



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year  
ended June 30

**2021**

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

[www.fcps.edu](http://www.fcps.edu)



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For the fiscal year  
ended June 30 **2021**



## **Fairfax County Public Schools**

A component unit of the County of Fairfax, Virginia

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## INTRODUCTORY SECTION (unaudited)

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

Also included in this section are the following:

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



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November 8, 2021

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Fairfax County Public Schools (FCPS) for the fiscal year ended June 30, 2021. The financial statements included in this report are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. This report consists of management's representations concerning the finances of FCPS. Accordingly, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with FCPS' management.

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

FCPS' financial statements were audited by the independent accounting firm of Cherry Bekaert LLP. The independent audit involved examining, on a test basis, documents supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Cherry Bekaert LLP issued an unmodified opinion on FCPS' financial statements for the fiscal year ended June 30, 2021. The independent auditors' report is included as the first item in the financial section of this report.

GAAP requires that management of FCPS provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

# Profile of the School System

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## OVERVIEW

The Virginia Department of Education (VDOE) is responsible for apportioning the Commonwealth of Virginia (State) into school divisions based on geographic area and school-age population. The school divisions are charged with promoting the realization of the standards of quality required by Article VIII, Section 2, of the Constitution of Virginia. FCPS, the school division for the County of Fairfax, Virginia (County), is located in the northeastern corner of the State and encompasses an area of 407 square miles, including land and water. The County is part of the Washington, D.C. metropolitan area, which includes part of Northern Virginia, the District of Columbia, and Maryland.

FCPS is the largest educational system in the State and the 11th largest school division in the U.S. based on enrollment. FCPS is the third largest employer in the State, with approximately 25,400 full-time staff positions, of which approximately 93 percent are school-based. The FCPS bus fleet is one of the largest bus fleets in the U.S., transporting approximately 144,000 students on over 1,600 buses each day. FCPS facilities consist of more than 27 million square feet of school buildings and office space.

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

### Schools and Centers – Fiscal Year 2021

Elementary (K-6)	142
Middle (6-8)	3
Middle (7-8)	20
Secondary (7-12)	3
High (9-12)	22
Alternate High	2
Special Education Centers	7
<b>Total</b>	<b>199</b>

FCPS is focused on meeting the needs of approximately 180,000 students from preschool through twelfth grade, while managing 199 schools and centers. The schools and centers are divided into five regions and are supported by seven departments that provide a broad range of services including instructional services, special services, facilities and transportation, information technology, school improvement/supports, human resources, and financial services.

Over 86 percent of the school system's approved operating budget (\$3.1 billion for fiscal year 2021) was allocated to instructional programs. In addition to core instructional programs designed to meet the varied needs of the student body and to enhance academic achievement, FCPS offers a variety of other instructional programs. Such programs include Head Start, Foreign Language Immersion, International Baccalaureate (IB), Advanced Placement (AP), Advanced Academics, as well as, extensive programs for students pursuing technical careers. FCPS also provides a broad range of adult education programs offering basic education courses along with vocational and enrichment programs to adults in the community. Thomas Jefferson High School for Science and Technology (TJHSST), a Governor's magnet school, attracts students from throughout Northern Virginia for an intensive program emphasizing sciences, mathematics, and technology.

FCPS is a component unit of the County and is included as an integral part of the County's financial statements. The cost of FCPS governmental activities are funded primarily by the County. For fiscal year 2021, the County provided 69.3 percent of funding and the state and federal governments provided 27.2 percent of FCPS' operating funding. The transfer from the County increased by 0.3 percent, however the relative County funded percentage decreased from fiscal year 2020 by 2.1% as a result of increased funding from federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act under the Elementary and Secondary School Emergency Relief (ESSER I) fund. Capital funding for public school facilities is provided primarily by the sale of general obligation bonds issued by the County.

## Economic Condition and Outlook

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### LOCAL ECONOMY

Total employment in Fairfax County decreased a net of 30,587 jobs (4.9 percent) in calendar year 2020, as reported by the U.S. Bureau of Labor and Statistics. While job losses were spread across the economy, losses were concentrated in public facing sectors such as the Leisure and Hospitality sector, which includes restaurant and hotel positions, where the number of jobs fell by 27.1 percent for the year due to pandemic related closures. Other sectors such as Professional and Business Services (PBS), where employees were able to work from home, were much less impacted. In the PBS Services sector, the total number of jobs fell by less than 1 percent for calendar year 2020.

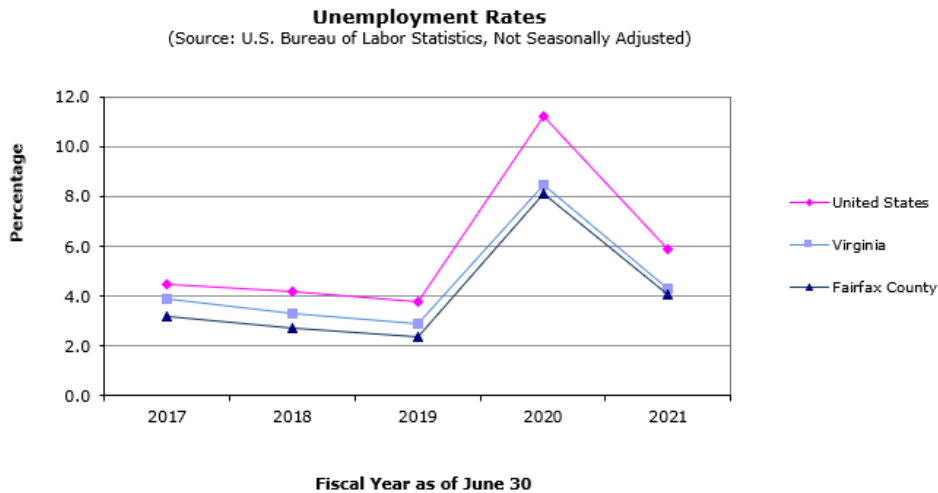
Because the economy of the Washington D.C. region is knowledge-based, it is somewhat insulated from the supply-chain manufacturing disruptions affecting other regional economies. Business, Professional, and Occupational License (BPOL) and Sales Taxes are two revenue sources that are good indicators of economic activity in the County. In fiscal year 2021, overall BPOL receipts decreased 1.5 percent from the previous year. Revenues in the combined Consultant and Business Service Occupations categories, which represent almost 45 percent of total BPOL receipts, increased by 4.3 percent. Due to pandemic related closures, the Retail category decreased 10.7 percent in fiscal year 2021. Fiscal year 2021 Sales Tax receipts increased 5.1 percent, thanks to federal stimulus and the pandemic-related shift toward online spending.

For the commercial real estate market, office vacancy rates increased. According to the Fairfax County Economic Development Authority, the direct office vacancy rate increased for the first time in six years, from 13.9 percent in calendar year 2019 to 14.6 percent as of the end of calendar year 2020.

Based on information from Bright MLS, the average sales price of homes in Fairfax County rose 8.4 percent in calendar year 2020. Home prices continue to increase primarily as a result of a tight inventory of homes for sale and unprecedentedly low mortgage interest rates. Since 2009, the average home sales price has risen 56.4 percent, or an average annual growth of 4.1 percent. Bright MLS also reported that home sales in Fairfax County increased by 3.7 percent compared to calendar year 2019.

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

As illustrated on the following chart, Fairfax County’s unemployment rates, not seasonally adjusted, have consistently tracked well below both state and national averages. For June of fiscal year 2021, Fairfax County’s unemployment rate was 4.1%. The seasonally adjusted unemployment rate for the state of Virginia and the United States was 4.3 percent and 5.9 percent respectively.



## School Enrollment

### PROJECTED ENROLLMENT

The projected student enrollment for fiscal year 2022 is 188,799 students. Student enrollment projections are based on the County and school trends including: net County migration, size difference of exiting 12th grade and entering kindergarten populations, County birthrates, new school programs, housing development patterns, and economic conditions. FCPS experienced slower growth in recent years due to smaller entering kindergarten cohorts which have led to a five-year forecast that projects contracted membership growth.

### SPECIAL EDUCATION

In fiscal year 2022, an estimated 48,600 special education services at an average cost of \$16,619 per service will be provided to 28,236 students (an average of 1.7 services per student). Special education services are determined by each student’s Individualized Education Program (IEP) and is mandated by the Individuals with Disabilities Education Act (IDEA).

### FREE AND REDUCED-PRICE MEALS

The federal free and reduced-price meals (FRM) program is one of the fastest growing segments of the FCPS student population. Families qualifying for free and reduced-price meals must meet established federal guidelines of income and household size. In fiscal year 2022, it is projected that 58,849 FCPS students will be eligible to participate.

During school closures due to the pandemic, while standard meal sales were no longer offered, food services continued through emergency meal distribution at meal kit sites and offered Grab and Go meals to all students regardless of FRM eligibility. These programs were made possible by US Department of Agriculture's (USDA) Summer Food Service Program and Community Eligibility Provision. In fiscal year 2022, the USDA extended flexibility to allow free meals to continue being provided to all students throughout the 2021-2022 school year, including breakfast and lunch.

# Accomplishments

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## STUDENT AND TEACHER ACHIEVEMENTS

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

- For the 2020-2021 school year, FCPS' average overall composite SAT score was 1201, compared to the State average of 1151 and the national average of 1060.
- Graduation rates released by the Virginia Department of Education (VDOE) indicate that 94.6 percent of FCPS students in the class of 2021 graduated on time, up from 93 percent in 2020.
- Nine FCPS high schools made the U.S. News & World Report 2021 list of top ten Best High Schools in Virginia. Thomas Jefferson High School for Science and Technology (TJHSST) was ranked number one best high school in Virginia, and number one best high school in the national rankings.
- Sangster Elementary School has been named 2021 National Blue Ribbon Schools by the U.S. Department of Education. This FCPS school is among seven schools in Virginia receiving the honor this year.
- Thirteen FCPS students were named winners of 2021 National Merit corporate sponsored scholarship awards.
- A teacher at South County High School was chosen as the 2021 George Washington's Mount Vernon History Teacher of the Year. The award is given each year to one teacher in the Washington D.C. Metropolitan area who brings creativity and passion to their teaching, generates a love of learning, and deepens their students' understanding and appreciation of history.

# Major Initiatives

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## STRATEGIC PLAN

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

- Goal 1 - Student Success - commitment to reach, challenge and prepare every student for success in school and life
- Goal 2 - Caring Culture - commitment to foster a responsive caring and inclusive culture where all feel valued, supported and hopeful
- Goal 3 - Premier Workforce - commitment to invest in employees, encourage innovation and celebrate success
- Goal 4 - Resource Stewardship - commitment to champion the needs of school communities to be responsible stewards of the public's investment

Due to the pandemic and the related closing of FCPS schools in March 2020, the updates on the monitoring metrics and current work supporting each goal were limited in fiscal year 2021:

- Goal 1 - Student Success - Strategic focus includes the elimination of gaps in opportunity, access, and achievement for all students; continual progression in Portrait of a Graduate attributes for all FCPS Pre-K-12 students, and ensure all future FCPS families will access high quality early learning experiences. Through the FCPSOn initiative, all students now have access to a FCPS provided individual computer or tablet to facilitate distance or hybrid learning environment.
- Goal 2 - Caring Culture – As a vastly diverse school division, FCPS strives to foster an environment where students, parents, and staff feel welcomed and empowered to make healthy life choices. FCPS continues to focus on implementing best practices that ensure all schools demonstrate a culturally responsive and welcoming environment for all students, families, and staff. As well as fostering an environment that encourages students and staff to make healthy life choices. Funding was provided to conduct family engagement surveys, add additional school counselors and substance abuse specialists. There was also continued work around the expansion of cultural proficiency cohorts and training for staff during fiscal year 2021.
- Goal 3 - Premier Workforce - The strategic focus was on market-competitive employee compensation; recruit, hire, and retain exceptional employees. There was continued progress towards maintaining pay scales within 90-105 percent of market pay. In line with building a premier workforce, the Superintendent emphasized the need to attain greater workforce diversity and equity within the school division, an effort, which was a budget priority for fiscal year 2021 and is being embedded throughout the organization. A compensation study was commissioned to evaluate pay scales for all employees. Funds were infused into salary scales to ensure market competitive compensation and the School Board endorsed pay for non-exempt employees during pandemic closures to retain experienced staff.
- Goal 4 - Resource Stewardship – FCPS created the Strategic Decision-Making Cycle for Resource Allocation (SDMC) framework as an operating tool intended to connect Strategic Plan activities, decision making, and resource allocation. The SDMC framework guides FCPS' alignment of resources to Division priorities and determines whether resources are being used effectively. Once priorities, or desired outcomes are identified, the remaining framework can be used to direct funds towards prioritized programs and then to evaluate how well those funds were used and ultimately decide whether adjustments are needed to achieve the outcome. The framework has become the central process for aligning funding and resources in the Division.

## INITIATIVES

The fiscal year 2021 Approved Budget has been aligned with FCPS' vision, mission, and Strategic Plan goals and includes adjustments for enrollment and student needs, funding for a pandemic response plan, the second year investment in salary scale enhancement for classroom instructional support staff, staffing initiatives, employee benefit increase for retirement and health, workers compensation, and strategic investments such as dropout prevention.

## TECHNOLOGY INTEGRATION IN THE CLASSROOM

Achieving high academic standards increasingly involves integrating technology into the classroom. FCPSOn was established to meet the FCPS Strategic Plan's goal to provide one electronic device per student and to create systemic strategies and standards for technology use by teachers and students to improve student engagement and learning. FCPSOn provides students with equitable access to meaningful learning experiences using a variety of technology tools. Teachers are able to personalize student learning and ensure that each student has access to an active and inspiring learning environment in which they can develop and apply their Portrait of a Graduate skills as communicators, collaborators, ethical and global citizens, creative and critical thinkers, and goal oriented and resilient individuals.



The pandemic brought unprecedented challenges to FCPS. All instructions were done virtually for the majority of the 2020-2021 school year. Beginning in Spring 2021, hybrid learning instruction was introduced to bring back students gradually and safely into classroom setting. In support of the FCPS Distance Learning Plan, laptops were distributed to all students, and MiFi devices were distributed to students in need. The pandemic further demonstrates that technology connectivity and infrastructure are vital for distance learning to ensure that instructional supports for students are not disrupted.

## ENVIRONMENTAL STEWARDSHIP

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

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

FCPS earned the U.S. Environmental Protection Agency's Energy Star Certification for 184 buildings, which is the highest number of Energy Star-certified school buildings in the country. FCPS earned the Energy Star Partner of the Year award from the U.S. Department of Energy in 2017, 2018, 2019, 2020, and again in 2021, for Sustained Excellence Award in recognition of its ongoing energy achievements. This award is given in recognition of superior energy and sustainability performance and practices.

FCPS Get2Green has a partnership with the National Wildlife Federation Eco-Schools USA program. Through this program, FCPS' efforts focus on developing student-driven action teams within Eco-Schools across the county. These teams work on a variety of environmental topics (pathways) under the Eco-Schools umbrella. FCPS has 139 registered Eco-Schools, 17 of which are designated Green Flag status, Eco-Schools USA's highest award.

## CHALLENGES

FCPS faced several mandatory cost increases that impact its ability to expand services. These mandatory costs continue to rise year over year. In fiscal year 2022, health care costs are projected to increase \$7.3 million as the medical cost growth rate outpaces general economic inflation. In addition, rate increases for the Educational Employee's Supplementary Retirement System of Fairfax County Fund and the Fairfax County Employees' Retirement System results in additional expenditures of \$5.3 million. Funding of \$4.3 million is required for the division's contractual increases due to cost escalations.

## PANDEMIC RESPONSE AND IN-PERSON RETURN TO SCHOOL

The COVID-19 pandemic has resulted in catastrophic loss of life and substantial damage to the global economy, stability, and security. FCPS was faced with the daunting task of providing classroom instruction virtually for a significant period of 2020-2021 school year before switching to a hybrid in-person and virtual classes towards the latter part of the school year. To meet the challenges of moving to a virtual environment FCPS had to accelerate its FCPSOn program to ensure that students had the electronic devices to attend virtual classes. FCPS was able to use federal CARES Act funding in addition to additional resources provided by the County of Fairfax to help in acquiring these devices. During this period more than 1,900,000 Grab and Go meals were provided under the USDA Summer Food Service Program and Community Eligibility Provision.

Extensive planning for in-person return to school was carried out during the school year in collaboration with the Fairfax County Health Department and under the guidance of the School Board. The employee vaccination program was carried out during the early part of calendar year 2021 with 33,510 employees being fully vaccinated.

For the 2021-2022 school year, FCPS continues to face challenges from the effects of the pandemic. In fiscal year 2021, FCPS received federal CARES Act ESSER I Funds in the amount of \$21.7 million and one-time CARES Coronavirus Relief Funds in the amount of \$32.2 million to support remote learning and school safety mitigation measures.

## Financial Policies

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

### INTERNAL CONTROLS

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

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

### BUDGET PROCESS AND DEVELOPMENT

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

### BUDGET POLICIES

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

#### **Reserve Policies**

School Board reserves are maintained to enable FCPS to address unanticipated needs in a timely manner. These are grants, food and nutrition services, restricted, School Board flexibility, school materials, staffing, and strategic reserves.

#### **Fund Balance Reserve Policies**

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

### **Position and Salary Policies**

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

### **Assumptions and Costing Guidelines for Other Budget Issues**

Included in this category are building maintenance, building renovation, carryover funding, equipment funds transfer, technology funding, utilities, vehicle and bus replacement, and vehicle services.

## **BUDGETARY CONTROLS**

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

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

## **Long-Term Financial Planning**

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The fiscal year 2021 budget development process was a collaborative process involving many stakeholders. The School Board and County Board of Supervisors have held several joint budget work sessions to incorporate One Fairfax into the decision-making process, and continue to identify efficiencies.

The Superintendent worked closely with the School Board, the leadership team, and the community to present the needs of the school division and worked closely with the County to fit these needs into the larger requirements of the community and within the budget plan for Fairfax County. The fiscal year 2021 budget included an increase in funding from the County of \$7.3 million, or 0.3 percent from the fiscal year 2020 transfer.

The fiscal year 2022 budget includes an increase of \$286.9 million and 139.6 positions from the fiscal year 2021 Approved Budget. The budget focuses heavily on providing support to our students as we recover from the pandemic. To address the impact of the pandemic on the Division, FCPS received \$84.0 million from the federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act under the ESSER II Fund. The funding is being used to enhance summer school programming, to support special education recovery services, to address learning needs or regression, to provide stipends for staff working summer school, to supplement HVAC air quality projects, to provide technology support specialist positions, and to cover lease payments for FCPSOn. FCPS will also receive \$188.6 million from the American Rescue Plan (ARP) Act under ESSER III to address the pandemic impact such as unfinished learning, student academic, social, emotional, and mental health needs.

The major planning activities are:

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

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

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

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

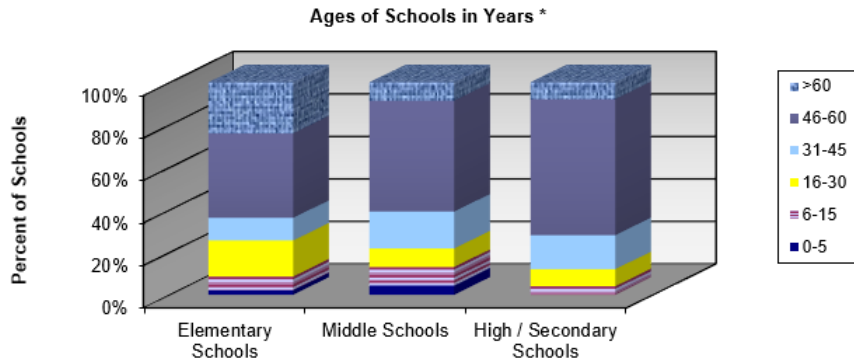
The CIP is a planning and fiscal management tool used to coordinate the location, timing, and funding of projects over a five-year period. The capital requirement on the CIP schedule includes:

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

The fiscal year 2022-2026 five year CIP totals approximately \$1.1 billion. The funding will allow for the construction of one new elementary school, the relocation of one modular addition, the construction of three high school additions, and renovations of five elementary schools and two middle schools.

Traditionally, the County has used the sale of municipal bonds to fund school capital facility expenditures. Every two years in November, school capital facility projects are part of a school bond referendum, which is added to the general election ballot. Funding for capital improvement projects is currently limited by a \$180 million yearly cap on General Obligation Bond by the financial management principles of the Fairfax County Board of Supervisors. Funding approved in the 2019 School Bond Referendum and previous referenda will address approximately \$337 million of the five year requirement, leaving an unfunded balance of \$790 million. A bond referendum is expected in the fall of 2021.

The graph below reflects the ages of FCPS' elementary, middle, and high schools as of June 30, 2021:



\* From the year that each school opened through June 30, 2021 (does not reflect renovation dates)  
 Source: FCPS - Office of Design and Construction Services

## Awards

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to FCPS for its ACFR for the fiscal year ended June 30, 2020. In order to be awarded a GFOA Certificate of Achievement, certain requirements must be met, including the issuance of an easily readable and efficiently organized ACFR. The report must also satisfy both GAAP and applicable legal requirements.

GFOA has given an *Award of Outstanding Achievement in Popular Annual Financial Reporting* to FCPS for its Popular Annual Financial Report for the fiscal year ended June 30, 2020. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government unit must publish a popular annual financial report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

In addition, the Association of School Business Officials International (ASBO) sponsors a *Certificate of Excellence in Financial Reporting* program to foster transparency and quality information in the preparation and issuance of school system’s annual financial reports. The ASBO program is similar to the GFOA Certificate of Achievement for Excellence in Financial Reporting program. FCPS was awarded the ASBO Certificate of Excellence for its ACFR for the fiscal year ended June 30, 2020.

FCPS has received prestigious awards from both GFOA and ASBO for 27 consecutive years. We believe that the current ACFR also conforms to the GFOA and ASBO certificate program requirements therefore; we are submitting it to them to confirm our compliance and to obtain another GFOA and ASBO certificate.

FCPS has won several awards for its budgeting reports, forecasting reports, and a separately issued ACFR for the Educational Employees’ Supplementary Retirement System of Fairfax County pension plan. In addition, ASBO and GFOA awarded FCPS with the Meritorious Budget Award and the Distinguished Budget Presentation Award, respectively, for the fiscal year 2021 Approved Budget.

# Acknowledgments

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

Respectfully submitted,



Scott S. Brabrand, Ed.D.  
Superintendent of Schools



Marty K. Smith  
Chief Operating Officer



E. Leigh Burden  
Assistant Superintendent, Financial Services



Fairfax County  
PUBLIC SCHOOLS

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# School Board Members and Administration

As of July 15, 2021

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## SCHOOL BOARD

Stella Pekarsky  
Chairman  
Sully District

Rachna Sizemore Heizer  
Vice Chairman  
Member at Large

Ricardy Anderson  
Mason District

Laura Jane Cohen  
Springfield District

Karen Corbett Sanders  
Mount Vernon District

Tamara Derenak Kaufax  
Lee District

Karl Frisch  
Providence District

Karen Keys-Gamarra  
Member at Large

Megan McLaughlin  
Braddock District

Melanie K. Meren  
Hunter Mill District

Abrar Omeish  
Member at Large

Elaine Tholen  
Dranesville District

Pranav Choudhary  
Student Representative

## ADMINISTRATION

Scott S. Brabrand  
Superintendent

Frances Ivey  
Deputy Superintendent

Sloan Presidio  
Chief Academic Officer

Lisa Williams  
Chief Equity Officer

Marty Smith  
Chief Operating Officer

Michelle Boyd  
Assistant Superintendent  
Special Services

Jeffrey Platenberg  
Assistant Superintendent  
Facilities and Transportation Services

E. Leigh Burden  
Assistant Superintendent  
Financial Services

Sean McDonald  
Interim Assistant Superintendent  
Human Resources

Guatam Sethi  
Chief Information Officer  
Information Technology

Helen Lloyd  
Executive Director  
Communication and Community Relations

Noel Klimenko  
Assistant Superintendent  
Instructional Services

Mark Greenfelder  
Assistant Superintendent  
School Improvements & School  
Supports

Kathleen Walts  
Executive Director  
Office of Professional Learning  
and Family Engagement

Marcy Kneale  
Director of Operations

John Foster  
Division Counsel

Douglas Tyson  
Assistant Superintendent  
Region 1

Fabio Zuluaga  
Assistant Superintendent  
Region 2

Nardos King  
Assistant Superintendent  
Region 3

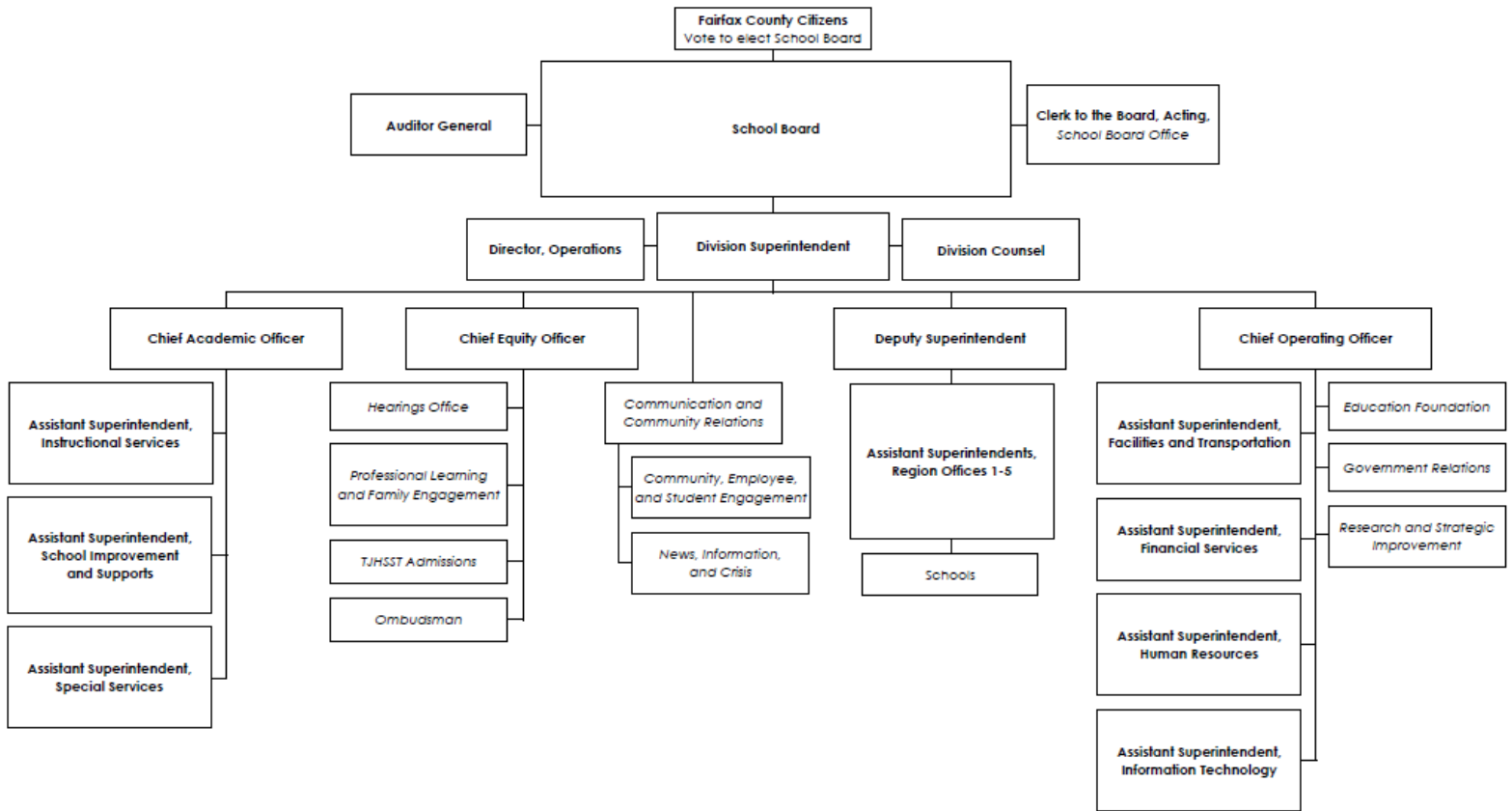
Penny Gros  
Assistant Superintendent  
Region 4

Rebecca Baenig  
Assistant Superintendent  
Region 5



# Organizational Chart

As of July 15, 2021



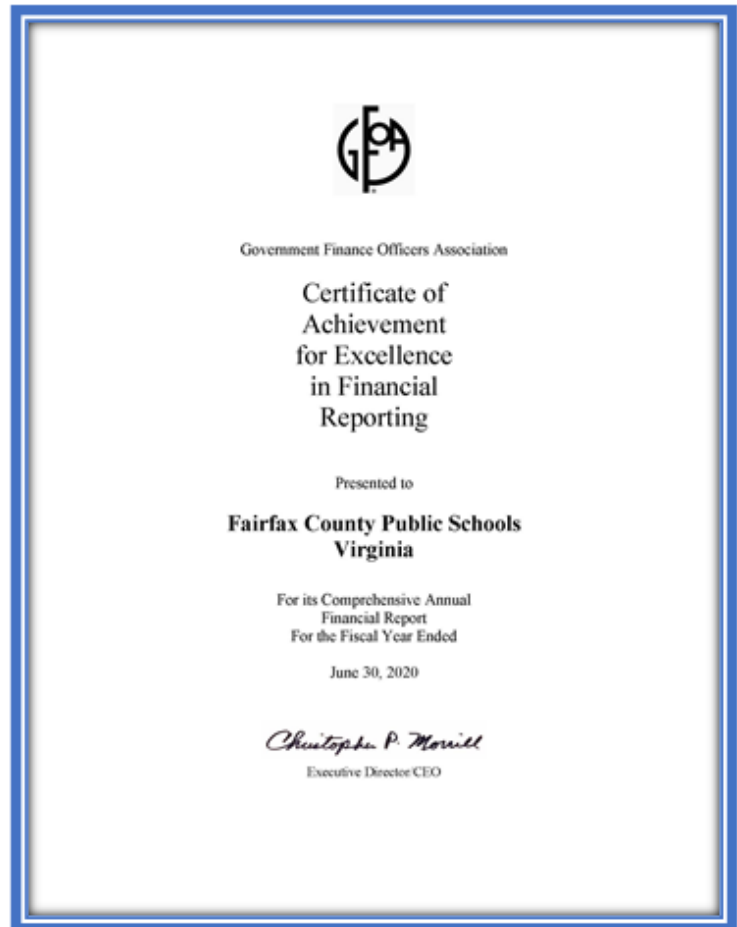
# Awards for Excellence in Financial Reporting

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## GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to FCPS for its ACFR for the fiscal year ended June 30, 2020. The Certificate of Achievement for Excellence in Financial Reporting is a prestigious, national award, which recognizes conformance with the highest standards for preparation of state and local government ACFRs.

