

Popular Annual Financial Report

FOR THE FISCAL YEAR
ENDED JUNE 30, 2022

COMPONENT UNIT
OF THE COUNTY OF
FAIRFAX, VIRGINIA



MESSAGE FROM THE SUPERINTENDENT



December 30, 2022

During fiscal year 2022, FCPS focused on safely reopening schools, sustaining safe operations, and addressing students' academic, social, emotional, and mental health needs to aid in pandemic recovery. As we continue to navigate through the ongoing global pandemic, nearly three years after it began, FCPS is addressing the impacts of the pandemic by investing in rigorous instruction and the comprehensive supports that students need to reach their fullest potential.

I am pleased to present FCPS' Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022, 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 three 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, 2022. 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/about-fcps/budget/financial-reports>.

FCPS' financial statements received an unmodified audit opinion, the highest audit rating, by our independent auditors, Cherry Bekaert LLP. While the PAFR is prepared consistent 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 C. Reid". The signature is fluid and cursive.

Dr. Michelle C. Reid
Superintendent of Schools

TABLE OF CONTENTS

About Fairfax County Public Schools

School Board Members 2

Accomplishments

Division Recognition 3
Highlights 4
Student and Teacher Achievements 5

Financial Highlights

Financial Overview 6
Revenues by Source 7
Expenses by Program 8

Initiatives

Technology 9
Planned Capital Projects With Estimated Cost 10

Trends

Average Teacher Salary Trends 11
Student Enrollment 12
Cost Per Pupil 13
Food and Nutrition 14
Instructional Staffing 15

ABOUT FAIRFAX COUNTY PUBLIC SCHOOLS

SCHOOL BOARD MEMBERS



**Rachna Sizemore
Heizer**
Chair
Member-at-Large



**Tamara Derenak
Kaufax**
Vice-Chair
Franconia District



Karen Keys-Gamarra
Member-at-Large



Abrar Omeish
Member-at-Large



Megan McLaughlin
Braddock District



Elaine Tholen
Dranesville District



Melanie K. Meren
Hunter Mill District



Ricardy Anderson
Mason District



**Karen Corbett
Sanders**
Mt. Vernon District



Karl Frisch
Providence District



Laura Jane Cohen
Springfield District



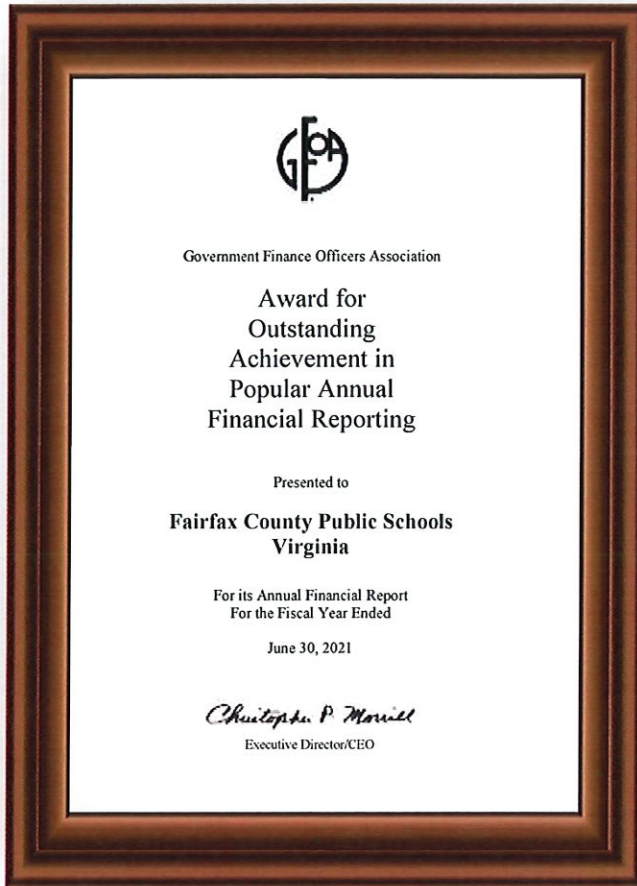
Stella Pekarsky
Sully District



Michele Togbe
Student Representative

ACCOMPLISHMENTS

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, 2021. 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.

