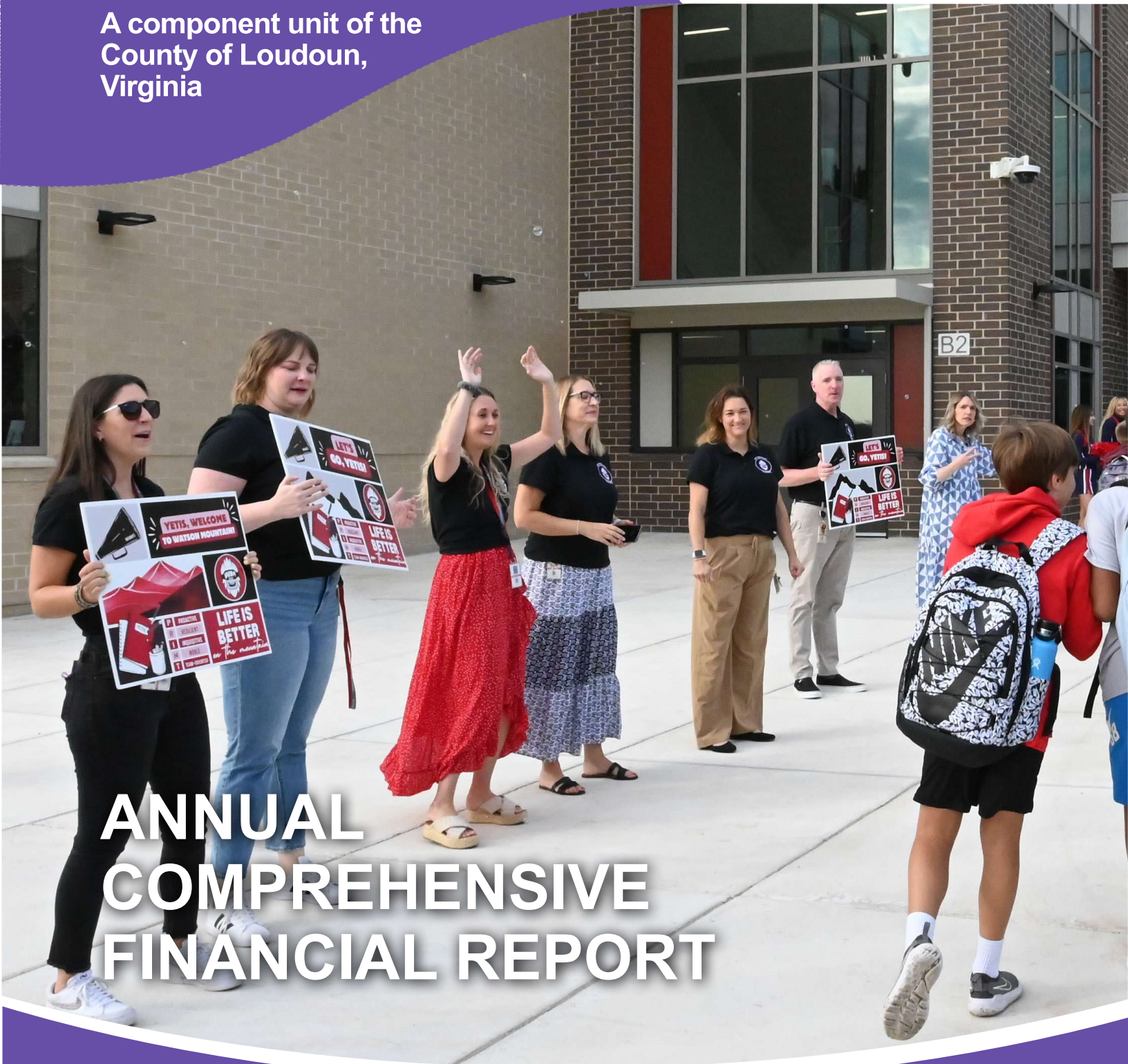


# LOUDOUN COUNTY PUBLIC SCHOOLS

A component unit of the  
County of Loudoun,  
Virginia

For the fiscal year ended,  
**June 30, 2024**

## ANNUAL COMPREHENSIVE FINANCIAL REPORT





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# Annual Comprehensive Financial Report

**For the fiscal year ended, June 30, 2024**

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## Loudoun County Public Schools

A component unit of the County of Loudoun, Virginia



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

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Dr. Aaron Spence, Superintendent  
Sharon Willoughby, Chief Financial Officer



Loudoun County Public Schools  
A Climate for Success



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# Introductory Section

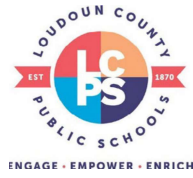
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## LCPS Annual Comprehensive Financial Report 2024

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



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OFFICE OF THE SUPERINTENDENT  
21000 Education Court  
Ashburn, VA 20148

December 4, 2024

Loudoun County School Board  
21000 Education Court  
Ashburn, Virginia 20148

Dear Chair Mansfield, Members of the Board, and Residents of Loudoun County:

We are proud to present the Annual Comprehensive Financial Report (ACFR) for Loudoun County Public Schools (LCPS) for the fiscal year ended June 30, 2024. This report highlights LCPS's financial position and activities, as a component unit of the County of Loudoun, Virginia. The financial statements included in this report are prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States, as they apply to governmental units.

The ACFR reflects LCPS's continued commitment to fiscal responsibility, guided by sound fiscal policies. These policies are designed to promote fiscal stability and long-term sustainability for the school division. Prepared by the Division of Accounting within the Department of Business and Financial Services, this report provides a comprehensive overview of LCPS's financial performance during the past fiscal year. To the best of our knowledge and belief, this report accurately and fairly presents LCPS's financial position and operational results.

The financial statements of LCPS have undergone an independent audit by Cherry Bekaert LLP, a reputable accounting firm. The audit included a comprehensive review of the supporting documentation, an evaluation of the accounting principles applied, and the significant estimates made by management. Cherry Bekaert LLP issued an unmodified opinion, commonly referred to as a "clean audit," on LCPS's financial statements for the fiscal year ended June 30, 2024. This opinion, the highest level of assurance, confirms that the financial statements are fairly presented and conform to applicable financial reporting standards. The independent auditor's report is included as the first item in the financial section of this report.

In addition, the County of Loudoun, including LCPS, undergoes an annual single audit in accordance with the provisions of the revised Uniform Guidance. This audit covers the Schedule of Expenditures of Federal Awards, along with any findings, recommendations, and the auditor's report on internal controls over financial reporting and compliance. These details are presented in a separate report.

In accordance with GAAP, LCPS management provides a Management Discussion and Analysis (MD&A), which offers a narrative introduction, overview, and analysis of the financial statements. This letter of transmittal complements the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.



## Organizational Structure

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Loudoun County spans 520 square miles, located 25 miles west of Washington, D.C., within the Northern Virginia and Washington Metropolitan Area.

The Virginia Department of Education is responsible for dividing the Commonwealth of Virginia into school divisions based on geographic area and school-age population. These school divisions are tasked with ensuring compliance with the standards of quality outlined in Article VIII, Section 2 of the Virginia Constitution. The Virginia General Assembly determines how funding is provided to support educational programs that meet these standards, apportioning costs between the Commonwealth and the local units of government within each school division. Each local government unit must contribute its share of the cost through local taxes or other available funds.

Loudoun County Public Schools (LCPS) is the third-largest school division in Virginia and the 41st largest in the nation. Serving over 81,132 students in fiscal year 2024, LCPS operates 61 community-oriented elementary schools (grades K-5), 17 middle schools, and 18 high schools. Two educational centers complement the instructional programs. LCPS is also the largest employer in Loudoun County, with approximately 12,968 full-time staff—92.2 percent of whom are based in schools. LCPS operates more than 12 million square feet of facilities, including 98 instructional buildings, 10 support facilities, and 3,120 acres of campus space across Loudoun County, with buildings dating from 1911 to the present.

LCPS has two charter schools as component units: Hillsboro Charter Academy (HCA), which opened in fiscal year 2017, and Middleburg Community Charter School (MCCS), which opened in fiscal year 2015. The funding for these charter schools is governed by specific contract agreements approved by the Loudoun County School Board, with operational and maintenance costs covered through a per-pupil payment from LCPS.

The Loudoun County School Board is responsible for overseeing LCPS operations in accordance with the Code of Virginia and regulations from the State Department of Education. The board consists of nine members: one elected from each of the eight electoral districts and one at-large member, all serving four-year terms. Beginning with the November 2023 general election, the board implemented staggered terms. Each of the 18 LCPS high schools, as well as the Academies of Loudoun, The North Star School, and Thomas Jefferson High School for Science and Technology, has a student representative who serves on the School Board for one month, offering student input. The superintendent, along with seven Cabinet members, oversees the day-to-day operations and support services of the school system.

LCPS is a component unit of Loudoun County, meaning its financials are included as an integral part of the County's overall financial statements. The cost of LCPS's governmental activities is primarily funded by the County. For fiscal year 2024, the County provided 69.3 percent of LCPS's operating funding, while state and federal governments contributed 29.3 percent and other sources provided approximately one percent. The fiscal year 2024 transfer from the County totaled \$1.156 billion, an increase of \$73.8 million (6.9 percent) from the previous year. Over 78 percent of the school system's approved operating budget (\$1.668 billion for FY24) was allocated to instructional programs.

## Economic Condition and Outlook

---

Loudoun County continues to be one of the fastest-growing regions in the Washington metropolitan area. According to demographic estimates, the county's population is projected to reach 446,530 in 2024, reflecting a six percent increase over the 2020 U.S. Census total of 420,959. This population surge is largely driven by an influx of families attracted by the county's growing economy, job opportunities, public school system, and quality of life.

Loudoun County's economy has grown rapidly, outpacing other local jurisdictions within the region in job growth. According to data from the U.S. Bureau of Labor Statistics, the number of payroll jobs in Loudoun increased by 29 percent from 2013 to 2023. Additionally, the Virginia Employment Commission reports that Loudoun County's unemployment rate stood at 2.7 percent in June 2024, well below both state and national averages. The county's economic vitality is further evidenced by its high median household income of \$170,463 in 2024, according to the U.S. Census Bureau.

Loudoun's highly educated workforce, its proximity to Washington, D.C., and its robust connectivity (facilitated by Washington Dulles International Airport and a local concentration of internet infrastructure) make it an increasingly attractive location for businesses. Key industries in the county include information and communications technology, federal government contracting, data centers, aerospace and defense, aviation and logistics, health innovation technology, agriculture, and rural business.

Loudoun County is particularly known as a major hub for technology, especially data centers. The county houses more than 70 percent of the world's internet traffic, making it a critical player in global data infrastructure. This sector significantly contributes to both local employment and tax revenue, and it is expected to continue its growth, driving innovation and attracting skilled professionals.

The healthcare sector is another key pillar of the local economy. Major hospitals and healthcare providers have expanded their services to meet the demands of a growing population. Twelve percent of Loudoun's workforce is employed in the healthcare industry, highlighting its significance in the regional economy.

Agriculture also plays an important role in Loudoun's economy. The county is home to nearly 1,400 farms, covering over 135,000 acres of land. Loudoun's rich history and scenic beauty have further bolstered tourism, leading to increased local business spending and supporting job creation.

Additionally, over 900 federal government prime contractors are based in Loudoun, underscoring the county's strategic importance as a hub for federal contracting.

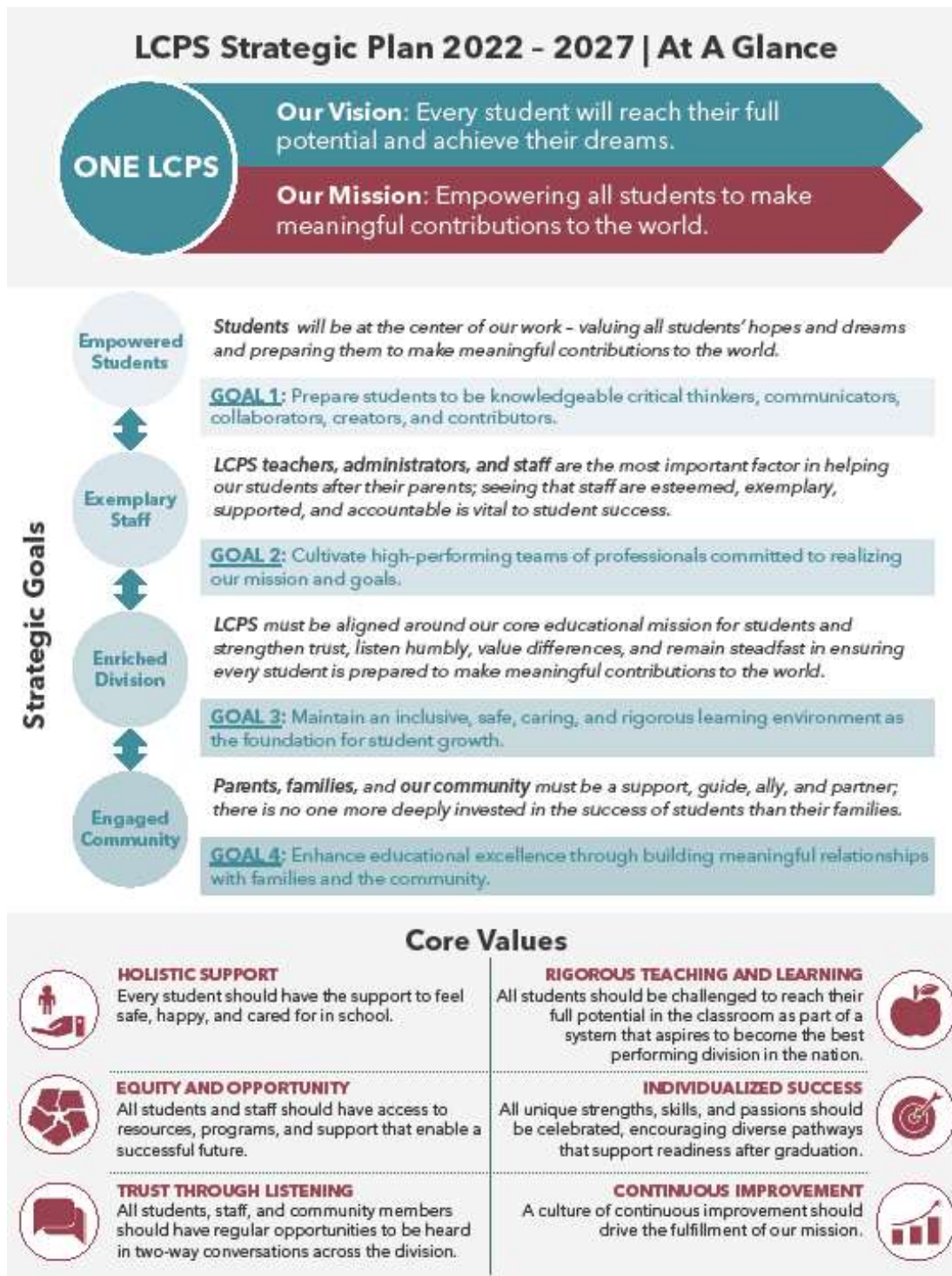
Loudoun County's robust economic health, strategic location, and proactive initiatives have established it as a model of growth within the Washington metropolitan area. With a steadily rising population and a low unemployment rate, the county continues to attract both families and businesses drawn by its high quality of life and diverse economy. Key industries—technology, healthcare, agriculture, and federal contracting—drive job creation and enhance community well-being.

Major employers, thriving data centers, healthcare facilities, and a highly educated workforce contribute to the county's economic resilience and long-term promise. Recent accomplishments further demonstrate the county's dynamic environment: in August 2024, 41 Loudoun-based companies were featured on the Inc. 5000 list, showcasing the strength of the local business ecosystem. Furthermore, the county's "Launch Loudoun" program, which supports small businesses, earned a 2024 Achievement Award from the Virginia Association of Counties, underscoring its commitment to innovation and growth.

As Loudoun County continues to leverage its strengths, it is well-positioned to sustain its economic vitality and foster a vibrant, resilient community for future generations.

## Major Initiatives

Loudoun County Public Schools (LCPS) is proud to have a One LCPS Strategic Plan for Excellence to provide direction for our school division through 2027. The School Board approved the new strategic plan on June 28, 2022, to include the vision, mission, core values, goals, aligned actions, and strategies.





The "ONE LCPS: Forward Together" Post-Entry Plan outlines Superintendent Dr. Aaron Spence's collaborative vision to advance Loudoun County Public Schools (LCPS) with a student-centered focus. The plan reflects his commitment to fostering trust, engaging stakeholders, and driving measurable progress aligned with the One LCPS | 2027 Strategic Plan for Excellence.

Through countywide visits and direct engagement with students, families, staff, and community members, Dr. Spence gathered feedback, assessed LCPS schools and departments, and addressed key concerns. This input shaped six transition objectives:

1. Establish a culture of trust and transparency.
2. Strengthen the Superintendent-School Board relationship for unified governance.
3. Prioritize school safety and student wellness.
4. Foster innovation and academic excellence.
5. Ensure equitable programming.
6. Enhance organizational effectiveness and efficiency.

These objectives align with the strategic plan's goals:

- Empowered Students: Preparing students for meaningful contributions to the world.
- Exemplary Staff: Supporting staff excellence and accountability to drive student success.
- Enriched Division: Building trust, inclusivity, and alignment around LCPS's educational mission.
- Engaged Community: Strengthening partnerships with families and the community.

The plan provides a comprehensive understanding of LCPS's current state and outlines actionable steps for ongoing transformation. By emphasizing collaboration and shared responsibility, it sets the stage for fostering a thriving environment where all students can achieve excellence.

## Accomplishments

- Loudoun County Public Schools (LCPS) achieved an impressive 97.1 percent on-time graduation rate for 2024.
- The Class of 2024 graduated 6,296 seniors, with 74 percent planning to attend a four-year college and nearly 15 percent enrolling in two-year institutions. Together, they earned over \$64 million in scholarships.
- A total of 82 LCPS students were named National Merit Scholarship Semifinalists in the 69th annual National Merit Scholarship Program.
- The average SAT score for the Class of 2024 was 1177, with LCPS students outperforming their peers by an average of 76 points over the state average and 153 points higher than the global average.
- All 17 LCPS middle schools earned the *Schools to Watch* designation from the National Forum to Accelerate Middle School Reform and Willard Middle School and J. Lupton Simpson Middle School received the *Schools of Distinction* award from the Association for Middle Level Education (AMLE). They join five other LCPS middle schools previously honored with this recognition.
- Seven LCPS high schools ranked among the top 25 in Virginia according to Niche: Briar Woods, Riverside, Rock Ridge, Freedom, Broad Run, Stone Bridge, and Independence.
- LCPS launched a new Dual Language Immersion program, serving kindergartners at Sanders Corner and Potowmack Elementary Schools with a 50/50 model using Spanish as the partner language.
- Heritage High School and Loudoun Valley High School are now officially authorized International Baccalaureate (IB) World Schools.
- LCPS earned its 13th ENERGY STAR Partner of the Year for Sustained Excellence Award from the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy. LCPS remains the only school system to receive this prestigious award 13 years in a row for outstanding energy management.
- LCPS was named one of America's Best-In-State Employers for 2024 by Forbes.

## Community Involvement

As part of a rebranding initiative, LCPS unveiled a new logo at the September 26, 2023, School Board meeting. The new design highlights the division's commitment to "Engage. Empower. Enrich." with the LCPS initials prominently featured. The logo was inspired by 115 student submissions from all grade levels, showcasing the division's commitment to student involvement in the process.

In his first year as Superintendent, Dr. Aaron Spence initiated a series of nineteen (19) Community Listening Sessions, held at each of LCPS's 17 high schools between October 2023 through April 2024. These sessions aimed to foster a smooth transition under Dr. Spence's leadership, focusing on three key objectives: building relationships with the community, accelerating his understanding of LCPS, and identifying opportunities to build on existing strengths while making meaningful improvements. As a result, in June 2024, Dr. Spence introduced his Post-Entry Plan, "One LCPS: Forward Together," a strategic framework designed to drive continued success and strengthen the division's commitment to excellence and equity.

## Future Challenges

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

- Providing competitive employee compensation is vital for attracting and retaining a high-performing team of professionals focused on our mission and goals. Although LCPS has significantly invested in improved employee compensation in recent years, additional increases will be needed for years to come to sustain and build on our excellence. To maintain and enhance competitiveness, LCPS needs to continue revising our teacher salary structure while engaging in multi-year review cycles relating to employees' classification and compensation levels, not on the teacher salary schedule. The state and national teacher shortage reinforces the need for teacher compensation to remain a priority.
- Loudoun County Public Schools is actively working towards its "One LCPS: 2027 Strategic Plan for Excellence" and using it as a foundational tool providing a common path forward for the school division. Executing this multi-year journey requires sustained and committed resources to progress against and ultimately achieve each of the four strategic goals. It may be difficult to predict future budget requirements as "One LCPS" is a living document that may adjust over time following changes in state policy and to address evolving local priorities.
- Enrollment is expected to be materially flat, with only incremental growth at the division-wide level during the Capital Improvement Program planning window. This will affect state revenues where Average Daily Membership (ADM) sensitive support may level off and put greater pressure on local funding sources. And while division-wide enrollment is expected to remain flat, enrollment is expected to grow in individual planning districts, thus requiring greater infrastructure support in specific locations, and in student populations requiring specialized services. As special education and English language learner populations continue to increase at a higher rate than the total enrollment, the cost per pupil will also increase.
- A recent report from the Joint Legislative Audit and Review Commission (JLARC) identified that Virginia School Divisions receive less K-12 funding per student than the 50-state average, the regional average, and three of Virginia's five bordering states. School divisions in other states receive 14 percent more per student than school divisions in Virginia, on average, after normalizing for differences in cost of labor among states. This equates to about \$1,900 more per student than Virginia, which equals about \$160 million loss for Loudoun County Public Schools each year. Virginia was also named as one of the nine states that are poorly funded, inequitable, and with low funding efforts in a 2023 report by the Educational Law Center.
- A challenging revenue environment will likely necessitate prioritization and trade-offs as the district balances resources between employee recruitment and retention, expanding student support, and advancing student-centered initiatives.

## Management Controls

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LCPS utilizes many control systems to ensure the integrity and protection of its financial information and assets.

### Internal Controls

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

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

### Budgetary Controls

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

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

## Awards

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to LCPS for its ACFR beginning in the fiscal year ended June 30, 2009, and each ACFR through 2023. Specific requirements must be met to be awarded a GFOA Certificate of Achievement, including issuing an easily readable and efficiently organized ACFR. The report must also satisfy both GAAP and applicable legal requirements.

LCPS was also awarded the Association of School Business Officials International (ASBO) *Certificate of Excellence* beginning in the fiscal year 2009 and each ACFR through 2023. ASBO's Certificate program fosters excellence in preparing and issuing the school's annual financial reports.

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

## Acknowledgments

LCPS maintains a strong financial position through responsible management of financial operations and adherence to sound accounting and reporting practices. Modern accounting and financial reporting standards have significantly enhanced the efficiency and transparency of governmental financial practices. LCPS continues to support the achievements in these areas by GASB, GFOA, and the ASBO. In the staff's opinion, these practices provide a sound framework for a truly "comprehensive" annual financial report.

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

It is only appropriate to express appreciation to all other members of the Department of Business and Financial Services, LCPS' independent auditors, and all departments that assisted and contributed to the preparation of this report. Thanks are also due to the School Board members for their interest and continued support in planning and implementing efficient yet effective financial operations of LCPS.

This support and cooperation represent responsible and progressive financial management for LCPS. All LCPS staff remain committed to aligning with the School Board's direction to ensure an equitable balance between available resources and the demand for high-quality education.

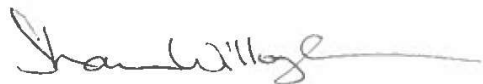
LCPS' financial health is reflected in its current financial condition's soundness, and it is anticipated that current financial management practices will continue LCPS' tradition of fiscal stability. The School Board's emphasis on sound fiscal planning, budget development, and transparent financial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

Respectfully submitted,



Dr. Aaron Spence

Superintendent



Sharon Willoughby

Chief Financial Officer



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# School Board Members

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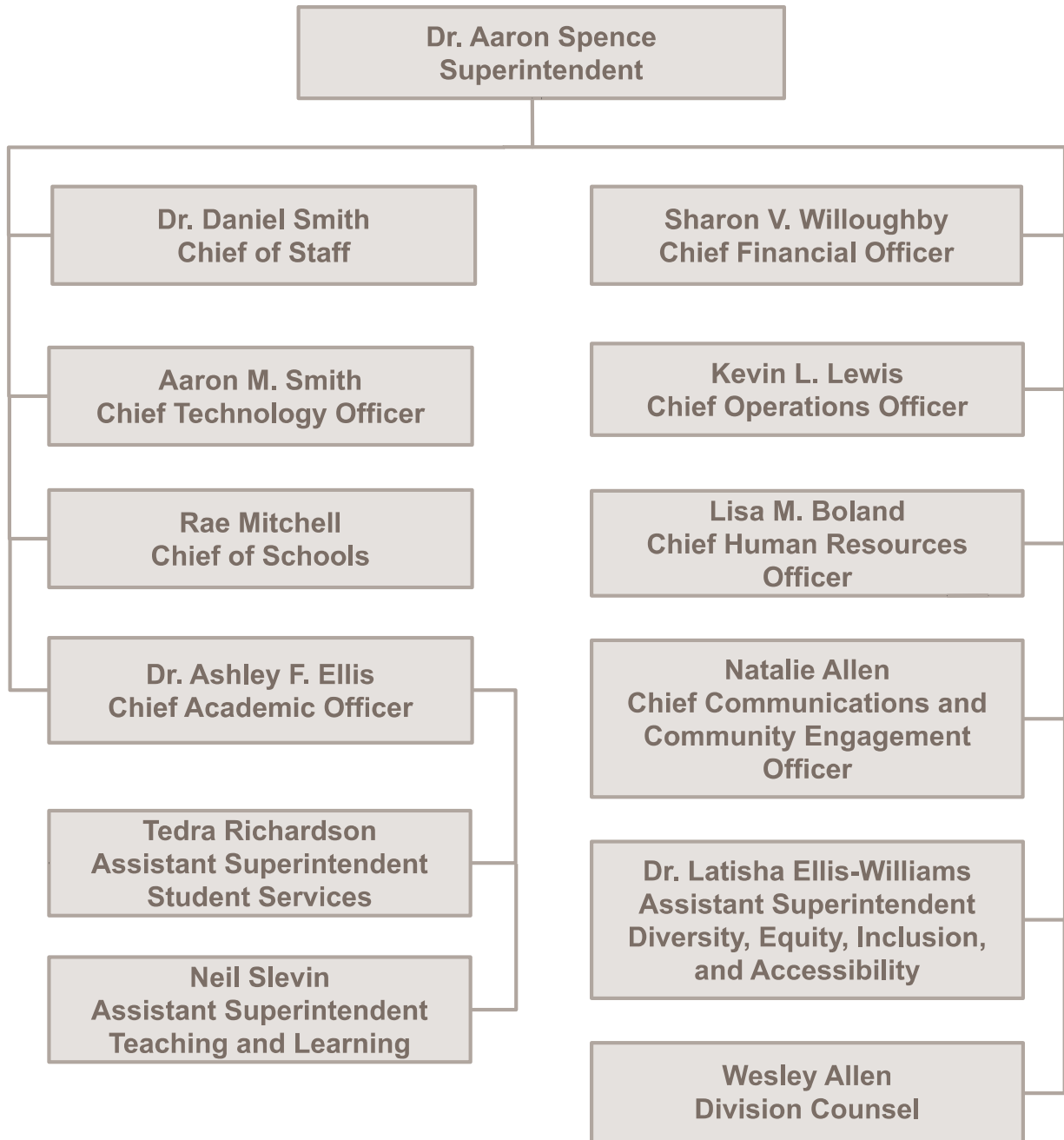
## Loudoun County Public Schools - as of June 30, 2024

The Loudoun County School Board serves as the governing body of the school division and consists of nine elected members. Eight members are elected from individual election districts, while one At-Large member represents the entire county. Each January, the School Board holds its first meeting of the year to elect a chair and vice chair, who serve one-year terms.

<b>Melinda Mansfield, Chair</b>	<i>Dulles District</i>
<b>Arben Istrefi, Vice Chair</b>	<i>Sterling District</i>
<b>April Chandler</b>	<i>Algonkian District</i>
<b>Deana Griffiths</b>	<i>Ashburn District</i>
<b>Dr. Linda Deans</b>	<i>Broad Run District</i>
<b>Kari LaBell</b>	<i>Catoctin District</i>
<b>Dr. Sumera Rashid</b>	<i>Little River District</i>
<b>Lauren Shernoff</b>	<i>Leesburg District</i>
<b>Anne Donohue</b>	<i>At Large</i>

## Superintendent's Cabinet

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# Awards for Excellence in Financial Reporting

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## Association Of School Business Officials Award

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to LCPS, for its Annual Comprehensive Financial Report (ACFR), for the fifteenth year ended June 30, 2023. This nationally recognized program was established by ASBO to encourage school business officials to achieve a high standard of financial reporting. The award is the highest recognition for school division financial operations offered by ASBO, and it is only conferred upon school systems that have met or exceeded the standards of the program. Participation in the Certificate of Excellence in Financial Reporting program validates LCPS' commitment to fiscal and financial integrity and enhances the credibility of LCPS' operations with the School Board and the community. The program reviews the accounting practices and reporting procedures used by LCPS in its ACFR based upon specific standards established by the Governmental Accounting Standard Board.



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Loudoun County Public Schools**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

**Ryan S. Stechschulte**  
**President**

A handwritten signature in black ink, reading 'James M. Rowan'.

**James M. Rowan, CAE, SFO**  
**CEO/Executive Director**

## Government Finance Officers Association Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Loudoun County Public Schools (LCPS) for its Annual Comprehensive Financial Report (ACFR) for the fifteenth year ended June 30, 2023. The Certificate of Achievement for Excellence in Financial Reporting is a prestigious national award which recognizes conformance with the highest standards for preparation of state and local government ACFRs.