In order to receive a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish a ACFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. In addition, this report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. FCPS has received the Certificate of Achievement for Excellence in Financial Reporting for 27 consecutive years.



**ASSOCIATION OF SCHOOL  
BUSINESS OFFICIALS AWARD**



The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to FCPS for its ACFR for the fiscal year ended June 30, 2020. FCPS has received this award for 27 consecutive years.

This nationally recognized program was established by ASBO to encourage school business officials to achieve a high standard of financial reporting. The award is the highest recognition for school division financial operations offered by ASBO, and it is only conferred upon school systems that have met or exceeded the standards of the program. More than 500 school systems and educational institutions submit applications each year.

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



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## FINANCIAL SECTION

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



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## Report of Independent Auditor

To the Board of Supervisors  
County of Fairfax, Virginia

To the Fairfax County School Board  
County of Fairfax, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfax County Public Schools (“FCPS”), a component unit of the County of Fairfax, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise FCPS’ basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the FCPS, as of June 30, 2021, 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.

### ***Emphasis of Matter***

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

As discussed in Note I. S to the basic financial statements, the FCPS adopted the provisions of Governmental Accounting Standards Board (the “GASB”) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, related net position and fund balance have been restated. Our opinions are not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

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

### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the FCPS' basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in, all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of the FCPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the FCPS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FCPS' internal control over financial reporting and compliance.



Tysons Corner, Virginia  
November 8, 2021





## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

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



# Management's Discussion and Analysis (Unaudited)

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This discussion and analysis, a section of the Fairfax County Public Schools' (FCPS) Annual Comprehensive Financial Report (ACFR), provides a narrative overview and analysis of the financial activities of FCPS for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal in the introductory section of this ACFR.

## FINANCIAL HIGHLIGHTS

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- Net position is \$(654.8) million at June 30, 2021 as a result of the liabilities and deferred inflows of resources exceeding assets and deferred outflows of resources.
- Total revenues of \$3,402.1 million were generated in fiscal year 2021. Expenses incurred were \$3,320.8 million, resulting in an increase in net position of \$81.3 million for the current year.
- General revenues, including the funds transferred from the County, totaled \$2,718.7 million and are available for all purposes. Such revenues were sufficient to fund the \$2,637.4 million excess of total operating costs over program-specific revenues. For the fiscal year 2021, program-specific revenues amounted to \$683.4 million.

### FUND FINANCIAL STATEMENTS

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

- FCPS' governmental funds reported a combined fund balance of \$363.8 million, representing an increase of \$146.2 million from the prior fiscal year fund balance as restated. The increase is primarily due to the funding received from the federal and state governments to address the impact of the COVID-19 pandemic as well as the increased state funding received in Basic Aid, special education and other state Standards of Quality (SOQ) programs.
- On June 30, 2021, the General Fund, which accounts for the main operating activities of FCPS, reported an ending fund balance of \$259.1 million, an increase of \$91.6 million from June 30, 2020 as restated. The unassigned portion of the General Fund's fund balance was \$3.4 million, which is available for future spending at FCPS' discretion.
- The Capital Projects Fund ended fiscal year 2021 with a fund balance of \$67.6 million, an increase of \$47.9 million over prior fiscal year. This is restricted for construction projects in progress or starting in the near future.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements and notes are followed by required supplementary information, consisting of the budget and actual comparison schedule for the General Fund and trend data pertaining to the pension and other postemployment benefit trust funds. In addition to these required elements, FCPS provides other supplementary information that includes combining fund statements for the nonmajor governmental funds, budget and actual comparison schedules for the special revenue funds, combining fund statements for the internal service funds, combining fund statements for the pension and OPEB trust funds, and the statement of changes in assets and liabilities for the agency fund.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Activities presents information on the change in the FCPS net position providing the results of operations during the fiscal year. The statement highlights the extent to which, specific programs are able to cover their costs with user fees, grants, and contributions, as opposed to being financed with general revenues. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. The change in net position from year to year may serve as a gauge of FCPS' financial position performance.

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

## FUND FINANCIAL STATEMENTS

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

**Governmental Funds** - Governmental funds account for, in essence, the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 1) how cash and other financial assets, which can readily be converted to cash, flow in and out of the system and 2) the balances of spendable resources available at the end of the fiscal year.

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

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

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

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

## FINANCIAL ANALYSIS OF GOVERNMENTAL ACTIVITIES

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

### STATEMENT OF NET POSITION

The following table provides a summary of FCPS' net position as of June 30, 2021 and 2020:

<b>SUMMARY OF NET POSITION</b>				
<b>As of June 30</b>				
<b>(Dollars in Millions)</b>				
	<b>Governmental Activities</b>			
	<b>2021</b>	<b>2020*</b>	<b>Variance</b>	<b>Percent Variance</b>
<b>ASSETS</b>				
Current and other assets	\$ 757.4	\$ 561.2	\$ 196.2	35.0 %
Capital assets, net	2,689.2	2,654.4	34.8	1.3
Total assets	<u>3,446.6</u>	<u>3,215.6</u>	<u>231.0</u>	7.2
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pensions	1,037.4	862.9	174.5	20.2
Deferred OPEB	117.3	134.1	(16.8)	(12.5)
Total deferred outflows of resources	<u>1,154.7</u>	<u>997.0</u>	<u>157.7</u>	15.8
<b>LIABILITIES</b>				
Current liabilities	195.6	176.4	19.2	10.9
Non-current liabilities	4,727.9	4,393.6	334.3	7.6
Total liabilities	<u>4,923.5</u>	<u>4,570.0</u>	<u>353.5</u>	7.7
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Capital lease reduction	3.1	3.3	(0.2)	(6.1)
Deferred pensions	193.1	237.3	(44.2)	(18.6)
Deferred OPEB	136.4	138.1	(1.7)	(1.2)
Total deferred inflows of resources	<u>332.6</u>	<u>378.7</u>	<u>(46.1)</u>	(12.1)
<b>NET POSITION</b>				
Net investment in capital assets	2,564.3	2,553.2	11.1	0.4
Restricted	104.0	48.9	55.1	100.0
Unrestricted (deficit)	(3,323.1)	(3,338.2)	15.1	(0.5)
Total net position	<u>\$ (654.8)</u>	<u>\$ (736.1)</u>	<u>\$ 81.3</u>	(11.0) %

\*Fiscal year 2020 amounts restated due to the implementation of GASB statement 84. See Note I. S. for more information.

Net investment in capital assets is \$2,564.3 million, which represents the portion of net position related to capital assets, net of accumulated depreciation, reduced by the outstanding capital lease liabilities of \$109.8 million that were used to acquire the assets.

For fiscal year 2021, FCPS reported deferred outflows of resources of \$1,037.4 million related to pensions and \$117.3 million related to OPEB. The majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement systems, in addition to outflows attributable to the various components that impact pension and OPEB expense, amortization of changes due to actuarial assumptions, changes in proportionate share of contributions, and differences between expected or actual experience.

For fiscal year 2021, FCPS reported deferred inflows of resources for pension of \$193.1 million and OPEB of \$136.4 million, which represents a net amount attributable to the various components that impact pension and OPEB expense, amortization of changes due to actuarial assumptions, changes in proportionate share of contributions, and differences between expected or actual experience. Deferred inflows of resources related to capital lease reduction from revisions to capital lease agreements decreased in fiscal year 2021 to \$3.1 million from \$3.3 million in fiscal year 2020.

## STATEMENT OF ACTIVITIES

The following table provides a summary of the changes in FCPS' net position for the fiscal years ended June 30, 2021 and 2020:

### SUMMARY OF CHANGES IN NET POSITION

For the Fiscal Years Ended June 30

(Dollars in Millions)

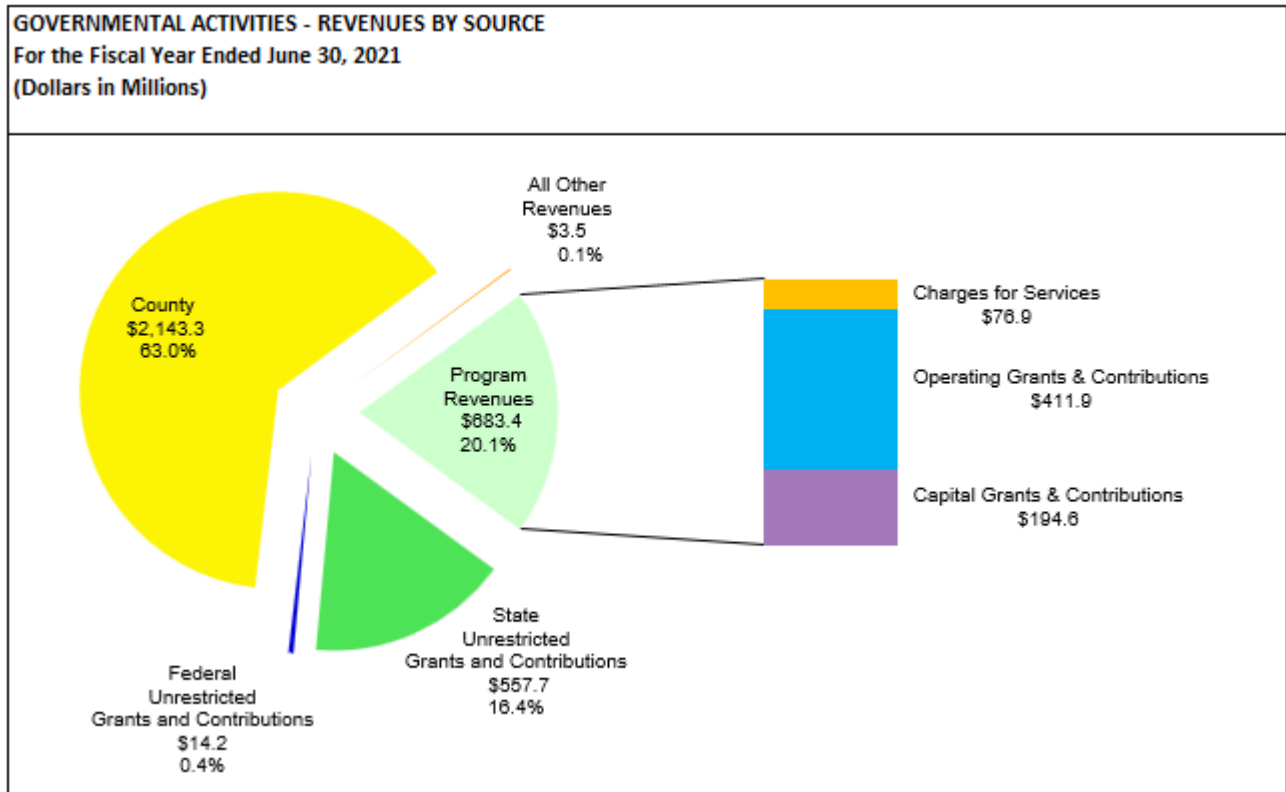
	Governmental Activities			Percent Variance
	2021	2020	Variance	
<b>REVENUES</b>				
Program revenues:				
Charges for services	\$ 76.9	\$ 100.6	\$ (23.7)	(23.6) %
Operating grants and contributions	411.9	339.4	72.5	21.4
Capital grants and contributions	194.6	196.1	(1.5)	(0.8)
General revenues:				
Grants and contributions not restricted to specific purposes	2,715.2	2,648.6	66.6	2.5
Other	3.5	2.5	1.0	40.0
Total revenues	<u>3,402.1</u>	<u>3,287.2</u>	<u>114.9</u>	3.5
<b>EXPENSES</b>				
Instruction	2,817.4	2,769.3	48.1	1.7
Support programs	414.2	413.6	0.6	0.1
Food service	72.6	84.4	(11.8)	(14.0)
Local School Activity	12.8	-	12.8	-
Interest on long-term debt	3.8	3.2	0.6	18.8
Total expenses	<u>3,320.8</u>	<u>3,270.5</u>	<u>50.3</u>	1.5
Increase in net position	81.3	16.7	64.6	100.0
Net position - July 1	(736.1)	(775.8)	39.7	(5.1)
Prior period adjustment*	-	23.0	(23.0)	100.0
Net position - July 1, 2020, as restated	<u>(736.1)</u>	<u>(752.8)</u>	<u>16.7</u>	(2.2)
Net position - June 30	<u>\$ (654.8)</u>	<u>\$ (736.1)</u>	<u>\$ 81.3</u>	(11.0) %

\*Fiscal year 2020 amount restated due to the implementation of GASB statement 84. See Note I. S. for more information.

Total revenues for FCPS' governmental activities were \$3,402.1 million in fiscal year 2021, representing an increase of \$114.9 million, or 3.5 percent, over fiscal year 2020. The increase is primarily due to \$49.3 million received from the CARES Act and Elementary and Secondary School Emergency Relief (ESSER), \$29.3 million increase of Basic Aid, and \$21.7 million increase of state sales tax revenues.

The total expenses of FCPS' programs for fiscal year 2021 were \$3,320.8 million, representing an increase of \$50.3 million or 1.5 percent over fiscal year 2020. The increase is primarily due to increases from pension and OPEB expenses as a result of plan changes and actuarial assumption change.

The following chart presents revenues by source for the fiscal year ended June 30, 2021:

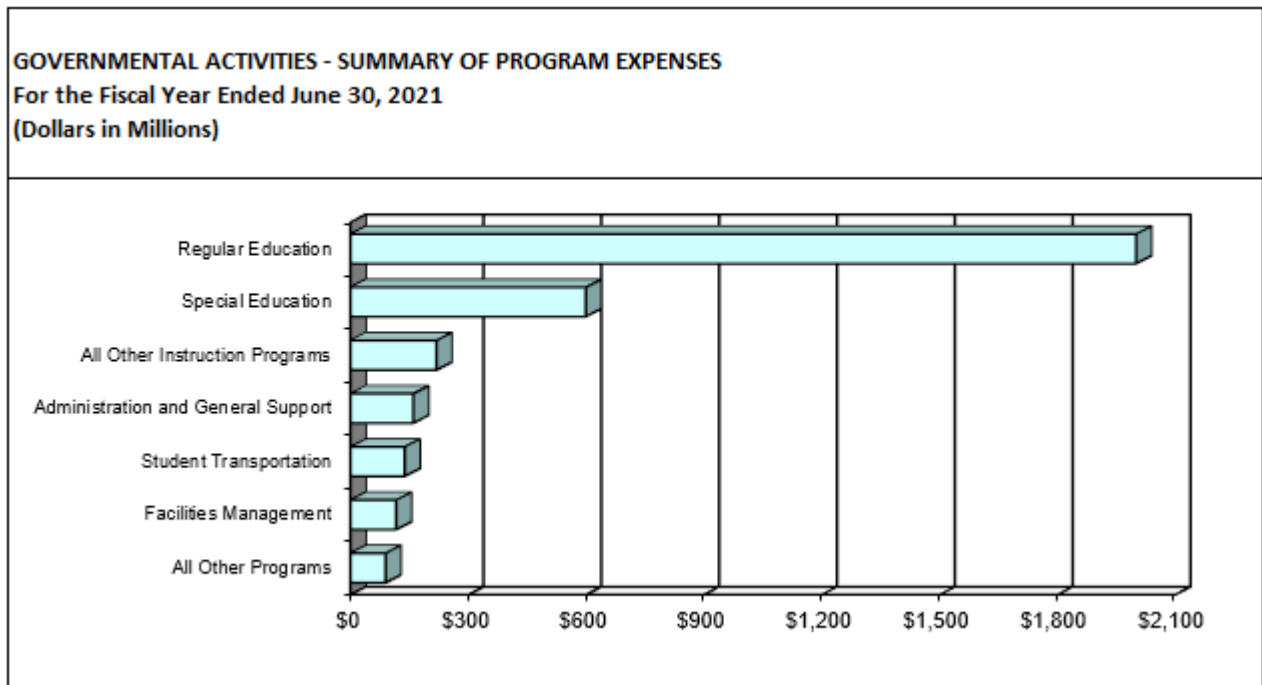


The following items reflect the major increases and decreases in revenues during fiscal year 2021:

- \$49.3 million received from CARES Act and ESSER
- \$36.6 million increase in Basic Aid, special education and other state Standards of Quality (SOQ) programs
- \$21.7 million increase in state sales tax
- \$17.6 million increase in federal grants consisting mainly of increases for Summer Food Service Program
- \$17.5 million received from state No Loss program
- \$12.6 million received from local school activities
- \$7.3 million increase in funding from the County
- \$5.6 million increase in state lottery-funded programs including special education regional tuition and learning loss instructional supports
- \$3.8 million increase in Medicaid
- \$(8.7) million decrease in community use revenue, school fees, and tuition from other jurisdictions due to the impact from the COVID-19 pandemic
- \$(25.7) million decrease in state compensation supplement and Virginia Public School Authority (VPSA) technology grants
- \$(22.7) million decrease in program revenues for food and nutrition services, and adult and community education due to the impact from the COVID-19 pandemic



The following chart compares the total expenses of each of FCPS' programs for the fiscal year ended June 30, 2021:



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

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

### ALL GOVERNMENTAL FUNDS

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

The following table presents a summary of fund balances of governmental funds as of June 30, 2021 and 2020:

<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>				
<b>As of June 30</b>				
<b>(Dollars in Millions)</b>				
	<u>2021</u>	<u>2020*</u>	<u>Variance</u>	<u>Percent Variance</u>
General Fund				
Nonspendable	\$ 0.1	\$ 0.5	\$ (0.4)	(80.0) %
Committed	39.9	41.0	(1.1)	(2.7)
Assigned	215.7	124.3	91.4	73.5
Unassigned	<u>3.4</u>	<u>1.7</u>	<u>1.7</u>	100.0
Total General Fund	<u>259.1</u>	<u>167.5</u>	<u>91.6</u>	54.7
Capital Projects Fund				
Restricted	<u>67.6</u>	<u>19.7</u>	<u>47.9</u>	100.0
Total Capital Projects Fund	<u>67.6</u>	<u>19.7</u>	<u>47.9</u>	100.0
Nonmajor governmental funds				
Nonspendable	1.4	1.5	(0.1)	(6.7)
Restricted	36.3	29.2	7.1	24.3
Unassigned	<u>(0.6)</u>	<u>(0.3)</u>	<u>(0.3)</u>	100.0
Total nonmajor governmental funds	<u>37.1</u>	<u>30.4</u>	<u>6.7</u>	22.0
All governmental funds				
Nonspendable	1.5	2.0	(0.5)	(25.0)
Restricted	103.9	48.9	55.0	100.0
Committed	39.9	41.0	(1.1)	(2.7)
Assigned	215.7	124.3	91.4	73.5
Unassigned	<u>2.8</u>	<u>1.4</u>	<u>\$ 1.4</u>	100.0
Total governmental funds	<u>\$ 363.8</u>	<u>\$ 217.6</u>	<u>\$ 146.2</u>	67.2 %

\*Fiscal year 2020 amounts restated due to the implementation of GASB statement 84.  
See Note I. S. for more information.

As of June 30, 2021, FCPS' governmental funds had a combined fund balance of \$363.8 million, compared with \$217.6 million at June 30, 2020, resulting in an increase of \$146.2 million. The following represents the fiscal year 2021 fund balance classification:

- \$1.5 million is nonspendable for prepaid items and inventories
- \$103.9 million is restricted for capital construction, grants, and food service
- \$39.9 million is committed by the School Board for fiscal year 2022 operating budget requirements
- \$215.7 million is assigned for undelivered orders, fiscal year 2022 initiatives, and fiscal year 2023 operating budget requirements. This amount also includes the fund balance assigned for the local school activities as a result of implementing GASB No. 84.
- \$2.8 million is unassigned representing resources not associated with a specified purpose

## MAJOR GOVERNMENTAL FUNDS

The General Fund is the main operating fund of FCPS. For fiscal year 2021, General Fund revenues, inclusive of other financing sources, totaled \$3,147.4 million, which represents an increase of \$161.3 million, or 5.4 percent, over the prior year. Expenditures for the General Fund, inclusive of other financing uses, increased by \$79.1 million, or 2.7 percent, over fiscal year 2020, totaling \$3,055.8 million. This resulted in an increase in fund balance of \$91.6 million from prior year fund balance as restated. The per pupil cost increased \$462, from \$16,043 in fiscal year 2020 to \$16,505 in fiscal year 2021.

The Capital Projects Fund reported a total fund balance of \$67.6 million, an increase of \$47.9 million from fiscal year 2020. Other revenues in this fund for fiscal year 2021 totaled \$1.6 million, a decrease of \$0.2 million from fiscal year 2020. Expenditures decreased by \$53.6 million, or 25.0 percent, from fiscal year 2020 due to pandemic-caused delays for certain major and minor improvements, the cyclical nature of construction projects, and the timing of completions.

During fiscal year 2021, FCPS received \$180.0 million of bond proceeds from the County to fund capital projects. As of June 30, 2021, the unspent portion of this funding totaled \$121.2 million, which is represented as restricted cash and investments on the Balance Sheet.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

The following table presents a summary comparison of the General Fund's original and final budgets with actual performance for the fiscal year ended June 30, 2021:

### GENERAL FUND BUDGET AND ACTUAL COMPARISON For the Fiscal Year Ended June 30, 2021 (Dollars in Millions)

	Budget - Original	Budget - Final	Actual - Budget Basis	Variance from Final Budget
Total revenues	\$ 916.5	\$ 951.1	\$ 937.8	\$ (13.3)
Total expenditures	3,057.6	3,166.4	2,942.5	223.9
Excess of expenditures over revenues	(2,141.1)	(2,215.3)	(2,004.7)	210.6
Total other financing sources, net of uses	2,110.1	2,096.4	2,096.4	-
Net change in fund balances	\$ (31.0)	\$ (118.9)	\$ 91.7	\$ 210.6

During fiscal year 2021, the General Fund’s final budget for revenues exceeded the original budget by \$34.6 million. The increase in revenues is due to federal funding for the CARES Act under the Coronavirus Relief Fund to help K-12 public schools.

Actual revenues were \$(13.3) million less than final budgeted amounts as a result of lower than projected community use revenue, school fees, and tuition from other jurisdictions due to the impact from the COVID-19 pandemic. These decreases were partially offset by favorable intergovernmental revenue and recovered costs.

The final budget for expenditures exceeded the original budget by \$108.8 million, or 3.6 percent, higher than the original budget. The overall increase in expenditures is due to carryover of undelivered orders, school balance carryover, and flexibility reserve funding from fiscal year 2020.

Actual expenditures came in under the final budget for expenditures by \$223.9 million, or 7.1 percent, primarily due to the following:

- \$125.1 million in carryover and other commitments
- \$68.9 million in compensation savings as a result of vacant positions and savings in hourly transportation and overtime spending impacted by the COVID-19 pandemic
- \$20.9 million in other expenditures due to lower utility usage, fuel expenses, and logistics spending as a result of the COVID-19 pandemic
- \$9.0 million in unexpended multiyear federal grants

The final budgeted total for other financing sources was less than the original budget by \$(13.7) million.

## CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

### CAPITAL ASSETS

As of June 30, 2021, FCPS’ investment in capital assets for governmental activities totaled \$2,689.2 million, net of accumulated depreciation of \$2,474.9 million and amortization of \$9.1 million. This represents a net increase in capital assets of \$34.8 million, or 1.3 percent, over the prior year.

The following table summarizes capital assets as of June 30, 2021 and 2020:

<b>NET CAPITAL ASSETS</b>		
<b>As of June 30</b>		
<b>(Dollars in Millions)</b>		
<b>Capital Asset Category</b>	<b>Book Value</b>	
	<b>2021</b>	<b>2020</b>
Land	\$ 46.8	\$ 46.8
Construction in progress	321.2	400.2
Equipment	131.9	109.2
Intangible Assets-Software/Licenses	4.2	4.9
Intangible Assets-Software in Development	0.8	0.1
Library collections	6.4	6.2
Buildings	612.7	599.4
Building improvements	1,513.3	1,434.8
Land improvements	51.9	52.8
<b>Total</b>	<b>\$ 2,689.2</b>	<b>\$ 2,654.4</b>

Net additions to capital assets during fiscal year 2021 include the following:

- \$16.1 million to acquire computers and other equipment
- \$12.0 million in multiyear major renovations and additions
- \$5.3 million to acquire 48 buses
- \$1.4 million to acquire 124 copiers

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

## LONG-TERM OBLIGATIONS

As of June 30, 2021, FCPS reported total long-term obligations in the amount of \$4,727.9 million, compared to \$4,393.7 million at June 30, 2020. The following table summarizes FCPS' long-term obligations as of June 30, 2021 and 2020:

<b>LONG-TERM OBLIGATIONS</b>		
<b>As of June 30</b>		
<b>(Dollars in Millions)</b>		
	<b>2021</b>	<b>2020</b>
Accrued rent	\$ 4.2	\$ 4.2
Compensated absences	39.0	37.7
Capital leases	109.8	83.9
Net pension liabilities	4,115.3	3,769.7
Net OPEB liabilities	387.5	435.5
Actuarial claims payable	72.1	62.7
<b>Total</b>	<b>\$ 4,727.9</b>	<b>\$ 4,393.7</b>

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

## FISCAL YEAR 2022 BUDGET

The fiscal year 2022 Approved Operating Expenditure Budget totals \$3.4 billion, an increase of \$286.9 million, or 9.3 percent, from the fiscal year 2021 Approved Budget. The fiscal year 2022 Approved Budget has been aligned with FCPS' vision, mission, and Strategic Plan goals. FCPS' Strategic Plan focuses on: Student Success, Caring Culture, Premier Workforce, and Resource Stewardship. The fiscal year 2022 Approved Budget provides for the basic needs of the school system and concentrates heavily on providing support to our students as we recover from the COVID-19 pandemic.