ACCOMPLISHMENTS

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 STRATEGIC PLAN

Provides a framework for decision making that builds upon a common mission vision, and guiding principles held by the community. The Portrait of a Graduate is the center of the Strategic Plan.



SECOND LARGEST EMPLOYER IN FAIRFAX COUNTY

25,570 Full-Time Employees

91.6% School-Based Employees

8.4% Nonschool-Based Employees

DEMOGRAPHICS



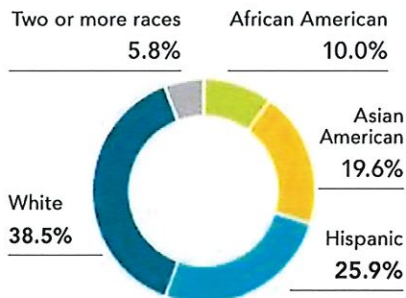
178,421 STUDENTS

They come from **204** countries with over **200** different languages spoken at home.

32% Economically Disadvantaged¹

19% English for Speakers of Other Languages (ESOL)

15% Special Education



OUR STUDENTS



94.2%

4-YEAR ON-TIME GRADUATION RATE

STUDENT SUCCESS



88% Of graduates attending post secondary programs

73% Passed an AP/IB or Dual Enrollment course

214 National Merit Semifinalists Class of 2022

1185 FCPS Class of 2022 SAT Score
VA: 1124
US: 1050

INVESTING IN EXCELLENCE

\$3.3 Billion Operating Budget FY 2023

85.8% of our budget is spent on instruction



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, extra-curricular, and athletic areas in regional, state, and national competitions.

For SY 2021-22, FCPS' average overall composite SAT score was 1185, compared to the State average of 1124 and the national average of 1050. The highest possible combination score one can receive on the SAT is 1600.

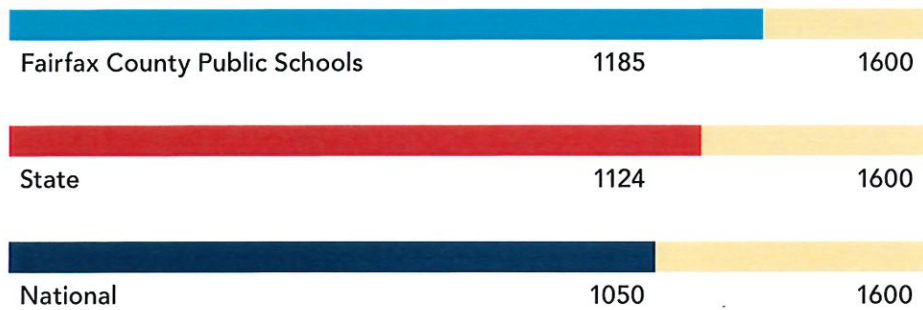
Eight FCPS high schools made the U.S. News & World Report 2022 list of top ten Best High Schools in Virginia. Thomas Jefferson High School for Science and Technology (TJHSST) was ranked number one best high school in Virginia, and number one best high school in the national rankings.

Mosaic Elementary School has been named 2022 National Blue Ribbon Schools by the U.S. Department of Education. This FCPS school is among seven schools in Virginia receiving the honor this year.

Nine FCPS students were named winners of 2022 National Merit corporate sponsored scholarship awards.

A teacher at Lynbrook Elementary School has been named the 2022 National Social Worker of the Year by the School Social Work Association of America for her commitment to the profession and for positively impacting the lives of the students, families, and staff of the communities she serves.

SY 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 \$(111.8) million on June 30, 2022, as a result of the liabilities and deferred inflows of resources exceeding assets and deferred outflows of resources.

