



Fairfax
County
Public
Schools

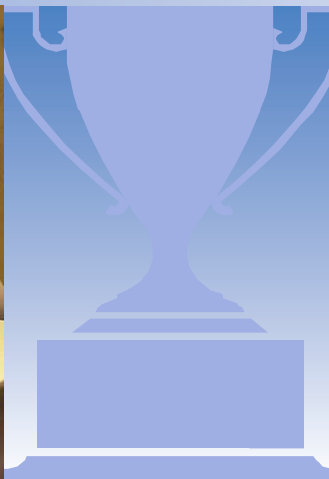


Component Unit
of Fairfax County
Fairfax, Virginia



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2003



FAIRFAX COUNTY PUBLIC SCHOOLS
A Component Unit of Fairfax County
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003

Prepared by:

DEPARTMENT OF FINANCIAL SERVICES

Daniel A. Domenech, Superintendent
Deirdra McLaughlin, Chief Financial Officer, Financial Services
Constance A. Downing, Director, Finance



10700 Page Avenue
Fairfax, Virginia 22030
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TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>	
Letter of Transmittal.....	iii	
Members of the School Board and School Board Officials.....	xii	
Organizational Chart.....	xiii	
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xiv	
ASBO Certificate of Excellence in Financial Reporting.....	xv	
FINANCIAL SECTION		
Independent Auditors' Report.....	1	
Management's Discussion and Analysis.....	5	
Basic Financial Statements		
<u>Exhibit</u>	<u>Government-wide Financial Statements</u>	
A	Statement of Net Assets.....	19
B	Statement of Activities.....	20
<u>Fund Financial Statements</u>		
C	Balance Sheet – Governmental Fund with Reconciliation.....	21
D	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds with Reconciliation.....	23
E	Statement of Net Assets – Proprietary Funds.....	25
E-1	Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds.....	26
E-2	Statement of Cash Flows – Proprietary Funds.....	27
F	Statement of Fiduciary Net Assets – Fiduciary Funds.....	28
F-1	Statement of Changes in Fiduciary Net Assets – Pension Trust Fund.....	29
F-2	Statement of Changes in Assets and Liabilities – Student Activity Fund	30
<u>Notes to the Financial Statements</u>		
I.	Summary of Significant Accounting Policies.....	31
II.	Reconciliation of Government-wide and Fund Financial Statements.....	38
III.	Stewardship, Compliance and Accountability.....	38
IV.	Detailed Notes on All Funds.....	39
V.	Other Information.....	46

(continued)

Required Supplementary Information

<u>Exhibit</u>	<u>Budgetary Comparison Schedules</u>	
G	General Fund.....	56
G-1	Food and Nutrition Services Fund.....	57
G-2	Grants and Self-Supporting Programs Fund.....	58
G-3	Adult and Community Education Fund.....	59
	Notes to the Budgetary Comparison Schedule.....	60

Supplementary Information

Combining Schedules

H	Combining Schedule of Net Assets – Internal Service Funds.....	66
H-1	Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds.....	67
H-2	Combining Schedule of Cash Flows – Internal Service Funds.....	68

STATISTICAL SECTION (Unaudited)

Table

1	General School System Government-wide Expenses by Function.....	70
2	General School System Government-wide Revenues.....	70
3	General School System Governmental Expenditures by Function.....	72
4	General School System Governmental Revenues by Source.....	72
5	Food and Nutrition Services Program.....	74
6	Student Enrollment.....	75
7	Scholastic Assessment Test (SAT) Scores.....	76

Fairfax County, Virginia

8	Real and Personal Property Tax Levies and Collections.....	77
9	Assessed Value and Estimated Actual Value of All Taxable Property.....	77
10	General Property Tax Rates.....	78
11	Real Property Tax Rates and Tax Levies – All Overlapping Governments....	78
12	Principal Real Estate Taxpayers.....	79
13	Computation of Debt Margin.....	79
14	Comparative Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property and Net Bonded Debt Per Capital.....	80
15	Ratio of Annual Debt Service Requirements for General Obligation Bonded Debt to General Fund Expenditures and Operating Transfers Out and to Total Expenditures.....	80
16	Computation of Direct and Overlapping and Underlying Debt.....	81
17	Construction and Property Values.....	81
18	Demographic Statistics.....	82
19	Miscellaneous Statistical Data.....	83



September 30, 2003

**The Board of Supervisors
County of Fairfax, Virginia:**

**The Members of the School Board
County of Fairfax, Virginia:**

We hereby submit the Comprehensive Annual Financial Report (CAFR) of the Fairfax County Public Schools (FCPS) for the fiscal year ended June 30, 2003. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of FCPS. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of FCPS. We believe we have included all disclosures necessary to enable the reader to gain an understanding of FCPS' financial activities. FCPS is considered a component unit of Fairfax County (County) and, accordingly, the financial position and results of operations of FCPS are also reflected in the financial statements included in the Comprehensive Annual Financial Report of the County.

Our CAFR is divided into three sections: introductory, financial and statistical. The introductory section includes this letter of transmittal, a list of the FCPS' School Board members and principal officials, the organizational chart, and awards from the major professional governmental associations. The financial section, prepared in accordance with GASB 34, includes the independent auditors' report, management's discussion and analysis, and basic financial statements including the notes and required supplementary information. In addition, the financial section provides supplemental data on the combining of individual funds. The statistical section contains selected financial and demographic information, generally presented on a multi-year basis.

ORGANIZATIONAL STRUCTURE

FCPS is a County agency, and as such, does not have taxing authority. It receives the majority of its annual funding through transfers from the County.

The school system educates a very diverse student population of more than 163,000 students who come from more than 150 nations and speak more than 100 different languages. This multi-cultural enrollment stems from the proximity to the nation's capital, the numerous embassies, international organizations, and the continuous influx of immigrants from around the world.

FCPS is located within the Washington, DC, metropolitan area that includes the District of Columbia, south central Maryland, and northern Virginia. It serves the citizens of Fairfax

County, is the largest educational system in the Commonwealth of Virginia, and is the 12th largest school system in the continental United States.

The FCPS School Board is elected by County citizens and serves a four-year term. The next election will be held on November 4, 2003. The Board is composed of nine district members, three at-large members, and a non-voting student representative who serves a one-year term.

FCPS is the second largest employer in Virginia and operates 202 schools and centers. It has 20,712 full-time employees, 18,610 of whom are school-based. In fiscal year (FY) 2003, FCPS students registered an average combined verbal and math SAT score of 1110. More than 92 percent of the school system budget (\$1.58 billion for FY 2003) is spent directly on programs in schools. The FY 2003 cost per pupil of \$9,388 was among the lowest in the Washington, DC, metropolitan area.

Programs for gifted students are available at all grade levels in all schools and qualified students may attend Thomas Jefferson High School for Science and Technology, a Governor's School. A full range of programs, such as English for Speakers of Other Languages (ESOL), intervention initiatives, Head Start, special needs schools, disadvantaged children, and grade one reduced ratio, serving at-risk students, are operated by FCPS.

ECONOMIC CONDITION AND OUTLOOK

Economy

As the region recovered from the collapse of the telecommunication and technology sectors, the local economy began to show signs of renewed growth. The County's Coincident Index, which measures the current state of the Fairfax County economy, increased in June 2003, reflecting the third consecutive monthly gain.

In addition, employment continues to steadily increase with the July 2003 unemployment rate nearly half a percent lower than the 2002 average. The number of jobs in the County increased by 1.93 percent in July 2003 over July 2002.

Consumer confidence has also been affected by the sniper shootings, and concerns about terrorism and the war in Iraq. Consequently, consumer spending has not rebounded as quickly as anticipated; however, the confidence index has begun to grow over the past few months.

In late 2002, the Economic Development Authority (EDA) played a critical role in the opening of the BioAccelerator, the first business incubator geared to assisting early-stage bioscience and biotechnology companies develop products and markets in Fairfax County. The BioAccelerator will be a key factor in revitalizing the local economy. The EDA organized transatlantic competition

that will bring a British bioscience company to the BioAccelerator and will in turn send a Fairfax County technology company to an incubator in the United Kingdom.

The base of technology-oriented companies, particularly in computer software development, computer systems integration, telecommunications, and Internet and Internet-related services, has served as a strong magnet for the expansion and attraction of business and professional services. Fairfax County continues to attract a range of technology companies from Internet and information technology services to aerospace and biotechnology companies. Major corporations that have located their corporate headquarters in Fairfax County include American Management Systems (AMS), Bearing Point, Booz-Allen & Hamilton, Capital One Financial, Federal Home Loan Mortgage Corporation, the Gannett Company, General Dynamics, Nextel Communications, and USA Education (Sallie Mae).

Employment

Approximately 28,000 businesses with employees, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services are located within Fairfax County. Local businesses create employment in such diverse areas as computer software development and systems integration, telecommunications, Internet and Internet-related services, wholesale and retail trade, and financial services.

The unemployment rate in the County has fallen to 2.4 percent in July 2003, continuing to be well below national and statewide averages. The 2002 average unemployment rate was 2.9 percent in the County. State and national 2002 unemployment rates were 3.5 percent and 6.2 percent, respectively. Through the efforts of the EDA, more than 8,600 jobs were added by 143 companies and overall, approximately 28,000 jobs were added to the County's economy during 2002, bringing the number of jobs to about 586,000.

MAJOR INITIATIVES

Vision

The FCPS School Board's vision is to provide a gifted-quality education to every child in an instructional setting appropriate to his or her need. This vision is supported by the mission to educate all students to meet high academic standards and to prepare all students to be responsible citizens in the 21st century. The following initiatives reflect the School Board's commitment to the students of Fairfax County.

Elementary

- Project Excel – provides 22 elementary schools with additional instructional time and an augmented academic program. They have a uniform school day, full-day kindergarten, focused instructional programs, and computer-based phonics instruction.

- Reduced ratio grade one – reduces pupil-teacher ratio in 46 elementary schools to either 15.5 to 1 or 15 to 1.
- Reduced ratio K-3 Initiative – provides smaller class sizes for at-risk students in 42 schools in kindergarten through grade 3.
- Success by Eight – customized for children in 17 schools in preschool to second grade. Each school offers a variety of options in organizing grade levels and full-day kindergarten.
- Grade one class size cap of 25 – maintains class size to a maximum of 25 students.

Secondary

- Advance Placement (AP) Diplomas – Fifteen high schools receive oversight from an AP coordinator. Courses provide rigorous, comprehensive, and balanced programs in mathematics, English, social studies, science, fine arts, and foreign languages.
- College partnerships – to enhance minority students' college attendance.
- International Baccalaureate – is offered in 11 middle and high schools. It provides a rigorous college preparatory curriculum in six core groups, including the study of languages, sciences, mathematics, and humanities.
- Professional Technical Studies – focuses around six program areas: business and information technology, consumer and family sciences, health and medical sciences, industrial technology, marketing, and trade and industrial.

Teachers

- Beginning teacher induction – to attract and retain quality teachers. Teachers are given specialized support during their first year.
- National certification – teachers are encouraged to undertake the National Board for Professional Teaching Standards assessment process as a means of elevating student learning.
- Riverside Professional Development Academy – dedicated to enhancing professional capacities of all teachers through teacher leadership in a collaborative school setting.

At-Risk Students

- Reduced class size – is a federally funded program to provide additional teacher staffing for at-risk students.
- K-2 Initiative – designed to improve reading in the early grades at three elementary schools.
- FECEP – is a comprehensive social and academic skills child development program for children ages three to five years old from low-income families.
- ESOL – enables students to learn English to facilitate access to all courses.

- Special needs schools – provides additional school-based staffing in 32 elementary, 9 middle and 8 high schools that have high levels of disadvantaged students.

Gifted and Talented

- Systemwide program – provides opportunities for all students to enhance their learning through critical and creative thinking, problem-solving, and decision-making skills course work.
- Elementary magnet schools – two schools have been established to provide elementary students with an option to participate in accelerated courses in science, technology, and performing arts.
- Thomas Jefferson High School for Science and Technology (Thomas Jefferson) – is a Virginia Governor’s regional magnet school for students with special aptitudes in science, mathematics, and computer science.

ACCOMPLISHMENTS

Student Achievement

Newsweek magazine recognized FCPS as having the most challenging high schools in the country. In addition, all FCPS eligible high schools were designated as the most demanding public schools in the nation, based on the Washington Post Challenge Index.

The National Merit Scholarship Corporation announced that 210 FCPS seniors had been named semifinalists in the 2004 National Merit Scholarship program. Thomas Jefferson, Virginia’s first Governor’s School for Northern Virginia, had 170 semifinalists, making it the number one school in the nation for the last 13 out of 14 years based on the number of semifinalists. This year’s 210 semifinalists represent 53 percent of Virginia’s semifinalists.

FCPS has been selected as one of twenty school districts nationwide to pilot an Advanced Placement (AP) Diploma. The program requires students to complete a broad academic curriculum that includes five or more examinations. Students can earn a full AP Diploma or take individual AP courses. AP courses are recognized for college credit by many universities. During the 2002-2003 school year, 10,169 students took 20,689 AP exams.

FCPS seniors in the class of 2003 who took the SAT scored much higher than students in Virginia and the nation. In 2003, FCPS students recorded an average combined verbal and math SAT score of 1110, the average for Virginia was 1024, and the national average was 1026.

In 2003, FCPS had one of the highest combined Scholastic Assessment Test (SAT) scores in the Washington, DC, metropolitan area. The following table highlights the combined SAT scores and total enrollment for local jurisdictions.

**Combined SAT Scores
Comparison of Local Jurisdictions
School Year 2002-2003**

<u>Division</u>	<u>Total</u>	<u>Total Enrollment</u>
City of Falls Church	1136	1,836
Fairfax County	1110	163,386
Montgomery County	1094	138,891
Arlington County	1079	19,140
Loudoun County	1049	37,532
Prince William County	1019	60,455
City of Alexandria	988	10,900
Prince George's County	879*	122,993*

* FY 2002 data

Source: Metropolitan Area Boards of Education Guide

Cost Per Pupil

Cost per pupil figures provide a broader view of the investment made in the instructional programs, as well as a measure of the overall efficiency of the school system in comparison to surrounding jurisdictions. FCPS has traditionally maintained a cost per pupil lower than many other school districts. As the chart indicates, FCPS ranks fifth in comparison to other metropolitan school districts.

Fiscal Year 2003 Cost Per Pupil Comparison	
City of Falls Church	\$ 12,844
Arlington County	\$ 12,716
City of Alexandria	\$ 11,914
Montgomery County	\$ 9,641
Fairfax County	\$ 9,388
Loudoun County	\$ 9,194
Prince William County	\$ 7,551
Prince George's County	\$ 6,554

Source: Metropolitan Area Boards of Education Guide

MANAGEMENT CONTROLS

FCPS management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school system are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

Internal Controls

The internal control structure is designed to provide reasonable, but not absolute, assurance that FCPS' management objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. An internal control component should reduce to a relatively low level the risk that errors or fraud in amounts that could be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Budgetary Controls

FCPS maintains budgetary controls to ensure compliance with the annual appropriated budget adopted by the School Board. In accordance with state law, the advertised budget is submitted to the Board of Supervisors (BOS) for appropriation. The BOS determines the level of funding to be provided to FCPS. Based on that allocation, the School Board makes changes in its advertised budget and adopts the approved budget in May. Management control is exercised over the budget at the budgetary line item level within each fund. FCPS also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations lapse at the end of each fiscal year, except in capital projects.

Risk Management

The insurance and risk management program administers safety, environmental health, and insurance (including self-insurance), and provides loss control guidance to schools and departments.

FCPS' insurance policies and bonds include: property insurance; surety bonds; fiduciary insurance; and fine arts insurance. The self-insurance programs cover: comprehensive general liability; vehicle liability; employee personal property; legal liability; property losses; and volunteer injuries. In addition, FCPS is self-insured for workers' compensation.

Cash Management

The County is the custodian of all cash and investments of FCPS except certain cash on hand or funds held in local activity accounts and certain investments of the Pension Trust. Funds held in trust by the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) are invested in accordance with the *Code of Virginia*. All investments, except for the mutual funds, are held by an unaffiliated custodian in the name of the ERFC. The Board of Trustees or investment advisors selected by the ERFC Board makes investment decisions for these assets.

OTHER INFORMATION**Independent Audit**

The County requires independent certified public accountants to perform an annual audit of its financial statements, which includes FCPS. This report includes the independent auditors' opinion on FCPS' financial statements.

Awards

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 Comprehensive Annual Financial Report for the year ended June 30, 2002. This is the ninth consecutive year that the school system has received this prestigious award. 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 Comprehensive Annual Financial Report. The report, also, satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe the current CAFR continues to meet the GFOA Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

As with the CAFR, the GFOA also established another awards program, the Popular Annual Financial Report (PAFR) Award for Outstanding Achievement, to recognize reports issued to the jurisdiction's general constituency. In 2002, FCPS issued a Summary Annual Report (SAR), also known as PAFR, for the fifth consecutive year. This report provides summary information such as an organizational chart, a list of recent accomplishments, and financial data of the general operating revenue and expenditures. It is presented to familiarize citizens with the financial operation of the school system. The information for the SAR is derived from the division's CAFR. FCPS submitted the SAR to GFOA for evaluation under this program and the report was bestowed their Award for Outstanding Achievement.

In addition, the Association of School Business Officials International (ASBO) sponsors a Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. The ASBO program is similar to the GFOA Certificate of Achievement program. FCPS was awarded the ASBO Certificate of Excellence for the year ended 2002 report. This is the ninth year that the school system received prestigious awards from both GFOA and ASBO. We believe that the current CAFR also conforms to the ASBO Certificate of Excellence program requirements, and are therefore submitting it to ASBO for confirmation of our compliance and for consideration of another ASBO certificate.

FCPS also has won several awards for its budgeting reports, forecasting reports, and separately issued financial statements for the retirement system. For FY 2003, ASBO International presented FCPS with the Meritorious Budget Award and the GFOA presented FCPS with the Distinguished Budget Presentation Award. The Educational Employees' Supplementary Retirement System was awarded a Certificate of Achievement for Excellence in Financial Reporting and an Award for Outstanding Achievement in Popular Annual Financial Reporting - both from the GFOA.