The following are highlights of the fiscal year 2022 expenditure budget:

- \$242.1 million to address the impact of the COVID-19 pandemic to the school system and post COVID-19 response plan
- \$49.1 million for a 2.0 percent compensation increase for employees
- \$7.3 million to cover employee health benefit coverage
- \$5.3 million to cover retirement rate increases

- \$5.3 million to address technology and infrastructure supports related to distance learning and FCPS intranet
- \$4.9 million for English for Speakers of Other Languages staffing
- \$4.2 million for the continuation of the classroom instructional support salary scale enhancement and elementary principal and assistant principal pay parity
- \$3.6 million for State mandate for three specialized support positions per 1,000 students (psychologist, social worker and nurse)
- \$2.8 million for school counselors, psychologists and nurses to support student mental health and wellness needs resulting from the COVID-19 pandemic
- \$2.6 million to implement the first phase of recommended changes to the Advanced Academic Program
- \$(21.3) million in compensation base savings
- \$(25.0) million savings in centralized instructional resources and staffing reserves and enrollment decrease

## CONTACTING FCPS MANAGEMENT

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

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



## BASIC FINANCIAL STATEMENTS

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





**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Net Position**  
**June 30, 2021**

**EXHIBIT A**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 550,215,017
Cash with fiscal agent	90,475
Cash in escrow	138,038
Receivables:	
Accounts	15,397,845
Accrued interest	12,538
Due from intergovernmental units:	
Federal government	47,306,582
Commonwealth of Virginia	21,094,994
County of Fairfax, VA	235,842
Other	171,129
Inventories	1,399,420
Prepaid items	88,906
Restricted cash and investments	121,248,325
Nondepreciable capital assets:	
Land	46,837,095
Construction in progress	321,205,883
Depreciable capital assets:	
Equipment	407,108,608
Library collections	20,612,968
Buildings and improvements	4,363,348,374
Accumulated depreciation	(2,474,902,989)
Intangible capital assets:	
Software and licenses	13,260,834
Software in development	777,072
Accumulated amortization	(9,073,162)
Total assets	<u>3,446,573,794</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	1,037,364,843
Deferred outflows related to OPEB	117,326,195
Total deferred outflows of resources	<u>1,154,691,038</u>
<b>LIABILITIES</b>	
Accounts payable	48,118,697
Accrued salaries and withholdings	93,914,708
Accrued interest payable	980,521
Unearned revenues	18,394,983
Contract retainages	15,037,923
Deposits	17,116,723
Due to intergovernmental units:	
County of Fairfax, VA	196,515
Other	1,917,045
Non-current liabilities:	
Due within one year:	
Compensated absences	27,334,200
Capital leases	28,305,987
Actuarial claims payable	30,833,347
Due beyond one year:	
Accrued rent	4,154,666
Compensated absences	11,714,658
Capital leases	81,486,318
Net pension liability	4,115,292,996
Net OPEB liability	387,461,319
Actuarial claims payable	41,283,388
Total liabilities	<u>4,923,543,994</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Capital lease reduction	3,044,188
Deferred inflows related to pensions	193,140,228
Deferred inflows related to OPEB	136,391,349
Total deferred inflows of resources	<u>332,575,765</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,564,344,454
Restricted for:	
Food and Nutrition Services	4,827,968
Grant programs	31,507,145
Capital Projects	67,602,452
Unrestricted (deficit)	(3,323,136,946)
Total net position	<u>\$ (654,854,927)</u>

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT B**

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular education:					
Elementary school	\$ 1,051,882,604	\$ 22,649,746	\$ 61,231,148	\$ -	\$ (968,001,710)
Middle school	294,641,742	11,290,954	2,264,801	-	(281,085,987)
High school	653,240,080	17,659,542	31,030,873	-	(604,549,665)
Special education	598,842,475	3,057,826	57,087,700	-	(538,696,949)
Adult and community education	6,243,251	2,408,574	1,094,020	-	(2,740,657)
Instructional support	212,581,069	2,771,435	69,768,537	-	(140,041,097)
Total instruction	<u>2,817,431,221</u>	<u>59,838,077</u>	<u>222,477,079</u>	<u>-</u>	<u>(2,535,116,065)</u>
Support programs:					
Administration and general support	159,821,209	-	143,594,442	-	(16,226,767)
Student transportation	137,994,439	11,456	-	-	(137,982,983)
Facilities management	116,337,442	3,095,247	-	194,679,133	81,436,938
Total support programs	<u>414,153,090</u>	<u>3,106,703</u>	<u>143,594,442</u>	<u>194,679,133</u>	<u>(72,772,812)</u>
Food service	72,648,900	1,327,645	45,787,772	-	(25,533,483)
Local school activities	12,750,279	12,619,898	-	-	(130,381)
Interest on long-term debt	3,828,809	-	-	-	(3,828,809)
Total governmental activities	<u>\$ 3,320,812,299</u>	<u>\$ 76,892,323</u>	<u>\$ 411,859,293</u>	<u>\$ 194,679,133</u>	<u>\$ (2,637,381,550)</u>
<b>General revenues:</b>					
Grants and contributions not restricted to specific purposes:					
Federal government					14,209,711
Commonwealth of Virginia					557,654,713
County of Fairfax, VA					2,143,322,211
Revenue from the use of money					62,628
Other					3,438,640
Total general revenues					<u>2,718,687,903</u>
Change in net position					81,306,353
Net position - July 1, 2020, as previously reported					(759,128,905)
Prior period adjustment					22,967,625
Net position - July 1, 2020, as restated					<u>(736,161,280)</u>
Net position - June 30, 2021					<u>\$ (654,854,927)</u>

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

**EXHIBIT C**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 317,414,736	\$ 280,741	\$ 24,030,822	\$ 341,726,299
Cash with fiscal agent	90,475	-	-	90,475
Receivables:				
Accounts	570,529	-	191,255	761,784
Accrued interest	-	-	12,538	12,538
Due from intergovernmental units:				
Federal government	28,786,881	-	18,519,701	47,306,582
Commonwealth of Virginia	19,195,572	-	1,899,422	21,094,994
County of Fairfax, VA	121,630	-	114,212	235,842
Other	171,129	-	-	171,129
Inventories	-	-	1,399,420	1,399,420
Prepaid Items	54,167	-	34,739	88,906
Interfund receivables	300,000	-	-	300,000
Restricted cash and investments	-	121,248,325	-	121,248,325
<b>Total assets</b>	<u>\$ 366,705,119</u>	<u>\$ 121,529,066</u>	<u>\$ 46,202,109</u>	<u>\$ 534,436,294</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 14,053,724	\$ 21,758,486	\$ 712,318	\$ 36,524,528
Accrued salaries and withholdings	91,642,809	13,482	2,258,417	93,914,708
Contract retainages	-	15,037,923	-	15,037,923
Deposits	-	17,116,723	-	17,116,723
Due to intergovernmental units:				
County of Fairfax, VA	-	-	196,515	196,515
Other	1,917,045	-	-	1,917,045
Interfund payables	-	-	300,000	300,000
Unearned revenues	37,292	-	5,558,202	5,595,494
<b>Total liabilities</b>	<u>107,650,870</u>	<u>53,926,614</u>	<u>9,025,452</u>	<u>170,602,936</u>
Fund balances:				
Nonspendable	54,167	-	1,434,159	1,488,326
Restricted	-	67,602,452	36,335,113	103,937,565
Committed	39,930,286	-	-	39,930,286
Assigned	215,665,132	-	-	215,665,132
Unassigned	3,404,664	-	(592,615)	2,812,049
<b>Total fund balances</b>	<u>259,054,249</u>	<u>67,602,452</u>	<u>37,176,657</u>	<u>363,833,358</u>
<b>Total liabilities and fund balances</b>	<u>\$ 366,705,119</u>	<u>\$ 121,529,066</u>	<u>\$ 46,202,109</u>	<u>\$ 534,436,294</u>

See accompanying notes to the financial statements.

## Reconciliation of the Balance Sheet to the Statement of Net Position

## Governmental funds

June 30, 2021

Fund balances - total governmental funds	\$ 363,833,358
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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 funds.

Nondepreciable capital assets	\$ 368,042,978	
Depreciable capital assets	4,791,069,950	
Accumulated depreciation	<u>(2,474,902,989)</u>	
Total		2,684,209,939

Intangible assets used in governmental funds' activities are not financial resources and, therefore, are not reported in the funds.

Software and licenses	\$ 13,260,834	
Software under development	777,072	
Accumulated amortization	<u>(9,073,162)</u>	
Total		4,964,744

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

Assets:		
Current assets	\$ 223,262,817	
Liabilities	<u>(96,817,111)</u>	
Total		126,445,706

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

Accrued interest on long-term debt	\$ (980,521)	
Accrued rent	(4,154,666)	
Compensated absences	(38,742,140)	
Capital leases	<u>(109,792,305)</u>	
Total		(153,669,632)

Revisions of capital lease agreements resulting in a reduction of capital lease obligations are reported as deferred inflows in the Statement of Net Position, but they are not financial resources and, therefore, are not reported in the funds.

(3,044,188)

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

Deferred outflows related to pensions	\$ 1,037,364,843	
Net pension liability	(4,115,292,996)	
Deferred inflows related to pensions	<u>(193,140,228)</u>	
Total		(3,271,068,381)

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

Deferred outflows related to OPEB	\$ 117,326,195	
Net OPEB liability	(387,461,319)	
Deferred inflows related to OPEB	<u>(136,391,349)</u>	
Total		(406,526,473)

Net position of governmental activities	<u>\$ (654,854,927)</u>
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See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT D**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 93,211,830	\$ -	\$ 97,217,358	\$ 190,429,188
Commonwealth of Virginia	781,934,606	-	4,248,338	786,182,944
County of Fairfax, VA	2,144,197,211	194,286,862	1,886,781	2,340,370,854
Charges for services:				
Tuition and fees	9,786,748	-	4,465,847	14,252,595
Food sales	-	-	1,327,645	1,327,645
Revenue from the use of money and property	1,328,493	-	62,767	1,391,260
Recovered costs - City of Fairfax, VA	47,656,514	-	-	47,656,514
Revenue from local school activities	12,619,898	-	-	12,619,898
Other	3,914,342	1,584,801	2,388,613	7,887,756
Total revenues	<u>3,094,649,642</u>	<u>195,871,663</u>	<u>111,597,349</u>	<u>3,402,118,654</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular education:				
Elementary school	940,497,918	-	33,092,973	973,590,891
Middle school	272,123,948	-	577,420	272,701,368
High school	598,259,227	-	6,352,917	604,612,144
Special education	549,273,408	-	4,999,608	554,273,016
Adult and community education	198,907	-	5,577,004	5,775,911
Instructional support	180,759,168	-	16,006,138	196,765,306
Support programs:				
Administration and general support	146,014,113	-	2,131,980	148,146,093
Student transportation	127,712,963	-	-	127,712,963
Facilities management	90,791,346	16,884,770	70,888	107,747,004
Food service	-	-	67,173,607	67,173,607
Local school activities	12,750,279	-	-	12,750,279
Capital outlay	62,858,918	144,171,701	61,772	207,092,391
Debt service:				
Principal	26,913,526	-	22,325	26,935,851
Interest	3,392,510	-	5,096	3,397,606
Total expenditures	<u>3,011,546,231</u>	<u>161,056,471</u>	<u>136,071,728</u>	<u>3,308,674,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83,103,411</u>	<u>34,815,192</u>	<u>(24,474,379)</u>	<u>93,444,224</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	13,078,444	31,220,813	44,299,257
Transfers out	(44,299,257)	-	-	(44,299,257)
Capital leases	52,794,524	-	52,773	52,847,297
Total other financing sources (uses), net	<u>8,495,267</u>	<u>13,078,444</u>	<u>31,273,586</u>	<u>52,847,297</u>
Net change in fund balances	91,598,678	47,893,636	6,799,207	146,291,521
Fund balances - July 1, 2020, as previously reported	144,487,946	19,708,816	30,441,440	194,638,202
Prior period adjustment	22,967,625	-	-	22,967,625
Decrease in reserve for inventories	-	-	(63,990)	(63,990)
Fund balances - June 30, 2021	<u>\$ 259,054,249</u>	<u>\$ 67,602,452</u>	<u>\$ 37,176,657</u>	<u>\$ 363,833,358</u>

See accompanying notes to the financial statements.

**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, 2021**

Net change in fund balances - total governmental funds	\$ 146,291,521
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	\$ 207,092,391
Depreciation expense	<u>(174,381,216)</u>
Total	32,711,175
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.	2,340,137
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.	(297,363)
Principal payments on capital leases and installment purchases are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the Statement of Net Position and do not result in expenses in the Statement of Activities.	26,935,851
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 non-current liabilities in the statement of Net Position and does not affect the Statement of Activities. This amount represents principal amounts of new capital leases.	(52,847,297)
In the government-wide statements, rent abatement charges impact accrued rent. In the governmental funds, this is not considered a current year expenditure.	67,647
In the government-wide statements, inventory changes impact net position. Inventory is recorded as an expenditure in the governmental fund statements as purchased. These expenditures are not adjusted for the net change in inventory.	(63,990)
In the Statement of Activities, compensated absences are measured by the amounts earned during the current fiscal year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This amount represents the net change in compensated absences.	(1,287,748)
Internal Service Funds are used by management to provide certain goods and services to governmental funds. The change in net position of these funds is reported within governmental activities in the Statement of Activities	21,671,492
Interest on capital leases is reported as expenditures in the governmental funds when it is due. However, in the Statement of Activities, interest is expenses as it accrues. This amount represents the net change in accrued interest on long-term debt.	(431,203)
Capital lease obligations are reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of deferred inflows relating to capital lease obligations are amortized over the life of each lase and expensed.	229,750
Contributions for pension benefits are reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of net pension liability, deferred outflows of resources, and deferred inflows of resources relating to pension accounting are expensed.	(127,008,084)
Contributions for OPEB benefits are reported as expenditure in governmental funds when they are due. In the government-wide statements, the effects of net OPEB liability, deferred outflows of resources, and deferred inflows of resources relating to OPEB accounting are expensed.	32,994,465
Change in net position of governmental activities	<u>\$ 81,306,353</u>

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

**EXHIBIT E**

	<u>Governmental Activities</u> <u>- Internal Service Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash on deposit with County of Fairfax, VA	\$ 208,488,718
Cash in escrow	138,038
Receivables:	
Accounts	<u>14,636,061</u>
Total current assets	<u>223,262,817</u>
Total assets	<u>223,262,817</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	11,594,169
Unearned revenues	12,799,489
Compensated absences	214,702
Actuarial claims payable	<u>30,833,347</u>
Total current liabilities	<u>55,441,707</u>
Non-current liabilities:	
Compensated absences	92,016
Actuarial claims payable	<u>41,283,388</u>
Total non-current liabilities	<u>41,375,404</u>
Total liabilities	<u>96,817,111</u>
<b>NET POSITION</b>	
Unrestricted	126,445,706
Total net position	<u>\$ 126,445,706</u>

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT F**

	<u>Governmental Activities</u> <u>- Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 483,949,982
<b>OPERATING EXPENSES</b>	
Salaries and wages	4,464,853
Claims and benefits	444,223,767
Professional consultant services	13,722,346
Other operating expenses	352,884
Total operating expenses	<u>462,763,850</u>
Operating income	21,186,132
<b>NONOPERATING REVENUES</b>	
Interest revenue	<u>485,360</u>
Total nonoperating revenues	<u>485,360</u>
Change in net position	21,671,492
Total net position - July 1, 2020	104,774,214
Total net position - June 30, 2021	<u>\$ 126,445,706</u>

See accompanying notes to the financial statements.



**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT G**

	<b>Governmental Activities - Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services provided	\$ 479,706,010
Payments to employees	(4,464,853)
Payments for claims and health benefits	(434,788,071)
Payments for professional services	(12,209,716)
Payments for other operating expenses	(352,884)
Net cash provided by operating activities	<u>27,890,486</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	485,360
Net cash provided by investing activities	<u>485,360</u>
Net increase in cash and cash equivalents	28,375,846
Cash and cash equivalents - July 1, 2020	180,250,910
<b>Cash and cash equivalents - June 30, 2021</b>	<u>\$ 208,626,756</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 21,186,132
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	(4,603,309)
Increase in accounts payable	1,512,630
Increase in unearned revenues	359,337
Increase in compensated absences	7,145
Increase in actuarial claims payable	9,428,551
Total adjustments to operating income	<u>6,704,354</u>
Net cash provided by operating activities	<u>\$ 27,890,486</u>

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

**EXHIBIT H**

	<b>Pension and Other Postemployment Benefit Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 554,641
Cash with fiscal agent	489,213
Cash collateral for securities on loan	147,105,099
Short-term investments	82,434,178
Receivables:	
Accounts	39,789
Interest and dividends	5,873,379
Securities sold	37,732,985
Investments, at fair value:	
U.S. government obligations	134,299,276
Asset and mortgage backed	131,235,280
Corporate bonds	296,155,653
International bonds	48,744,879
Convertible securities	7,885,605
Preferred securities	2,847,981
Commingled fixed income	212,099,908
Commingled equity	909,819,785
Stocks	567,415,582
Municipal bonds	629,074
Real estate	156,132,124
Multi asset class solutions	306,184,789
Hedge funds	187,556,946
Private debt	28,307,673
Private equity	210,360,927
Infrastructure	229,486
Investment in pooled funds	206,944,010
Capital assets:	
Furniture and equipment	151,301
Accumulated depreciation	(110,447)
Total assets	<u>3,681,119,116</u>
<b>LIABILITIES</b>	
Capital leases	26,426
Accounts payable	2,376,306
Securities purchased	51,085,575
Securities lending collateral	147,105,099
Total liabilities	<u>200,593,406</u>
<b>NET POSITION</b>	
Net position restricted for pension	3,272,151,084
Net position restricted for OPEB	<u>\$ 208,374,626</u>

See accompanying notes to the financial statements.

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Statement of Changes in Fiduciary Net Position**  
**Pension and Other Postemployment Benefit Trust Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT I**

	<b>Pension and Other Postemployment Benefit Trust Fund</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 120,133,057
Plan members	48,934,340
Total contributions	<u>169,067,397</u>
Investment earnings:	
From investing activities:	
Net appreciation in fair value of investments	745,912,852
Interest and dividends	31,046,563
Total gain from investing activities	<u>776,959,415</u>
Less investment expenses:	
Investment management fees	7,430,888
Investment consulting fees	1,063,759
Investment custodial fees	397,001
Investment salaries	283,406
Total investment expenses	<u>9,175,054</u>
Net gain from investing activities	<u>767,784,361</u>
From securities lending activities:	
Securities lending	504,955
Securities lending management fees	(145,078)
Net income from securities lending activities	<u>359,877</u>
Net investment gain	<u>768,144,238</u>
Total additions	<u>937,211,635</u>
<b>Deductions</b>	
Benefit payments	198,008,766
Refund of contributions	3,605,963
Administrative expenses	4,423,439
Total deductions	<u>206,038,168</u>
Change in net position	731,173,467
Net position - July 1, 2020	2,749,352,243
Net position - June 30, 2021	<u>\$ 3,480,525,710</u>

See accompanying notes to the financial statements.

# Notes to the Financial Statements

As of and for the year ended June 30, 2021

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. REPORTING ENTITY

The financial reporting entity consists of the Primary Government, organizations for which the Primary Government is financially accountable (component units), and other organizations for which the nature and significance of their relationship with the Primary Government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities are so intertwined with the Primary Government that they are, in substance, the same as the Primary Government and therefore reported as part of the Primary Government.

Discretely presented component units entail reporting financial data in one or more columns separate from the financial data of the Primary Government.

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

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

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

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

serve to enhance user understanding of the data presented in the financial statements.

## 1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents the overall financial condition of FCPS at June 30, 2021. The net position balance provides evidence of FCPS' ability to cover its costs and continue to provide services in the future.

The Statement of Activities clarifies the extent to which FCPS program revenues are sufficient to cover direct program expenses. Direct expenses are those that are associated with specific programs and, therefore, can be classified by activity. FCPS also reports certain administrative expenses that cannot be specifically associated with a given program. These indirect expenses are allocated to the programs based on a ratio of expenditures by program reported in the governmental fund statements. The net revenue or expense figure demonstrates whether the program is self-supporting or depends on general revenue sources. For the year ended June 30, 2021, most programs were heavily dependent on general revenues. Facilities management was the only program where the revenue sources exceeded program expenses.

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

## 2. FUND FINANCIAL STATEMENTS

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

Each fund is considered an independent fiscal activity that operates with a self-balancing set of accounts. Each fund reports cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein.

FCPS reports the following major governmental fund types:

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

FCPS reports the following nonmajor governmental fund type:

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

FCPS reports the following additional fund types:

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

## C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

### 1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are shown in the Statement of Net Position, including non-current assets (such as land, buildings, improvements, and other capital assets) and long-term liabilities (such as obligations for pensions, compensated absences, capital lease commitments, and actuarial claims payable).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The Statement of Activities demonstrates the degree to which program expenses are offset by associated revenues. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. County, State and Federal grants and contributions, which are not restricted for specific uses, are classified as general revenues. Revenue generated from the use of money is classified as general. The effect of interfund revenue was eliminated from these statements.

### 2. FUND FINANCIAL STATEMENTS

Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included in the Balance Sheet. Revenue is recorded when susceptible to accrual, that is, when measurable and available for funding of current appropriations. FCPS, in general, considers revenues available if it is received within 60 days after fiscal year-end, except for insurance claim reimbursements, which FCPS considers available if it is collected within 90 days after fiscal year-end.

Operating statements for these funds present increases and decreases in current financial resources. Increases result from the receipt of revenues and other financing sources, while decreases result from expenditures and other financing uses. Non-exchange revenues, where FCPS receives value without directly giving equal value in exchange, include grants and donations. These revenues are recognized in the fiscal

year when all eligibility requirements have been satisfied and the resources are available. Expenditures are reported in the fiscal year when the related fund liability is incurred, except that certain long-term obligations, such as expenditures related to compensated absences or capital leases, are recorded when payment is due. 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 government-wide statements, reconciliations are provided to aid the reader in understanding the differences.

Proprietary funds and pension and other postemployment benefit funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position.

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

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

#### D. UNEARNED REVENUES

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

#### E. CASH AND CASH EQUIVALENTS

The majority of FCPS' cash and cash equivalents is cash on deposit with the County. Placing these funds in an investment pool administered by the County enhances investment returns. At June 30, 2021, all of the County's deposits were covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act establishes a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions. This ensures that the procedure for securing public deposits is uniform throughout the State. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

On a monthly basis, the County allocates interest, less an administrative charge, to some funds based on their respective average balances in pooled cash and investments. In accordance with the County's legally

adopted operating budget, interest earned on FCPS' remaining funds is assigned directly to the County's General Fund.

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

The figure reported for cash with fiscal agent in the Statement of Fiduciary Net Position stems from receipts from ERFC pension investment sales occurring on the last day of the fiscal year, which could not be invested in the pooled cash fund until July 1, 2021.

#### F. INVESTMENTS

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

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

#### G. INVENTORIES AND PREPAID ITEMS

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

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

#### H. CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements and include land, construction in progress, equipment, library collections, buildings, improvements, and intangible assets. An asset must have a useful life of more than a year to be capitalized. Equipment, buildings, and improvements with a value of \$5,000 or more are capitalized. Land, construction in progress, software in development, and library collections are generally capitalized regardless of value. The costs of routine maintenance and repairs that do not add to asset values or materially extend asset lives are not capitalized.

Capital assets are recorded at acquisition cost, or at estimated historical cost, if acquisition cost is not available. Donated assets are recorded at their acquisition value at the time of receipt. Assets acquired through capital leases are recorded at the present value of the minimum lease payments, as stated in the agreements' amortization schedules.

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



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

<b>Capital Assets</b>	<b>Useful Lives (Years)</b>
Equipment:	
Buses and other vehicles	5-10
Office and other	3-20
Library collections	5
Buildings	20-50
Improvements	10-25
Software and licenses	5-12

Intangible assets lack physical substance, are nonfinancial in nature, and have an initial useful life greater than one year. The intangible assets recognized by FCPS are software products and licenses. The intangibles are valued at historic cost. No indirect costs are incorporated into the valuations for internally generated software. The cost threshold for individual asset recognition is \$100,000.

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

#### I. COMPENSATED ABSENCES AND ACCRUED WAGES AND BENEFITS

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

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

#### J. LONG-TERM OBLIGATIONS

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

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

#### K. PENSIONS

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

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

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

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

#### L. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

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

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

In accordance with GAAP, FCPS recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources which is defined as a consumption of net position that is applicable to a future reporting period. FCPS has two items which qualify for reporting in this category, deferred pensions and OPEB. Refer to Notes IV. Retirement Plans and V. OPEB for a detailed listing of the deferred outflows of resources related to pensions and OPEB, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources which is defined as an acquisition of net position that is applicable to a future reporting period. FCPS has three items which qualify for reporting in this category, deferred inflow of resources related to pension and OPEB, and capital lease reduction related to revisions of capital lease agreements. Refer to Notes IV. Retirement Plans and V. OPEB for a detailed listing of the deferred inflows of resources related to pensions and OPEB, respectively.

#### N. NET POSITION

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

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

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

#### O. RECOVERED COSTS

Reimbursements from the City of Fairfax, Virginia (City) for operating City owned schools and providing educational services to City students are recorded as recovered costs in the governmental fund financial statements. During fiscal year 2021, reimbursements totaled \$47,656,514 for educational services.

#### P. USE OF ESTIMATES

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

## Q. TAX STATUS

FCPS, as a local school division, and political subdivision of the State, is not subject to Federal, State, or local income taxes. Accordingly, no provision for income taxes was recorded.

## R. RESTRICTED ASSETS

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

When both restricted and unrestricted resources are available for use, FCPS' policy is to use restricted resources first, and then unrestricted resources, as they are needed. As of June 30, 2021, restricted cash and investments reported in the Capital Projects Fund totaled \$121,248,325.

## S. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2021, FCPS implemented GASB Statement No. 84, "Fiduciary Activities". This statement provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. FCPS previously reported the activity of the Student Activity fund as a fiduciary fund. Beginning in fiscal year 2021, such activity has been more appropriately reported in the General Fund. Accordingly, the following prior period adjustment was recorded, which is equal to the restatement and removal of net current assets and current liabilities previously reported in the Student Activity fund:

<b>Statement of Activities</b>	<b>Governmental Activities</b>
Net position - July 1, 2020, as previously reported	\$ (759,128,905)
Prior period adjustment	22,967,625
Net position - July 1, 2020, as restated	<u>\$ (736,161,280)</u>

<b>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<b>General Fund</b>
Fund balances - July 1, 2020, as previously reported	\$ 144,487,946
Prior period adjustment	22,967,625
Fund balances - July 1, 2020, as restated	<u>\$ 167,455,571</u>

FCPS implemented GASB Statement No. 93 "Replacement of Interbank Offered Rates" in fiscal year 2021. The implementation of this new standard did not have a material impact on FCPS' financial statements for fiscal year 2021.

FCPS also implemented GASB Statement No. 98 "The Annual Comprehensive Financial Report" and replaced the term *comprehensive annual financial report* with *annual comprehensive financial report*.

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

The following reconciliations accompany the governmental fund statements:

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - this reconciliation explains the differences between the total net change in fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances

and the change in net position for governmental activities as shown on the government-wide Statement of Activities.

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

### III. DETAILED NOTES TO ALL FUNDS

#### A. NONFIDUCIARY DEPOSITS AND INVESTMENTS

##### 1. DEPOSIT AND INVESTMENT POLICIES

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

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

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

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

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

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

The County's investment policy precludes the investment of pooled funds in derivative securities, reverse repurchase agreements, security lending programs, asset-backed securities, hedged debt, obligations of sovereign governments, obligations of the State and its instrumentalities, obligations of counties, cities, towns,

and other public bodies located within the State and obligations of state and local government units located within other states.

## 2. FAIR VALUE MEASUREMENT

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

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

## 3. INTEREST RATE RISK

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

As of June 30, 2021, the pooled investments allocated to the County's component units, of which FCPS is designated a majority share, is presented below:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Commercial Paper	\$ 146,354,544	81
Corporate Notes	59,194,211	581
Money Market Funds	71,199,274	1
Negotiable Certificates of Deposit	198,942,547	158
State of Virginia LGIP	29,308,341	58
VA Investment Pool LGIP	51,552,070	47
Total	<u>\$ 556,550,987</u>	
Portfolio weighted average maturity		140

## 4. CREDIT RISK

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

- U.S. government agency and GSE instruments should have a rating of Prime-1 by Moody's and A-1 by S&P. In those instances when a GSE does not have a rating, a thorough credit and financial analysis will be conducted by county investment staff.

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

As of June 30, 2021, the County had investments in the following issuers with credit quality ratings as a percent of total investments in debt securities:

Credit Quality Rating *							
AA		A-1		AAA-m		Unrated	
Corporate Notes	7.9%	Commercial Paper	19.5%	Money Market Funds	1.1%	Demand Deposit Accounts	2.3%
US Treasury and Agencies**	16.6%	Negotiable CD	26.6%	LGIP Bond Funds	10.8%	Collateralized CDs	6.8%
	24.5%		46.1%		20.3%		9.1%

\* Credit quality ratings are determined using S&P's short-term and long-term ratings, which approximates the greatest degree of risk as of June 30, 2021.

