

Popular Annual Financial Report

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

A COMPONENT UNIT
OF THE COUNTY OF
FAIRFAX, VIRGINIA





December 29, 2023

In 2023, the Fairfax County School Board adopted a new strategic plan. FCPS' 2023-30 strategic plan is student-centered and data-driven that will serve as our North Star for how we ensure excellence, equity, and opportunity for each and every FCPS student from now through 2030.

I am pleased to present FCPS' Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023, to the citizens of Fairfax County, Virginia. This report provides an overview of the school system's financial operations and highlights key accomplishments of interest to parents, teachers, and community members.

FCPS' PAFR earned the prestigious *Award of Outstanding Achievement in Popular Financial Reporting* from the Government Finance Officers Association of the United States and Canada (GFOA) for the past four consecutive years. The information in this report is derived from the financial information contained in our Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The ACFR is a more detailed report prepared in accordance with generally accepted accounting principles (GAAP) and is available on the FCPS website at <https://www.fcps.edu/budget/financial-reports>

FCPS' financial statements received an unmodified audit opinion, the highest audit rating, by our independent auditor, Cherry Bekaert LLP. While the PAFR' preparation is performed in accordance with GAAP, it is unaudited and simplifies reporting by summarizing FCPS' financial activities in an easy-to-understand format. The PAFR will help stakeholders understand how their tax dollars are being utilized to educate our students. Our goal is to provide financial transparency in an understandable manner.

Sincerely,

A handwritten signature in blue ink, which appears to read "Michelle Reid".

Dr. Michelle C. Reid
Superintendent of Schools

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SCHOOL BOARD MEMBERS



Elaine Tholen
Chair
Dranesville District



Karl Frisch
Vice-Chair
Providence District



Karen Keys-Gamarra
Member-at-Large



Abrar Omeish
Member-at-Large



Rachna Sizemore
Heizer
Member-at-Large



Megan McLaughlin
Braddock District



Melanie K. Meren
Hunter Mill District



Tamara Derenak
Kaufax
Franconia District



Ricardy Anderson
Mason District



Karen Corbett
Sanders
Mt. Vernon District



Laura Jane Cohen
Springfield District

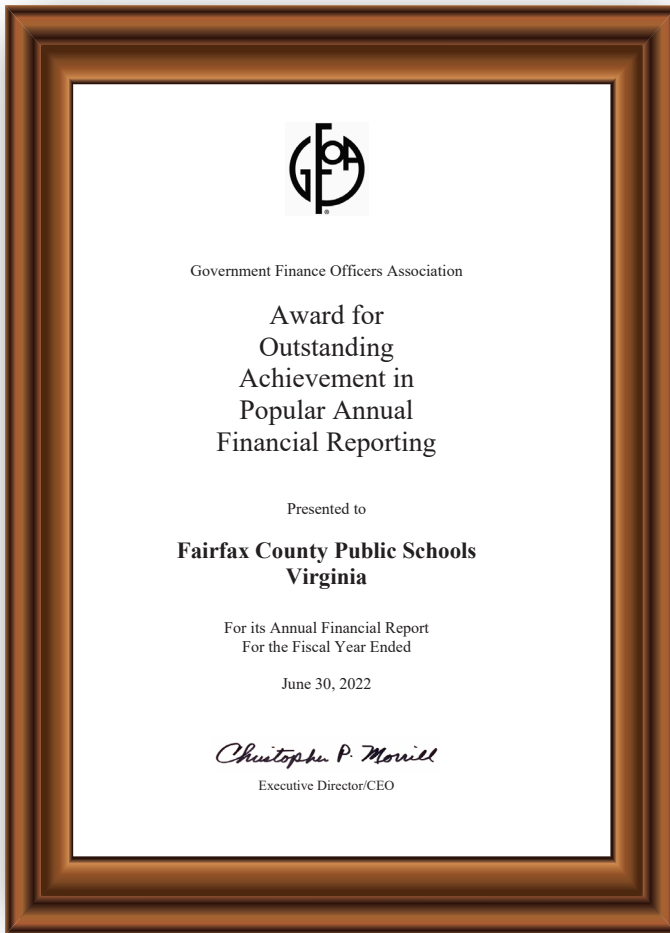


Stella Pekarsky
Sully District



Rida Karim
Student Representative

DIVISION RECOGNITION



Award for Outstanding Achievement in Popular Annual Financial Reporting



The Government Finance Officers Association (GFOA) of the United States and Canada awarded an Award for Outstanding Achievement in Popular Annual Financial Reporting to FCPS for its PAFR for the fiscal year ended June 30, 2022. The award recognizes conformance with the highest standards for preparation of state and local government popular reports. To receive the award, a governmental unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

HIGHLIGHTS

OUR SCHOOLS

11th largest school division in the U.S.

Largest school division in Virginia

199 Schools and Centers

142 Elementary Schools

3 Middle Schools (6-8)

20 Middle Schools (7-8)

3 Secondary Schools (7-12)

24 High Schools (9-12)

7 Special Education Centers

THE FCPS 2023-30 STRATEGIC PLAN

Provides five student-centered goals, measures to monitor the progress towards those goals, equity statements to support each and every student with attaining those goals, and four pillars that define the work FCPS must do to reach these goals.