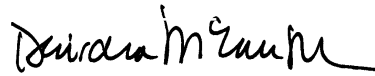
Acknowledgements

We would like to express our sincere gratitude to the personnel in the Department of Financial Services who participated in the preparation of this report and to our independent auditors, KPMG 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,



Daniel A. Domenech
Superintendent



Deirdra McLaughlin
Chief Financial Officer

**MEMBERS OF THE SCHOOL BOARD AND SCHOOL BOARD OFFICIALS
as of June 30, 2003**

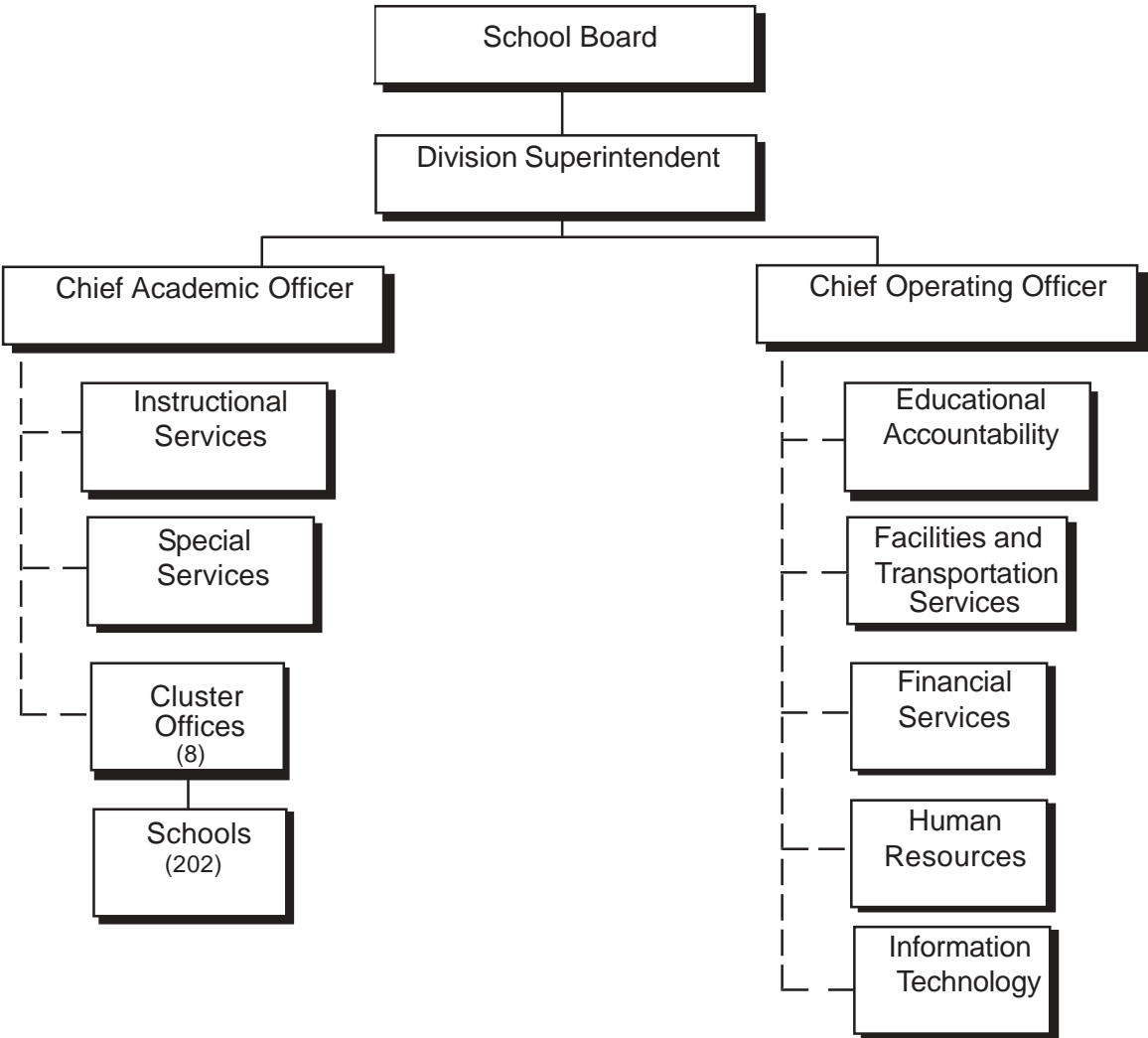
SCHOOL BOARD

Isis M. Castro, <i>Chair</i>	Mount Vernon District
Catherine A. Belter, <i>Vice Chair</i>	Springfield District
Christian N. Braunlich	Lee District
Mychele B. Brickner	Member at Large
Robert E. Frye	Member at Large
Stuart D. Gibson	Hunter Mill District
Ernestine C. Heastie	Providence District
Kaye Kory	Mason District
Kathy L. Smith	Sully District
Jane K. Strauss	Dranesville District
Rita S. Thompson	Member at Large
Judith (Tessie) Wilson	Braddock District
Andrew R. Ramish	Student Representative

OFFICIALS

Daniel A. Domenech	Superintendent of Schools
Thomas Brady	Chief Operating Officer
Nancy Sprague	Chief Academic Officer
Michael E. Glascoe	Assistant Superintendent, Educational Accountability
Dean Tistadt	Assistant Superintendent, Facilities & Transportation Services
Deirdra McLaughlin	Chief Financial Officer, Financial Services
Brad Draeger	Assistant Superintendent, Human Resources
Nicholas Fischer	Assistant Superintendent, Instructional Services
Maribeth Luftglass	Chief Information Officer, Information Technology
Alice Farling	Assistant Superintendent, Special Services
Pamela Goddard	Executive Assistant/Clerk to the School Board
Joan Wilcox	Director, Cluster I
Ellen Schoetzau	Director, Cluster II
John English	Director, Cluster III
Calanthia Tucker	Director, Cluster IV
Betsy Fenske	Director, Cluster V
Ann Monday	Director, Cluster VI
Carma Norman	Director, Cluster VII
Betsy Goodman	Director, Cluster VIII

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fairfax County Public Schools, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "William Patrick Vasta".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enev".

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

FAIRFAX COUNTY PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



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2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia

The School Board
County of Fairfax, Virginia

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, 2003, which collectively comprise FCPS' basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of FCPS' management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of FCPS as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



KPMG LLP, KPMG U.P., a U.S. limited liability partnership, is
a member of KPMG International, a Swiss association.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise FCPS' basic financial statements. The introductory section, combining fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

September 30, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS





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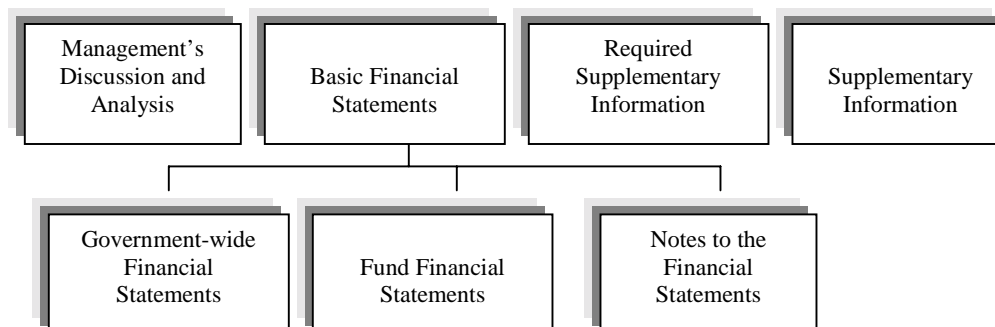
It is a pleasure to present the financial performance of Fairfax County Public Schools (FCPS). This discussion and analysis provides an overall view of FCPS' financial activities during the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with FCPS' transmittal letter, financial statements and notes to the financial statements to enhance the comprehension and usefulness of the financial statements.

Financial Highlights

- FCPS' total net assets (assets less liabilities) on a government-wide basis were \$1,550.7 million at June 30, 2003, representing an increase of \$117.1 million or 8.2 percent over fiscal year 2002.
- For the fiscal year, FCPS' governmental activities' expenses of \$1,658.5 million exceeded charges for services, operating grants and contributions, and capital grants and contributions of \$184.6 million by \$1,473.9 million. General revenues, funds available for all educational purposes, including a transfer from Fairfax County of \$1,167.3 million and general contributions from the state and the federal government of \$269.3 million, were sufficient to cover the net program expenses.
- FCPS' governmental funds revenues and other financing sources exceeded expenditures and other financing uses by \$29.6 million for the fiscal year. This net addition resulted primarily from an increase in the County transfer to cover additional enrollment, which was offset by an increase in instructional staff, fringe benefits, and student transportation expenditures.
- FCPS' General Fund (hereafter referred to as the Operating Fund) reported a fund balance of \$105.9 million, an increase of \$34.7 million or 48.7 percent over June 30, 2002.
- In May 2003, the County issued \$195.2 million of general obligation public improvement bonds. FCPS received proceeds of \$136.4 million that will be used to finance the construction of new facilities and improvements to existing ones.

Using this Comprehensive Annual Financial Report (CAFR)

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



(Continued)

FCPS' basic financial statements consist of two types of statements, each with a different perspective of FCPS' financial condition. The government-wide financial statements provide both long-term and short-term information about FCPS' overall finances. Fund financial statements focus on the details of individual components of FCPS' operations. These statements show how services were financed in the short-term and what resources remain for future obligations. The basic financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

The financial statements and notes are followed by required supplementary information, the budget to actual comparison statements for the major funds. In addition to the required elements, FCPS provides combining fund statements for the internal services funds as supplementary information.

Government-wide Statements

The government-wide financial statements provide information about the activities of FCPS as a whole, and present a long-term view of FCPS' financial condition. These statements utilize the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting methods used in the private sector. Full accrual accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

The first government-wide statement - the statement of net assets - presents information on all of the FCPS' assets and liabilities, with the difference between the two reported as net assets. The change in net assets may serve as a useful indicator of whether FCPS' financial position, as a whole, is improving or diminishing. This is a key indicator of FCPS' ability to cover costs and continue financing services in the future.

The second statement - the statement of activities - presents information on FCPS' costs of providing services (i.e., expenses), and resources to finance those services (i.e., revenues). This statement highlights the extent to which programs are able to cover their costs with user fees, contributions, and grants, as opposed to being financed with general revenues.

Fund Financial Statements

The fund financial statements provide an additional level of detail about FCPS' major funds. Fund accounting is used to track transactions in individual funds, as well as to indicate compliance with finance-related legal requirements. There are three types of funds FCPS maintains:

Governmental Funds – Most of FCPS' funds are reported in this category, which focuses on how money flows into and out of these funds and the year-end balances that can be used in future periods. These statements utilize the modified accrual basis of accounting and the current financial resource measurement focus. Modified accrual accounting measures cash and all other financial assets that can be readily converted to cash, and as such, provides a more detailed short-term view of operations. FCPS' major funds are the Operating, Food and Nutrition Service, Grants and Self-supporting Programs, Adult and Community Education, and Capital Projects funds.

(Continued)

Proprietary Funds – Proprietary funds, which consist of the internal service funds, operate in a manner similar to private business enterprises, using the same basis of accounting. These funds include Central Procurement, Health Benefits and Insurance funds. They provide services to schools and departments on a cost reimbursement basis.

Fiduciary Funds – Fiduciary funds report transactions for activities when FCPS acts solely as an agent for the benefit of employees, students and parents. The activities of these funds are excluded from FCPS' government-wide statements because FCPS cannot use these assets to finance its operations. FCPS has two fiduciary funds; a pension fund, the Educational Employees' Supplementary Retirement System of Fairfax County and an agency fund, the Student Activity Fund.

Reporting FCPS as a Whole

The statement of net assets and the statement of activities provide the financial status and operating results of FCPS as a whole.

FCPS' Net Assets

The following table provides a summary of FCPS' net assets as of June 30, 2003 and 2002:

**Summary of Net Assets
As of June 30
(Dollars in millions)**

	Governmental Activities		
	2003	2002	Variance
Assets:			
Current and other	\$ 296.2	267.7	28.5
Capital assets (net)	1,463.6	1,376.7	86.9
Total Assets	<u>1,759.8</u>	<u>1,644.4</u>	<u>115.4</u>
Liabilities:			
Other liabilities	171.1	159.0	12.1
Long-term liabilities	38.0	51.8	(13.8)
Total Liabilities	<u>209.1</u>	<u>210.8</u>	<u>(1.7)</u>
Net assets:			
Invested in capital assets (net of related debt)	1,447.7	1,376.7	71.0
Unrestricted	103.0	56.9	46.1
Total Net Assets	<u>\$ 1,550.7</u>	<u>1,433.6</u>	<u>117.1</u>

(Continued)

Total net assets increased \$117.1 million or 8.2 percent over fiscal year 2002. This change was due to the ongoing acquisition of land and continuing building improvements necessary to meet the increasing demand from enrollment. The unrestricted net assets increased by \$46.1 million and, currently, \$103.0 million is available to finance new operations of FCPS. Although these net assets are available, FCPS has commitments and obligations against these net assets.

The Commonwealth of Virginia requires counties to issue general obligation debt for all financially dependent component units. Fairfax County reports in their financial statements the debt related to the capital assets that FCPS accounts for and maintains. The \$71.0 million increase in investment in capital assets (net of related debt) results from the construction of four new elementary schools coupled with the ongoing building improvement needs of a growing school division.

FCPS' Operating Results

The following table provides a summary of the change in net assets for FCPS for the years ended June 30, 2003 and 2002:

Statement of Activities
For the year ended June 30
(Dollars in millions)

	<u>Governmental Activities</u>		
	<u>2003</u>	<u>2002</u>	<u>Variance</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 77.5	78.3	(0.8)
Operating grants & contributions	102.4	100.1	2.3
Capital grants & contributions	4.7	8.0	(3.3)
Total program revenues	<u>184.6</u>	<u>186.4</u>	<u>(1.8)</u>
Expenses:			
Instruction:			
Regular	959.6	931.2	28.4
Special	237.7	223.4	14.3
Professional technical studies	34.9	35.3	(0.4)
Adult education	12.4	12.3	0.1
Other	20.1	21.7	(1.6)
Support:			
Administration	78.1	68.6	9.5
Food operations	51.2	50.9	0.3
Student transportation	77.2	68.6	8.6
Operations and maintenance	148.9	141.0	7.9
Facilities	37.2	21.5	15.7
Interest on long-term debt	1.2	-	1.2
Total program expenses	<u>1,658.5</u>	<u>1,574.5</u>	<u>84.0</u>
Net program expenses	<u>(1,473.9)</u>	<u>(1,388.1)</u>	<u>(85.8)</u>

(Continued)

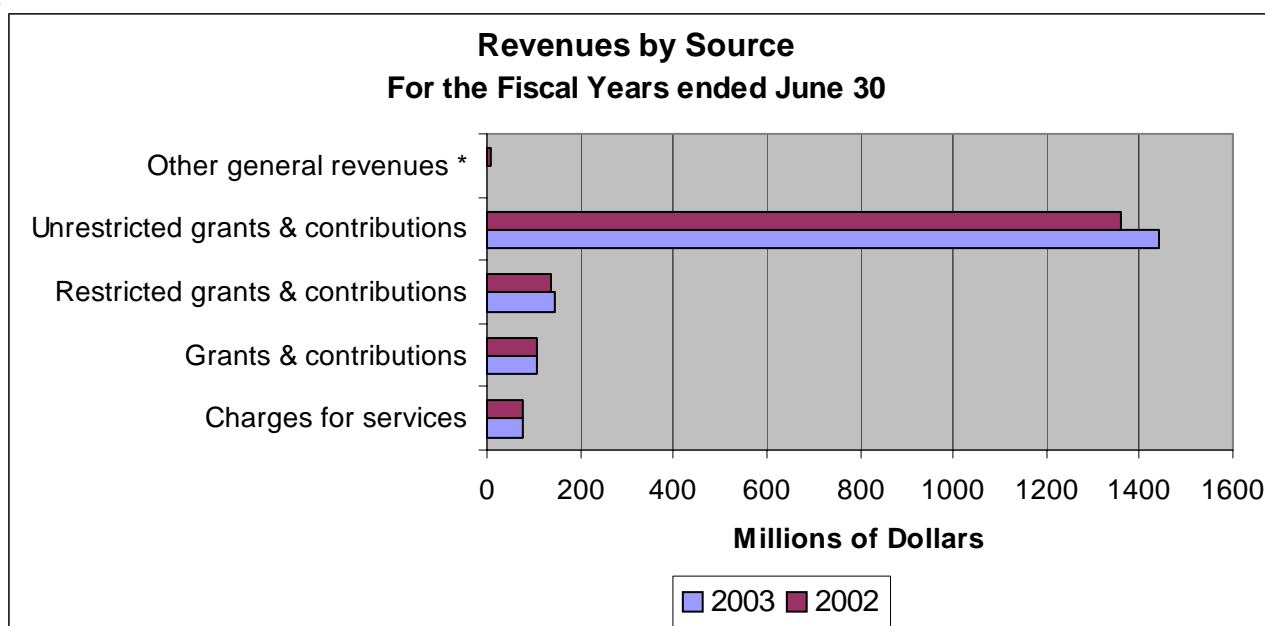
General Revenue:

Grants and contributions:			
Restricted to specific purpose	144.6	137.7	6.9
Unrestricted	1,442.2	1,359.2	83.0
Revenue from the use of money and property	0.5	0.6	(0.1)
Other	3.7	7.5	(3.8)
Total general revenues	<u>1,591.0</u>	<u>1,505.0</u>	<u>86.0</u>
Increase in net assets	<u>117.1</u>	<u>116.9</u>	<u>0.2</u>
Beginning net assets	1,433.6	1,316.7	116.9
Ending net assets	<u>\$ 1,550.7</u>	<u>1,433.6</u>	<u>117.1</u>

The \$117.1 million increase in net assets from governmental activities was primarily due to an increase in the appropriation from Fairfax County, an additional \$6.4 million in bond proceeds for school construction, resulting from receipt of bond premium, and \$9.1 million in donated capital assets.

FCPS' Governmental Funds

Revenues for FCPS' governmental funds for fiscal year 2003 were \$1,775.6 million, a 5.0 percent increase over fiscal year 2002. The sources of revenues for fiscal year 2003 and 2002 are displayed below:



* Other general revenues in fiscal year 2002 were \$8.1 M and in fiscal year 2003 were \$4.2 M.

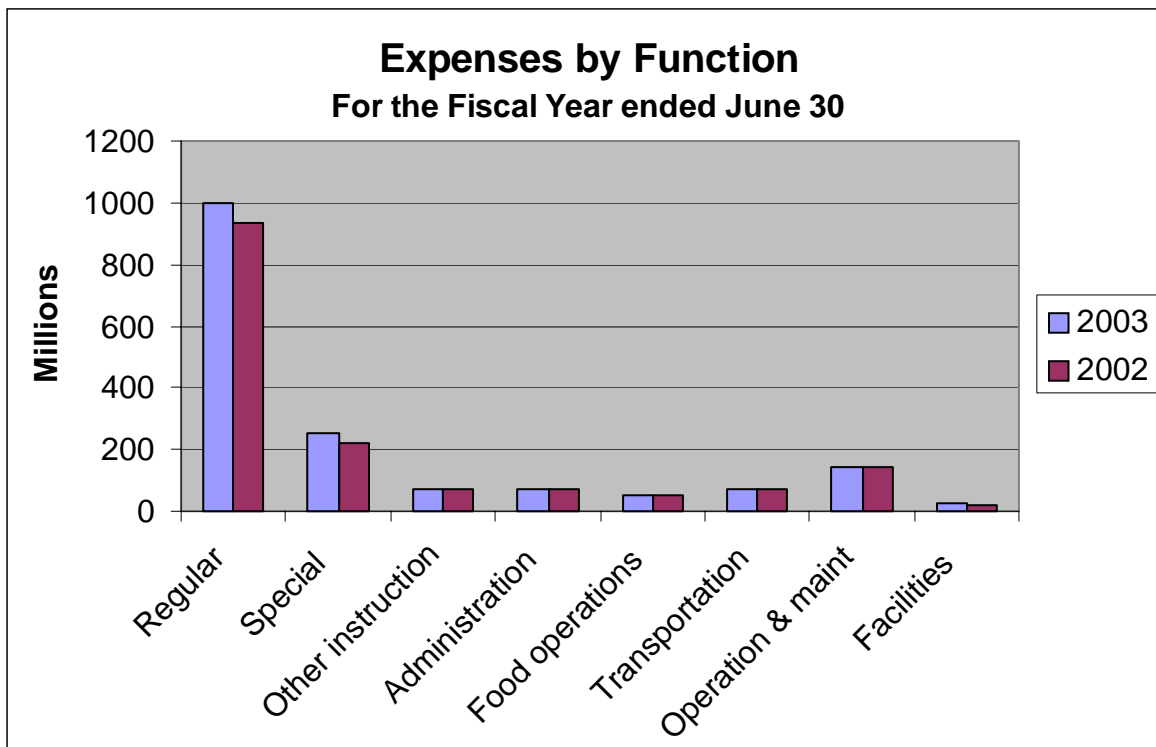
(Continued)

Unrestricted grants and contributions is FCPS’ primary source of revenue, amounting to \$1,442.2 million in fiscal year 2003, a 6.1 percent increase over fiscal year 2002. This category consists of \$1,167.2 million in funding from Fairfax County, \$265.9 million in grants from the Commonwealth of Virginia, \$3.4 million in grants from the Federal government, and \$5.7 million in donated assets.