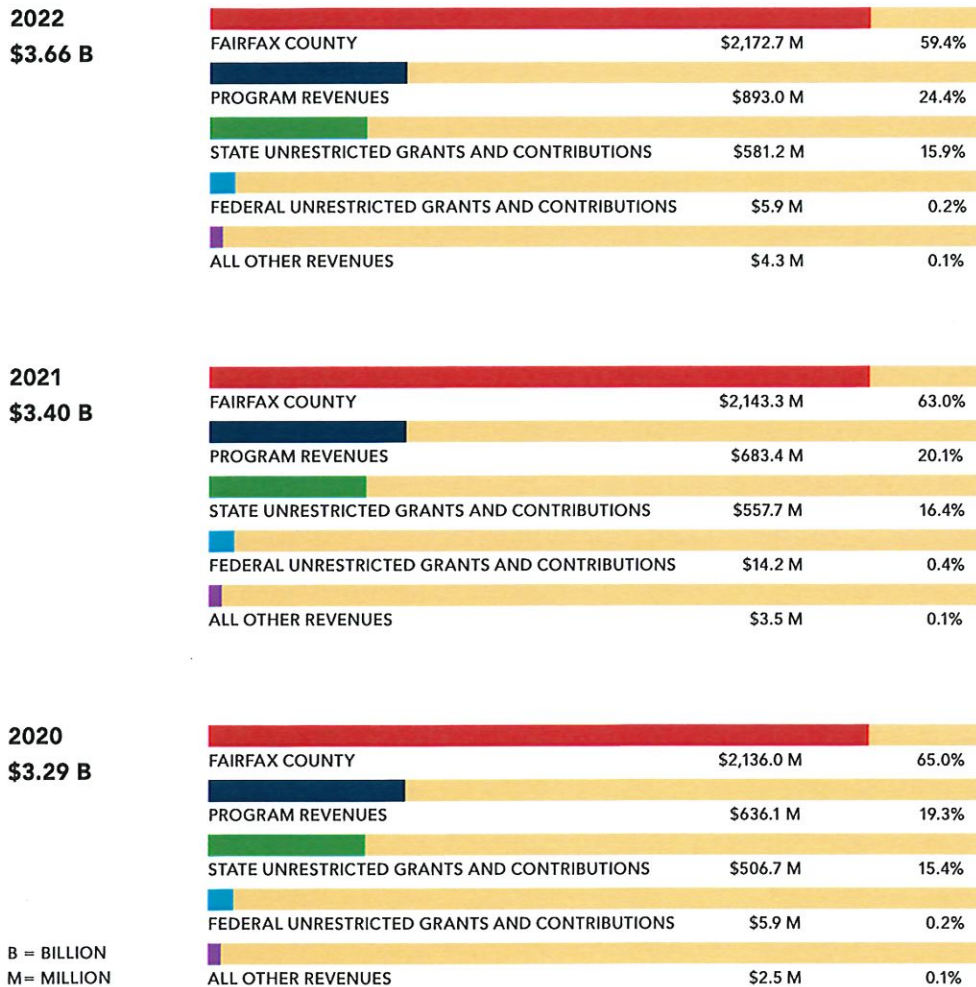
SUMMARY OF NET POSITION			
As of June 30			
(Dollars in Millions)			
	Governmental Activities		
	2022	2021	Variance
ASSETS			
Current and other assets	\$ 886.5	\$ 757.4	\$ 129.1
Capital assets, net	2,751.2	2,689.2	62.0
TOTAL ASSETS	3,637.7	3,446.6	191.1
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	832.3	1,037.4	(205.1)
Deferred OPEB	137.8	117.3	20.5
Deferred debt refundings	3.5	-	3.5
TOTAL DEFERRED OUTFLOWS OF RESOURCES	973.6	1,154.7	(181.1)
LIABILITIES			
Current liabilities	220.8	195.6	25.2
Non-current liabilities	2,786.4	4,727.0	(1,941.5)
TOTAL LIABILITIES	3,007.2	4,923.5	(1,916.3)
DEFERRED INFLOWS OF RESOURCES			
Capital lease reduction	-	3.1	(3.1)
Deferred pensions	1,580.8	193.1	1,387.7
Deferred OPEB	133.2	136.4	(3.2)
Deferred Lease	1.9	-	1.9
TOTAL DEFERRED INFLOWS OF RESOURCES	1,715.9	332.6	1,383.3
NET POSITION			
Net investment in capital assets	2,607.8	2,564.3	43.5
Restricted	168.6	104.0	64.6
Unrestricted (deficit)	(2,888.2)	(3,323.1)	434.9
TOTAL NET POSITION	\$ (111.8)	\$ (654.8)	\$ 543.0