SECOND LARGEST EMPLOYER IN FAIRFAX COUNTY

25,526 Full-Time Employees

91.3% School-Based Employees

8.7% Nonschool-Based Employees

DEMOGRAPHICS



179,795 STUDENTS

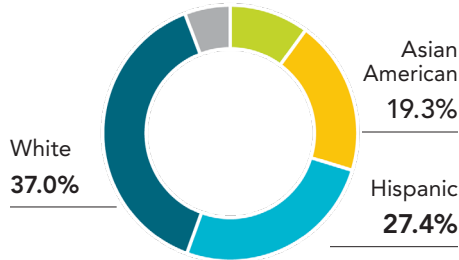
With over **200** different languages spoken at home.

35% Economically Disadvantaged

20% English for Speakers of Other Languages (ESOL)

16% Special Education

Two or more races **6.5%** African American **9.8%**



INVESTING IN EXCELLENCE

\$3.5 Billion Operating Budget FY 2024

85.9% of our budget is spent on instruction

OUR STUDENTS



93.4%

4-YEAR ON-TIME GRADUATION RATE



STUDENT SUCCESS

88% Of graduates attending post secondary programs

73% Passed an AP/IB or Dual Enrollment course

238 National Merit Semifinalists Class of 2023

1181 FCPS Class of 2023 SAT Score VA: 1113 US: 1028



FCPS NAMED A 2023 BEST SCHOOL DISTRICT

Given an overall grade of **A** by **Niche**.

ACCOMPLISHMENTS

STUDENT AND TEACHER ACHIEVEMENTS

Individual students and groups annually earn honors and awards in all academic, extracurricular, and athletic areas in regional, state, and national competitions.

For school year 2022-23, FCPS' average overall composite SAT score was 1181, compared to the State average of 1113 and the national average of 1028. The highest possible combination score one can receive on the SAT is 1600.

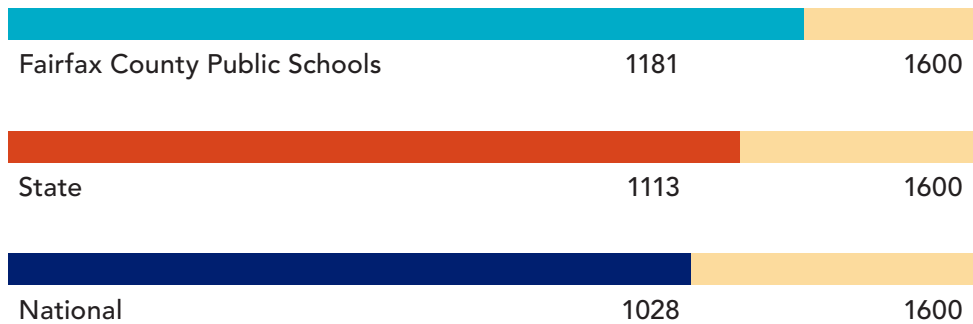
Six FCPS high schools made the U.S. News & World Report 2023 list of top ten Best High Schools in Virginia. Thomas Jefferson High School for Science and Technology (TJHSST) remains the number one magnet school in the country, and moved up two spots to become the fourth ranked STEM school in the U.S.

Mosaic Elementary School Principal is one of only nine school leaders recognized nationally by the U.S. Secretary of Education as a recipient of the 2022 Terrell H. Bell Awards for Outstanding School Leadership. The award is part of the National Blue Ribbon Schools Program.

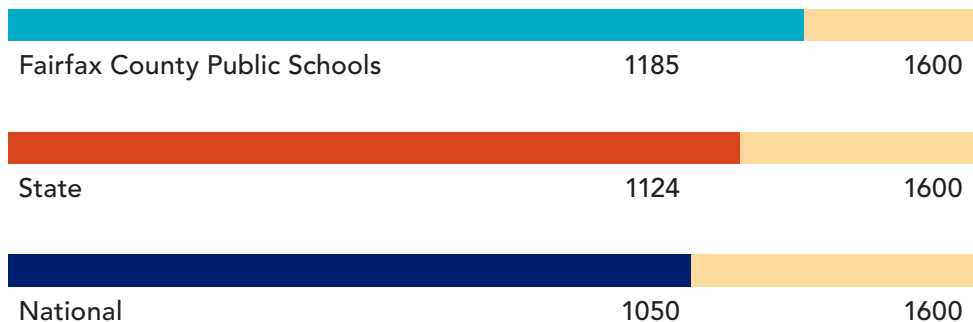
Eight FCPS students were named winners of 2023 National Merit corporate-sponsored scholarship awards.

A history teacher from Hayfield Secondary School, has been awarded George Washington's Mount Vernon 2023 History Teacher of the Year. The Mount Vernon History Teacher of the Year award is presented annually 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.

School Year 2022-23 Average SAT Scores



Prior Year Comparative School Year 2021-22 Average SAT Scores



FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW

Financial information in the report is derived from the ACFR. The ACFR is prepared in conformity with GAAP, as applicable to governmental units and includes detailed information of significant financial and nonfinancial events. This report is prepared consistent with GAAP but does not include the level of detail presented in the ACFR. It presents an overview of FCPS' governmental funds and highlights key revenue and expenditure information that occurred during the fiscal year.