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Loudoun County Public Schools  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrell*

Executive Director/CEO





# Financial Section

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## LCPS Annual Comprehensive Financial Report 2024

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



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# Report of Independent Auditor

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# Report of Independent Auditor



## Report of Independent Auditor

To the School Board  
Loudoun County Public Schools  
Loudoun County, Virginia

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loudoun County Public Schools ("LCPS"), a component unit of the County of Loudoun, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the LCPS' basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of LCPS, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the School Activity Fund, a Special Revenue Fund of LCPS, which represents 2.5%, 4.7%, and 2.7% of the total assets, revenues, and fund balance, respectively, of the aggregate remaining fund information as of June 30, 2024. We also did not audit the financial statements of the Middleburg Community Charter School ("MCCS") and Hillsboro Charter Academy ("HCA"), LCPS' discretely presented component units, which represent 100% of the total assets, revenues, and net position as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Fund and the discretely presented component units, is based solely on the reports of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of the School Activity Fund, MCCS, and HCA were not audited in accordance with the Specifications. Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of LCPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

# Report of Independent Auditor

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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 LCPS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LCPS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LCPS' ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information and the notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



# Report of Independent Auditor

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We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LCPS' basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## ***Other Information***

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

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

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of LCPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LCPS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LCPS' internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Tysons Corner, Virginia  
December 4, 2024



# Management's Discussion and Analysis

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

# Management’s Discussion and Analysis

It is a pleasure to present the financial performance of Loudoun County Public Schools (LCPS). This subsection of the Annual Comprehensive Financial Report (ACFR) presents management’s narrative overview and analysis of the financial activities of LCPS for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information we furnished in our letter of transmittal in the introductory section.

## FINANCIAL HIGHLIGHTS

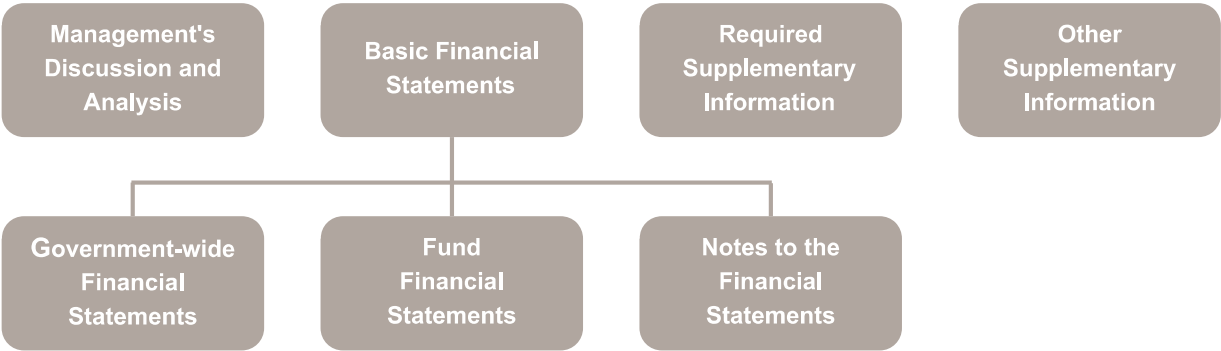
### GOVERNMENT-WIDE FINANCIAL STATEMENTS

- The net position of \$1,747.0 million at June 30, 2024 is a result of the assets and deferred outflows of resources of the total Reporting Entity, including the Charter School component units, exceeding liabilities and deferred inflows of resources. Of this amount, \$2,330.5 million is net investment in capital assets.
- The overall net increase in net position of \$165.8 million was the combination of a \$205.9 million increase in total assets, a \$44.6 million decrease in total deferred outflows, offset by an increase in total liabilities of \$64.9 million and a \$69.3 million decrease in deferred inflows.
- Total revenues of the Reporting Entity amounted to \$2,055.1 million, while total expenses incurred were \$1,889.3 million, which resulted in an increase in net position of \$165.9 million as compared to the net increase of \$230.0 million for fiscal year 2023 or 10.51% increase. The change in Net Position is due to an increase of \$233.9 million in expenses, and an increase of \$169.7 million in revenue.
- Fiscal year ended June 30, 2024 reported Primary Government’s costs of governmental activities of \$1,882.6 million, which exceeded program revenues (charges for services, \$24.1 million; operating grants and contributions, \$99.1 million; and capital grants and contributions, \$268.8 million) by \$1,490.6 million.
- General revenues, which are funds available for all educational purposes, including contributions from the County of Loudoun, Virginia (County), and other changes in net position in the amount of \$1,656.4 million, were sufficient to cover the excess of programs’ costs over revenues.
- The Charter Schools ended the fiscal year by reporting \$6.5 million in operating grants and contributions. Total expenses incurred were \$6.7 million. General revenues of \$0.1 million, in addition to the excess of program revenue over program costs, resulted in a decrease in net position of \$0.5 for 2024.

### FUND FINANCIAL STATEMENTS

- LCPS’ governmental funds reported a combined fund balance of \$304.9 million at June 30, 2024, an increase of \$41.1 million over the prior year.
- On June 30, 2024, the General Fund reported an ending fund balance of \$63.0 million, an increase of \$18.6 million from June 30, 2023.

## Components of the Financial Section



## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

### FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

## FINANCIAL ANALYSIS OF GOVERNMENTAL ACTIVITIES

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

### STATEMENT OF NET POSITION

As noted earlier, net position may serve over time as a useful indicator of LCPS' financial position. LCPS' assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,744.4 million at the close of fiscal year 2024, representing an increase of \$165.9 million from the net position at June 30, 2023.

By far, the largest portion of LCPS' net position (133.6 percent) reflects its net investment in capital assets (e.g., land, construction in progress, equipment, and buildings) less any related debt used to acquire those assets that are still outstanding. LCPS uses these capital assets to provide services; consequently, they are not available for future spending.

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

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

LCPS is responsible for the outstanding debt obligations of installment purchases and leases amounting to \$45.6 million at June 30, 2024.



The following table provides a summary of net position as of June 30, 2024 and 2023:

#### SUMMARY OF NET POSITION

As of June 30

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

	Primary Government			Component Units		
	2024	2023	Variance	2024	2023	Variance
<b>ASSETS</b>						
Current and other assets	\$ 613.5	\$ 542.6	\$ 70.9	\$ 2.8	\$ 2.7	\$ 0.1
Capital assets, net	2,418.2	2,283.2	135.0	-	-	-
<b>Total assets</b>	<u>3,031.7</u>	<u>2,825.8</u>	<u>205.9</u>	<u>2.8</u>	<u>2.7</u>	<u>0.1</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	530.1	574.6	(44.6)	-	-	-
<b>LIABILITIES</b>						
Current liabilities	262.6	220.9	41.7	0.2	0.2	-
Long-term liabilities	1,408.0	1,384.8	23.2	-	-	-
<b>Total liabilities</b>	<u>1,670.6</u>	<u>1,605.7</u>	<u>64.9</u>	<u>0.2</u>	<u>0.2</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	146.8	216.2	(69.3)	-	-	-
<b>NET POSITION</b>						
Net Investment in capital assets	2,330.5	2,190.2	140.3	-	-	-
Restricted	-	-	-	-	-	-
Restricted by Legal Agreement	3.5	4.5	(1.0)	0.1	0.1	-
Unrestricted	(589.6)	(616.1)	26.5	2.4	2.4	-
<b>Total net position</b>	<u>\$ 1,744.4</u>	<u>\$ 1,578.6</u>	<u>\$ 165.8</u>	<u>\$ 2.5</u>	<u>\$ 2.5</u>	<u>\$ -</u>

#### STATEMENT OF ACTIVITIES

The following table provides a summary of the changes in LCPS' net position for the fiscal years ended June 30, 2024 and 2023:

#### SUMMARY OF CHANGES IN NET POSITION

For the Fiscal Years Ended June 30

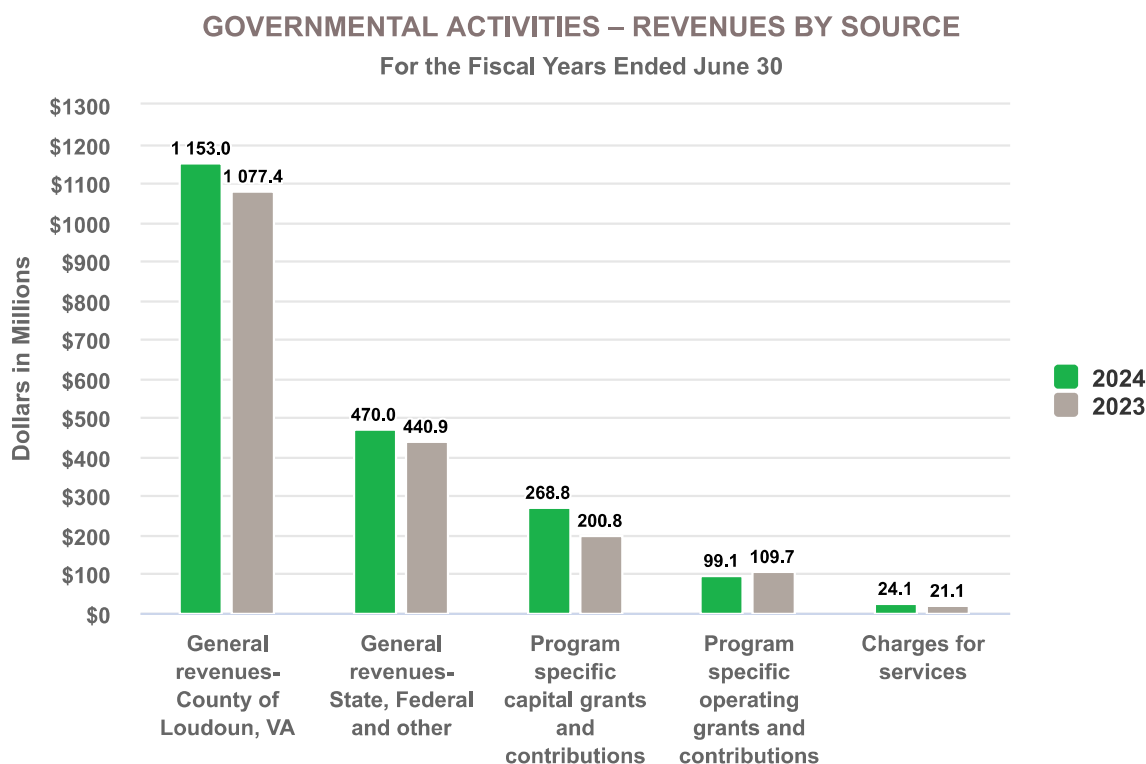
(Dollars in Millions-may not foot due to rounding)

	Primary Government			Component Units		
	2024	2023	Variance	2024	2023	Variance
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 24.1	\$ 21.1	\$ 3.0	\$ -	\$ -	\$ -
Operating grants and contributions	99.1	109.7	(10.6)	6.5	6.4	0.1
Capital grants and contributions	268.8	200.8	68.0	-	-	-
General revenues:						
Grants and contributions	1,621.3	1,516.7	104.6	-	-	-
Revenue from the use of money	1.7	1.6	0.1	0.1	-	0.1
Other	33.4	29.0	4.4	0.1	0.1	-
<b>Total revenues</b>	<u>2,048.4</u>	<u>1,878.9</u>	<u>169.5</u>	<u>6.7</u>	<u>6.5</u>	<u>0.2</u>
<b>EXPENSES</b>						
Instruction:						
Regular	1,066.0	931.2	134.8	-	-	-
Special	287.0	254.3	32.7	-	-	-
Adult education	1.2	1.1	0.1	-	-	-
Other	5.3	4.5	0.8	-	-	-
Charter Schools	5.7	5.7	-	-	-	-
Support Services:						
Administration	61.8	39.6	22.2	-	-	-
Attendance and health	33.9	28.8	5.1	-	-	-
Pupil transportation	90.5	81.5	9.0	-	-	-
Facilities services	26.6	26.1	0.5	-	-	-
Operation and maintenance	176.6	157.2	19.4	-	-	-
School nutrition services	45.3	43.8	1.5	-	-	-
Technology	81.1	75.2	5.9	-	-	-
Charter Schools	-	-	-	6.7	6.0	0.7
Interest on long-term debt	1.6	0.4	1.2	-	-	-
<b>Total expenses</b>	<u>1,882.6</u>	<u>1,649.4</u>	<u>233.2</u>	<u>6.7</u>	<u>6.0</u>	<u>0.7</u>
<b>Change in net position</b>	<u>165.8</u>	<u>229.6</u>	<u>(63.8)</u>	<u>(0.0)</u>	<u>0.5</u>	<u>(0.5)</u>
<b>Net position, beginning of year</b>	<u>1,578.6</u>	<u>1,348.9</u>	<u>229.7</u>	<u>2.5</u>	<u>2.0</u>	<u>0.5</u>
<b>Net position, end of year</b>	<u>\$ 1,744.4</u>	<u>\$ 1,578.6</u>	<u>\$ 165.8</u>	<u>\$ 2.5</u>	<u>\$ 2.5</u>	<u>\$ (0.0)</u>

### Revenues

Revenues for LCPS' governmental activities totaled \$2,048.4 million during the fiscal year 2024, representing an increase of \$169.5 million over fiscal year 2023.

The following chart represents revenues by source for the fiscal years ended June 30, 2024 and 2023:



The events contributing to the increase in revenues during the fiscal year 2024 were:

- General revenue, grants and contributions for LCPS increased \$104.6 million from the previous fiscal year. This growth was primarily driven by a 7.0 percent, or \$75.6 million increase in the contribution from the County, which remains LCPS' largest revenue source. Additionally, the Commonwealth of Virginia's contribution rose by \$27.2 million, reflecting a 5.6 percent increase from the previous year. However, other general revenues, including grants and contributions, declined by \$2.6 million marking a decrease compared to 2023.
- Program specific revenues for LCPS increased \$57.4 million from the previous fiscal year. Capital grants and contributions increased \$68.0 million from fiscal year 2023 due to an increase in revenue for construction from the County. We also completed major costs in upgrading HVAC, replacing boilers, chillers and roof replacements. Operating grants and contributions decreased \$10.6 million, or 10.0 percent from fiscal year 2023.
- Charges for services for LCPS increased \$3.0 million from the previous fiscal year.



**Expenses**

The following table compares the total program costs of each LCPS' program (or function) and the net cost of each program (total costs less fees generated by the program and program-specific intergovernmental aid) for the fiscal years ended June 2024 and 2023:

**SUMMARY OF PROGRAM COSTS BY FUNCTION**

For the Fiscal Years Ended June 30

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

Function	Total Cost of Function			Net Cost (Revenues) of Function		
	2024	2023	Percent Variance	2024	2023	Percent Variance
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 1,066.0	\$ 931.2	14.5%	\$ 1,034.0	\$ 899.5	15.0%
Special	287.0	254.3	12.9%	239.9	196.7	22.0%
Adult education	1.2	1.1	9.1%	0.8	0.6	0.0%
Other	5.3	4.6	15.2%	5.3	4.6	15.2%
Charter schools	5.7	5.7	0.0%	5.7	5.7	0.0%
Support Services:						
Administration	61.8	39.6	56.1%	61.8	39.6	56.1%
Attendance and health	33.9	28.8	17.7%	33.9	28.8	17.7%
Pupil transportation	90.5	81.5	11.0%	90.5	81.5	11.0%
Facilities services	26.6	26.1	1.9%	(242.2)	(174.7)	38.6%
Operation and maintenance	176.6	157.1	12.4%	176.6	157.2	12.3%
School nutrition services	45.3	43.8	3.4%	4.3	5.4	(20.4%)
Technology	81.1	75.2	7.8%	78.5	72.6	8.1%
Interest on long-term debt	1.6	0.4	300.0%	1.6	0.4	300.0%
Total expenses	<u>\$ 1,882.6</u>	<u>\$ 1,649.4</u>	<u>14.1%</u>	<u>\$ 1,490.7</u>	<u>\$ 1,317.9</u>	<u>13.1%</u>

The total costs of LCPS' programs for fiscal year 2024 were \$1,882.6 million, which represents an increase of \$233.2 million from fiscal year 2023. Some of the costs of governmental activities were paid by those who directly benefited from the programs (\$24.1 million) and other governments and organizations that subsidized certain programs with grants and contributions (\$367.9 million).

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

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

Regular instruction expenses increased \$134.8 million and special instruction expenses increased \$32.7 million from the prior fiscal year. LCPS' enrollment totals remained flat for fiscal year 2024.

The majority of LCPS' functional areas required general revenues to cover their operational costs. In fiscal year 2024, facilities services were self-supporting with program revenues exceeding program costs by \$242.2 million.

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

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

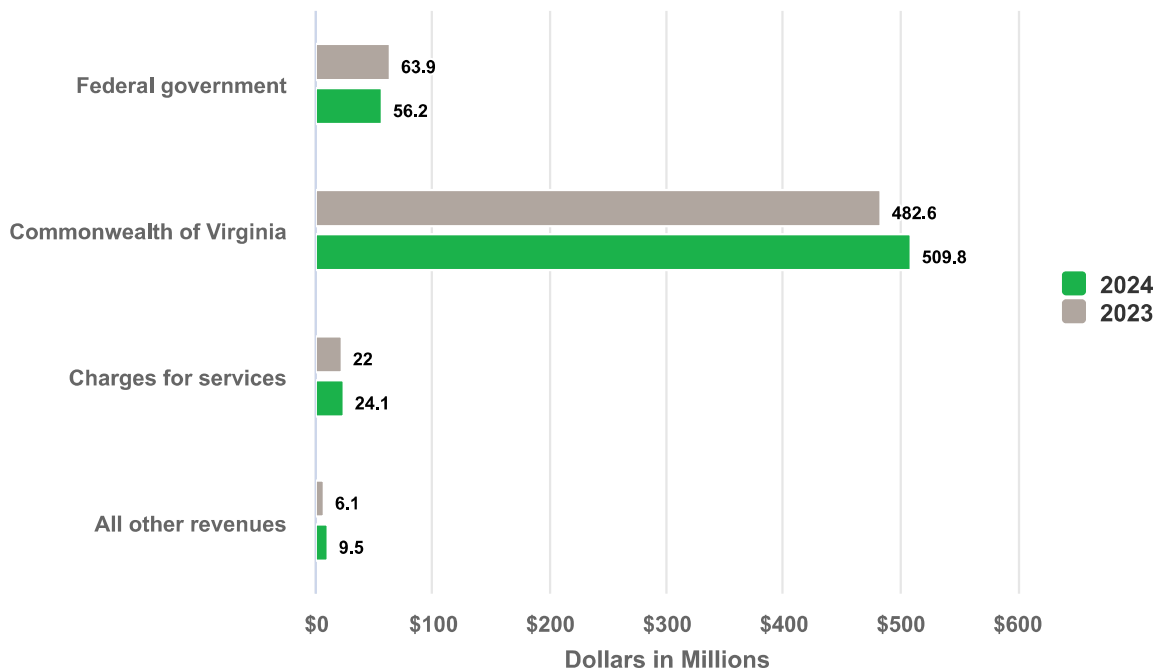
As of June 30, 2024, LCPS' governmental funds reported a combined fund balance of \$304.9 million, an increase of \$41.1 million, compared to an increase of \$16.9 million at June 30, 2023.

Of the combined fund balance, \$3.1 million was nonspendable and not available for future funding, \$3.5 million was restricted by fiscal agents, \$203.9 million was committed by various board actions, and \$87.6 million was assigned to specific contractual and financial planning purposes.

The total revenues for governmental funds in fiscal year 2024 totaled \$2,049.7 million, an 9.0 percent increase over fiscal year 2023. LCPS' primary source of revenue was intergovernmental (from the Federal government, State, and the County) and amounted to \$1,987.8 million in fiscal year 2024, a 8.9 percent increase over fiscal year 2023. All other revenue sources (e.g., charges for services, and recovered costs) totaled \$61.8 million, representing an increase of 10.5 percent over the previous fiscal year.

*The following chart compares the total revenues by source for governmental funds (excluding revenue from the County and transfers in) for the fiscal years ended June 30, 2024 and 2023:*

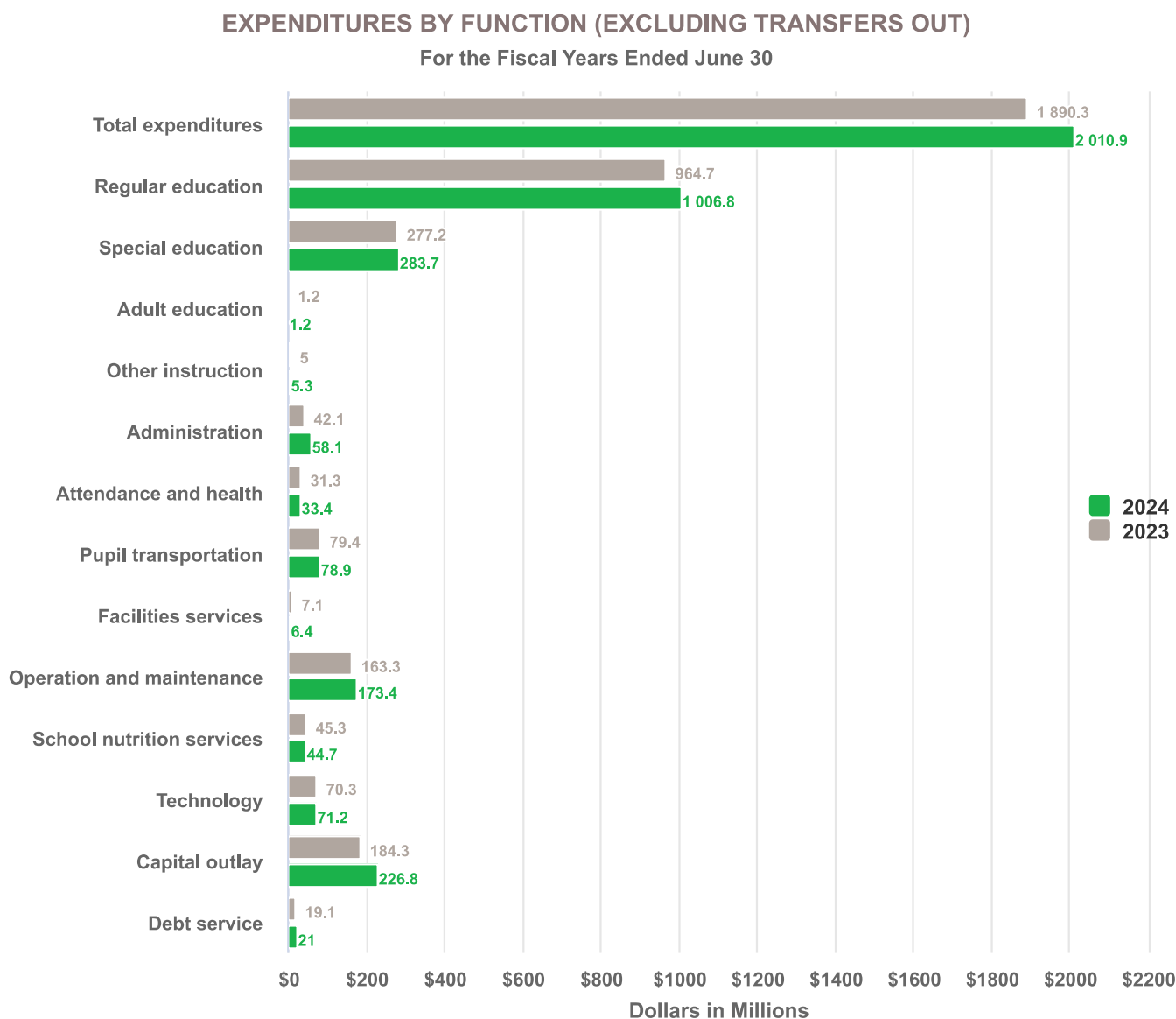
**REVENUES BY SOURCE (EXCLUDING COUNTY REVENUE AND TRANSFERS IN)**  
For the Fiscal Years Ended June 30



Several factors contributing to the net increase in total revenues during fiscal year 2024 include:

- Commonwealth of Virginia revenues increased \$27.2 million from fiscal year 2023. State Aid includes funding for basic aid to support the Standards of Quality (SOQ) and categorical aid for special programs and initiatives. SOQ basic aid increased \$13.8 million from fiscal year 2023 which is calculated based on enrollment. Sales tax is a portion of the State's sales tax that is distributed to school divisions based on school-age population. In January 2023, the state eliminated the state portion of the sales tax on groceries that is dedicated to education (one percent) reducing the amount of sales tax revenue available to school divisions. In FY24, sales tax revenue decreased by \$8.8 million. To mitigate the impact on school divisions, the state provided supplemental state aid to replace the lost revenue, essentially holding school divisions harmless. The receipt of \$16.4 million in supplemental aid helped offset the revenue loss from the sales tax on groceries.
- Federal government revenues decreased \$7.7 million from fiscal year 2023. Federal revenues must be spent for specific purposes according to established statutes and regulations. Federal funds supplement the cost of providing instructional services for students in vocational, adult, special education and programs for educationally and/or economically disadvantaged students. School Nutrition Services' revenues remained flat as the reimbursable rates from the Federal Government for breakfast and lunch were slightly impacted in fiscal year 2024. LCPS continues to expend the remaining COVID funds in fiscal year 2024 as we are working to close out these grants. As a result, we recognized a decrease of \$4.7 million from fiscal year 2023.
- Capital grants and contributions increased \$68.0 million from fiscal year 2023 due to an increase in revenue for construction from the County. We completed construction of an elementary school and middle school that were opened Fall 2024. We also completed major costs in upgrading HVAC, replacing boilers, chillers and roof replacements.
- Charges for services increased by \$3.0 million. Cafeteria sales are the primary revenue source for School Nutrition Services.
- Operating grants and contributions decreased \$10.6 million, or (10.0 percent), from fiscal year 2023.

The following chart compares the expenditures (excluding transfers out) for each LCPS' functional area for the fiscal years ended June 30, 2024 and 2023:



Excluding other financing uses, the total expenditures for governmental funds for the fiscal year ended June 30, 2024 were \$2,010.9 million, an increase of 6.38 percent over fiscal year 2023. Regular and special instruction continue to be LCPS' largest programs.

For the fiscal year ended June 30, 2024, regular instruction expenditures were \$1,006.8 million in comparison to \$964.7 million in fiscal year 2023. This represents an increase of \$42.1 million, or 4.36 percent.

Special instruction expenditures amounted to \$283.7 million, representing an increase of \$6.5 million, or 2.34 percent. The majority of regular and special instruction expenditures were primarily attributed to salaries and benefits.

Regular and special instruction had a \$48.6 million combined increase in expenditures in comparison to fiscal year 2023, due primarily to learning loss, and the opening of two new facilities. LCPS' third largest program, operations and maintenance, includes all activities concerned with keeping LCPS' buildings, grounds, and equipment in effective working condition. At the close of fiscal year 2024, expenditures totaled \$173.4 million. Operations and maintenance costs increased by \$10.1 million from the prior year.

Capital outlays for the total governmental funds increased by \$42.5 million. Capital outlay expenditures were \$226.8 million compared to \$184.3 million during fiscal year 2023. The increase of 23.06 percent from the prior year is due mainly to an increase in the number of projects under construction.

Other factors accounting for expenditures during fiscal year 2024 include:

- Expenditures for pupil transportation decreased \$.5 million, or .63 percent. This decrease is due to favorable costs of fuel. Administration, Attendance and Health, and Facilities services expenditures increased \$17.5 million or 21.7 percent from fiscal year 2023.
- There was an increase from fiscal year 2023 of \$.9 million or 1.28 percent for the technology program.

**The General Fund** is the main operating fund of LCPS. At the end of the current fiscal year, the fund balance was \$63.0 million. The General Fund's revenues increased \$106.7 million, or 5.0 percent, from the previous fiscal year which is mainly attributable to the contribution from the County of an increase of \$75.6 million, which is LCPS' primary revenue source. Also, we received an increase from the Commonwealth of Virginia of \$27.2 million. Expenditures (excluding other financing uses) increased \$59.8 million, or 3.8 percent. The increase in revenues and expenditures and the changes to other financing sources and uses resulted in a net increase in fund balance of (\$18.6) million from the prior fiscal year. The total fund balance at June 30, 2024 for the General Fund represents 20.7 percent of the total combined fund balance of all governmental funds.

**The Capital Improvements Fund**, which accounts for LCPS' major capital projects, ended the current fiscal year with a \$162.7 million fund balance, which is committed to fund next year's operations. The Capital Improvement Fund's revenue of \$225.6 million is an increase of \$52.8 million, or 30.5 percent, from the previous year as we received an increase in funding for construction from the County. The expenditures of \$207.4 million for fiscal year 2024 is an increase of \$29.2 million from fiscal year 2023, or 24.0 percent. LCPS finished construction on an elementary and middle school which opened Fall 2024. We also completed major costs in upgrading HVAC, replacing boilers, chillers and roof replacements. The increase in revenues and the even larger increase in expenditures resulted in a net increase in fund balance of \$18.2 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

The Superintendent presents LCPS' Superintendent Estimate of Needs (SEON) to the School Board in January every year. The School Board conducts a series of public hearings and workshop sessions before adopting their fiscal year budget. The School Board's Adopted Budget is then forwarded to the County for inclusion in the County Executive's advertised budget. By early April, the BOS holds public hearings regarding the proposed budget and determines the amount of funding to be appropriated to LCPS. If the School Board's Adopted Budget is fully funded, then no additional action is necessary. If the appropriated amount is less than the School Board's Adopted Budget, then the School Board enters into reconciliation to bring their final budget in line with the appropriation.

The approved budget governs the financial operations of LCPS beginning on July 1 and is modified on an as needed basis as revenue sources and expenditure priorities change. LCPS' School Board policies and regulations guide all budget modifications, including supplemental appropriations.

During fiscal year 2024, supplemental increases to the General Fund's budget included an increase to expenditures for the carryover of encumbrance obligations from fiscal year 2023; additional state funding for a mid-year pay increase; and an appropriation recognizing additional local funding remaining from the County's fiscal year 2023 fund balance. Actual revenues were less than the final amended budget by \$10.2 million due almost entirely to a shortfall in State Aid. Actual expenditures were \$71.2 million less than amended budget, or 4.2 percent. The \$71.2 million variance between actual and amended budget for expenditures was a result of savings in: total personnel accounts of \$ 30.4 million; combined savings of \$11.5 million between operations and maintenance and capital outlay and offset by expenses above the amended budget of \$10.5 million for debt obligations related to GASB 87 and GASB 96 as well as an internal transfer of \$ 13.1 million to the Self Insurance fund.