\*\* U.S. Treasury and Agencies AA+

## 5. CONCENTRATION OF CREDIT RISK

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

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

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

## 6. CUSTODIAL CREDIT RISK

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

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

## B. FIDUCIARY INVESTMENTS

### 1. ERFC

#### Fair Value Measurements

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

- Level 1 - Unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

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

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



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

<b>INVESTMENTS MEASURED BY FAIR VALUE HIERARCHY LEVEL</b>					
<b>Investments by fair value level</b>	<b>6/30/2021</b>	<b>Fair Value Measures Using</b>			
		<b>Quoted Prices in Active Markets for Identical Assets</b>	<b>Level 1</b>	<b>Significant Other Observable Inputs</b>	<b>Level 2</b>
<b>Short-term securities</b>	\$ 82,434,178	\$ -	\$ 82,434,178	\$ -	
<b>Debt securities</b>					
Asset and mortgage backed	131,235,280	-	131,235,280	-	
Corporate bonds	296,155,653	-	290,200,138	5,955,515	
International bonds	48,744,879	-	48,282,977	461,902	
Convertible securities	7,885,605	433,004	7,452,601	-	
Municipal bonds	629,074	-	629,074	-	
US Government obligations	134,299,276	134,299,276	-	-	
<b>Total debt securities</b>	<b>618,949,767</b>	<b>134,732,280</b>	<b>477,800,070</b>	<b>6,417,417</b>	
<b>Equity investments</b>					
Basic industries	114,111,656	114,111,656	-	-	
Consumer services	211,957,163	211,957,163	-	-	
Financial industries	87,022,348	87,022,348	-	-	
REITS	15,429,647	15,429,647	-	-	
Technology	133,056,927	133,056,927	-	-	
Utilities	5,837,841	5,837,841	-	-	
Preferred securities	2,847,981	2,847,981	-	-	
<b>Total equity investments</b>	<b>570,263,563</b>	<b>570,263,563</b>	<b>-</b>	<b>-</b>	
<b>Total investments and short-term securities measured by fair value hierarchy level</b>	<b>\$ 1,271,647,508</b>	<b>\$ 704,995,843</b>	<b>\$ 560,234,248</b>	<b>\$ 6,417,417</b>	

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

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

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

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

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

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

<b>INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)</b>				
	<b>6/30/2021</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Equity investments</b>				
Commingled large cap equity funds	\$ 520,490,767	\$ -	Daily	None
Commingled global equity fund	179,682,927	-	Daily	None
Commingled emerging markets equity funds	209,646,091	-	Daily	3 days
<b>Total equity investments measured at the NAV</b>	<b>909,819,785</b>	<b>-</b>		
<b>Fixed income investments</b>				
Commingled global fixed income funds	117,469,670	-	Daily	None
Commingled emerging markets debt funds	94,630,238	-	Monthly	30 days
<b>Total fixed income investments measured at the NAV</b>	<b>212,099,908</b>	<b>-</b>		
Private markets	238,898,086	153,707,291	Not eligible	N/A
Multi asset class solutions	306,184,789	-	Monthly	5 days
Hedge funds - opportunistic	187,556,946	-	Monthly	30 days
Real estate - commingled real estate equity funds	138,530,606	-	Daily, quarterly	1-90 days
Real estate - private real estate fund	17,601,518	52,678,490	Not Eligible	N/A
<b>Total investments measured at the NAV</b>	<b>\$ 2,010,691,638</b>	<b>\$ 206,385,781</b>		
<b>TOTAL INVESTMENTS AND SHORT-TERM SECURITIES</b>	<b>\$ 3,282,339,146</b>			

- Commingled Large Cap Equity Funds - The objective of these index funds is to invest in securities and collective funds that together are designed to track the performance of the Russell 1000®.
- Commingled Global Equity Funds - The fund in this category is an actively managed, multi-capitalization fund focused on attractively priced companies with strong and/or improving financial productivity. The fund invests in listed global equity securities located in both developed and emerging markets.
- Commingled Emerging Markets Equity Funds - The fund invests in common stocks and other forms of equity investments issued by emerging market companies of all sizes to obtain long-term capital appreciation.
- Commingled Global Fixed Income Funds - The fund seeks to generate strong risk-adjusted returns from the global bond markets. The strategy focuses on selecting securities with attractive valuations in countries with stable to improving structural outlooks and growth trajectories.
- Commingled Emerging Markets Debt Funds - The fund invests in fixed income securities of "emerging" or developing countries to achieve high current income and long-term capital growth.
- Private Equity and Debt Partnerships - This type includes investments in limited partnerships, which generally include the following strategies: buyouts, venture capital, mezzanine, distressed debt, growth equity and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of June 30, 2021, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.
- Infrastructure - This type invests in assets which provide essential services or facilities to a community such as schools, hospitals, transportation, distribution, communication, power generation, water and waste management. These investments can include limited partnerships and commingled funds and are considered illiquid. The investment seeks to provide long-term risk-adjusted returns, a stable income stream and inflation protection.
- Commingled Multi-Asset Class Solutions Funds - This type of fund typically has an unconstrained,

non-benchmark oriented investment approach with investments across various asset classes. It may invest in, but is not limited to, equities, fixed income, inflation-linked bonds, currencies and commodities. The objective is to provide attractive returns in any type of economic environments.

- Hedge Funds - Opportunistic - This is an alternative type of strategy with a typical return objective of cash plus a premium. It invests across different asset classes.
- Commingled Real Estate Equity Funds - One of the funds in this category actively manages a core portfolio of U.S. equity real estate investments to maximize income. The second fund in this category seeks to provide a moderate level of current income and high residual property appreciation by investing in a balanced mix of stabilized value-added properties with appreciation potential. The third fund in this category invests primarily in U.S. well-leased retail, warehouse, storage, and residential properties with a focus on income.
- Private Real Estate - This fund is a limited partnership that makes secondary investments in various types of real estate and real estate related entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded REIT vehicles.

#### Deposit and Investment Policies

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

#### Investment Policy

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

#### Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.82 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Derivative Financial Instruments

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

During fiscal year 2021, ERFC had no direct investments in derivatives.

## Securities Lending

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

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

Cash received as collateral and related liability of \$147,105,099. As of June 30, 2021, are shown on the Statement of Fiduciary Net Position. AS of June 30, 2021 the fair value of securities on loan for cash collateral was \$143,585,525. Securities received as collateral are not reported as assets and liabilities since ERFC does not have the ability to pledge or sell the collateral securities absent borrower default.

On June 30, 2021, the array of securities ERFC had on loan for cash and non-cash collateral took this form:

<b>Securities</b>	<b>Fair Value</b>	<b>Cash Collateral</b>
Domestic corporate bonds	\$ 55,178,653	\$ 56,542,403
International bonds	1,794,100	1,877,850
Domestic stock	76,149,463	77,923,350
International stock	2,271,307	2,399,178
US Government	8,192,002	8,362,318
Total	<u>\$ 143,585,525</u>	<u>\$ 147,105,099</u>

## Interest Rate Risk

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

As of June 30, 2021, ERFC had the following fixed income investments, none of which are highly sensitive to changes in interest rates:

<b>Investment Category</b>	<b>Amount</b>	<b>Effective Duration</b>	<b>Percentage of Fixed</b>
Asset and mortgage backed	\$ 131,235,280	0.98	21.2%
Corporate bonds	296,155,653	3.50	47.8%
International bonds	48,744,879	0.56	7.9%
Convertible securities	7,885,605	0.15	1.3%
Municipal bonds	629,074	0.02	0.1%
US Government	134,299,276	0.90	21.7%
Total	<u>\$ 618,949,767</u>	<u>6.11 *</u>	<u>100.00%</u>

\* Weighted duration in years: 6.65

<b>Short-term</b>		
Short-term investment funds	\$ 82,434,178	-
Total Short-Term	<u>\$ 82,434,178</u>	<u>-</u>

#### Credit Risk

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

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

The credit quality summary of ERFC's portfolio as of June 30, 2021, is portrayed below:

<b>Investment Type</b>	<b>Amount</b>	<b>Rating</b>	<b>Percent of Fixed</b>
Asset and mortgage backed	\$ 16,595,532	AAA	3.4%
	54,284,584	AA	11.2%
	20,255,115	A	4.2%
	18,921,286	BBB	3.9%
	2,871,816	BB	0.6%
	1,319,587	B	0.3%
	2,461,938	CCC	0.5%
	5,790,496	CC	1.2%
	1,921,951	C	0.4%
	6,812,975	Not Rated	1.4%
Convertible securities	4,067,612	BBB	0.8%
	952,411	BB	0.2%
	2,865,582	B	0.6%
Corporate bonds	215,836	AAA	-%
	7,688,995	AA	1.6%
	31,084,144	A	6.4%
	182,670,007	BBB	37.7%
	50,047,170	BB	10.3%
	22,111,383	B	4.6%
	1,887,402	CCC	0.4%
	67,577	CC	-%
	1,350	C	-%
	381,789	Not Rated	0.1%
International bonds	9,032,963	AAA	1.9%
	3,920,771	AA	0.8%
	6,634,851	A	1.4%
	14,840,048	BBB	3.1%
	10,946,756	BB	2.3%
	2,701,429	B	0.6%
	668,061	CCC	0.1%
Municipal bonds	629,074	BBB	0.1%
<b>Total Fixed Income</b>	<b>\$ 484,650,491</b>		<b>100.0%</b>

### Concentration of Credit Risk

ERFC's policy limits the securities of any one issuer to 10% at cost and 15% at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies. As of June 30, 2021, ERFC had three active fixed income managers. The portfolios had values of \$184.8 million, \$205.5 million and \$270.5 million. The fair value of the largest issue other than the U.S. Government in the portfolios of the active managers, excluding pooled funds, was only 1.43 percent of that portfolio.

### Deposits

At June 30, 2021, short-term investments with the custodial bank totaled \$82,434,178. These investments consist of U.S. Treasury bills, are collateralized with securities held by the agent in ERFC's name or are in a short-term investment pool.

Custodial Credit Risk

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

The mix of investments held by the custodian on June 30, 2021, was as follows:

<b>Investment Type</b>	<b>Fair Value</b>
Stocks	\$ 567,415,582
Bonds and mortgage securities	484,650,491
US Government obligations	134,299,276
Preferred securities	2,847,981
Real estate	156,132,124
Multi asset class solutions (MACS)	306,184,789
Hedge funds - opportunistic	187,556,946
Private equity	210,360,927
Private debt	28,307,673
Infrastructure	229,486
Commingled fixed income funds	212,099,908
Commingled equity funds	909,819,785
Subtotal investments	<u>3,199,904,968</u>
Cash collateral for securities on loan	<u>147,105,099</u>
Total	<u><u>\$ 3,347,010,067</u></u>

Foreign Currency Risk

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

The following chart provides a summary of ERFC's foreign currency risk as of June 30, 2021:

Currency	Cash & Cash Equivalents	Equity	Fixed Income Securities	Preferred Securities	Private Equity	Grand Total
AUSTRALIAN DOLLAR	\$ 9,480	\$ 8,920,154	\$ -	\$ -	\$ -	\$ 8,929,634
BRAZIL REAL	27,956	4,227,852	-	2,754,103	-	7,009,911
CANADIAN DOLLAR	3,336	4,789,106	-	-	-	4,792,442
CHINESE YUAN RENMINBI	30,546	-	-	-	-	30,546
CZECH KORUNA	-	342,028	-	-	-	342,028
DANISH KRONE	146,734	14,808,713	-	-	-	14,955,447
EURO CURRENCY UNIT	647,035	59,864,766	-	23,374	15,207,396	75,742,571
HONG KONG DOLLAR	155,708	24,725,293	-	-	-	24,881,001
HUNGARIAN FORINT	-	69,190	-	-	-	69,190
INDIAN RUPEE	-	-	616,557	-	-	616,557
ISRAELI SHEKEL	-	438,272	-	-	-	438,272
JAPANESE YEN	231,731	26,121,053	-	-	-	26,352,784
MALAYSIAN RINGGIT	13,603	832,235	-	-	-	845,838
MEXICAN PESO	28,837	313,753	1,340,158	-	-	1,682,748
NEW TAIWAN DOLLAR	86,434	12,976,061	-	-	-	13,062,495
NEW ZEALAND DOLLAR	10,724	1,354,997	-	-	-	1,365,721
NORWEGIAN KRONE	8,541	1,410,484	-	-	-	1,419,025
POLISH ZLOTY	-	2,147,858	-	-	-	2,147,858
POUND STERLING	180,136	21,431,468	-	-	16,418	21,628,022
QATARI RIYAL	11,493	834,532	-	-	-	846,025
RUSSIAN RUBLE	277	-	-	-	-	277
SINGAPORE DOLLAR	-	46,082	-	-	-	46,082
SOUTH AFRICAN RAND	-	423,876	-	-	-	423,876
SOUTH KOREAN WON	36,769	11,353,286	-	70,504	-	11,460,559
SWEDISH KRONA	79,401	14,560,735	-	-	-	14,640,136
SWISS FRANC	451,871	26,956,293	-	-	-	27,408,164
THAILAND BAHT	-	4,094,654	-	-	-	4,094,654
TURKISH LIRA	463	108,867	-	-	-	109,330
UAE DIRHAM	9,426	251,046	-	-	-	260,472
Grand Total	\$ 2,170,501	\$ 243,402,654	\$ 1,956,715	\$ 2,847,981	\$ 15,223,814	\$ 265,601,665

## 2. SCHOOL OPEB TRUST FUND

### Deposit and Investment Policies

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

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

The Trustees adopted an investment policy to establish investment objectives, risk tolerance levels, and asset allocation parameters. The investment objective is to maximize the total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Pooled Trust is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Portfolio II is structured to achieve an expected rate of return of 6.5%. The investment performance of each Portfolio is reviewed quarterly and compared on a



rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

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

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

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

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

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

## Fair Value Measurement

For aggregation purposes, FCPS views the OPEB Trust Fund investment as single level three valuation as discussed in Note III.B.1. On June 30, 2021, the School OPEB Trust Fund had the following fair value leveling of investments in the Virginia Pooled OPEB Trust Fund (Pooled Trust):

<b>INVESTMENTS MEASURED BY FAIR VALUE HIERARCHY LEVEL</b>							
		<b>Fair Value Measures Using</b>					
		<b>Quoted Prices in Active Markets for Identical Assets</b>	<b>Significant Other Observable Inputs</b>	<b>Significant Unobservable Inputs</b>			
					<b>6/30/2021</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Investments by fair value level</b>							
<b>Mutual Funds</b>							
Vanguard Institutional Index Fund	\$	60,387,617	\$	-	\$	-	60,387,617
Baird Core Plus Bond Fund		15,749,278		-		-	15,749,278
Pioneer Opportunistic Core Plus		15,540,449		-		-	15,540,449
Vanguard Total Bond Market Fund		8,964,462		-		-	8,964,462
Black Rock Strategic Income		7,597,176		-		-	7,597,176
AEW Core Property Trust		11,189,231		-		-	11,189,231
USB Trumbull Growth & Income Fund		8,150,202		-		-	8,150,202
<b>Total Mutual Funds</b>		<b>127,578,415</b>		<b>-</b>		<b>-</b>	<b>127,578,415</b>
<b>Stocks</b>							
Silvercrest Small Cap Growth		12,854,641		-		-	12,854,641
Integrity Small Cap Value		12,260,926		-		-	12,260,926
Baring Focused International Plus		14,274,332		-		-	14,274,332
Marathon-London International		15,321,010		-		-	15,321,010
AllianceBernstein EM Strategic Core		12,078,537		-		-	12,078,537
K2 Mauna Kea LLC		12,576,149		-		-	12,576,149
<b>Total Stocks</b>		<b>79,365,595</b>		<b>-</b>		<b>-</b>	<b>79,365,595</b>
<b>Total investments measured by fair value hierarchy level</b>	<b>\$</b>	<b>206,944,010</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$ 206,944,010</b>

The Pooled Trust uses the following methods when valuing investments.

Common Stocks, Mutual Funds, Exchange Traded Funds are publicly traded investments, and are valued daily at the closing price reported on the active market on which the individual securities are traded.

The Pooled Trust invests in commingled accounts for which quoted prices are not available in active markets for identical instruments. The Pooled Trust utilizes the NAV per share, as determined by the respective investment manager, as the estimated fair value. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Limited Partnership - Fund of Hedge Funds - This fund invests in a number of underlying hedge funds which pursue various strategies. The strategies pursued by the underlying hedge funds include: credit, equity, macro, multi-strategy, and relative value. The Pooled Trust's interest in the fund is valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the Pooled Trust could not redeem its investment at the NAV per unit reported by the fund. Participant purchases may occur monthly. Redemptions are available quarterly upon 70 days' notice.

Limited Partnership - Private Equity Fund - This fund invests in the equity of a variety of privately held companies. The Pooled Trust's interest in the fund is valued at the Pooled Trust's ownership interest in the collective limited partners' capital. The Pooled Trust's ownership interest in limited partners' capital is used as a practical expedient to estimate fair value. This investment can never be redeemed with the fund. Instead, the nature of investments of this type is

that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund will be liquidated over a period of six to twelve years. It is probable that the Pooled Trust's investment in this fund will be sold at an amount different from Pooled Trust's ownership interest in limited partners' capital as of June 30, 2021. The effective date of this fund is December 1, 2015 and it made its inaugural investment in the same month. Barring unusual circumstances, the fund values recent investments in nonmarketable securities at acquisition cost. The primary valuation methodology used to determine the fair value of the fund's investments at June 30, 2021 was recent arms-length financing rounds in which the partnership or other partnerships managed by the general partner had participated. As of June 30, 2021, all underlying investments of the fund were valued at cost.

Partnership - Real Estate Funds - One fund invests primarily in commercial, industrial, and multi-family residential properties. The other invests in multi-family residential, hotels, industrial, and office properties. Both funds are valued at the NAV of units of the collective partnership. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the Pooled Trust could not redeem its investment at the NAV per unit reported by the fund. The real estate partnerships provides quarterly valuations to the Pooled Trust. For one fund, individual properties are valued internally by the investment manager quarterly. Internal valuations are completed using valuation techniques such as income capitalization, sales comparison, and cost approaches. Independent external appraisals are generally completed annually for the first fund, quarterly for the other. Redemptions are available quarterly upon 45 days' and 60 days' notice respectively.

#### Concentration of Credit Risk

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

More extensive information about the Pooled Trust, including the classification of individual investments and related risks, can be obtained by writing to VACo/VML Finance, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

#### C. DUE FROM INTERGOVERNMENTAL UNITS

Amounts due from the Federal government are attributed primarily to the Individuals with Disabilities Education Act (IDEA) grant in the General Fund; and to Title I, Title II, Title III and Summer Food Service Program grants in the nonmajor governmental funds. Due to the COVID-19 pandemic, the National School Lunch Program ceased, and food distribution was replaced by the Summer Food Service Program. IDEA is designed to ensure that all school-age handicapped children are provided a free, appropriate public education. Title I and II programs enhance the instruction for disadvantaged children. Title III program improves education of limited English proficient children. The Summer Food Service Program provides reimbursement for free healthy meals and snacks served to children and teens.

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

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

Amounts due from governments as of June 30, 2021, were as follows:

<b>Fund</b>	<b>Federal Government</b>	<b>Commonwealth of Virginia</b>	<b>County</b>	<b>Other Jurisdictions</b>	<b>Total</b>
General Fund	\$ 28,786,881	\$ 19,195,572	\$ 121,630	\$ 171,129	\$ 48,275,212
Food and Nutrition Fund	4,151,021	-	114,212	-	4,265,233
Grants and Self-Supporting Programs Fund	13,588,905	1,899,422	-	-	15,488,327
Adult and Community Education	779,775	-	-	-	779,775
<b>Total</b>	<b>\$ 47,306,582</b>	<b>\$ 21,094,994</b>	<b>\$ 235,842</b>	<b>\$ 171,129</b>	<b>\$ 68,808,547</b>

#### D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transactions occur only at year-end for financial statement presentations. FCPS' General Fund advances money to other funds as needed to offset year-end cash deficits. The deficits occur due to timing differences between payments for expenditures and the receipt of cash to cover them. The \$300,000 advance to the Adult and Community Education Fund is a result of the cash shortage in the fund.

The composition of interfund receivables and payables balances as of June 30, 2021, was as follows:

<b>Fund</b>	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 300,000	\$ -
Adult and Community Education Fund	-	300,000
<b>Total</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>

The primary purpose for interfund transfers is to provide funding for FCPS' operations, and capital projects. The breakdown of interfund transfers for the fiscal year ended June 30, 2021 was as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ -	\$ 44,299,257
Capital Projects Fund	13,078,444	-
Food and Nutrition Services Fund	9,648,031	-
Grants and Self-Supporting Fund	20,371,245	-
Adult and Community Education Fund	1,201,537	-
<b>Total</b>	<b>\$ 44,299,257</b>	<b>\$ 44,299,257</b>

## E. CAPITAL ASSETS

A summary of capital asset activity for fiscal year 2021 is shown below:

<b>Governmental Activities</b>	<b>Balance June 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2021</b>
<b>Non-depreciable/non-amortizable capital assets:</b>				
Land	\$ 46,837,095	\$ -	\$ -	\$ 46,837,095
Construction in progress	400,162,834	116,161,588	(195,118,539)	321,205,883
Software in development	90,987	686,085	-	777,072
Total non-depreciable/non-amortizable capital assets	<u>447,090,916</u>	<u>116,847,673</u>	<u>(195,118,539)</u>	<u>368,820,050</u>
<b>Depreciable/amortizable capital assets:</b>				
Equipment	358,274,694	60,709,940	(11,876,026)	407,108,608
Library collections	21,368,173	2,284,301	(3,039,506)	20,612,968
Buildings	1,279,418,007	37,542,482	-	1,316,960,489
Building improvements	2,766,195,951	183,442,786	-	2,949,638,737
Land improvements	93,009,253	3,739,895	-	96,749,148
Software/licenses	13,260,834	-	-	13,260,834
Total depreciable/amortizable capital assets	<u>4,531,526,912</u>	<u>287,719,404</u>	<u>(14,915,532)</u>	<u>4,804,330,784</u>
<b>Accumulated depreciation/amortization:</b>				
Equipment	(249,097,907)	(37,641,831)	11,562,652	(275,177,086)
Library collections	(15,156,291)	(2,080,170)	3,039,506	(14,196,955)
Buildings	(679,983,734)	(24,322,842)	-	(704,306,576)
Building improvements	(1,331,408,520)	(104,932,308)	-	(1,436,340,828)
Land improvements	(40,202,888)	(4,678,656)	-	(44,881,544)
Software/licenses	(8,347,753)	(725,409)	-	(9,073,162)
Total accumulated depreciation/amortization	<u>(2,324,197,093)</u>	<u>(174,381,216)</u>	<u>14,602,158</u>	<u>(2,483,976,151)</u>
Depreciable/amortizable capital assets, net	<u>2,207,329,819</u>	<u>113,338,188</u>	<u>(313,374)</u>	<u>2,320,354,633</u>
Total capital assets, net	<u>\$ 2,654,420,735</u>	<u>\$ 230,185,861</u>	<u>\$(195,431,913)</u>	<u>\$ 2,689,174,683</u>

Depreciation was charged to governmental programs during fiscal year 2021 as shown:

<b>Governmental Activities</b>	<b>Depreciation Expense</b>
<b>Instruction:</b>	
Regular education:	
Elementary school	\$ 55,505,542
Middle school	15,554,804
High school	34,475,166
Special education	31,597,876
Adult and community education	331,324
Instructional support	11,212,712
<b>Support programs:</b>	
Administration and general support	8,440,051
Student transportation	7,289,135
Facilities management	6,138,219
Food service	3,836,387
Total	<u>\$ 174,381,216</u>

## F. LONG-TERM OBLIGATIONS

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

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

The table below summarizes the changes in the long-term obligations of FCPS for the year ended June 30, 2021:

<b>Governmental Activities</b>	<b>Balance June 30, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2021</b>	<b>Due within One Year</b>
Accrued rent	\$ 4,222,313	\$ 3,278,076	\$ (3,345,723)	\$ 4,154,666	\$ -
Compensated absences	37,753,965	27,722,668	(26,427,775)	39,048,858	27,334,200
Capital leases	83,880,860	52,847,296	(26,935,851)	109,792,305	28,305,987
Actuarial claims payable	62,688,184	10,478,551	(1,050,000)	72,116,735	30,833,347
Net pension liability	3,769,693,854	766,244,546	(420,645,404)	4,115,292,996	-
Net OPEB liability	435,474,585	767,020,920	(815,034,186)	387,461,319	-
<b>Total</b>	<b>\$ 4,393,713,761</b>	<b>\$ 1,627,592,057</b>	<b>\$ (1,293,438,939)</b>	<b>\$ 4,727,866,879</b>	<b>\$ 86,473,534</b>

### 1. CAPITAL LEASES

FCPS entered into non-cancelable capital lease agreements as lessee for school buses, maintenance vehicles, trailers, computers, copiers, and an administrative building. These capital leases are recorded at the present value of their future minimum lease payments as of the inception date and expire at various times through fiscal year 2026, with the exception of the administrative building lease, which extends until fiscal year 2035.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

<b>Fiscal Year</b>	<b>Total</b>
2022	\$ 31,221,348
2023	23,943,997
2024	21,521,904
2025	13,627,309
2026	4,230,496
2027-2031	17,342,375
2032-2035	13,871,875
<b>Total Minimum Obligations</b>	<b>125,759,304</b>
Portion representing interest	(15,966,999)
<b>Present value of minimum lease payments</b>	<b>\$ 109,792,305</b>

The following schedule lists the capital assets that were acquired under the capital leases that remained outstanding on June 30, 2021:

<b>Asset Class</b>	<b>Acquisition Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
Capital assets:			
Land	\$ 6,000,000	\$ -	\$ 6,000,000
Equipment:			
Buses	39,445,562	(8,828,717)	30,616,845
Computers	55,141,114	(12,277,308)	42,863,806
Copiers	23,834,375	(8,961,389)	14,872,986
Buildings	56,910,185	(18,857,506)	38,052,679
<b>Total</b>	<b>\$ 181,331,236</b>	<b>\$ (48,924,920)</b>	<b>\$ 132,406,316</b>

## 2. DEBT SERVICE RESPONSIBILITY

The Code prohibits FCPS from having borrowing or taxing authority. The County issues and services general obligation debt to finance the purchase or construction of school facilities. The debt is not secured by the assets purchased or constructed by FCPS, but by the full faith and credit and taxing authority of the County. Since FCPS is not obligated to repay principal or interest on any general obligation debt incurred on FCPS' behalf, the debt is recorded in the County's government-wide financial statements.

## G. OPERATING LEASES

FCPS has obligations under several long-term, non-cancelable lease agreements in connection with real estate and equipment. Most of the real estate leases contain a provision for an annual increase ranging from three to five percent. A long-term operating lease agreement was entered into in fiscal year 2016 that provided for an abatement of the rent for the first 14 months. In accordance with GAAP, the operating lease rent expense recognition is spread on a straight-line basis over the 156 full-time equivalent month lease term. As a result, for fiscal year 2021, \$3,278,076 was recognized as accrued rent with respect to this lease. During fiscal year 2021, the total expenditures for real estate operating leases amounted to \$3,345,723. In addition, FCPS has equipment leases for copiers. The expenditures on these leases totaled \$258,585.

On June 30, 2021, the future minimum operating lease commitments were as follows:

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Equipment</b>	<b>Total</b>
2022	\$ 5,902,022	\$ 302,707	\$ 6,204,729
2023	6,805,030	279,864	7,084,895
2024	6,104,006	75,350	6,179,356
2025	6,399,179	1,071	6,400,250
2026	6,709,251	-	6,709,251
2027-beyond	7,034,993	-	7,034,993
<b>Total</b>	<b>\$ 38,954,482</b>	<b>\$ 658,991</b>	<b>\$ 39,613,473</b>

## H. CONSTRUCTION COMMITMENTS

On June 30, 2021, FCPS had contractual commitments of \$212,170,954 in the Capital Projects Fund for the construction of various projects.

## I. FUND BALANCE

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

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

- **Restricted:** Fund balances that are constrained by external parties, constitutional provisions or enabling legislation.
- **Committed:** Fund balances that include amounts that can be used only for the specific purposes determined by a formal action of FCPS's highest level of decision-making authority, the School Board. Fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** Fund balances that are intended to be used by FCPS for specific purposes but do not meet the criteria to be classified as restricted or committed. The School Board makes assignments of fund balance.
- **Unassigned:** Fund balance of the General Fund that is not constrained for any particular purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is only used to report a deficit fund balance.

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

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

- **Nonspendable:** The nonspendable fund balance of \$1,488,326 includes prepaid items and inventories of \$88,906 and \$1,399,420, respectively, among all governmental funds.
- **Restricted:** The restricted fund balance of \$103,937,565 includes funds from Food Service, Grants Programs and Capital Projects.
- **Committed:** The committed portion of the fund balance includes amounts that can be used for the specific purposes that was determined by School Board action prior to the end of the fiscal year. Amounts in the committed fund balance classification may be redeployed for other purposes with appropriate due process. When a budget appropriation lapses at year end, the commitment still exists because the commitment was made solely through the appropriation. The committed fund balance of \$39,930,286 includes flexibility reserve which is committed to meet unforeseen circumstances by the School Board and other appropriated items.
- **Assigned:** The assigned fund balance of \$215,665,132 for school operations includes \$115,036,876 for outstanding encumbrances and other fiscal year balance carryovers; \$22,837,244 for local school activities; \$57,164,001 for fiscal year 2022 operating budget; and \$20,627,011 for fiscal year 2023



operating budget.

- Unassigned: The unassigned fund balance totals \$2,812,049, which will be utilized by the School Board during future budget development. This amount is comprised of \$3,404,664 from the General Fund and a deficit of \$(592,615) from the Adult and Community Education Fund. The deficit fund balance of the Adult and Community Education Fund was a result of decreased revenue due to the cancellation of in-person classes during the COVID-19 pandemic.