SUMMARY OF NET POSITION

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 \$335.0 million on June 30, 2023, as a result of the assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources.

SUMMARY OF NET POSITION-COMPARATIVE

As of June 30

(Dollars in Millions)

	Governmental Activities		
	2023	2022	2021
ASSETS			
Current and other assets	\$ 975.0	\$ 886.5	\$ 757.4
Capital assets, net	2,892.8	2,751.2	2,689.2
TOTAL ASSETS	3,867.8	3,637.7	3,446.6
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	997.0	832.3	1,037.4
Deferred OPEB	112.6	137.8	117.3
Deferred debt refundings	3.2	3.5	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES *	1,112.8	973.6	1,154.7
LIABILITIES			
Current liabilities	223.2	220.8	195.6
Non-current liabilities	3,873.2	2,786.4	4,727.9
TOTAL LIABILITIES	4,096.4	3,007.2	4,923.5
DEFERRED INFLOWS OF RESOURCES			
Capital Lease Reduction	-	-	3.1
Deferred pensions	447.5	1,580.8	193.1
Deferred OPEB	99.9	133.2	136.4
Deferred Lease	1.8	1.9	-
TOTAL DEFERRED INFLOWS OF RESOURCES **	549.2	1,715.9	332.6
NET POSITION			
Net investment in capital assets	2,674.7	2,607.8	2,564.3
Restricted ***	240.0	168.6	104.0
Unrestricted (deficit)	(2,579.7)	(2,888.2)	(3,323.1)
TOTAL NET POSITION	\$ 335.0	\$ (111.8)	\$ (654.8)

*Deferred outflows of resources: Resources received or recognized as a receivable before time requirements are met, but after all other eligibility requirements have been met, should be reported as a deferred outflows of resources by the provider.

**Deferred inflows of resources: Resources received or recognized as a receivable before time requirements are met, but after all other eligibility requirements have been met, should be reported as a deferred inflows of resources by the recipient.

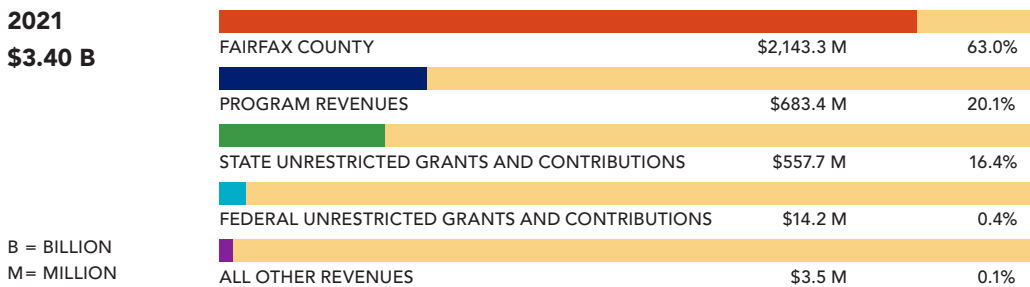
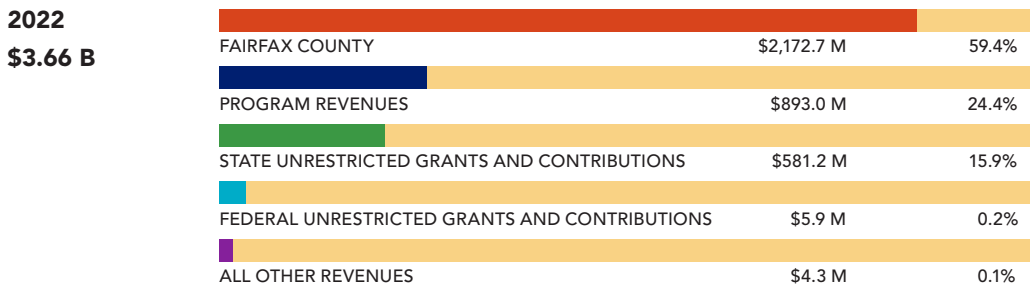
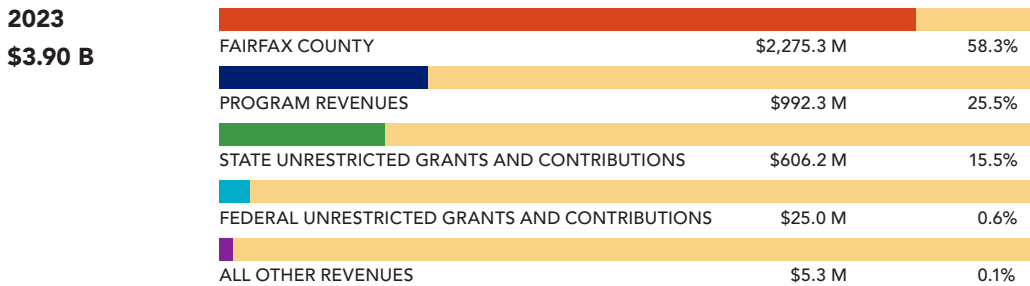
***Restricted net position: It represents resources subject to externally enforceable constraints, constitutional provisions or enabling legislation.