The following table presents a summary comparison of the General Fund's original and final budgets with actual performance, net of other financing sources and uses, for the fiscal year ended June 30, 2024

#### GENERAL FUND BUDGET AND ACTUAL COMPARISON

For the Fiscal Year Ended June 30, 2024

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

	Original Budget	Final Budget	Actual	Variance from Final Budget
Total revenues	\$ 1,656.3	\$ 1,675.0	\$ 1,664.8	\$ (10.2)
Total expenditures	(1,668.3)	(1,709.7)	(1,638.6)	71.1
Total other financing uses	-	-	(7.6)	(7.6)
Net change in fund balances	\$ (12.0)	\$ (34.7)	\$ 18.6	\$ 53.3

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### CAPITAL ASSETS

As of June 30, 2024, LCPS' investment in capital assets for governmental activities totaled \$3,428.3 billion. Accumulated depreciation and amortization totaled \$1,010.0 million resulting in capital assets, net of accumulated depreciation and amortization of \$2,418.2 billion. This represents a net increase in capital assets of \$135.1 million, or 5.6 percent, over the prior year, due to lease assets being reported this year.

Major capital asset events during fiscal year 2024 included the following:

- LCPS acquired \$25.4 million in equipment and machinery.
- Total asset disposals amounted to \$5.0 million.
- LCPS opened Henrietta Lacks Elementary School and Watson Mountain Middle School in Fall 2024. Total building costs incurred during fiscal year 2024 amounted to \$39.1 million.
- Costs associated with ongoing projects remained in construction in progress at the fiscal year end. These projects include cumulative construction expenditures of \$208.3 million.
- Additional detailed information regarding LCPS' capital assets, including the current year's activity, can be found in notes I.G and III.E in the notes to the financial statements.

The following table summarizes capital assets as of June 30, 2024 and 2023:

#### NET CAPITAL ASSETS

As of June 30, 2024

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

Capital Asset Category	Book Value (net of depreciation/amortization)*	
	2024	2023
Land	\$ 173.4	\$ 173.4
Construction in progress	359.4	201.4
Buildings	1,789.4	1,818.9
Right-to-use lease Buildings	2.4	3.0
Right-to-use lease Equipment	19.7	23.7
Right-to-use lease SBITA	10.1	9.3
Machinery and equipment	55.8	46.2
Improvements other than buildings	7.3	6.5
Infrastructure	0.7	0.7
Total	\$ 2,418.2	\$ 2,283.1

\* Except for land and construction in progress.

### LONG-TERM LIABILITIES

As of June 30, 2024, LCPS reported total outstanding debt of \$1,408.1 million, compared to \$1,384.7 million at June 30, 2023. Of this amount, \$863.4 million related to pension liability. OPEB liabilities total \$401.7 million in 2024 as compared to \$423.7 million for 2023. \$45.6 million is related to leases and installment purchases. Compensated absences are \$62.4 million in 2024 as compared to \$58.4 million in 2023. LCPS' additions to installment purchases related to \$10.0 million for computers, vehicles and other equipment. The following is a summary of LCPS' gross outstanding long-term liabilities for governmental activities.

**OUTSTANDING LONG-TERM LIABILITIES**

As of June 30

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

	2024	2023
Compensated absences	\$ 62.4	\$ 58.4
Claims liabilities	26.0	21.8
Lease liability	22.9	27.4
Installment purchase liability	22.6	22.6
SBITA liability	8.9	8.6
OPEB liability	401.7	423.7
Net OPEB VLDP (asset) / liability	0.1	(0.1)
Net pension liability	863.4	822.3
Total	<u>\$ 1,408.0</u>	<u>\$ 1,384.7</u>

Further detail is provided below for the OPEB liabilities:

**OUTSTANDING OPEB LIABILITIES/(ASSETS)**

As of June 30

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

	2024	2023
Virginia Local Disability Program	\$ -	\$ -
Group Life Insurance	47.2	48.4
Health Insurance Credit	101.7	107.3
OPEB liability	252.8	268.0
Total	<u>\$ 401.7</u>	<u>\$ 423.7</u>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

LCPS' enrollment totals remained flat for fiscal year 2024. Student enrollment K-12 is projected to remain relatively stable, under 83,000 students, over the next several fiscal years.

The primary source of revenue for LCPS comes from the County of Loudoun. Budgeted revenue from the County in FY25 is \$112.0 million higher than FY24 or a 9.4 percent increase.

LCPS opened Henrietta Lacks Elementary School and Watson Mountain Middle School in Fall 2024. In FY25, it will cost an average of \$21,793 for personnel, employee benefits, and materials to provide school-level instructional and support services for each student. Step and market increases continue for all eligible employees, as well as restoration of positions and compensation increases. Key items under focus are enhanced safety and security measures at all LCPS locations, funding for Virtual Loudoun distance learning and an increase in specialized support positions to help support the mental health of LCPS students. The other major source of LCPS' revenues is driven by student enrollment, particularly in the area of State and Federal aid.

The fiscal year 2025 approved operating budget is tied directly to the One LCPS: 2027 Strategic Plan for Excellence. There are significant investments in each of the four goals with an emphasis on the continuation of innovative programs, new support for students and compensation for exemplary staff. The approved operating budget includes an increase of \$156.4 million, or 9.4 percent from fiscal year 2024.

**CONTACTING LCPS MANAGEMENT**

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

This ACFR can also be found on the LCPS website at [www.lcps.org](http://www.lcps.org).



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# Basic Financial Statements

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



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**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Statement of Net Position**  
**June 30, 2024**

Exhibit I

	Primary Government	Component Units		Total Reporting Entity
	Governmental Activities	Middleburg Community Charter School	Hillsboro Charter Academy	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,019,719	\$ 909,595	\$ 1,696,600	\$ 12,625,914
Accounts receivable, net	17,616,746	-	-	17,616,746
Lease receivable	99	-	-	99
Due from County	550,812,884	-	-	550,812,884
Due from component units	147,622	-	-	147,622
Due from other governmental units	16,706,270	-	-	16,706,270
Inventories	1,819,561	-	-	1,819,561
Prepaid items	10,325,464	-	35,200	10,360,664
Deposits	4,903,000	-	-	4,903,000
Restricted cash on deposit with others	1,185,866	130,000	-	1,315,866
Nondepreciable capital assets	532,903,102	-	-	532,903,102
Depreciable capital assets, net of depreciation/amortization	1,885,346,590	-	-	1,885,346,590
<b>Total assets</b>	<b>3,031,786,923</b>	<b>1,039,595</b>	<b>1,731,800</b>	<b>3,034,558,318</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to other postemployment benefits	206,374,467	-	-	206,374,467
Deferred outflows related to pensions	323,786,121	-	-	323,786,121
<b>Total deferred outflows of resources</b>	<b>530,160,588</b>	<b>-</b>	<b>-</b>	<b>530,160,588</b>
<b>LIABILITIES</b>				
Accounts payable	104,803,350	18,343	48,228	104,869,921
Accrued liabilities	128,735,938	10,362	-	128,746,300
Due to Primary Government	-	2,571	145,051	147,622
Contract retainages	11,039,104	-	-	11,039,104
Other liabilities	4,589,893	-	-	4,589,893
Unearned revenues	13,429,131	-	-	13,429,131
Long-term liabilities:				
Due within one year	47,050,570	-	-	47,050,570
Due in more than one year	1,360,999,891	-	-	1,360,999,891
<b>Total liabilities</b>	<b>1,670,647,877</b>	<b>31,276</b>	<b>193,279</b>	<b>1,670,872,432</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to other postemployment benefits	41,016,784	-	-	41,016,784
Deferred inflows related to pensions	105,810,389	-	-	105,810,389
<b>Total deferred inflows of resources</b>	<b>146,827,173</b>	<b>-</b>	<b>-</b>	<b>146,827,173</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,330,571,840	-	-	2,330,571,840
Restricted for:				
Permanent fund-nonexpendable	19,570	-	-	19,570
Legal agreement	3,495,906	130,000	-	3,625,906
Unrestricted	(589,614,855)	878,319	1,538,521	(587,198,015)
<b>Total net position</b>	<b>\$ 1,744,472,461</b>	<b>\$ 1,008,319</b>	<b>\$ 1,538,521</b>	<b>\$ 1,747,019,301</b>

See accompanying notes to the financial statements.

## LOUDOUN COUNTY PUBLIC SCHOOLS

## Statement of Activities

For the Fiscal Year Ended June 30, 2024

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Instruction:				
Regular	\$ 1,066,246,374	\$ 2,289,141	\$ 29,929,692	\$ -
Special	287,041,814	-	47,103,398	-
Adult education	1,184,411	215,022	174,062	-
Other	5,258,153	-	-	-
Charter Schools	5,653,332	-	-	-
Total instruction	1,365,384,084	2,504,163	77,207,152	-
Support Services:				
Administration	61,794,079	-	-	-
Attendance and health	33,904,114	-	-	-
Pupil transportation	90,488,539	-	-	-
Facilities services	26,623,295	-	-	268,802,936
Operation and maintenance	176,563,566	-	-	-
School nutrition services	45,319,043	21,607,846	19,388,008	-
Total support services	434,692,635	21,607,846	19,388,008	268,802,936
Technology	81,081,400	-	2,545,678	-
Interest on long-term debt	1,643,752	-	-	-
Total Primary Government	\$ 1,882,801,871	\$ 24,112,009	\$ 99,140,838	\$ 268,802,936
Component Units:				
Middleburg Community Charter School	\$ 3,318,909	\$ -	\$ 3,242,342	\$ -
Hillsboro Charter Academy	\$ 3,359,943	\$ -	\$ 3,344,529	\$ -

**General revenues:**

Grants and contributions not restricted to specific purposes:

Federal government

Commonwealth of Virginia

County of Loudoun, Virginia

Revenue from the use of money and property

Lease fund interest

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position, end of year

See accompanying notes to the financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government	Component Units		Total Reporting Entity	Functions/Programs
Governmental Activities	Middleburg Community Charter School	Hillsboro Charter Academy		
\$ (1,034,027,541)	\$ -	\$ -	\$ (1,034,027,541)	<b>Primary Government:</b>
(239,938,416)	-	-	(239,938,416)	Instruction:
(795,327)	-	-	(795,327)	Regular
(5,258,153)	-	-	(5,258,153)	Special
(5,653,332)	-	-	(5,653,332)	Adult education
	-	-		Other
	-	-		Charter Schools
(1,285,672,769)	-	-	(1,285,672,769)	Total instruction
(61,794,079)	-	-	(61,794,079)	<b>Support Services:</b>
(33,904,114)	-	-	(33,904,114)	Administration
(90,488,539)	-	-	(90,488,539)	Attendance and health
242,179,641	-	-	242,179,641	Pupil transportation
(176,563,566)	-	-	(176,563,566)	Facilities services
(4,323,189)	-	-	(4,323,189)	Operation and maintenance
	-	-		School nutrition services
(124,893,845)	-	-	(124,893,845)	Total support services
(78,535,722)	-	-	(78,535,722)	Technology
(1,643,752)	-	-	(1,643,752)	Interest on long-term debt
\$ (1,490,746,088)	\$ -	\$ -	\$ (1,490,746,088)	Total Primary Government
	\$ (76,567)	\$ -	\$ (76,567)	<b>Component Units:</b>
				Middleburg Community Charter School
	\$ -	\$ (15,414)	\$ (15,414)	Hillsboro Charter Academy
				<b>General revenues:</b>
				Grants and contributions not restricted to specific purposes:
\$ 12,087,716	\$ -	\$ -	\$ 12,087,716	Federal government
456,174,784	-	-	456,174,784	Commonwealth of Virginia
1,153,029,770	-	-	1,153,029,770	County of Loudoun, Virginia
1,709,336	15,741	55,388	1,780,465	Revenue from the use of money and property
261,574	-	-	261,574	Lease fund interest
33,352,722	-	56,520	33,409,242	Other
1,656,615,901	15,741	111,908	1,656,743,550	Total general revenues
165,869,813	(60,826)	96,494	165,905,481	Change in net position
1,578,602,648	1,069,145	1,442,027	1,581,113,820	Net position at beginning of year
\$ 1,744,472,461	\$ 1,008,319	\$ 1,538,521	\$ 1,747,019,301	Net position, end of year

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

Exhibit III

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 860	\$ -	\$ 10,018,859	\$ 10,019,719
Accounts receivable, net	1,531,020	2,485,403	13,368,457	17,384,880
Lease receivable	99	-	-	99
Due from County	550,812,884	-	-	550,812,884
Due from component unit	147,622	-	-	147,622
Due from other governmental units	11,155,499	-	5,550,771	16,706,270
Interfund receivables	123,411	193,402,044	85,564,911	279,090,366
Inventories	913,868	-	905,693	1,819,561
Prepaid items	1,079,822	-	192,014	1,271,836
Restricted cash on deposit with others	-	-	1,185,866	1,185,866
Total assets	<u>\$ 565,765,085</u>	<u>\$ 195,887,447</u>	<u>\$ 116,786,571</u>	<u>\$ 878,439,103</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 67,068,257	\$ 17,037,137	\$ 12,859,452	\$ 96,964,846
Accrued liabilities	117,155,948	4,818,967	6,422,905	128,397,820
Interfund payables	313,959,882	-	5,192,430	319,152,312
Contract retainages	-	11,039,104	-	11,039,104
Other liabilities	4,589,893	-	-	4,589,893
Unearned revenues	-	279,500	13,149,631	13,429,131
Total liabilities	<u>502,773,980</u>	<u>33,174,708</u>	<u>37,624,418</u>	<u>573,573,106</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to Lease	29	-	-	29
Total deferred inflows of resources	<u>29</u>	<u>-</u>	<u>-</u>	<u>29</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	913,868	-	905,693	1,819,561
Prepaid items and deposits	1,079,822	-	192,014	1,271,836
Permanent fund-nonexpendable	-	-	19,570	19,570
Restricted for:				
Restricted by legal agreement	-	-	3,495,906	3,495,906
Committed to:				
Capital improvements	-	162,712,739	-	162,712,739
Capital asset preservation	-	-	41,205,826	41,205,826
Assigned to:				
General Fund contractual obligations	39,753,185	-	-	39,753,185
General Fund subsequent years' appropriations	12,000,000	-	-	12,000,000
Special revenue fund	-	-	35,866,812	35,866,812
Unassigned	9,244,201	-	(2,523,668)	6,720,533
Total fund balances	<u>62,991,076</u>	<u>162,712,739</u>	<u>79,162,153</u>	<u>304,865,968</u>
Total liabilities and fund balances	<u>\$ 565,765,085</u>	<u>\$ 195,887,447</u>	<u>\$ 116,786,571</u>	<u>\$ 878,439,103</u>

See accompanying notes to the financial statements.

**Governmental Funds**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**

Exhibit IV

June 30, 2024

Fund balances - total governmental funds	\$	304,865,968
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Amounts reported for governmental activities in the Statement of Net Position are different due to:  
 Capital assets used in governmental funds' activities are not financial resources and, therefore, are not reported in the funds.

Nondepreciable capital assets	532,903,102	
Depreciable/amortizable capital assets	2,895,386,082	
Accumulated depreciation and amortization	<u>(1,010,039,492)</u>	
Total		2,418,249,692

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

Assets	54,250,440	
Liabilities	<u>(33,799,984)</u>	
Total		20,450,456

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

Compensated absences	(62,430,576)	
Installment purchase liabilities	(22,647,533)	
Lease liabilities	(22,914,092)	
SBITA liability	(8,941,519)	
Accrued interest on long-term debt	<u>(338,080)</u>	
Total		(117,271,800)

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

Deferred outflows of resources related to pensions	323,786,121	
Net pension liability	(863,351,077)	
Deferred inflows of resources related to pensions	<u>(105,810,389)</u>	
Total		(645,375,345)

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

Deferred outflows of resources related to OPEB	206,374,467	
Net OPEB liability	(401,688,243)	
Net OPEB (liability) VLDP	(115,951)	
Deferred inflows of resources related to OPEB	<u>(41,016,784)</u>	
Total		(236,446,511)

Net position of governmental activities	\$	<u><u>1,744,472,461</u></u>
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See accompanying notes to the financial statements.

## LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit V

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Fiscal Year Ended June 30, 2024

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 1,107,879	\$ 10,979,837	\$ 44,101,314	\$ 56,189,030
Commonwealth of Virginia	493,989,705	-	15,824,906	509,814,611
County of Loudoun, Virginia	1,153,631,414	214,607,099	53,594,193	1,421,832,706
Charges for services:				
Tuition and fees	2,504,164	-	11,088	2,515,252
Food sales	-	-	21,607,846	21,607,846
Revenue from the use of money and property	1,811,169	-	-	1,811,169
Lease fund interest	-	-	261,574	261,574
Recovered costs	7,410,304	-	-	7,410,304
Other	4,367,288	-	23,858,412	28,225,700
Total revenues	1,664,821,923	225,586,936	159,259,333	2,049,668,192
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular	970,810,545	-	36,031,015	1,006,841,560
Special	264,040,864	-	19,691,639	283,732,503
Adult education	927,234	-	239,975	1,167,209
Other	5,166,895	-	-	5,166,895
Support services:				
Administration	58,122,532	-	1,500	58,124,032
Attendance and health	33,095,212	-	312,331	33,407,543
Pupil transportation	78,935,922	-	5,581	78,941,503
Facilities services	6,422,912	-	-	6,422,912
Operation and maintenance	141,090,442	-	32,263,709	173,354,151
School nutrition services	875,939	-	43,838,738	44,714,677
Technology	60,929,275	-	10,277,919	71,207,194
Capital outlay	7,696,449	207,259,471	11,855,772	226,811,692
Debt service:				
Principal	9,767,063	105,940	9,971,755	19,844,758
Interest	700,485	12,780	406,438	1,119,703
Total expenditures	1,638,581,769	207,378,191	164,896,372	2,010,856,332
Excess (deficiency) of revenues over (under) expenditures	26,240,154	18,208,745	(5,637,039)	38,811,860
<b>OTHER FINANCING SOURCES</b>				
Installment purchases	-	-	10,000,000	10,000,000
Subscription based IT	5,447,759	-	-	5,447,759
Transfers Out	(13,116,824)	-	-	(13,116,824)
Total other financing sources, net	(7,669,065)	-	10,000,000	2,330,935
Net change in fund balances	18,571,089	18,208,745	4,362,961	41,142,795
Fund balances at beginning of year	44,419,987	144,503,994	74,799,192	263,723,173
Fund balances at end of year	\$ 62,991,076	\$ 162,712,739	\$ 79,162,153	\$ 304,865,968

See accompanying notes to the financial statements.



**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

Exhibit VI

Net changes in fund balances - total governmental funds \$ 41,142,795

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	230,097,749	
Depreciation and amortization expense	(95,066,970)	
Total		135,030,779

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.		144,028
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Gains and losses on the disposal of capital assets are reported in the Statement of Activities. However, in governmental funds, the proceeds from sales are reported. The difference is the net depreciated value of the disposed capital assets.		(42,503)
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Principal payments on leases, SBITA and installment purchase liability 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.		19,538,758
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Proceeds from the issuance of long-term debt are reported as other financing sources in the governmental funds, increasing fund balance. In the government-wide statements, new debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This represents principal amounts of new leases.		(15,447,759)
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In the Statement of Activities, certain operating expenses (OPEB, pensions, and compensated absences) are measured by the amounts earned during the current year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

OPEB:		
OPEB contributions	55,146,466	
Cost of benefits earned net of employee contributions	(78,645,259)	(23,498,793)

Compensated absences		(4,017,295)
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Pensions:		
Pension contributions	153,176,362	
Cost of benefits earned net of employee contributions	(123,496,687)	29,679,675

Internal service funds are used by management to charge the costs of certain services to individual funds. Activities of the internal service funds are reported with governmental activities.		(16,330,496)
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Interest on leases is reported as expenditures in the governmental funds when it is due. However, in the Statement of Activities, interest is expensed as it accrues. This amount represents the net change in accrued interest on long-term debt.		(329,376)
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Change in net position of governmental activities		<u>\$ 165,869,813</u>
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See accompanying notes to the financial statements.

## LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit VII

## Statement of Net Position

## Proprietary Funds

June 30, 2024

	<b>Self- Insurance Fund</b>
<b>ASSETS</b>	
Current assets:	
Accounts receivable, net	\$ 231,866
Interfund receivables	40,061,946
Prepaid items	9,053,628
Deposits	<u>4,903,000</u>
Total current assets	<u>54,250,440</u>
 Total assets	 <u>54,250,440</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	7,838,504
Claims liabilities	<u>25,961,480</u>
Total current liabilities	<u>33,799,984</u>
 Total liabilities	 <u>33,799,984</u>
<b>NET POSITION</b>	
Unrestricted	<u>20,450,456</u>
Total net position	<u><u>\$ 20,450,456</u></u>

See accompanying notes to the financial statements.

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2024**

Exhibit VIII

	<b>Self Insurance Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 250,676,356
Total operating revenues	250,676,356
<b>OPERATING EXPENSES</b>	
Claims	256,031,376
Personnel services	4,546,551
Other services and charges	18,935,587
Materials and supplies	610,162
Total operating expenses	280,123,676
Net operating loss before transfers	(29,447,320)
Transfers In	13,116,824
Net operating loss	(16,330,496)
Change in net position	(16,330,496)
Net position at beginning of year	36,780,952
Net position at end of year	\$ 20,450,456
See accompanying notes to the financial statements.	

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2024**

Exhibit IX

	<b>Self Insurance Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 250,883,992
Payments to suppliers for goods and services	(23,535,396)
Claims paid	(251,923,172)
Payments to employees	(4,546,551)
Prepaid items	5,781,807
Payments from interfund services	10,222,496
Net cash used in operating activities	<u>(13,116,824)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers in	<u>13,116,824</u>
Net cash provided by noncapital financing activities	<u>13,116,824</u>
Cash at beginning of year	-
Cash at end of year	<u>\$ -</u>
<b>Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities:</b>	
<b>NET OPERATING LOSS</b>	<u>\$ (29,447,320)</u>
<b>(INCREASE) DECREASE IN ASSETS AND INCREASE (DECREASE) IN LIABILITIES</b>	
Accounts receivable, net	207,636
Interfund receivables	10,222,496
Deposits	(63,000)
Prepaid items	5,781,807
Accounts payable	(3,926,647)
Accrued liabilities	-
Claims liabilities	4,108,204
Total adjustments	<u>16,330,496</u>
Net cash used in operating activities	<u>\$ (13,116,824)</u>

See accompanying notes to the financial statements.

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2024**

Exhibit X

	Other Postemployment Benefits Fund
<b>ASSETS</b>	
Investments at fair value-investments in pooled funds	\$ 287,626,829
Total assets	<u>287,626,829</u>
<b>NET POSITION</b>	
Net position restricted for other postemployment benefits	<u>\$ 287,626,829</u>
See accompanying notes to the financial statements.	

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Other Postemployment Benefits Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 36,659,436
Plan Member	3,704,945
Total contributions	<u>40,364,381</u>
Investment income:	
Interest	\$ 106,341
Net change in investments	20,200,642
Investment management fees	(131,036)
Total investment loss	<u>20,175,946</u>
Total additions	<u>60,540,327</u>
<b>DEDUCTIONS</b>	
Benefit payments	\$ 27,629,137
Administrative payments	735,244
Total deductions	<u>28,364,381</u>
Change in net position	32,175,947
Net position restricted for other postemployment benefits, at beginning of year	255,450,883
Net position restricted for other postemployment benefits, at end of year	<u><u>\$ 287,626,829</u></u>

See accompanying notes to the financial statements.

# Notes to the Financial Statements

## Loudoun County Public Schools

June 30, 2024

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. REPORTING ENTITY

A reporting entity is comprised of its Primary Government and component units. To justify inclusion as a component unit, a financial dependency alone no longer requires inclusion, but a financial benefit or burden relationship must also exist. Per accounting principles generally accepted in the United States of America as applicable to governmental units (GAAP), component units are legally separate entities for which the Primary Government is financially accountable (e.g., a component unit that is fiscally dependent on the primary government). Financial accountability ordinarily involves meeting both of the following criteria: (a) the primary government is accountable for the component unit, and (b) the primary government is able to impose its will upon the component unit (or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the primary government). Accordingly, Middleburg Community Charter School (MCCS) and Hillsboro Charter Academy (HCA) meet those criteria as component units of LCPS. MCCS and HCA are included as discretely presented component units of the reporting entity for fiscal year ended June 30, 2024 because exclusion would render the financial statements misleading.

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

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

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

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

Hillsboro Charter Academy  
37110 Charles Town Pike  
Purcellville, VA 20132

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

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

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



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

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

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 information.

### 1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

### 2. FUND FINANCIAL STATEMENTS

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

The Internal Service Funds consist of the Self Insurance Funds.

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

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

LCPS reports the following major governmental fund types:

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

LCPS reports the following nonmajor governmental fund types:

- **Special Revenue Funds**—Special revenue funds are used to account for proceeds of specific revenue sources, other than major Capital Improvements, in which expenditures are restricted for a specified purpose. The Lease Fund accounts for lease proceeds used to purchase specific vehicles, technology and other machinery and equipment. The School Nutrition Services Fund accounts for sales proceeds from the school cafeterias. The Grant Fund accounts for federal, state, and private grant proceeds used for educational purposes. The School Activity Fund accounts for monies collected and disbursed at schools in support of student related activities.

- **Capital Asset Preservation Fund**—The Capital Asset Preservation Fund tracks LCPS' financial transactions used for the replacement and maintenance of major systems of LCPS' facilities.
- **Debt Service Fund**—The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest, and related costs on long-term debt of governmental funds.
- **Permanent Fund**—The Peabody Trust Fund is used to account for monies provided through a private donor, the corpus of which is nonexpendable. The interest earned on fund assets may be used only for school expenses.

LCPS reports the following additional fund types:

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

## C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

### 1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

### 2. FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

Fiduciary funds are reported using economic resources measurement focus and the accrual basis of accounting.

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

### **1. UNEARNED REVENUES**

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

### **2. DEFERRED OUTFLOWS OF RESOURCES**

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. LCPS reports deferred outflows of resources for amounts related to pensions and OPEB in the government-wide Statement of Net Position. Deferred outflows for pensions and OPEB result from changes in actuarial assumptions, pension/OPEB trust net change in investments, change in the proportionate share of total VRS Teachers' Pool liability and VRS OPEB programs, actual economic experience that is different than estimated, and pension/OPEB contributions made to the measurement date. Changes in deferred outflows of resources are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period, and contributions subsequent to the measurement date, which are recognized in the subsequent fiscal year. A deferred outflow of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of the resources (expenses) until the future period.

### **3. DEFERRED INFLOWS OF RESOURCES**

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

## **E. CASH AND INVESTMENTS**

### **1. CASH AND CASH EQUIVALENTS**

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

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

### **2. RESTRICTED CASH AND INVESTMENTS AT FAIR VALUE**

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

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

## **F. INVENTORIES, PREPAID ITEMS AND DEPOSITS**

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

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

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

## G. CAPITAL ASSETS

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

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

Subscription based IT agreements (SBITA) are measured at the present value of payments expected to be made during the lease term and amortized on a straight-line basis over their useful life. 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).

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

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

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

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

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

The charter schools reported no capital assets for fiscal year ended June 30, 2024.

## H. COMPENSATED ABSENCES AND ACCRUED SALARIES AND BENEFITS

LCPS employees, other than teachers, earn annual leave pay based on a prescribed formula depending on years of service. Eligible employees are allowed to accumulate a maximum of 480 hours of annual leave as of the end of each fiscal year. Any excess annual leave hours are converted to sick leave. Employees who terminate their employment will have their annual leave prorated based on the total amount earned for the school year. Payment for earned annual leave will be calculated based upon the employees' regular rate of pay at the time of separation. Teachers do not accumulate annual leave. As of June 30, 2024, \$32,092,434 of accumulated annual leave was accrued as compensated absences.

Any LCPS retiree, with ten (10) or more years of service will receive 25% of their final daily wage for each day of unused sick leave, the total amount not to exceed an index of 25% of the previous year's average teacher salary for LCPS as reported in the State of Virginia's Annual School Report. There is an allowed maximum amount of \$20,789.73 per individual for FY 2024. As of June 30, 2024, \$22,491,384 of unused sick leave was accrued as compensated absences.

Additionally, any LCPS retiree, with ten (10) or more years of service is eligible for a salary supplement equal to 0.5% of the final annual salary multiplied by the number of years of service to LCPS. The amount shall not exceed \$2,500 nor be less than \$500. As of June 30, 2024, \$7,846,758 of eligible retiree salary supplement was accrued.



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

The charter schools reported no compensated absences on June 30, 2024 .

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

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

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

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

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

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

#### **J. NET POSITION**

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

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

Total capital assets, net of depreciation/amortization	\$ 2,418,249,692
Lease assets liability	(22,914,092)
SBITA liability	(8,941,519)
Installment purchase liability	(22,647,533)
Total liabilities - Capital Improvements Fund	(33,174,708)
Net Investment in capital assets	<u>\$ 2,330,571,840</u>

The restricted net position represents the portion of net position that is legally restricted to be used for the nonexpendable portion (\$19,570) of the permanent fund and the portion legally restricted by external parties for leases (\$3,495,906).

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

#### **K. FUND BALANCE**

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

##### **1. NONSPENDABLE FUND BALANCE**

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

##### **2. RESTRICTED FUND BALANCE**

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

##### **3. COMMITTED FUND BALANCE**

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

##### **4. ASSIGNED FUND BALANCE**

The assigned fund balance classification reflects amounts that the School Board *intends* to be used for specific purposes. Assignments may be established either by the School Board or by the Superintendent, and are subject to neither the restricted nor the committed levels of constraint. The assignment of fund balance is authorized by Board resolution for subsequent year appropriations and by Board policy for assignment of contractual obligations.