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 1,399,420	\$ 1,399,420
Prepaid Items	54,167	-	34,739	88,906
	<u>54,167</u>	<u>-</u>	<u>1,434,159</u>	<u>1,488,326</u>
Restricted:				
Capital Projects	-	67,602,452	-	67,602,452
Grant Programs, Summer Fund and Remediation	-	-	31,507,145	31,507,145
Food Service	-	-	4,827,968	4,827,968
	<u>-</u>	<u>67,602,452</u>	<u>36,335,113</u>	<u>103,937,565</u>
Committed:				
Set Aside for FY 2022 Budget	29,930,286	-	-	29,930,286
School Board Flexibility Reserve	8,000,000	-	-	8,000,000
Fuel Contingency	2,000,000	-	-	2,000,000
	<u>39,930,286</u>	<u>-</u>	<u>-</u>	<u>39,930,286</u>
Assigned:				
Schools/Projects Carryover	61,377,348	-	-	61,377,348
Outstanding Encumbered Obligations	38,766,340	-	-	38,766,340
Employee Bonus	32,733,136	-	-	32,733,136
Set Aside for 2023 Beginning Balance	20,627,011	-	-	20,627,011
Department Critical Needs Carryover	14,893,188	-	-	14,893,188
Instructional Resources Reserve	12,238,503	-	-	12,238,503
Major Maintenance	6,550,970	-	-	6,550,970
Staffing Reserve	3,280,683	-	-	3,280,683
Food Service Equipment Transfer	1,800,000	-	-	1,800,000
Transfer to ACE Fund	560,709	-	-	560,709
Local School Activities	22,837,244	-	-	22,837,244
	<u>215,665,132</u>	<u>-</u>	<u>-</u>	<u>215,665,132</u>
Unassigned	3,404,664	-	(592,615)	2,812,049
Total Fund Balance	<u>\$ 259,054,249</u>	<u>\$ 67,602,452</u>	<u>\$ 37,176,657</u>	<u>\$ 363,833,358</u>

## IV. RETIREMENT PLANS

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

### A. ERFC

#### Plan Description

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

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

#### Benefits Provided

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

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

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

At December 31, 2020, the date of the most recent actuarial valuation, ERFC's membership was composed of:

Retirees and beneficiaries currently receiving benefits	12,842
Terminated employees entitled to benefits but not yet receiving them	5,415
Active plan members	<u>22,360</u>
Total	<u><u>40,617</u></u>

### Contributions

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the ERFC Board with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, ERFC has actuarial valuations prepared annually. Members are required to contribute three percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.44 percent for fiscal year 2021. Employer contributions to the pension plan were \$104,784,310 and \$104,741,255 for the years ended June 30, 2021 and June 30, 2020 respectively.

The actuarial valuations as of odd numbered years are used to set the employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the December 31, 2017 valuation recommended that the contribution rate for the two-year period beginning July 1, 2019 to June 30, 2021 be increased from 6.26 percent to 6.44 percent.

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

At June 30, 2021, ERFC's net pension liability was \$950,573,071 and was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2020 measurement date. For the year ended June 30, 2020, FCPS recognized pension expense of \$158,845,068 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,994,254	\$ (14,658,210)
Change in assumptions	20,364,115	-
Net difference between expected and actual earnings on pension plan investments	64,123,964	-
FCPS' contributions subsequent to the measurement date	104,784,310	-
Total	<u>\$ 223,266,643</u>	<u>\$ (14,658,210)</u>

A total of \$104,784,310 reported as deferred outflows of resources related to pensions resulting from FCPS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>		
2022	\$	16,276,316
2023		35,387,724
2024		34,430,540
2025		17,796,480
2026		1,253,108
Thereafter		(1,320,045)
	\$	<u>103,824,123</u>

#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2020. Significant actuarial assumptions used in the valuation include:

<b>Actuarial Assumptions</b>	
Inflation	2.50%
Salary increases, including inflation	3.25% to 9.05%
Investment rate of return	7.25%

Mortality rates were based on RP-2014 mortality healthy annuitant total data set table with fully generation two-dimensional sex distinct MP-2016 projection scale.

#### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined in conjunction with a formal study of experience during the period January 1, 2010 to December 31, 2014. Based on the analysis of expected investment return, asset allocation and relevant Actuarial Standards of Practice, the rate was lowered to 7.25 percent. The investment consultant's inflation expectation is 2.0 percent.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Large Cap Equity	16.5%	6.80%
Domestic Small Cap Equity	6.5%	6.90%
International Equity	14.0%	7.40%
Emerging International Equity	-	8.50%
Global Equity	4.0%	7.30%
Real Estate (Core)	9.0%	5.80%
US Fixed Income	24.0%	3.00%
International Fixed Income	3.0%	-
Emerging Market Debt	-	5.60%
Multi-Asset Class Strategies	11.0%	6.30%
Hedge Funds Opportunistic	-	7.00%
Absolute Return	3.0%	-
Private Credit	4.0%	8.70%
Private Equity	5.0%	10.20%
	<u>100.0%</u>	

#### Discount Rate

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

<b>Changes in the Net Pension Liability</b>	<b>Increases (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at June 30, 2019</b>	\$ 3,406,340,888	\$ 2,521,441,472	\$ 884,899,416
<b>Changes for the year:</b>			
Service cost	92,719,549	-	92,719,549
Interest	243,578,788	-	243,578,788
Differences between expected and actual experience	(12,696,483)	-	(12,696,483)
Contributions - employer	-	104,741,255	(104,741,255)
Contributions - employee	-	49,095,601	(49,095,601)
Net investment income	-	108,472,534	(108,472,534)
Benefit payments, including refunds of employee contributions	(185,986,496)	(185,986,496)	-
Administrative expense	-	(4,381,191)	4,381,191
<b>Net changes</b>	<u>137,615,358</u>	<u>71,941,703</u>	<u>65,673,655</u>
<b>Balances at June 30, 2020</b>	<u>\$ 3,543,956,246</u>	<u>\$ 2,593,383,175</u>	<u>\$ 950,573,071</u>

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

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

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
FCPS' ERFC net pension liability	\$ 1,384,904,276	\$ 950,573,071	\$ 508,236,963

### Pension Plan Fiduciary Net Position

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

Information concerning ERFC as a whole, including pension plan's fiduciary net position, is available in FCPS' ACFR for the fiscal year ended June 30, 2021. Additionally, ERFC issues a publicly available annual financial report that includes financial statements and required supplementary information, which may be obtained by writing to the Educational Employee's Supplementary Retirement System of Fairfax County, 8001 Forbes Place, Suite 300, Springfield, VA 22151 or the report is also available online ERFC's website at [www.fcps.edu/erfc/erfc-retirement-forms-publications-and-resources](http://www.fcps.edu/erfc/erfc-retirement-forms-publications-and-resources).

### B. FCERS

#### Plan Description

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

#### Benefits Provided

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

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

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

### Contributions

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

FCPS is required to contribute at an actuarially determined rate, which for the year ended June 30, 2021, was 28.14 percent of annual covered payroll. In the event the FCERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) falls below 90 percent, the contribution rate will be adjusted to bring the funded ratio back within these parameters. Employer contributions to the pension plan were \$57,305,475 and \$60,873,753 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, FCPS reported a liability of \$471,704,069 for its proportionate share of the net pension liability. The net pension liability was determined based on an actuarial valuation as of June 30, 2020 using the December 31, 2019 data rolled forward to June 30, 2020. At June 30, 2020, FCPS's proportion was 25.93 percent, a decrease of (0.94) from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, FCPS recognized pension expense of \$75,276,094. At June 30, 2020, FCPS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 12,744,957	\$ (5,639,018)
Changes of assumptions	2,963,742	-
Net difference between projected and actual earnings on pension plan investments	44,826,940	-
Change in proportion applicable to FCPS	-	(14,990,759)
FCPS' contributions subsequent to the measurement date	57,305,475	-
<b>Total</b>	<b>\$ 117,841,114</b>	<b>\$ (20,629,777)</b>

A total of \$57,305,475 reported as deferred outflows of resources related to pensions resulting from FCPS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2022	\$ 12,510,953
2023	11,285,262
2024	9,746,383
2025	6,363,264
	<b>\$ 39,905,862</b>

Actuarial Assumptions

The total pension liability for the year ended June 30, 2020 was determined as part of the December 31, 2019, actuarial valuation using the entry age actuarial cost method and rolled forward to the measurement date of June 30, 2020. Significant actuarial assumptions used in the valuation include:

<b>Actuarial Assumptions</b>	
Discount rate, net plan investment expenses	7.25%
Inflation	2.75%
Salary increases, including inflation	2.75% + merit
Investment rate of return, net of plan investment expenses	7.25%
Mortality	Health and Disability Annuity RP-2014 Combined Mortality projected to RPEC-2015

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

Long-term Expected Rate of Return

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

Best estimates of arithmetic real rates of return for each major asset class included in the FCERS' target asset allocation as of June 30, 2021, are summarized below:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation*</b>
US Equity	5.6%	16.0%
US Small Cap Equity	7.8%	4.0%
International Developed Markets	5.6%	7.0%
International Emerging Markets	10.1%	3.0%
Private Equity	14.4%	2.0%
Core Bonds	2.1%	25.0%
High Yield Bonds	4.6%	10.0%
Global Bonds	0.9%	5.0%
Emerging Markets Debt	4.8%	2.0%
Real Estate	6.8%	8.0%
Absolute Return	11.3%	20.0%
Risk Parity	6.5%	15.0%
Commodities	5.9%	5.0%

\*Target totals may exceed 100% due to futures and other derivatives

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made according to FCERS' stated policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



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

The following presents FCPS' proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what FCPS' share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
FCPS' proportionate share of the FCERS net pension liability	\$ 655,227,017	\$ 471,704,069	\$ 317,897,320

### Pension Plan Fiduciary Net Position

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

Information concerning FCERS as a whole, including pension plan's fiduciary net position, is available in the County ACFR for the fiscal year ended June 30, 2021. Additionally, FCERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 12015 Lee Jackson Memorial Highway, Suite 350, Fairfax, Virginia 22033, by calling (703) 279-8200, or by accessing the information at <http://www.fairfaxcounty.gov/retirement/financial-publications>.

### C. VRS

#### Plan Description

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

#### Benefits Provided

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

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

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

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

### Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.0 percent of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2021 was 16.62 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were \$270,303,058 and \$255,030,396 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, FCPS reported a liability of \$2,693,015,856 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. FCPS' proportion of the net pension liability was based on FCPS' actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, FCPS' proportion was 18.51 percent as compared to 18.47 percent at June 30, 2019.

For the year ended June 30, 2021, FCPS recognized pension expense of \$315,958,366. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (157,852,241)
Net difference between projected and actual earnings on pension plan investments	204,833,684	-
Change of Assumptions	183,832,106	-
Changes in proportion and differences between FCPS contributions and proportionate share of contributions	37,288,238	-
FCPS' contributions subsequent to the measurement date	270,303,058	-
<b>Total</b>	<b>\$ 696,257,086</b>	<b>\$ (157,852,241)</b>

A total of \$270,303,058 reported as deferred outflows of resources related to pensions resulting from FCPS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2022	\$ 16,450,861
2023	82,316,302
2024	98,630,012
2025	73,667,850
2026	(2,963,238)
	<b>\$ 268,101,787</b>

#### Actuarial Assumptions

The total pension liability for VRS was based on an actuarial valuation as of June 30, 2019, 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, 2020.

<b>Actuarial Assumptions</b>	
Inflation	2.5%
Salary increases, including inflation	3.5% to 5.95%
Investment rate of return, net of plan investment expense, including inflation (a)	6.75%

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

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**Mortality Rates**


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Pre-Retirement	Post-Retirement	Post-Disablement
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table-RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

## Long-term Expected Rate of Return

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

<b>Asset Class (Strategy)</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 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Multi-Asset Public Strategies	6.00	3.04	0.18
Private Investment Partnership	3.00	6.49	0.19
<b>Total</b>	<b>100.00 %</b>		<b>4.64 %</b>
		Inflation	2.50
	Expected arithmetic nominal return (a)		<b>7.14 %</b>

(a) The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations, provide a median return of 6.81%.

## Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by FCPS for VRS will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100.0 percent of the actuarially determined contribution rate. From July 1, 2020, on, school divisions are assumed to continue to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, VRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
FCPS' proportionate share of the VRS net pension liability	\$ 3,951,259,079	\$ 2,693,015,856	\$ 1,652,289,648

### Pension Plan Fiduciary Net Position

Detailed information about the VRS net position is available in the separately issued VRS 2020 CAFR, which may be obtained from the VRS website at [www.varetire.org](http://www.varetire.org), or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## D. SUMMARY OF PENSION PLANS

The following table presents a summary of pension amounts by each defined benefit plan as of the measurement date of June 30, 2019 to the Statement of Net Position:

	ERFC	FCERS	VRS	Total
<b>Deferred Outflows of Resources:</b>				
Differences between expected and actual experience	\$ 33,994,254	\$ 12,744,957	\$ -	\$ 46,739,211
Employer contributions made in FY 2021	104,784,310	57,305,475	270,303,058	432,392,843
Changes in assumptions	20,364,115	2,963,742	183,832,106	207,159,963
Net difference between projected and actual earnings on pension plan investments	64,123,964	44,826,940	204,833,684	313,784,588
Changes in proportionate share of contributions	-	-	37,288,238	37,288,238
Deferred Outflows of Resources	<u>\$ 223,266,643</u>	<u>\$ 117,841,114</u>	<u>\$ 696,257,086</u>	<u>\$ 1,037,364,843</u>
<b>Deferred Inflows of Resources:</b>				
Differences between expected and actual experience	\$ (14,658,210)	\$ (5,639,018)	\$ (157,852,241)	\$ (178,149,469)
Changes in proportionate share of contributions	-	(14,990,759)	-	(14,990,759)
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Deferred Inflows of Resources	<u>\$ (14,658,210)</u>	<u>\$ (20,629,777)</u>	<u>\$ (157,852,241)</u>	<u>\$ (193,140,228)</u>
<b>Pension expense for the year ended June 30, 2021</b>	<u>\$ 158,845,068</u>	<u>\$ 75,276,094</u>	<u>\$ 315,958,366</u>	<u>\$ 550,079,528</u>
<b>Net pension liability as of June 30, 2021</b>	<u>\$ 950,573,071</u>	<u>\$ 471,704,069</u>	<u>\$ 2,693,015,856</u>	<u>\$ 4,115,292,996</u>

## V. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

### A. FCPS OPEB PLAN

#### Plan Description

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

#### Benefits Provided

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

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

For fiscal year 2021, required disclosures for the FCPS OPEB liability and the Plan's fiduciary net position are made simultaneously. Participant data for current fiscal year and prior year is as follows:

	Fiscal Years Ending	
	June 30, 2021	June 30, 2020
<b><u>Medical</u></b>		
<b>Actives</b>		
Count	19,878	20,309
Average age	46.0	45.7
Average service	10.9	10.8
<b>Retirees and spouses</b>		
Count	10,135	10,037
Average age	72.3	71.5
<b><u>Life Insurance</u></b>		
<b>Actives</b>		
Count	4,457	4,705
Average age	52.6	52.2
Average service	11.2	11.5
<b>Retirees and spouses</b>		
Count	2,844	2,546
Average age	71.7	71.3

## Contributions

Contributions to the School OPEB Trust Fund are determined and may be amended by the School Board. The contributions are set at a minimum to satisfy the current year's projected pay-as-you-go benefits costs. The School Board may provide additional amounts to prefund future costs. Contributions to the Plan were \$15,348,747 and \$28,875,000 for the years ended June 30, 2021 and June 30, 2020, respectively. The costs of administrating the plan are paid for by the Plan through the use of investment income and employer contributions.

## FCPS OPEB Plan Reporting

<b>FAIRFAX COUNTY PUBLIC SCHOOLS Statement of Fiduciary Net Position Other Postemployment Benefit Trust Fund</b>	<b>Fiscal Year Ending June 30, 2021</b>
<b>ASSETS</b>	
Receivables, accounts	\$ 37,200
Receivables, securities sold	1,430,616
Investments in pooled funds	206,944,010
Total Assets	<u>208,411,826</u>
<b>LIABILITIES</b>	
Accounts payable	37,200
Total Liabilities	<u>37,200</u>
Net position restricted for postemployment benefits other than pensions	<u>\$ 208,374,626</u>

<b>FAIRFAX COUNTY PUBLIC SCHOOLS Statement of Changes in Fiduciary Net Position Other Postemployment Benefit Trust Fund</b>	<b>Fiscal Year Ending June 30, 2021</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 15,348,747
Total Contributions	<u>15,348,747</u>
Investment Income	
Net increase in fair value of investments	47,506,802
Administrative expenses	(101,244)
Total Investment Income	<u>47,405,558</u>
Total Additions	<u>62,754,305</u>
<b>DEDUCTIONS</b>	
Benefits payments/refunds	10,348,747
Total Deductions	<u>10,348,747</u>
Change in net position	<u>52,405,558</u>
Net position - June 30, 2020	<u>155,969,068</u>
Net position - June 30, 2021	<u>\$ 208,374,626</u>



## Net FCPS OPEB Liability

FCPS OPEB Plan's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of net OPEB liability for the FCPS OPEB Plan is as follows:

Total OPEB liability	\$ 221,203,309
Plan Fiduciary Net Position (market value of assets)	(208,374,626)
Net OPEB liability as of June 30, 2021	<u>\$ 12,828,683</u>
Plan fiduciary net position as a percentage of the OPEB liability	94.20%

## Actuarial Assumptions

Significant actuarial assumptions used in the valuation include:

<b>Methods and Assumptions Used to Determine Contribution Rates</b>	
Actuarial cost method	Entry age normal
Asset method	Fair market value
Salary increases	9.05% trending down to 3.25%
Investment rate of return, net of OPEB plan investment expense, including inflation	7.00%, prior year rate was 7.00%
Retirement age	Varies by age and pension plan
Mortality	
Active Participants	Pub-2010, "Teachers" Classification, Employees Mortality Table, projected using scale MP-2020, sex-distinct
Current Retirees	Pub-2010, "Teachers" Classification, Healthy Annuity Mortality Table, projected using scale MP-2020, sex-distinct
Surviving Spouses	Pub-2010, "Teachers" Classification, Survivor Beneficiary Mortality Table, projected using scale MP-2020, sex-distinct
Disabled Retirees	Pub-2010, "Teachers" Classification, Disabled Retirement Mortality Table, projected using scale MP-2020, sex-distinct
Healthcare cost trend rate	6.69% - 9.31% decreasing to 4.50%

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments are determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Expected Real Rate of Return	Allocation
Large Cap U.S. Equity	6.30%	27.9%
Small Cap U.S. Equity	6.80%	11.6%
International Equity	7.00%	13.7%
Emerging Markets Equity	7.50%	5.6%
Long/Short Equity	6.40%	5.8%
Private Equity	8.70%	3.7%
Core Plus Fixed Income	2.90%	14.5%
Core U.S. Fixed Income	2.50%	4.1%
Absolute Return Fixed Income	2.00%	3.5%
Real Estate	5.50%	8.9%
Cash	1.90%	0.7%
Total Portfolio		100.0%

There are no concentrations in any one organization that represent five percent or more of the fiduciary net position in the plan. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense was 30.09 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing actual invested.

The plan's funds are invested in domestic and international equity and fixed income funds through the Virginia Pooled OPEB Trust Fund established as the investment vehicle for participating employers. FCPS is not involved in the administration of these funds. Further information about the Virginia Pooled OPEB Trust Fund sponsored by VML/VACo., including financial statements, can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

Discount Rate

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

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

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

	<b>1% Decrease 6.0%</b>	<b>Current Discount Rate 7.0%</b>	<b>1% Increase 8.0%</b>
Total OPEB liability	\$ 244,668,612	\$ 221,203,309	\$ 201,132,962
Plan fiduciary net position	(208,374,626)	(208,374,626)	(208,374,626)
Net OPEB liability	<u>\$ 36,293,986</u>	<u>\$ 12,828,683</u>	<u>\$ (7,241,664)</u>

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

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

	<b>1% Decrease (Varied decreasing to 3.5%)</b>	<b>Current Trend Rate (Varied decreasing to 4.5%)</b>	<b>1% Increase (Varied decreasing to 5.5%)</b>
Total FCPS OPEB liability	\$ 212,695,959	\$ 221,203,309	\$ 231,341,819
Plan fiduciary net position	(208,374,626)	(208,374,626)	(208,374,626)
Net FCPS OPEB liability	<u>\$ 4,321,333</u>	<u>\$ 12,828,683</u>	<u>\$ 22,967,193</u>

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

For the year ended June 30, 2021, FCPS recognized FCPS OPEB plan expense of \$(16,033,255). At June 30, 2021, FCPS reported deferred outflows of resources and deferred inflows of resources related to FCPS OPEB plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 55,844,075	\$ (19,631,759)
Net difference between projected and actual earnings on FCPS OPEB plan investments	-	(24,831,484)
Change of assumptions	-	(83,042,891)
Total	<u>\$ 55,844,075</u>	<u>\$ (127,506,134)</u>

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

Year ended June 30:	
2022	\$ (24,247,377)
2023	(23,751,102)
2024	(21,815,855)
2025	(4,900,886)
2026	4,640,041
Thereafter	(1,586,880)
	<u>\$ (71,662,059)</u>

Changes in the Net FCPS OPEB Liability

	Fiscal Year Ending June 30, 2021
<b>Total FCPS OPEB Liability</b>	
Service cost	\$ 3,878,113
Interest cost	15,321,158
Changes of benefit terms	-
Difference between expected and actual experiences	(6,730,917)
Changes of assumptions	(998,727)
Benefit payments	(10,348,747)
<b>Net Change in Total FCPS OPEB Liability</b>	1,120,880
<b>Total FCPS OPEB Liability - Beginning</b>	220,082,429
<b>Total FCPS OPEB Liability - Ending (a)</b>	<u>\$ 221,203,309</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 15,348,747
Net Investment Income	47,506,802
Benefit payments	(10,348,747)
Administrative Expense	(101,244)
<b>Net Change in Plan Fiduciary Net Position</b>	52,405,558
<b>Plan Fiduciary Net Position - Beginning</b>	155,969,068
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 208,374,626</u>
<b>Net FCPS OPEB Liability - Ending (a) - (b)</b>	<u>\$ 12,828,683</u>

B. VRS HEALTH INSURANCE CREDIT (HIC) OPEB

Plan Description

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

## Benefits Provided

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

- At Retirement - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the month benefit is either (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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

## Contributions

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21 percent of covered employee compensation for employees in the HIC OPEB plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the HIC OPEB plan were \$19,679,363 and \$19,517,590 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, FCPS reported a liability of \$242,022,384 for its proportionate share of the net HIC OPEB liability. The net HIC OPEB liability was measured as of June 30, 2020 and the total HIC OPEB liability used to calculate the net HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. FCPS' proportion of the net HIC OPEB liability was based on FCPS' actuarially determined employer contributions to the HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, FCPS' proportion was 18.55 percent as compared to 18.47 percent at June 30, 2019.

For the year ended June 30, 2021, FCPS recognized HIC OPEB expense of \$20,992,885. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, FCPS reported deferred outflows of resources and deferred inflows of resources related to HIC OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportionate share	\$ 5,081,496	\$ -
Differences between expected and actual experience	-	(3,232,106)
Net difference between projected and actual earnings on HIC OPEB plan investments	1,072,548	-
Change of assumptions	4,784,444	(1,322,342)
FCPS' contributions subsequent to the measurement date	19,679,363	-
<b>Total</b>	<b>\$ 30,617,851</b>	<b>\$ (4,554,448)</b>

A total of \$19,679,363 reported as deferred outflows of resources related to HIC OPEB resulting from FCPS' contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIC OPEB will be recognized in HIC OPEB expense as follows:

<b>Year ended June 30:</b>	
2022	\$ 1,172,817
2023	1,279,128
2024	1,243,506
2025	1,228,829
2026	1,050,346
Thereafter	409,414
	<b>\$ 6,384,040</b>

### Actuarial Assumptions

The total HIC OPEB liability for VRS was based on an actuarial valuation as of June 30, 2019, 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, 2020.

<b>Actuarial Assumptions</b>	
Inflation	2.5%
Salary increases, including inflation	3.5% to 5.95%
Investment rate of return, net of plan investment expense, including inflation (a)	6.75%

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table- RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

### Long-term Expected Rate of Return

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

<b>Asset Class (Strategy)</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 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Multi-Asset Public Strategies	6.00	3.04	0.18
Private Investment Partnership	3.00	6.49	0.19
<b>Total</b>	<b>100.00 %</b>		<b>4.64 %</b>
		Inflation	2.50
Expected arithmetic nominal return (a)			<b>7.14 %</b>

(a) The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations, provide a median return of 6.81%.

### Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by FCPS for the VRS HIC plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100.0 percent of the actuarially determined contribution rate. From July 1,

2020 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

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

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

	<b>1% Decrease 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1% Increase 7.75%</b>
FCPS' proportionate share of the VRS net HIC OPEB liability	\$ 270,918,823	\$ 242,022,384	\$ 217,462,495

#### HIC OPEB Plan Fiduciary Net Position

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

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

##### Plan Description

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

In addition to Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI plan. For members who elect the optional group life insurance coverage, the insurer bills FCPS directly for the premiums. FCPS deducts these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB plan. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

##### Benefits Provided

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

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

The benefit amounts provided to members covered under the GLI OPEB plan are subject to a reduction factor. The benefit amount reduces by 25.0 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25.0 percent on each subsequent January 1 until it reaches 25.0 percent of its original value. For covered members with at least 30 years of creditable service, there is a



minimum benefit payable under the GLI OPEB plan. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,616 as of June 30, 2021.

### Contributions

The contribution requirement for active employees is governed by Sections 51.1-506 and 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The total rate for the GLI OPEB plan was 1.34 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80 percent (1.34 x 60 percent) and the employer component was 0.54 percent (1.34 x 40 percent). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the GLI OPEB plan were \$8,855,883 and \$8,503,928 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, FCPS reported a liability of \$132,610,252 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. FCPS' proportion of the net GLI OPEB liability was based on FCPS' actuarially determined employer contributions to the GLI OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, FCPS' proportion was 7.95 percent as compared to 7.96 percent at June 30, 2019.

For the year ended June 30, 2021, FCPS recognized GLI OPEB expense of \$5,949,805. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, FCPS reported deferred outflows of resources and deferred inflows of resources related to GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportionate share	\$ 2,887,135	\$ (370,725)
Differences between expected and actual experience	8,505,722	(1,191,073)
Net difference between projected and actual earnings on GLI OPEB plan investments	3,983,484	-
Change of assumptions	6,632,045	(2,768,969)
FCPS' contributions subsequent to the measurement date	8,855,883	-
Total	<u>\$ 30,864,269</u>	<u>\$ (4,330,767)</u>

A total of \$8,855,883 reported as deferred outflows of resources related to GLI OPEB resulting from FCPS' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLI OPEB will be recognized in GLI OPEB expense as follows:

<b>Year ended June 30:</b>		
2022	\$	2,890,204
2023		4,015,168
2024		4,819,829
2025		4,713,227
2026		1,172,924
Thereafter		66,267
	\$	<u>17,677,619</u>

### Actuarial Assumptions

The total GLI OPEB liability for VRS was based on an actuarial valuation as of June 30, 2019, 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, 2020.

<b>Actuarial Assumptions</b>	
Inflation	2.5%
Salary increases, including inflation	3.5% to 5.95%
Investment rate of return, net of plan investment expenses, including inflation (a)	6.75%

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

### Mortality Rates

Pre-Retirement	Post-Retirement	Post-Disablement
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% rates for males and females

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table-RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.0% to 6.75%

### Long-term Expected Rate of Return

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

<b>Asset Class (Strategy)</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 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Multi-Asset Public Strategies	6.00	3.04	0.18
Private Investment Partnership	3.00	6.49	0.19
<b>Total</b>	<b>100.00 %</b>		<b>4.64 %</b>
		Inflation	2.50
	Expected arithmetic nominal return (a)		<b>7.14 %</b>

(a) The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for VRS, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations, provide a medium return of 6.81%.

### Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per VRS guidance and 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 employer rate. Through the

fiscal year ending June 30, 2020, the rate contributed by FCPS for the GLI OPEB plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100.0 percent of the actuarially determined contribution rate. From July 1, 2020 on, school divisions are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	<b>1% Decrease 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1% Increase 7.75%</b>
FCPS' proportionate share of the VRS net GLI OPEB liability	\$ 174,326,329	\$ 132,610,252	\$ 98,732,850

#### GLI OPEB Plan Fiduciary Net Position

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

#### D. SUMMARY OF OPEB PLANS

The following table presents a summary of OPEB amounts by each plan as of the measurement date of June 30, 2021 for the FCPS OPEB plan and June 30, 2020 for the HIC OPEB plan and GLI OPEB plan to the Statement of Net Position:

	<b>FCPS OPEB</b>	<b>VRS HIC OPEB</b>	<b>VRS GLI OPEB</b>	<b>Total</b>
<b>Deferred Outflows of Resources:</b>				
Differences between expected and actual experience	\$ 55,844,075	\$ -	\$ 8,505,722	\$ 64,349,797
Employer contributions made in FY 2021	-	19,679,363	8,855,883	28,535,246
Changes of assumptions	-	4,784,444	6,632,045	11,416,489
Net difference between projected and actual earnings on OPEB plan investments	-	1,072,548	3,983,484	5,056,032
Changes in proportionate share of contributions	-	5,081,496	2,887,135	7,968,631
Deferred Outflows of Resources	<u>\$ 55,844,075</u>	<u>\$ 30,617,851</u>	<u>\$ 30,864,269</u>	<u>\$ 117,326,195</u>
<b>Deferred Inflows of Resources:</b>				
Differences between expected and actual experience	\$ (19,631,759)	\$ (3,232,106)	\$ (1,191,073)	\$ (24,054,938)
Changes of assumptions	(83,042,891)	(1,322,342)	(2,768,969)	(87,134,202)
Changes in proportionate share of contributions	-	-	(370,725)	(370,725)
Net difference between projected and actual earnings on OPEB plan investments	(24,831,484)	-	-	(24,831,484)
Deferred Inflows of Resources	<u>\$ (127,506,134)</u>	<u>\$ (4,554,448)</u>	<u>\$ (4,330,767)</u>	<u>\$ (136,391,349)</u>
<b>OPEB expense for the year ended June 30, 2021</b>	<u>\$ (16,033,255)</u>	<u>\$ 20,992,885</u>	<u>\$ 5,949,805</u>	<u>\$ 10,909,435</u>
<b>Net OPEB liability as of June 30, 2021</b>	<u>\$ 12,828,683</u>	<u>\$ 242,022,384</u>	<u>\$ 132,610,252</u>	<u>\$ 387,461,319</u>

## VI. OTHER INFORMATION

### A. RELATED PARTIES

With the exception of the County, which funds a large portion of FCPS' budget, and ERFC, a blended component unit of FCPS, which the School Board created and oversees, FCPS did not conduct business with any other related parties in fiscal year 2021.