The cost of governmental activities for fiscal year 2003 was \$1,658.5 million, an increase of 5.3 percent over fiscal year 2002. Regular instruction accounts for the majority of FCPS’ expenses. For fiscal year 2003, these expenses were \$959.6 million, representing an increase of \$28.4 million or 3.0 percent over fiscal year 2002. The main reasons for this increase were the result of enrollment growth:

- Hiring of new teachers
- Additional fringe benefits
- Additional student transportation

The chart below displays the expenses by function:



The difference between the total cost and the net cost represents the share of program revenue available to support each program. The types of program revenue are 1) charges for services, 2) operating grants and contributions and 3) capital grants and contributions.

(Continued)

The following table shows the program cost and net program cost for each of FCPS' functional areas for fiscal years 2003 and 2002.

Summary of Program Costs by Function
For the year ended June 30
(Dollars in millions)

Function:	Total Cost of Function		Net Cost of Function	
	2003	2002	2003	2002
Instruction:				
Regular	\$ 959.6	931.2	884.9	856.0
Special	237.7	223.4	200.3	188.6
Professional technical studies	34.9	35.3	30.2	32.4
Adult education	12.4	12.3	4.7	1.5
Other instruction	20.1	21.7	16.0	17.5
Support services:				
Administration	78.1	68.6	77.9	68.4
Food operations	51.2	50.9	1.4	0.8
Student transportation	77.2	68.6	76.9	68.2
Operations and maintenance	148.9	141.0	144.9	139.6
Facilities	37.2	21.5	35.5	15.1
Interest on long-term debt	1.2	- *	1.2	- *
Total	\$ 1,658.5	1,574.5	1,473.9	1,388.1

* Interest on long-term debt of \$1.1 million in FY02 was incorporated within the functional programs

Fund Highlights

FCPS considers all of its funds to be major. The most significant funds are the Operating Fund and the Capital Projects Fund, both of which use the modified accrual basis of accounting and a current financial resources measurement focus. This focus provides information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing FCPS' financing requirements. In particular, the unreserved fund balance may serve as a useful measure of FCPS' net resources available for spending at the end of the fiscal year.

As of June 30, 2003, FCPS' governmental funds reported a combined fund balance of \$116.6 million, an increase of \$29.6 over fiscal year 2002. Of this amount, \$105.7 million or 90.6 percent is reserved. These funds are not available for new spending because they have already been committed for existing purchase orders, construction contracts and inventory replacement. Approximately 9.3 percent or \$10.9 million of the unreserved fund balance constitutes

(Continued)

resources available for appropriation. The capital projects fund shows an unreserved deficit of \$78.4 million as a result of contract commitments made for projects that will be funded over multiple years.

The net change in total governmental fund balances was a \$29.6 million increase compared to the \$21.1 million decrease in fiscal year 2002. The total revenues and other financing sources for all governmental funds for the fiscal year ended June 30, 2003 were \$1,806.3 million – 3.6 percent higher than the \$1,743.5 million in fiscal year 2002. Total expenditures and other financing uses increased by 0.7 percent to \$1,776.6 in fiscal year 2003 from the fiscal year 2002 amount of \$1,764.6 million.

Operating Fund

The Operating Fund is the primary fund of FCPS. At the end of fiscal year 2003, the unreserved fund balance was \$75.6 million after considering the \$30.3 million reserved for outstanding encumbrances. This represents approximately 5.1 percent of the Operating Fund's total expenditures, a 42.4 percent increase over fiscal year 2002. The revenues of \$1,540.6 million, expenditures of \$1,486.3 million and other net financing uses of \$19.6 million, resulted in an increase in the fund balance of \$34.7 million.

The primary reasons for this growth in the fund balance are as follows:

- The County appropriation increased to fund continuing student membership growth.
- Federal government revenue increases resulted from additional funding under the Individuals with Disabilities Education Act, and the Elementary and Secondary Education Act.
- Expenditures for capital outlay and leases decreased because major project expenditures at Lake Braddock and Hayfield secondary schools were completed.

Budgeting Highlights of Operating Fund

The Code of Virginia requires the Superintendent to submit a budget to the Fairfax County Board of Supervisors after the FCPS School Board has approved it. After public hearings, the Fairfax County Board of Supervisors approves the entire County budget and establishes the level of funding authorized for each County entity, one of which is FCPS.

The budget is modified on a quarterly basis as revenue sources and expenditure priorities change. The FCPS School Board approves the budget modifications. School Board approved amendments issued since the advertised budget are incorporated in the final approved budget.

(Continued)

The table below presents a summary comparison of the Operating Fund's original and final budgets with actual performance for fiscal year 2003.

Operating Fund Budget Comparison
For the year ended June 30, 2003
(Dollars in millions)

	Budget		Actual (Budget Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Total revenues	\$ 1,535.4	1,542.6	1,540.6	(2.0)
Total expenditures	1,528.1	1,546.9	1,478.3	68.6
Total other financing use	(27.1)	(29.2)	(29.2)	-
Net change in fund balance	(19.8)	(33.5)	33.1	66.6
Fund balance, July 1, 2002	19.8	77.6	71.2	(6.4)
Fund balance, June 30, 2003	\$ -	44.1	104.3	60.2

For fiscal year 2003, the final appropriations for revenues exceeded the original budget by \$7.2 million or 0.5 percent. Actual revenues were less than final budgeted revenues by 0.1 percent or \$2.0 million.

The final expenditure projections exceeded the original budget by \$18.8 million or 1.2 percent. The actual expenditures were less than the final approved budget by \$68.6 million or 4.4 percent. No difference existed between the actual and budgeted total other financing sources/uses for fiscal year 2003.

The final budget estimates for expenditures exceeded actual expenditures for the fiscal year ended June 30, 2003 by (dollars in millions):

- Regular instruction \$36.8
- Special instruction 11.5
- Employee benefits 10.9
- Transportation 6.6

Enrollment projections decreased slightly for both general instruction students and special education students. Fringe benefits and transportation costs decreased correspondingly.

(Continued)

Capital Assets

At fiscal year end June 30, 2003, FCPS had \$1,463.6 million invested in land, land improvements, buildings, building improvements, library materials/collections, equipment and construction in process. Accumulated depreciation on the capital assets amounted to \$611.7 million. Net depreciation expense for the year was \$55.4 million, composed of the current year addition of \$58.6 million less the depreciation on disposed assets of \$3.2 million.

Below is a summary of FCPS' net capital assets as of June 30, 2003 and 2002:

**Net Capital Assets
As of June 30
(Dollars in millions)**

<u>Capital Asset Category</u>	Value (net of depreciation)	
	2003	2002
Land	\$ 46.8	43.4
Land improvements	15.4	16.2
Buildings	449.3	452.9
Building improvements	588.5	490.1
Library material/collections	11.1	11.0
Equipment	61.0	62.3
Construction in process	291.5	300.8
Total	\$ 1,463.6	1,376.7

The net capital assets increased by 6.3 percent from fiscal year 2002 to fiscal year 2003. Additions to capital assets were \$223.3 million while reductions amounted to \$136.5 million.

The major transactions attributed to the change in net capital assets were:

- Acquisition of land for new schools
- Completion of four new elementary schools that opened for the 2003-2004 school year

(Continued)

Challenges for the Future

FCPS is challenged with a rapidly increasing enrollment of a progressively more diverse student body. Enrollment is projected to grow by 3,400 students from 163,400 in the 2003 school year to 166,800 for the 2004 school year. As a result of increasing enrollment, FCPS will be opening four new elementary schools for the 2004 school year. FCPS projects that more than 13,900 new students will enter the system by the school year 2007-08.

The primary source of revenue for FCPS comes from Fairfax County. It is projected there will be a 6% increase in the County appropriation for fiscal year 2004. In the future, the increases may be smaller due to the fiscal belt tightening within the County. The other major source of FCPS' revenue is driven by student enrollment, particularly in the areas of state and federal aid. The Commonwealth of Virginia, like many other states, is anticipating a budget deficit that will directly affect FCPS.

The fiscal year 2004 proposed operating budget includes a \$113.2 million or 7.3 percent increase in expenditures over the fiscal year 2003 approved budget. The significant increases are for: 1) membership growth, 2) salary adjustments and 3) health benefit rate increases. Approximately 86 percent of the budget is for compensation. With the inception of *No Child Left Behind* and its requirement for additional highly qualified teachers, expenditures will continue to increase.

Contacting FCPS Management

This financial report is designed to provide a general overview of the financial condition of FCPS. If you have questions about the report or need additional financial information contact Deirdra McLaughlin, Chief Financial Officer, Financial Services, at 10700 Page Avenue, Fairfax, VA 22030, by e-mail deirdra.mclaughlin@fcps.edu, or by telephone (703) 246-2811; or Constance A. Downing, Director, Office of Finance, at 11000 Berry Street, Fairfax, VA 22030, by e-mail connie.downing@fcps.edu or by telephone (703) 246-6700.



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BASIC FINANCIAL STATEMENTS





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FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2003

Exhibit A

	Governmental Activities
ASSETS	
Cash on deposit with County of Fairfax, VA	\$ 255,490,249
Receivables:	
Accounts	252,529
Accrued interest	42,131
Due from intergovernmental units:	
County of Fairfax, VA	5,035,364
Other	30,799,528
Inventories	4,563,916
Non-depreciable capital assets	338,302,740
Depreciable capital assets:	
Equipment	137,821,169
Library collections	24,385,069
Buildings and improvements	1,574,799,966
Accumulated depreciation	(611,742,783)
Total assets	<u>1,759,749,878</u>
LIABILITIES	
Accounts payable	40,871,558
Accrued salaries and withholdings	72,949,174
Deferred revenue	5,155,085
Deposits	115,290
Long-term obligations	
Due within one year:	
Compensated absences	14,568,816
Capital leases	9,647,165
Actuarial claims payable	18,059,743
Contract retainages	9,696,960
Due beyond one year:	
Compensated absences	8,929,274
Capital leases	18,331,888
Actuarial claims payable	10,741,077
Total liabilities	<u>209,066,030</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,447,692,187
Unrestricted	102,991,661
Total net assets	<u>\$ 1,550,683,848</u>

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2003

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 959,618,339	34,166,071	35,868,696	4,681,750	(884,901,822)
Special	237,743,984	1,454,169	35,994,675	-	(200,295,140)
Professional technical studies	34,873,515	102,036	4,597,537	-	(30,173,942)
Adult education	12,419,166	6,001,933	1,664,420	-	(4,752,813)
Other	20,084,736	585,032	3,502,495	-	(15,997,209)
Total instruction	1,264,739,740	42,309,241	81,627,823	4,681,750	(1,136,120,926)
Support services:					
Administration, attendance and health	78,057,408	-	165,000	-	(77,892,408)
Food operations	51,232,850	34,494,436	15,353,793	-	(1,384,621)
Student transportation	77,230,692	344,718	-	-	(76,885,974)
Operations and maintenance	148,856,714	58,755	3,886,004	-	(144,911,955)
Facilities	37,180,938	303,535	1,365,214	-	(35,512,189)
Total support services	392,558,602	35,201,444	20,770,011	-	(336,587,147)
Interest on long-term debt	1,220,954	-	-	-	(1,220,954)
Total governmental activities	\$ 1,658,519,296	77,510,685	102,397,834	4,681,750	(1,473,929,027)
General revenues:					
Grants and contributions restricted to specific purposes:					
Bond proceeds - capital projects					136,400,000
Donated land					3,407,980
Lottery proceeds					4,773,038
Grants and contributions not restricted to specific purposes:					
Federal government					3,387,494
Commonwealth of Virginia					265,899,950
Fairfax County					1,167,253,903
Other					5,650,721
Revenue from the use of money and property					467,350
Other					3,733,049
Total general revenues					1,590,973,485
Change in net assets					117,044,458
Net assets - July 1, 2002					1,433,639,390
Net assets - June 30, 2003					\$ 1,550,683,848

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS

Balance Sheet

Exhibit C

Governmental Funds

June 30, 2003

	General	Food and Nutrition Services	Grants and Self-Supporting Programs	Adult and Community Education	Capital Projects	Total Governmental Funds
ASSETS						
Cash on deposit with County of Fairfax, VA	\$ 188,507,303	8,287,143	36,491	2,210,897	5,166,660	204,208,494
Receivables:						
Accounts	19	79,252	-	-	-	79,271
Accrued interest	-	6,880	-	1,535	-	8,415
Due from intergovernmental units:						
County of Fairfax, VA	4,864,092	154,257	17,015	-	-	5,035,364
Other	17,246,612	750,000	12,638,828	21,911	-	30,657,351
Interfund receivables	7,100,000	-	-	-	-	7,100,000
Inventories	-	1,341,095	-	-	-	1,341,095
Total assets	<u>217,718,026</u>	<u>10,618,627</u>	<u>12,692,334</u>	<u>2,234,343</u>	<u>5,166,660</u>	<u>248,429,990</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	34,865,268	108,854	172,842	117,798	1,827,220	37,091,982
Accrued salaries and withholdings	72,035,226	712,288	132,122	37,629	31,909	72,949,174
Deferred revenue	4,911,245	-	2,060,924	-	-	6,972,169
Deposits	-	-	-	27,290	88,000	115,290
Interfund payables	-	-	5,000,000	-	-	5,000,000
Contract retainages	-	-	-	-	9,696,960	9,696,960
Total liabilities	<u>111,811,739</u>	<u>821,142</u>	<u>7,365,888</u>	<u>182,717</u>	<u>11,644,089</u>	<u>131,825,575</u>
Fund balances:						
Reserved for:						
Encumbrances	30,302,260	1,226,269	747,640	164,749	71,960,622	104,401,540
Inventories	-	1,341,095	-	-	-	1,341,095
Unreserved (deficit)	75,604,027	7,230,121	4,578,806	1,886,877	(78,438,051)	10,861,780
Total fund balances	<u>105,906,287</u>	<u>9,797,485</u>	<u>5,326,446</u>	<u>2,051,626</u>	<u>(6,477,429)</u>	<u>116,604,415</u>
Total liabilities and fund balances	<u>\$ 217,718,026</u>	<u>10,618,627</u>	<u>12,692,334</u>	<u>2,234,343</u>	<u>5,166,660</u>	<u>248,429,990</u>

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS

**Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2003**

Exhibit C-1

Fund balances - total governmental funds \$ 116,604,415

Amounts reported for government activities in the statement of net assets are different due to:

Capital assets used in governmental fund activities are not financial resources and, therefore, not reported in the funds:

Non-depreciable assets	\$ 338,302,740	
Depreciable assets	1,736,902,006	
Accumulated depreciation	<u>(611,720,394)</u>	1,463,484,352

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 assets.

Assets:		
Current assets	\$ 54,538,292	
Capital assets	104,198	
Less: accumulated depreciation	(22,389)	
Liabilities	<u>(37,727,405)</u>	16,892,696

Long-term liabilities consist of accrued employee leave which are not due and payable in the current period and therefore are not reported in the funds.

Accrued employee leave - due within one year	\$ (14,568,816)	
Accrued employee leave - due beyond one year	<u>(8,929,274)</u>	(23,498,090)

Capital lease agreements consist of lease agreements which are not due and payable in the current period and therefore are not reported in the funds.

Capital leases - due within one year	\$ (9,647,165)	
Capital leases - due beyond one year	<u>(18,331,888)</u>	(27,979,053)

Unfunded liability due from County for deferred teachers' salaries and benefits. 4,864,092

Recognition of receivable collections beyond governmental availability criteria:

Operating	\$ 191,470	
Grant	92,328	
Adult education	31,638	315,436
Net assets of governmental activities	<u>\$ 1,550,683,848</u>	

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2003

Exhibit D

	General	Food and Nutrition Services	Grants and Self-Supporting Programs	Adult and Community Education	Capital Projects	Total Governmental Funds
REVENUES						
Intergovernmental:						
Federal government	\$ 34,643,996	14,635,920	16,221,474	943,859	-	66,445,249
Commonwealth of Virginia	298,424,773	759,288	6,800,343	820,761	933,492	307,738,657
Fairfax County	1,168,875,267	1,931,706	1,624,576	-	136,400,000	1,308,831,549
Charges for services:						
Tuition and fees	5,545,260	-	3,134,414	6,364,665	-	15,044,339
Food sales	-	32,562,730	-	-	-	32,562,730
Revenue from the use of money and property	2,062,789	124,099	-	29,162	-	2,216,050
Recovered costs	26,927,421	-	-	-	303,535	27,230,956
Other	4,155,811	-	2,427,789	38,296	789,864	7,411,760
Total revenues	1,540,635,317	50,013,743	30,208,596	8,196,743	138,426,891	1,767,481,290
EXPENDITURES						
Current:						
Instruction:						
Regular	881,772,907	-	34,747,609	-	-	916,520,516
Special	233,763,258	-	1,149,467	-	-	234,912,725
Professional technical studies	34,845,923	-	13,312	-	-	34,859,235
Adult education	2,540,207	-	-	9,876,308	-	12,416,515
Other	15,646,692	-	3,699,030	769,645	-	20,115,367
Support services:						
Administration, attendance and health	75,824,082	2,552,747	207,775	-	-	78,584,604
Food operations	-	46,826,088	-	-	-	46,826,088
Student transportation	72,800,030	-	1,691,754	-	-	74,491,784
Operations and maintenance	147,825,397	490,439	48,701	-	31,777,984	180,142,521
Facilities	6,229,338	-	2,732	-	-	6,232,070
Capital outlay	5,486,719	122,496	304,678	64,408	126,489,907	132,468,208
Capital leases and installment purchases	9,587,411	-	-	-	339,672	9,927,083
Total expenditures	1,486,321,964	49,991,770	41,865,058	10,710,361	158,607,563	1,747,496,716
Excess (deficiency) of revenues over (under) expenditures	54,313,353	21,973	(11,656,462)	(2,513,618)	(20,180,672)	19,984,574
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	13,687,954	2,000,131	13,172,173	28,860,258
Transfers out	(29,153,500)	-	-	-	-	(29,153,500)
Capital leases and installment purchases	9,587,411	-	-	-	339,672	9,927,083
Total other financing sources (uses)	(19,566,089)	-	13,687,954	2,000,131	13,511,845	9,633,841
Net change in fund balances	34,747,264	21,973	2,031,492	(513,487)	(6,668,827)	29,618,415
Fund balances July 1, 2002	71,159,023	9,791,528	3,294,954	2,565,113	191,398	87,002,016
Decrease in reserve for inventories	-	(16,016)	-	-	-	(16,016)
Fund balances June 30, 2003	\$ 105,906,287	9,797,485	5,326,446	2,051,626	(6,477,429)	116,604,415