## 5. UNASSIGNED FUND BALANCE

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

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

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

## 6. FLOW ASSUMPTION

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

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

## L. LEASES

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

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

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

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

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

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

## M. ENCUMBRANCES

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

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

Following are the encumbrances as of June 30, 2024:

General Fund	\$ 39,753,185
Capital Improvements Fund	95,403,357
Nonmajor Funds (aggregate)	29,740,584
Total Governmental Funds	<u>\$ 164,897,126</u>

## N. PENSION PLANS

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

#### **O. OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of LCPS' OPEB plans and the additions to/deletions from LCPS' OPEB plans' net fiduciary position have been determined on the same basis as they were reported by the VRS for Group Life Insurance (GLI), Health Insurance Credit (HIC), and Virginia Local Disability Program (VLDP), as well as by the actuarial valuation provided for LPCS' OPEB Trust. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **P. TAX STATUS**

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

#### **Q. NEW PRONOUNCEMENTS**

The GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62 in June 2022. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections by providing more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years that end June 30, 2024. Management has implemented this statement and had no material impact on the financial statements.

The GASB issued Statement No. 101, Compensated Absences, in December 2024. This Statement updates the recognition and measurement guidance. The requirements of this Statement are effective for fiscal years that end December 31, 2024. Management is in the process of completing its assessment on the impact of these requirements.

The GASB issued Statement No. 102, Certain Risk Disclosures in December 2023. The requirements of this Statement are effective for fiscal years that end June 30, 2025. Management is in the process of completing its assessment on the impact of these requirements.

The GASB issued Statement No. 103, Financial Reporting Model Improvements in April 2024. The requirements of this Statement are effective for fiscal years that end June 1, 2025. Management is in the process of completing its assessment on the impact of these requirements.

The GASB issued Statement No. 104, Disclosure of Certain Capital Assets, in September 2024. The requirements of this Statement are effective for fiscal years that begin after June 15, 2025. Management is in the process of completing its assessment on the impact of these requirements.

#### **R. BUDGETARY CONTROLS**

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

#### **S. SUBSCRIPTION BASED INFORMATION TECHNOLOGY**

The County has entered into various long-term noncancellable subscription arrangements for the use of the vendor's information technology software. Most of the subscriptions have initial terms of more than one year with up to seven years possible and contain renewals at LCPS option. The threshold for capitalization is \$100,000 or more. LCPS includes the renewal period in the subscription term when it is reasonably certain that the renewal option will be exercised. LCPS generally uses its incremental borrowing rate to discount the subscription payments.



## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

*The following reconciliations accompany the governmental fund statements:*

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

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

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

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

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

## III. DETAILED NOTES TO ALL FUNDS

### A. BANK DEPOSITS AND INVESTMENTS

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

#### 1. CASH AND CASH EQUIVALENTS

The General Fund holds \$500 petty cash on June 30, 2024 for small purchases on an emergency basis as well as \$360 of in transit items. The School Nutrition Services Fund had \$13,576 consisting of its change fund and in transit items on June 30, 2024. Cash and temporary investments related to MCCS and HCA are all highly liquid cash and cash equivalents. Cash and temporary investments related to the School Activity Funds are all highly liquid cash and cash equivalents. The Special Revenue School Activity Fund reported \$10,005,283 cash and cash equivalents on June 30, 2024.

MCCS had \$909,595 cash and cash equivalents on June 30, 2024. Cash and temporary investments related to HCA are all highly liquid cash and cash equivalents. HCA had \$1,696,600 cash and cash equivalents on June 30, 2024.

#### 2. RESTRICTED CASH ON DEPOSIT WITH OTHERS

Restricted cash on deposit with others represents unspent amounts from the lease proceeds held by third parties. The Lease Fund reported \$1,185,866 on June 30, 2024 as restricted cash on deposit with others, which represents unspent lease proceeds from its 2024 borrowings.

#### 3. INVESTMENTS AT FAIR VALUE

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

The Board of Trustees of the Virginia Pooled OPEB Trust establishes investment objectives; risk tolerance, and asset allocation policies in light of market and economic conditions. As of June 30, 2024, excluding the pooled funds, there were no other investments. Accordingly, there is no credit risk, or concentration of credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire balance of the pooled funds in the OPEB Fund is uninsured and uncollateralized. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The weighted average effective duration of the Virginia Pooled OPEB Trust at June 30, 2022 was 5.39 years.

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

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

At June 30, 2024, LCPS' share in this pool was \$287,626,829 as reported on Exhibit X.

## B. DUE FROM INTERGOVERNMENTAL UNITS

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

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

*Amounts due from other governments at June 30, 2024 are as follows:*

<u>Fund</u>	<u>Federal Government</u>	<u>Commonwealth of Virginia</u>	<u>Total</u>
General Fund	\$ 494,578	\$ 10,660,921	\$ 11,155,499
Nonmajor Governmental Funds	704,517	4,846,254	5,550,771
Total	<u>\$ 1,199,095</u>	<u>\$ 15,507,175</u>	<u>\$ 16,706,270</u>

## C. INTERFUND RECEIVABLES AND PAYABLES

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

*The composition of interfund receivables and payables balances as of June 30, 2024 are as follows:*

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Funds	\$ 123,411	\$ 313,959,882
Capital Improvements Fund	193,402,044	-
Lease Fund	2,409,819	823,605
School Nutrition Services Fund	29,870,982	-
Grant Fund	-	1,845,157
Capital Asset Preservation Fund	53,264,540	-
Debt Service Fund	-	2,523,668
Peabody Trust Fund	19,570	-
Proprietary-Self Insurance Fund	40,061,946	-
Total	<u>\$ 319,152,312</u>	<u>\$ 319,152,312</u>

## D. INTERFUND TRANSFERS

The breakdown of interfund transfers for the fiscal year ended June 30, 2024 was as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 13,116,824
Internal Service - Self Insurance Fund	13,116,824	-
	<u>\$ 13,116,824</u>	<u>\$ 13,116,824</u>

**E. CAPITAL ASSETS**

A summary of capital asset activity for fiscal year 2024 was as follows:

<b>Governmental Activities</b>	<b>Balance June 30, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
Non-depreciable capital assets:				
Land	\$ 173,433,737	\$ -	\$ -	\$ 173,433,737
Construction in progress	201,461,570	208,255,577	(50,247,782)	359,469,365
Total non-depreciable capital assets	374,895,307	208,255,577	(50,247,782)	532,903,102
Depreciable capital assets				
Building	2,592,916,948	39,077,666	(6,688)	2,631,987,926
Machinery and equipment	175,287,837	25,381,115	(5,005,836)	195,663,116
Improvements other than buildings	13,624,369	2,021,442	-	15,645,811
Infrastructure	79,471	-	(1,121)	78,350
Total depreciable capital assets	2,781,908,625	66,480,223	(5,013,645)	2,843,375,203
Right-to-use lease assets, being amortized:				
Buildings	3,856,750	-	-	3,856,750
Equipment	31,626,248	-	(28,792)	31,597,456
SBITA	12,344,772	5,753,759	(1,541,857)	16,556,673
Total amortizable capital assets	47,827,770	5,753,759	(1,570,649)	52,010,879
Total depreciable/amortizable capital assets	2,829,736,395	72,233,982	(6,584,294)	2,895,386,082
Accumulated depreciation:				
Buildings	(773,760,920)	(68,544,502)	6,589	(842,298,833)
Machinery and equipment	(129,078,305)	(15,718,011)	4,963,740	(139,832,576)
Improvements other than buildings	(7,005,864)	(1,249,251)	-	(8,255,115)
Infrastructure	(757)	(1,362)	813	(1,306)
Total accumulated depreciation	(909,845,846)	(85,513,126)	4,971,142	(990,387,830)
Accumulated amortization:				
Buildings	(832,281)	(596,315)	-	(1,428,596)
Equipment	(7,883,604)	(3,945,794)	28,792	(11,800,606)
SBITA	(2,952,584)	(5,011,734)	1,541,857	(6,422,461)
Total amortization	(11,668,469)	(9,553,843)	1,570,649	(19,651,663)
Depreciable capital assets, net	1,908,222,080	(22,832,987)	(42,503)	1,885,346,590
Total capital assets, net	\$2,283,117,387	\$ 185,422,590	\$ (50,290,285)	\$2,418,249,692

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

<b>Governmental Activities</b>	<b>Depreciation Expense</b>	<b>Amortization Expense</b>
Instruction:		
Regular	\$ 48,864,565	\$ 1,129,321
Special Education	25,055	-
Support services:		
Administration	2,823,515	19,680
Attendance and health	2,920	-
Pupil transportation	9,971,938	582,742
Facilities	20,200,383	-
Operation and maintenance	887,602	886,139
School nutrition services	283,814	-
Technology	2,453,334	6,935,961
Total	\$ 85,513,126	\$ 9,553,843

**F. DEFERRED OUTFLOWS OF RESOURCES**

A deferred outflow of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of the resources (expenses) until the future period. At June 30, 2024, LCPS had deferred outflows of resources relating to other postemployment benefits and pensions in the amounts of \$206,374,467 and \$323,786,121 respectively.

**G. DEFERRED INFLOWS OF RESOURCES**

A deferred inflow of resources represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue or reduction of expenses) until that time. At June 30, 2024, LCPS had deferred inflows of resources relating to other postemployment benefits and pensions in the amounts of \$41,016,784 and \$105,810,389 respectively.

**H. LONG-TERM LIABILITIES**

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

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

*The following is a summary of changes in the long-term liabilities of LCPS for the year ended June 30, 2024:*

<b>Governmental Activities</b>	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2024</b>	<b>Due Within One Year</b>
Compensated absences	\$ 58,413,281	\$ 8,034,589	\$ 4,017,294	\$ 62,430,576	\$ 5,028,486
Claims liabilities	21,853,276	251,584,138	247,475,934	25,961,480	25,961,480
Lease liability	27,376,586	-	4,462,494	22,914,092	3,178,387
SBITA liability	8,598,269	5,447,759	5,104,509	8,941,519	2,978,012
Installment purchase liability	22,619,288	10,000,000	9,971,755	22,647,533	9,904,205
Net OPEB liability	423,691,466	311,740,910	333,744,133	401,688,243	-
Net OPEB VLDP (asset) / liability	(79,148)	2,872,525	2,677,426	115,951	-
Net pension liability	822,263,095	465,353,010	424,265,028	863,351,077	-
<b>Total</b>	<b>\$ 1,384,736,113</b>	<b>\$ 1,055,032,931</b>	<b>\$ 1,031,718,574</b>	<b>\$ 1,408,050,471</b>	<b>\$ 47,050,570</b>

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

<b>Governmental Activities</b>	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2024</b>	<b>Due Within One Year</b>
Group Life Insurance	\$ 48,425,627	\$ 24,056,695	\$ 25,304,567	\$ 47,177,755	\$ -
Health Insurance Credit	107,291,552	28,558,233	34,123,777	101,726,008	-
OPEB Trust	267,974,287	259,125,982	274,315,789	252,784,480	-
<b>Total</b>	<b>\$ 423,691,466</b>	<b>\$ 311,740,910</b>	<b>\$ 333,744,133</b>	<b>\$ 401,688,243</b>	<b>\$ -</b>
Virginia Local Disability Program	\$ (79,148)	\$ 2,872,525	\$ 2,677,426	\$ 115,951	\$ -

**1. INSTALLMENT PURCHASE AGREEMENT**

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

*The installment purchase agreements for this equipment include the following principal interest payments to maturity as of June 30, 2024:*

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 9,904,205	\$ 544,784
2026	4,995,968	364,648
2027	5,138,044	222,573
2028	2,609,316	76,453
<b>Total</b>	<b>\$ 22,647,533</b>	<b>\$ 1,208,458</b>

The following schedule lists the lease installment purchase at June 30, 2024 by individual items:

Date Issued	Final Maturity	Interest Rate	Issue Amount	Balance at June 30, 2024	Type of Project Financed (the assets acquired secured the related installment purchase)
8/6/2020	8/6/2024	1.03%	\$ 10,000,000	\$ 2,538,558	\$0.5M for vehicles; \$9.5M for technology and equipment
8/6/2021	8/6/2024	0.63%	10,000,000	2,507,823	\$2.8M for vehicles; \$7.2M for computers and equipment
8/5/2022	8/5/2026	2.76%	10,000,000	7,601,152	\$2.8M for vehicles; \$7.2M for computers and equipment
8/18/2023	8/18/2027	2.93%	10,000,000	10,000,000	\$2.8M for vehicles; \$7.2M for computers and equipment
			<u>\$ 40,000,000</u>	<u>\$ 22,647,533</u>	

## 2. LEASE PAYABLE

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

LCPS is obligated under leases covering certain office space, machinery and IT equipment that expire at various dates during the next 19 years.

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

### Amounts recognized in the statement of net position

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

<u>Right-to-use assets</u>	<u>Governmental Activities</u>
Buildings	\$ 2,428,154
Equipment	19,796,850
Total Right-to-use assets, net	<u>\$ 22,225,004</u>

<u>Lease liability</u>	<u>Governmental Activities</u>
Current	\$ 3,178,387
Non-current	19,735,705
Total Lease liability	<u>\$ 22,914,092</u>

The future principal and interest lease payments as of June 30, 2024, were as follows:

<u>Fiscal year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,178,387	\$ 349,023
2026	1,647,889	318,107
2027	1,529,386	291,484
2028	1,498,705	266,796
2029	1,538,747	240,161
2030-2034	7,200,083	815,958
2035-2039	6,320,895	254,271
Total	<u>\$ 22,914,092</u>	<u>\$ 2,535,800</u>

### 3. SUBSCRIPTION LIABILITY

This note provides information for subscriptions where LCPS is a government.

LCPS is obligated under SBITA covering certain IT subscriptions that expire at various dates during the next 5 years.

LCPS has entered into various subscription agreements as a government, primarily for IT subscriptions. Most subscriptions have initial terms of up to 5 years, and contain one or more renewals at our option, generally for one or three year periods. We have included these renewal periods in the subscription term when it is reasonably certain that we will exercise the renewal option. LCPS' subscriptions generally do not include termination options for either party to the subscription contracts or restrictive financial or other covenants. LCPS' subscription arrangements do not contain any material residual value guarantees. As the interest rate implicit in LCPS' subscriptions is not readily determinable, LCPS utilizes its incremental borrowing rate to discount the subscription payments.

#### Amounts recognized in the statement of net position

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

<u>Right-to-use assets</u>	<u>Governmental Activities</u>
SBITA	\$ 10,134,212
Total Right-to-use assets, net	<u>\$ 10,134,212</u>

<u>Subscription based IT liability</u>	<u>Governmental Activities</u>
Current	\$ 2,978,012
Non-current	5,963,507
Total Subscription based IT liability	<u>\$ 8,941,519</u>

The future principal and interest SBITA payments as of June 30, 2024, were as follows:

<u>Fiscal year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,978,012	\$ 259,670
2026	1,928,211	172,751
2027	1,916,846	116,978
2028	1,624,017	61,497
2029	494,432	14,478
Total	<u>\$ 8,941,519</u>	<u>\$ 625,373</u>

### 4. LEASE RECEIVABLE

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

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

### 5. DEBT SERVICE RESPONSIBILITY

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

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



## 6. CONSTRUCTION COMMITMENTS

At June 30, 2024, LCPS had contractual commitments in the amount of \$95,403,357 in the Capital Improvements Fund for construction of various projects.

## IV. OTHER INFORMATION

### A. RELATED PARTIES

With the exception of the County, which funds a large portion of LCPS' budget, and the charter schools, to which LCPS provides a substantial contribution, LCPS had no other related parties during fiscal year 2024.

### B. RISK MANAGEMENT

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

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

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

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

The liability insurance program consists of first-dollar insurance for general liability, school board legal professional liability, automobile liability, and excess liability for a total limit of \$11 million per occurrence (no annual aggregate, deductible, or retention applies). In addition, LCPS carries cyber risk liability insurance with a \$10,000,000 limit (per occurrence and annual aggregate) providing coverage due to network security breaches (including hacking and viruses) and online privacy matters (including identity theft).

The cyber risk liability insurance carries a \$1,000 deductible per occurrence and the educator's legal liability carries a \$5,000 deductible per occurrence.

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

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

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



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

<b>Fiscal Year 2023</b>	
Unpaid claims beginning of fiscal year	\$ 5,695,040
Incurred claims (including IBNR)	2,970,525
Claim payments	(2,910,189)
Unpaid claims end of fiscal year	<u>\$ 5,755,376</u>
<b>Fiscal Year 2024</b>	
Unpaid claims beginning of fiscal year	\$ 5,755,376
Incurred claims (including IBNR)	3,885,832
Claim payments	(3,470,728)
Unpaid claims end of fiscal year	<u>\$ 6,170,480</u>

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

LCPS has purchased stop loss insurance from Connecticut General Life Insurance Company (CIGNA) limiting claims against the self-insurance program to \$600,000 per occurrence for individual claims.

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

<b>Fiscal Year 2023</b>	
Unpaid claims beginning of fiscal year	\$ 17,627,847
Incurred claims (including IBNR)	221,951,089
Claim payments	(223,481,036)
Unpaid claims end of fiscal year	<u>\$ 16,097,900</u>
<b>Fiscal Year 2024</b>	
Unpaid claims beginning of fiscal year	\$ 16,097,900
Incurred claims (including IBNR)	247,698,306
Claim payments	(244,005,206)
Unpaid claims end of fiscal year	<u>\$ 19,791,000</u>

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

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

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

## C. LCPS' OPEB TRUST

### 1. BACKGROUND

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

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

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

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

## 2. PLAN DESCRIPTION

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

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

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

*At June 30, 2024, the date of the most recent actuarial valuation, plan membership consisted of:*

Retirees and beneficiaries entitled to benefits	2,279
Active plan members	4,796
Total	<u>7,075</u>

## 3. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 33,963,422	\$ 22,109,495
Net difference between projected and actual earnings on LCPS OPEB Trust plan investments	9,501,902	-
Changes in Assumptions	119,097,137	4,115,025
Total	<u>\$ 162,562,461</u>	<u>\$ 26,224,520</u>

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

Year Ended June 30,	
2025	\$ 35,850,198
2026	41,645,620
2027	32,186,075
2028	26,522,823
2029	133,225
Total	<u>\$ 136,337,941</u>

#### 4. FUNDING POLICY

The contribution requirements of plan members of LCPS are established and may be amended by the School Board. The contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. Contributions from LCPS towards OPEB benefits over the most recent five-year period were approximately \$30,478,884 per year. During fiscal year 2024, LCPS contributed \$36,659,436 to the OPEB Trust Fund, which included \$24,659,436 for current costs and an additional \$12,000,000 to prefund benefits.

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

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

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

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 7.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

##### a. Long-Term Rate of Return

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

*The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation (2.75%)) 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 geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024 are summarized in the following table:*

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Equity (Large Cap)	24.68%	6.70%
Domestic Equity (Small Cap)	12.17%	7.20%
International Equity	12.80%	6.60%
Emerging Markets Equity	5.80%	6.90%
Long/Short Equity	5.77%	6.70%
Private Equity	7.97%	9.40%
Core Plus US Fixed Income	14.59%	6.00%
Core US Fixed Income	3.74%	4.80%
Absolute Return Fixed Income	3.77%	4.30%
Real Estate	8.69%	5.80%
Cash	0.02%	4.10%
Total	100%	

The discount rate used to measure the Total OPEB Liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that contributions from Loudoun County Public Schools will continue to be made commensurate with their average contributions over the most recent five-year period (approximately \$30,478,884 per year). Based on this assumption, the OPEB plan's fiduciary net position was projected to be

available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## 5. ANNUAL OPEB COST AND NET OPEB LIABILITY

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

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

LCPS' Net OPEB Liability (NOL) calculation consists of the Total OPEB Liability (TOL) less the Plan Fiduciary Net Position. The NOL as of June 30, 2024 is \$252,784,480, a decrease of (\$15,189,807) from the prior valuation NOL of \$267,974,287 as of June 30, 2023. The difference between the actual and expected Net OPEB Liability was the net effect of several factors:

- An actuarial loss of \$799,345 due to the difference between actual and expected benefit payments.
- Actual asset returns exceeded expected returns by \$4,488,893 resulting in an actuarial gain.
- Contributions in excess of benefit payments of \$12,000,000 during the fiscal year.

As of June 30, 2024, the ratio of assets to the Total OPEB Liability (the funded ratio) is 53.22%. This is based on the fair value of assets at this point in time.

The Annual OPEB Expense increased to \$61,706,998 for the year ending June 30, 2024. The expense was \$3,924,217 for the year ending June 30, 2023.

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

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

### a. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	\$ 523,425,170	\$ 255,450,883	\$ 267,974,287
Changes for the year:			
Service cost	9,594,082	-	9,594,082
Interest	31,252,148	-	31,252,148
Changes of benefit terms	-	-	-
Difference between expected and actual experience	799,345	-	799,345
Changes of assumptions	-	-	-
Contributions-employer	-	36,659,436	(36,659,436)
Net investment income	-	20,175,946	(20,175,946)
Benefit payments, including refunds of employee contributions	(24,659,436)	(24,659,436)	-
Net changes	16,986,139	32,175,946	(15,189,807)
Balances at June 30, 2024	\$ 540,411,309	\$ 287,626,829	\$ 252,784,480

The Net OPEB Liability was measured as of June 30, 2024 and 2023. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2024.

Actuarial assumptions. The Total OPEB Liability was measured by an actuarial valuation as of June 30, 2024.

Inflation	2.75%
Salary Increases	Varies by service
Discount rate	6.00%
Healthcare cost trend rates:	
Non-Medicare Medical & Prescription Drug	7.00% graded to 4.50% over 10 years
Medicare Medical and Prescription Drug	5.00% graded to 4.50% over 10 years
Dental	4.00%
Vision	3.00%
Administrative Costs	3.00%
Mortality rates:	
Healthy Male	Pub-2010 Headcount-Weighted Teachers Healthy Annuitant, set forward one year, projected generationally with 75% of Scale MP-2020 from 2010
Healthy Female	105% of Pub-2010 Headcount-Weighted Teachers Healthy Annuitant, projected generationally with 75% of Scale MP-2020 from 2010
Disabled	110% of Pub-2010 Headcount-Weighted Non-Safety Disabled Retiree, projected generationally with 75% of Scale MP-2020 from 2010
Surviving Spouse	Pub-2010 Headcount-Weighted Teachers Contingent Survivor, projected generationally with 75% of Scale MP-2020 from 2010

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	<u>\$315,386,236</u>	<u>\$252,784,480</u>	<u>\$199,518,838</u>

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

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

	1% Decrease Healthcare Cost	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost
Net OPEB Liability	<u>\$218,770,096</u>	<u>\$252,784,480</u>	<u>\$290,730,450</u>

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

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

## 6. ACTUARIAL METHODS AND ASSUMPTIONS

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

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

Many of the demographic assumptions used in this valuation (including disability, turnover, retirement, and salary increases) are the same as used in the Virginia Retirement System Actuarial Valuation as of June 30, 2023, completed by Cavanaugh Macdonald Consulting. We have no reason to doubt their reasonableness for use in this valuation. In addition, a comparison was made between the actual number of disability retirements, retirements, and terminations and the projected number.

## 7. PLANS REPORTING

The OPEB Trust is sponsored by VML/VACo.

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

	<b>LCPS-OPEB Trust Totals</b>
Net OPEB liability	\$ 252,784,480
OPEB Expense	<u>61,706,998</u>
Deferred outflows of resources:	
Net difference between projected and actual earnings on OPEB plan investments	9,501,902
Changes of assumptions	119,097,137
Difference between expected and actual experience	<u>33,963,422</u>
Total deferred outflows of resources	<u>162,562,461</u>
Deferred inflows of resources:	
Net difference between projected and actual earnings	
Difference between expected and actual experience	22,109,495
Changes of assumptions	<u>4,115,025</u>
Total deferred inflows of resources	<u>\$ 26,224,520</u>

**D. VRS OPEB PLANS - ACTUARIAL ASSUMPTIONS**

The below information and table is applicable to all VRS OPEB Plans; Group Life Insurance (GLI), Health Insurance Credit (HIC), and Virginia Local Disability Plan (VLDP.)

**Mortality rates – Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

**Mortality rates – Largest Ten Locality Employers - General Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

*The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:*



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

## **E. OPEB GROUP LIFE INSURANCE**

### **1. BACKGROUND**

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to § 51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **2. PLAN DESCRIPTION**

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

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

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

GLI PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City Schools Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b> – The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was <b>\$9,254</b> as of June 30, <b>2024</b>.</p>

### 3. CONTRIBUTIONS

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. LCPS' contributions to the GLI Program were \$5,382,607 and \$4,724,079 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023 the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

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

At June 30, 2024, LCPS reported a liability of \$47,177,755 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, LCPS' proportion was 3.9337% as compared to 4.0217% at June 30, 2022.

For the year ended June 30, 2024, LCPS recognized GLI OPEB expense of \$4,039,447. 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, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,711,904	\$ 1,432,086
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,895,869
Changes in Assumptions	1,008,445	3,268,660
Changes in Proportion	4,600,786	1,300,300
Employer contributions subsequent to the measurement date	7,427,616	-
Total	<u>\$ 17,748,751</u>	<u>\$ 7,896,915</u>

Contributions of \$7,427,616 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025."

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

Year Ended June 30,	
2025	\$ 1,230,622
2026	(781,836)
2027	1,405,787
2028	287,295
2029	282,352
Total	<u>\$ 2,424,220</u>

## 5. ACTUARIAL ASSUMPTIONS

Please reference section D: VRS OPEB - ACTUARIAL ASSUMPTIONS for the Mortality Tables and the Changes to Mortality Tables.

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5 %
Salary increases, including inflation -	
General state employees	3.5 % – 5.35 %
Teachers	3.5 % – 5.95 %
SPORS employees	3.5 % – 4.75 %
VaLORS employees	3.5 % – 4.75 %
JRS employees	4.00 %
Locality – General employees	3.5 % – 5.35 %
Locality – Hazardous Duty employees	3.5 % – 4.75 %
Investment rate of return	6.75 %, net of investment expenses, Including inflation*

### Mortality rates – Teachers

#### Pre-Retirement:

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

#### Post-Retirement:

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

#### Post-Disablement:

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

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

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

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

### Mortality rates – Largest Ten Locality Employers - General Employees

#### Pre-Retirement:

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

#### Post-Retirement:

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

**Post-Disablement:**

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

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

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

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**6. NET GLI OPEB LIABILITY**

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with (GASB Statement No. 74) GAAP, less the associated fiduciary net position.

*As of June 30, 2023, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):*

	<b>Group Life Insurance OPEB</b>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	2,707,739
Employers' Net GLI OPEB Liability	<u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.3%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of (GASB Statement No. 74) GAAP in the System's notes to the financial statements and required supplementary information.

**7. LONG-TERM EXPECTED RATE OF RETURN**

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

<b>Asset Class (Strategy) Allocation</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	<b>16.00%</b>	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
<b>PIP-Private Investment Partnership</b>	<b>2.00%</b>	7.18%	0.14%
<b>Cash</b>	<b>1.00%</b>	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
	Inflation		2.50%
	*Expected arithmetic nominal return		<b>8.25%</b>

*\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.12%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a longterm rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.14% including expected inflation of 2.50%.*

## 8. DISCOUNT RATE

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023 the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
LCPS' net OPEB liability	\$69,932,171	\$47,177,755	\$28,780,657

## 10. GLI PROGRAM FIDUCIARY NET POSITION

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023 annual-report.pdf](http://varetire.org/pdf/publications/2023%20annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.



## 11. PLANS REPORTING

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

	VRS-Group Life Insurance (GLI)		
	Teachers	Political Subdivision	Combined Totals
Net OPEB liability	\$ 42,535,691	\$ 4,642,064	\$ 47,177,755
OPEB Expense	3,604,172	435,275	4,039,447
Deferred outflows of resources:			
Changes in proportionate share	3,927,667	673,119	4,600,786
Changes of assumptions	909,219	99,226	1,008,445
Difference between expected and actual experience	4,248,275	463,629	4,711,904
Net difference between projected and actual			
Employer contributions subsequent to the measurement date	6,663,335	764,282	7,427,616
Total deferred outflows of resources	15,748,496	2,000,256	17,748,751
Deferred inflows of resources:			
Difference between expected and actual experience	1,291,176	140,910	1,432,086
Net difference between projected and actual			
earnings on OPEB plan investments	1,709,325	186,544	1,895,869
Changes of assumptions	2,947,040	321,620	3,268,660
Changes in proportion	1,299,095	1,205	1,300,300
Total deferred inflows of resources	\$ 7,246,636	\$ 650,279	\$ 7,896,915

## F. OPEB HEALTH INSURANCE CREDIT PROGRAM-TEACHERS

### 1. BACKGROUND

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program (HIC) is a multiple-employer, cost-sharing plan. The Teacher Employee HIC Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### 2. PLAN DESCRIPTION

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.



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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b><u>At Retirement</u></b> – 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.</li> <li>• <b><u>Disability Retirement</u></b> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> <li>◦ \$4.00 per month, multiplied by twice the amount of service credit, or</li> <li>◦ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li> </ul> </li> </ul>
<p><b>HIC Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly HIC benefit cannot exceed the individual premium amount.</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.</li> </ul>

### 3. CONTRIBUTIONS

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from LCPS to the VRS Teacher Employee HIC Program were \$10,878,343 and \$10,073,870 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution.

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

At June 30, 2024, LCPS reported a liability of \$101,149,113 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. LCPS proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on LCPS actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended

June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, LCPS' proportion of the VRS Teacher Employee HIC Program was 8.3497% as compared to 8.2176% at June 30, 2022.

For the year ended June 30, 2024, LCPS recognized VRS Teacher Employee HIC Program OPEB expense of \$10,836,031. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

*At June 30, 2024, LCPS reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,452,081
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	50,759	-
Changes in Assumptions	2,354,581	101,927
Changes in Proportion	10,142,321	2,088,473
Employer contributions subsequent to the measurement date	10,057,313	-
Total	<u>\$ 22,604,974</u>	<u>\$ 6,642,481</u>

\$10,057,313 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2025	\$ 2,383,892
2026	1,910,991
2027	1,688,024
2028	517,362
2029	(191,551)
Thereafter	(403,538)
Total	<u>\$ 5,905,180</u>

## 5. ACTUARIAL ASSUMPTIONS

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5 %
Salary increases, including inflation –	
Teacher Employees	3.5 % – 5.95 %
Investment rate of return	6.75%, net of plan investment expenses, including inflation*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

#### 6. NET TEACHER EMPLOYEE HIC OPEB LIABILITY

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with (GASB Statement No. 74) GAAP, less the associated fiduciary net position. As of June 30, 2023 NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$ 1,475,471
Plan Fiduciary Net Position	264,054
Teacher Employee net HIC OPEB Liability	<u>\$ 1,211,417</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	17.90%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of (GASB Statement No. 74) GAAP in the System's notes to the financial statements and required supplementary information.