### B. RISK MANAGEMENT

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

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

In addition to the self-insurance program, FCPS purchases commercial property and casualty insurance, cyber liability insurance, bonds, fiduciary liability insurance, and catastrophic accident insurance for Virginia High School League student participants. In the past three fiscal years, there have been no instances where claims settlements exceeded commercial insurance coverage limits. In fiscal year 2021, there were no significant reductions in insurance coverage from the prior year.

Changes in the balances of liability claims during fiscal years 2020 and 2021 are as follows:

	<b>Health Benefits</b>	<b>Insurance</b>	<b>Total</b>
July 1, 2019 - liability balance	\$ 19,849,000	\$ 44,716,750	\$ 64,565,750
Claims and changes in estimates	402,299,161	15,245,073	417,544,234
Claims Payments	<u>(405,873,161)</u>	<u>(13,548,639)</u>	<u>(419,421,800)</u>
June 30, 2020 - liability balance	16,275,000	46,413,184	62,688,184
Claims and changes in estimates	430,589,417	13,627,205	444,216,622
Claims Payments	<u>(424,984,417)</u>	<u>(9,803,654)</u>	<u>(434,788,071)</u>
June 30, 2021 - liability balance	<u>\$ 21,880,000</u>	<u>\$ 50,236,735</u>	<u>\$ 72,116,735</u>

### C. CONTINGENT LIABILITIES

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

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

## D. TERMINATION BENEFITS

### Public Health Service Act

FCPS provides health care benefits as required by Federal law under the Public Health Service Act (PHSA). This benefit was previously required by the Consolidated Omnibus Budget Reconciliation Act (COBRA). PHSA requires employers that sponsor group health plans to provide a continuation of group coverage to terminated employees and their dependents in qualifying circumstances where coverage would normally end. FCPS provides 18 to 36 months of optional postemployment healthcare to employees and their dependents that elect to continue healthcare coverage. The election to be covered is at the request of the employees. The employees are required to pay 102 percent of the premium costs for themselves and their dependents, which include a two percent administrative fee. The premium costs to the employees and their dependents are the established premium equivalent rates for each respective plan year; accordingly, no liability is recorded for PHAS benefits. On June 30, 2021, there were 120 participants receiving benefits under PHSA.

## E. UNCERTAINTY

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



## REQUIRED SUPPLEMENTARY INFORMATION (unaudited)

The Required Supplementary Information subsection includes:

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





**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT J**

	<u>Budget - Original</u>	<u>Budget - Final</u>	<u>Actual - Budget Basis</u>	<u>Variance from Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 66,555,850	\$ 101,241,403	\$ 93,211,830	\$ (8,029,573)
Commonwealth of Virginia	772,888,813	772,888,813	781,934,606	9,045,793
Charges for services:				
Tuition and fees	14,768,297	14,768,297	9,786,748	(4,981,549)
Revenue from the use of money and property	3,686,259	3,686,259	1,328,493	(2,357,766)
Recovered costs	49,573,557	49,573,557	47,656,514	(1,917,043)
Other	8,996,134	8,996,134	3,914,342	(5,081,792)
Total revenues	<u>916,468,910</u>	<u>951,154,463</u>	<u>937,832,533</u>	<u>(13,321,930)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular education:				
Elementary school	957,795,468	969,882,264	945,727,801	24,154,463
Middle school	283,597,498	295,477,818	273,179,705	22,298,113
High school	641,388,907	651,883,799	603,567,197	48,316,602
Special education	570,120,935	574,076,917	549,439,043	24,637,874
Adult and community education	237,907	149,865	198,907	(49,042)
Instructional support	209,346,418	239,794,456	188,945,338	50,849,118
Support programs:				
Administration and general support	134,671,682	157,853,424	150,316,484	7,536,940
Student transportation	167,948,076	174,021,868	140,278,567	33,743,301
Facilities management	92,514,804	103,302,487	90,875,011	12,427,476
Total expenditures	<u>3,057,621,695</u>	<u>3,166,442,898</u>	<u>2,942,528,053</u>	<u>223,914,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,141,152,785)</u>	<u>(2,215,288,435)</u>	<u>(2,004,695,520)</u>	<u>210,592,915</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from County of Fairfax, VA	2,144,197,211	2,144,197,211	2,144,197,211	-
Transfers out to other governmental funds	(30,593,719)	(44,299,257)	(44,299,257)	-
Transfers out to County of Fairfax, VA	(3,473,375)	(3,473,375)	(3,473,375)	-
Total other financing sources, net	<u>2,110,130,117</u>	<u>2,096,424,579</u>	<u>2,096,424,579</u>	<u>-</u>
Net change in fund balances	<u>\$ (31,022,668)</u>	<u>\$ (118,863,856)</u>	<u>\$ 91,729,059</u>	<u>\$ 210,592,915</u>

See accompanying notes to the required supplementary information.

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

**EXHIBIT K**

	<b>ACFR Reporting Year</b>						
	<b>Measurement Date June 30 of prior year</b>						
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016 (2)</b>	<b>2015 (2)</b>
<b>Total Pension Liability</b>							
Service Cost	\$ 92,719,549	\$ 90,633,074	\$ 88,599,697	\$ 78,925,763	\$ 77,760,915	\$ 77,493,999	\$ 75,787,752
Interest on the Total Pension Liability	243,578,788	231,477,042	221,106,804	209,515,636	205,720,047	198,938,575	192,723,577
Changes of benefit terms	-	-	-	(1,038,793)	-	-	-
Difference between expected and actual experience of the Total Pension Liability	(12,696,483)	27,726,555	12,140,768	19,857,344	(11,011,883)	(17,051,192)	(19,051,630)
Changes of assumptions	-	-	-	23,334,195	45,752,095	-	-
Benefits payments, including refunds of employee contributions	(185,986,496)	(181,932,073)	(177,720,296)	(173,385,583)	(170,347,847)	(167,842,576)	(167,049,790)
<b>Net Change in Total Pension Liability</b>	<b>\$ 137,615,358</b>	<b>\$ 167,904,598</b>	<b>\$ 144,126,973</b>	<b>\$ 157,208,562</b>	<b>\$ 147,873,327</b>	<b>\$ 91,538,806</b>	<b>\$ 82,409,909</b>
<b>Total Pension Liability - Beginning</b>	<b>3,406,340,888</b>	<b>3,238,436,290</b>	<b>3,094,309,317</b>	<b>2,937,100,755</b>	<b>2,789,227,428</b>	<b>2,697,688,622</b>	<b>2,615,278,713</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 3,543,956,246</b>	<b>\$ 3,406,340,888</b>	<b>\$ 3,238,436,290</b>	<b>\$ 3,094,309,317</b>	<b>\$ 2,937,100,755</b>	<b>\$ 2,789,227,428</b>	<b>\$ 2,697,688,622</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 104,741,255	\$ 96,982,911	\$ 91,704,877	\$ 80,094,538	\$ 76,599,695	\$ 74,324,396	\$ 74,174,082
Contributions - Employee	49,095,601	46,645,396	44,169,100	43,062,632	41,383,642	39,982,963	40,018,590
Net Investment Income	108,472,534	117,727,500	188,145,489	250,981,777	(15,766,967)	32,083,908	304,640,803
Benefits payments, including refunds of employee contributions	(185,986,496)	(181,932,073)	(177,720,296)	(173,385,583)	(170,347,847)	(167,842,576)	(167,049,790)
Pension Plan Administrative Expense	(4,381,191)	(4,262,159)	(4,300,927)	(4,059,408)	(4,004,882)	(3,751,825)	(3,629,320)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>71,941,703</b>	<b>75,161,575</b>	<b>141,998,243</b>	<b>196,693,956</b>	<b>(72,136,359)</b>	<b>(25,203,134)</b>	<b>248,154,365</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,521,441,472</b>	<b>2,446,279,897</b>	<b>2,304,281,654</b>	<b>2,107,587,698</b>	<b>2,179,724,057</b>	<b>2,204,927,191</b>	<b>1,956,772,826</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 2,593,383,175</b>	<b>\$ 2,521,441,472</b>	<b>\$ 2,446,279,897</b>	<b>\$ 2,304,281,654</b>	<b>\$ 2,107,587,698</b>	<b>\$ 2,179,724,057</b>	<b>\$ 2,204,927,191</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>950,573,071</b>	<b>884,899,416</b>	<b>792,156,393</b>	<b>790,027,663</b>	<b>829,513,057</b>	<b>609,503,371</b>	<b>492,761,431</b>
<b>Plan fiduciary net position as a percentage of Total Pension Liability</b>	73.18%	74.02%	75.54%	74.47%	71.76%	78.15%	81.73%
<b>Covered Payroll</b>	\$ 1,626,417,003	\$ 1,549,247,780	\$ 1,469,629,439	\$ 1,430,259,607	\$ 1,374,735,094	\$ 1,328,419,881	\$ 1,328,419,881
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	58.45%	57.12%	53.90%	55.24%	60.34%	45.88%	37.09%

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

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT K-1**

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

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

(2) Restated from prior year in accordance with the updated definition of covered-employee payroll per GASB No.82.

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT K-2**

	ACFR Reporting Year						
	Measurement Date June 30 of prior year						
	2021	2020	2019	2018	2017	2016	2015
FCPS' proportion of net pension liability	25.93%	26.87%	26.93%	27.15%	27.20%	28.03%	28.21%
FCPS' proportionate share of net pension liability	\$ 471,704,069	\$ 454,079,606	\$ 444,409,864	\$ 439,330,794	\$ 415,142,671	\$ 360,555,377	\$ 293,867,011
FCPS' covered payroll	214,722,233	208,849,573	200,800,463	198,340,140	192,679,291	192,655,643	189,438,838
FCPS' proportionate share of net pension liability as a percentage of covered payroll	219.68%	217.42%	221.32%	221.50%	215.46%	187.15%	155.13%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	70.80%	70.50%	69.90%	70.20%	74.20%	78.33%

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

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT K-3**

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

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

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

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT K-4**

	ACFR Reporting Year						
	Measurement Date June 30 of prior year						
	2021	2020	2019	2018	2017	2016	2015
FCPS' proportion of the net pension liability	18.51%	18.47%	18.19%	18.16%	17.95%	17.89%	18.15%
FCPS' proportionate share of the net pension liability	\$ 2,693,015,856	\$ 2,430,714,832	\$ 2,139,026,999	\$ 2,232,727,000	\$ 2,515,447,000	\$ 2,251,917,000	\$ 2,193,660,000
FCPS' covered payroll	1,626,469,344	1,549,185,402	1,470,715,666	1,432,051,405	1,368,572,241	1,330,241,479 (2)	1,327,488,219 (2)
FCPS' proportionate share of net pension liability as a percentage of covered payroll	165.57%	156.90%	145.44%	155.91%	183.80%	169.29%	165.25%
Plan fiduciary net position as a percentage of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT K-5**

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

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

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT L**

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service Cost	\$ 3,878,113	\$ 5,046,137	\$ 5,220,696	\$ 8,319,993	N/A
Interest on the Total OPEB Liability	15,321,158	12,378,488	17,156,591	29,187,359	N/A
Changes of benefit terms	-	-	(39,066,967)	-	N/A
Difference between expected and actual experiences	(6,730,917)	58,670,164	(24,767,704)	33,883,573	N/A
Changes of assumptions	(998,727)	(15,662,364)	-	(170,067,992)	N/A
Benefit payments	(10,348,747)	(23,875,000)	(29,286,809)	(54,806,266)	N/A
<b>Net Change in Total OPEB Liability</b>	<b>1,120,880</b>	<b>36,557,425</b>	<b>(70,744,193)</b>	<b>(153,483,333)</b>	N/A
<b>Total OPEB Liability - Beginning</b>	<b>220,082,429</b>	<b>183,525,004</b>	<b>254,269,197</b>	<b>\$ 407,752,530</b>	N/A
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 221,203,309</b>	<b>\$ 220,082,429</b>	<b>\$ 183,525,004</b>	<b>\$ 254,269,197</b>	<b>\$ 407,752,530</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 15,348,747	\$ 28,875,000	\$ 34,286,809	\$ 59,806,266	\$ 22,404,000
Contributions - Employee	-	-	-	-	-
Net Investment Income	47,506,802	4,561,466	6,422,536	11,564,600	13,288,807
Benefit payments	(10,348,747)	(23,875,000)	(29,286,809)	(54,806,266)	(17,404,000)
Administrative Expense	(101,244)	(101,363)	(89,000)	(86,550)	(83,537)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>52,405,558</b>	<b>9,460,103</b>	<b>11,333,536</b>	<b>16,478,050</b>	<b>18,205,270</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>155,969,068</b>	<b>146,508,965</b>	<b>135,175,429</b>	<b>118,697,379</b>	<b>100,492,109</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 208,374,626</b>	<b>\$ 155,969,068</b>	<b>\$ 146,508,965</b>	<b>\$ 135,175,429</b>	<b>\$ 118,697,379</b>
<b>Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 12,828,683</b>	<b>\$ 64,113,361</b>	<b>\$ 37,016,039</b>	<b>\$ 119,093,768</b>	<b>\$ 289,055,151</b>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	94.20%	70.87%	79.83%	53.16%	29.11%
Covered Payroll	\$ 1,750,085,165	\$ 1,699,111,811	\$ 1,393,958,673	\$ 1,340,334,878	\$ 1,256,877,000
Net OPEB Liability as a Percentage of Covered Payroll	0.73%	3.77%	2.66%	8.89%	23.00%

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT L-1**

	Fiscal Year				
	2021	2020	2019	2018	2017 (2)
Actuarially determined contribution	\$ 10,348,747	\$ 23,875,000	\$ 29,286,809	\$ 54,806,266	N/A
Contributions made in relation to the actuarially determined contribution	15,348,747	28,875,000	34,286,809	59,806,266	N/A
Contribution deficiency (excess)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	N/A
Covered payroll	1,750,085,165	1,699,111,811	1,393,958,673	1,340,334,878	N/A
Contributions as a percentage of covered payroll	0.88%	1.70%	2.46%	4.46%	N/A

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

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

See accompanying notes to the required supplementary information.

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

**EXHIBIT L-2**

	Fiscal Year				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return net of investment expense	30.09%	3.05%	4.66%	9.50%	12.86%

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

See accompanying notes to the required supplementary information.

**FAIRFAX COUNTY PUBLIC SCHOOLS**

**EXHIBIT L-3**

**Schedule of FCPS' Proportionate Share of Net OPEB Liability and Related Ratios**

**VRS HIC OPEB Plan**

**Last Ten Fiscal Years (1)**

	ACFR Reporting Year			
	Measurement Date June 30 of prior year			
	2021	2020	2019	2018
FCPS' proportion of net OPEB liability	18.55%	18.47%	18.18%	18.15%
FCPS' proportionate share of net OPEB liability	\$ 242,022,384	\$ 241,786,588	\$ 230,889,000	\$ 230,217,000
FCPS' covered payroll	1,626,465,634	1,549,185,402	1,470,711,793	1,432,191,455
FCPS' proportionate share of net OPEB liability as a percentage of covered payroll	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total OPEB liability	9.95%	8.97%	8.08%	7.04%

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

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

See accompanying notes to the required supplementary information.

**FAIRFAX COUNTY PUBLIC SCHOOLS**

**EXHIBIT L-4**

**Schedule of Employer Contributions**

**VRS HIC OPEB Plan**

**Last Ten Fiscal Years**

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contributions Deficiency (Excess)	FCPS' Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 19,679,363	\$ 19,679,363	\$ -	\$ 1,626,393,998	1.2 %
2020	19,517,590	19,517,590	-	1,626,465,634	1.2
2019	18,590,218	18,590,218	-	1,549,185,402	1.2
2018	18,089,758	18,089,758	-	1,470,711,793	1.2
2017	17,615,955	15,897,325	1,718,630	1,432,191,455	1.1
2016	16,152,458	14,509,835	1,642,623	1,368,852,341	1.1
2015	15,699,867	14,103,271	1,596,596	1,330,497,219	1.1
2014	15,534,713	14,738,061	796,652	1,327,753,219	1.1
2013	14,936,911	14,170,916	765,995	1,276,659,075	1.1
2012	13,247,015	7,359,453	5,887,562	1,226,575,477	0.6

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

See accompanying notes to the required supplementary information.



**FAIRFAX COUNTY PUBLIC SCHOOLS**

**EXHIBIT L-5**

**Schedule of FCPS' Proportionate Share of Net OPEB Liability and Related Ratios**

**VRS GLI OPEB Plan**

**Last Ten Fiscal Years (1)**

	<b>ACFR Reporting Year Measurement Date June 30 of prior year</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
FCPS' proportion of net OPEB liability	7.95%	7.96%	7.79%	7.80%
FCPS' proportionate share of net OPEB liability	\$ 132,610,252	\$ 129,574,636	\$ 118,262,000	\$ 117,380,000
FCPS' covered payroll	1,635,370,534	1,560,950,089	1,480,800,510	1,438,996,361
FCPS' proportionate share of net OPEB liability as a percentage of covered payroll	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total OPEB liability	52.64%	52.00%	51.22%	48.86%

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

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

See accompanying notes to the required supplementary information.

**FAIRFAX COUNTY PUBLIC SCHOOLS**

**EXHIBIT L-6**

**Schedule of Employer Contributions**

**VRS GLI OPEB Plan**

**Last Ten Fiscal Years**

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

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

See accompanying notes to the required supplementary information.

# Notes to the Required Supplementary Information

Fairfax County Public Schools  
June 30, 2021

## I. BUDGETARY COMPARISON SCHEDULE

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

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

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

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

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

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

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

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

The following schedule reconciles the General Fund amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances, Exhibit D, to the amounts on the Budgetary Comparison Schedule—Budget and Actual (Budgetary Basis), Exhibit J for the fiscal year ended June 30, 2021:

General Fund	Basis Differences				
	Actual - GAAP Basis (Exhibit D)	Capital Leases	Local School Activities	Transactions between FCPS and the County	Actual - Budget Basis (Exhibit J)
Total revenues	\$ 3,094,649,642	\$ -	\$ (12,619,898)	\$ (2,144,197,211)	\$ 937,832,533
Total expenditures	(3,011,546,231)	52,794,524	12,750,279	3,473,375	(2,942,528,053)
Total other financing sources	8,495,267	(52,794,524)	-	2,140,723,836	2,096,424,579
Net change in fund balances	\$ 91,598,678	\$ -	\$ 130,381	\$ -	\$ 91,729,059

## II. PENSIONS AND OPEB

### PENSIONS

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

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

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

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

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

### OPEB

#### 1. FCPS OPEB

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

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

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

The financial accounting valuation reflects the following assumption changes:

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

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

Additionally, the financial accounting valuation reflects the following assumption changes based on the FCERS pension report as of June 30, 2020 and the ERFC pension funding report as of December 31, 2020:

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

## 2. VRS HIC

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table-RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

## 3. VRS GLI

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table-RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%



## OTHER SUPPLEMENTARY INFORMATION

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

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





## NONMAJOR GOVERNMENTAL FUNDS

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

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





**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

**EXHIBIT M**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food and Nutrition Services	Grants Self-Supporting Programs	Adult and Community Education	
<b>ASSETS</b>				
Cash on deposit with County of Fairfax, VA	\$ 5,648,228	\$ 18,294,817	\$ 87,777	\$ 24,030,822
Receivables:				
Accounts	158,269	28,955	4,031	191,255
Accrued interest	11,332	-	1,206	12,538
Due from intergovernmental units:				
Federal government	4,151,021	13,588,905	779,775	18,519,701
Commonwealth of Virginia	-	1,899,422	-	1,899,422
County of Fairfax, VA	114,212	-	-	114,212
Inventories	1,399,420	-	-	1,399,420
Prepaid Items	-	-	34,739	34,739
Total assets	<u>\$ 11,482,482</u>	<u>\$ 33,812,099</u>	<u>\$ 907,528</u>	<u>\$ 46,202,109</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 430,033	\$ 75,724	\$ 206,561	\$ 712,318
Accrued salaries and withholdings	1,673,444	70,499	514,474	2,258,417
Due to County of Fairfax, VA	-	196,515	-	196,515
Interfund payables	-	-	300,000	300,000
Unearned revenues	<u>3,151,617</u>	<u>1,962,216</u>	<u>444,369</u>	<u>5,558,202</u>
Total liabilities	<u>5,255,094</u>	<u>2,304,954</u>	<u>1,465,404</u>	<u>9,025,452</u>
Fund balances:				
Nonspendable	1,399,420	-	34,739	1,434,159
Restricted	4,827,968	31,507,145	-	36,335,113
Unassigned	-	-	(592,615)	(592,615)
Total fund balances	<u>6,227,388</u>	<u>31,507,145</u>	<u>(557,876)</u>	<u>37,176,657</u>
Total liabilities and fund balances	<u>\$ 11,482,482</u>	<u>\$ 33,812,099</u>	<u>\$ 907,528</u>	<u>\$ 46,202,109</u>

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT N**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Food and Nutrition Services</b>	<b>Grants Self-Supporting Programs</b>	<b>Adult and Community Education</b>	
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 53,685,113	\$ 42,725,701	\$ 806,544	\$ 97,217,358
Commonwealth of Virginia	894,380	2,249,716	1,104,242	4,248,338
County of Fairfax, VA	-	1,886,781	-	1,886,781
Charges for services:				
Tuition and fees	-	2,089,899	2,375,948	4,465,847
Food sales	1,327,645	-	-	1,327,645
Revenue from the use of money and property	8,811	41,705	12,251	62,767
Other	1,351,916	1,035,648	1,049	2,388,613
Total revenues	<u>57,267,865</u>	<u>50,029,450</u>	<u>4,300,034</u>	<u>111,597,349</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular education:				
Elementary school	-	33,092,973	-	33,092,973
Middle school	-	577,420	-	577,420
High school	-	6,097,436	255,481	6,352,917
Special education	-	4,999,608	-	4,999,608
Adult and community education	-	-	5,577,004	5,577,004
Instructional support	-	16,006,138	-	16,006,138
Support programs:				
Administration and general support	-	2,131,980	-	2,131,980
Facilities management	-	70,888	-	70,888
Food service	67,173,607	-	-	67,173,607
Capital outlay	25,187	25,312	11,273	61,772
Debt service:				
Principal	16,715	3,024	2,586	22,325
Interest	3,942	896	258	5,096
Total expenditures	<u>67,219,451</u>	<u>63,005,675</u>	<u>5,846,602</u>	<u>136,071,728</u>
Deficiency of revenues under expenditures	<u>(9,951,586)</u>	<u>(12,976,225)</u>	<u>(1,546,568)</u>	<u>(24,474,379)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,648,031	20,371,245	1,201,537	31,220,813
Capital leases	25,187	16,313	11,273	52,773
Total other financing sources	<u>9,673,218</u>	<u>20,387,558</u>	<u>1,212,810</u>	<u>31,273,586</u>
Net change in fund balances	(278,368)	7,411,333	(333,758)	6,799,207
Fund balances - July 1, 2020	6,569,746	24,095,812	(224,118)	30,441,440
Decrease in reserve for inventories	(63,990)	-	-	(63,990)
Fund balances - June 30, 2021	<u>\$ 6,227,388</u>	<u>\$ 31,507,145</u>	<u>\$ (557,876)</u>	<u>\$ 37,176,657</u>

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**  
**Food and Nutrition Services Fund**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT O**

	<u>Budget - Original</u>	<u>Budget - Final</u>	<u>Actual - Budget Basis</u>	<u>Variance from Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 41,282,778	\$ 49,702,687	\$ 53,685,113	\$ 3,982,426
Commonwealth of Virginia	1,492,819	1,844,788	894,380	(950,408)
Charges for services:				
Food sales	40,915,946	1,244,550	1,327,645	83,095
Revenue from the use of money and property	171,277	171,277	8,811	(162,466)
Other	5,000	205,000	1,351,916	1,146,916
Total revenues	<u>83,867,820</u>	<u>53,168,302</u>	<u>57,267,865</u>	<u>4,099,563</u>
<b>EXPENDITURES</b>				
Current:				
Food service	<u>101,777,879</u>	<u>69,386,079</u>	<u>67,194,264</u>	<u>2,191,815</u>
Total expenditures	<u>101,777,879</u>	<u>69,386,079</u>	<u>67,194,264</u>	<u>2,191,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,910,059)</u>	<u>(16,217,777)</u>	<u>(9,926,399)</u>	<u>6,291,378</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>9,648,031</u>	<u>9,648,031</u>	<u>-</u>
Net change in fund balances	<u>\$ (17,910,059)</u>	<u>\$ (6,569,746)</u>	<u>\$ (278,368)</u>	<u>\$ 6,291,378</u>

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**  
**Grants and Self-Supporting Programs Fund**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT P**

	<b>Budget - Original</b>	<b>Budget - Final</b>	<b>Actual - Budget Basis</b>	<b>Variance from Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 42,115,482	\$ 63,279,363	\$ 42,725,701	\$ (20,553,662)
Commonwealth of Virginia	10,050,267	11,426,027	2,249,716	(9,176,311)
Charges for services:				
Tuition and fees	3,308,550	3,308,550	2,089,899	(1,218,651)
Revenue from the use of money and property	40,000	40,000	41,705	1,705
Other	380,107	1,332,950	1,035,648	(297,302)
Total revenues	<u>55,894,406</u>	<u>79,386,890</u>	<u>48,142,669</u>	<u>(31,244,221)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular education:				
Elementary school	39,227,715	48,449,389	33,092,973	15,356,416
Middle school	579,467	1,364,231	577,420	786,811
High school	7,290,521	9,225,724	6,110,355	3,115,369
Special education	5,301,286	7,303,436	4,999,608	2,303,828
Instructional support	20,638,020	42,153,233	16,006,138	26,147,095
Support programs:				
Administration and general support	6,489,393	14,424,423	2,131,980	12,292,443
Student transportation	2,820,294	2,820,294	-	2,820,294
Facilities management	-	-	70,888	(70,888)
Total expenditures	<u>82,346,696</u>	<u>125,740,730</u>	<u>62,989,362</u>	<u>62,751,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,452,290)</u>	<u>(46,353,840)</u>	<u>(14,846,693)</u>	<u>31,507,147</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in from other governmental funds	20,371,245	20,371,245	20,371,245	-
Transfers in from County of Fairfax, VA	2,260,414	1,886,781	1,886,781	-
Total other financing sources	<u>22,631,659</u>	<u>22,258,026</u>	<u>22,258,026</u>	<u>-</u>
Net change in fund balances	<u>\$ (3,820,631)</u>	<u>\$ (24,095,814)</u>	<u>\$ 7,411,333</u>	<u>\$ 31,507,147</u>

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - Budget and Actual (Budgetary Basis)**  
**Adult and Community Education Fund**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT Q**

	<b>Budget - Original</b>	<b>Budget - Final</b>	<b>Actual - Budget Basis</b>	<b>Variance from Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental:				
Federal government	\$ 953,177	\$ 1,228,286	\$ 806,544	\$ (421,742)
Commonwealth of Virginia	798,846	960,174	1,104,242	144,068
Charges for services:				
Tuition and fees	4,033,603	4,033,603	2,375,948	(1,657,655)
Revenue from the use of money and property	37,736	37,736	12,251	(25,485)
Other	65,035	65,035	1,049	(63,986)
Total revenues	<u>5,888,397</u>	<u>6,324,834</u>	<u>4,300,034</u>	<u>(2,024,800)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular education:				
High school	181,485	181,485	-	181,485
Adult and community education	6,796,834	7,120,769	5,835,329	1,285,440
Total expenditures	<u>6,978,319</u>	<u>7,302,254</u>	<u>5,835,329</u>	<u>1,466,925</u>
Deficiency of revenues under expenditures	<u>(1,089,922)</u>	<u>(977,420)</u>	<u>(1,535,295)</u>	<u>(557,875)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in from other governmental funds	<u>975,000</u>	<u>1,201,537</u>	<u>1,201,537</u>	<u>-</u>
Net change in fund balances	<u>\$ (114,922)</u>	<u>\$ 224,117</u>	<u>\$ (333,758)</u>	<u>\$ (557,875)</u>