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS

**Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2003**

Exhibit D-1

Net change in fund balances - total governmental funds \$ 29,618,415

Amounts reported for governmental activities in the statement of activities are different due to:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets are expensed over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 132,468,208	
New capital leases-capital outlay	4,584,120	
Depreciation expense	<u>(58,639,900)</u>	78,412,428

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 9,058,701

Loss on disposal of capital assets is reported in the statement of activities. However, in the governmental funds, only the proceeds from sales are reported, which increases the fund balance. Thus, the difference is the depreciated cost of the capital assets disposed. (673,526)

Principal payments on capital leases are reported as an expenditure in governmental funds. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. 9,628,833

Proceeds from the issuance of long-term debt are reported as other financing sources in the governmental funds, increasing fund balance. In the government-wide statements, new debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This represents principal amounts of new capital leases. (9,927,083)

In the government-wide statements, inventory changes impact the net assets. Inventory is recorded as an expenditure in the governmental statements as purchased. These expenditures are not adjusted for the net change in inventory. (16,016)

In the statement of activities, certain operating expenses (compensated absences) are measured by the amounts earned during the current year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. (1,002,346)

Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets is reported within the primary government. 3,250,980

Recognition of receivable collections beyond governmental availability criteria:

Operating	\$ 191,470	
Grant	92,328	
Adult education	<u>31,638</u>	315,436

Current year revenue from County for deferred teachers' salaries and benefits. (1,621,364)
Change in net assets of governmental activities \$ 117,044,458

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Net Assets
Proprietary Funds
June 30, 2003

Exhibit E

	Governmental Activities Internal Service Funds
	<u> </u>
ASSETS	
Current assets:	
Cash on deposit with County of Fairfax, VA	\$ 51,281,755
Accrued interest receivable	33,716
Inventories	3,222,821
Total current assets	<u>54,538,292</u>
Noncurrent assets:	
Capital assets:	
Equipment	104,198
Less: Accumulated depreciation	<u>(22,389)</u>
Total capital assets, net	<u>81,809</u>
Total assets	<u>54,620,101</u>
LIABILITIES	
Current liabilities	
Accounts payable	3,779,577
Interfund payables	2,100,000
Deferred revenue	3,047,008
Actuarial claims payable	18,059,743
Total current liabilities	<u>26,986,328</u>
Noncurrent liabilities	
Actuarial claims payable	<u>10,741,077</u>
Total noncurrent liabilities	<u>10,741,077</u>
Total liabilities	<u>37,727,405</u>
NET ASSETS	
Invested in capital assets	81,809
Unrestricted	<u>16,810,887</u>
Total net assets	<u>\$ 16,892,696</u>

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2003

Exhibit E-1

	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for services	\$ 153,285,299
Operating expenses:	
Salaries and wages	1,406,032
Payments to vendors for goods held for resale	10,611,221
Claims and benefit payments	131,258,258
Professional consultant services	7,372,695
Depreciation expense	9,046
Total operating expenses	<u>150,657,252</u>
Operating income	<u>2,628,047</u>
Non-operating revenues	
Interest revenue	329,691
Income before operating transfers	<u>2,957,738</u>
Transfers in	293,242
Change in net assets	<u>3,250,980</u>
Total net assets - July 1, 2002	13,641,716
Total net assets - June 30, 2003	<u><u>\$ 16,892,696</u></u>

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2003

Exhibit E-2

	Governmental Activities Internal Service Funds
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 153,312,980
Payments to employees	(1,406,032)
Payments to vendors for goods held for resale	(10,238,380)
Payments for claims and health benefits	(128,450,576)
Payments for professional services	(7,372,695)
Net cash provided by operating activities	<u>5,845,297</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	<u>293,242</u>
Net cash provided by noncapital financing activities	293,242
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(22,917)</u>
Net cash used by capital and related financing activities	(22,917)
Cash flows from investing activities:	
Interest received	<u>324,096</u>
Net cash provided by investing activities	324,096
Net increase in cash and cash equivalents	6,439,718
Cash and cash equivalents, July 1, 2002	44,842,037
Cash and cash equivalents, June 30, 2003	<u><u>\$ 51,281,755</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,628,047
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	9,046
Decrease in accounts receivable	42,914
Increase in inventories	(186,951)
Increase in accounts payable	192,207
Increase in interfund payable	400,000
Decrease in deferred revenue	(15,233)
Increase in actuarial claims payable	<u>2,775,267</u>
Total adjustments to operating income	<u>3,217,250</u>
Net cash provided by operating activities	<u><u>\$ 5,845,297</u></u>

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2003

Exhibit F

	<u>Pension Trust</u>	<u>Student Activity</u>
ASSETS		
Cash and cash equivalents	\$ 290,890	\$ -
Cash with fiscal agent	1,607,669	-
Cash in student activity funds	-	14,626,436
Receivables:		
Accounts	15,457,261	431,895
Accrued interest	6,015,578	-
Investments, at fair value:		
Cash and short-term investments	224,840,185	-
U.S. government obligations	60,893,884	-
Mortgage-backed securities	169,611,923	-
Bonds	188,782,236	-
Stocks	635,709,513	-
Mutual funds	252,618,665	-
Inventories	-	187,118
Prepaid items	52,731	-
Total assets	<u>1,555,880,535</u>	<u>15,245,449</u>
LIABILITIES		
Accounts payable	951,768	839,338
Payable for purchase of pension investments	74,360,436	
Liability for collateral received under securities lending agreements	130,776,104	-
Due to student groups	-	14,406,111
Total liabilities	<u>206,088,308</u>	<u>\$ 15,245,449</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 1,349,792,227</u>	

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Changes in Fiduciary Net Assets
Pension Trust Fund
For the year ended June 30, 2003

Exhibit F-1**ADDITIONS**

Contributions:

Employer	\$ 34,506,630
Plan members	18,750,568
Total contributions	<u>53,257,198</u>

Investment income:

Net decrease in fair value of investments	(4,906,381)
Interest and dividends	42,528,533
Securities lending	1,664,009
Other	230,724
Total investment income	<u>39,516,885</u>

Less investment expense:

Investment fees and other	5,339,220
Securities lending collateral	1,320,200
Total investment expenses	<u>6,659,420</u>

Net investment income	<u>32,857,465</u>
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Total additions	<u>86,114,663</u>
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DEDUCTIONS

Benefit payments	100,979,864
Refund of contributions	1,848,428
Administrative expenses	2,867,018
Total deductions	<u>105,695,310</u>

Change in net assets	(19,580,647)
Net assets - July 1, 2002	1,369,372,874
Net assets - June 30, 2003	<u>\$ 1,349,792,227</u>

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
Statement of Changes in Assets and Liabilities
Student Activity Fund
For the year ended June 30, 2003

Exhibit F-2

	Balance			Balance
	July 1, 2002	Additions	Deductions	June 30, 2003
ASSETS				
Cash and cash equivalent	\$ 13,637,364	39,590,479	38,601,407	14,626,436
Accounts receivable	493,150	-	61,255	431,895
Inventory	194,848	-	7,730	187,118
Total Assets	<u>14,325,362</u>	<u>39,590,479</u>	<u>38,670,392</u>	<u>15,245,449</u>
LIABILITIES				
Accounts payable	1,045,042	-	205,704	839,338
Due to student groups	13,280,320	1,125,791	-	14,406,111
Total Liabilities	<u>\$ 14,325,362</u>	<u>1,125,791</u>	<u>205,704</u>	<u>15,245,449</u>

See accompanying notes to basic financial statements

FAIRFAX COUNTY PUBLIC SCHOOLS
June 30, 2003

I. Summary of Significant Accounting Policies

A. Reporting Entity

Fairfax County Public Schools (FCPS) is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*. The members of the School Board are elected by the citizens of Fairfax County (County) to serve 4-year terms. A member represents each of the County's nine magisterial districts. 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 is responsible for setting the educational policies of FCPS and appoints a superintendent to implement the School Board's policies. The superintendent is responsible to the School Board for carrying out FCPS policy, administering the operations, supervising personnel and advising the School Board on all educational matters for the welfare and interest of the students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government for FCPS includes the operating fund, three special revenue funds and the capital projects fund. FCPS is not financially accountable for any legally separate organizations, and therefore has no component units. However, because FCPS is fiscally dependent on the County and its operations are funded primarily by the County's general fund through transfers, it is considered a component unit of the County.

The financial statements of FCPS are prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting principles.

B. Basis of Financial Statement Presentation

The basic financial statements consist of the government-wide statements, including the statement of net assets and the statement of activities, and fund financial statements, which provide more detailed financial information.

Government-wide financial statements

The statement of net assets and the statement of activities present FCPS' financial information as a whole. These statements include the financial activity of the FCPS primary government, with the exception of the fiduciary funds. The activities of the internal service funds are eliminated to avoid duplicate reporting of revenues and expenditures. Primary activities of FCPS are categorized as solely governmental in nature.

(Continued)

The statement of net assets presents the financial condition of FCPS at year-end. The statement of activities reports the expenses and revenues of FCPS in a format that focuses on the cost of each of FCPS' major functions. The direct expenses are those that are clearly identifiable to particular functions. FCPS includes indirect costs as program expenses within the functional activities. Program revenues include: (1) charges for services (e.g., tuition and fees), (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not directly related to a program are reported as general revenues. These include FCPS' portion of property tax revenues, which is transferred from the County to FCPS, as well as certain unrestricted amounts received from the Commonwealth of Virginia. The net revenue or expense shows whether the function is self-supporting or relies on general revenue funding sources.

Fund financial statements

In order to provide budgetary controls and maintain legal compliance, FCPS records transactions in separate funds. The fund statements provide information at a more detailed level. All FCPS governmental funds have been deemed major, therefore, each is presented in a separate column. The internal service funds are presented in the proprietary fund statements. The fiduciary funds are reported by type, i.e., Pension Trust and Student Activity.

C. Fund Accounting

Financial transactions and accounts of FCPS are maintained on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Each fund reports cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

General Fund: The General Fund (hereafter referred to as the Operating Fund) is FCPS' primary fund for financial transactions. It is used to account for all financial resources except those required to be accounted for in another fund.

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

(Continued)

Capital Projects Fund: This fund is used to account for financial resources to be used in the acquisition or construction of school sites and buildings and other major capital facilities.

Proprietary Funds

Internal Service Funds: The internal service funds are used to account for the operations of the Central Procurement Fund, the Health Benefits Fund, and the Insurance Fund. These funds account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. The Central Procurement Fund is used to account for the acquisition of textbooks, supplies and equipment and their utilization by FCPS. The Health Benefits Fund is used to account for the provision of an employee comprehensive health benefits self-insurance program. The Insurance Fund is a self-insurance fund used to account for FCPS' casualty liability obligations, including worker's compensation.

Fiduciary Funds

Trust Funds: The trust funds are used to account for assets held by FCPS in a trustee capacity or as an agent for others. A pension trust fund is used to account for the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC), a single-employer defined benefit pension plan. The Student Activity Fund is used to account for monies collected at the schools in connection with student athletics, classes, clubs, various fund raising activities and private donations.

D. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are presented using an economic resources measurement focus. All assets and liabilities are shown in the statement of net assets; therefore, the non-current assets (i.e., land, buildings, improvements, long term accounts receivable) as well as the long-term liabilities (i.e., capital lease liabilities) are included in this statement.

The statement of activities presents the degree to which expenses are offset by program revenues for a specific program or function of FCPS. Program revenues include charges for services, operating grants and contributions and capital grants and contributions. Grants and contributions from the County, the Commonwealth of Virginia, and the Federal Government, which are not restricted for specific purposes are presented as general revenues. Bond proceeds restricted for capital outlay and lottery proceeds are also presented as general revenues.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in

(Continued)

current financial resources. Since the governmental fund statements are presented on a different measurement focus than the government-wide statements, a schedule of reconciliation is presented which briefly explains the adjustments necessary to reconcile the governmental fund financial statements to the governmental activities of the government-wide financial statements.

All proprietary funds and fiduciary funds are accounted for on the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity (i.e., net total assets) is broken down into unrestricted assets and those invested in capital assets, net of related debt. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows reflects how FCPS finances the cash requirements of its proprietary activities.

E. Basis of Accounting

The basis of accounting determines when transactions are recorded as financial transactions and reported in the financial statements. The government-wide financial statements are reported using the accrual basis of accounting. All governmental funds use the modified accrual basis of accounting. The proprietary and fiduciary funds also use the accrual basis of accounting. The difference in the basis of accounting relates to how revenue is recognized, how deferred revenue is recorded and whether FCPS reports expenses or expenditures.

Revenues

Revenue for exchange transactions is recorded on the accrual basis. Non-exchange transactions are recorded on the modified accrual basis, that is, revenue is recorded in the fiscal year in which the resources are measurable and expected to be collected by fiscal year end or soon enough thereafter to be used to pay current liabilities. FCPS uses 60 days after fiscal year end for its funds availability criteria. Non-exchange transactions, where FCPS either gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. These revenues are recognized in the fiscal year in which all eligibility requirements have been satisfied.

FCPS' primary revenues are fund transfers from the County and receipts from the Commonwealth of Virginia. These are considered general revenues and are recognized in the period received. Revenue from general-purpose grants is recognized as general revenues in the period to which the grant applies. In the governmental fund financial statements, revenue for specific purpose (i.e., federal, state, and other grants), which are provided to fund specific program expenditures, is recognized as program revenue when earned or is expected to be collected within 60 days. Revenue from continuing adult and community education classes and the school lunch program is recognized as program revenue at the time that the revenue is earned.

(Continued)

Operating revenue in the proprietary funds is revenue earned from charges for services provided to other departments on a cost reimbursement basis. The non-operating revenue of these funds does not require a good or service to be delivered. The primary source for non-operating revenues is interest income.

Deferred Revenue

Deferred revenue results when funds are received before the revenue recognition criteria have been met. FCPS has several types of deferred revenue. In the Grants and Self-Supporting Fund, deferred revenue is recorded for advance tuition payments. Deferred revenue in the Health Benefits Fund represents coverage for the months of July and August withheld in advance from teachers' salaries.

Expenses/Expenditures

In the accrual basis of accounting, expenses are recorded when incurred. In governmental fund accounting, decreases in net financial resources are reported as expenditures rather than expenses. Expenditures are reported in the fiscal year when the related liability is incurred. Depreciation and amortization, which are allocations of cost, are not recorded in the governmental funds.

F. Cash and Cash Equivalents

Cash on deposit with the County of Fairfax represents the majority of FCPS' available cash. In order to maximize investment returns, these funds are maintained in a fully insured or collateralized investment pool administered by the County. At June 30, 2003, all of the County's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedure for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

Cash with fiscal agents is insured and represents receipts from pension investment sales occurring on the last day of the month, which could not be invested until July 1, 2003.

On a monthly basis, the County allocates any investment earnings less an administrative charge based on the average balance in pooled cash and investments to FCPS. Interest is allocated to the Food and Nutrition Services Fund, the Adult and Community Education Fund, the Health Benefits Fund, and the Pension Trust Fund.

Cash in the student activity funds represents available cash in the local school accounts, all of which are fully insured or collateralized. Deposits, including checking and savings accounts and certificates of deposit, are placed with banks and savings and loan institutions which are protected by Federal Depository Insurance Laws or collateral held under the provisions of the Act.

(Continued)

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments (with a maturity of three months or less when purchased) including restricted assets, to be cash equivalents.

G. Investments

The Pension Trust Fund's short-term investments are reported at cost, which approximates fair value and other investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at estimated fair value. Investment purchases and sales are recorded as of the trade date. These transactions are not finalized until the settlement date, which occurs approximately two business days after the trade date for domestic trades, and approximately seven to ten days after the trade date for international trades.

H. Inventories

Inventories are valued and carried on an average unit cost basis. The consumption method of accounting for inventory is used in the government-wide statements as well as in the governmental and internal service funds. Under this method, inventory items are expensed as operating supplies and material are consumed. In the governmental funds, the inventory of the Food and Nutrition Services Fund, which consists of perishable and non-perishable food products, is fully reserved in the fund balance. The Central Procurement inventory is comprised of expendable supplies held for consumption.

I. Capital Assets

Capital assets are reported in the government-wide financial statements and include land, buildings, improvements, furniture and equipment with a useful life expectancy of two years or more, and a value of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Generally, capital assets are recorded at acquisition cost or if it is not readily available, at estimated historical cost. Donated assets are recorded at their fair market value at the time of receipt. Assets acquired through capital lease agreements are recorded at their total financed amount, as stated in the lease's amortization schedule.

All reported capital assets except land, land improvements and construction in progress are depreciated. The straight-line depreciation method is used over the following estimated useful lives: 50 years for buildings; 25 years for trailers; 7 to 20 years for improvements; 5 to 20

(Continued)

years for office furniture and other equipment; 5 years for library collections; and 8 years for licensed vehicles (i.e., school buses, cars, etc.).

J. Compensated Absences

FCPS employees earn vacation pay based on a prescribed formula depending on years of service. Employees with less than ten years of service are allowed to accumulate a maximum of 240 hours and employees with ten years or more of service are allowed to accumulate a maximum of 320 hours of vacation benefits as of the end of each fiscal year.

All compensated absences are accrued as a liability in the government-wide financial statements. The liability is segregated into current (due within one year of the date of the financial statements) and long-term (due in more than one year).

In accordance with GASB Interpretation 6, the current portion of the compensated absences liability is recognized as a governmental fund liability and expenditure when payments come due each period upon the occurrence of relevant events. FCPS' current liability pertains to those employees who retired and/or resigned, and have not received payment for their accrued annual leave as of June 30, 2003. In addition, employee-earned salary-related liabilities that have not been paid, or the best estimate thereof, including certain employer related fringe benefits, are also recorded as a current liability.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements as well as in the proprietary fund financial statements. The long-term liabilities are segregated between those due within one year and those due beyond one year.

The governmental fund payables and accrued liabilities that are paid from current financial resources are reported as obligations of the funds. Any long-term obligations, such as claims and judgments due for payment during the current fiscal year are recorded as liabilities of the governmental funds.

L. Net Assets

Net assets represent the difference between assets and liabilities in the government-wide and proprietary financial statements. The net assets of FCPS are divided into three categories. Net assets invested in capital assets, net of related-debt represents capital assets, net of accumulated depreciation, reduced by the outstanding borrowings for the acquisition, construction or improvement of these assets. Restricted net assets result from limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors laws or regulations of other governments. The remaining net assets are reported as unrestricted.

(Continued)

M. Recovered Costs

The reimbursement from the City of Fairfax (City) for operating City owned schools and providing educational services to City students is recorded as a recovered cost in the governmental funds financial statements. For FY 2003, the reimbursement totaled \$26,927,421.

N. 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.

O. Tax Status

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

II. Reconciliation of Government-wide and Fund Financial Statements

The following reconciliation schedules accompany the governmental fund statements:

- Summary reconciliation of the differences between total fund balances as reflected on the governmental funds balance sheet and net assets for governmental activities as shown on the government-wide statement of net assets.
- Summary reconciliation of the differences between total net changes in fund balances as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances and change in net assets for governmental activities as shown on the government-wide statement of activities.

