 |
| 2014 | 21.4 | 24.3 | 25.0 |
| 2013 | 21.4 | 24.4 | 24.9 |

Source: Metropolitan/Washington Area Boards of Education Guides 2013-2022

**FAIRFAX COUNTY PUBLIC SCHOOLS** **TABLE 17**
**Teacher Salary**
**Last Ten Fiscal Years**
**Unaudited**

| | | Salary | | |
|---|---|---|---|---|
| **Fiscal Year** | **Contract Length** | **Beginning Teacher** | **Maximum Teacher** | **Average Teacher** |
| 2022 | 194 days | $ 51,000 | $ 106,354 | $ 79,896 |
| 2021 | 194 days | 50,000 | 104,269 | 78,298 |
| 2020 | 194 days | 50,000 | 104,269 | 79,236 |
| 2019 | 194 days | 50,000 | 104,269 | 75,657 |
| 2018 | 194 days | 48,012 | 103,937 | 72,734 |
| 2017 | 194 days | 47,516 | 103,854 | 70,813 |
| 2016 | 194 days | 47,046 | 101,524 | 67,589 |
| 2015 | 194 days | 46,756 | 100,898 | 66,782 |
| 2014 | 194 days | 46,756 | 100,898 | 67,245 |
| 2013 | 194 days | 45,161 | 96,039 | 64,813 |

Source: Metropolitan/Washington Area Boards of Education Guides 2013-2022

**FAIRFAX COUNTY PUBLIC SCHOOLS** **Table 18**
**Capital Assets Statistics**
**Last Ten Fiscal Years**
**Unaudited**

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** | **2013** |
| Elementary schools | 142 | 142 | 141 | 141 | 141 | 141 | 139 | 139 | 139 | 139 |
| Middle schools | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| High/Secondary schools | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Special education centers | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Alternative high schools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Central administrative centers | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Buses | 1,635 | 1,673 | 1,705 | 1,604 | 1,593 | 1,856 | 1,852 | 1,685 | 1,586 | 1,541 |

Source: FCPS - Office of the Comptroller

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**School Building Statistics (1)**
**As of June 30, 2022**
**Unaudited**