FINANCIAL HIGHLIGHTS

REVENUES BY SOURCE

Total revenues for FCPS' governmental activities were \$3,904.1 million in FY 2023, representing an increase of \$247.0 million, or 6.8 percent, over FY 2022. The primary source of revenue for FCPS comes from Fairfax County, which in turn derives the majority of its revenue from real and personal property taxes. The increase is primarily due to \$127.9 million received from County transfers,

\$28.1 million received for school food services, \$27.6 million in adjusted basic state aid, \$25.0 million in County bond funding, \$24.2 million in school construction grants, and \$13.7 million in compensation supplement funding. The charts below present the revenues by sources for the last three fiscal years.



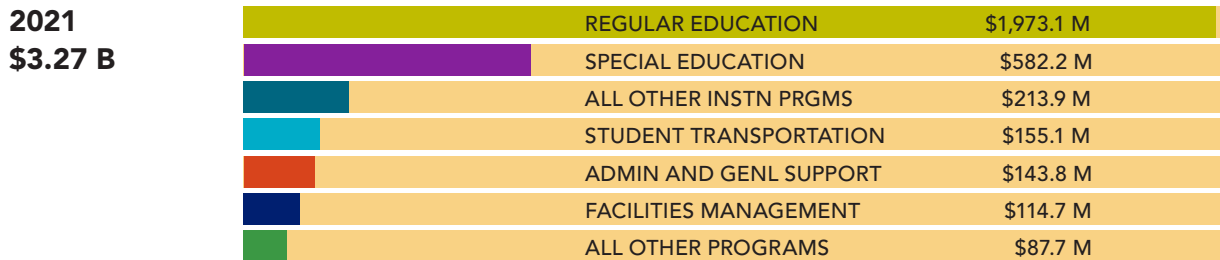
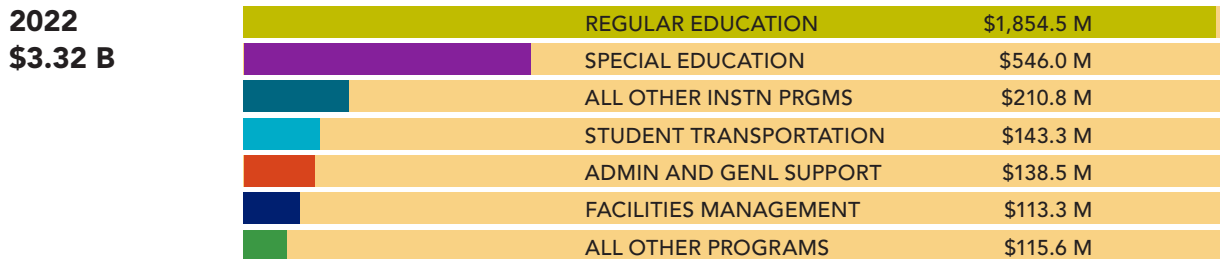
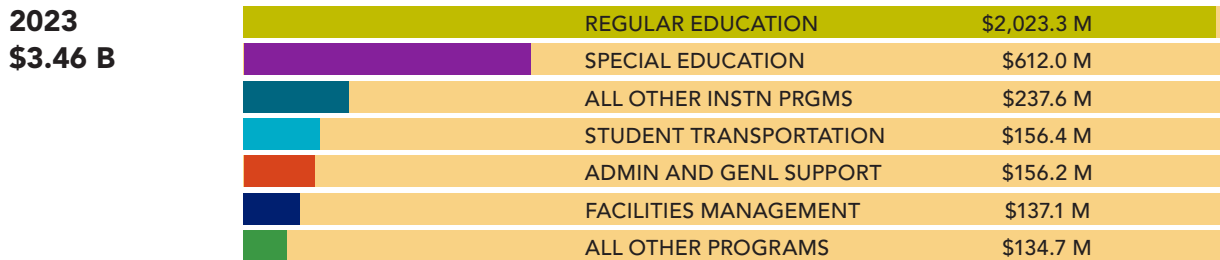
B = BILLION
M = MILLION

FINANCIAL HIGHLIGHTS

EXPENSES BY PROGRAM

The total program expenses of FCPS' governmental activities for FY 2023 were \$3,457.3 million, representing an increase of \$335.4 million or 10.7 percent over FY 2022. The increase is primarily due to an increase in education spending; \$212.9 million increase in regular education, \$66.0 million increase in special education, and \$26.8 million increase in all other instructional programs. 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. The charts below present the total expenses of each of FCPS' programs for the last three fiscal years.



B = BILLION
M = MILLION

TECHNOLOGY PLAN

The Technology Plan outlines multiyear strategic goals and demonstrates the effective use of technology throughout FCPS. This 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 fiscal year 2024 Technology Plan includes \$14.4 million in approved technology projects.