The reconciling differences were 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. Stewardship, compliance and accountability***A. Excess of expenditures over appropriations***

For the year ended June 30, 2003, expenditures exceeded appropriations (the legal level of budgetary control) in the Capital Projects fund by \$5,635,946. The prior year's fund balance was not sufficient to fund the over expenditures thereby creating a negative fund balance.

(Continued)

B. Deficit fund equity

The Capital Projects Fund has a deficit fund equity of \$6,477,429. This was due to significant expenditures related to four new elementary schools opening in fall 2003. Construction costs have outpaced bond proceeds.

IV. Detailed notes on all funds***A. Deposits***

At June 30, 2003, the majority of FCPS deposits are held by Fairfax County government in their investment pool. The deposits in the Student Activity fund are held in local school accounts in checking, savings accounts and certificates of deposit. All deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act provides for the pooling of collateral pledged 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 name as security for deposits. 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 banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. 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 were inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

B. Pension Fund Investments

The authority to establish pension funds is set forth in Section 51.1-800 of the Code of Virginia (Code). Section 51.1-803 of the Code authorizes the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) to purchase the following investments:

- Obligations of the Commonwealth of Virginia and its instrumentalities
- U.S. Treasury and agency securities
- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local governmental units located within other states
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank

(Continued)

In addition, Section 51.1-803 of the Code provides that ERFC may purchase other investments, including common and preferred stocks and corporate bonds that meet the standard of judgment and care set forth in Section 51.1-124.30 of the Code.

Board of Trustees policies permit ERFC to lend certain securities to approved brokers/dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The pension fund's custodian is the agent in lending the pension fund's domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Brokers/dealers who borrow the securities provide collateral in the form of cash, securities and irrevocable bank letters. ERFC did not impose any restrictions during the period on the amount of loans the lending agent made on its behalf. The lending agent provides for full indemnification to ERFC for any losses that might occur in the program due to the failure of a broker to return borrowed securities or failure to pay income of the securities while on loan. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. The market value for collateral is monitored daily by the custodian.

Either ERFC or the borrowers can terminate all securities loans on demand. Cash collateral is invested in a fund maintained by the custodian or an affiliate. Per stated custodian policy, the maximum weighted average maturity of the fund is 90 days. Investment income from the securities lending program is shared 75/25 by ERFC and the custodian, respectively. At year-end, the ERFC had no credit risk exposure to borrowers because the amounts the ERFC owed the borrowers exceeded the amounts the borrowers owed the ERFC.

Cash received as collateral and the related liability is \$130,776,104 as of June 30, 2003. As of June 30, 2003, the market value of securities on loan is \$127,872,199. Securities received as collateral are not reported as assets since ERFC does not have the ability to pledge or sell the collateral securities absent borrower default.

As permitted by the Code described above, ERFC invests in derivative instruments on a limited basis in accordance with Board of Trustees' policy. These investments must meet certain requirements regarding collateral, margin limits, quality of underlying securities and reporting. Investment managers are specifically prohibited from purchasing securities on margin or leverage.

ERFC is indirectly exposed to market and credit risks associated with ownership interest in certain mutual funds, which hold futures contracts, options, collateralized mortgage obligations, interest-only strip securities, and call warrants. At June 30, 2003, investments in derivatives, including mutual funds, represented 1.1 percent of the total fair value of the ERFC portfolio. Throughout the fiscal year, investments in derivatives ranged from 2.3 percent to 1.1 percent of the portfolio's fair value.

(Continued)

ERFC's pension fund investments are required to be categorized to indicate the level of risk assumed by the entity as of June 30, 2003. Category 1 includes investments that are insured or held by ERFC or its agent in ERFC's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counter-party's trust department or agent in ERFC's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counter-party, or by its trust department but not in ERFC's name. Investments in mutual funds and the short-term collateral investment pool are not categorized because securities are not used as evidence of the investments. Securities lent for securities and irrevocable letters of credit collateral are classified according to the category of the collateral received. At year end collateral from reinvested cash in the securities lending transactions are unclassified since the cash collateral is invested in a short-term collateral investment pool. All categorized investments are Category 1 investments.

Pension fund investments at June 30, 2003 were as follows:

	Carrying Amount
Short-term Investments	\$ 54,149,794
U.S. Government Securities	10,622,527
Common Stock:	
Not on Securities Loan	595,749,596
On Securities Loan for Securities Collateral	1,108,469
Preferred Stock	1,322,256
Asset-Backed Securities	156,644,450
Other Bonds and Notes	166,259,332
Subtotal	<u>985,856,424</u>
Mutual Funds	252,618,665
Investments held under Securities Loan with Cash Collateral:	
Short-term Investments	1,113,628
Common Stock	37,529,192
U.S. Government Securities	50,271,357
Cash collateral for securities on loan	130,776,104
Asset-Backed Securities	12,967,473
Other Bonds and Notes	22,522,904
Total Investments held under Securities Loans with Cash Collateral	<u>255,180,658</u>
Total investments	<u>\$ 1,493,655,747</u> (1)

(1) Investment in money market of \$38,800,659 is not included in the above schedule.

(Continued)

C. Due From Intergovernmental Units

Amounts due from other governments at June 30, 2003 were:

	Federal	State	Other Jurisdictions	Total	County
Operating Fund	\$ 6,658,581	10,521,537	84,705	17,264,823	4,864,092
Food and Nutrition Services	750,000	-	-	750,000	154,257
Grants & Self-Supporting Programs	8,595,248	4,135,908	-	12,731,156	17,015
Adult and Community Education	53,549	-	-	53,549	-
Total	\$ 16,057,378	14,657,445	84,705	30,799,528	5,035,364

Amounts due from the Federal government are attributed primarily to the Individuals with Disabilities Education Act (IDEA) in the Operating Fund and to the Titles I, II and III grants in the Special Revenue Funds. IDEA is designed to ensure that all school age handicapped children are provided a free, appropriate public education. Titles I, II and III programs enhance instruction for disadvantaged children.

A significant portion of the receivable from the Commonwealth of Virginia in the Operating Fund is attributed to state sales taxes due to the school system. The Virginia Retail Sales and Use Tax Act requires one out of every four and one half cents collected in state sales tax to be distributed to school divisions based on school-age population. The receivable from the Commonwealth of Virginia in the Grants and Self-Supporting Programs represents FCPS' allocation of the Virginia Public School Authority Educational Technology note proceeds. These proceeds are available to school divisions for qualified technology expenditures.

In 1980, the Commonwealth of Virginia Auditor of Public Accounts revised previous guidelines and required that funds for educational employees' salaries and benefits be budgeted in the year they were earned rather than paid. As a result, FCPS recognized an unfunded liability in the Operating Fund for salaries and benefits of \$46 million at the end of fiscal year 1984. The County Board of Supervisors decided to fund this liability over a period of ten years. In fiscal year 1991, the County experienced severe budget constraints and suspended payments until the County's financial position improved. During fiscal year 1996, the County agreed to pay the remaining \$16,213,640 over a ten-year period; a payment of \$1,621,364 was made during fiscal year 2003. At June 30, 2003, the \$4,864,092 receivable from the County represents the remaining unfunded liability, which is offset by a corresponding deferred revenue. The County has recorded the liability to FCPS as a long-term obligation in their Statement of Net Assets. FCPS will reduce the receivable and related deferred revenue as the payments from the County are received.

(Continued)

D. Capital Assets

A summary of capital asset activity for fiscal year 2003 is as follows:

	Balance			Balance
	June 30, 2002	Additions	Deductions	June 30, 2003
Non-depreciable capital assets:				
Land	\$ 43,410,537	3,407,980	-	46,818,517
Construction in Progress	300,848,525	126,489,907	(135,854,209)	291,484,223
Total capital assets not depreciated	<u>344,259,062</u>	<u>129,897,887</u>	<u>(135,854,209)</u>	<u>338,302,740</u>
Depreciable capital assets:				
Land improvements	18,299,158	-	-	18,299,158
Buildings	737,127,063	11,243,491	-	748,370,554
Building improvements	683,464,987	124,665,267	-	808,130,254
Library materials/collections	20,678,288	3,706,781	-	24,385,069
Equipment	129,255,868	12,474,731	(3,909,430)	137,821,169
Total other capital assets	<u>1,588,825,364</u>	<u>152,090,270</u>	<u>(3,909,430)</u>	<u>1,737,006,204</u>
Less accumulated depreciation:				
Land improvements	2,131,398	824,341	-	2,955,739
Buildings	284,196,877	14,859,388	-	299,056,265
Building improvements	193,327,082	26,285,058	-	219,612,140
Library materials/collections	9,670,036	3,615,363	-	13,285,399
Equipment	67,004,347	13,064,797	(3,235,904)	76,833,240
Total accumulated depreciation	<u>556,329,740</u>	<u>58,648,947</u>	<u>(3,235,904)</u>	<u>611,742,783</u>
Depreciable capital assets, net	<u>1,032,495,624</u>	<u>93,441,323</u>	<u>(673,526)</u>	<u>1,125,263,421</u>
Total net capital assets	<u>\$ 1,376,754,686</u>	<u>223,339,210</u>	<u>(136,527,735)</u>	<u>1,463,566,161</u>

Depreciation was charged to governmental functions/programs as follows:

Depreciation Charges	
Instruction:	
Regular	\$ 46,310,466
Special education	942,127
Professional technical studies	15,922
Adult education	49,694
Administration, attendance and health	1,244,777
Food operations	1,398,237
Student transportation services	7,503,846
Operation and maintenance services	866,806
Facilities	317,072
Total	<u>\$ 58,648,947</u>

(Continued)

E. Construction commitments

At June 30, 2003 FCPS had contractual commitments of \$71,960,622 in the Capital Projects Fund for construction of various projects.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund receivable and payable balances as of June 30, 2003 is as follows:

Fund	Interfund Receivables	Interfund Payables
Operating	\$ 7,100,000	-
Grant & Self-Supporting Programs	-	5,000,000
Internal Service	-	2,100,000
Total	<u>\$ 7,100,000</u>	<u>7,100,000</u>

The interfund transactions occur at year-end for financial statement presentation. FCPS' Operating Fund advances monies to other funds to offset their year-end cash deficits. The deficits occur due to timing differences between the payment of expenditures and the receipt of cash to cover them. The cash deficit in the Grant and Self-Supporting Programs Fund represents year-end unreimbursed costs due from grantors. The advance required for the Internal Service Fund results from inventory build up in the Central Procurement Fund, in anticipation of the start of the school year. The inventory items have been paid for but will not be billed to the schools until they are delivered in July.

The breakdown of interfund transfers as of June 30, 2003 is as follows:

Transfer To (Fund)	Transfer From (Fund)	
	Operating	Total
Grants & Self-Supporting Programs	\$ 13,687,954	13,687,954
Adult and Community Education	2,000,131	2,000,131
Capital Projects	13,172,173	13,172,173
Internal Service	293,242	293,242
Total	<u>\$ 29,153,500</u>	<u>29,153,500</u>

The purposes for the interfund transfers were:

- Operating Fund transfers of \$13,687,954 to the Grants and Self-Supporting Fund represent funds required to cover increased summer school expenditures especially those related to preparation for the Virginia Standards of Learning exams.

(Continued)

- Operating Fund transfers of \$2,000,131 to the Adult and Community Education Fund represent funds needed to subsidize the English for Speakers of Other Languages (ESOL) programs.
- Operating Fund transfers of \$13,172,173 to the School Construction Fund represent funds required for building maintenance, classroom equipment and facility modifications.
- Operating Fund transfers of \$293,242 to the Health & Flexible Benefits Fund represents the savings in the employer's share of FICA resulting from the increase in employee participation in Flexible Spending Accounts, which is a pre-tax payroll deduction.

G. Capital Leases

FCPS has entered into lease agreements as lessee for school buses, vehicles, trailers, facility modifications, computers and photocopy equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These leases are under noncancelable agreements that expire at various times through fiscal year 2007. There are no capital leases which extend beyond 2007. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

Fiscal Year	Principal
2004	\$ 10,700,271
2005	8,427,415
2006	7,265,325
2007	3,805,486
Total minimum obligations	30,198,497
Less portion representing interest	2,219,444
Present value of minimum obligations	\$ 27,979,053

The following schedule lists the capital leases by major asset class:

Asset class	Acquisition Cost	Accumulated Depreciation	Net
Capital assets:			
Buses	\$ 19,778,366	3,177,617	16,600,749
Vehicles	2,214,940	708,687	1,506,253
Total	\$ 21,993,306	3,886,304	18,107,002

(Continued)

H. Changes in long-term liabilities

The following is a summary of changes in the long-term liabilities of FCPS for the year ended June 30, 2003:

	Balance			Balance	Due within
	July 1, 2002	Additions	Deductions	June 30, 2003	One Year
Long-term obligations:					
Contract retainages	\$ 10,836,156	4,229,685	5,368,881	9,696,960	9,696,960
Accrued employee leave	22,495,744	1,002,346	-	23,498,090	14,568,816
Capital leases	27,680,803	9,927,083	9,628,833	27,979,053	9,647,165
Actuarial claims payable	26,025,553	134,033,525	131,258,258	28,800,820	18,059,743
Total	\$ 87,038,256	149,192,639	146,255,972	89,974,923	51,972,684

Internal service funds predominantly serve the governmental funds. Accordingly, their long-term liabilities are included as part of governmental activities. The actuarial claims payable, capital leases, and accrued employee leave are generally liquidated from the Operating Fund. Contract retainages will be liquidated from the Capital Projects Fund.

V. Other information**A. Risk Management**

FCPS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; the health of and injuries to employees; and natural disasters. FCPS maintains self-insurance internal service funds for workers' compensation claims, certain property and casualty risks, and for health insurance benefits. The School Board believes that it is more cost effective to manage certain risks internally rather than purchase commercial insurance. Liabilities are reported in the self-insurance 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. Because actual claims liabilities depend on complex factors such as inflation, changes in governing laws and standards, and court awards, the process used in computing claims liabilities is reevaluated periodically to take into consideration the history, frequency and 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.

(Continued)

Changes in the balances of claims liabilities during fiscal years 2002 and 2003 were as follows:

	Insurance	Health Benefits
July 1, 2001 liability balance	\$ 18,960,866	10,039,133
Claims and changes in estimates	2,032,032	113,611,060
Claims payments	(4,991,539)	(110,564,127)
June 30, 2002 liability balance	16,001,359	13,086,066
Claims and changes in estimates	6,275,435	128,036,793
Claims payments	(6,022,257)	(125,236,001)
June 30, 2003 liability balance	<u>\$ 16,254,537</u>	<u>15,886,858</u>

The Insurance Fund liability of \$16,254,537 includes current accounts payable of \$653,717 and an actuarially determined claims liability of \$15,600,820. The Health Benefits Fund liability of \$15,886,858 includes current accounts payable of \$2,686,858 and actuarially determined claims liability of \$13,200,000.

In addition to the self-insurance program, FCPS carries commercial property insurance, surety bonds, fiduciary insurance and catastrophic medical insurance (for Virginia High School League Student participants only). In the past three fiscal years, settled claims have not exceeded any of the commercial coverage.

B. Related Parties

With the exception of the County of Fairfax, which funds a large portion of the FCPS budget, the school system has no significant related parties.

C. Debt Service Responsibility

The *Code of Virginia* prohibits FCPS from having borrowing or taxing authority. The County issues and services the debt to finance the construction and renovation of school facilities. The debt is not secured by the assets purchased or constructed 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 debt incurred on FCPS' behalf, the debt is shown in the County's CAFR.

D. Contingent Liabilities

FCPS is contingently liable with respect to lawsuits and other claims, which arise, in the ordinary course of its operations. At June 30, 2003, management believes that the amount of loss, if any, is

(Continued)

not material to FCPS government-wide statement of net assets. 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.

E. Retirement Plans

FCPS employees participate in ERFC, Fairfax County Supplemental Retirement System administered by the County, and Virginia Retirement System (VRS). Information about these plans is provided below.

1. Educational Employees' Supplementary Retirement System of Fairfax County

Plan Description

ERFC and ERFC 2001 are legally separate single-employer defined benefit pension plans established under the *Code of Virginia* and administered by FCPS. ERFC covers all full-time educational and civil service employees who are employed by the school system and who are not covered by another plan. ERFC provides retirement, disability and death benefits to plan members and their beneficiaries. Annual post retirement increases of 3 percent are effective each March 31. Benefit provisions are established and may be amended by ERFC's Board of Trustees subject to approval by the Fairfax County School Board. All benefits vest after five years of service. The benefit formula was revised effective July 1, 1988, following changes to the VRS, which ERFC supplements. The benefit structure provided a level retirement benefit through a combined ERFC/VRS benefit structure.

Effective July 1, 2001 a new benefit structure was enacted (ERFC 2001) for new employees. This plan has a stand-alone structure. Member contributions are made through an arrangement which results in a deferral of taxes on the contributions. Further analysis of member contributions may be found in Article III of the ERFC Plan Document. The ERFC and ERFC 2001 provide 12 types of benefit payments. Minimum eligibility conditions for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. A description of each of the 12 types of benefit payments is contained in the annual actuarial valuation report.

(Continued)

The ERFC issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Educational Employees' Supplementary Retirement System, 8001 Forbes Place, Suite 300, Springfield, VA 22151.

Funding Policy

The contribution requirements of ERFC members are established and may be amended by the ERFC Board of Trustees. The contribution policy of ERFC members is based upon a fundamental financial objective of having rates of contribution which remain relatively stable from generation to generation of employees. All members are required to contribute two percent of their covered salaries. To determine the employer contribution rates, and to assess the extent to which the fundamental financial objective is being achieved, the ERFC has an actuarial valuation prepared annually. In preparing those valuations, the entry age actuarial cost method is used to determine normal cost and actuarial accrued liabilities. The employer is required to contribute at an actuarially determined rate of 4.0 percent of annual covered payroll.

The following is a schedule of employer contributions for fiscal years ended 2001 through 2003:

Schedule of Employer Contributions		
Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	\$ 29,145,883	100 %
2002	30,849,067	100
2003	34,506,630	100

Annual Pension Cost

For the year ended June 30, 2003, FCPS' annual pension cost of \$34,506,630 was equal to its required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4 percent;
- projected salary increases of 4 to 8.2 percent including an inflation component of 4 percent; and
- post retirement benefit increases of 3 percent compounded annually.

(Continued)

The actuarial value of the ERFC's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. ERFC's unfunded actuarial accrued liability is being amortized as a level percentage of closed payrolls over a period of future years, which has never exceeded 30 years. The remaining amortization period, which is closed at June 30, 2002, was 30 years.

Concentrations

The ERFC does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represents 5 percent or more of net plan assets available for benefits.

Required Supplementary Information

Three-year historical trend information about the ERFC is presented below as required supplementary information. This information is intended to help users assess funding 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.

Schedule of Funding Progress (unaudited)						
Actuarial Valuation Date	Actuarial Value of Assets {a}	Actuarial Accrued Liability AAL - Entry Age {b}	(Excess of Assets) Unfunded AAL (UAAL) {b-a}	Funded Ratio {a/b}	Covered Payroll {c}	(Excess of Assets) UAAL as a Percentage of Covered Payroll {(b-a)/c}
6/30/2000	\$ 1,505,230,945	\$ 1,367,371,100	\$ (137,859,845)	110.08 %	\$ 678,937,233	(20.31) %
6/30/2001	1,599,218,680	1,552,558,103	(46,660,577)	103.01	759,905,510	(6.14)
6/30/2002	1,619,889,000	1,693,956,000	74,067,000	95.63	781,756,000	9.47

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

(Continued)

2. *Fairfax County Supplemental Retirement System*

Plan Description

The Fairfax County Employees' Retirement System (ERS) is a cost-sharing multiple-employer defined benefit pension plan, which covers only employees of the reporting entity. The plan covers full-time and certain part-time FCPS employees who are not covered by the ERFC or the VRS. Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, or (b) attain the age of 50 with age plus years of creditable service being greater than or equal to 80. 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. Annual cost of living adjustments are provided to retirees or beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service Area. 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. The benefit for early retirement is actuarially reduced and payable at early termination. The ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Employees' Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030 or by calling (703) 279-8200.