**TABLE 19**
**(Page 1 of 4)**

| | Year Opened | Site Acreage | Building Size (2) | Student Population (3) | Square Foot Per Population |
|---|---|---|---|---|---|
| **Elementary Schools:** | | | | | |
| ALDRIN ES | 1994 | 14 | 97,436 | 502 | 194 |
| ANNANDALE TERRACE ES | 1964 | 12 | 101,044 | 624 | 162 |
| ARMSTRONG ES | 1986 | 14 | 80,000 | 354 | 226 |
| BAILEYS ES (4) | 1952, 2014 | 13 | 209,536 | 1,310 | 160 |
| BEECH TREE ES | 1968 | 10 | 70,408 | 362 | 194 |
| BELLE VIEW ES | 1952 | 11 | 97,304 | 411 | 237 |
| BELVEDERE ES | 1954 | 11 | 76,970 | 553 | 139 |
| BONNIE BRAE ES | 1988 | 13 | 86,390 | 790 | 109 |
| BRADDOCK ES | 1959 | 12 | 70,714 | 844 | 84 |
| BREN MAR PARK ES | 1957 | 10 | 62,888 | 446 | 141 |
| BROOKFIELD ES | 1967 | 13 | 90,000 | 731 | 123 |
| BUCKNELL ES | 1954 | 10 | 96,820 | 260 | 372 |
| BULL RUN ES | 1999 | 41 | 98,590 | 715 | 138 |
| BUSH HILL ES | 1954 | 11 | 71,700 | 638 | 112 |
| CAMELOT ES | 1969 | 10 | 89,591 | 578 | 155 |
| CAMERON ES | 1952 | 8 | 82,274 | 489 | 168 |
| CANTERBURY WOODS ES | 1965 | 12 | 89,744 | 483 | 186 |
| CARDINAL FOREST ES | 1966 | 13 | 81,275 | 585 | 139 |
| CENTRE RIDGE ES | 1990 | 14 | 93,981 | 694 | 135 |
| CENTREVILLE ES | 1994 | 13 | 98,625 | 785 | 126 |
| CHERRY RUN ES | 1983 | 11 | 83,532 | 427 | 196 |
| CHESTERBROOK ES | 1926 | 14 | 82,431 | 578 | 143 |
| CHURCHILL ROAD ES | 1958 | 10 | 68,008 | 616 | 110 |
| CLEARVIEW ES | 1979 | 14 | 98,358 | 594 | 166 |
| CLERMONT ES | 1968 | 13 | 80,222 | 539 | 149 |
| COATES ES | 2009 | 14 | 89,439 | 757 | 118 |
| COLIN L. POWELL ES | 2003 | 17 | 98,590 | 882 | 112 |
| COLUMBIA ES | 1967 | 10 | 55,018 | 409 | 135 |
| COLVIN RUN ES | 2003 | 13 | 98,590 | 771 | 128 |
| CRESTWOOD ES | 1955 | 11 | 74,887 | 563 | 133 |
| CROSSFIELD ES | 1988 | 14 | 89,134 | 566 | 157 |
| CUB RUN ES | 1986 | 16 | 77,850 | 568 | 137 |
| CUNNINGHAM PARK ES | 1967 | 10 | 69,842 | 424 | 165 |
| DEER PARK ES | 1995 | 10 | 86,990 | 563 | 155 |
| DOGWOOD ES | 2001 | 14 | 98,590 | 650 | 152 |
| DRANESVILLE ES | 1988 | 13 | 88,776 | 612 | 145 |
| EAGLE VIEW ES | 2006 | 13 | 98,590 | 583 | 169 |
| FAIRFAX VILLA ES | 1965 | 12 | 70,248 | 512 | 137 |
| FAIRHILL ES | 1965 | 10 | 74,478 | 521 | 143 |
| FAIRVIEW ES | 1938 | 14 | 82,115 | 719 | 114 |
| FLINT HILL ES | 1954 | 10 | 74,770 | 646 | 116 |
| FLORIS ES | 1955 | 10 | 82,811 | 710 | 117 |
| FOREST EDGE ES | 1971 | 13 | 96,669 | 467 | 207 |
| FORESTDALE ES | 1964 | 10 | 55,075 | 517 | 107 |
| FORESTVILLE ES | 1980 | 18 | 84,102 | 561 | 150 |
| FORT BELVOIR ES (4) | 1994, 2015 | 40 | 233,338 | 1,382 | 169 |
| FORT HUNT ES | 1969 | 13 | 82,363 | 503 | 164 |
| FOX MILL ES | 1979 | 14 | 71,718 | 583 | 123 |
| FRANCONIA ES | 1931 | 7 | 71,658 | 532 | 135 |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**School Building Statistics (1)**
**As of June 30, 2022**
**Unaudited**