#### 7. LONG-TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy) Allocation	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected arithmetic nominal return		8.25%

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a longterm rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14% including expected inflation of 2.5%

## 8. DISCOUNT RATE

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents LCPS' proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what LCPS' proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
LCPS' net OPEB Liability	\$114,410,943	\$101,149,113	\$89,910,865

## 10. TEACHER EMPLOYEE HIC OPEB FIDUCIARY NET POSITION

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

### 1. BACKGROUND

The LCPS' Political Subdivision HIC Program is a multiple-employer, agent-defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows

of resources related to the Political Subdivision HIC Program OPEB, and the Political Subdivision HIC Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program; and the additions to/deductions from the VRS Political Subdivision HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **2. PLAN DESCRIPTION**

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

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

### 3. EMPLOYEES COVERED BY BENEFIT TERMS

*As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:*

	<u>Number</u>
Inactive members or their beneficiaries	
Currently receiving benefits	1
Inactive members:	
Vested inactive members	366
Non-vested inactive members	38
Inactive members active elsewhere in VRS	313
Total inactive members	718
Active members	1,992
Total covered employees	<u>2,710</u>



#### 4. CONTRIBUTIONS

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. LCPS' contractually required employer contribution rate for the year ended June 30, 2024 was 0.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from LCPS to the Political Subdivision HIC Program were \$133,488 and \$127,231 for the years ended June 30, 2024 and June 30, 2023, respectively.

#### 5. NET HIC OPEB LIABILITY

The LCPS' net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

#### 6. ACTUARIAL ASSUMPTIONS

Please reference section C: VRS OPEB - ACTUARIAL ASSUMPTIONS for the Mortality Tables and the Changes to Mortality Tables.

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5 percent
Salary increases, including inflation –	
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 Percent, net of investment exp., incl. inflation*

*\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.*

#### Mortality rates – Largest Ten Locality Employers - General Employees

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

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

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

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:



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

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

## 7. LONG-TERM EXPECTED RATE OF RETURN

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

<b>Asset Class (Strategy) Allocation</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected arithmetic nominal return		8.25%

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023 the VRS Board elected a longterm rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.14%, including expected inflation of 2.50%.

## 8. DISCOUNT RATE

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of turn was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**9. CHANGES IN NET POLITICAL SUBDIVISION HIC OPEB LIABILITY**

	Increase (Decrease)		
	Total Political Subdivision HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Political Subdivision HIC OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 2,948,930	\$ 2,353,930	\$ 595,000
Changes for the year:			
Service cost	48,929	-	48,929
Interest	197,851	-	197,851
Difference between expected and actual experience	3,267	-	3,267
Contributions-employer	-	127,292	(127,292)
Net investment income	-	142,392	(142,392)
Benefit payments	(133,466)	(133,466)	-
Administrative expenses	-	(3,456)	3,456
Other changes	-	1,924	(1,924)
Net changes	116,581	134,686	(18,105)
Balances at June 30, 2023	\$ 3,065,511	\$ 2,488,616	\$ 576,895

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

The following presents LCPS' HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what LCPS' net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
LCPS' net OPEB liability	\$941,792	\$576,895	\$269,947

**11. LCPS' HIC PROGRAM OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS RESEARCH RELATED TO HIC PROGRAM OPEB**

For the year ended June 30, 2024, LCPS recognized HIC Program OPEB expense of 115,701. At June 30, 2024, LCPS reported deferred outflows of resources and deferred inflows of resources related to the LCPS HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,949	\$ 54,736
Net difference between projected and actual earnings on Political HIC OPEB plan investments	-	20,123
Changes in Assumptions	179,820	-
Employer contributions subsequent to the measurement date	133,273	-
Total	\$ 330,042	\$ 74,859

\$133,273 reported as deferred outflows of resources related to the HIC OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2025.

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

Year Ended June 30,		
2025	\$	28,751
2026		(1,019)
2027		63,446
2028		27,083
2029		3,649
Thereafter		-
Total	\$	<u>121,910</u>

## 12. HIC PROGRAM PLAN DATA

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/ 2023 annual-report.pdf](http://varetire.org/pdf/publications/2023%20annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

### 13. PLANS REPORTING

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

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

VRS-Health Insurance Credit (HIC)			
	Teachers	Political Subdivision	Combined Totals
Net OPEB liability	\$101,149,113	\$576,895	\$101,726,008
OPEB Expense	10,836,031	115,701	10,951,732
Deferred outflows of resources:			
Changes in proportion and difference between employer contributions and proportionate share of contributions	10,142,321	-	10,142,321
Net difference between projected and actual earnings on OPEB Plan Investments	50,759	-	50,759
Change of assumptions	2,354,581	179,820	2,534,401
Difference between expected and actual experience	-	16,949	16,949
Employer contributions subsequent to the measurement date	10,057,313	133,273	10,190,586
Total deferred outflows of resources	22,604,974	330,042	22,935,016
Deferred inflows of resources:			
Difference between expected and actual experience	4,452,081	54,736	4,506,817
Net difference between projected and actual earnings on OPEB plan investments	-	20,123	20,123
Changes of assumptions	101,927	-	101,927
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,088,473	-	2,088,473
Total deferred inflows of resources	\$6,642,481	\$74,859	\$4,628,867

## H. OPEB TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM

### 1. BACKGROUND

The Virginia Retirement System (VRS) Teacher Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Teacher Employee Virginia Local Disability Program (VLDP) OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB, and the Teacher Employee VLDP OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee VLDP; and the additions to/deductions from the VRS Teacher Employee VLDP's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### 2. PLAN DESCRIPTION

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

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

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

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

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

**Benefit Amounts**

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

**Short-Term Disability –**

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

**Long-Term Disability –**

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

**VLDP Notes:**

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

### 3. CONTRIBUTIONS

The contribution requirement for active hybrid plan employees is governed by § 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024, was 0.47% of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Virginia Local Disability Program were \$1,696,394 and \$1,481,306 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

At June 30, 2024, LCPS reported a liability of \$224,077 for its proportionate share of the VRS Teacher Employee VLDP Net OPEB Asset. The Net VRS Teacher Employee VLDP OPEB Liability/(asset) was measured as of June 30, 2023 and the total VRS Teacher Employee VLDP OPEB Liability/(asset) used to calculate the Net VRS Teacher Employee VLDP OPEB Liability/(asset) was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. LCPS' proportion of the Net VRS Teacher Employee VLDP OPEB Liability/(asset) was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, LCPS' proportion of the VRS Teacher Employee VLDP was 33.7502% as compared to 35.3575% at June 30, 2022.

For the year ended June 30, 2024, LCPS recognized VRS Teacher Employee VLDP OPEB expense of \$1,192,019. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

*At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee VLDP OPEB from the following sources:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher VLDP OPEB plan investments	\$ 6,937	\$ -
Difference between expected and actual experience	983,416	98,227
Changes in Assumptions	97,427	-
Changes in Proportion	36,060	2,520
Employer contributions subsequent to the measurement date	1,564,432	-
Total	<u>\$ 2,688,272</u>	<u>\$ 100,747</u>

\$1,564,432 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from LCPS' contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

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

Year Ended June 30,	
2025	\$ 93,253
2026	85,990
2027	138,595
2028	105,333
2029	105,009
Thereafter	494,913
Total	<u>\$ 1,023,093</u>

## 5. ACTUARIAL ASSUMPTIONS

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee VLDP was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

The net OPEB liability (NOL) for the Teacher Employee VLDP represents the program's total OPEB liability/(asset) determined in accordance with (GASB Statement No. 74) GAAP, less the associated fiduciary net position.

*As of June 30, 2023, NOL amounts for the VRS Teacher Employee VLDP is as follows (amounts expressed in thousands):*

	<b>Teacher Employee VLDP OPEB Plan</b>
Total Teacher Employee VLDP OPEB Liability/(asset)	\$ 10,672
Plan Fiduciary Net Position	10,007
Teacher Employee net VLDP OPEB Liability/(asset)	<u>\$ 665</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	93.77%



The total Teacher Employee VLDP OPEB liability/(asset) is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee VLDP OPEB liability is disclosed in accordance with the requirements of (GASB Statement No. 74) GAAP in the System's notes to the financial statements and required supplementary information.

## 7. LONG TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy) Allocation	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected arithmetic nominal return		8.25%

*\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 30, 2023, The VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14% including expected inflation of 2.50%*

## 8. DISCOUNT RATE

The discount rate used to measure the total Teacher Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability/(asset).

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

The following presents the school division's proportionate share of the VRS Teacher Employee Virginia Local Disability Program net VLDP OPEB liability/(asset) using the discount rate of 6.75%, as well as what the school division's proportionate share of the net VLDP OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
LCPS' net OPEB liability/(asset)	\$631,602	\$224,077	\$(130,301)

**10. TEACHER EMPLOYEE VLDP OPEB FIDUCIARY NET POSITION**

Detailed information about the VRS Teacher Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program (VLDP) is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee VLDP OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**2. PLAN DESCRIPTION**

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

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

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

### 3. CONTRIBUTIONS

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2024 was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the political subdivision to the VRS Political Subdivision Employee VLDP were \$396,198 and \$349,620 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

At June 30, 2024, the LCPS reported an asset of (\$108,126) for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2023, and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 6.7201% as compared to 6.7003% at June 30, 2022.

For the year ended June 30, 2024, the political subdivision recognized VRS Political Subdivision Employee VLDP OPEB expense of \$277,198. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

*At June 30, 2024, LCPS reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee VLDP OPEB from the following sources:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,596	\$ 67,360
Net difference between projected and actual earnings on Political Subdivision VLDP OPEB plan investments	264	-
Changes in Assumptions	717	9,902
Changes in Proportion	4,812	-
Employer contributions subsequent to the measurement date	393,578	-
Total	<u>\$ 439,967</u>	<u>\$ 77,262</u>

\$393,578 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from LCPS' contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2025.

*Reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LCPS' Employee VLDP OPEB will be recognized in LCPS' Employee VLDP OPEB expense in future reporting periods as follows:*

Year Ended June 30,	
2025	\$ (1,196)
2026	(17,038)
2027	3,375
2028	(1,486)
2029	(6,512)
Thereafter	(8,016)
Total	<u>\$ (30,873)</u>

## 5. ACTUARIAL ASSUMPTIONS

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee VLDP was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5%
Salary increases, including inflation –	
Political Subdivision Employees	3.5% – 5.35%
Investment rate of return	6.75%, including inflation*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

### Mortality rates – Largest Ten Locality Employers - General Employees

#### Pre-Retirement:

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

#### Post-Retirement:

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

#### Post-Disablement:

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

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

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

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	<b>Political Subdivision Employee VLDP OPEB Plan</b>
Total Political Subdivision Employee VLDP OPEB Liability	\$ 9,525
Plan Fiduciary Net Position	11,134
Political Subdivision Employee net VLDP OPEB Liability	<u>\$ (1,609)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision Employee VLDP OPEB Liability	116.89%

The total Political Subdivision Employee VLDP OPEB liability/(asset) is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP OPEB liability is disclosed in accordance with the requirements of (GASB Statement No. 74) GAAP, in the System's notes to the financial statements and required supplementary information.

**7. LONG-TERM EXPECTED RATE OF RETURN**

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

<b>Asset Class (Strategy) Allocation</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		2.50%
	*Expected arithmetic nominal return		<u>8.25%</u>

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 30, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at this time, providing a median return of 7.14%, including expected inflation of 2.50%

**8. DISCOUNT RATE**

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Political Subdivision Employee VLDP OPEB liability.



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

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 6.75%, as well as what the political subdivision's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
LCPS' net OPEB liability/(asset)	<u>\$ (56,653)</u>	<u>\$ (108,126)</u>	<u>\$ (153,231)</u>

**10. POLITICAL SUBDIVISION EMPLOYEE VLDP OPEB FIDUCIARY NET POSITION**

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**11. PLANS REPORTING**

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

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

	<b>VRS-Virginia Local Disability Plan (VLDP)</b>		
	<b>Teachers</b>	<b>Political Subdivision</b>	<b>Combined Totals</b>
Net OPEB liability/(asset)	\$ 224,077	\$ (108,126)	\$ 115,951
OPEB Expense	1,192,019	277,198	1,469,217
Deferred outflows of resources:			
Changes in proportion and difference between employer contributions and proportionate share of contributions	36,060	4,812	40,872
Net difference between projected and actual earnings on OPEB plan investments	6,937	264	7,201
Changes of assumptions	97,427	717	98,144
Difference between expected and actual experience	983,416	40,596	1,024,012
Employer contributions subsequent to the measurement date	1,564,432	393,578	1,958,009
Total deferred outflows of resources	<u>2,688,272</u>	<u>439,967</u>	<u>3,128,238</u>
Deferred inflows of resources:			
Difference between expected and actual experience	98,227	67,360	165,587
Changes of assumptions	-	9,902	9,902
Changes in proportion	2,520	-	2,520
Total deferred inflows of resources	<u>\$ 100,747</u>	<u>\$ 77,262</u>	<u>\$ 178,009</u>



## 12. OPEB PLANS REPORTING IN THE ENTIRETY

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

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

	LCPS OPEB Trust	VRS OPEB GLI	HIC	VLDP	OPEB Combined Totals
Net OPEB liability/(asset)	\$ 252,784,480	\$ 47,177,755	\$ 101,726,008	\$ 115,951	\$ 401,804,194
OPEB Expense	61,706,998	4,039,447	10,951,732	1,469,217	78,167,394
Deferred outflows of resources:					
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	4,600,786	10,142,321	40,872	14,783,979
Net difference between projected and actual earnings on OPEB plan investments	9,501,902	-	50,760	7,201	9,559,863
Changes of assumptions	119,097,137	1,008,445	2,534,401	98,144	122,738,127
Difference between expected and actual experience	33,963,422	4,711,904	16,949	1,024,012	39,716,287
Employer contributions subsequent to the measurement date	-	7,427,616	10,190,586	1,958,009	19,576,211
Total deferred outflows of resources	162,562,461	17,748,751	22,935,017	3,128,238	206,374,467
Deferred inflows of resources:					
Difference between expected and actual experience	22,109,495	1,432,086	4,506,817	165,587	28,213,985
Net difference between projected and actual earnings on OPEB plan investments	-	1,895,869	20,123	-	1,915,992
Changes of assumptions	4,115,025	3,268,660	101,927	9,902	7,495,514
Changes in proportion	-	1,300,300	2,088,473	2,520	3,391,293
Total deferred inflows of resources	\$ 26,224,520	\$ 7,896,915	\$ 6,717,340	\$ 178,009	\$ 41,016,784

**J. CONTINGENT LIABILITIES**

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

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

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

**K. PENSION PLANS**

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

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

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

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

**1. PLAN DESCRIPTION-Professional Plan**

Name of Plan:

**Virginia Retirement System**

Identification of Plan:

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

Administering Entity:

**Virginia Retirement System**

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

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria.

*The specific information for each plan and the eligibility for covered groups within each plan are set out in the following pages on tables:*

## RETIREMENT PLAN PROVISIONS-PROFESSIONAL PLAN

### About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.

### About Plan 2

Same as Plan 1.

### About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

**Eligible Members**

Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

*Hybrid Opt-In Election*

VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

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

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.

**Eligible Members**

Members are in Plan 2 if their membership date is from July 1, 2010, to July 1, 2013, and they have not taken a refund.

Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they have not vested before January 1 2013.

*Hybrid Opt-In Election*

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

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

**Eligible Members**

Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- School division employees
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Retirement Contributions**

Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

**Retirement Contributions**

Same as Plan 1.

**Retirement Contributions**

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

**Service Credit**

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

**Service Credit**

Same as Plan 1.

**Service Credit****Defined Benefit Component:**

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

**Defined Contributions Component:**

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

**Vesting**

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

**Vesting**

Same as Plan 1

**Vesting***Defined Benefit Component:*

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

*Defined Contributions Component:*

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service

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

Distributions not required, except as governed by law.

**Calculating the Benefit**

The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

**Calculating the Benefit**

See definition under Plan 1

**Calculating the Benefit**

*Defined Benefit Component:*  
See definition under Plan 1

*Defined Contribution Component:*

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

**Average Final Compensation**

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

**Average Final Compensation**

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

**Average Final Compensation**

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

**Service Retirement Multiplier**

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.

**Service Retirement Multiplier**

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

**Service Retirement Multiplier**

*Defined Benefit Component:*

The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

*Defined Contribution Component:*

Not applicable.

**Normal Retirement Age**

Age 65.

**Normal Retirement Age**

Normal Social Security retirement age.

**Normal Retirement Age**

*Defined Benefit Component:*  
Same as Plan 2.

*Defined Contribution Component:*

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

**Earliest Unreduced Retirement Eligibility**

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

**Earliest Unreduced Retirement Eligibility**

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

**Earliest Unreduced Retirement Eligibility**

*Defined Benefit Component:*

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

*Defined Contribution Component:*

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



**Earliest Reduced Retirement Eligibility:**

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

**Earliest Reduced Retirement Eligibility:**

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

**Earliest Reduced Retirement Eligibility:**

**Defined Benefit Component:** Age 60 with at least five years (60 months) of service credit.

**Defined Contribution**

**Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions

**Cost-of-Living Adjustment (COLA) in Retirement**

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

**Cost-of-Living Adjustment (COLA) in Retirement**

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

**Cost-of-Living Adjustment (COLA) in Retirement**

*Defined Benefit Component:* Same as Plan 2.

*Defined Contribution Component:* Not applicable.

**Eligibility:**

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

**Exceptions to COLA Effective Dates:**

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability

**Eligibility:**

Same as Plan 1

**Exceptions to COLA Effective Dates:**

Same as Plan 1

**Eligibility:**

Same as Plan 1 and Plan 2

**Exceptions to COLA Effective Dates:**

Same as Plan 1 and Plan 2.

- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

#### **Disability Coverage**

For Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

#### **Disability Coverage**

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

#### **Disability Coverage**

Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

#### **Purchase of Prior Service**

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

#### **Purchase of Prior Service**

Same as Plan 1.

#### **Purchase of Prior Service**

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

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not Applicable

**a. Contribution**

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from LCPS were \$145,953,519 and \$138,373,983 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. The special payment was authorized by a budget amendment included in Chapter 2 of the 2022 Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution.

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

At June 30, 2024, LCPS reported a VRS teacher liability of \$837,631,563 and VRS political subdivision liability of \$25,719,514 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023. LCPS' proportion of the Net Pension Liability was based on LCPS actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, LCPS' proportion was 8.2874% as compared to 8.16904% at June 30, 2022.

For the year ended June 30, 2024, LCPS recognized pension expense of \$118,226,304. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

*At June 30, 2024, LCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 71,953,265	\$ 32,687,963
Net difference between projected and actual earnings on pension plan investments	-	54,462,949
Changes of assumptions	37,972,774	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,424,839	15,634,968
Employer contributions subsequent to the measurement date	145,953,519	-
Total	<u>\$ 307,304,397</u>	<u>\$ 102,785,880</u>

\$145,953,519 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025.

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

Year Ended June 30,	Amortization Amount
2025	\$ 10,402,767
2026	(35,352,781)
2027	70,312,508
2028	13,202,504
Total	<u>\$ 58,564,998</u>

**b. Actuarial Assumptions**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Mortality Rates:****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

The actuarial assumptions used in the June 30, 2022 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**c. Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with (GASB Statement No. 67) GAAP, less that system's fiduciary net position.

As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$ 57,574,609
Plan Fiduciary Net Position	47,467,405
Employers' Net Pension Liability	<u>\$ 10,107,204</u>
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	82.45%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of (GASB Statement No. 67) GAAP in the System's notes to the financial statements and required supplementary information.

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

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

<b>Asset Class (Strategy) Allocation</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
Inflation			2.50%
*Expected arithmetic nominal return			8.25%

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 30, 2023, The VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at this time, providing a median return of 7.14%, including expected inflation of 2.50%.

**e. Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2023, on, school divisions are assumed to continue to contribute 112% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
LCPS' net pension liability	\$1,484,822,003	\$837,631,563	\$305,587,790

g. **Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report. A copy of the 2023 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

h. **PLAN DESCRIPTION-Political Subdivision Plan**

Name of Plan:

**Virginia Retirement System**

Identification of Plan:

**Political Subdivision Plan- Multi-Employer-Agent Plan**

Administering Entity:

**Virginia Retirement System**

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

## RETIREMENT PLAN PROVISIONS-POLITICAL SUBDIVISION

PLAN 1	PLAN 2	PLAN 3
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	<b>About Plan 2</b> Same as Plan 1.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	<b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 2010, and they were not vested as of January 1, 2013, and they have not taken a refund.	<b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul>
<b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.	<b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	<b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>



<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b></p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b></p> <p>Same as Plan 1.</p>	<p><b>Retirement Contributions</b></p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b></p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Service Credit</b></p> <p>Same as Plan 1.</p>	<p><b>Service Credit</b></p> <p><i>Defined Benefit Component:</i></p> <p>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>

		<p><i>Defined Contributions Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <i>Defined Benefit Component:</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contributions Component:</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law until age 73.</p>

<b>Calculating the Benefit</b> The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <i>Defined Benefit Component:</i> See definition under Plan 1.  <i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contribution.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	<b>Service Retirement Multiplier VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	<b>Service Retirement Multiplier</b> <i>Defined Benefit Component: VRS:</i> The retirement multiplier for the defined benefit component is 1.00%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
<b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	<b>Sheriffs and regional jail superintendents:</b> Same as Plan 1	<b>Sheriffs and regional jail superintendents:</b> Not applicable.
<b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	<b>Political subdivision hazardous duty employees:</b> Same as Plan 1.	<b>Political subdivision hazardous duty employees:</b> Not applicable.  <i>Defined Contribution Component:</i> Not applicable.

<b>Normal Retirement Age VRS:</b> Age 65.	<b>Normal Retirement Age VRS:</b> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> <b>VRS:</b> Same as Plan 2.
<b>Political subdivisions hazardous duty employees:</b> Age 60.	<b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.	<b>Political subdivisions hazardous duty employees:</b> Not applicable.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced Retirement Eligibility</b> <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<b>Earliest Unreduced Retirement Eligibility</b> <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	<b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.
<b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	<b>Political subdivisions hazardous duty employees:</b> Same as Plan 1	<b>Political subdivisions hazardous duty employees:</b> Not applicable.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.
<b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of service credit.	<b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.	<b>Political subdivisions hazardous duty employees:</b> Not applicable  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> <i>Defined Benefit Component:</i> Same as Plan 2.  <i>Defined Contribution Component:</i> Not applicable.

<p><i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date</p>	<p><i>Eligibility:</i> Same as Plan 1</p>	<p><i>Eligibility:</i> Same as Plan 1 and Plan 2</p>
<p><i>Exceptions to COLA Effective Dates:</i></p> <ul style="list-style-type: none"> <li>• The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</li> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> <li>• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1</p>	<p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.</p>

<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one- year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <i>Defined Benefit Component</i> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><i>Defined Contribution Component:</i> Not applicable.</p>

i. **Employees Covered by Benefit Terms**

*As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:*

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	935
Inactive members:	
Vested inactive members	232
Non-vested inactive members	823
LTD	1
Inactive members active elsewhere in VRS	311
Total inactive members	1,367
Active members	1,994
Total covered employees	4,296

j. **Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. LCPS' contractually required contribution rate for the year ended June 30 2024, was 7.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from LCPS were \$7,222,843 and 6,898,190 for the years ended June 30, 2024 and June 30, 2023, respectively.



**k. Net Pension Liability**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. For LCPS, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

**l. Actuarial Assumptions – General Employees**

The total pension liability for General Employees in LCPS' pension plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5%
Salary increases, including inflation –	
Political Subdivision Employees	3.5% – 5.35%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

*\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

The actuarial assumptions used in the June 30, 2022 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

<b>Asset Class (Strategy) Allocation</b>	<b>Long-term Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
	Inflation		2.50%
	*Expected arithmetic nominal return		8.25%

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results proved a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**n. Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**o. Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2022	\$ 223,207,893	\$ 207,883,131	\$ 15,324,762
Changes for the year:			
Service cost	8,036,037	-	8,036,037
Interest	15,320,013	-	15,320,013
actual experience	10,803,276	-	10,803,276
Contributions-employer	-	6,098,659	(6,098,659)
Contributions-employee	-	4,150,877	(4,150,877)
Net investment income	-	13,640,724	(13,640,724)
employee contributions	(8,561,542)	(8,561,542)	-
Administrative expenses	-	(131,179)	131,179
Other changes	-	5,493	(5,493)
Net changes	25,597,784	15,203,032	10,394,752
Balances at June 30, 2023	\$ 248,805,677	\$ 223,086,163	\$ 25,719,514

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
LCPS' net pension liability	\$60,444,334	\$25,719,514	\$(2,917,766)

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

For the year ended June 30, 2024, LCPS recognized pension expense of \$10,022,809. At June 30, 2024, LCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,334,855	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,024,509
Change in assumptions	924,026	-
Employer contributions subsequent to the measurement date	7,222,843	-
Total	\$ 16,481,724	\$ 3,024,509

Contributions of \$7,222,843 made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025.

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

Year Ended June 30,	Amortization Amount
2025	\$ 2,647,009
2026	(503,724)
2027	4,002,264
2028	88,823
2029	-
Total	\$ 6,234,372

r. **Net Pension Liability**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Financial Report. A copy of the 2023 VRS Annual Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500

## 2. PLANS REPORTING

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

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

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

	Virginia Retirement System		
	Professional Plan	Non-Professional Plan	Combined Totals
Net pension liability	\$ 837,631,563	\$ 25,719,514	\$ 863,351,077
Pension Expense	118,226,304	10,022,809	128,249,113
Deferred outflows of resources:			
Changes in proportion and difference between employer contributions and proportionate share of contributions	51,424,839	-	51,424,839
Net difference between projected and actual earnings on pension plan investments	-	-	-
Difference between expected and actual experience	71,953,265	8,334,855	80,288,120
Changes of assumptions	37,972,774	924,026	38,896,800
<b>Employer contributions subsequent to the measurement date</b>	<b>145,953,519</b>	<b>7,222,843</b>	<b>153,176,362</b>
Total deferred outflows of resources	<u>307,304,397</u>	<u>16,481,724</u>	<u>323,786,121</u>
Deferred inflows of resources:			
Changes in proportion and difference between employer contributions and proportionate share of contributions	15,634,968	-	15,634,968
Difference between expected and actual experience	32,687,963	-	32,687,963
Net difference between projected and actual earnings on pension plan investments	54,462,949	3,024,509	57,487,458
Changes of assumptions	-	-	-
Total deferred inflows of resources	<u>\$ 102,785,880</u>	<u>\$ 3,024,509</u>	<u>\$ 105,810,389</u>

## L. BUDGETS

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

# Required Supplementary Information

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

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

**Trend data for pensions and other postemployment benefits.**

**The notes to the required supplementary information are also included.**



**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2024**

Exhibit XII

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 362,436	\$ 362,436	\$ 1,107,879	\$ 745,443
Commonwealth of Virginia	486,378,901	498,378,901	493,989,705	(4,389,196)
County of Loudoun, Virginia	1,156,127,376	1,162,764,196	1,153,631,414	(9,132,782)
Charges for services:				
Tuition and fees	2,309,000	2,309,000	2,504,164	195,164
Revenue from the use of money and property	1,865,000	1,865,000	1,811,169	(53,831)
Recovered costs	5,735,000	5,735,000	7,410,304	1,675,304
Other	3,567,466	3,567,466	4,367,288	799,822
Total revenues	<u>1,656,345,179</u>	<u>1,674,981,999</u>	<u>1,664,821,923</u>	<u>(10,160,076)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular	982,256,464	987,013,295	970,810,545	16,202,750
Special	281,526,511	280,024,073	264,040,864	15,983,209
Adult education	1,142,899	1,148,344	927,234	221,110
Other	5,802,254	5,846,046	5,166,895	679,151
Administration	51,926,967	60,213,293	58,122,532	2,090,761
Attendance and health	36,424,348	33,391,422	33,095,212	296,210
Pupil transportation	85,765,184	85,345,562	78,935,922	6,409,640
Facilities services	7,752,265	10,987,408	6,422,912	4,564,496
Operation and maintenance	150,813,348	163,815,219	141,090,442	22,724,777
School nutrition services	1,121,888	1,105,368	875,939	229,429
Technology	62,356,967	66,175,393	60,929,275	5,246,118
Capital outlay	1,456,084	14,676,512	7,696,449	6,980,063
Principal	-	-	9,767,063	(9,767,063)
Interest	-	-	700,485	(700,485)
Total expenditures	<u>1,668,345,179</u>	<u>1,709,741,935</u>	<u>1,638,581,769</u>	<u>71,160,166</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers Out	-	-	(13,116,824)	13,116,824
Subscription Based IT	-	-	5,447,759	5,447,759
Total other financing sources	<u>-</u>	<u>-</u>	<u>(7,669,065)</u>	<u>18,564,583</u>
Net change in fund balances	(12,000,000)	(34,759,936)	18,571,089	79,564,673
Fund balances at beginning of year	<u>12,216,773</u>	<u>(97,503,672)</u>	<u>44,419,987</u>	<u>141,923,659</u>
Fund balances at end of year	<u>\$ 216,773</u>	<u>\$ (132,263,608)</u>	<u>\$ 62,991,076</u>	<u>\$ 221,488,332</u>

See accompanying notes to the required supplementary information.

LCPS received all monies appropriated from the County of Loudoun.