## INTERNAL SERVICE FUNDS

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

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





**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2021**

**EXHIBIT R**

	<u>Health Benefits</u>	<u>Insurance</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash on deposit with County of Fairfax, VA	\$ 155,338,416	\$ 53,150,302	\$ 208,488,718
Cash in escrow	-	138,038	138,038
Receivables:			
Accounts	<u>14,636,061</u>	<u>-</u>	<u>14,636,061</u>
Total current assets	<u>169,974,477</u>	<u>53,288,340</u>	<u>223,262,817</u>
Total assets	<u>169,974,477</u>	<u>53,288,340</u>	<u>223,262,817</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	11,273,796	320,373	11,594,169
Unearned revenues	12,799,489	-	12,799,489
Compensated absences	151,808	62,894	214,702
Actuarial claims payable	<u>20,786,000</u>	<u>10,047,347</u>	<u>30,833,347</u>
Total current liabilities	<u>45,011,093</u>	<u>10,430,614</u>	<u>55,441,707</u>
Non-current liabilities:			
Compensated absences	65,061	26,955	92,016
Actuarial claims payable	<u>1,094,000</u>	<u>40,189,388</u>	<u>41,283,388</u>
Total non-current liabilities	<u>1,159,061</u>	<u>40,216,343</u>	<u>41,375,404</u>
Total liabilities	<u>46,170,154</u>	<u>50,646,957</u>	<u>96,817,111</u>
<b>NET POSITION</b>			
Unrestricted	<u>123,804,323</u>	<u>2,641,383</u>	<u>126,445,706</u>
Total net position	<u>\$ 123,804,323</u>	<u>\$ 2,641,383</u>	<u>\$ 126,445,706</u>

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT S**

	<u>Health Benefits</u>	<u>Insurance</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 468,343,051	\$ 15,606,931	\$ 483,949,982
<b>OPERATING EXPENSES</b>			
Salaries and wages	3,273,614	1,191,239	4,464,853
Claims and benefits	430,569,980	13,653,787	444,223,767
Professional consultant services	12,602,355	1,119,991	13,722,346
Other operating expenses	27,730	325,154	352,884
Total operating expenses	<u>446,473,679</u>	<u>16,290,171</u>	<u>462,763,850</u>
Operating gain/(loss)	21,869,372	(683,240)	21,186,132
<b>NONOPERATING REVENUES</b>			
Interest revenue	485,360	-	485,360
Total nonoperating revenue (expense)	<u>485,360</u>	<u>-</u>	<u>485,360</u>
Change in net position	22,354,732	(683,240)	21,671,492
Total net position - July 1, 2020	<u>101,449,591</u>	<u>3,324,623</u>	<u>104,774,214</u>
Total net position - June 30, 2021	<u>\$ 123,804,323</u>	<u>\$ 2,641,383</u>	<u>\$ 126,445,706</u>

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT T**

	<u>Health Benefits</u>	<u>Insurance</u>	<u>Total Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 464,099,079	\$ 15,606,931	\$ 479,706,010
Payments to employees	(3,273,614)	(1,191,239)	(4,464,853)
Payments for claims and health benefits	(424,984,417)	(9,803,654)	(434,788,071)
Payments for professional services	(11,108,518)	(1,101,198)	(12,209,716)
Payments for other operating expenses	(27,730)	(325,154)	(352,884)
Net cash provided by operating activities	<u>24,704,800</u>	<u>3,185,686</u>	<u>27,890,486</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	485,360	-	485,360
Net cash provided by investing activities	<u>485,360</u>	<u>-</u>	<u>485,360</u>
Net increase in cash and cash equivalents	25,190,160	3,185,686	28,375,846
Cash and cash equivalents - July 1, 2020	130,148,256	50,102,654	180,250,910
<b>Cash and cash equivalents - June 30, 2021</b>	<u>\$ 155,338,416</u>	<u>\$ 53,288,340</u>	<u>\$ 208,626,756</u>
<b>Reconciliation of operating gain/loss to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 21,869,372	\$ (683,240)	\$ 21,186,132
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) in accounts receivable	(4,603,309)	-	(4,603,309)
Increase in accounts payable	1,493,837	18,793	1,512,630
Increase in unearned revenues	359,337	-	359,337
Increase (decrease) in compensated absences	(19,437)	26,582	7,145
Increase in actuarial claims payable	5,605,000	3,823,551	9,428,551
Total adjustments to operating income	<u>2,835,428</u>	<u>3,868,926</u>	<u>6,704,354</u>
Net cash provided by operating activities	<u>\$ 24,704,800</u>	<u>\$ 3,185,686</u>	<u>\$ 27,890,486</u>





## FIDUCIARY FUNDS

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

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



**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Postemployment Benefit Trust Funds**  
**June 30, 2021**

**EXHIBIT U**

	<b>Educational Employees' Supplementary Retirement System</b>	<b>School Other Postemployment Benefits Trust</b>	<b>Total Pension and Other Postemployment Benefit Trust Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 554,641	\$ -	\$ 554,641
Cash with fiscal agent	489,213	-	489,213
Cash collateral for securities on loan	147,105,099	-	147,105,099
Short-term investments	82,434,178	-	82,434,178
Receivables:			
Accounts	2,589	37,200	39,789
Interest and dividends	5,873,379	-	5,873,379
Securities sold	36,302,369	1,430,616	37,732,985
Investments, at fair value:			
U.S. government obligations	134,299,276	-	134,299,276
Asset and mortgage backed	131,235,280	-	131,235,280
Corporate bonds	296,155,653	-	296,155,653
International bonds	48,744,879	-	48,744,879
Convertible securities	7,885,605	-	7,885,605
Preferred securities	2,847,981	-	2,847,981
Commingled fixed income	212,099,908	-	212,099,908
Commingled equity	909,819,785	-	909,819,785
Stocks	567,415,582	-	567,415,582
Municipal bonds	629,074	-	629,074
Real estate	156,132,124	-	156,132,124
Multi asset class solutions	306,184,789	-	306,184,789
Hedge funds	187,556,946	-	187,556,946
Private debt	28,307,673	-	28,307,673
Private equity	210,360,927	-	210,360,927
Infrastructure	229,486	-	229,486
Investment in pooled funds	-	206,944,010	206,944,010
Capital assets:			
Furniture and equipment	151,301	-	151,301
Accumulated depreciation	(110,447)	-	(110,447)
Total assets	<u>3,472,707,290</u>	<u>208,411,826</u>	<u>3,681,119,116</u>
<b>LIABILITIES</b>			
Capital leases	26,426	-	26,426
Accounts payable	2,339,106	37,200	2,376,306
Securities purchased	51,085,575	-	51,085,575
Securities lending collateral	147,105,099	-	147,105,099
Total liabilities	<u>200,556,206</u>	<u>37,200</u>	<u>200,593,406</u>
<b>NET POSITION</b>			
Net position restricted for pension	3,272,151,084	-	3,272,151,084
Net position restricted for OPEB	<u>\$ -</u>	<u>\$ 208,374,626</u>	<u>\$ 208,374,626</u>

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Postemployment Benefit Trust Funds**  
**For the Fiscal Year Ended June 30, 2021**

**EXHIBIT V**

	<b>Educational Employees' Supplementary Retirement System</b>	<b>School Other Postemployment Benefits Trust</b>	<b>Total Pension and Other Postemployment Benefit Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 104,784,310	\$ 15,348,747	\$ 120,133,057
Plan members	48,934,340	-	48,934,340
Total contributions	<u>153,718,650</u>	<u>15,348,747</u>	<u>169,067,397</u>
Investment earnings:			
From investing activities:			
Net appreciation in fair value of investments	698,406,122	47,506,730	745,912,852
Interest and dividends	31,046,491	72	31,046,563
Total income from investing activities	<u>729,452,613</u>	<u>47,506,802</u>	<u>776,959,415</u>
Less investment expenses:			
Investment management fees	7,330,144	100,744	7,430,888
Investment consulting fees	1,063,759	-	1,063,759
Investment custodial fees	396,501	500	397,001
Investment salaries	283,406	-	283,406
Total investment expenses	<u>9,073,810</u>	<u>101,244</u>	<u>9,175,054</u>
Net income from investing activities	<u>720,378,803</u>	<u>47,405,558</u>	<u>767,784,361</u>
From securities lending activities:			
Securities lending	504,955	-	504,955
Securities lending management fees	(145,078)	-	(145,078)
Net income from securities lending activities	<u>359,877</u>	<u>-</u>	<u>359,877</u>
Net investment income	<u>720,738,680</u>	<u>47,405,558</u>	<u>768,144,238</u>
Total additions	<u>874,457,330</u>	<u>62,754,305</u>	<u>937,211,635</u>
<b>DEDUCTIONS</b>			
Benefit payments	187,660,019	10,348,747	198,008,766
Refund of contributions	3,605,963	-	3,605,963
Administrative expenses	4,423,439	-	4,423,439
Total deductions	<u>195,689,421</u>	<u>10,348,747</u>	<u>206,038,168</u>
Change in net position	678,767,909	52,405,558	731,173,467
Net position - July 1, 2020	<u>2,593,383,175</u>	<u>155,969,068</u>	<u>2,749,352,243</u>
Net position - June 30, 2021	<u>\$ 3,272,151,084</u>	<u>\$ 208,374,626</u>	<u>\$ 3,480,525,710</u>



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

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

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

<b>Governmental Activities</b>	<b>Fiscal Year</b>				
	<b>2021</b>	<b>2020 (2)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net investment in capital assets	\$ 2,564,344	\$ 2,553,192	\$ 2,505,368	\$ 2,418,471	\$ 2,372,731
Restricted	103,938	48,881	65,263	79,502	64,143
Unrestricted (deficit)	(3,323,137)	(3,338,234)	(3,346,426)	(3,497,379)	(2,933,512)
Total net position	<u>\$ (654,855)</u>	<u>\$ (736,161)</u>	<u>\$ (775,795)</u>	<u>\$ (999,406)</u>	<u>\$ (496,638)</u>

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

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

Source: FCPS Annual Comprehensive Financial Reports 2012-2021

**TABLE 1**

		<b>Fiscal Year</b>					
<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>Governmental Activities</b>		
\$ 2,298,394	\$ 2,226,691	\$ 2,126,682	\$ 2,026,739	\$ 1,986,758	Net investment in capital assets		
66,320	60,964	103,699	137,390	-	Restricted		
(2,892,239)	(2,961,330)	200,355	251,288	411,291	Unrestricted (deficit)		
<u>\$ (527,525)</u>	<u>\$ (673,675)</u>	<u>\$ 2,430,736</u>	<u>\$ 2,415,417</u>	<u>\$ 2,398,049</u>	Total net position		

**FAIRFAX COUNTY PUBLIC SCHOOLS**

**Changes in Net Position (1)**

**Last Ten Fiscal Years**

**(Dollars in Thousands)**

**Unaudited**

<b>Governmental Activities</b>	<b>Fiscal Year</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Expenses</b>					
Instruction	\$ 2,817,431	\$ 2,769,242	\$ 2,518,673	\$ 2,443,217	\$ 2,471,926
Support programs	414,153	413,596	372,899	365,265	379,770
Food service	72,649	84,429	83,458	78,855	82,869
Local school activities	12,750	-	-	-	-
Interest on long-term debt	3,829	3,223	3,173	2,965	2,831
<b>Total expenses</b>	<b>3,320,812</b>	<b>3,270,490</b>	<b>2,978,203</b>	<b>2,890,302</b>	<b>2,937,396</b>
<b>Program Revenues</b>					
Charges for services:					
Instruction	59,838	60,020	55,765	55,534	52,135
Support programs	3,107	10,847	15,192	13,637	14,037
Food service	1,328	29,708	40,865	39,358	41,659
Local school activities	12,620	-	-	-	-
Operating grants and contributions	411,859	339,385	329,314	317,227	287,733
Capital grants and contributions	194,679	196,132	200,894	173,864	181,916
<b>Total program revenues</b>	<b>683,431</b>	<b>636,092</b>	<b>642,030</b>	<b>599,620</b>	<b>577,480</b>
<b>Total net expense</b>	<b>(2,637,382)</b>	<b>(2,634,398)</b>	<b>(2,336,173)</b>	<b>(2,290,682)</b>	<b>(2,359,916)</b>
<b>General Revenues and Other Changes in Net Position</b>					
Grants and contributions not restricted to specific purposes:					
Federal government	14,210	5,889	6,011	5,623	6,776
Commonwealth of Virginia	557,655	506,674	499,661	470,174	464,403
County of Fairfax, VA	2,143,322	2,136,017	2,051,659	1,966,920	1,913,519
Revenue for the use of money (2)	63	343	413	230	118
Other	3,439	2,141	2,039	2,266	5,987
<b>Total general revenues and other changes in net position</b>	<b>2,718,688</b>	<b>2,651,064</b>	<b>2,559,783</b>	<b>2,445,213</b>	<b>2,390,803</b>
<b>Change in Net Position</b>	<b>\$ 81,306</b>	<b>\$ 16,666</b>	<b>\$ 223,610</b>	<b>\$ 154,531</b>	<b>\$ 30,887</b>

(1) In FY 2013, net assets was changed to net position.

(2) Revenue from the use of money varies from year to year primarily due to fluctuations in interest rates.

Source: FCPS Annual Comprehensive Financial Reports 2012-2021

TABLE 2

		Fiscal Year					
2016	2015	2014	2013	2012		Governmental Activities	
\$ 2,256,704	\$ 2,220,230	\$ 2,216,228	\$ 2,201,593	\$ 2,034,780		<b>Expenses</b>	
361,025	360,930	360,657	340,158	328,736		Instruction	
76,123	77,804	81,128	82,418	79,303		Support programs	
-	-	-	-	-		Food service	
2,908	2,865	3,043	3,372	3,390		Local school activities	
2,696,760	2,661,829	2,661,056	2,627,541	2,446,209		Interest on long-term debt	
						Total expenses	
						<b>Program Revenues</b>	
						Charges for services:	
48,935	47,392	49,753	51,495	49,918		Instruction	
15,624	15,672	11,536	11,489	9,322		Support programs	
39,604	39,592	41,567	43,563	47,547		Food service	
-	-	-	-	-		Local school activities	
267,993	259,109	262,295	253,061	235,073		Operating grants and contributions	
184,126	171,313	160,008	167,136	161,268		Capital grants and contributions	
556,282	533,078	525,159	526,744	503,128		Total program revenues	
(2,140,478)	(2,128,751)	(2,135,897)	(2,100,797)	(1,943,081)		Total net expense	
						<b>General Revenues and Other Changes in Net Position</b>	
						Grants and contributions not restricted to specific purposes:	
5,446	4,635	4,739	6,324	6,224		Federal government	
453,988	448,297	427,765	426,778	383,205		Commonwealth of Virginia	
1,825,153	1,768,498	1,716,989	1,683,322	1,610,835		County of Fairfax, VA	
48	21	19	74	60		Revenue for the use of money (2)	
1,993	1,688	1,703	1,668	1,685		Other	
2,286,628	2,223,139	2,151,215	2,118,166	2,002,009		Total general revenues and other changes in net position	
\$ 146,150	\$ 94,388	\$ 15,318	\$ 17,369	\$ 58,928		<b>Change in Net Position</b>	

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

	Fiscal Year				
	2021	2020 (1)	2019	2018	2017
General Fund:					
Nonspendable	\$ 54	\$ 453	\$ 664	\$ 649	\$ 401
Committed	39,930	41,023	39,292	43,495	55,182
Assigned	215,665	124,278	95,082	92,439	87,476
Unassigned	3,405	1,702	91	2,018	3,800
Total General Fund	<u>\$ 259,054</u>	<u>167,456</u>	<u>\$ 135,129</u>	<u>\$ 138,601</u>	<u>\$ 146,859</u>
All other governmental funds:					
Nonspendable	\$ 1,434	\$ 1,557	\$ 987	\$ 1,162	\$ 1,219
Restricted	103,938	48,881	65,236	79,501	63,590
Assigned	-	-	-	-	-
Unassigned	(593)	(288)	(20)	(86)	(553)
Total all other governmental funds	<u>\$ 104,779</u>	<u>\$ 50,150</u>	<u>\$ 66,203</u>	<u>\$ 80,577</u>	<u>\$ 64,256</u>

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

Source: FCPS Annual Comprehensive Financial Reports 2012-2021 and FCPS Final Budget Review Reports 2012-2021.

**TABLE 3**

		<b>Fiscal Year</b>					
<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>			
\$ 144	\$ 396	\$ 427	\$ 259	\$ 26,937	General Fund:		
49,986	54,084	57,205	90,651	126,092	Nonspendable		
91,943	90,075	97,550	119,806	83,565	Committed		
-	2,141	2,086	3,272	22,493	Assigned		
<u>\$ 142,073</u>	<u>\$ 146,696</u>	<u>\$ 157,268</u>	<u>\$ 213,988</u>	<u>\$ 259,087</u>	Unassigned		
					Total General Fund		
\$ 1,529	\$ 1,852	\$ 2,348	\$ 1,466	\$ 3,633	All other governmental funds:		
66,320	61,362	104,066	137,974	114,292	Nonspendable		
-	-	-	-	-	Restricted		
-	-	-	-	(975)	Assigned		
<u>\$ 67,849</u>	<u>\$ 63,214</u>	<u>\$ 106,414</u>	<u>\$ 139,440</u>	<u>\$ 116,950</u>	Unassigned		
					Total all other governmental funds		

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

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Revenues</b>					
Intergovernmental	\$ 3,316,983	\$ 3,175,758	\$ 3,074,135	\$ 2,920,689	\$ 2,838,365
Charges for services	15,580	48,357	59,564	58,106	58,851
Revenue from the use of money and property	1,391	3,239	4,689	4,239	4,094
Recovered costs (1)	47,657	48,777	47,453	46,010	44,793
Revenue from local school activities	12,620	-	-	-	-
Other	7,888	11,025	15,974	15,789	22,180
Total revenues	<u>3,402,119</u>	<u>3,287,156</u>	<u>3,201,815</u>	<u>3,044,833</u>	<u>2,968,283</u>
<b>Expenditures</b>					
Current :					
Instruction	2,607,719	2,600,047	2,518,656	2,405,116	2,318,272
Support programs	383,606	388,496	373,001	359,618	353,367
Food service	67,174	79,772	83,253	77,569	77,427
Local school activities	12,750	-	-	-	-
Capital outlay	207,092	223,390	237,578	179,222	224,279
Debt service:					
Principal	26,936	21,201	19,792	20,477	18,157
Interest	3,398	3,305	3,190	3,122	2,803
Total expenditures	<u>3,308,674</u>	<u>3,316,211</u>	<u>3,235,470</u>	<u>3,045,124</u>	<u>2,994,305</u>
Excess (deficiency of revenues over (under) expenditures	93,444	(29,055)	(33,655)	(291)	(26,022)
<b>Other financing sources (uses)</b>					
Transfers in	44,299	33,263	30,677	32,090	29,378
Transfers out	(44,299)	(33,263)	(30,677)	(32,090)	(29,378)
Capital leases and installment purchases (2)	52,847	21,799	16,041	7,858	28,079
Total other financing sources, net	<u>52,847</u>	<u>21,799</u>	<u>16,041</u>	<u>7,858</u>	<u>28,079</u>
Net change in fund balances	<u>\$ 146,292</u>	<u>\$ (7,256)</u>	<u>\$ (17,614)</u>	<u>\$ 7,567</u>	<u>\$ 2,057</u>
Debt service as a percentage of noncapital expenditures	1.0%	0.8%	0.8%	0.8%	0.8%

(1) FCPS provides educational services to the City of Fairfax's schools on a cost reimbursement basis. These revenues are reported as recovered costs.

(2) The items acquired by capital leases and installment purchases include computers, vehicles, buses, and energy saving packages. The amount of funding available for these purchases may vary dramatically over time depending on needs.

Source: FCPS Annual Comprehensive Financial Reports 2012-2021.



TABLE 4

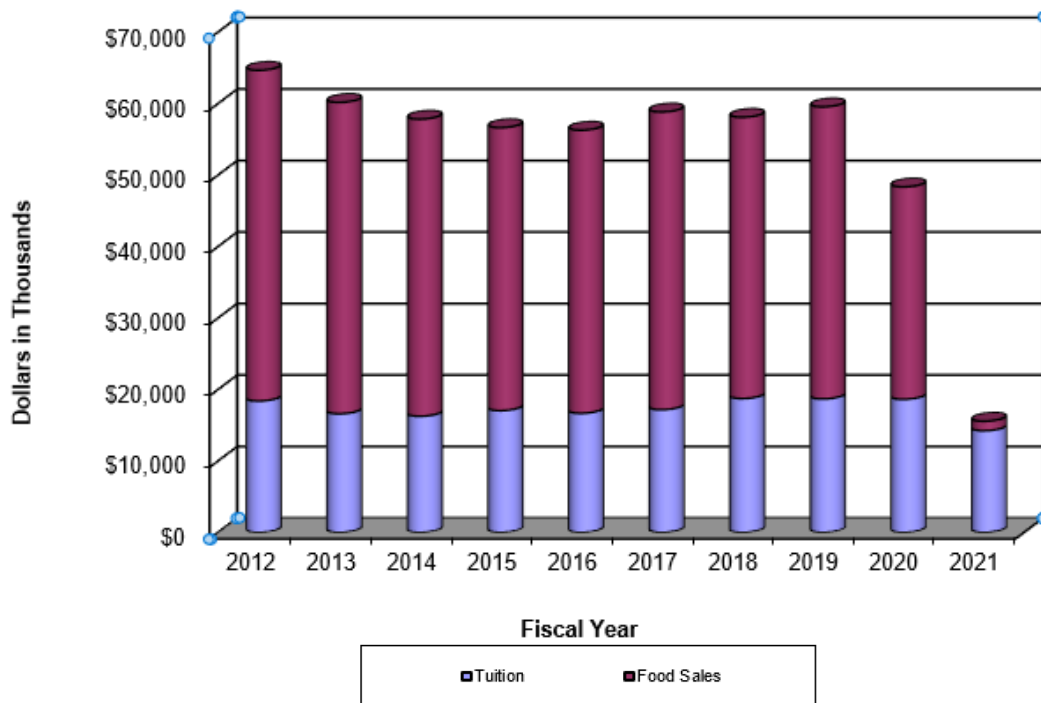
Fiscal Year					
2016	2015	2014	2013	2012	
\$ 2,726,484	\$ 2,639,091	\$ 2,559,313	\$ 2,514,854	\$ 2,384,966	<b>Revenues</b>
56,291	56,650	57,838	60,184	64,672	Intergovernmental
3,948	3,630	3,183	3,170	3,232	Charges for services
44,033	42,426	42,140	43,523	39,262	Revenue from the use of money and property
-	-	-	-	-	Recovered costs (1)
12,154	14,420	13,900	23,179	15,600	Revenue from local school activities
2,842,910	2,756,217	2,676,374	2,644,910	2,507,732	Other
					Total revenues
					<b>Expenditures</b>
					Current :
2,206,938	2,154,041	2,121,484	2,102,979	1,940,659	Instruction
353,194	350,964	345,640	325,273	313,294	Support programs
74,128	75,526	77,987	78,635	75,782	Food service
-	-	-	-	-	Local school activities
215,607	229,852	214,819	154,625	174,390	Capital outlay
14,444	15,238	14,407	12,834	13,474	Debt service:
2,909	2,751	3,273	3,372	3,390	Principal
2,867,220	2,828,372	2,777,610	2,677,718	2,520,989	Interest
					Total expenditures
(24,310)	(72,155)	(101,236)	(32,808)	(13,257)	Excess (deficiency of revenues over (under) expenditures
					<b>Other financing sources (uses)</b>
30,687	30,491	36,874	30,393	22,206	Transfers in
(30,687)	(30,491)	(36,874)	(30,393)	(22,206)	Transfers out
24,646	18,340	11,148	10,294	19,680	Capital leases and installment purchases (2)
24,646	18,340	11,148	10,294	19,680	Total other financing sources, net
\$ 336	\$ (53,815)	\$ (90,088)	\$ (22,514)	\$ 6,423	Net change in fund balances
0.7%	0.7%	0.7%	0.6%	0.7%	Debt service as a percentage of noncapital expenditures

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**Charges for Services Revenue by Source (1)**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**  
**Unaudited**

**TABLE 5**

Fiscal Year	Tuition	Percentage	Food Sales	Percentage	Total
2021	\$ 14,252	91.5 %	\$ 1,328 (2)	8.5%	\$ 15,580
2020	18,649	38.6	29,708	61.4	48,357
2019	18,699	31.4	40,865	68.6	59,564
2018	18,748	32.3	39,358	67.7	58,106
2017	17,193	29.2	41,659	70.8	58,852
2016	16,687	29.6	39,604	70.4	56,291
2015	17,058	30.1	39,592	69.9	56,650
2014	16,271	28.1	41,567	71.9	57,838
2013	16,621	27.6	43,563	72.4	60,184
2012	18,409	28.5	46,263	71.5	64,672

**Charges for Services Revenue by Source**



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

(2) Due to the COVID-19 pandemic in fiscal year 2021, meals were distributed to the community for school age children at no cost.

Source: FCPS Annual Comprehensive Financial Reports 2012-2021

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

**TABLE 6**

Fiscal Year	Student Breakfast	Student Lunch			Adult Lunch
		Elementary	Middle	High	
2021	\$ 1.75	\$ 3.25	\$ 3.50	\$ 3.50	\$ 4.50
2020	1.75	3.25	3.50	3.50	4.50
2019	1.75	3.25	3.50	3.50	4.50
2018	1.75	3.00	3.25	3.25	4.25
2017	1.75	3.00	3.25	3.25	4.25
2016	1.75	2.90	3.00	3.00	3.90
2015	1.75	2.90	3.00	3.00	3.90
2014	1.50	2.65	2.75	2.75	3.65
2013	1.50	2.65	2.75	2.75	3.65
2012	1.50	2.65	2.75	2.75	3.65

(1) Due to the COVID-19 pandemic in fiscal year 2021, meals were distributed to the community for school age children at no charge. Adults could purchase these meals for three dollars.

Source: FCPS - Office of Food and Nutrition Services

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

**TABLE 7**

Client	Fiscal Year 2021 (1)			Fiscal Year 2012		
	Sales	Rank	Percentage of Total Sales	Sales	Rank	Percentage of Total Sales
School-age child care(SACC)	\$ 1,045	1	78.69 %	\$ 2,685	4	5.80 %
Student	182	2	13.70	32,144	1	69.48
Vending	81	3	6.10	3,180	3	6.87
Adult	14	4	1.05	1,662	5	3.59
Catering/other	5	5	0.38	4,205	2	9.09
Senior nutrition	1	6	0.08	863	7	1.88
Daycare	-	7	-	1,524	6	3.29
Total:	<u>\$ 1,328</u>		<u>100.00 %</u>	<u>\$ 46,411</u>		<u>100.00 %</u>

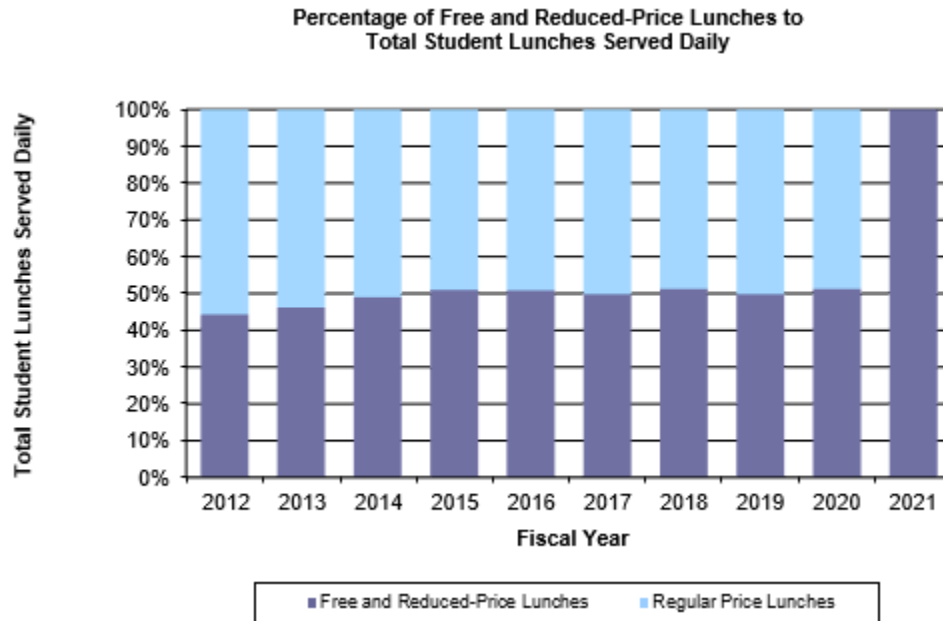
(1) Due to the COVID-19 pandemic in fiscal year 2021, meals were distributed to the community for school age children at no charge. Adults could purchase these meals for three dollars.