The FCPS Technology Plan is also aligned to the Virginia Department of Education's (VDOE) Educational Technology Plan, which has four key focus areas:

1. **Learning** - Enhance personalized, equitable student learning experiences with technology
2. **Teaching** - Support innovative professional learning with technology
3. **Leadership** - Create cultures of change through innovative leadership practices
4. **Infrastructure** - Secure and robust infrastructure



PLANNED CAPITAL PROJECTS WITH ESTIMATED COST

FCPS operates and maintains 199 schools and administrative centers. An annual Capital Projects budget is prepared, which allocates funds for new construction, facilities renovations, expansions, and improvement projects. Estimated funding in FY 2024 assumes general obligation bond sale increases of \$25 million, from \$180 million to \$205 million.

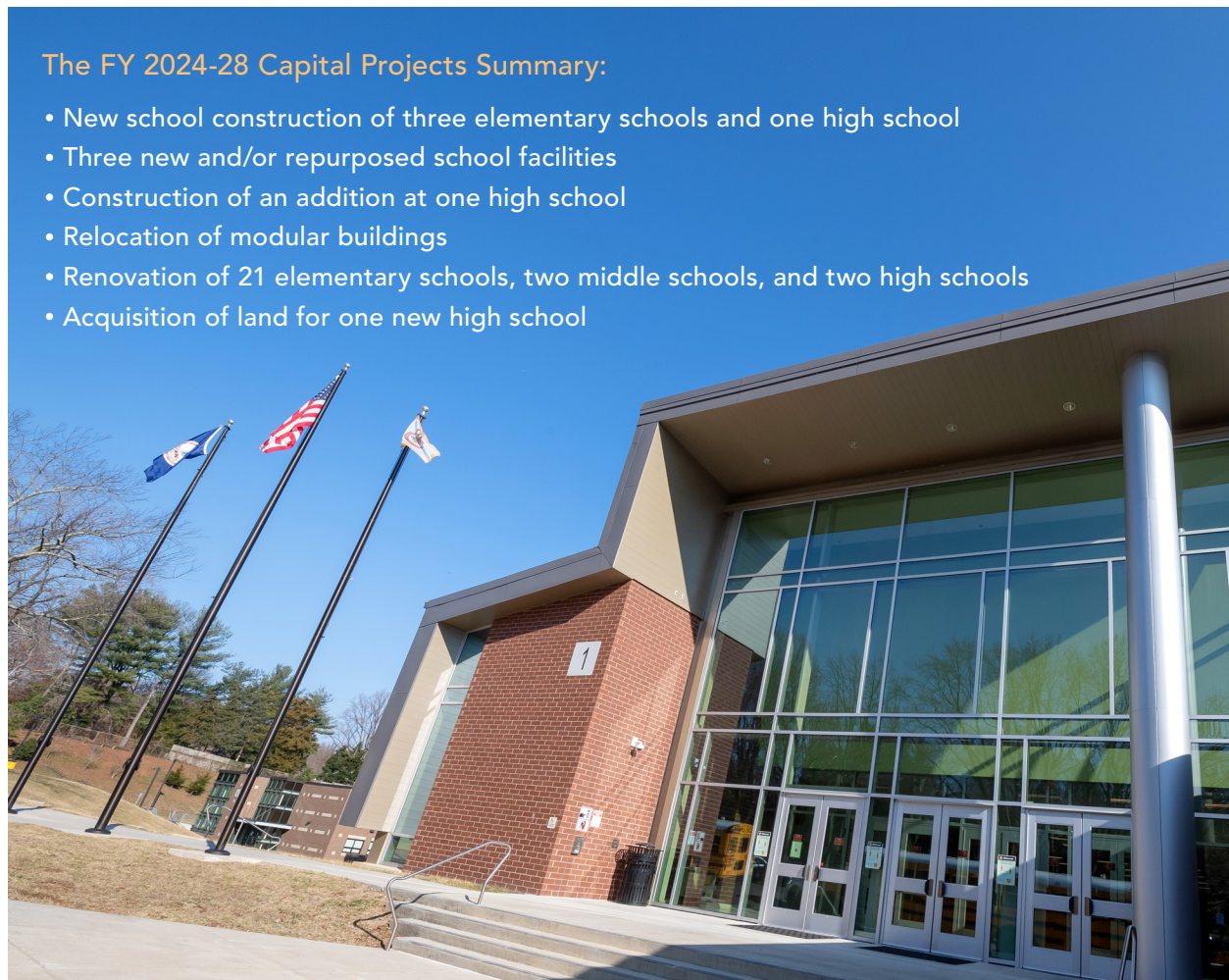
Beginning in FY 2025, the general obligation bond sales will increase an additional \$25 million to \$230 million. The School Board and Fairfax County Board of Supervisors (FCBOS) have formed a committee to study ways to solve the long renovation cycle of our schools due to the limited capital funding available. As a result of the committee, the FCBOS has provided an annual transfer of \$15.6 million to FCPS to offset

the infrastructure replacement, benefiting renovation projects in the near future.

The FY 2024–28 five-year capital requirement totals approximately \$1.4 billion or roughly \$280 million per year. In November 2023, Fairfax County voters renewed a community investment in FCPS by approving the sale of \$435 million in bonds to fund the building and renovation of schools. This bond referendum is expected to fund future construction, renovation, enhancements, and planning for 16 schools across the division. School renovations provide enhanced safety and security features, improved technology access, and environmentally responsible features, among other benefits.