**LOUDOUN COUNTY PUBLIC SCHOOLS**

Exhibit XIII

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

For the Fiscal Year Ended June 30, 2024\*

<b>Fiscal Year</b>	<b>Employer's Proportion of the Net Pension Liability</b>	<b>Employer's Proportionate Share of the Net Pension Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	8.28747%	837,631,563	\$ 832,575,109	100.61%	89.66%
2023	8.47571%	806,938,333	796,158,822	101.35%	82.61%
2022	8.16904%	634,184,094	726,702,816	87.27%	85.46%
2021	7.96679%	1,159,377,165	701,172,761	165.35%	71.47%
2020	7.44121%	979,305,522	626,445,257	156.33%	73.51%
2019	7.16702%	842,841,000	580,077,082	145.30%	74.81%
2018	6.85549%	843,087,000	542,902,050	155.29%	72.92%
2017	6.61724%	927,348,000	507,489,598	182.73%	68.28%
2016	6.37430%	802,292,000	473,788,018	169.34%	70.68%

See accompanying notes to the required supplementary information

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

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

**LOUDOUN COUNTY PUBLIC SCHOOLS****Schedule of Changes in Employer's Net Pension Liability and Related Ratios****Virginia Retirement System-Pension-Political Subdivision Plan****For the Fiscal Year Ended June 30, 2024\***

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

See accompanying notes to the required supplementary information

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

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

## Exhibit XIV

2020	2021	2022	2023	2024	TOTAL PENSION LIABILITY
\$ 5,330,056	\$ 5,625,101	\$ 5,848,757	\$ 6,378,766	\$ 8,036,037	Service cost
10,573,312	11,568,079	12,519,488	14,346,139	15,320,013	Interest
					Difference between expected and actual experience
5,812,334	4,094,215	4,000,688	413,814	10,803,276	Changes of assumptions
5,348,446	-	6,057,512	-	-	Benefit payments, including refunds of employee contributions
(6,392,665)	(7,072,355)	(7,312,524)	(8,174,912)	(8,561,542)	
20,671,483	14,215,040	21,113,921	12,963,807	25,597,784	Net change in total pension liability
154,243,642	174,915,125	189,130,165	210,244,086	223,207,893	Total pension liability, beginning of year
				\$	
\$ 174,915,125	\$ 189,130,165	\$ 210,244,086	\$ 223,207,893	248,805,677	Total pension liability, end of year (a)
					<b>PLAN FIDUCIARY NET POSITION</b>
\$ 3,387,225	\$ 3,497,885	\$ 4,259,920	\$ 4,772,680	\$ 6,098,659	Contributions-employer
3,010,797	3,184,680	3,188,065	3,590,757	4,150,877	Contributions-employee
10,117,648	3,060,374	44,891,184	(309,996)	13,640,724	Net investment income
(6,392,665)	(7,072,355)	(7,312,524)	(8,174,912)	(8,561,542)	Benefit payments, including refunds of employee contributions
(96,958)	(102,475)	(108,411)	(127,766)	(131,179)	Administrative expense
(6,411)	(3,679)	4,272	4,825	5,493	Other
10,019,636	2,564,430	44,922,506	(244,412)	15,203,032	Net change in plan fiduciary net position
150,620,971	160,640,607	163,205,037	208,127,543	207,883,131	Plan fiduciary net position, beginning
				\$	
\$ 160,640,607	\$ 163,205,037	\$ 208,127,543	\$ 207,883,131	223,086,163	Plan fiduciary net position, ending (b)
\$ 14,274,518	\$ 25,925,128	\$ 2,116,543	\$ 15,324,762	\$ 25,719,514	Net pension liability, ending (a)-(b)
					<b>Plan fiduciary net position as a percentage of the total pension liability</b>
91.84%	86.29%	98.99%	93.13%	89.66%	
\$ 63,808,087	\$ 67,956,479	\$ 69,489,477	\$ 77,464,722	\$ 90,885,246	<b>Covered payroll</b>
					<b>Net pension liability as a percentage of covered payroll</b>
22.37%	38.15%	3.05%	19.78%	28.30%	

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Schedule of Employer Contributions**  
**Virginia Retirement System-Pension**  
**For the Fiscal Year Ended June 30, 2024**

Exhibit XV

<b>Professional Plan</b>	<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
	2024	\$ 145,953,519	\$ 145,953,519	\$ -	\$ 886,622,547	16.46%
	2023	138,373,983	138,206,007	(167,976)	832,572,109	16.60%
	2022	132,321,596	132,321,596	-	796,158,822	16.62%
	2021	120,778,008	120,778,008	-	726,702,816	16.62%
	2020	109,943,889	109,943,889	-	701,172,761	15.68%
	2019	98,226,616	98,226,616	-	626,445,257	15.68%
	2018	82,475,000	82,475,000	-	580,077,082	14.22%
	2017	78,001,000	78,001,000	-	542,902,050	14.37%
	2016	70,276,318	70,276,318	-	507,489,598	13.85%
<b>Non-Professional Plan</b>						
	2024	\$ 7,222,843	\$ 7,222,843	-	\$ 95,300,265	7.58%
	2023	6,898,190	6,799,171	(99,019)	90,885,246	7.48%
	2022	5,337,319	5,337,319	-	77,464,722	6.89%
	2021	4,787,825	4,787,825	-	69,489,477	6.89%
	2020	3,893,906	3,893,906	-	67,956,479	5.73%
	2019	3,656,203	3,656,203	-	63,808,087	5.73%
	2018	3,252,000	3,252,000	-	57,768,804	5.63%
	2017	3,088,000	3,088,000	-	53,665,362	5.75%
	2016	3,739,163	3,739,163	-	53,004,200	7.05%

See accompanying notes to the required supplementary information

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



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## LOUDOUN COUNTY PUBLIC SCHOOLS

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

## LCPS OPEB Trust\*

For the Fiscal Year Ended June 30, 2024

<b>TOTAL OPEB LIABILITY</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Service cost	\$ 7,710,000	\$ 5,783,010	\$ 5,580,255	\$ 12,498,442
Interest	18,800,379	17,077,102	17,614,339	26,997,794
Changes of benefit terms	(2,102,019)	-	-	-
Difference between expected and actual experience	13,574,790	4,481,330	48,770,039	(46,637,314)
Changes of assumptions	(3,470,322)	-	94,538,038	(7,502,400)
Benefit payments	(15,724,264)	(17,098,396)	(19,271,094)	(15,007,398)
Net change in total OPEB liability	18,788,564	10,243,046	147,231,574	(29,650,876)
Total OPEB liability, beginning of year	268,596,000	287,384,564	297,627,610	444,859,184
Total OPEB liability, end of year (a)	<u>\$ 287,384,564</u>	<u>\$ 297,627,610</u>	<u>\$ 444,859,184</u>	<u>\$ 415,208,308</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	\$ 27,724,264	\$ 27,098,396	\$ 29,271,094	\$ 25,007,398
Net investment income	7,611,010	9,119,738	7,584,631	41,104,933
Benefit payments	(15,724,264)	(17,098,396)	(19,271,094)	(15,007,398)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	19,611,010	19,119,738	17,584,631	51,104,933
Plan fiduciary net position, beginning	140,815,006	160,426,016	179,545,754	197,130,385
Plan fiduciary net position, ending (b)	<u>\$ 160,426,016</u>	<u>\$ 179,545,754</u>	<u>\$ 197,130,385</u>	<u>\$ 248,235,318</u>
Net OPEB Liability-OPEB Trust (ending) (a)-(b)	<u>\$ 126,958,548</u>	<u>\$ 118,081,856</u>	<u>\$ 247,728,799</u>	<u>\$ 166,972,990</u>
<b>Plan Fiduciary Net position as a percentage of the Total OPEB liability</b>	55.82%	60.33%	44.31%	59.79%
<b>Covered-employee payroll (1)</b>	\$ 460,995,350	\$ 468,583,742	\$ 453,623,652	\$ 398,195,610
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	27.54%	25.20%	54.61%	41.93%

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

(2) Totals may not foot due to rounding

**Investment Return Schedule**

	<b>Fiscal Year Ending June 30 2018</b>	<b>Fiscal Year Ending June 30 2019</b>	<b>Fiscal Year Ending June 30 2020</b>	<b>Fiscal Year Ending June 30 2021</b>
Annual money-weighted rate of return, net of investment expense	5.18%	5.51%	4.11%	20.34%

See accompanying notes to the required supplementary information

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

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

## Exhibit XVI

<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>TOTAL OPEB LIABILITY</b>
\$ 8,250,047	\$ 7,934,379	\$ 9,594,082	Service cost
24,910,466	25,536,318	31,252,148	Interest
-	(52,792,089)	-	Changes of benefit terms
(3,713,631)	13,180,233	799,345	Difference between expected and actual experience
-	122,367,631	-	Changes of assumptions
(16,812,744)	(20,643,748)	(24,659,436)	Benefit payments
12,634,138	95,582,724	16,986,139	Net change in total OPEB liability
415,208,308	427,842,446	523,425,170	Total OPEB liability, beginning of year
<u>\$ 427,842,446</u>	<u>\$ 523,425,170</u>	<u>\$ 540,411,309</u>	Total OPEB liability, end of year (a)
			<b>PLAN FIDUCIARY NET POSITION</b>
\$ 28,812,744	\$ 32,643,748	\$ 36,659,436	Contributions-employer
(29,103,145)	12,318,710	20,175,946	Net investment income
(16,812,744)	(20,643,748)	(24,659,436)	Benefit payments
-	-	-	Administrative expense
-	-	-	Other
(17,103,145)	24,318,710	32,175,946	Net change in plan fiduciary net position
248,235,318	231,132,173	255,450,883	Plan fiduciary net position, beginning
<u>\$ 231,132,173</u>	<u>\$ 255,450,883</u>	<u>\$ 287,626,829</u>	Plan fiduciary net position, ending (b)
<u>\$ 196,710,273</u>	<u>\$ 267,974,287</u>	<u>\$ 252,784,480</u>	Net OPEB Liability-OPEB Trust (ending) (a)-(b)
54.02%	48.80%	53.22%	<b>Plan Fiduciary Net position as a percentage of the Total OPEB liability</b>
\$ 390,237,676	\$ 407,110,734	\$ 424,664,660	<b>Covered-employee payroll (1)</b>
50.41%	65.82%	59.53%	<b>Net OPEB liability as a percentage of covered-employee payroll</b>

<b>Fiscal Year Ending June 30 2022</b>	<b>Fiscal Year Ending June 30 2023</b>	<b>Fiscal Year Ending June 30 2024</b>	
-11.45%	5.19%	7.76%	Annual money-weighted rate of return, net of investment expense



**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Schedule of Employer Contributions**  
**LCPS OPEB Trust\***  
**For the Fiscal Year Ended June 30, 2024**

Exhibit XVII

OPEB Trust	Actuarial Valuation Date	Fiscal Year	Employer Annual Contribution
	6/30/2023	6/30/2024	\$ 36,659,436
	6/30/2020	6/30/2023	32,643,748
	6/30/2019	6/30/2022	37,411,116
	7/1/2017	6/30/2021	30,690,060
	7/1/2017	6/30/2020	28,240,559
	7/1/2017	6/30/2019	27,098,396
	7/1/2017	6/30/2018	27,724,264
	7/1/2015	6/30/2017	26,321,831
	7/1/2015	6/30/2016	24,217,438
	7/1/2014	6/30/2015	24,740,087

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

Fiscal Year Ending June 30,	Actuarially Determined Contributions (1)	Contributions Made in Relation to the Actuarially Determined Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll (2)	Contributions as a Percentage of Payroll
2024	N/A	\$ 36,659,436	N/A	\$ 424,664,660	8.63%
2023	N/A	32,643,748	N/A	398,195,610	8.2%
2022	N/A	25,007,398	N/A	398,195,610	6.28%
2021	N/A	25,007,398	N/A	398,195,610	6.28%
2020	N/A	29,271,094	N/A	453,623,652	6.45%
2019	N/A	27,098,396	N/A	468,583,742	5.78%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Fair Value of Assets
Inflation	2.75%
Salary Increases	Varies by service
Discount Rate	6.00%
Healthcare cost trend rates	
Non-Medicare Medical and Prescription Drug	7.00% graded to 4.50% over 10 years
Medicare Medical	5.00% graded to 4.50% over 10 years
Prescription Drug	9.50% graded to 4.50% over 10 years
Dental	4.00%
Vision	3.00%
Administrative Costs	3.00%

## Mortality rates:

Healthy Male	Pub-2010 Headcount-Weighted Teachers Healthy Annuitant, set forward one year, projected generationally with 75% of Scale MP-2020 from 2010
Healthy Female	105% of Pub-2010 Headcount-Weighted Teachers Healthy Annuitant, projected generationally with 75% of Scale MP-2020 from 2010
Disabled	110% of Pub-2010 Headcount-Weighted Non-Safety Disabled Retiree, projected generationally with 75% of Scale MP-2020 from 2010
Surviving Spouse	Pub-2010 Headcount-Weighted Teachers Contingent Survivor, projected generationally with 75% of Scale MP-2020 from 2010

See accompanying notes to the required supplementary information

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

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

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

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

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

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Virginia Retirement System-Group Life Insurance (GLI)**  
**For the Fiscal Year Ended June 30, 2024\***

Exhibit XVIII

GLI-Teachers	Date	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
	2024	3.55%	\$ 42,535,690	\$ 835,432,360	5.09%	69.30%
	2023	3.67%	44,133,625	797,292,984	5.54%	67.21%
	2022	3.50%	40,986,660	726,824,504	5.64%	67.45%
	2021	3.41%	56,861,425	701,223,596	8.11%	52.64%
	2020	3.20%	51,999,615	626,427,691	8.30%	52.00%
	2019	3.06%	46,412,000	581,094,062	7.99%	51.22%
<b>GLI-Political Subdivision</b>						
	2024	0.39%	\$ 4,642,063	\$ 91,174,213	5.09%	69.30%
	2023	0.36%	4,292,002	77,536,540	5.54%	67.21%
	2022	0.34%	3,923,944	69,583,180	5.64%	67.45%
	2021	0.33%	5,519,008	68,062,132	8.11%	52.64%
	2020	0.32%	5,298,866	63,833,514	8.30%	52.00%
	2019	0.30%	\$ 4,622,000	\$ 57,864,717	7.99%	51.22%

See accompanying notes to the required supplementary information

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

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**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Schedule of Employer Contributions**  
**Virginia Retirement System-Group Life Insurance (GLI)**  
**For the Fiscal Year Ended June 30, 2024**

Exhibit XIX

<b>GLI-Teachers</b>	<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
	2024	\$ 4,865,880	\$ 4,865,880	\$ -	\$ 901,088,880	0.54%
	2023	4,305,383	6,673,156	2,367,773	835,432,360	0.80%
	2022	3,935,671	3,935,671	-	797,292,984	0.49%
	2021	3,924,852	3,924,852	-	726,824,504	0.54%
	2020	3,646,363	3,646,363	-	701,223,596	0.52%
	2019	3,257,424	3,257,424	-	626,427,691	0.52%
	2018	3,021,689	3,021,689	-	581,094,062	0.52%
	2017	2,821,840	2,821,840	-	542,661,496	0.52%
	2016	2,433,288	2,433,288	-	506,935,062	0.48%
	2015	2,290,175	2,290,175	-	477,119,855	0.48%
<b>GLI-Political Subdivision</b>						
	2024	\$ 516,727	\$ 516,727	\$ -	\$ 95,690,202	0.54%
	2023	418,696	661,096	242,400	91,174,213	0.73%
	2022	376,790	376,790	-	77,536,540	0.49%
	2021	375,749	375,749	-	68,583,180	0.55%
	2020	353,923	353,923	-	68,062,132	0.52%
	2019	331,934	331,934	-	63,833,514	0.52%
	2018	300,897	300,897	-	57,864,717	0.52%
	2017	279,381	279,381	-	53,727,081	0.52%
	2016	254,042	254,042	-	52,925,461	0.48%
	2015	245,623	245,623	-	51,171,372	0.48%

See accompanying notes to the required supplementary information

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Virginia Retirement System-Health Insurance Credit (HIC)-Teachers**  
**For the Fiscal Year Ended June 30, 2024\***

Exhibit XX

<b>Date</b>	<b>Employer's Proportion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2024	8.35%	\$ 101,149,113	\$ 832,551,278	12.15%	17.90%
2023	8.22%	106,696,552	796,150,028	13.40%	9.95%
2022	8.22%	105,477,938	726,755,639	14.51%	9.95%
2021	8.00%	104,348,276	701,252,844	14.88%	9.95%
2020	7.47%	97,780,663	626,502,557	15.61%	8.97%
2019	7.18%	91,209,000	580,972,292	15.70%	8.08%

See accompanying notes to the required supplementary information

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

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**LOUDOUN COUNTY PUBLIC SCHOOLS****Schedule of Changes in the Net OPEB Liability and Related Ratios with Investment Returns****Virginia Retirement System-Health Insurance Credit (HIC) - Political Subdivision****For the Fiscal Year Ended June 30, 2024\***

	<b>2018</b>	<b>2019</b>
<b>TOTAL HIC OPEB LIABILITY</b>		
Service Cost	\$ 68,371	\$ 62,353
Interest	139,537	143,395
Changes in benefit terms	-	-
Difference between expected and actual experience	-	23,315
Changes in assumptions	(60,019)	-
Projected earnings on investments	-	-
Benefit Payments	(57,252)	(129,029)
	<hr/>	<hr/>
Net change in total HIC OPEB Liability	90,997	100,034
Total HIC OPEB liability - beginning	2,022,011	2,113,008
	<hr/>	<hr/>
Total HIC OPEB liability - ending (a)	\$ 2,113,008	\$ 2,213,042
	<hr/>	<hr/>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 107,353	\$ 116,631
Net Investment income	163,092	111,147
Benefit Payments	(57,252)	(129,029)
Administrative Expense	(2,698)	(2,664)
Other	8,051	(8,051)
	<hr/>	<hr/>
Net change in plan fiduciary net position	218,546	88,034
Plan fiduciary net position - beginning	1,385,442	1,603,988
	<hr/>	<hr/>
Plan fiduciary net position - ending (b)	\$ 1,603,988	\$ 1,692,022
	<hr/>	<hr/>
Net OPEB Liability-HIC Political Subdivision	\$ 509,020	\$ 521,020
	<hr/>	<hr/>
<b>Plan Fiduciary Net position as a percentage of the Total OPEB liability</b>	75.91%	76.46%
<b>Covered Payroll</b>	\$ 53,683,988	\$ 57,864,863
<b>Net OPEB liability as a percentage of covered payroll</b>	0.95%	0.90%

See accompanying notes to the required supplementary information

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

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## Exhibit XXI

2020	2021	2022	2023	2024
\$ 63,900	\$ 68,131	\$ 70,444	\$ 50,515	\$ 48,929
151,076	159,417	169,692	182,455	197,851
-	48,577	-	-	-
44,121	8,201	(5,096)	(77,161)	3,267
63,797	-	43,313	212,898	-
-	-	-	-	-
(109,555)	(129,229)	(134,969)	(144,601)	(133,466)
213,339	155,097	143,384	224,106	116,581
2,213,004	2,426,343	2,581,440	2,724,824	2,948,930
<u>\$ 2,426,343</u>	<u>\$ 2,581,440</u>	<u>\$ 2,724,824</u>	<u>\$ 2,948,930</u>	<u>\$ 3,065,511</u>
\$ 121,225	\$ 129,062	\$ 129,986	\$ 147,584	\$ 127,292
109,411	36,025	482,701	2,469	142,392
(109,555)	(129,229)	(134,969)	(144,601)	(133,466)
(2,394)	(3,507)	(5,743)	(4,073)	(3,456)
(129)	(16)	-	35,566	1,924
118,558	32,335	471,975	36,945	134,686
1,694,117	1,812,675	1,845,010	2,316,985	2,353,930
<u>\$ 1,812,675</u>	<u>\$ 1,845,010</u>	<u>\$ 2,316,985</u>	<u>\$ 2,353,930</u>	<u>\$ 2,488,616</u>
<u>\$ 613,668</u>	<u>\$ 736,430</u>	<u>\$ 407,839</u>	<u>\$ 595,000</u>	<u>\$ 576,895</u>
74.71%	71.47%	85.03%	79.82%	81.18%
\$ 63,808,087	\$ 67,956,479	\$ 69,127,673	\$ 77,463,456	\$ 90,879,127
0.96%	1.08%	0.59%	0.77%	0.63%

## LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit XXII

## Schedule of Employer Contributions

## Virginia Retirement System-Health Insurance Credit (HIC)

For the Fiscal Year Ended June 30, 2024

HIC-Teachers	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	2024	\$ 10,878,343	\$ 10,878,343	\$ -	\$ 899,036,600	1.21%
	2023	10,073,870	10,060,578	(13,292)	832,551,278	1.21%
	2022	8,806,887	8,806,887	-	796,150,028	1.11%
	2021	8,793,743	8,793,743	-	726,755,639	1.21%
	2020	8,415,034	8,415,034	-	701,252,844	1.20%
	2019	7,518,031	7,518,031	-	626,502,557	1.20%
	2018	7,145,959	7,145,959	-	580,972,292	1.23%
	2017	6,017,603	6,017,603	-	542,126,406	1.11%
	2016	5,347,894	5,347,894	-	504,518,323	1.06%
	2015	5,023,870	5,023,870	-	473,949,958	1.06%
<b>HIC-Political Subdivision</b>						
	2024	\$ 133,488	\$ 133,488	\$ -	\$ 95,348,419	0.14%
	2023	127,231	128,596	1,365	90,879,127	0.14%
	2022	129,986	129,986	-	77,463,456	0.17%
	2021	132,027	132,027	-	69,127,673	0.19%
	2020	129,117	129,117	-	67,956,479	0.19%
	2019	121,235	121,235	-	63,808,087	0.19%
	2018	115,730	115,730	-	57,864,863	0.20%
	2017	107,368	107,368	-	53,683,988	0.20%
	2016	100,049	100,049	-	52,657,193	0.19%
	2015	96,772	96,772	-	50,932,626	0.19%

See accompanying notes to the required supplementary information



**LOUDOUN COUNTY PUBLIC SCHOOLS**

Exhibit XXIII

**Schedule of Employer's Share of Net OPEB Liability/(Asset)****Virginia Retirement System-Virginia Local Disability Program (VLDP)****For the Fiscal Year Ended June 30, 2024\***

<b>VLDP-Teachers</b>	<b>Date</b>	<b>Employer's Proportion of the Net OPEB Liability/ (Asset)</b>	<b>Employer's Proportionate Share of the Net OPEB Liability/ (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability/ (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
	2024	33.75%	\$ 224,075	\$ 315,171,970	0.07%	93.77%
	2023	35.36%	(39,754)	284,577,727	-0.01%	101.57%
	2022	34.72%	(244,455)	233,657,292	-0.10%	101.46%
	2021	34.65%	278,014	204,972,203	0.14%	78.28%
	2020	33.31%	193,658	159,743,547	0.12%	74.12%
	2019	32.95%	246,000	122,861,829	0.20%	46.18%
<b>VLDP-Political Subdivision</b>						
	2024	6.72%	\$ (108,126)	\$ 41,131,810	-0.26%	116.89%
	2023	6.70%	(39,394)	31,390,085	-0.13%	107.99%
	2022	6.36%	(64,397)	25,555,567	-0.25%	119.59%
	2021	6.32%	63,111	23,558,688	0.27%	76.84%
	2020	6.02%	121,947	18,601,794	0.66%	49.19%
	2019	5.41%	42,000	13,127,622	0.32%	51.39%

See accompanying notes to the required supplementary information

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

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

## LOUDOUN COUNTY PUBLIC SCHOOLS

Exhibit XXIV

## Schedule of Employer Contributions

## Virginia Retirement System-Virginia Local Disability Program (VLDP)

For the Fiscal Year Ended June 30, 2024

VLDP-Teachers	Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	2024	\$ 1,696,394	\$ 1,696,394	\$ -	\$ 360,935,140	0.47%
	2023	1,481,306	1,469,259	12,047	315,171,970	0.47%
	2022	1,099,348	1,099,348	-	284,577,727	0.39%
	2021	1,098,186	1,098,186	-	233,657,292	0.47%
	2020	840,390	840,390	-	204,972,203	0.41%
	2019	654,948	654,948	-	159,743,547	0.41%
	2018	380,872	380,872	-	122,861,829	0.31%
	2017	278,575	278,575	-	89,862,999	0.31%
	2016	165,728	165,728	-	57,147,570	0.29%
	2015	78,176	78,176	-	26,957,354	0.29%
<b>VLDP-Political Subdivision</b>						
	2024	\$ 396,198	\$ 396,198	\$ -	\$ 46,611,573	0.85%
	2023	349,620	343,597	6,023	41,131,810	0.84%
	2022	212,340	212,340	-	31,390,085	0.68%
	2021	212,111	212,111	-	25,555,567	0.83%
	2020	169,623	169,623	-	23,558,688	0.72%
	2019	115,331	115,331	-	18,601,794	0.62%
	2018	78,766	78,766	-	13,127,622	0.60%
	2017	51,607	51,607	-	8,601,102	0.60%
	2016	35,461	35,461	-	5,910,085	0.60%
	2015	18,774	18,774	-	3,128,970	0.60%

See accompanying notes to the required supplementary information

Schedule is intended to show information for 10 years. Since 2014 was the first year for VLDP benefits, ten years of data is not available. However, additional years will be included as they become available.

# Notes to the Required Supplementary Information (RSI)

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## Loudoun County Public Schools June 30, 2024

### I. BUDGETARY COMPARISON SCHEDULE

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

The preparation of LCPS' budget begins with the Superintendent soliciting input from managers, parents, and community leaders on the School Board's budget priorities. In January, the Superintendent releases the proposed budget to the School Board. The School Board holds budget work sessions and public hearings on the proposed budget during the month of January. The School Board may alter the proposed budget prior to submission to the BOS. Upon approval by the School Board, the budget is submitted to the BOS in February.

The BOS holds budget work sessions and public hearings in conjunction with the School Board. By the first BOS meeting in April, the BOS adopts the County's final budget, which includes appropriations for the school division. The School Board enters into reconciliation if necessary and, once finalized, the adopted budget governs the financial operations of the school system beginning on July 1.

Formal budgetary integration is employed at each program level as a management control device during the fiscal year. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All budgetary changes that affect the total fund appropriations or estimated revenues are required to have School Board approval prior to BOS action. Operating budget transfers between departments in excess of \$100,000 that deviate from the purpose designated by the School Board in the appropriated Operating Budget shall be submitted for consideration to the Finance & Operations Committee and for final approval by the School Board. Operating budget transfers within a department in excess of \$250,000 that deviate from the purpose designated by the School Board in the appropriated Operating Budget shall be submitted for consideration to the Finance & Operations Committee and for final approval by the School Board.

Budgetary changes under the limits described above are managed by the school division's budget adjustment guidelines, which establish controls and approval requirements based on value, purpose, and types of transfers being requested. The Director of Budget and Financial Analytics is responsible for maintaining this guidance, providing, training, and ensuring compliance.

## II. VIRGINIA RETIREMENT SYSTEM (System)

### A. TEACHER'S-PROFESSIONAL PLAN

#### 1. CHANGES OF BENEFIT TERMS

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

#### 2. CHANGES OF ASSUMPTIONS

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**B. POLITICAL SUBDIVISION PLAN****1. CHANGES OF BENEFIT TERMS**

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

**2. CHANGES OF ASSUMPTIONS**

The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

**III. OTHER POSTEMPLOYMENT BENEFITS (OPEB)****A. LCPS OPEB TRUST**

**1. CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the benefit provisions since the prior actuarial valuation.

**2. CHANGES OF ASSUMPTIONS**

The June 30, 2024 liabilities in this report were developed based on data as of June 30, 2023. Multiple assumption changes were made in the valuation. These changes include:

- The valuation-year per capita health costs were updated.
- The retiree self-pay contribution rates remained at their current level.
- The future trend rates on the valuation-year per capita health costs and retiree self-pay contribution rates were modified.
- The assumed mortality rates were modified

**B. OTHER POSTEMPLOYMENT BENEFITS (OPEB) GROUP LIFE INSURANCE**

**1. CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**2. CHANGES OF ASSUMPTIONS** - The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

## Teachers

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

## Largest Ten Locality Employers – General Employees

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

**C. OTHER POSTEMPLOYMENT BENEFITS (OPEB) HEALTH INSURANCE CREDIT PROGRAM - TEACHERS**

- CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- CHANGES OF ASSUMPTIONS** - The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) HEALTH INSURANCE CREDIT PROGRAM – POLITICAL SUBDIVISION**

1. **CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
2. **CHANGES OF ASSUMPTIONS** - The actuarial assumptions used in the June 30, 2022 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest Ten Locality Employers – General Employees

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

**E. OTHER POSTEMPLOYMENT BENEFITS (OPEB) Virginia Local Disability Program - Teachers**

1. **CHANGES OF BENEFIT TERMS** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
2. **CHANGES OF ASSUMPTIONS** - The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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



**F. OTHER POSTEMPLOYMENT BENEFITS (OPEB) VIRGINIA LOCAL DISABILITY PROGRAM – POLITICAL SUBDIVISION**

1. **CHANGES OF BENEFIT TERMS** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
2. **CHANGES OF ASSUMPTIONS** – The actuarial assumptions used in the June 30, 2022, 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest Ten Locality Employers-General and Non-Hazardous Duty Employees

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

## Other Supplementary Information

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**Capital Improvements Fund**  
**Nonmajor Governmental Funds**  
**Component Units-Charter Schools**



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## **Capital Improvements Fund**

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**Capital Improvements Fund - is used to account for the construction, renovation, and major maintenance projects of schools and buildings. The primary revenue source is bond proceeds from the County of Loudoun, Virginia**



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**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual**  
**Capital Improvements Fund**  
**For the Fiscal Year Ended June 30, 2024**

Schedule 1

	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Project Authorization</b>
<b>REVENUES</b>				
Intergovernmental:				
County of Loudoun, Virginia	\$ 1,920,447,763	\$ 214,607,099	\$ 2,135,054,862	\$ 2,443,268,991
Federal Government	450,000	10,979,837	11,429,837	-
Other	-	-	-	350,000
Total revenues	<u>1,920,897,763</u>	<u>225,586,936</u>	<u>2,146,484,699</u>	<u>2,443,618,991</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
Facilities services	1,893,239	-	1,893,239	961,000
Capital outlay	1,774,887,699	207,259,471	1,982,147,170	2,442,657,991
Principal	118,720	105,940	224,660	-
Interest	-	12,780	12,780	-
Total expenditures	<u>1,776,899,658</u>	<u>207,378,191</u>	<u>1,984,277,849</u>	<u>2,443,618,991</u>
Excess of revenues over expenditures	<u>143,998,105</u>	<u>18,208,745</u>	<u>162,206,850</u>	-
<b>OTHER FINANCING USES</b>				
Transfers out	(55,359)	-	(55,359)	-
Subscription based IT	561,248	-	561,248	-
Total other financing uses	<u>505,889</u>	<u>-</u>	<u>505,889</u>	<u>-</u>
Net change in fund balance	<u>\$ 144,503,994</u>	<u>18,208,745</u>	<u>\$ 162,712,739</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>144,503,994</u>		
Fund balance at end of year		<u>\$ 162,712,739</u>		



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## **Nonmajor Governmental Funds**

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**Lease Fund** – used to account for lease proceeds and expenditures.