Source: FCPS - Office of Food and Nutrition Services

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

**TABLE 8**

Fiscal Year	Students Served Daily			Adult Lunches Served Daily
	Breakfasts	Lunches (1)	Free and Reduced-Price Lunches	
2021	(2) 16,271	17,273	17,273	10
2020	29,099	81,137	41,566	2,043
2019	29,506	80,473	40,051	2,154
2018	26,591	80,374	41,184	2,156
2017	22,261	80,660	40,163	2,202
2016	20,102	82,168	41,733	2,441
2015	19,193	81,526	41,549	2,635
2014	19,090	83,355	40,786	2,743
2013	17,171	85,006	39,258	2,877
2012	15,400	86,703	38,365	2,981



- 1) Includes free and reduced-price lunches served daily.
- 2) Due to the COVID-19 pandemic in fiscal year 2021, meals were distributed to the community for school age children at no cost. Adults could purchase these meals for three dollars.

Source: FCPS - Office of Food and Nutrition Services

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

**TABLE 9**

<u>Fiscal Year</u>	<u>Governmental Activities (2)</u>		<u>Percent of Personal Income (3)</u>	<u>Debt Per Capita (3)</u>
	<u>Capital Leases</u>			
2021	\$	109,792	0.11 %	\$ 94
2020		83,881	0.09	72
2019		83,283	0.09	72
2018		87,033	0.10	76
2017		99,652	0.12	88
2016		89,731	0.10	79
2015		79,529	0.10	70
2014		76,413	0.09	68
2013		84,948	0.11	76
2012		87,533	0.12	80

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

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

(3) See Table 12 for personal income and population totals. The calculations are based on calendar year figures that fall within the fiscal year.

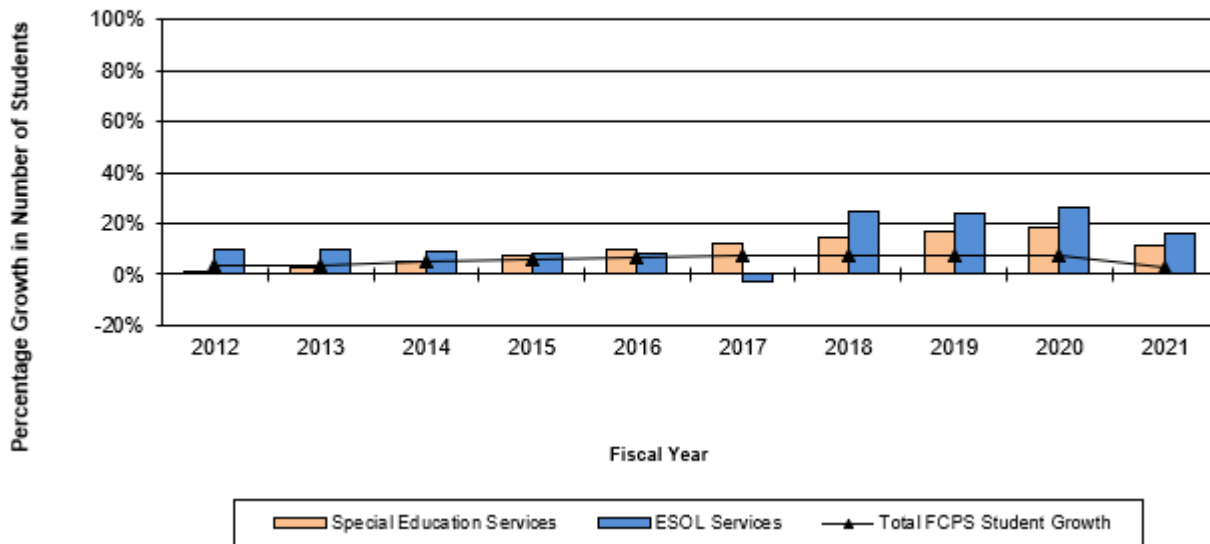
Source: FCPS Annual Comprehensive Financial Reports 2012-2021

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

**TABLE 10**

Fiscal Year	Grades K-6 (1)	Grades 7-8	Grades 9-12 (2)	Special Education (3)	Total
2021	83,786	26,425	53,319	16,218	179,748
2020	90,641	26,543	53,899	17,272	188,355
2019	90,788	26,404	53,253	17,029	187,474
2018	91,714	26,251	53,697	16,741	188,403
2017	92,535	25,680	52,876	16,393	187,484
2016	92,473	25,215	52,225	16,066	185,979
2015	92,897	25,060	52,265	15,692	185,914
2014	93,281	23,847	51,472	15,295	183,895
2013	91,657	23,459	51,124	15,019	181,259
2012	89,049	23,508	50,583	14,778	177,918

**Total FCPS Student Growth from Fiscal Year 2012 Compared to Increased Services for Special Education and English for Speakers of Other Languages (ESOL)**



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

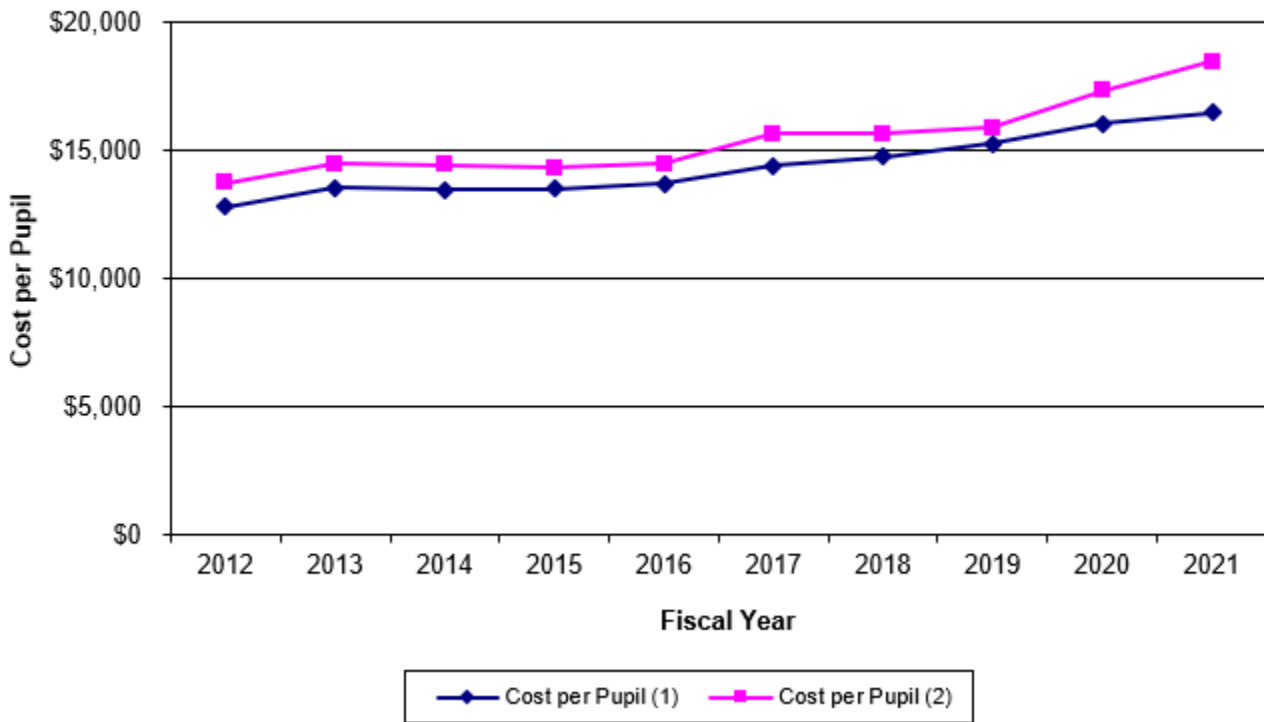
Source: FCPS Approved Budgets 2013-2022

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

**TABLE 11**

<u>Fiscal Year</u>	<u>Cost per Pupil (1)</u>	<u>Cost per Pupil (2)</u>
2021	\$ 16,505	\$ 18,475
2020	16,043	17,631
2019	15,293	15,886
2018	14,767	15,659
2017	14,432	15,667
2016	13,718	14,500
2015	13,519	14,318
2014	13,472	14,471
2013	13,564	14,496
2012	12,820	13,749

**Cost per Pupil Trend**



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

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

Source: Metropolitan/Washington Area Boards of Education Guides 2012-2021  
 FCPS Comprehensive Annual Financial Reports 2012-2021

**FAIRFAX COUNTY PUBLIC SCHOOLS**

**TABLE 12**

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

**Last Ten Calendar Years**

**Unaudited**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (000s) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (Years) (3)</b>	<b>Percent of People ≥ 25 Years Old with a Bachelor's Degree (3)</b>	<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2020	1,171,848	\$ 100,944,159	\$ 86,141	38.4	61.6	188,355	5.6
2019	1,166,965	96,205,762	82,441	38.4	61.1	187,474	2.3
2018	1,152,873	90,357,574	78,376	37.9	60.7	188,403	2.4
2017	1,142,888	86,834,344	75,978	38.1	60.3	187,484	3.0
2016	1,138,652	85,311,224	74,923	38.0	59.9	185,979	3.2
2015	1,142,234	85,675,546	75,007	37.7	59.2	185,914	3.1
2014	1,137,538	81,620,627	71,752	37.6	58.6	183,895	3.5
2013	1,130,924	80,982,075	71,607	37.3	58.2	181,259	3.7
2012	1,118,602	77,012,392	68,847	37.6	59.3	177,918	4.4
2011	1,100,692	71,145,429	64,637	37.6	58.0	174,933	4.7

Source:

- (1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.
- (2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2020 is estimated using percent change in per capita personal income from 2019.
- (3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Fact Finder.
- (4) Public school enrollment is obtained from FCPS Approved Budgets 2012-2021.
- (5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.



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

**TABLE 13**

<b>Employer</b>	<b>Fiscal Year 2021 (1)</b>			<b>Fiscal Year 2012 (1)</b>		
	<b>Number of Employees (2)</b>	<b>Rank</b>	<b>Percent of Total County Employment (3)</b>	<b>Number of Employees (2)</b>	<b>Rank</b>	<b>Percent of Total County Employment (3)</b>
Federal Government	26,543	1	4.30%	23,361	2	4.02%
Fairfax County Public Schools	25,389	2	4.12	23,534	1	4.05
Fairfax County Government	12,128	3	1.97	12,070	3	2.08
Inova Health System	10,000-11,000	4	1.78	7,000-10,000	5	1.46
George Mason University	5,000-9,999	5	1.22	4,000-6,999	7	0.95
Booz-Allen Hamilton	5,000-9,999	6	1.22	7,000-10,000	4	1.46
Amazon	5,000-9,999	7	1.22			
Federal Home Loan Mortgage	5,000-9,999	8	1.22	4,000-6,999	8	0.95
Science Applications International Corporation (4)	5,000-9,999	9	1.22	4,000-6,999	6	0.95
Capital One	5,000-9,999	10	1.22			
Northrop Grumman				4,000-6,999	9	0.95
Mitre				1,000-3,999	10	0.43
			<u>19.47%</u>			<u>17.28%</u>

(1) Employment information for fiscal year 2021, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2021 Virginia Employment Commission (VEC). Employment information for fiscal year 2012 was presented in the fiscal year 2012 Fairfax County ACFR.

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

(3) Percentages are based on the midpoint of the employment range. Average total County employment in fiscal year 2021 is estimated at 616,633 based on VEC. Average total County employment for fiscal year 2012 was estimated at 581,547.

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

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

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

<b>Function</b>	<b>Fiscal year</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>School Based:</b>					
Principals	199.0	198.0	199.0	199.0	199.0
Assistant principals & directors	469.0	463.0	462.0	453.0	451.0
Teachers	15,734.3	15,655.7	15,585.5	15,420.3	15,464.0
Instructional assistants	2,794.7	2,781.8	2,820.6	2,779.7	2,741.7
Custodian	1,360.0	1,347.5	1,332.5	1,324.0	1,306.5
Other school based personnel	2,760.6	2,658.6	2,644.2	2,649.3	2,632.3
<b>Non-School Based:</b>					
Administration	1,313.1	1,219.7	1,176.6	1,153.3	1,150.6
Teachers (1)	54.5	22.5	22.5	30.5	31.5
Office assistants	226.7	227.6	229.1	234.1	235.6
Trades personnel	477.0	467.0	464.0	472.0	476.0
<b>Total</b>	<b>25,388.9</b>	<b>25,041.4</b>	<b>24,936.0</b>	<b>24,715.2</b>	<b>24,688.2</b>

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

Source: FCPS - Office of Budget Services

**TABLE 14**

<b>Fiscal Year</b>					<b>Function</b>
<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	
198.0	197.0	196.0	196.0	195.0	<b>School Based:</b> Principals
459.0	454.0	454.0	450.0	439.0	Assistant principals & directors
15,295.3	15,086.8	15,221.3	14,986.0	14,574.2	Teachers
2,790.3	2,600.3	2,719.6	2,678.5	2,537.6	Instructional assistants
1,327.0	1,301.5	1,345.0	1,338.0	1,267.0	Custodian
2,619.3	2,658.1	2,690.8	2,667.3	2,609.5	Other school based personnel
1,140.1	1,125.6	1,158.1	1,120.6	1,044.2	<b>Non-School Based:</b> Administration
31.0	27.5	38.0	40.5	40.0	Teachers (1)
243.1	251.6	274.1	274.6	282.9	Office assistants
478.0	479.0	493.0	480.0	545.0	Trades personnel
<u>24,581.1</u>	<u>24,181.4</u>	<u>24,589.9</u>	<u>24,231.5</u>	<u>23,534.4</u>	Total

**FAIRFAX COUNTY PUBLIC SCHOOLS**

**TABLE 15**

**SAT Scores**

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

**Last Ten Fiscal Years**

**Unaudited**

Fiscal Year	Combined SAT Scores - Critical Reading, Math and Writing (1)		
	County of Fairfax, VA	Commonwealth of Virginia	National
	2021	1201	1151
2020	1211	1116	1051
2019	1218	1113	1039
2018	1213	1110	1049
2017	1187	1095	1044
2016	1672	1522	1453
2015	1669	1523	1462
2014	1668	1520	1471
2013	1663	1517	1474
2012	1659	1510	1477

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

Source: FCPS - Office of Student Testing

**FAIRFAX COUNTY PUBLIC SCHOOLS**

**TABLE 16**

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

**Last Ten Fiscal Years**

**Unaudited**

Fiscal Year	Elementary	Middle	Secondary/High
2021	21.2	24.9	25.8
2020	21.7	24.9	25.9
2019	22.6	25.1	25.9
2018	22.9	25.1	26.0
2017	22.4	24.6	25.8
2016	22.3	24.6	25.8
2015	22.4	24.6	25.6
2014	21.4	24.3	25.0
2013	21.4	24.4	24.9
2012	21.5	24.4	25.1

Source: Metropolitan/Washington Area Boards of Education Guides 2012-2021

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

**TABLE 17**

Fiscal Year	Contract Length	Salary		
		Beginning Teacher	Maximum Teacher	Average Teacher
2021	194 days	\$ 50,000	\$ 104,269	\$ 78,298
2020	194 days	50,000	104,269	79,236
2019	194 days	50,000	104,269	75,657
2018	194 days	48,012	103,937	72,734
2017	194 days	47,516	103,854	70,813
2016	194 days	47,046	101,524	67,589
2015	194 days	46,756	100,898	66,782
2014	194 days	46,756	100,898	67,245
2013	194 days	45,161	96,039	64,813
2012	194 days	44,440	93,015	63,980

Source: Metropolitan/Washington Area Boards of Education Guides 2012-2021

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

**Table 18**

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary schools	142	141	141	141	141	139	139	139	139	138
Middle schools	23	23	23	23	23	23	23	23	23	22
High/Secondary schools	25	25	25	25	25	25	25	25	25	25
Special education centers	7	7	7	7	7	7	7	7	7	7
Alternative high schools	2	2	2	2	2	2	2	2	2	2
Central administrative centers	22	22	22	22	22	22	22	22	22	22
Buses	1,673	1,705	1,604	1,593	1,856	1,852	1,685	1,586	1,541	1,588

Source: FCPS - Office of the Comptroller

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**School Building Statistics (1)**  
**As of June 30, 2021**  
**Unaudited**

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

	<u>Year Opened</u>	<u>Site Acreage</u>	<u>Building Size (2)</u>	<u>Student Population (3)</u>	<u>Square Foot Per Population</u>
<b>Elementary Schools:</b>					
ALDRIN ES	1994	14	97,436	558	175
ANNANDALE TERRACE ES	1964	12	101,044	608	166
ARMSTRONG ES	1986	14	80,000	358	223
BAILEYS ES (4)	1952, 2014	13	209,536	1,317	159
BEECH TREE ES	1968	7	70,408	347	203
BELLE VIEW ES	1952	11	97,304	400	243
BELVEDERE ES	1954	11	76,970	569	135
BONNIE BRAE ES	1988	13	86,390	753	115
BRADDOCK ES	1959	12	70,714	820	86
BREN MAR PARK ES	1957	10	62,888	478	132
BROOKFIELD ES	1967	13	90,000	727	124
BUCKNELL ES	1954	10	96,820	258	375
BULL RUN ES	1999	41	98,590	761	130
BUSH HILL ES	1954	11	71,700	595	121
CAMELOT ES	1969	10	89,591	558	161
CAMERON ES	1952	8	82,274	487	169
CANTERBURY WOODS ES	1965	12	89,744	777	116
CARDINAL FOREST ES	1966	13	81,275	582	140
CENTRE RIDGE ES	1990	14	93,981	738	127
CENTREVILLE ES	1994	13	98,625	794	124
CHERRY RUN ES	1983	11	83,532	401	208
CHESTERBROOK ES	1926	14	82,431	565	146
CHURCHILL ROAD ES	1958	10	68,008	658	103
CLEARVIEW ES	1979	14	98,358	616	160
CLERMONT ES	1968	13	80,222	552	145
COATES ES	2009	14	89,439	731	122
COLIN L. POWELL ES	2003	17	98,590	929	106
COLUMBIA ES	1967	10	55,018	409	135
COLVIN RUN ES	2003	13	98,590	741	133
CRESTWOOD ES	1955	11	74,887	555	135
CROSSFIELD ES	1988	14	89,134	542	164
CUB RUN ES	1986	16	77,850	550	142
CUNNINGHAM PARK ES	1967	10	69,842	444	157
DEER PARK ES	1995	10	86,990	554	157
DOGWOOD ES	2001	14	98,590	658	150
DRANESVILLE ES	1988	13	88,776	631	141
EAGLE VIEW ES	2006	13	98,590	596	165
FAIRFAX VILLA ES	1965	12	70,248	536	131
FAIRHILL ES	1965	10	74,478	525	142
FAIRVIEW ES	1938	16	82,115	730	112
FLINT HILL ES	1954	15	74,770	608	123
FLORIS ES	1955	10	82,811	794	104
FOREST EDGE ES	1971	13	96,669	491	197
FORESTDALE ES	1964	10	55,075	488	113
FORESTVILLE ES	1980	18	84,102	552	152
FORT BELVOIR ES (4)	1994, 2015	50	233,338	1,165	200
FORT HUNT ES	1969	12	82,363	513	161
FOX MILL ES	1979	13	71,718	544	132
FRANCONIA ES	1931	7	71,658	556	129

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**School Building Statistics (1)**  
**As of June 30, 2021**  
**Unaudited**

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

	<u>Year Opened</u>	<u>Site Acreage</u>	<u>Building Size (2)</u>	<u>Student Population (3)</u>	<u>Square Foot Per Population</u>
<b>Elementary Schools (Cont'd):</b>					
FRANKLIN SHERMAN ES	1952	11	64,420	302	213
FREEDOM HILL ES	1949	11	81,949	506	162
GARFIELD ES	1952	8	78,373	337	233
GLEN FOREST ES	1957	10	88,455	1,075	82
GRAHAM ROAD ES	2012	8	81,354	391	208
GREAT FALLS ES	1952	10	85,697	470	182
GREENBRIAR EAST ES	1968	10	90,547	883	103
GREENBRIAR WEST ES	1971	10	93,203	683	136
GROVETON ES	1972	13	92,326	715	129
GUNSTON ES	1954	10	74,930	526	142
HALLEY ES	1995	24	98,900	596	166
HAYCOCK ES	1954	10	85,897	884	97
HAYFIELD ES	1966	13	81,437	686	119
HERNDON ES	1961	14	86,795	788	110
HOLLIN MEADOWS ES	1965	10	93,203	624	149
HUNT VALLEY ES	1968	13	90,187	640	141
HUNTERS WOODS ES	1969	11	101,613	742	137
HUTCHISON ES	1975	35	106,408	1076	99
HYBLA VALLEY ES	1964	11	94,310	922	102
ISLAND CREEK ES	2003	19	98,590	711	139
KEENE MILL ES	1961	11	92,137	784	118
KENT GARDENS ES	1957	11	77,901	1,016	77
KINGS GLEN ES	1969	8	74,619	424	176
KINGS PARK ES	1964	10	82,762	567	146
LAKE ANNE ES	1967	10	85,419	565	151
LANE ES	1995	10	98,625	721	137
LAUREL HILL ES	2009	19	98,590	752	131
LAUREL RIDGE ES	1970	14	112,320	752	149
LEES CORNER ES	1987	11	81,843	668	123
LEMON ROAD ES	1955	12	69,914	529	132
LITTLE RUN ES	1963	10	55,104	289	191
LONDON TOWNE ES	1969	13	90,770	788	115
LORTON STATION ES	2003	13	101,122	764	132
LOUISE ARCHER ES	1939	8	52,938	526	101
LYNBROOK ES	1956	10	88,674	589	151
MANTUA ES	1961	12	83,815	985	85
MARSHALL ROAD ES	1961	11	94,444	663	142
MASON CREST ES	2012	11	98,590	572	172
MCNAIR ES (4)	2001, 2020	14	204,277	1,303	157
MOSBY WOODS ES	1963	10	84,444	961	88
MOUNT EAGLE ES	1949	6	59,084	334	177
MOUNT VERNON WOODS ES	1965	10	66,096	612	108
NAVY ES	1955	10	91,862	900	102
NEWINGTON FOREST ES	1983	14	90,080	502	179
NORTH SPRINGFIELD ES	1956	12	92,000	445	207
OAK HILL ES	1983	12	77,850	735	106
OAK VIEW ES	1968	10	86,390	774	112
OAKTON ES	1945	9	90,317	722	125
OLDE CREEK ES	1966	11	69,097	349	198

**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**School Building Statistics (1)**  
**As of June 30, 2021**  
**Unaudited**

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

	<u>Year Opened</u>	<u>Site Acreage</u>	<u>Building Size (2)</u>	<u>Student Population (3)</u>	<u>Square Foot Per Population</u>
<b>Elementary Schools (Cont'd):</b>					
ORANGE HUNT ES	1974	14	84,852	893	95
PARKLAWN ES	1958	13	78,846	671	118
PINE SPRING ES	1955	11	68,654	579	119
POPLAR TREE ES	1990	11	97,274	638	152
RAVENSWORTH ES	1963	10	80,152	562	143
RIVERSIDE ES	1968	11	81,411	777	105
ROLLING VALLEY ES	1967	10	77,528	591	131
ROSE HILL ES	1957	11	83,976	676	124
SANGSTER ES	1988	14	88,552	887	100
SARATOGA ES	1989	14	104,185	598	174
SHREVEWOOD ES	1966	12	69,480	719	97
SILVERBROOK ES	1988	14	104,085	763	136
SLEEPY HOLLOW ES	1954	10	72,361	387	187
SPRING HILL ES	1965	10	106,458	838	127
SPRINGFIELD ESTATES ES	1957	11	89,166	652	137
STENWOOD ES	1963	10	70,109	531	132
STRATFORD LANDING ES	1963	11	103,383	706	146
SUNRISE VALLEY ES	1979	15	85,702	549	156
TERRA CENTRE ES	1980	12	88,395	558	158
TERRASET ES	1977	14	104,830	597	176
TIMBER LANE ES	1955	10	80,709	588	137
UNION MILL ES	1986	13	93,420	847	110
VIENNA ES	1921	10	74,904	380	197
VIRGINIA RUN ES	1990	21	90,800	641	142
WAKEFIELD FOREST ES	1955	14	64,458	631	102
WAPLES MILL ES	1991	14	92,420	866	107
WASHINGTON MILL ES	1963	12	61,614	546	113
WAYNEWOOD ES	1959	10	89,904	671	134
WEST SPRINGFIELD ES	1964	10	65,001	562	116
WESTBRIAR ES	1965	10	88,472	834	106
WESTGATE ES	1968	10	84,912	575	148
WESTLAWN ES	1951	9	93,749	797	118
WEYANOKE ES	1949	8	78,103	547	143
WHITE OAKS ES	1980	16	95,386	698	137
WILLOW SPRINGS ES	1990	21	90,015	938	96
WOLFTRAP ES	1968	10	74,436	538	138
WOODBURN ES	1952	10	64,735	503	129
WOODLAWN ES	1937	11	97,567	474	206
WOODLEY HILLS ES	1951	10	78,268	493	159
<b>Middle Schools:</b>					
CARSON MS	1998	33	178,723	1,472	121
COOPER MS	1962	20	13,646	945	14
FRANKLIN MS	1984	35	138,756	906	153
FROST MS	1964	19	126,943	1,218	104
GLASGOW MS	2008	22	199,406	1,929	103
HERNDON MS	1955	27	193,776	1,146	169
HOLMES MS	1966	28	158,399	968	164
HUGHES MS	1980	11	129,642	1,016	128



**FAIRFAX COUNTY PUBLIC SCHOOLS**  
**School Building Statistics (1)**  
**As of June 30, 2021**  
**Unaudited**

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

	<u>Year Opened</u>	<u>Site Acreage</u>	<u>Building Size (2)</u>	<u>Student Population (3)</u>	<u>Square Foot Per Population</u>
<b>Middle Schools (Cont'd):</b>					
IRVING MS	1960	20	156,962	1,194	131
KEY MS	1971	21	221,670	799	277
KILMER MS	1967	23	194,855	1,143	170
LIBERTY MS	2002	80	178,723	1,071	167
LONGFELLOW MS	1960	18	161,516	1,336	121
LUTHER JACKSON MS	1954	20	150,819	1,074	140
POE MS	1960	25	178,500	975	183
ROCKY RUN MS	1980	25	191,146	1,051	182
SANDBURG MS	1963	35	269,678	1,545	175
SOUTH COUNTY MS	2012	33	176,021	1,053	167
STONE MS	1991	25	157,263	744	211
THOREAU MS	1960	20	179,007	1,229	146
TWAIN MS	1961	23	148,430	1,127	132
WHITMAN MS	1965	20	166,633	911	183
<b>High and Secondary Schools (3):</b>					
ANNANDALE HS	1954	30	324,589	2,199	148
CENTREVILLE HS	1988	36	325,562	2,599	125
CHANTILLY HS	1972	35	380,175	2,917	130
EDISON HS	1962	44	359,470	2,119	170
FALLS CHURCH HS	1967	39	303,413	1,960	155
HAYFIELD SEC	1968	58	340,199	2,115	161
HERNDON HS	1967	42	292,193	2,253	130
JEFFERSON HS	1964	39	388,767	1,809	215
JUSTICE HS	1959	21	306,667	2,215	138
LAKE BRADDOCK SEC	1971	61	418,336	2,784	150
LANGLEY HS	1965	43	337,966	2,008	168
LEWIS HS	1959	29	310,405	1,740	178
MADISON HS	1959	31	313,322	2,217	141
MARSHALL HS	1962	46	368,116	2,075	177
MCLEAN HS	1955	35	285,612	2,292	125
MOUNT VERNON HS	1960	42	458,181	1,980	231
OAKTON HS	1967	59	300,044	2,697	111
ROBINSON SEC	1971	68	367,153	2,551	144
SOUTH COUNTY HS	2005	69	377,832	2,261	167
SOUTH LAKES HS	1978	48	363,455	2,556	142
WEST POTOMAC HS	1960	45	388,626	2,618	148
WEST SPRINGFIELD HS	1966	39	387,429	2,485	156
WESTFIELD HS	2000	75	422,298	2,651	159
WOODSON HS	1962	95	388,533	2,488	156

Source: FCPS - Department of Facilities and Transportation Services

- (1) This table does not include the four City of Fairfax, VA schools because these buildings are not owned by FCPS.
- (2) Size measured in square feet, population, and square feet per student, taken from FCPS Facility and Enrollment Dashboard as of 12/31/2020.
- (3) Does not include Bryant and Mountain View Alternative High Schools.
- (4) Baileys, McNair, and Fort Belvoir Elementary Schools have two separate campuses. Baileys campuses go from grades pre-K-2 and 3-5; McNair's campuses go from grades pre-K-2 and 3-6; and Fort Belvoir's campuses go from grades pre-K-3 and 4-6.



Fairfax County Public Schools  
2021 Annual Comprehensive Financial Report

8115 Gatehouse Road, Falls Church, Virginia 22042  
[www.fcps.edu](http://www.fcps.edu)