The FY 2024-28 Capital Projects Summary:

- New school construction of three elementary schools and one high school
- Three new and/or repurposed school facilities
- Construction of an addition at one high school
- Relocation of modular buildings
- Renovation of 21 elementary schools, two middle schools, and two high schools
- Acquisition of land for one new high school



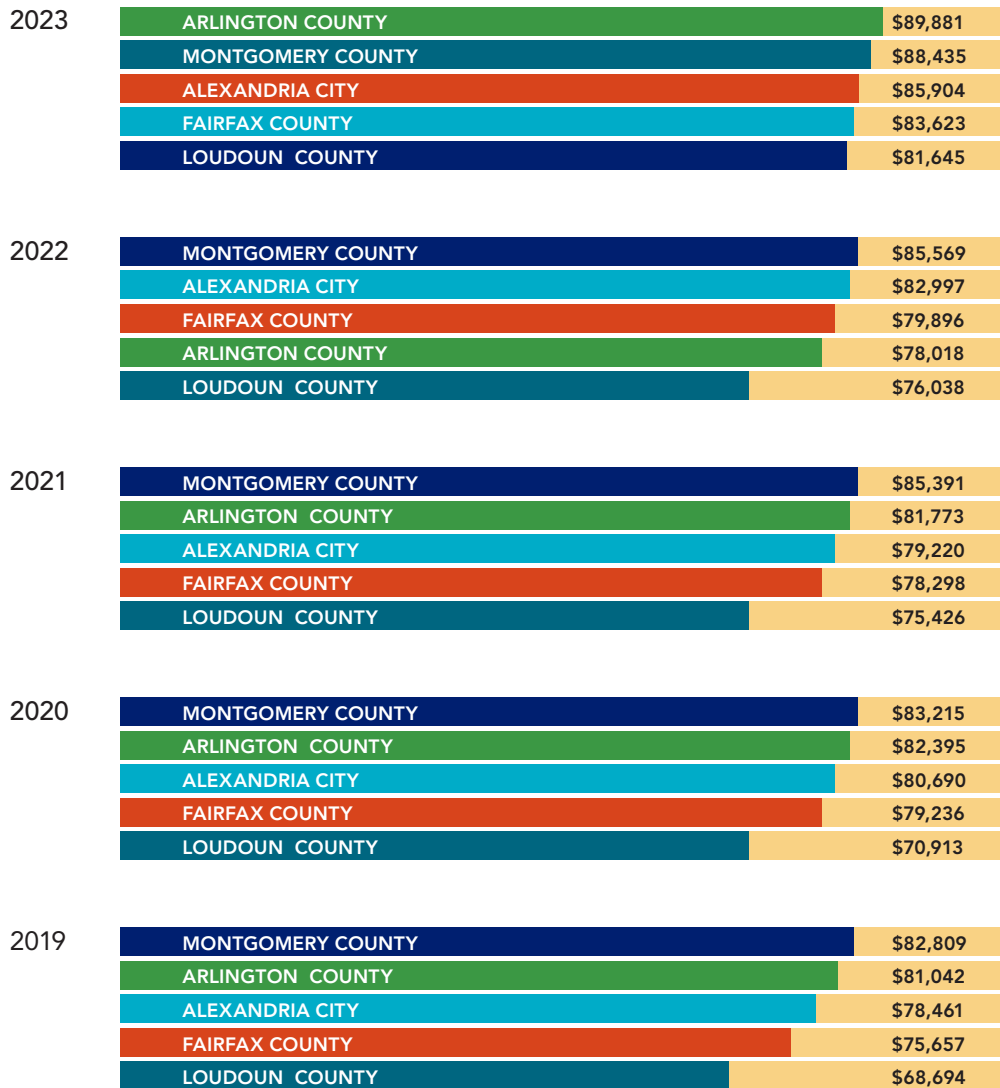
AVERAGE TEACHER SALARY TRENDS

Teacher recruitment and retention is a concern in school districts nationwide, including FCPS. There are several challenges related to compensation and employee retention. Soaring prices of housing, transportation, and everyday expenses pose a burden on FCPS’ ability to attract and retain talented individuals. Retention strategies are in place to assist FCPS with employment and retention.

With nearly 86 percent of the total FY 2024 Approved Budget dedicated to instruction, continued investment in our staff positions FCPS

is the top choice for highly qualified educators seeking employment in the Washington metropolitan area. The FY 2024 Approved Budget includes an average step increase of 2.22 percent for all eligible employees, a 3.0 percent market scale adjustment for all employees and funding to extend all salary scales by one step.