**TABLE 19**
**(Page 2 of 4)**

| | Year Opened | Site Acreage | Building Size (2) | Student Population (3) | Square Foot Per Population |
|---|---|---|---|---|---|
| **Elementary Schools (Cont'd):** | | | | | |
| FRANKLIN SHERMAN ES | 1952 | 11 | 64,420 | 350 | 184 |
| FREEDOM HILL ES | 1949 | 13 | 81,949 | 488 | 168 |
| GARFIELD ES | 1952 | 8 | 78,373 | 317 | 247 |
| GLEN FOREST ES | 1957 | 10 | 88,455 | 873 | 101 |
| GRAHAM ROAD ES | 2012 | 8 | 81,354 | 380 | 214 |
| GREAT FALLS ES | 1952 | 10 | 85,697 | 525 | 163 |
| GREENBRIAR EAST ES | 1968 | 10 | 90,547 | 912 | 99 |
| GREENBRIAR WEST ES | 1971 | 10 | 93,203 | 632 | 147 |
| GROVETON ES | 1972 | 13 | 92,326 | 750 | 123 |
| GUNSTON ES | 1954 | 10 | 74,930 | 536 | 140 |
| HALLEY ES | 1995 | 21 | 98,900 | 588 | 168 |
| HAYCOCK ES | 1954 | 10 | 85,897 | 888 | 97 |
| HAYFIELD ES | 1966 | 13 | 81,437 | 657 | 124 |
| HERNDON ES | 1961 | 14 | 86,795 | 754 | 115 |
| HOLLIN MEADOWS ES | 1965 | 10 | 93,203 | 611 | 153 |
| HUNT VALLEY ES | 1968 | 13 | 90,187 | 667 | 135 |
| HUNTERS WOODS ES | 1969 | 11 | 101,613 | 734 | 138 |
| HUTCHISON ES | 1975 | 39 | 106,408 | 1047 | 102 |
| HYBLA VALLEY ES | 1964 | 10 | 92,861 | 881 | 105 |
| ISLAND CREEK ES | 2003 | 19 | 98,590 | 710 | 139 |
| KEENE MILL ES | 1961 | 11 | 92,137 | 753 | 122 |
| KENT GARDENS ES | 1957 | 11 | 77,901 | 1,023 | 76 |
| KINGS GLEN ES | 1969 | 8 | 74,619 | 389 | 192 |
| KINGS PARK ES | 1964 | 10 | 82,762 | 613 | 135 |
| LAKE ANNE ES | 1967 | 10 | 85,419 | 557 | 153 |
| LANE ES | 1995 | 20 | 98,625 | 717 | 138 |
| LAUREL HILL ES | 2009 | 9 | 98,590 | 718 | 137 |
| LAUREL RIDGE ES | 1970 | 13 | 112,320 | 782 | 144 |
| LEES CORNER ES | 1987 | 11 | 81,843 | 614 | 133 |
| LEMON ROAD ES | 1955 | 12 | 69,914 | 507 | 138 |
| LITTLE RUN ES | 1963 | 10 | 55,104 | 293 | 188 |
| LONDON TOWNE ES | 1969 | 13 | 90,770 | 756 | 120 |
| LORTON STATION ES | 2003 | 13 | 101,122 | 753 | 134 |
| LOUISE ARCHER ES | 1939 | 8 | 52,938 | 510 | 104 |
| LYNBROOK ES | 1956 | 11 | 88,674 | 582 | 152 |
| MANTUA ES | 1961 | 12 | 83,815 | 939 | 89 |
| MARSHALL ROAD ES | 1961 | 11 | 94,444 | 664 | 142 |
| MASON CREST ES | 2012 | 11 | 98,590 | 608 | 162 |
| MCNAIR ES (4) | 2001, 2020 | 30 | 204,277 | 1,168 | 175 |
| MOSAIC ES | 1963 | 10 | 84,444 | 961 | 88 |
| MOUNT EAGLE ES | 1949 | 6 | 59,084 | 330 | 179 |
| MOUNT VERNON WOODS ES | 1965 | 10 | 92,950 | 602 | 154 |
| NAVY ES | 1955 | 10 | 91,862 | 911 | 101 |
| NEWINGTON FOREST ES | 1983 | 13 | 90,080 | 540 | 167 |
| NORTH SPRINGFIELD ES | 1956 | 12 | 92,000 | 452 | 204 |
| OAK HILL ES | 1983 | 12 | 77,850 | 683 | 114 |
| OAK VIEW ES | 1968 | 10 | 86,390 | 779 | 111 |
| OAKTON ES | 1945 | 9 | 90,317 | 746 | 121 |
| OLDE CREEK ES | 1966 | 11 | 69,097 | 339 | 204 |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**School Building Statistics (1)**
**As of June 30, 2022**
**Unaudited**