FINANCIAL HIGHLIGHTS

REVENUES BY SOURCE

Total revenues for FCPS' governmental activities were \$3,657.1 million in FY 2022, representing an increase of \$255.0 million, or 7.5 percent, over FY 2021. 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 \$105.5 million received from federal government for

Elementary and Secondary School Emergency Relief Fund (ESSER), \$20.0 million received from Individual with Disabilities Education Improvement Act (IDEA), \$79.0 million increase in federal grants for National School Lunch Program and \$30.7 million increase of state sales tax revenues. The charts below present the revenues by sources for the last three fiscal years.

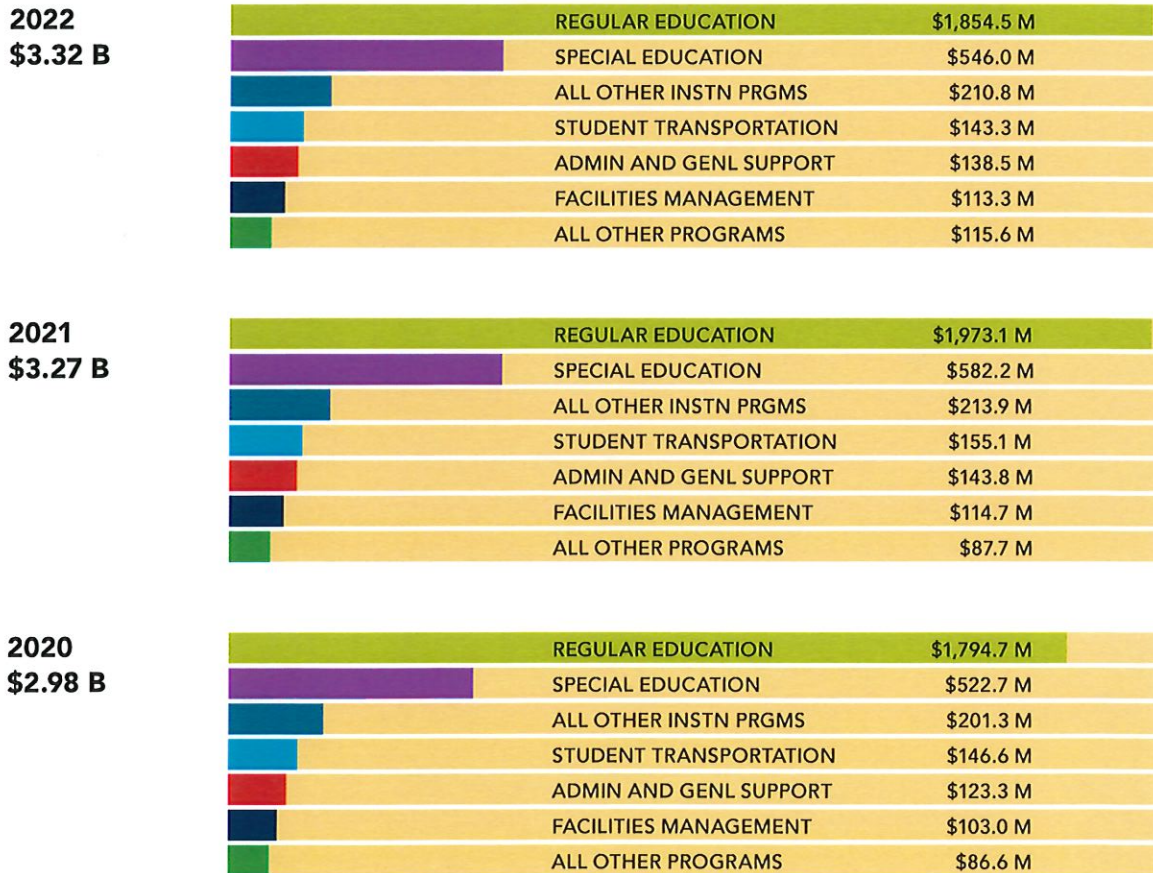


FINANCIAL HIGHLIGHTS

EXPENSES BY PROGRAM

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

INITIATIVES

TECHNOLOGY

Achieving high academic standards increasingly involves integrating technology into the classroom. FCPSOn was established to meet the FCPS Strategic Plan's goal to provide one electronic device per student and to create systemic strategies and standards for technology use by teachers and students to improve student engagement and learning.

FCPSOn provides students with equitable access to meaningful learning experiences using a variety of technology tools. Teachers are able to personalize student learning and ensure that each student has access to an active and inspiring learning environment in which they can develop and apply their Portrait of a Graduate skills as communicators, collaborators, ethical and global citizens, creative and critical thinkers, and goal oriented and resilient individuals.