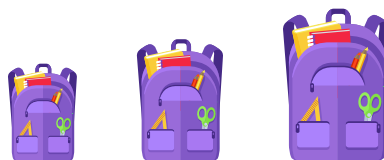
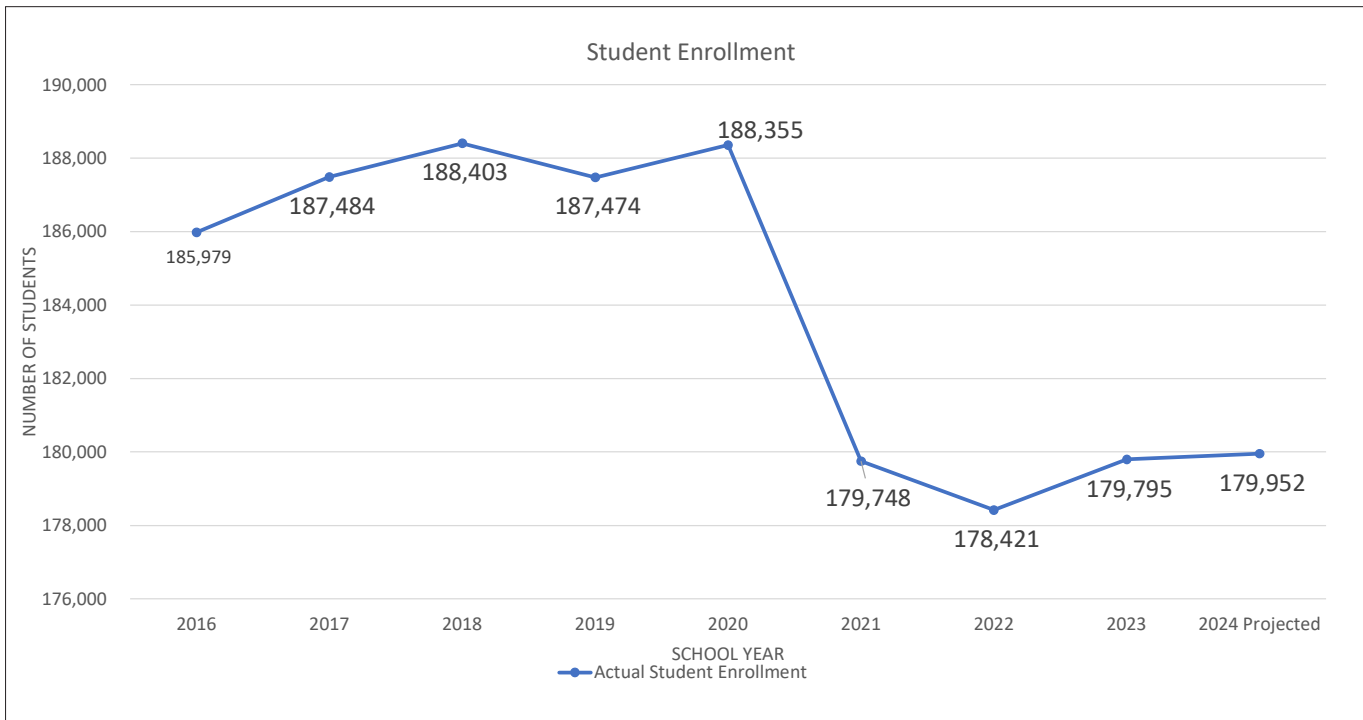
FCPS also offers a robust retirement benefit package, Educational Employees’ Supplementary Retirement System above the Virginia Retirement System package provided to other schools.



STUDENT ENROLLMENT

FCPS closely monitors the student enrollment growth to ensure current and future facility space is available. The projected student enrollment for fiscal year 2024 is 179,952 students. These projections are based on county and school trends, including net county migration, cohort-size differences between grade 12 and rising kindergarten populations,

county birthrates, new school programs, housing development patterns, and economic conditions. The COVID-19 pandemic brought unique challenges regarding enrollment projections, including a reduction of students enrolled in public education. However, enrollment has begun to stabilize from the impact of the pandemic.



COST PER PUPIL

Cost-per-pupil calculations provide an overall view of the cost of all programs that can be used to compare how school systems spend their funds. The cost per pupil figure is derived using direct and indirect costs and student enrollment. A division wide cost per pupil is computed annually using a methodology

agreed on by the Washington Area Boards of Education (WABE).

In FY 2023, FCPS ranks fourth compared to other school districts in the Washington metropolitan area with a cost per pupil of \$18,772.

FCPS Cost Per Pupil Trend

FY 2023	\$18,772
FY 2022	\$16,674
FY 2021	\$16,505
FY 2020	\$16,043
FY 2019	\$15,293

The table below compares the FY 2023 cost per pupil for local school districts in the Washington metropolitan area.

FCPS Cost Per Pupil by School Division

ARLINGTON COUNTY	\$23,521
ALEXANDRIA CITY	\$20,777
FAIRFAX COUNTY	\$18,772
LOUDOUN COUNTY	\$18,719
MONTGOMERY COUNTY	\$18,054