**TABLE 19**
**(Page 3 of 4)**

| | Year Opened | Site Acreage | Building Size (2) | Student Population (3) | Square Foot Per Population |
|---|---|---|---|---|---|
| **Elementary Schools (Cont'd):** | | | | | |
| ORANGE HUNT ES | 1974 | 14 | 84,852 | 931 | 91 |
| PARKLAWN ES | 1958 | 11 | 78,846 | 803 | 98 |
| PINE SPRING ES | 1955 | 11 | 68,654 | 618 | 111 |
| POPLAR TREE ES | 1990 | 11 | 97,274 | 647 | 150 |
| RAVENSWORTH ES | 1963 | 10 | 80,152 | 599 | 134 |
| RIVERSIDE ES | 1968 | 11 | 81,411 | 705 | 115 |
| ROLLING VALLEY ES | 1967 | 10 | 77,528 | 579 | 134 |
| ROSE HILL ES | 1957 | 11 | 83,976 | 648 | 130 |
| SANGSTER ES | 1988 | 14 | 88,552 | 884 | 100 |
| SARATOGA ES | 1989 | 14 | 104,185 | 596 | 175 |
| SHREVEWOOD ES | 1966 | 12 | 69,480 | 676 | 103 |
| SILVERBROOK ES | 1988 | 14 | 104,085 | 788 | 132 |
| SLEEPY HOLLOW ES | 1954 | 10 | 72,361 | 436 | 166 |
| SPRING HILL ES | 1965 | 13 | 106,458 | 835 | 127 |
| SPRINGFIELD ESTATES ES | 1957 | 11 | 89,166 | 580 | 154 |
| STENWOOD ES | 1963 | 10 | 70,109 | 527 | 133 |
| STRATFORD LANDING ES | 1963 | 10 | 103,383 | 729 | 142 |
| SUNRISE VALLEY ES | 1979 | 15 | 85,702 | 539 | 159 |
| TERRA CENTRE ES | 1980 | 12 | 88,395 | 612 | 144 |
| TERRASET ES | 1977 | 14 | 104,830 | 590 | 178 |
| TIMBER LANE ES | 1955 | 10 | 80,709 | 599 | 135 |
| UNION MILL ES | 1986 | 13 | 93,420 | 867 | 108 |
| VIENNA ES | 1921 | 10 | 74,904 | 353 | 212 |
| VIRGINIA RUN ES | 1990 | 21 | 90,800 | 677 | 134 |
| WAKEFIELD FOREST ES | 1955 | 14 | 64,458 | 658 | 98 |
| WAPLES MILL ES | 1991 | 14 | 92,420 | 837 | 110 |
| WASHINGTON MILL ES | 1963 | 12 | 61,614 | 540 | 114 |
| WAYNEWOOD ES | 1959 | 10 | 89,904 | 662 | 136 |
| WEST SPRINGFIELD ES | 1964 | 10 | 65,001 | 576 | 113 |
| WESTBRIAR ES | 1965 | 10 | 88,472 | 785 | 113 |
| WESTGATE ES | 1968 | 10 | 84,912 | 554 | 153 |
| WESTLAWN ES | 1951 | 9 | 93,749 | 740 | 127 |
| WEYANOKE ES | 1949 | 10 | 78,103 | 541 | 144 |
| WHITE OAKS ES | 1980 | 16 | 95,386 | 716 | 133 |
| WILLOW SPRINGS ES | 1990 | 21 | 90,015 | 908 | 99 |
| WOLFTRAP ES | 1968 | 10 | 74,436 | 544 | 137 |
| WOODBURN ES | 1952 | 10 | 64,735 | 474 | 137 |
| WOODLAWN ES | 1937 | 11 | 97,567 | 488 | 200 |
| WOODLEY HILLS ES | 1951 | 10 | 78,268 | 494 | 158 |
| **Middle Schools:** | | | | | |
| CARSON MS | 1998 | 33 | 178,723 | 1,448 | 123 |
| COOPER MS | 1962 | 20 | 114,350 | 999 | 114 |
| FRANKLIN MS | 1984 | 35 | 138,756 | 879 | 158 |
| FROST MS | 1964 | 21 | 110,027 | 1,212 | 91 |
| GLASGOW MS | 2008 | 22 | 199,406 | 1,837 | 109 |
| HERNDON MS | 1955 | 27 | 193,776 | 1,075 | 180 |
| HOLMES MS | 1966 | 28 | 158,399 | 915 | 173 |
| HUGHES MS | 1980 | 11 | 183,556 | 975 | 188 |