Funding Policy

The contribution requirements of ERS members are established and may be amended by County ordinances. Members may elect to join Plan A or Plan B. Plan A requires member contributions of 4 percent of compensation up to the Social Security wage base and 5.33 percent of compensation in excess of the wage base. Plan B requires member contributions of 5.33 percent of compensation. FCPS is required to contribute at an actuarially determined rate. The rate for fiscal year 2003 was 6 percent of annual covered payroll. This rate was established by the Board to cover the actuarially-determined normal cost plus administrative expenses of the ERS. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120 percent or falls below 90 percent, the contribution rate will be adjusted to bring the funded ratio back within these parameters. The FCPS' contributions to the ERS for fiscal year 2003 was \$9,700,304, while contributions for fiscal years 2002 and 2001 were \$8,283,130 and \$7,967,827, respectively, equal to the required contributions for each year.

(Continued)

3. *Virginia Retirement System*

Plan Description

FCPS contributes to the VRS on behalf of covered professional employees. VRS is a cost-sharing multiple-employer public employee defined benefit pension plan administered by the Commonwealth of Virginia for its political subdivisions. All full-time, salaried permanent employees of participating employers must participate in VRS. In accordance with the requirements established by State statute, the VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. VRS issues a publicly available annual report that includes financial statements and required supplementary information for VRS. This report can be obtained by writing to the Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500.

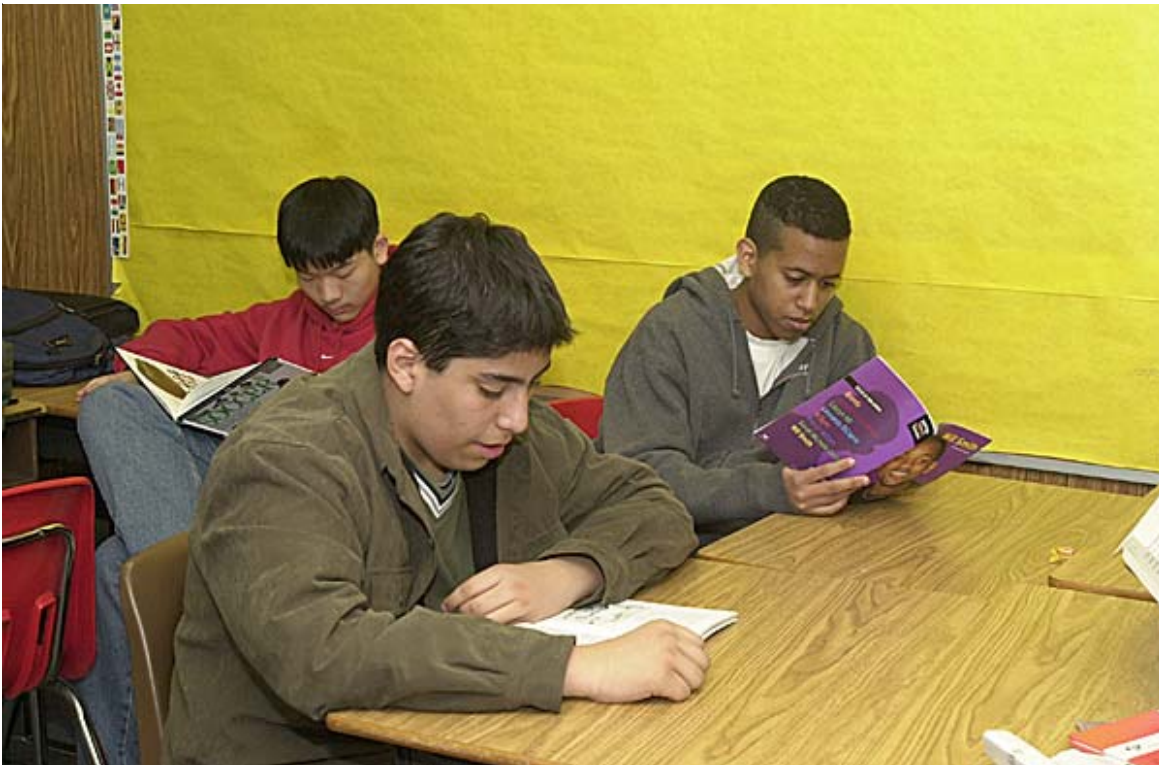
Funding Policy

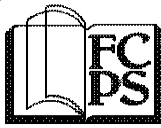
Plan members are required by State statute to contribute five percent of their annual covered salary to the VRS. If a plan member leaves covered employment, the accumulated contributions plus interest earned may be refunded. In accordance with State statute, FCPS is required to contribute at an actuarially determined rate. The rate for fiscal year 2003 was 3.77 percent of annual covered payroll. Only the Commonwealth of Virginia Legislature may amend State statute. The FCPS' contributions to the VRS for fiscal year 2003 was \$33,837,799, while contributions for fiscal years 2002 and 2001 were \$30,939,858 and \$60,201,616, respectively, equal to the required contributions for each year.

F. Post-employment Benefits

The School Board has established a program to subsidize the health benefit coverage of certain retirees and certain surviving spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by FCPS. There is no minimum number of years of service required to participate in this program. The program allows for a \$100 per month subsidy per participating retiree and is funded on a pay-as-you-go basis. There are 5,756 participants currently eligible and receiving benefits in the program. For fiscal year 2003, the cost of this program to FCPS was \$5,501,751.

REQUIRED SUPPLEMENTARY INFORMATION





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GOVERNMENTAL FUNDS

The **General Fund** is used to account for all revenues and expenditures of FCPS, which are not required to be accounted for in other funds.

The **Food and Nutrition Services Fund** is used to account for procurement, preparation and serving of student breakfasts, snacks and lunches. The primary sources of revenues are receipts derived from food sales and the federal school lunch program.

The **Grants and Self-Supporting Programs Fund** is 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.

The **Adult and Community Education Fund** is used to account for activities resulting from programs provided by Adult and Community Education. These programs include basic skills education, high school completion, ESOL, apprenticeship and occupational skills instruction, and various consumer education and special interest courses.

FAIRFAX COUNTY PUBLIC SCHOOLS

General Fund

Exhibit G

Budgetary Comparison Schedule - Budget and Actual

For the year ended June 30, 2003

	Budget		Actual	Variance from
	Original	Final	(Budget Basis)	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Federal government	\$ 32,307,253	36,843,620	34,643,996	(2,199,624)
Commonwealth of Virginia	298,377,028	301,120,903	298,424,773	(2,696,130)
Fairfax County	1,167,861,517	1,168,042,253	1,168,875,267	833,014
Charges for services:				
Tuition and fees	4,540,601	4,540,601	5,545,260	1,004,659
Revenue from the use of money and property	1,336,300	1,336,300	2,062,789	726,489
Recovered costs	27,350,000	26,927,421	26,927,421	-
Other	3,582,900	3,793,222	4,155,811	362,589
Total revenues	<u>1,535,355,599</u>	<u>1,542,604,320</u>	<u>1,540,635,317</u>	<u>(1,969,003)</u>
EXPENDITURES				
Current				
Instruction:				
Regular	910,390,746	920,647,586	883,394,271	37,253,315
Special	249,545,191	245,309,951	233,763,258	11,546,693
Professional technical studies	29,115,306	30,703,751	34,845,923	(4,142,172)
Adult education	2,104,859	2,139,128	2,540,207	(401,079)
Other	15,514,747	15,246,287	15,646,692	(400,405)
Support services:				
Administration, attendance and health	84,621,514	86,687,891	75,824,082	10,863,809
Student transportation	77,181,629	79,429,446	72,800,030	6,629,416
Operations and maintenance	143,047,502	144,957,745	147,825,397	(2,867,652)
Facilities	7,793,467	9,485,934	6,229,338	3,256,596
Capital outlay	8,746,055	12,301,681	5,486,719	6,814,962
Total expenditures	<u>1,528,061,016</u>	<u>1,546,909,400</u>	<u>1,478,355,917</u>	<u>68,553,483</u>
Excess (deficiency) of revenues over (under) expenditures	7,294,583	(4,305,080)	62,279,400	66,584,480
OTHER FINANCING SOURCES (USES)				
Transfers out	(27,096,497)	(29,153,500)	(29,153,500)	-
Total other financing uses	<u>(27,096,497)</u>	<u>(29,153,500)</u>	<u>(29,153,500)</u>	<u>-</u>
Net change in fund balance	(19,801,914)	(33,458,580)	33,125,900	66,584,480
Fund balance, July 1, 2002	19,801,914	77,622,846	71,159,023	(6,463,823)
Fund balance, June 30, 2003	<u>\$ -</u>	<u>44,164,266</u>	<u>104,284,923</u>	<u>60,120,657</u>

See accompanying notes to the budgetary comparison statements and independent auditors' report

FAIRFAX COUNTY PUBLIC SCHOOLS
Food and Nutrition Services Fund
Budgetary Comparison Schedule - Budget and Actual
For the year ended June 30, 2003

Exhibit G-1

	Budget		Actual	Variance from
	Original	Final	(Budget Basis)	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Federal government	\$ 13,401,414	13,401,414	14,635,920	1,234,506
Commonwealth of Virginia	714,489	714,489	759,288	44,799
Fairfax County	1,601,681	1,601,681	1,931,706	330,025
Charges for services:				
Food sales	33,283,413	33,283,413	32,562,730	(720,683)
Revenue from the use of money and property	505,000	505,000	124,099	(380,901)
Total revenues	<u>49,505,997</u>	<u>49,505,997</u>	<u>50,013,743</u>	<u>507,746</u>
EXPENDITURES				
Current:				
Support services:				
Administration, attendance and health	2,973,435	3,012,628	2,552,747	459,881
Food operations	45,900,727	46,459,780	46,826,088	(366,308)
Operations and maintenance	495,573	502,105	490,439	11,666
Capital outlay	187,522	235,954	122,496	113,458
Total expenditures	<u>49,557,257</u>	<u>50,210,467</u>	<u>49,991,770</u>	<u>218,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,260)</u>	<u>(704,470)</u>	<u>21,973</u>	<u>726,443</u>
Fund balance, July 1, 2002	7,273,093	9,791,528	9,791,528	-
Decrease in reserve for inventories	-	-	(16,016)	(16,016)
Fund balance, June 30, 2003	<u>\$ 7,221,833</u>	<u>9,087,058</u>	<u>9,797,485</u>	<u>710,427</u>

See accompanying notes to the budgetary comparison statements and independent auditors' report

FAIRFAX COUNTY PUBLIC SCHOOLS
Grants and Self-Supporting Programs Fund
Budgetary Comparison Schedule - Budget and Actual
For the year ended June 30, 2003

Exhibit G-2

	Budget		Actual	Variance from
	Original	Final	(Budget Basis)	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Federal government	\$ 16,751,268	26,583,111	16,221,474	(10,361,637)
Commonwealth of Virginia	9,440,783	9,842,635	6,800,343	(3,042,292)
Fairfax County	1,624,576	1,624,576	1,624,576	-
Charges for services:				
Tuition and fees	2,798,913	2,798,913	3,134,414	335,501
Revenue from the use of money and property	-	-	-	-
Other	463,306	1,034,591	2,427,789	1,393,198
Total revenues	<u>31,078,846</u>	<u>41,883,826</u>	<u>30,208,596</u>	<u>(11,675,230)</u>
EXPENDITURES				
Current				
Instruction:				
Regular	34,475,997	45,937,613	34,747,609	11,190,004
Special	199,291	827,632	1,149,467	(321,835)
Professional technical studies	-	34,215	13,312	20,903
Other	3,910,831	5,018,311	3,699,030	1,319,281
Support services:				
Administration, attendance and health	4,397,232	3,609,052	207,775	3,401,277
Student transportation	2,257,910	2,940,396	1,691,754	1,248,642
Operations and maintenance	-	68,157	48,701	19,456
Facilities	-	50,000	2,732	47,268
Capital outlay	-	381,358	304,678	76,680
Total expenditures	<u>45,241,261</u>	<u>58,866,734</u>	<u>41,865,058</u>	<u>17,001,676</u>
Deficiency of revenues under expenditures	(14,162,415)	(16,982,908)	(11,656,462)	5,326,446
OTHER FINANCING SOURCES				
Transfers in	14,162,415	13,687,954	13,687,954	-
Total other financing sources	<u>14,162,415</u>	<u>13,687,954</u>	<u>13,687,954</u>	<u>-</u>
Net change in fund balance	-	(3,294,954)	2,031,492	5,326,446
Fund balances July 1, 2002	-	3,294,954	3,294,954	-
Fund balances June 30, 2003	<u>\$ -</u>	<u>-</u>	<u>5,326,446</u>	<u>5,326,446</u>

See accompanying notes to the budgetary comparison statements and independent auditors' report

FAIRFAX COUNTY PUBLIC SCHOOLS
Adult and Community Education Fund
Budgetary Comparison Schedule - Budget and Actual
For the year ended June 30, 2003

Exhibit G-3

	Budget		Actual	Variance from
	Original	Final	(Budget Basis)	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Federal government	\$ 759,815	1,005,238	943,859	(61,379)
Commonwealth of Virginia	756,039	746,475	820,761	74,286
Charges for services:				
Tuition and fees	6,692,983	6,874,895	6,364,665	(510,230)
Revenue from the use of money and property	162,447	162,447	29,162	(133,285)
Other	-	35,268	38,296	3,028
Total revenues	8,371,284	8,824,323	8,196,743	(627,580)
EXPENDITURES				
Current:				
Instruction:				
Adult Education	8,416,333	11,234,629	9,876,308	1,358,321
Other	977,000	2,076,856	769,645	1,307,211
Capital outlay	78,082	78,082	64,408	13,674
	-	-	-	-
Total expenditures	9,471,415	13,389,567	10,710,361	2,679,206
Deficiency of revenues under expenditures	(1,100,131)	(4,565,244)	(2,513,618)	2,051,626
OTHER FINANCING SOURCES:				
Transfers in	1,100,131	2,000,131	2,000,131	-
Total other financing sources	1,100,131	2,000,131	2,000,131	-
Net change in fund balance	-	(2,565,113)	(513,487)	2,051,626
Fund balances July 1, 2002	-	2,565,113	2,565,113	-
Fund balances June 30, 2003	\$ -	-	2,051,626	2,051,626

See accompanying notes to the budgetary comparison statements and independent auditors' report

FAIRFAX COUNTY PUBLIC SCHOOLS
Notes to the Budgetary Comparison Schedules
June 30, 2003

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

The preparation of FCPS budget begins with soliciting input from parents and community leaders on the School Board's priorities. In early January the proposed budget is presented to the School Board, which then, late in January, conducts a series of public hearings and workshops.

After considering all of the input from participants, the School Board adopts the Advertised Budget in early February. It is then forwarded to the County for inclusion in the County Executive's advertised budget. In early April, the BOS holds public hearings regarding the proposed budget.

After the BOS has determined the amount of funding to be transferred to FCPS, the School Board holds public hearings and approves the final budget in late May. The approved budget governs the financial operations of the school system beginning on July 1.

Annual budgets are adopted for all the funds except for the capital projects fund, which is budgeted 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 when initiated are not budgeted as offsetting expenditures and other financing sources;
- Revenue from investments is recognized in the governmental funds for budget purposes only if collected within 60 days of year-end, instead of as earned.

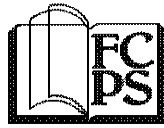
All annual appropriation lapse at fiscal year end. The current budget is re-evaluated three times during the year based on current projections and amended accordingly by the School Board and the County Board of Supervisors.

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

(Continued)

The following schedule reconciles the amounts on the Budgetary Comparison Statement General Fund (Budget Basis) Exhibit G to the amounts on the Statement of Revenues, Expenditures and changes in Fund Balances, Exhibit D.

	General Fund
Net change in fund balance (budget basis)	\$ 33,125,900
Basis difference - expenditures for teachers' liability	<u>1,621,364</u>
Net change in fund balance (GAAP basis)	<u><u>\$ 34,747,264</u></u>



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SUPPLEMENTARY INFORMATION





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INTERNAL SERVICE FUNDS

The **Central Procurement Fund** is used to account for the centrally procured orders of textbooks, supplies and equipment and their issuance to individual schools and offices.

The **Health Benefits Fund** is a self-insurance fund used to account for health care costs for employees electing the Health Choice managed care program. This fund also provides for payment of eligible health care and dependent care expenses for employees participating in the flexible spending account program.

The **Insurance Fund** is a self-insurance fund used to account for FCPS' casualty liability obligations, including worker's compensation.