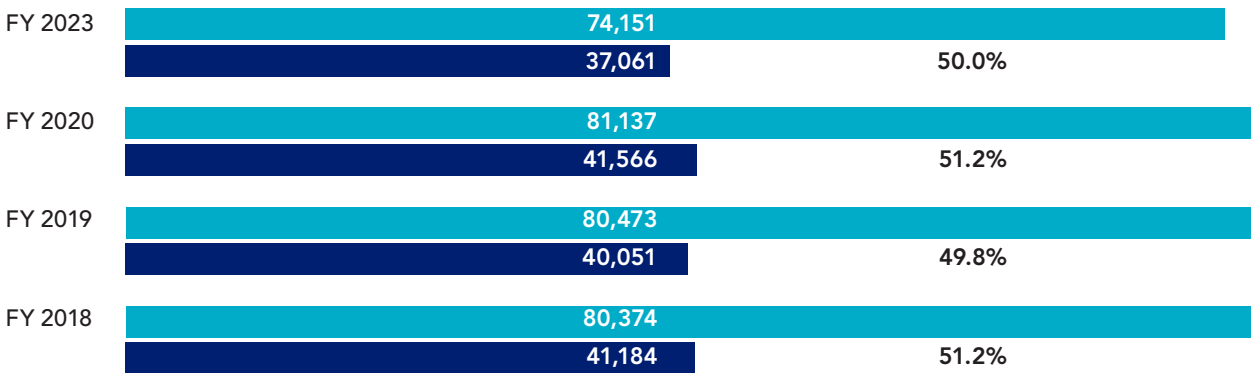
FOOD AND NUTRITION



Food and Nutrition Services (FNS) is a financially self-supporting, nationally recognized \$135.6 million child nutrition program which provides a variety of healthy food choices and supports students’ readiness to learn. FCPS’ program operates within established government regulations and strives to educate a diverse population with the nutritional knowledge and skills necessary to value and make healthy lifestyle choices.

FNS offers breakfast and lunch meals to all schools and centers, serving approximately 18 million meals and snacks to students and families in FY 2023. FNS participates in the USDA Summer Food Service Program, which offers all children 18 years of age and under nutritious and no-cost breakfasts and lunches at eligible sites when school is not in session.

Percentage of Free and Reduced-Price Lunches Compared to Total Student Lunches Served Daily*



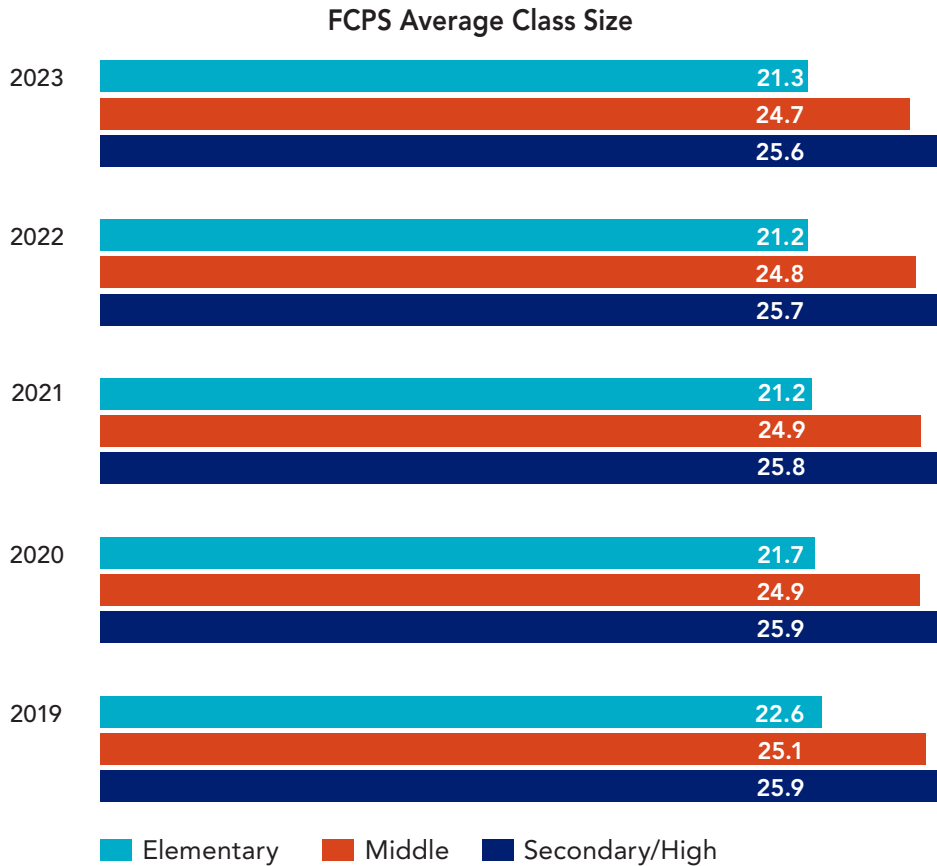
- Total Lunches Served
- Free and Reduced-Price Lunches

* Due to the covid-19 pandemic in fiscal year 2021, meals were distributed to the community for school age children at no cost. In fiscal year 2022, FCPS resumed in-person learning and the meals provided at school were at no cost for school age children.

INSTRUCTIONAL STAFFING

FCPS has an evolving student population. The number of school-based positions continue to rise in order to support an increase in student enrollment and changing student needs, including increased numbers of students requiring English for Speakers of Other Languages services, special education services,

and a growing percentage of students eligible for free or reduced price meals. Over 92 percent of all FCPS positions are school-based. School-based positions work in elementary, middle, and high schools as well as special education and alternative learning directly serving the needs of FCPS students.







Fairfax County
PUBLIC SCHOOLS
ENGAGE • INSPIRE • THRIVE®

Fairfax County Public Schools
2023 Popular Annual Financial Report

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