**FAIRFAX COUNTY PUBLIC SCHOOLS**
**School Building Statistics (1)**
**As of June 30, 2022**
**Unaudited**

**TABLE 19**
**(Page 4 of 4)**

| | Year Opened | Site Acreage | Building Size (2) | Student Population (3) | Square Foot Per Population |
|---|---|---|---|---|---|
| **Middle Schools (Cont'd):** | | | | | |
| IRVING MS | 1960 | 21 | 156,962 | 1,229 | 128 |
| KEY MS | 1971 | 21 | 221,670 | 473 | 469 |
| KILMER MS | 1967 | 23 | 194,855 | 1,134 | 172 |
| LIBERTY MS | 2002 | 80 | 178,723 | 988 | 181 |
| LONGFELLOW MS | 1960 | 18 | 161,516 | 1,267 | 127 |
| LUTHER JACKSON MS | 1954 | 20 | 150,819 | 1,096 | 138 |
| POE MS | 1960 | 25 | 178,500 | 869 | 205 |
| ROCKY RUN MS | 1980 | 25 | 191,146 | 1,017 | 188 |
| SANDBURG MS | 1963 | 35 | 269,678 | 1,519 | 178 |
| SOUTH COUNTY MS | 2012 | 37 | 176,021 | 974 | 181 |
| STONE MS | 1991 | 25 | 157,263 | 696 | 226 |
| THOREAU MS | 1960 | 20 | 179,007 | 1,169 | 153 |
| TWAIN MS | 1961 | 24 | 148,430 | 1,012 | 147 |
| WHITMAN MS | 1965 | 20 | 166,633 | 880 | 189 |
| **High and Secondary Schools (3):** | | | | | |
| ANNANDALE HS | 1954 | 28 | 324,589 | 2,223 | 146 |
| CENTREVILLE HS | 1988 | 13 | 325,562 | 2,568 | 127 |
| CHANTILLY HS | 1972 | 35 | 380,175 | 2,937 | 129 |
| EDISON HS | 1962 | 44 | 359,470 | 2,160 | 166 |
| FALLS CHURCH HS | 1967 | 40 | 306,713 | 1,968 | 156 |
| HAYFIELD SEC | 1968 | 58 | 340,199 | 2,089 | 163 |
| HERNDON HS | 1967 | 40 | 415,722 | 2,283 | 182 |
| JEFFERSON HS | 1964 | 39 | 388,767 | 1,904 | 204 |
| JUSTICE HS | 1959 | 21 | 298,989 | 2,187 | 137 |
| LAKE BRADDOCK SEC | 1971 | 60 | 418,336 | 2,803 | 149 |
| LANGLEY HS | 1965 | 43 | 337,966 | 2,030 | 166 |
| LEWIS HS | 1959 | 25 | 310,405 | 1,682 | 185 |
| MADISON HS | 1959 | 31 | 313,322 | 2,200 | 142 |
| MARSHALL HS | 1962 | 47 | 368,116 | 2,052 | 179 |
| MCLEAN HS | 1955 | 31 | 285,612 | 2,347 | 122 |
| MOUNT VERNON HS | 1960 | 42 | 458,181 | 1,944 | 236 |
| OAKTON HS | 1967 | 59 | 300,044 | 2,618 | 115 |
| ROBINSON SEC | 1971 | 78 | 367,153 | 2,498 | 147 |
| SOUTH COUNTY HS | 2005 | 37 | 377,832 | 2,274 | 166 |
| SOUTH LAKES HS | 1978 | 60 | 363,455 | 2,541 | 143 |
| WEST POTOMAC HS | 1960 | 45 | 393,679 | 2,653 | 148 |
| WEST SPRINGFIELD HS | 1966 | 10 | 387,429 | 2,550 | 152 |
| WESTFIELD HS | 2000 | 75 | 422,298 | 2,607 | 162 |
| WOODSON HS | 1962 | 95 | 388,533 | 2,462 | 158 |

Source: FCPS - Department of Facilities and Transportation Services

(1) This table does not include the four City of Fairfax, VA schools because these buildings are not owned by FCPS.

(2) Size measured in square feet, population, and square feet per student, taken from FCPS Facility and Enrollment Dashboard as of December 31, 2021.

(3) Does not include Bryant and Mountain View Alternative High Schools.

(4) Baileys, McNair, and Fort Belvoir Elementary Schools have two separate campuses. Baileys campuses go from grades pre-K-2 and 3-5; McNair's campuses go from grades pre-K-2 and 3-6; and Fort Belvoir's campuses go from grades pre-K-3 and 4-6.

Fairfax County
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2022 Annual Comprehensive Financial Report

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