The pandemic brought unprecedented challenges to FCPS in Spring 2020. FCPS distributed nearly 17,000 student laptops and more than 7,000 MiFis to students. As a result of responding to the changing dynamics, additional distance learning and technical support are required. The pandemic further demonstrates that technology connectivity and infrastructure are vital for distance learning to ensure that instructional supports for students are not disrupted.



INITIATIVES

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. Funding for capital improvement projects is currently limited by a \$180 million yearly cap on General Obligation Bond sales. 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 \$13.1 million to FCPS to offset the infrastructure replacement, benefiting renovation projects in the near future.

The FY 2023–27 five-year capital requirement totals approximately \$1.2 billion or roughly \$240 million per year. \$360 million approved by county voters in the 2021 School Bond Referendum allows the renovation of two high schools and twelve elementary schools and the site acquisition for one high school. The bond also included funding for the planning of new construction for three elementary school, the site acquisition of one high school, the renovations of ten elementary schools, two middle schools, and two high schools. The unfunded balance of the five-year requirement will be addressed by the bond referendum in the fall of 2023.

Capital Projects Summary FY 2023-27

	UNDER CONSTRUCTION		IN PLANNING
ELEMENTARY SCHOOL	5 Renovations	---	---
HIGH SCHOOL	1 Renovation	1 Addition	1 Renovation