FAIRFAX COUNTY PUBLIC SCHOOLS

Combining Statement of Net Assets

Internal Service Funds

June 30, 2003

Exhibit H

	Central Procurement	Health Benefits	Insurance	Totals
ASSETS				
Current assets:				
Cash on deposit with County of Fairfax, VA	\$ 81,683	33,589,975	17,610,097	51,281,755
Accrued interest receivable	-	33,716	-	33,716
Inventories	3,222,821	-	-	3,222,821
Total current assets	<u>3,304,504</u>	<u>33,623,691</u>	<u>17,610,097</u>	<u>54,538,292</u>
Noncurrent assets:				
Capital assets:				
Equipment	91,280	-	12,918	104,198
Less: Accumulated depreciation	(21,582)	-	(807)	(22,389)
Total capital assets (net of depreciation)	<u>69,698</u>	<u>-</u>	<u>12,111</u>	<u>81,809</u>
Total assets	<u>3,374,202</u>	<u>33,623,691</u>	<u>17,622,208</u>	<u>54,620,101</u>
LIABILITIES				
Current liabilities:				
Accounts payable	439,002	2,686,858	653,717	3,779,577
Interfund payable	2,100,000	-	-	2,100,000
Deferred revenue	-	3,047,008	-	3,047,008
Actuarial claims payable	-	13,200,000	4,859,743	18,059,743
Total current liabilities	<u>2,539,002</u>	<u>18,933,866</u>	<u>5,513,460</u>	<u>26,986,328</u>
Noncurrent liabilities:				
Actuarial claims payable	-	-	10,741,077	10,741,077
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>10,741,077</u>	<u>10,741,077</u>
Total liabilities	<u>2,539,002</u>	<u>18,933,866</u>	<u>16,254,537</u>	<u>37,727,405</u>
NET ASSETS				
Invested in capital assets	69,698	-	12,111	81,809
Unrestricted	765,502	14,689,825	1,355,560	16,810,887
Total net assets	<u>\$ 835,200</u>	<u>14,689,825</u>	<u>1,367,671</u>	<u>16,892,696</u>

The notes to the financial statements are an integral part of this statement

FAIRFAX COUNTY PUBLIC SCHOOLS
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Internal Service Funds
For the year ended June 30, 2003

Exhibit H-1

	Central Procurement	Health Benefits	Insurance	Totals
Operating revenues:				
Charges for services	\$ 10,351,051	137,061,008	5,873,240	153,285,299
Operating expenses:				
Salaries and wages	72,419	682,944	650,669	1,406,032
Payments to vendors for goods held for resale	10,611,221	-	-	10,611,221
Claims and benefit payments	-	125,236,001	6,022,257	131,258,258
Professional consultant services	-	6,033,637	1,339,058	7,372,695
Depreciation expense	8,239	-	807	9,046
Total operating expenses	10,691,879	131,952,582	8,012,791	150,657,252
Operating income (loss)	(340,828)	5,108,426	(2,139,551)	2,628,047
Non-operating revenues:				
Interest revenue	-	329,691	-	329,691
Income (loss) before operating transfers	(340,828)	5,438,117	(2,139,551)	2,957,738
Transfers in	-	293,242	-	293,242
Change in net assets	(340,828)	5,731,359	(2,139,551)	3,250,980
Total net assets - July 1, 2002	1,176,028	8,958,466	3,507,222	13,641,716
Total net assets - June 30, 2003	\$ 835,200	14,689,825	1,367,671	16,892,696

The notes to the financial statements are an integral part of this statement

FAIRFAX COUNTY PUBLIC SCHOOLS
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2003

Exhibit H-2

	Central Procurement	Health Benefits	Insurance	Totals
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 10,351,051	137,088,689	5,873,240	153,312,980
Payments to employees	(72,419)	(682,944)	(650,669)	(1,406,032)
Payments to vendors for goods held for resale	(10,238,380)	-	-	(10,238,380)
Payments for claims and health benefits	-	(122,536,897)	(5,913,679)	(128,450,576)
Payments for professional services	-	(6,033,637)	(1,339,058)	(7,372,695)
Net cash provided (used) by operating activities	40,252	7,835,211	(2,030,166)	5,845,297
Cash flows from noncapital financing activities:				
Transfers from other funds	-	293,242	-	293,242
Net cash provided by noncapital financing activities	-	293,242	-	293,242
Cash flows from capital and related financing activities:				
Purchase of capital assets	(9,999)	-	(12,918)	(22,917)
Net cash used by capital and related financing activities	(9,999)	-	(12,918)	(22,917)
Cash flows from investing activities:				
Interest received	-	324,096	-	324,096
Net cash provided by investing activities	-	324,096	-	324,096
Net increase (decrease) in cash and cash equivalents	30,253	8,452,549	(2,043,084)	6,439,718
Cash and cash equivalents July 1, 2002	51,430	25,137,426	19,653,181	44,842,037
Cash and cash equivalents June 30, 2003	81,683	33,589,975	17,610,097	51,281,755

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ (340,828)	5,108,426	(2,139,551)	2,628,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	8,239	-	807	9,046
Decrease in accounts receivable	-	42,914	-	42,914
Increase in inventories	(186,951)	-	-	(186,951)
Increase (decrease) in accounts payable	159,792	(100,896)	133,311	192,207
Increase in interfund payables	400,000	-	-	400,000
Decrease in deferred revenue	-	(15,233)	-	(15,233)
Increase (decrease) in actuarial claims payable	-	2,800,000	(24,733)	2,775,267
Total adjustments	381,080	2,726,785	109,385	3,217,250
Net cash provided (used) by operating activities	\$ 40,252	7,835,211	(2,030,166)	5,845,297

The notes to the financial statements are an integral part of this statement

STATISTICAL SECTION

(unaudited)



STATISTICAL SECTION

FAIRFAX COUNTY PUBLIC SCHOOLS

**TABLE 1 - General School System Government-wide Expenses by Function (1)
Last Ten Fiscal Years**

		Instruction				
		Regular	Special	Professional Technical Studies	Adult Education	Other
2002	\$	931,145,070	223,400,480	35,314,529	12,285,550	21,731,203
2003		959,618,339	237,743,984	34,873,515	12,419,166	20,084,736

- (1) There is no comparative data prior to fiscal year 2002. This was the first year of implementation of GASB 34.
 (2) Interest on long-term debt of \$1,084,829 for fiscal year 2002 was incorporated within the functional programs.

FAIRFAX COUNTY PUBLIC SCHOOLS

**TABLE 2 - General School System Government-wide Revenues (1)
Last Ten Fiscal Years**

		Program Revenues			General Revenues	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Grants and Contributions Restricted to Specific Programs	Grants and Contributions Not Restricted to Specific Programs
2002	\$	78,281,595	100,156,368	7,985,121	137,682,332	1,359,196,624
2003		77,510,685	102,397,834	4,681,750	144,581,018	1,442,192,068

- (1) Fiscal Year 2002 was the first year of implementation of GASB 34. There is no comparative data for prior years.

Support Services							
Administration Attendance & Health	Food Operations	Student Transportation	Operations & Maintenance	Facilities	Interest on Long-term Debt		Total
\$ 68,640,166	50,894,577	68,638,138	141,023,120	21,462,765	-	(2)	1,574,535,598
78,057,408	51,232,850	77,230,692	148,856,714	37,180,938	1,220,954		1,658,519,296

General Revenues (cont'd)

	Revenue from the use of Money and Property	Other	Total
\$	613,144	7,497,943	1,691,413,127
	467,350	3,733,049	1,775,563,754

STATISTICAL SECTION

FAIRFAX COUNTY PUBLIC SCHOOLS

TABLE 3 - General School System Governmental Expenditures by Function (1)
Last Ten Fiscal Years

	Regular Instruction	Special Education	Professional Technical Studies	Adult Education	Other Educational Programs	Administration, Attendance and Health Services
1994 (3) \$	650,178,292	-	-	5,881,646	12,607,710	48,172,901
1995 (3)	712,676,187	-	-	6,186,705	12,480,106	45,117,324
1996 (3)	724,548,014	-	-	6,300,176	14,996,506	45,200,662
1997 (3)	790,190,669	-	-	5,265,374	15,151,974	48,046,787
1998 (3)	856,176,795	-	-	5,812,707	15,391,363	53,065,363
1999 (3)	894,395,168	-	-	6,829,312	21,287,040	59,552,528
2000 (3)	984,694,544	-	-	8,048,725	40,133,005	65,214,329
2001 (3)	1,087,288,489	-	-	9,426,599	26,309,739	65,847,885
2002	885,237,350	222,077,101	35,224,316	12,250,918	21,659,658	69,934,620
2003	916,520,516	234,912,725	34,859,235	12,416,515	20,115,367	78,584,604

(1) Includes expenditures of all governmental fund types except capital leases and installment purchases.

(2) Includes reimbursement to Fairfax County for bond cost.

(3) Prior to fiscal year 2002, instructional expenditures were not categorized by type.

FAIRFAX COUNTY PUBLIC SCHOOLS

TABLE 4 - General School System Governmental Revenues by Source (1)
Last Ten Fiscal Years

	Fairfax County	Sales Tax Receipts	Other Commonwealth of Virginia	Federal Government	Other	Total
1994 \$	637,681,007	67,151,368	108,628,848	28,738,670	50,361,199	892,561,092
1995 (2)	718,091,281	72,475,310	114,091,919	28,519,455	53,506,179	986,684,144
1996	788,896,781	75,374,323	119,527,694	29,642,358	56,467,675	1,069,908,831
1997	863,621,500	79,901,252	153,516,863	34,947,059	59,086,339	1,191,073,013
1998	907,683,743	84,425,304	157,021,401	35,867,643	61,990,223	1,246,988,314
1999	953,948,506	90,730,534	184,904,102	38,808,562	69,515,263	1,337,906,967
2000	1,034,829,253	98,937,749	200,916,019	44,311,137	72,126,918	1,451,121,076
2001	1,123,345,283	103,934,411	226,045,040	52,970,052	86,127,127	1,592,421,913
2002	1,213,204,835	104,422,309	226,919,632	58,127,565	90,024,739	1,692,699,080
2003	1,308,831,549	108,484,574	199,254,083	66,445,249	84,465,835	1,767,481,290

(1) Includes revenue of all governmental fund types.

(2) Effective FY 1995, County funds include proceeds from general obligation bonds for Capital Projects Fund.

	Food Operations	Student Transportation	Operations and Maintenance	Facilities/ Capital Outlay	Total
\$	28,032,832	43,269,462	106,699,204	79,063,976	973,906,023
	29,910,700	40,974,787	108,982,891	73,868,720	1,030,197,420
	31,581,561	41,914,962	112,167,053	65,157,872	1,041,866,806
	33,625,886	49,475,400	117,792,990	100,597,234	1,160,146,314
	37,591,169	59,433,395	116,666,933	88,762,826	1,232,900,551
	39,211,604	48,740,391	122,127,778	119,931,840	1,312,075,661
	47,276,806	64,458,068	125,654,120	127,105,668 (2)	1,462,585,265
	51,097,564	65,265,826	143,667,275	123,410,973 (2)	1,572,314,350
	47,705,926	61,743,040	158,249,284	201,000,455	1,715,082,668
	46,826,088	74,491,784	180,142,521	138,700,278	1,737,569,633

STATISTICAL SECTION

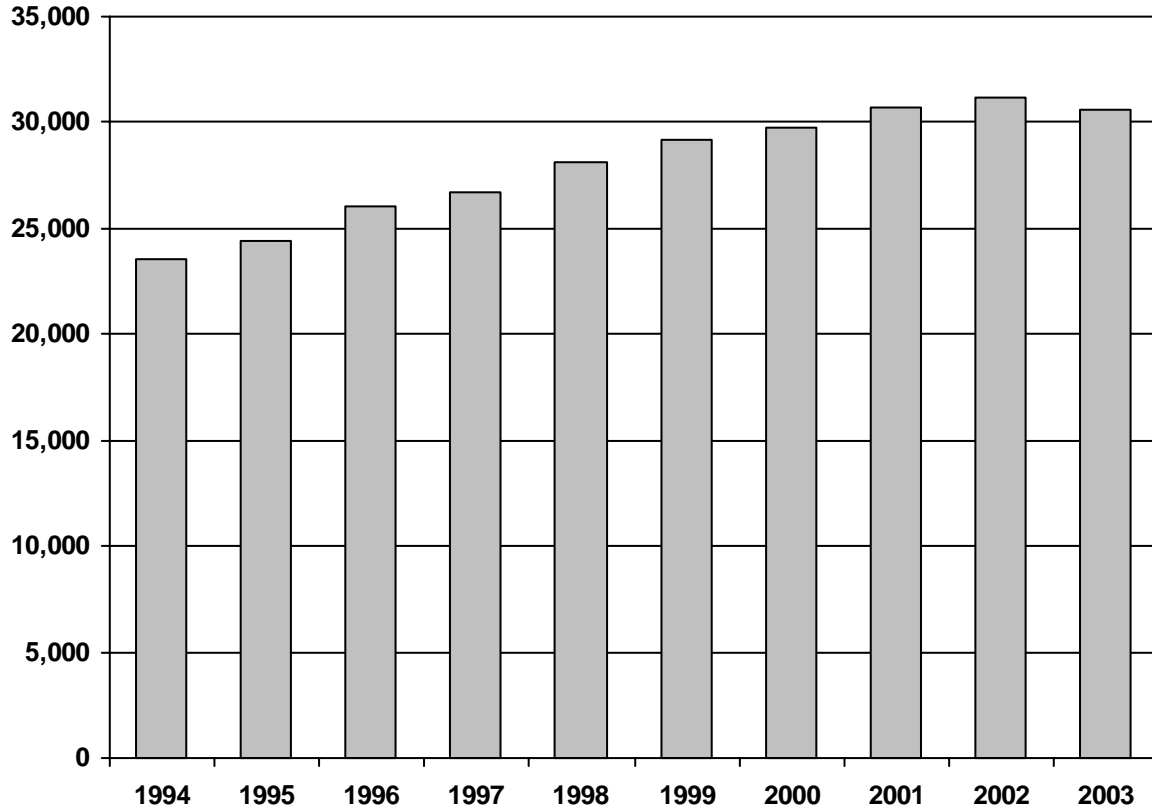
FAIRFAX COUNTY PUBLIC SCHOOLS

**TABLE 5 - Food and Nutrition Services Program
Last Ten Fiscal Years**

	Number of Lunches Served Daily	Student Lunch Price			Number of Breakfasts Served Daily	Student Breakfast Price	Breakfast Sites	Free and Reduced Eligibility
		Elementary	Middle School	High School				
1994	57,043	1.45	1.55	1.60	5,883	0.80	113	23,584
1995	58,612	1.45	1.55	1.60	7,179	0.80	139	24,417
1996	59,958	1.55	1.65	1.65	7,854	0.80	145	25,995
1997	61,637	1.55	1.65	1.65	8,756	0.80	153	26,691
1998	64,614	1.55	1.65	1.65	8,990	0.80	165	28,100
1999	68,165	1.55	1.65	1.65	9,316	0.80	166	29,197
2000	72,816	1.55	1.65	1.65	9,765	0.80	164	29,733
2001	74,873	1.55	1.65	1.65	10,004	0.80	164	30,725
2002	76,423	1.60	1.70	1.70	10,029	0.80	163	31,202
2003	79,012	1.60	1.70	1.70	10,665	1.00	139	30,657

Source: Office of Food and Nutrition Services

Students Eligible for Free and Reduced Lunch



FAIRFAX COUNTY PUBLIC SCHOOLS

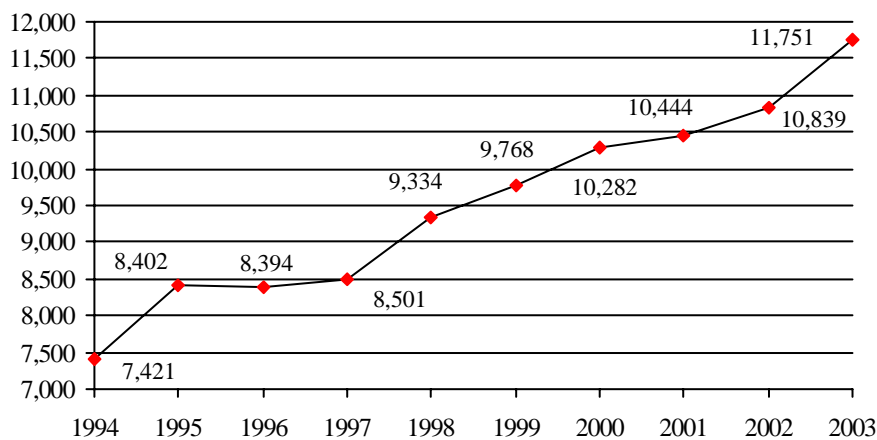
TABLE 6 - Student Enrollment

Last Ten Fiscal Years

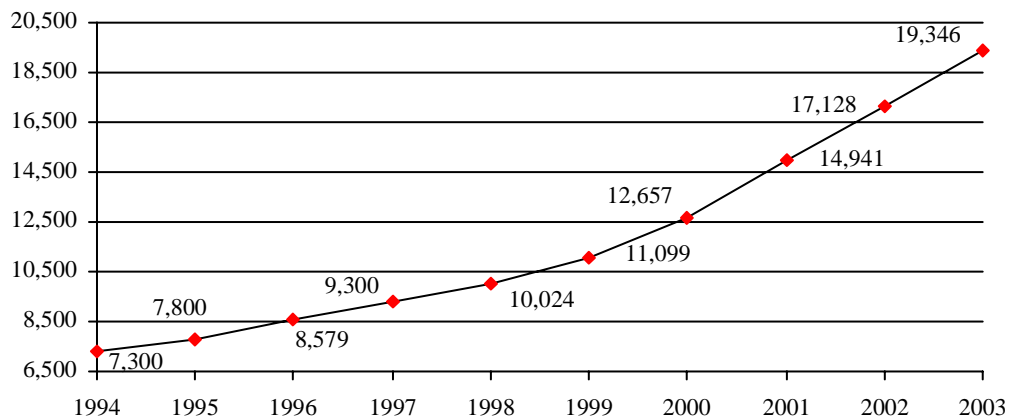
	Student Enrollment	Special Education	
		Enrollment Level 2	ESOL Enrollment
1994	137,495	7,421	7,300
1995	140,097	8,402	7,800
1996	143,040	8,394	8,579
1997	145,805	8,501	9,300
1998	148,026	9,334	10,024
1999	151,418	9,768	11,099
2000	154,523	10,282	12,657
2001	158,331	10,444	14,941
2002	161,385	10,839	17,128
2003	163,386	11,751	19,346

Source: Office of Budget Services and Office of ESOL and Language Programs

Special Education Enrollment



ESOL Enrollment



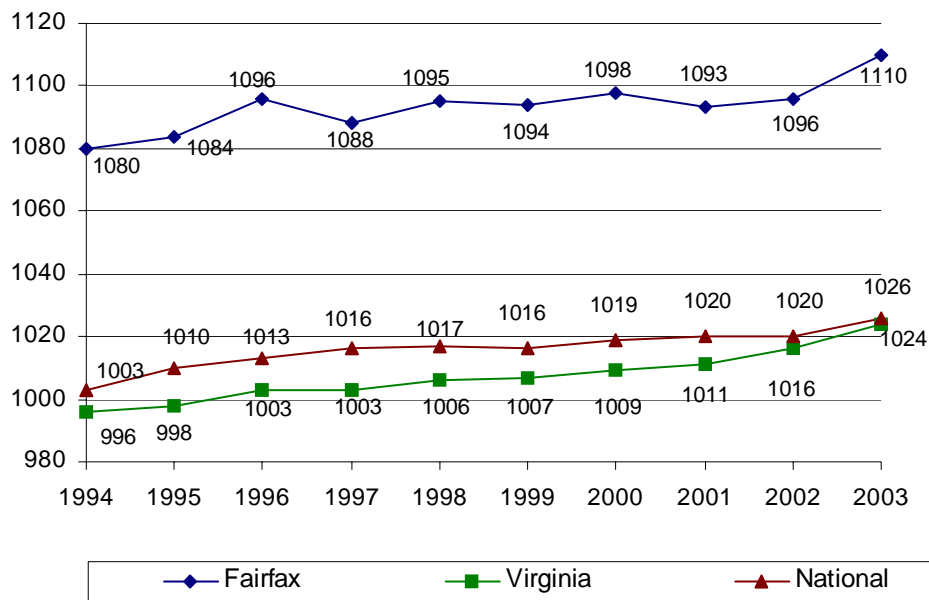
STATISTICAL SECTION

FAIRFAX COUNTY PUBLIC SCHOOLS
TABLE 7 - Scholastic Assessment Test (SAT) Scores
Last Ten Fiscal Years

	Combined SAT Scores - Verbal and Math		
	Fairfax	Virginia	National
1994	1080	996	1003
1995	1084	998	1010
1996	1096	1003	1013
1997	1088	1003	1016
1998	1095	1006	1017
1999	1094	1007	1016
2000	1098	1009	1019
2001	1093	1011	1020
2002	1096	1016	1020
2003	1110	1024	1026

Source: Office of Planning and Testing

Combined SAT Scores



COUNTY OF FAIRFAX, VIRGINIA

TABLE 8 - Real and Personal Property Tax Levies and Collections (1)
Last Ten Fiscal Years

	Total Tax Levy (000)	Current Tax Collections (000) (2)	Percent of Levy Collected	Delinquent Tax Collections (000)	Total Tax Collections (000) (4)	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes (000) (3)	Outstanding Delinquent Taxes as a Percent of Current Levy
1994	\$ 1,025,807	\$ 1,013,350	98.79 %	\$ 18,224	\$ 1,031,574	100.56 %	\$ 24,410	2.4 %
1995	1,058,500	1,048,276	99.03	13,000	1,061,276	100.26	17,386	1.6
1996	1,103,903	1,095,762	99.26	11,490	1,107,252	100.30	16,387	1.5
1997	1,203,645	1,195,312	99.31	6,479	1,201,791	99.85	14,417	1.2
1998	1,250,521	1,241,128	99.25	1,267	1,242,395	99.35	22,546	1.8
1999	1,308,122	1,299,201	99.32	12,088	1,311,289	100.24	22,185	1.7
2000	1,394,627	1,385,239	99.33	13,795	1,399,034	100.32	18,113	1.3
2001	1,524,861	1,512,551	99.13	10,761	1,523,312	99.90	18,665	1.2
2002	1,705,787	1,690,398	99.10	14,269	1,704,667	99.93	20,073	1.2
2003	1,860,389	1,845,500	98.80	17,529	1,863,029	100.14	19,492	1.0

Source: Fairfax County Department of Management and Budget and the Department of Tax Administration.