**School Nutrition Services Fund** – used to account for the procurement, preparation, and serving of student breakfasts, snacks, and lunches. The primary revenue sources are receipts derived from food sales and the Federal school lunch program.

**Grant Fund** – used to account for all Federal, State and local grants. The primary revenue source is Federal and State government funding.

**School Activity Funds** – used to account for monies collected and disbursed at schools in connection with student athletics, classes, clubs, various fund raising activities, and private donations. This fund has no adopted budget.

**Capital Asset Preservation Fund** – used to account for the maintenance projects of schools and buildings. The primary revenue source is contributions from the County of Loudoun, Virginia.

**Debt Service Fund** – used to account for the resources accumulated and payments made for principal, interest, and related costs on long-term debt of the governmental funds.

**Peabody Trust Fund** – used to account for monies provided through a private donor, the corpus of which is nonexpendable.

## LOUDOUN COUNTY PUBLIC SCHOOLS

## Combining Balance Sheet

## Nonmajor Governmental Funds

June 30, 2024

	Special Revenue				
	Lease Fund	School Nutrition Services Fund	Grant Fund	School Activity Fund	Capital Asset Preservation Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 13,576	\$ -	\$ 10,005,283	\$ -
Accounts receivable, net	-	1,064,709	11,171,548	1,132,200	-
Due from other governmental units	-	703	5,550,068	-	-
Interfund receivables	2,409,819	29,870,982	-	-	53,264,540
Inventories	-	619,527	-	286,166	-
Prepaid items	-	1,393	-	190,621	-
Restricted cash on deposit with others	1,185,866	-	-	-	-
Total assets	<u>\$ 3,595,685</u>	<u>\$ 31,570,890</u>	<u>\$ 16,721,616</u>	<u>\$ 11,614,270</u>	<u>\$ 53,264,540</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 26,237	\$ 759,284	\$ 790,127	\$ 385,083	\$ 10,898,721
Accrued liabilities	63,151	3,146,330	2,053,431	-	1,159,993
Interfund payables	823,605	-	1,845,157	-	-
Unearned revenues	-	1,306,430	11,219,687	623,514	-
Total liabilities	<u>\$ 912,993</u>	<u>\$ 5,212,044</u>	<u>\$ 15,908,402</u>	<u>\$ 1,008,597</u>	<u>\$ 12,058,714</u>
Fund balances:					
Nonspendable:					
Inventories	-	619,527	-	286,166	-
Prepaid items and deposits	-	1,393	-	190,621	-
Restricted for:					
Restricted by legal agreement	2,682,692	-	813,214	-	-
Committed to:					
Capital asset preservation	-	-	-	-	41,205,826
Assigned to:					
Special revenue fund	-	25,737,926	-	10,128,886	-
Unassigned:	-	-	-	-	-
Total fund balances	<u>2,682,692</u>	<u>26,358,846</u>	<u>813,214</u>	<u>10,605,673</u>	<u>41,205,826</u>
Total liabilities and fund balances	<u>\$ 3,595,685</u>	<u>\$ 31,570,890</u>	<u>\$ 16,721,616</u>	<u>\$ 11,614,270</u>	<u>\$ 53,264,540</u>

<b>Debt Service Fund</b>	<b>Permanent Peabody Trust Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
			<b>ASSETS</b>
\$ -	\$ -	\$ 10,018,859	Cash and cash equivalents
-	-	13,368,457	Accounts receivable, net
-	-	5,550,771	Due from other governmental units
-	19,570	85,564,911	Interfund receivables
-	-	905,693	Inventories
-	-	192,014	Prepaid items
-	-	1,185,866	Restricted cash on deposit with others
<u>\$ -</u>	<u>\$ 19,570</u>	<u>\$ 116,786,571</u>	Total assets
			<b>LIABILITIES AND FUND BALANCES</b>
			Liabilities:
\$ -	\$ -	\$ 12,859,452	Accounts payable
-	-	6,422,905	Accrued liabilities
2,523,668	-	5,192,430	Interfund payables
-	-	13,149,631	Unearned revenues
<u>2,523,668</u>	<u>-</u>	<u>37,624,418</u>	Total liabilities
			Fund balances:
			Nonspendable:
-	-	905,693	Inventories
-	-	192,014	Prepaid items and deposits
-	19,570	19,570	Permanent fund-nonexpendable
			Restricted for:
-	-	3,495,906	Restricted by legal agreement
			Committed to:
-	-	41,205,826	Capital asset preservation
			Assigned to:
-	-	35,866,812	Special revenue fund
(2,523,668)	-	(2,523,668)	Unassigned
<u>(2,523,668)</u>	<u>19,570</u>	<u>79,162,153</u>	Total fund balances
<u>\$ -</u>	<u>\$ 19,570</u>	<u>\$ 116,786,571</u>	Total liabilities and fund balances

**LOUDOUN COUNTY PUBLIC SCHOOLS****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2024

	<b>Special Revenue</b>				
	<b>Lease Fund</b>	<b>School Nutrition Services Fund</b>	<b>Grant Fund</b>	<b>School Activity Fund</b>	<b>Capital Asset Preservation Fund</b>
<b>REVENUES</b>					
Intergovernmental:					
Federal government	\$ -	\$ 19,388,008	\$ 24,713,306	\$ -	\$ -
Commonwealth of Virginia	-	691,468	15,133,438	-	-
County of Loudoun, Virginia	-	-	-	-	43,216,000
Charges for services:					
Tuition and fees	-	-	11,088	-	-
Food sales	-	21,607,846	-	-	-
Lease fund interest	261,574	-	-	-	-
Other	-	764,834	1,727,323	21,366,255	-
Total revenues	<u>261,574</u>	<u>42,452,156</u>	<u>41,585,155</u>	<u>21,366,255</u>	<u>43,216,000</u>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular	-	-	14,793,815	21,236,150	-
Special	-	-	19,691,639	-	-
Adult education	-	-	239,975	-	-
Support services:					
Administration	1,500	-	-	-	-
Attendance and health	-	-	312,331	-	-
Operation and maintenance	-	-	274,480	-	31,989,229
Pupil transportation	5,581	-	-	-	-
School nutrition services	-	43,833,340	5,398	-	-
Technology	7,732,241	-	2,545,678	-	-
Capital outlay	3,422,304	4,529,865	3,709,680	-	193,923
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>11,161,626</u>	<u>48,363,205</u>	<u>41,572,996</u>	<u>21,236,150</u>	<u>32,183,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,900,052)</u>	<u>(5,911,049)</u>	<u>12,159</u>	<u>130,105</u>	<u>11,032,848</u>
<b>OTHER FINANCING SOURCES</b>					
Installment purchases	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(900,052)	(5,911,049)	12,159	130,105	11,032,848
Fund balances at beginning of year	<u>3,582,744</u>	<u>32,269,895</u>	<u>801,054</u>	<u>10,475,568</u>	<u>30,172,977</u>
Fund balances at end of year	<u>\$ 2,682,692</u>	<u>\$ 26,358,846</u>	<u>\$ 813,213</u>	<u>\$ 10,605,673</u>	<u>\$ 41,205,825</u>

<b>Debt Service Fund</b>	<b>Permanent Peabody Trust Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
			<b>REVENUES</b>
			Intergovernmental:
\$ -	\$ -	\$ 44,101,314	Federal government
-	-	15,824,906	Commonwealth of Virginia
10,378,193	-	53,594,193	County of Loudoun, Virginia
			Charges for services:
-	-	11,088	Tuition and fees
-	-	21,607,846	Food sales
-	-	261,574	Lease fund interest
-	-	23,858,412	Other
10,378,193	-	159,259,333	Total revenues
			<b>EXPENDITURES</b>
			Current:
			Instruction:
-	1,050	36,031,015	Regular
-	-	19,691,639	Special
-	-	239,975	Adult education
			Support services:
-	-	1,500	Administration
-	-	312,331	Attendance and health
-	-	32,263,709	Operation and maintenance
-	-	5,581	Pupil transportation
-	-	43,838,738	School nutrition services
-	-	10,277,919	Technology
-	-	11,855,772	Capital outlay
			Debt service:
9,971,755	-	9,971,755	Principal
406,438	-	406,438	Interest
10,378,193	1,050	164,896,372	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
-	(1,050)	(5,637,039)	
			<b>OTHER FINANCING SOURCES</b>
-	-	10,000,000	Installment purchases
-	(1,050)	4,362,961	Net change in fund balances
(2,523,668)	20,620	74,799,190	Fund balances at beginning of year
\$ (2,523,668)	\$ 19,570	\$ 79,162,151	Fund balances at end of year

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual**  
**Lease Fund**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule 4**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget</b>
<b>REVENUES</b>				
Other	\$ -	\$ -	\$ 261,574	\$ 261,574
<b>EXPENDITURES</b>				
Current:				
Administration	2,000	9,500	1,500	8,000
Pupil Transportation	-	(25,254)	5,581	(30,835)
Operation and maintenance	-	(187,577)	-	(187,577)
Technology	7,200,000	7,793,094	7,732,241	60,853
Capital outlay	2,800,000	5,604,439	3,422,304	2,182,135
Total expenditures	<u>10,002,000</u>	<u>13,194,202</u>	<u>11,161,626</u>	<u>2,032,576</u>
Excess (deficiency) of revenues over (under) expenditures	(10,002,000)	(13,194,202)	(10,900,052)	2,294,150
<b>OTHER FINANCING SOURCES</b>				
Leases	<u>10,002,000</u>	<u>13,194,202</u>	<u>10,000,000</u>	<u>(3,194,202)</u>
Net change in fund balance	-	-	(900,052)	(900,052)
Fund balance at beginning of year	<u>1,505,333</u>	<u>1,505,333</u>	<u>3,582,744</u>	<u>1,331,467</u>
Fund balance at end of year	<u>\$ 1,505,333</u>	<u>\$ 1,505,333</u>	<u>\$ 2,682,692</u>	<u>\$ 431,415</u>

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual**  
**School Nutrition Services Fund**  
**For the Fiscal Year Ended June 30, 2024**

Schedule 5

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 16,339,468	\$ 16,339,468	\$ 19,388,008	\$ 3,048,540
Commonwealth of Virginia	1,316,547	1,316,547	691,468	(625,079)
Charges for services:				
Food sales	29,985,516	29,985,516	21,607,846	(8,377,670)
Other	4,022,294	8,078,238	764,834	(7,313,404)
Total revenues	<u>51,663,825</u>	<u>55,719,769</u>	<u>42,452,156</u>	<u>(13,267,613)</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
School nutrition services	45,024,251	47,905,018	43,833,340	4,071,678
Capital outlay	6,639,574	7,814,751	4,529,865	3,284,886
Total expenditures	<u>51,663,825</u>	<u>55,719,769</u>	<u>48,363,205</u>	<u>7,356,564</u>
Net change in fund balance	-	-	(5,911,049)	(5,911,049)
Fund balance at beginning of year	<u>13,017,197</u>	<u>13,017,197</u>	<u>32,269,895</u>	<u>17,678,200</u>
Fund balance at end of year	<u>\$ 13,017,197</u>	<u>\$ 13,017,197</u>	<u>\$ 26,358,846</u>	<u>\$ 11,767,151</u>



**LOUDOUN COUNTY PUBLIC  
SCHOOLS**

Schedule 6

**Budgetary Comparison Schedule - Budget and Actual  
Grant Fund  
For the Fiscal Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 20,381,994	\$ 28,866,105	\$ 24,713,306	\$ (4,152,799)
Commonwealth of Virginia	6,184,385	27,239,272	15,133,438	(12,105,834)
Charges for services:				
Tuition and fees	57,000	4,462	11,088	6,626
Other	3,880,536	3,204,062	1,727,323	(1,476,739)
Total revenues	<u>30,503,915</u>	<u>59,313,901</u>	<u>41,585,155</u>	<u>(17,728,746)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular	9,880,000	29,832,959	14,793,815	15,039,144
Special	17,103,080	21,375,197	19,691,639	1,683,558
Adult education	220,758	240,853	239,975	878
Support services:				
Attendance and health	407,440	824,049	312,331	511,718
Operation and maintenance	-	274,480	274,480	-
School nutrition services	-	64,187	5,398	58,789
Technology	2,546,000	2,546,000	2,545,678	322
Capital outlay	346,637	4,156,176	3,709,680	446,496
Total expenditures	<u>30,503,915</u>	<u>59,313,901</u>	<u>41,572,996</u>	<u>17,740,905</u>
Net change in fund balance	-	-	12,159	12,159
Fund balance at beginning of year	<u>2,374,235</u>	<u>2,587,381</u>	<u>801,054</u>	<u>(1,018,543)</u>
Fund balance at end of year	<u>\$ 2,374,235</u>	<u>\$ 2,587,381</u>	<u>\$ 813,213</u>	<u>\$ (1,006,384)</u>

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual**  
**Capital Asset Preservation Fund**  
**For the Fiscal Year Ended June 30, 2024**

Schedule 7

	Prior Years	Current Year	Total to Date	Project Authorization
<b>REVENUES</b>				
Intergovernmental:				
County of Loudoun, Virginia	\$ 30,172,977	\$ 43,216,000	\$ 73,388,977	\$ 73,388,977
Total revenues	<u>30,172,977</u>	<u>43,216,000</u>	<u>73,388,977</u>	<u>73,388,977</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
Operation and maintenance	-	31,989,228	31,989,228	43,092,101
Capital outlay	-	193,923	193,923	-
Total expenditures	<u>-</u>	<u>32,183,151</u>	<u>32,183,151</u>	<u>43,092,101</u>
Net change in fund balance	<u>\$ 30,172,977</u>	<u>\$ 11,032,849</u>	<u>\$ 41,205,826</u>	<u>\$ 30,296,876</u>
Fund balance at beginning of year		<u>30,172,977</u>		
Fund balance at end of year		<u>\$ 41,205,826</u>		

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2024**

## Schedule 8

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
County of Loudoun, Virginia	\$ 10,378,194	\$ 10,378,194	\$ 10,378,194	\$ -
Total revenues	<u>10,378,194</u>	<u>10,378,194</u>	<u>10,378,194</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	9,971,756	9,971,756	9,971,756	-
Interest	406,438	406,438	406,438	-
Total expenditures	<u>10,378,194</u>	<u>10,378,194</u>	<u>10,378,194</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year	<u>2,396,901</u>	<u>2,396,901</u>	<u>(2,523,668)</u>	<u>(4,920,569)</u>
Fund balance at end of year	<u>\$ 2,396,901</u>	<u>\$ 2,396,901</u>	<u>\$ (2,523,668)</u>	<u>\$ (4,920,569)</u>

## **Component Units**

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**The Middleburg Community Charter School – is a public school which provides the children of Loudoun County a SOL based, academically rigorous, art and music enhanced, integrated curriculum.**

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

## LOUDOUN COUNTY PUBLIC SCHOOLS

Schedule 9

## Balance Sheet-Governmental Fund

## Component Unit-Middleburg Community Charter School

June 30, 2024

	<b>General Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 909,595
Restricted cash on deposit with others	<u>130,000</u>
Total assets	<u><u>1,039,595</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Current liabilities:	
Accounts payable	\$ 18,343
Payroll liabilities	10,362
Due to Primary Government	<u>2,571</u>
Total liabilities	<u>31,276</u>
Fund balances:	
Unassigned	878,319
Restricted for capital improvements	<u>130,000</u>
Total fund balance	<u>1,008,319</u>
 Total liabilities and fund balance	 <u><u>\$ 1,039,595</u></u>

LOUDOUN COUNTY PUBLIC SCHOOLS

Schedule 10

Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund  
Component Unit-Middleburg Community Charter School  
For the Fiscal Year Ended June 30, 2024

	General Fund
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 15,741
Miscellaneous	13,753
Donations and contributions	99,011
Contributions from Loudoun County Public Schools	3,129,578
Total revenues	3,258,083
<b>EXPENDITURES</b>	
Education:	
Instructional	2,372,308
Attendance and health services	190,075
Transportation	176,608
Operation and maintenance	578,277
Food services	1,641
Total expenditures	3,318,909
Net change in fund balance	(60,826)
Fund balance, beginning of year	1,069,145
Fund balance, end of year	\$ 1,008,319

## LOUDOUN COUNTY PUBLIC SCHOOLS

Schedule 11

## Balance Sheet-Governmental Fund

## Component Unit-Hillsboro Charter Academy

June 30, 2024

	<b>General Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,696,600
Prepaid items	35,200
Total assets	<u>1,731,800</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Current liabilities:	
Accounts payable	\$ 48,228
Due to primary government	145,051
Total liabilities	<u>193,279</u>
Fund balances:	
Nonspendable:	
Prepaid items	35,200
Unassigned	1,503,321
Total fund balance	<u>1,538,521</u>
Total liabilities and fund balance	<u>\$ 1,731,800</u>



LOUDOUN COUNTY PUBLIC SCHOOLS

Schedule 12

Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund  
Component Unit-Hillsboro Charter Academy  
For the Fiscal Year Ended June 30, 2024

	General Fund
<b>REVENUES</b>	
Grants	\$ 4,750
Miscellaneous	5,476
Donations and contributions	2,794
Fundraising	51,044
Revenue from the use of money and property	55,388
Contributions from Loudoun County Public Schools	3,336,985
Total revenues	<u>3,456,437</u>
<b>EXPENDITURES</b>	
Education:	
Instructional	2,143,972
Administration and health services	337,986
Transportation	55,066
Operation and maintenance	817,676
Fundraising	3,951
Food services	1,292
Total expenditures	<u>3,359,943</u>
Net change in fund balance	96,494
Fund balance, beginning of year	<u>1,442,027</u>
Fund balance, end of year	<u>\$ 1,538,521</u>



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# Statistical Section

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## LCPS Annual Comprehensive Financial Report 2024

Unaudited-See accompanying independent auditor's report.

This section of Loudoun County's Public School (LCPS) Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about LCPS' overall financial health. Information is presented in the following five categories:

- **Financial Trends** - trend information to help the reader understand how LCPS' financial performance and well being have changed over time.
- **Revenue Capacity** - information to help the reader assess LCPS' most significant revenue sources.
- **Debt Capacity** - information to help the reader in understanding LCPS's debt burden.
- **Demographic and Economic Information** - demographic and economic indicators to help the reader understand the environment within which the LCPS financial activities take place.
- **Operating Information** - service and infrastructure data to help the reader understand the resources used and services provided in LCPS' operations.

LOUDOUN COUNTY PUBLIC SCHOOLS

Net Position by Component

(accrual basis of accounting)

Governmental Activities	Fiscal Year				
	2024	2023	2022	2021	2020
Net investment in capital assets	\$ 2,330,571,840	\$ 2,190,242,112	\$ 2,103,307,674	\$ 2,061,751,435	\$ 1,972,889,722
Restricted	3,515,476	4,483,569	1,889,342	3,353,525	3,903,338
Unrestricted	(589,614,855)	(616,123,033)	(756,209,146)	(829,380,845)	(819,642,013)
Total net position, as previously reported, restated	1,744,472,461	1,578,602,648	1,348,987,870	1,235,724,115	1,157,151,047
Prior period adjustments/restatements (1)	-	-	-	-	8,590,501
Total net position	<u>\$ 1,744,472,461</u>	<u>\$ 1,578,602,648</u>	<u>\$ 1,348,987,870</u>	<u>\$ 1,235,724,115</u>	<u>\$ 1,165,741,548</u>

(1) FY 2020-LCPS restated net position for the implementation of GASB Statement 84 relating to Student Activity Funds in the amount of \$8,590,501

(1) FY 2017-LCPS restated net position for the implementation of GASB Statement 75 relating to OPEB accounting in the amount of \$166,015,606.

(1) FY 2014-LCPS restated net position for the implementation of GASB Statement 68 relating to pension accounting in the amount of \$783,249,733.

(1) FY 2014-Net position was also restated for an omission of Due to County of \$3,500,000 relating to FY13.

Table A

Fiscal Year					Governmental Activities
2019	2018	2017	2016	2015	
\$ 1,893,341,002	\$ 1,787,598,402	\$ 1,634,288,422	\$ 1,583,599,591	\$ 1,532,224,787	Net investment in capital assets
3,882,548	2,319,695	1,851,696	3,381,400	29,406	Restricted
(776,656,859)	(871,954,719)	(718,725,777)	(746,910,871)	(821,309,109)	Unrestricted
1,120,566,691	917,963,378	917,414,341	840,070,120	710,945,084	Total net position, as previously reported
-	-	(166,015,606)	-	-	Prior period adjustments/restatements(1)
<u>\$ 1,120,566,691</u>	<u>\$ 917,963,378</u>	<u>\$ 751,398,735</u>	<u>\$ 840,070,120</u>	<u>\$ 710,945,084</u>	Total net position

LOUDOUN COUNTY PUBLIC SCHOOLS

Changes in Net Position  
(accrual basis of accounting)

Governmental Activities	Fiscal Year				
	2024	2023	2022	2021	2020
<b>Expenses</b>					
Instruction:					
Regular	\$ 1,066,246,374	\$ 931,177,738	\$ 964,510,273	\$ 919,055,882	\$ 877,709,427
Special	287,041,814	254,349,334	251,958,858	258,238,313	241,956,861
Adult education	1,184,411	1,074,903	956,985	751,560	817,409
Other	5,258,153	4,550,907	7,482,885	4,390,758	3,302,058
Charter Schools	5,653,332	5,662,445	4,886,756	4,734,432	4,115,070
Total instruction	1,365,384,084	1,196,815,327	1,229,795,757	1,187,170,945	1,127,900,825
Support Services:					
Administration	61,794,079	39,612,930	35,794,252	33,627,285	33,269,743
Attendance and health	33,904,114	28,812,861	27,055,250	30,117,163	11,706,150
Pupil transportation	90,488,539	81,480,768	74,718,086	64,774,255	65,292,109
Facilities services	26,623,295	26,059,160	14,703,205	10,075,176	11,874,092
Operation and maintenance	176,563,566	157,242,103	132,723,028	116,933,355	116,631,517
School nutrition services	45,319,043	43,843,097	40,083,643	29,053,844	30,701,900
Total support services	434,692,635	377,050,919	325,077,462	284,581,078	269,475,511
Technology	81,081,400	75,171,152	71,247,183	69,127,748	63,418,914
Interest on long-term debt	1,643,752	382,629	706,850	425,803	494,468
Total Expenses	1,882,801,871	1,649,420,027	1,626,827,252	1,541,305,574	1,461,289,718
<b>Program Revenues</b>					
Charges for services:					
Regular instruction	2,289,141	2,274,675	1,560,404	2,246,030	2,366,230
All other instruction	215,022	196,535	149,544	113,767	182,025
School nutrition services	21,607,846	18,610,679	2,867,339	9,363	14,277,723
Operating grants and contributions	99,140,838	109,742,261	118,039,675	109,232,687	75,940,321
Capital grants and contributions	268,802,936	200,786,729	171,799,983	183,170,821	172,769,957
Total program revenues	392,055,783	331,610,879	294,416,945	294,772,668	265,536,256
Net (expense)	(1,490,746,088)	(1,317,809,148)	(1,332,410,307)	(1,246,532,906)	(1,195,753,462)
<b>General Revenues and Other Changes in Net Position</b>					
Grants and contributions not restricted to specific purposes:					
Federal Government	12,087,716	17,663,096	12,292,087	15,653,053	1,516,900
Commonwealth of Virginia	456,174,784	421,647,360	388,928,663	370,576,010	353,451,342
County of Loudoun, Virginia	1,153,029,770	1,077,364,838	1,015,553,982	920,285,052	872,629,877
Revenue from the use of money and property	1,709,336	1,590,893	1,651,054	323,437	1,195,527
Lease fund interest	261,574	174,541	-	-	-
Other	33,352,722	28,983,198	27,248,276	9,677,921	3,544,172
Special items	-	-	-	-	-
Total general revenues and other changes in net position	1,656,615,901	1,547,423,926	1,445,674,062	1,316,515,473	1,232,337,818
<b>Change in Net Position</b>	\$ 165,869,813	\$ 229,614,778	\$ 113,263,755	\$ 69,982,567	\$ 36,584,356

Table B

Fiscal Year					Governmental Activities
2019	2018	2017	2016	2015	
					<b>Expenses</b>
					Instruction:
\$ 724,655,424	\$ 721,595,070	\$ 689,981,195	\$ 621,120,465	\$ 598,844,655	Regular
200,765,707	166,515,819	160,599,364	145,456,923	142,401,177	Special
860,694	860,289	774,264	707,242	759,725	Adult education
2,151,766	1,689,859	1,839,511	1,711,412	1,383,824	Other
4,011,758	3,771,454	3,269,360	1,435,100	1,378,767	Charter Schools
932,445,349	894,432,491	856,463,694	770,431,142	744,768,148	Total instruction
					Support Services:
29,635,996	28,549,412	26,693,802	23,030,952	21,995,247	Administration
17,108,962	15,768,881	14,965,974	13,540,598	13,497,921	Attendance and health
61,840,432	60,653,658	56,126,296	55,634,667	56,085,138	Pupil transportation
8,021,502	5,181,035	4,249,055	2,340,378	1,823,048	Facilities services
98,185,651	97,125,742	83,989,938	81,867,506	82,258,524	Operation and maintenance
29,413,042	27,464,983	26,095,594	24,226,030	22,419,261	School nutrition services
244,205,585	234,743,711	212,120,659	200,640,131	198,079,139	Total support services
48,585,046	36,783,840	37,424,763	30,055,892	30,487,363	Technology
467,622	330,571	299,611	301,611	283,289	Interest on long-term debt
1,225,703,602	1,166,290,613	1,106,308,727	1,001,428,776	973,617,939	Total Expenses
					<b>Program Revenues</b>
					Charges for services:
2,870,467	2,760,144	2,594,197	2,506,063	2,319,185	Regular instruction
413,003	444,577	312,992	291,785	242,873	All other instruction
20,608,328	18,808,535	18,633,779	16,454,344	15,786,657	School nutrition services
73,291,582	60,944,366	34,998,883	28,826,012	27,360,795	Operating grants and contributions
191,328,688	195,274,010	112,116,942	106,240,042	141,662,059	Capital grants and contributions
288,512,068	278,231,632	168,656,793	154,318,246	187,371,569	Total program revenues
(937,191,534)	(888,058,981)	(937,651,934)	(847,110,530)	(786,246,370)	Net (expense)
					<b>General Revenues and Other Changes in Net Position</b>
					Grants and contributions not restricted to specific purposes:
377,608	107,774	252,028	225,367	225,392	Federal Government
324,509,718	309,914,527	316,787,568	289,484,886	275,124,246	Commonwealth of Virginia
807,652,367	737,000,680	692,137,749	679,458,663	610,280,440	County of Loudoun, Virginia
1,788,215	1,987,844	1,788,122	1,959,285	1,729,089	Revenue from the use of money and property
-	-	-	-	-	Lease fund interest
5,466,939	5,612,799	4,030,688	5,107,365	5,632,056	Other
-	-	-	-	(26,764,758)	Special items
1,139,794,847	1,054,623,624	1,014,996,155	976,235,566	866,226,465	Total general revenues and other changes in net position
\$ 202,603,313	\$ 166,564,643	\$ 77,344,221	\$ 129,125,036	\$ 79,980,095	<b>Change in Net Position</b>

LOUDOUN COUNTY PUBLIC SCHOOLS

Fund Balances of Governmental Funds

(modified accrual basis of accounting)

General Fund:	Fiscal Year				
	2024 <sup>(2)</sup>	2023 <sup>(2)</sup>	2022 <sup>(2)</sup>	2021	2020
General Fund:					
Nonspendable	\$ 1,993,690	\$ 1,173,204	\$ 1,051,802	\$ 953,515	\$ 142,240
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	51,753,185	34,185,876	46,799,017	66,116,288	32,584,862
Unassigned	9,244,201	9,060,907	766,659	8,953,928	15,489,671
Total General Fund	62,991,076	44,419,987	48,617,478	76,023,731	48,216,773
All other governmental funds:					
Nonspendable	1,117,277	1,131,706	922,152	864,668	786,724
Restricted	3,495,906	4,383,801	2,551,422	3,331,155	3,879,568
Committed	203,918,565	174,676,971	153,361,440	115,077,423	101,334,124
Assigned	35,866,812	41,634,377	47,138,075	31,663,864	12,304,243
Unassigned	(2,523,668)	(2,523,669)	(5,731,436)	-	-
Total all other governmental funds	241,874,892	219,303,186	198,241,653	150,937,110	118,304,659
Total governmental funds, previously reported, restated	304,865,968	263,723,173	246,859,131	226,960,841	166,521,432
Prior period adjustment	-	-	-	-	-
Total governmental funds	<u>\$ 304,865,968</u>	<u>\$ 263,723,173</u>	<u>\$ 246,859,131</u>	<u>\$ 226,960,841</u>	<u>\$ 166,521,432</u>

<sup>(1)</sup> The Grant Fund is treated as a Special Revenue Fund beginning in fiscal year 2014, but was part of the General Fund prior to fiscal year 2014.

<sup>(2)</sup> The School Activity Fund is treated as a Special Revenue Fund beginning in fiscal year 2021, but was part of the Fiduciary Fund prior to fiscal year 2021.