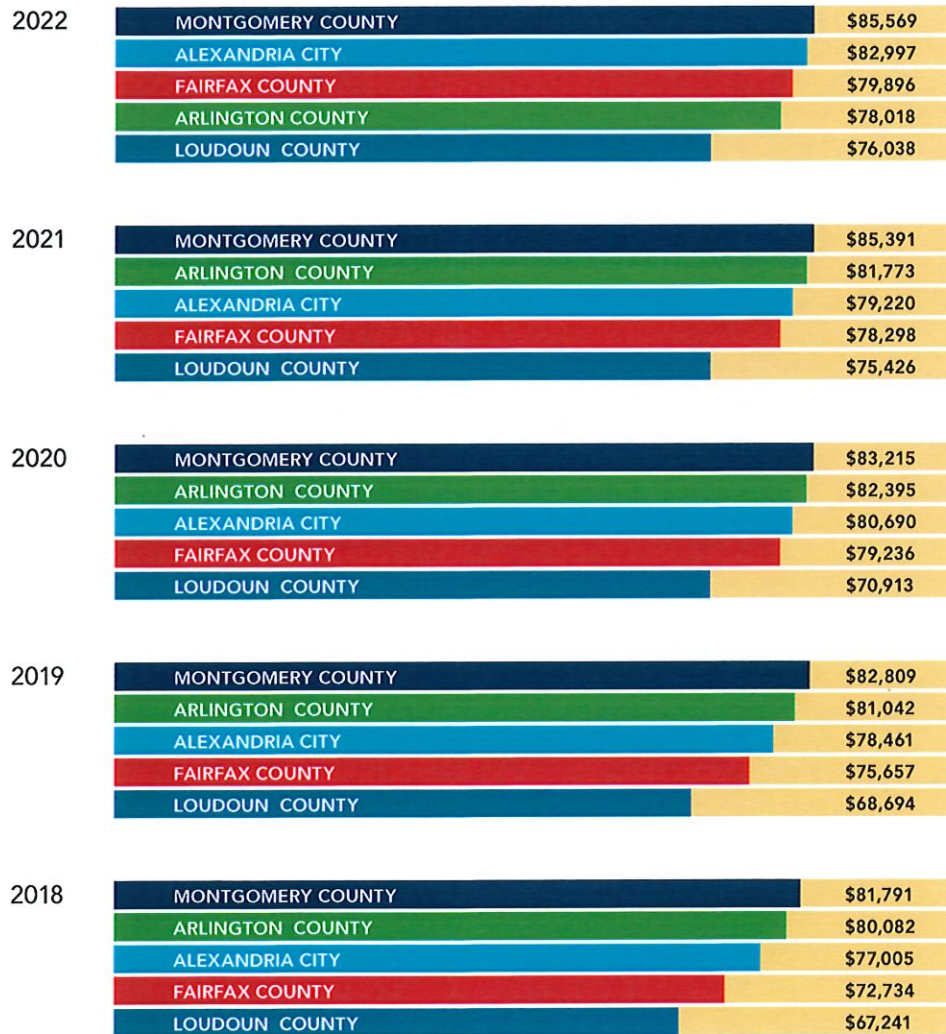


TRENDS

AVERAGE TEACHER SALARY TRENDS

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

In order to recognize the recruitment and retention challenges across FCPS funding of \$4.3 million will add one additional step to each salary scale and provide another year of step increase eligibility for teachers. The FY 2023 Approved Budget includes an average step increase of 2.68 percent for eligible employees as well as a 4.0 percent market scale adjustment for all employees.