- (1) General Fund.
- (2) Current tax collections include collection of current tax, penalty, and interest.
- (3) Outstanding delinquent taxes include penalty and interest net of allowances for uncollectibles.
- (4) Tax collections include payments received from the Commonwealth of Virginia under its personal property tax-relief program. Refer to County's CAFR Note C to the financial statements.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 9 - Assessed Value and Estimated Actual Value of All Taxable Property
Last Ten Fiscal Years

	Assessed Values				Estimated Actual Value (000)
	Real Property (000) (1)	Personal Property (000)	Public Service Corporations (000)	Total (000)	
1994	\$ 66,381,500	6,070,300	1,943,600	74,395,400	74,395,400
1995	66,912,100	6,775,400	2,015,200	75,702,700	75,702,700
1996	68,647,300	7,539,300	1,968,400	78,155,100	78,155,100
1997	70,510,800	8,257,400	2,085,700	80,853,900	80,853,900
1998	72,507,700	8,620,700	2,340,000	83,471,400	83,471,400
1999	75,497,300	9,070,800	2,515,600	87,086,700	87,086,700
2000	80,111,900	9,885,200	2,582,600	92,579,700	92,579,700
2001	87,334,100	10,820,500	2,893,900	101,048,500	101,048,500
2002	99,173,600	11,586,200	3,042,300	113,801,300	113,801,300
2003	114,155,500	11,610,600	3,161,000	128,927,100	128,927,100

Source: Fairfax County Department of Management and Budget and the Department of Tax Administration.

- (1) Pursuant to the Code of Virginia, all real property assessments are required to be made at 100 percent of estimated actual value.

STATISTICAL SECTION

COUNTY OF FAIRFAX, VIRGINIA

TABLE 10 - General Property Tax Rates

Last Ten Fiscal Years

		Personal Property			
		Real Estate	Most Vehicles	Machinery, Tools and R&D	Public Service Corporations
1994	\$	1.16	4.57	4.57	1.16
1995		1.16	4.57	4.57	1.16
1996		1.16	4.57	4.57	1.16
1997		1.23	4.57	4.57	1.23
1998		1.23	4.57	4.57	1.23
1999		1.23	4.57	4.57	1.23
2000		1.23	4.57	4.57	1.23
2001		1.23	4.57	4.57	1.23
2002		1.23	4.57	4.57	1.23
2003		1.21	4.57	4.57	1.23

Source: Fairfax County Department of Tax Administration.

Note: Real estate and personal property tax rates are based on \$100 of assessed value.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 11 - Real Property Tax Rates and Tax Levies - All Overlapping Governments

Last Ten Fiscal Years

		Town of Herndon		Town of Vienna	
		Tax Rates (1)	Tax Levies	Tax Rates (1)	Tax Levies
1994	\$	0.32	3,875,869	0.30	3,779,010
1995		0.32	3,832,983	0.30	3,779,010
1996		0.32	4,054,577	0.30	3,943,906
1997		0.32	4,308,590	0.31	4,192,373
1998		0.32	4,584,304	0.31	4,271,557
1999		0.32	5,219,698	0.31	4,465,739
2000		0.32	5,774,217	0.31	4,791,464
2001		0.32	5,754,853	0.31	4,636,899
2002		0.32	6,666,897	0.29	5,821,396
2003		0.30	6,933,357	0.28	6,280,738

Source: The Town of Herndon and the Town of Vienna.

(1) Real property tax rates are levied per \$100 of assessed value.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 12 - Principal Real Estate Taxpayers
June 30, 2003

Rank	Taxpayer Name	Property Type	2003 Assessed Value (1)	% of Total Assessed Value
1	West Group Properties, LLC	Various Offices, Retail, Industrial and Land	\$ 487,950,525	0.38 %
2	Lehndorff Tysons Property	Tysons Corner Mall	470,204,250	0.36
3	Prentiss Properties	Office and Land	352,895,465	0.27
4	Dominion Virginia Power	Public Utility	337,069,744	0.26
5	Franconia Two LP	Springfield Mall	241,960,480	0.19
6	Fairfax Company	Fair Oaks Mall	240,363,390	0.19
7	Washington Gas Light Company	Public Utility	193,854,713	0.15
8	EOP Reston Town Center	Office, Shopping Center and Land	187,062,585	0.14
9	Mobil Oil Corp	Headquarter Office and Various Commercial	174,142,430	0.13
10	Springfield Campus LLC	Continuing Care Retirement Community	171,051,950	0.13
11	Gannett Company Inc.	Office	170,335,030	0.13
12	Plaza America Office	Office and Land	163,345,175	0.13
13	West Mac Associates	Various Offices and Land	158,712,945	0.12
14	Smith Property Holdings	Various Commercial	157,974,035	0.12
15	PS Business Parks LP	Various Offices and Land	156,224,370	0.12
16	Avalon Properties Inc	Apartments	154,089,750	0.12
17	Summit Properties	Apartments and Land	151,787,250	0.12
18	Writ LP	Office, Apartments, Industrial and Shopping Centers	146,748,150	0.11
19	Navy Federal Credit Union	Various Offices and Land	125,452,360	0.10
20	The Mitre Corporation	Office	124,387,280	0.10
21	Colshire LLC	Office	120,286,655	0.09
22	Capital One Bank	Office	115,571,165	0.09
23	Verizon Virginia Inc.	Public Utility	106,404,670	0.08
24	California State Teachers	Office and Apartments	101,274,080	0.08
25	Boston Properties LP	Office, Industrial, and Land	99,747,660	0.08
			<u>\$ 4,908,896,107</u>	<u>3.80 %</u>

Source: Fairfax County Department of Tax Administration
 Note: Total assessed value of all property is \$129,247,150,810.

(1) Assessed values as of January 1, 2003

COUNTY OF FAIRFAX, VIRGINIA
TABLE 13 - Computation of Debt Margin
June 30, 2003

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness which Fairfax County can at any time incur or have outstanding. The Board of Supervisors, however, has imposed limits which provide that the County's long-term debt should not exceed three percent of the total market value of taxable real and personal property in the County and the annual debt service should not exceed ten percent of the annual combined general fund expenditures and transfers. Below is the computation of the self-imposed three percent debt limit. The computation of the annual debt service percentage is presented in Table 15.

Self-imposed debt limit:	
Three percent of total market value of taxable real and personal property (\$128,927,100,000)	\$ 3,867,813,000
Less net bonded debt (1)	<u>1,779,461,575</u>
Debt margin	<u>\$ 2,088,351,425</u>

Source: Fairfax County Department of Management and Budget and Department of Finance.

(1) Excludes self-imposed debt of the Integrated Sewer System, special assessment debt of the Small District One in the Dranesville District (McLean Community Center), the HUD Section 108 Loan, and capital lease debt related to equipment acquisitions, which are not general obligations of Fairfax County.

STATISTICAL SECTION

COUNTY OF FAIRFAX, VIRGINIA

TABLE 14 - Comparative Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property and Net Bonded Debt Per Capita Last Ten Fiscal Years

	Estimated Population (1)	Value of Taxable Property (000)	Net Bonded Debt (2)	Percentage of Net Bonded Debt to Property Value	Net Debt Per Capita
1994	863,100	\$ 74,395,400	\$ 1,110,177,500	1.49 %	\$ 1,286
1995	879,400	75,702,700	1,136,368,575	1.50	1,292
1996	899,700	78,155,100	1,167,504,650	1.49	1,298
1997	912,100	80,853,900	1,219,735,725	1.51	1,337
1998	931,500	83,471,400	1,258,171,800	1.51	1,351
1999	946,400	87,086,700	1,314,377,875	1.51	1,389
2000	969,700	92,692,600	1,380,266,450	1.49	1,423
2001	984,400	101,048,500	1,442,682,525	1.43	1,466
2002	1,004,400	113,801,300	1,655,613,600	1.45	1,648
2003	1,019,000	128,927,100	1,779,461,575	1.38	1,746

Source: Fairfax County Department of Management and Budget.

(1) Source: Fairfax County Department of Systems Management for Human Services

(2) Excludes self-imposed debt of the Integrated Sewer System, special assessment debt of the Small District One in the Dranesville District (McLean Community Center), the HUD Section 108 Loan, and capital lease debt related to equipment acquisitions, which are not general obligations of Fairfax County.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 15 - Ratio of Annual Debt Service Requirements for General Obligation Bonded Debt to General Fund Expenditures and Operating Transfers Out and to Total Expenditures Last Ten Fiscal Years

	Debt Service Requirements (1)	General Fund Expenditures (2) and Operating Transfers Out (3)	Percentage of Debt Service to General Fund Expenditures and Transfers Out	Total Expenditures Reported in Table 1 (4)	Percentage of Debt Service to Total Expenditures Reported in Table 1 (4)
1994	\$ 129,675,197	\$ 1,394,808,186	9.3 %	\$ 2,120,572,522	6.1 %
1995	132,902,278	1,487,080,719	8.9	2,149,874,349	6.2
1996	142,754,018	1,602,457,378	8.9	2,234,124,982	6.4
1997	152,571,474	1,682,606,121	9.1	2,375,999,568	6.4
1998	162,970,744	1,756,990,140	9.3	2,468,291,649	6.6
1999	162,622,554	1,849,587,185	8.8	2,591,953,175	6.3
2000	176,004,197	1,982,577,128	8.9	2,813,446,499	6.3
2001	183,740,487	2,148,334,971	8.6	3,021,194,495	6.1
2002	190,097,946	2,292,006,481	8.3	3,327,010,567	5.7
2003	200,144,587	2,447,015,916	8.2	3,358,108,843	6.0

Source: Fairfax County Department of Management and Budget and Department of Finance.

(1) Excludes bond issuance and other expenditures recorded in the Debt Service Funds.

(2) Expenditures exclude donated food and capital leases and installment purchases in the year initiated.

(3) Includes operating transfers out to component units which, commencing in fiscal year 2002, are reported as functional expenditures.

(4) Total expenditures reported in County's CAFR Table 1.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 16 - Computation of Direct and Overlapping and Underlying Debt
June 30, 2003

	Net Debt Outstanding	Applicable to County	County's Share of Debt
Direct: (1)			
Fairfax County	\$ 1,779,461,575	100 %	\$ 1,779,461,575
Overlapping: (2)			
Commonwealth of Virginia (3)	83,300,000	47 (4)	39,151,000
Underlying: (2)			
Town of Vienna (5)	16,523,333	100	16,523,333
Town of Herndon (6)	12,514,596	100	12,514,596
Small District One of the Dranesville District (McLean Community Center)	450,000	100	450,000
Total overlapping and underlying debt			68,638,929
Total direct and overlapping and underlying debt			\$ 1,848,100,504

- (1) Excludes Fairfax County Integrated Sewer System debt, which is self-supported, and the Fairfax County EDA and FCRHA lease revenue bonds, which are not general obligations bonds of Fairfax County.
- (2) These overlapping and underlying general obligation bonds are obligations for the respective governmental units and are not general obligations of Fairfax County.
- (3) Source: Virginia Department of Transportation.
- (4) Percentage applicable to the County of 47% is an estimate based on the projected development of Route 28 to the year 2018.
- (5) Source: Town of Vienna.
- (6) Source: Town of Herndon.

COUNTY OF FAIRFAX, VIRGINIA

TABLE 17 - Construction and Property Values
Last Ten Fiscal Years

	New Non-Residential Construction (2)		New Residential Construction (2)		Property Values (000) (1)				
	Permits Issued	Value (000)	Permits Issued	Value (000)	Real Estate	Personal Property	Public Service Corporations (3)	Tax Exempt Real Estate (4)	
1994	196	\$ 143,898	7,118	\$ 687,368	\$ 66,381,500	\$ 6,070,300	\$ 1,943,600	\$ 5,905,200	
1995	199	126,711	7,078	21,830	66,912,100	6,775,400	2,015,200	5,939,500	
1996	166	107,445	8,567	646,767	68,647,300	7,539,300	1,968,400	6,163,600	
1997	174	10,541	6,159	562,993	70,510,800	8,257,400	2,085,700	6,227,000	
1998	374	583,076	7,500	592,779	72,507,700	8,620,700	2,340,000	6,508,300	
1999	293	422,293	8,601	679,858	75,497,300	9,070,800	2,515,600	6,690,000	
2000	264	636,167	8,667	728,964	80,111,900	9,885,200	2,582,600	7,036,600	
2001	258	502,248	6,767	613,342	87,334,100	10,820,500	2,893,900	7,812,400	
2002	183	301,439	6,550	566,793	99,173,600	11,586,200	3,042,300	8,246,400	
2003	205	164,906	4,866	504,118	114,155,500	11,610,600	3,161,000	8,732,600	

- (1) Source: Fairfax County Department of Tax Administration.
- (2) Source: Fairfax County Department of Public Works and Environmental Services. Effective July 1997, the number of building permits issued for new residential construction exclude duplicated permits that result from the master file permit program.
- (3) Consists of \$902,500 real property and \$2,258,500 personal property in 2003 (000).
- (4) Source: Fairfax County Department of Tax Administration. This value is determined on January 1 for the subsequent July 1 to June 30 fiscal year.

STATISTICAL SECTION

COUNTY OF FAIRFAX, VIRGINIA
TABLE 18 - Demographic Statistics
Last Ten Fiscal Years

	Estimated Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Bachelor's or Higher Degree and 25 Years of Age or Older (5)	Unemployment Rates (6)
1994	863,100	36,503	n/a	137,495	56.0	3.1
1995	879,400	37,829	35.0	140,097	n/a	2.8
1996	899,700	39,261	36.0	143,040	56.0	2.8
1997	912,100	41,267	n/a	145,805	n/a	2.3
1998	931,500	44,362	37.0	148,036	n/a	1.6
1999	946,400	48,271	n/a	151,418	n/a	1.6
2000	969,700	51,596	36.0	154,523	54.8	1.2
2001	984,400	53,721	36.4	158,331	56.2	2.3
2002	1,004,400	54,670	n/a	161,385	n/a	3.0
2003 (projection)	1,019,000	57,231	n/a	163,386	n/a	n/a

(1) Source: Fairfax County Department of Systems Management for Human Services, 1993-2003; estimates U.S. Bureau of Census, 2000 Decennial Census.

(2) Bureau of Economic Analysis, U.S. Department of Commerce, 1993 - 2001; Fairfax County Department of Management and Budget, 2002-2003; Includes Fairfax City and Falls Church City.

(3) Fairfax County Department of Systems Management for Human Services, 1995 to 1998; U.S. Bureau of Census, 2000 and 2001.

(4) Revised figures from Fairfax County Public Schools, Office of Finance.

(5) Department of Systems Management for Human Services, 1994 and 1996; U.S. Bureau of the Census, 2000 and 2001.

(6) Virginia Employment Commission, Annual Unemployment Statistics.

COUNTY OF FAIRFAX, VIRGINIA
TABLE 19 - Miscellaneous Statistical Data
As of June 30, 2003, unless otherwise indicated

A. Date of establishment:	1742
B. Form of government:	Urban County Executive
C. Area, including land and water:	407 square miles
D. Miles of sanitary sewers:	3,240
E. Fire protection:	
1. Number of stations owned:	
a. County-operated fire and rescue stations	20
b. Volunteer fire and rescue stations	11
c. County-owned/volunteer participation stations	<u>4</u>
Total fire stations	35
2. Number of authorized positions:	1,213 uniform/103 civilian
F. Police protection:	
1. Number of authorized positions:	1,259 sworn/547 civilian
2. Number of police vehicles:	1,334
3. Number of helicopters:	2
4. Correctional operations (facilities and population):	
a. Number of authorized positions	478 sworn/89 civilian
b. Number of correctional facilities	<u>2</u>
Adult Detention Center (jail) capacity	1,160 beds
Pre-Release Center (community corrections) capacity	<u>100</u> beds
Total capacity	1,260 beds
c. Number of prisoners booked	48,395
G. Recreation:	
1. Number of County parks (including stream valleys):	386
2. Number of regional parks:	10 (1)
3. Number of acres in County parks:	22,543
4. Facilities in County parks:	

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Athletic fields	293	293	295	290	290	274
Trail miles	180	182	190	206	206	207
Garden plots	825	825	825	825	825	790
Play areas and tot lots	271	271	197	201	201	201
Tennis courts	252	252	222	222	222	222
Multi-use courts	118	138	135	143	143	119
Recreational centers	8	8	8	8	8	8
Golf courses	7	7	7	7	7	7
Historic sites	49	51	54	54	54	54
Nature/visitor centers	6	6	7	7	7	7
Marinas	3	3	3	3	3	3

H. Public education system:	
1. Number of public schools:	
a. Elementary	132
b. Middle	22
c. High/Secondary	24
d. Special education centers	21
e. Alternative high schools	3
2. Number of personnel:	20,712
3. Number of students:	163,386

STATISTICAL SECTION

COUNTY OF FAIRFAX, VIRGINIA

TABLE 19 - Miscellaneous Statistical Data
As of June 30, 2003, unless otherwise indicated
(Continued)

I. Number of street lights:		51,417
J. Number of authorized County positions:		
1. General fund		9,403
2. General fund supported		1,263
3. Other funds		840
Total		<u>11,506</u>
K. Population:		
1. Census population count for last three censuses:		
a. 2000 census population count		969,749
b. 1990 census population count		818,584
c. 1980 census population count		596,901
2. Age distribution of population:		
	<u>Age Group</u>	<u>1980</u>
	<u>1990</u>	<u>2000</u>
	Less than 5	38,326
	5 - 9	45,307
	10 - 14	54,936
	15 - 19	54,754
	20 - 24	47,646
	25 - 34	112,191
	35 - 44	98,037
	45 - 54	70,151
	55 - 64	48,564
	65 and over	26,989
	<u>Total</u>	<u>596,901</u>
		<u>818,584</u>
		<u>969,749</u>
3. Median household income last three censuses: (2)		
a. 2000 census median household income	\$	82,000
b. 1990 census median household income		57,000
c. 1980 census median household income		30,000
4. Per capita income last three censuses: (2)		
a. 2000 per capita income	\$	51,596
b. 1990 per capita income		29,857
c. 1980 per capita income		14,419

- (1) Includes Parks of the Northern Virginia Regional Park Authority, the Commonwealth of Virginia, and the U.S. Department of Interior.
(2) Source: Bureau of Economic Analysis, U.S. Department of Commerce and U.S. Bureau of Census.