Table C

Fiscal Year					
2019	2018	2017	2016	2015 <sup>(1)</sup>	
\$ 145,621	\$ 180,142	\$ 138,578	\$ 154,865	\$ 201,346	General Fund:
-	-	-	-	647,714	Nonspendable
-	-	-	-	-	Restricted
28,656,119	36,088,162	24,966,285	21,924,835	14,567,565	Committed
11,537,377	77,108	15,491,769	53	140,519	Assigned
40,339,117	36,345,412	40,596,632	22,079,753	15,557,144	Unassigned
					Total General Fund
319,631	340,730	503,123	408,938	385,874	All other governmental funds:
3,857,728	2,293,825	1,824,776	3,353,080	429,222	Nonspendable
64,976,165	55,618,817	61,093,398	80,078,810	77,103,392	Restricted
14,296,884	11,944,420	9,157,093	5,990,189	4,439,211	Committed
-	-	-	-	(170,014)	Assigned
83,450,408	70,197,792	72,578,390	89,831,017	82,187,685	Unassigned
					Total all other governmental funds
123,789,525	106,543,204	113,175,022	111,910,770	97,744,829	Total governmental funds,
-	-	-	-	-	previously reported, restated
					Prior period adjustment
<u>\$ 123,789,525</u>	<u>\$ 106,543,204</u>	<u>\$ 113,175,022</u>	<u>\$ 111,910,770</u>	<u>\$ 97,744,829</u>	Total governmental funds

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Changes in Fund Balances of Governmental Funds**  
(modified accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>					
Intergovernmental	\$ 1,987,836,347	\$ 1,824,628,779	\$ 1,702,482,343	\$ 1,588,185,538	\$ 1,471,486,868
Charges for services	24,123,098	22,000,948	4,577,287	2,369,160	16,825,978
Revenue from the use of money and property	1,811,169	1,615,451	1,787,422	433,979	1,266,159
Lease fund interest	261,574	174,541	-	-	-
Recovered costs	7,410,304	4,315,006	7,013,521	7,070,742	3,986,339
Other	28,225,700	27,831,846	24,105,306	13,341,764	4,285,969
<b>Total revenues</b>	<b>2,049,668,192</b>	<b>1,880,566,571</b>	<b>1,739,965,879</b>	<b>1,611,401,183</b>	<b>1,497,851,313</b>
<b>Expenditures</b>					
Current:					
Instruction	1,296,908,167	1,248,141,456	1,201,290,311	1,070,035,399	1,021,204,779
Support services	394,964,818	368,430,844	320,994,212	260,419,203	249,059,364
Technology	71,207,194	70,349,134	65,830,129	66,136,688	61,021,726
Capital outlay	226,811,692	184,299,730	125,606,216	161,524,249	123,408,744
Debt service:					
Principal	19,844,758	18,355,714	16,487,834	9,959,753	9,944,037
Interest	1,119,703	710,859	796,607	496,972	480,756
<b>Total expenditures</b>	<b>2,010,856,332</b>	<b>1,890,287,737</b>	<b>1,731,005,309</b>	<b>1,568,572,264</b>	<b>1,465,119,406</b>
Excess (deficiency) of revenues over (under) expenditures	38,811,860	(9,721,166)	8,960,570	42,828,919	32,731,907
<b>Other financing sources (uses)</b>					
Installment purchases	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Leases	-	4,240,436	937,720	-	-
Subscription based IT	5,447,759	12,344,772	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(13,116,824)	-	-	(980,011)	-
<b>Total other financing sources (uses), net</b>	<b>2,330,935</b>	<b>26,585,208</b>	<b>10,937,720</b>	<b>9,019,989</b>	<b>10,000,000</b>
<b>Special items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 41,142,795</b>	<b>\$ 16,864,042</b>	<b>\$ 19,898,290</b>	<b>\$ 51,848,908</b>	<b>\$ 42,731,907</b>
Debt service as a percentage of noncapital expenditures	1.18%	1.12%	1.08%	0.75%	0.78%

Table D

Fiscal Year					
2019	2018	2017	2016	2015	
\$ 1,397,720,517	\$ 1,289,031,572	\$ 1,152,913,390	\$ 1,102,620,217	\$ 1,053,666,344	<b>Revenues</b>
23,844,780	21,966,238	21,540,968	19,252,192	18,348,715	Intergovernmental
					Charges for services
1,845,872	2,032,297	1,873,339	1,958,475	1,717,382	Revenue from the use of money and property
-	-	-	-	-	Lease fund interest
3,806,670	3,586,291	3,547,551	2,363,494	2,320,500	Recovered costs
6,110,291	4,510,548	3,754,591	4,506,263	4,091,304	Other
1,433,328,130	1,321,126,946	1,183,629,839	1,130,700,641	1,080,144,245	Total revenues
					<b>Expenditures</b>
					Current:
945,156,960	878,478,022	814,953,656	761,368,922	709,551,487	Instruction
245,368,447	231,968,561	206,364,658	199,404,249	190,099,253	Support services
48,466,526	36,074,646	36,366,962	29,539,481	29,484,711	Technology
176,763,324	180,943,640	137,330,180	103,463,999	100,059,392	Capital outlay
					Debt service:
9,990,672	9,992,314	9,972,603	9,214,448	8,738,395	Principal
335,880	301,581	300,748	275,601	264,102	Interest
1,426,081,809	1,337,758,764	1,205,288,807	1,103,266,700	1,038,197,340	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
7,246,321	(16,631,818)	(21,658,968)	27,433,941	41,946,905	
					<b>Other financing sources (uses)</b>
10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	Installment purchases
-	44,677	23,824,678	-	-	Leases
-	-	-	-	-	Subscription based IT
-	-	-	-	-	Transfers in
-	(44,677)	(10,901,458)	(23,268,000)	(5,346,761)	Transfers out
10,000,000	10,000,000	22,923,220	(13,268,000)	4,653,239	Total other financing sources (uses), net
-	-	-	-	26,764,758	
\$ 17,246,321	\$ (6,631,818)	\$ 1,264,252	\$ 14,165,941	\$ 19,835,386	<b>Special items</b>
					<b>Net change in fund balances</b>
0.83%	0.90%	0.97%	0.96%	0.97%	Debt service as a percentage of noncapital expenditures

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Charges for Services Revenue**  
**by Source (1)**  
 (modified accrual basis of accounting)

**Table E**

<b>Fiscal Year</b>	<b>Food Sales</b>	<b>Tuition</b>	<b>Testing Fees <sup>(2)</sup></b>	<b>Driver's ED Fees</b>	<b>Miscellaneous Fees</b>	<b>Total</b>
2024	\$ 21,607,846	\$ 1,583,810	\$ 771,034	\$ 142,640	\$ 1,730	\$ 24,107,060
2023	18,610,679	1,698,585	605,632	164,950	1,492	21,081,338
2022	2,867,339	1,251,723	251,248	198,523	8,454	4,577,287
2021	9,363	904,906	1,301,820	151,640	1,431	2,369,160
2020	14,277,723	911,836	1,520,081	113,958	2,380	16,825,978
2019	20,608,328	1,589,445	1,380,778	263,616	2,613	23,844,780
2018	18,808,535	1,494,805	1,356,283	278,598	28,017	21,966,238
2017	18,633,779	1,375,894	1,223,442	258,270	49,583	21,540,968
2016	16,454,344	1,268,321	1,174,692	284,332	70,503	19,252,192
2015	15,786,657	1,172,247	1,078,542	288,773	22,496	18,348,715

<sup>(1)</sup> LCPS' primary own source revenue is charges for services, which consists of food sales, tuition, testing fees, drivers education fees and miscellaneous fees.

<sup>(2)</sup> The first four AP exam fees are free beginning in FY22.

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**School Nutrition Services**  
**Sales Price Breakdown**

**Table F**

Fiscal Year	Breakfast		Lunch		
	Student	Adult	Student		Adult
			Elementary	Secondary	
2024	\$2.10	n/a(1)	\$3.05	\$3.15	n/a(1)
2023	\$2.10	3.65	\$3.05	\$3.15	\$4.10
2022	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2021	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2020	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2019	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2018	\$2.10	n/a(1)	\$3.05	\$3.15	\$4.10
2017	\$2.10	n/a(1)	\$3.00	\$3.10	\$4.10
2016	\$2.10	n/a(1)	\$3.00	\$3.10	\$4.10
2015	\$2.10	n/a(1)	\$3.10	\$3.20	\$4.10

<sup>(1)</sup> Meal price eliminated. Sold a la carte only.

Source: LCPS - School Nutrition Services Office

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
Food Sales - Annual Meals Served

**Table G**

Fiscal Year	Students Served					
		Free & Reduced		Free & Reduced	Adult	
	Breakfasts	Breakfasts	Lunches	Lunches	Lunches	
2024		629,505	1,111,511	3,181,256	2,327,519	2,277
2023		625,981	951,770	3,403,746	2,110,050	15,397
2022	(1)	-	-	-	-	13,982
2021	(2)	-	-	-	-	897
2020	(3)	241,997	616,942	2,206,333	1,413,056	33,367
2019		309,555	823,845	3,070,371	1,917,563	49,551
2018		286,367	811,561	2,817,858	1,866,394	47,606
2017		236,467	763,087	2,753,158	1,869,432	52,413
2016		220,562	741,029	2,443,532	1,728,039	52,595
2015		161,687	547,787	2,378,468	1,541,255	53,926

<sup>(1)</sup> SSO Seamless Summer Option - USDA waiver to feed students free  
(meals claimed - under SSO, not NSLP/NSBP- this is how meals were claimed when things shut down)

<sup>(2)</sup> Due to COVID - 19 - No meals served to students during the 20-21 School Year.  
Summer Feeding - USDA waiver to feed students free

<sup>(3)</sup> Due to COVID - 19 LCPS schools closed March 2020 and the number of meals served were reduced - 3/13/2020 to 6/30/2020  
3/13/2020 to 3/31/2020 - Seamless Summer  
4/1/2020 to 6/30/2020 - Summer Feeding

Source: LCPS - School Nutrition Services Office

**LOUDOUN COUNTY PUBLIC SCHOOLS**  
**Ratios of Outstanding Debt by Type**

Table H

<b>Fiscal Year</b>	<b>Installment Purchase Liabilities</b>	<b>Lease Liabilities</b>	<b>SBITA Liability</b>	<b>Total Reporting Entity</b>	<b>Percentage of Personal Income</b>	<b>Debt Per Capita</b>
2024	\$ 22,647,533	\$ 22,914,092	\$ 8,941,519	\$ 54,503,144	0.12%	\$ 122
2023	22,619,288	27,376,586	8,598,269	58,594,143	0.13%	133
2022	22,707,358	27,657,292	-	50,364,650	0.12%	116
2021	25,259,130	-	-	25,259,130	0.06%	59
2020	25,218,883	-	-	25,218,883	0.07%	60
2019	25,162,921	-	-	25,162,921	0.07%	61
2018	25,153,593	-	-	25,153,593	0.08%	62
2017	25,145,907	-	-	25,145,907	0.08%	64
2016	25,118,510	-	-	25,118,510	0.09%	66
2015	24,332,957	-	-	24,332,957	0.09%	66

Schedule is intended to show information for 10 years. 2022 is the first year for Lease Assets, ten years is not available.

2023 is the first year for Subscription Based IT, ten years is not available.

Source: LCPS Annual Comprehensive Financial Reports 2016-2025

LOUDOUN COUNTY PUBLIC SCHOOLS  
Demographic Statistics

Table I

Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Per Capita Personal Income <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>	School Enrollment <sup>(5)</sup>
2024	446,530	\$ 45,994,823,000	\$ 103,005	2.8%	82,125
2023	440,025	\$ 44,065,424,000	\$ 100,143	2.6%	82,233
2022	434,280	\$ 41,852,457,000	\$ 96,862	2.5%	81,642
2021	427,660	\$ 39,485,918,000	\$ 92,163	3.7%	81,504
2020	420,959	\$ 36,092,801,000	\$ 85,393	9.0%	84,175
2019	413,000	\$ 34,006,073,000	\$ 81,966	2.4%	82,485
2018	402,575	\$ 31,913,668,000	\$ 78,609	2.6%	81,235
2017	392,376	\$ 30,041,689,000	\$ 75,632	3.1%	79,001
2016	381,214	\$ 28,491,347,000	\$ 73,857	3.3%	76,263
2015	368,654	\$ 26,592,906,000	\$ 71,069	3.7%	73,461

<sup>(1)</sup> 2020, U.S. Census Bureau. 2015-2019 & 2021-2024 Loudoun County Office of Management and Budget July 2024 Estimates.

<sup>(2)</sup> Through 2022: U.S. Bureau of Economic Analysis. 2023 and 2024 are Loudoun County Office of Management and Budget estimates.

<sup>(3)</sup> Through 2022: U.S. Bureau of Economic Analysis. 2023 and 2024 are Loudoun County Office of Management and Budget estimates.

<sup>(4)</sup> Virginia Employment Commission for the month of June. (Accessed August 30, 2024) Prior year values reflect updates and revisions to labor force estimates.

<sup>(5)</sup> Loudoun County Public Schools, for the end of September of the given fiscal year.

Note: Prior year numbers are adjusted as more current data becomes available.



**LOUDOUN COUNTY PUBLIC SCHOOLS**  
Principal Employers in the County of Loudoun, Virginia  
Current Year and Nine Years Ago

Table J

Employer	Rank	June 30, 2024		Rank	June 30, 2015	
		Number of Employees (1)	Percentage of Total County Employment (2)		Number of Employees (1)	Percentage of Total County Employment (2)
Loudoun County Public Schools	1	12,968	6.79%	1	9,822	6.53%
County of Loudoun	2	4,813	2.48%	2	3,584	2.38%
U.S. Department of Homeland (Security) Defense	3	2,500-5,000	1.99%	6	1,000-3,500	1.50%
Inova Health System - (Loudoun Hospital Center)	4	1,000-2,500	1.99%	10	1,000-3,500	1.50%
United Airlines	5	1,000-2,500	1.99%	3	1,000-3,500	1.50%
Amazon	6	1,000-2,500	0.93%			
Northrop Grumman (formerly Orbital ATK at this location)	7	1,000-2,500	0.97%			
Verizon Business (formerly MCI Worldcom)	8	2,500-5,000	0.93%	7	1,000-3,500	1.50%
RTX (formerly Raytheon Technologies)	9	1,000-2,500	0.93%	9	1,000-3,500	1.50%
Walmart	10	1,000-2,500	0.93%			
M.C.Dean, Inc.				4	1,000-3,500	1.50%
United States Postal Services				8	1,000-3,500	1.50%
Orbital Sciences Corporation				5	1,000-3,500	1.50%
Totals			19.93%			20.91%

<sup>(1)</sup> Loudoun County Department of Economic Development, Virginia Employment Commission links to BLS, CEW publications, 2nd Quarter 2022 released in December 2022, 2014 ACFR data, Loudoun County Public Schools, and Loudoun County Department of Financial and Budget.

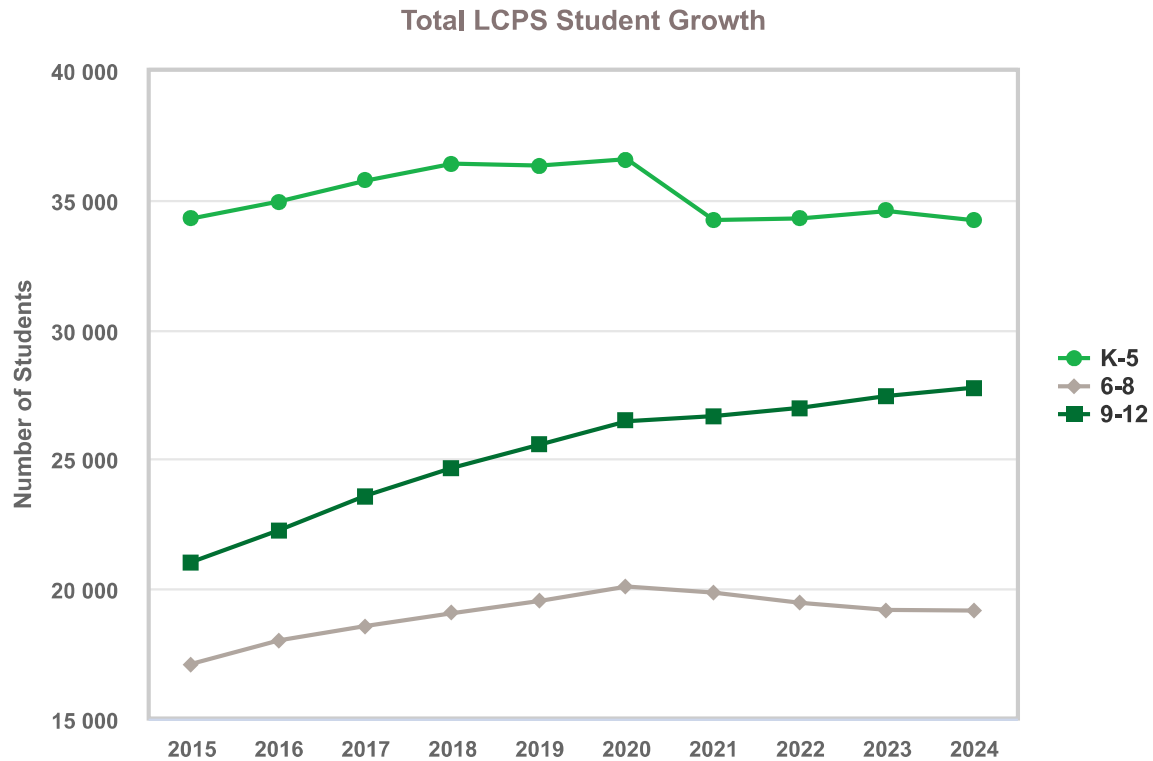
<sup>(2)</sup> Percentages are based on the midpoint of the employment range and average total Loudoun County employment of prior calendar year according to the Virginia Employment Commission and BLS data files.

## LOUDOUN COUNTY PUBLIC SCHOOLS Enrollment Trend Last Ten Fiscal Years

Table K

Fiscal Year	Grades K-5	Grades 6-8	Grades 9-12	Grades K-12 Total
2024	34,206	19,171	27,755	81,132
2023	34,566	19,187	27,441	81,194
2022	34,275	19,465	26,983	80,723
2021	34,218	19,855	26,660	80,733
2020	36,565	20,092	26,463	83,120
2019	36,317	19,541	25,561	81,419
2018	36,383	19,070	24,674	80,127
2017	35,736	18,570	23,592	77,898
2016	34,928	18,021	22,263	75,212
2015	34,274	17,121	21,038	72,433

Source: LCPS Department of Planning & GIS Services

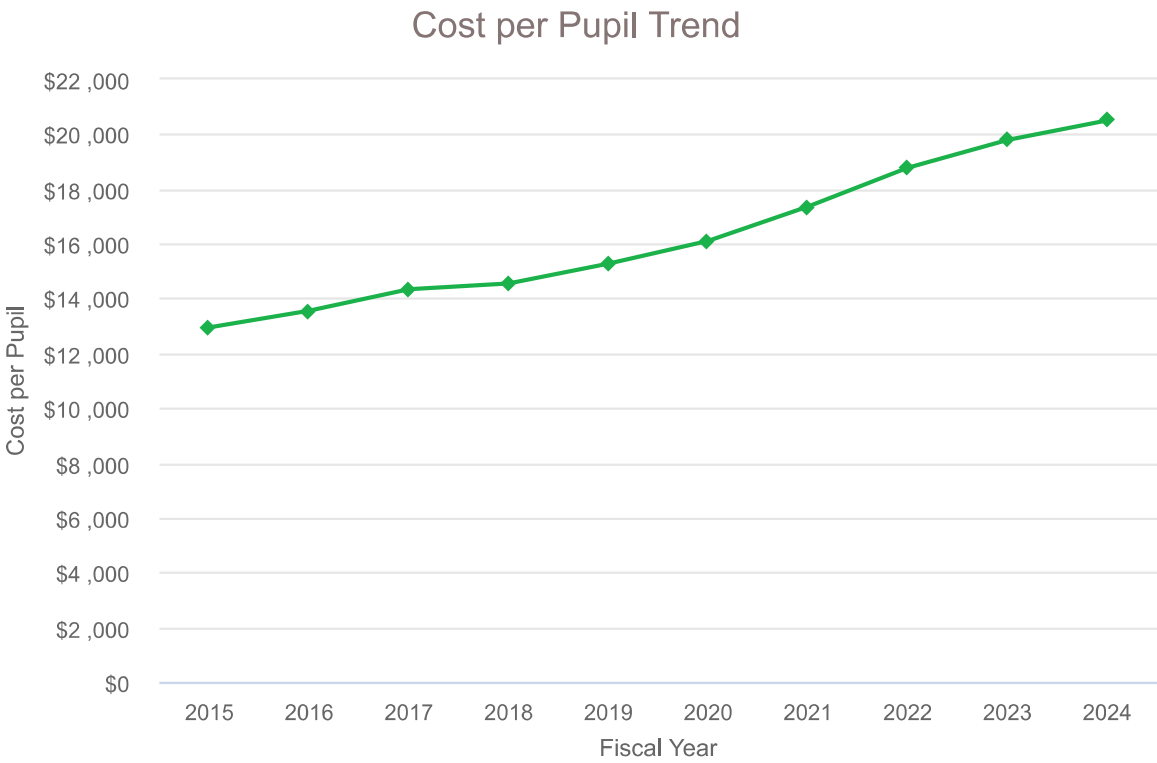


LOUDOUN COUNTY PUBLIC SCHOOLS  
Cost per Pupil  
Last Ten Fiscal Years

Table L

Fiscal Year	Cost per Pupil
2024	\$ 20,504
2023	\$ 19,791
2022	\$ 18,767
2021	\$ 17,358
2020	\$ 16,106
2019	\$ 15,277
2018	\$ 14,548
2017	\$ 14,332
2016	\$ 13,549
2015	\$ 12,951

Source: LCPS Budget Office – Annual School Report



LOUDOUN COUNTY PUBLIC SCHOOLS

Scholastic Assessment Test (SAT) Scores

Comparison of County of Loudoun, VA, Commonwealth of Virginia, and National Averages

Last Ten Fiscal Years

Table M

Fiscal Year	Combined SAT Scores Evidence-based Reading and Writing and Math (1)		
	County of Loudoun	Commonwealth of Virginia	Global
2024	1177	1101	1024
2023	1173	1113	1028
2022	1178	1124	1050
2021	1182	1151	1060
2020	1173	1116	1051
2019	1180	1119	1059
2018	1184	1117	1068
2017	1155	1102	1060

Fiscal Year	Combined SAT Scores Critical Reading, Math and Writing		
	County of Loudoun	Commonwealth of Virginia	National
2016	1617	1535	1484
2015	1612	1533	1490

Source: LCPS Research Office

<sup>(1)</sup> The SAT exam was redesigned in March 2016 to include two sections with a maximum total score of 1600. The maximum score for the old SAT exam was 2400.

LOUDOUN COUNTY PUBLIC SCHOOLS  
Average Class Size - Students per Classroom Teacher  
Last Ten Fiscal Years

Table N

Fiscal Year	Elementary	Middle/ Intermediate	High
2024	22.0	23.7	23.7
2023	22.0	23.7	23.7
2022	22.0	23.7	23.7
2021	22.0	23.8	23.7
2020	22.0	23.8	23.7
2019	23.0	23.8	24.2
2018	23.0	23.8	24.8
2017	23.0	23.8	24.8
2016	23.0	22.3	24.8
2015	23.0	23.6	26.9

Source: LCPS Budget Office

## LOUDOUN COUNTY PUBLIC SCHOOLS

### Full-Time Equivalent Employees by Function - All Funds

#### Last Ten Fiscal Years

Function	Fiscal Year				
	2024	2023	2022	2021	2020
School based:					
Instruction	7,470.4	7,385.8	7,583.8	7,249.3	7,018.0
Bus drivers & attendants	787.5	779.5	809.5	819.5	837.5
Teacher assistants	1,585.6	1,590.1	1,670.1	1,622.7	1,514.3
Custodians	642.0	642.0	638.0	625.8	607.8
Other school support	626.5	610.0	595.5	560.5	540.0
Administration	415.5	413.5	414.5	385.0	378.0
Instructional support	310.6	307.0	310.0	246.7	240.0
Nurses & health clinic specialists	122.6	121.6	110.1	108.6	107.2
Total school based FTE's	<u>11,960.7</u>	<u>11,849.5</u>	<u>12,131.5</u>	<u>11,618.1</u>	<u>11,242.8</u>
Non-school based:					
Secretarial/clerical	136.8	137.8	124.0	114.0	114.0
Other support staff	538.0	510.0	493.8	406.0	404.0
Administration	332.5	307.0	268.5	243.5	234.0
Total non-school based FTE's	<u>1,007.3</u>	<u>954.8</u>	<u>886.3</u>	<u>763.5</u>	<u>752.0</u>
Total FTE's	<u><u>12,968.0</u></u>	<u><u>12,804.3</u></u>	<u><u>13,017.8</u></u>	<u><u>12,381.6</u></u>	<u><u>11,994.8</u></u>

Source: LCPS Budget Office

Note: Categories and positions are from the school division's annual adopted budget books and are based on those used by the Washington Area Boards of Education (WABE).

Table O

Fiscal Year					Function
2019	2018	2017	2016	2015	
					School based:
6,754.2	6,474.7	6,210.1	5,927.4	5,632.7	Instruction
836.5	832.5	852.0	853.5	888.5	Bus drivers & attendants
1,461.3	1,394.2	1,287.3	1,189.5	1,148.2	Teacher assistants
591.8	557.8	546.7	536.8	519.7	Custodians
517.5	492.5	434.8	429.4	418.4	Other school support
364.0	340.0	324.0	299.0	283.5	Administration
241.8	216.4	183.1	176.0	171.1	Instructional support
102.7	101.0	100.4	97.9	94.9	Nurses & health clinic specialists
10,869.8	10,409.1	9,938.4	9,509.5	9,157.0	Total school based FTE's
					Non-school based:
112.0	115.0	146.0	158.0	157.5	Secretarial/clerical
378.0	374.3	385.3	382.3	372.5	Other support staff
217.5	204.5	170.5	152.5	134.5	Administration
707.5	693.8	701.8	692.8	664.5	Total non-school based FTE's
11,577.3	11,102.9	10,640.2	10,202.3	9,821.5	Total FTE's

LOUDOUN COUNTY PUBLIC SCHOOLS

Miscellaneous Statistics

Last Ten Fiscal Years

Function	Fiscal Year				
	2024	2023	2022	2021	2020
Attendance percentage	94.2%	93.6%	94.5%	97.4%	95.6%
Drop-out rate	1.82%	0.63%	0.54%	0.54%	0.58%
English as a Second Language students served	11,768	11,369	11,022	9,802	10,228
Financial aid received by graduates	\$64,073,575	\$97,004,554	\$78,486,755	\$55,315,071	\$47,680,920
Graduates pursuing further education:					
Number of students	6,296	5,563	5,696	5,400	5,467
Percent of students	89.9%	87.0%	86.6%	84.0%	87.6%
Percent of staff that is school-based	92.2%	92.5%	93.2%	93.8%	93.7%
National Merit Scholarship Committee Semifinalists	82	45	57	55	54
Gifted & Talented students served	9,670	8,497	9,117	7,267	8,658

Source: LCPS Public Information Office



Table P

Fiscal Year					Function
2019	2018	2017	2016	2015	
95.4%	95.7%	96.0%	95.9%	96.4%	Attendance percentage
0.52%	0.55%	0.53%	0.82%	0.66%	Drop-out rate
9,588	8,827	8,530	7,173	6,768	English as a Second Language students served
\$63,186,640	\$58,505,588	\$54,768,301	\$59,476,537	\$38,792,416	Financial aid received by graduates
5,338	5,167	4,794	4,628	4,665	Graduates pursuing further education: Number of students
92.8%	91.3%	91.2%	92.8%	91.2%	Percent of students
93.2%	93.8%	93.7%	92.6%	92.6%	Percent of staff that is school-based
58	38	32	40	36	National Merit Scholarship Committee Semifinalists
8,152	7,336	6,950	7,108	6,099	Gifted & Talented students served

## LOUDOUN COUNTY PUBLIC SCHOOLS

### Capital Assets Statistics

#### by Function

Function	Fiscal Year				
	2024	2023	2022	2021	2020
Elementary Schools:					
Buildings	61	61	60	59	59
Building square footage	4,662,246	4,662,246	4,548,663	4,433,833	4,433,833
Base Capacity *	44,402	44,402	43,327	42,298	42,252
Middle Schools:					
Buildings	17	17	17	17	17
Building square footage	2,787,897	2,787,897	2,787,897	2,787,897	2,787,897
Base Capacity	22,192	22,192	22,178	22,178	22,178
High Schools:					
Buildings	17 ***	17 ***	17 **	17	16
Building square footage	4,366,061	4,366,061	4,366,061	4,366,061	4,060,928
Base Capacity	30,795	30,795	31,050	31,023	28,988
Education Centers:					
Buildings	2	2	2	2	2
Building square footage	361,771	361,771	361,771	361,771	361,771
School Buses	760	754	788	784	783

Source: LCPS Construction Division

<sup>(1)</sup> Capacity reporting has been changed beginning with FY19 to reflect a base capacity calculation for all schools.

\* Does not reflect capacity for Charter Schools (i.e., Hillsboro Charter Academy, Middleburg Community Charter School).

\*\* William Obediah Robey High School opened with the 2021-2022 school year. While a distinctly separate school, William Obediah Robey High School is physically located within the Park View High School building.

\*\*\*For the 2022-2023 school year, William Obediah Robey High School is located within the Dominion High School building.

Table Q

Fiscal Year					Function
2019	2018	2017	2016	2015	
					Elementary Schools:
58	57	57	56	56	Buildings
4,330,981	4,227,919	4,199,245	4,093,488	4,093,488	Building square footage
41,207	39,845	40,655	38,807	38,163	Base Capacity
					Middle Schools:
17	16	15	15	15	Buildings
2,787,897	2,602,676	2,418,083	2,418,083	2,418,083	Building square footage
21,874	20,447	18,918	18,818	16,956	Base Capacity
					High Schools:
15	15	15	15	14	Buildings
3,766,768	3,766,798	3,766,798	3,766,798	3,463,864	Building square footage
26,887	26,101	25,068	25,370	22,212	Base Capacity
					Education Centers:
2	2	2	2	2	Buildings
361,771	127,071	127,071	127,071	123,771	Building square footage
828	788	800	821	859	School Buses



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I	INQUISITIVE
N	NOBLE
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I	INQUISITIVE
N	NOBLE
T	TEAM-ORIENTED

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*on the mountain*



**GO!**



P	PROACTIVE
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