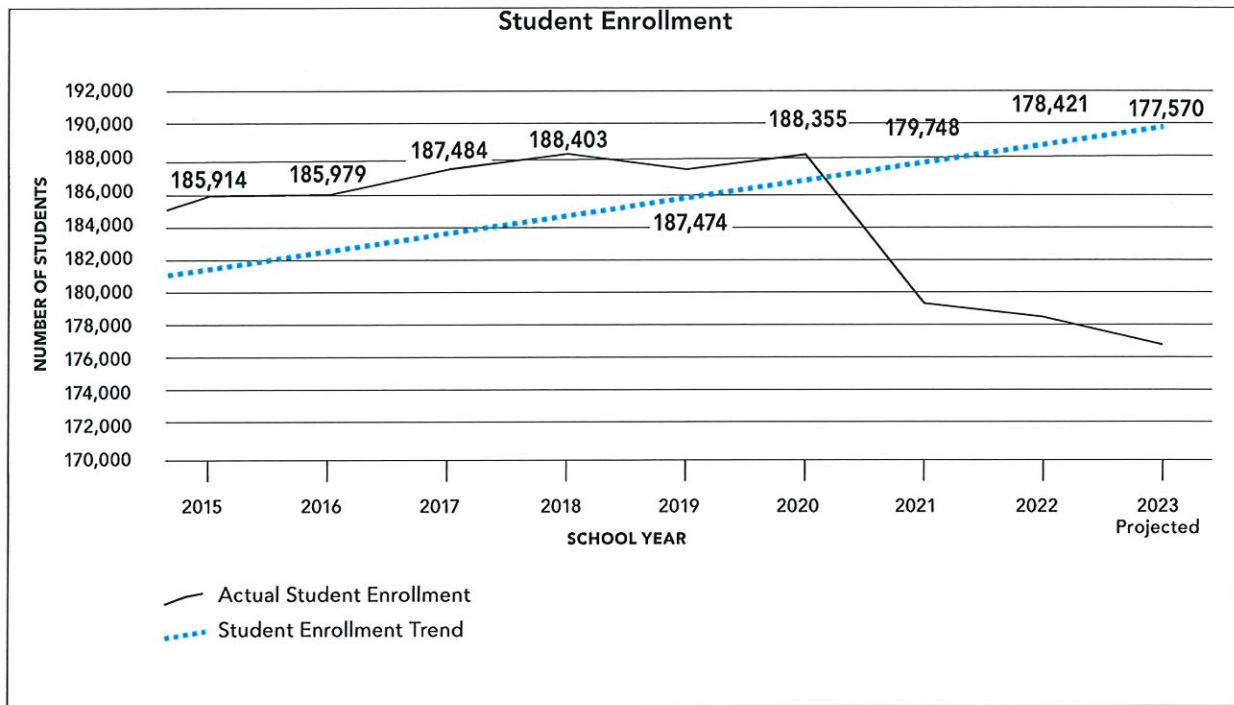
TRENDS

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 2023 is 177,570 students. The continued enrollment declines since fiscal year 2021 were largely attributable to the impact the pandemic has had on public school enrollment across the nation.

FCPS enrollment projections are developed using a bottom-up methodology for general education students, beginning with elementary, then middle, and finally high schools. Kindergarten projections are based on historical relationships

between kindergarten enrollment and births (five years prior) of Fairfax County and Fairfax City residents by attendance area. Each cohort is then aged through successive grades based on selected historical ratios or averages of those ratios, school by school. Projections may be modified, as necessary, to consider other factors such as new housing completions. New housing data forecasts are considered with each projection effort. The number of additional students attributed to new housing decreased during the recent economic downturn as fewer houses were completed.



TRENDS

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. It includes both the direct as well as the indirect costs of programs. A systemwide

cost per pupil, which includes general and special education but excludes Audit and Community Education, is computed using the methodology agreed on by the Washington Area Boards of Education (WABE).

FCPS Cost Per Pupil



The table below compares the FY 2022 cost per pupil for local jurisdictions. FCPS has the lowest cost per pupil of \$16,674 compared to other school districts in the metropolitan area.

FCPS Cost Per Pupil by School Division



TRENDS

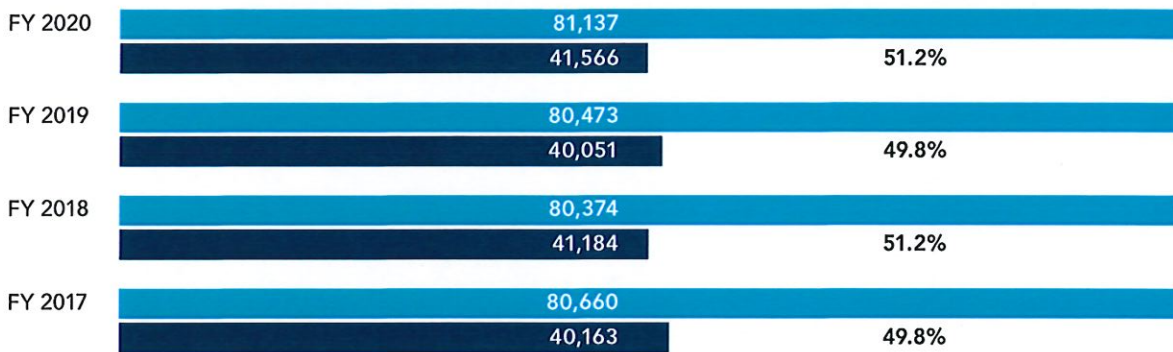
FOOD AND NUTRITION



FCPS Food and Nutrition Services (FNS) operates a year-round nationally recognized community nutrition program that is financially self-supporting. The primary goal of FNS is to support students’ health, wellness, and readiness to learn while embracing the school system and its stakeholders. FNS offers a variety of healthy food choices, strives to exceed established government regulations, and proudly serves more than 140,000 customers daily during a normal school year.

In FY2022, the US Department of Agriculture (USDA) continued to reimburse schools for no-cost meals, which were available to all students regardless of their income through the 2021-2022 school year. As FCPS returned to in-person learning, FNS offered breakfast and lunch meal service at 199 schools and centers, serving more than 28 million meals to students and families in FY 2022.

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



■ Total Lunches Served

■ Free and Reduced-Price Lunches Served

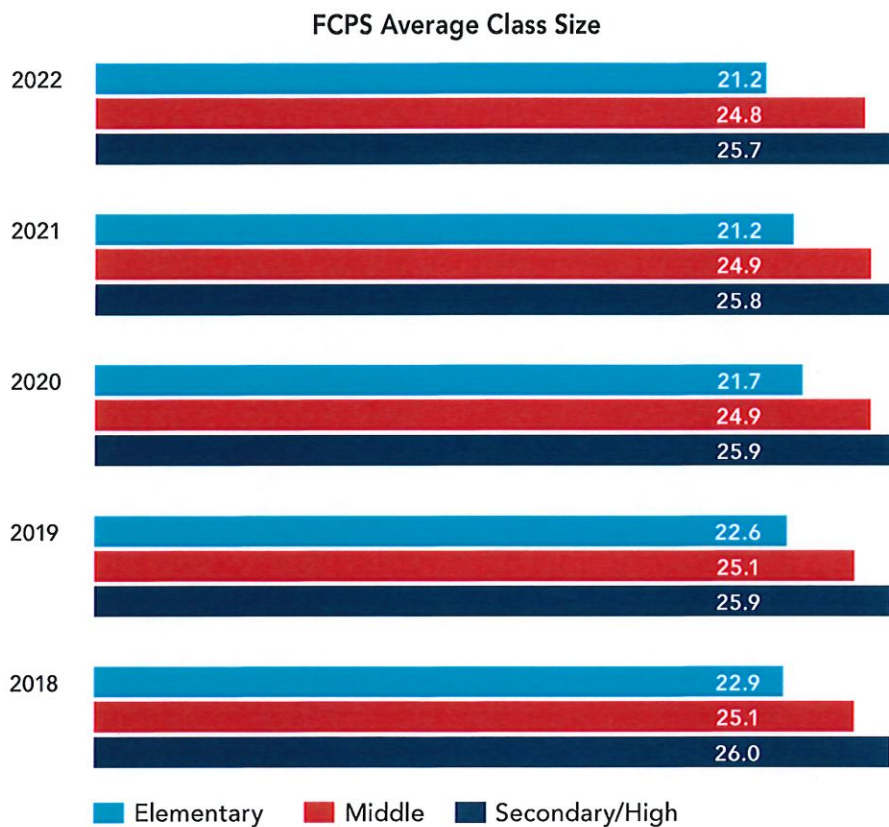
* Due to the COVID-19 pandemic, in Fiscal Year 2021 the meals were distributed at no cost to the community for school age children. In Fiscal Year 2022, FCPS resumed in-person learning and the meals were provided at school at no cost for the school age children.

TRENDS

INSTRUCTIONAL STAFFING

Over the years, there have been significant adjustments in school-based staffing. Positions assigned to a school are determined by formulas approved by the School Board. School-based staffing will vary depending on

student enrollment, eligibility for FRM, the number and level of students receiving English for Speakers of Other Languages (ESOL) services, and the number and level of special education services provided.







Fairfax County
PUBLIC SCHOOLS
ENGAGE • INSPIRE • THRIVE®

Fairfax County Public Schools
2022 Popular Annual Financial Report

8115 Gatehouse Road, Falls Church, Virginia 22042
www.fcps.edu

