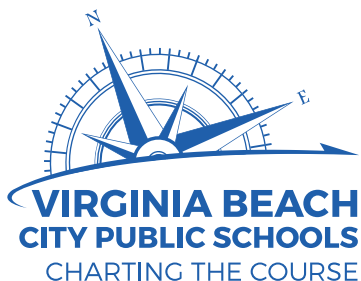


# Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021



**THE SCHOOL BOARD OF THE  
CITY OF VIRGINIA BEACH**  
*(a component unit of the  
City of Virginia Beach, Virginia)*



**School Board of the City of Virginia Beach**  
(A component unit of the City of Virginia Beach, Virginia)

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2021**

**PREPARED BY**

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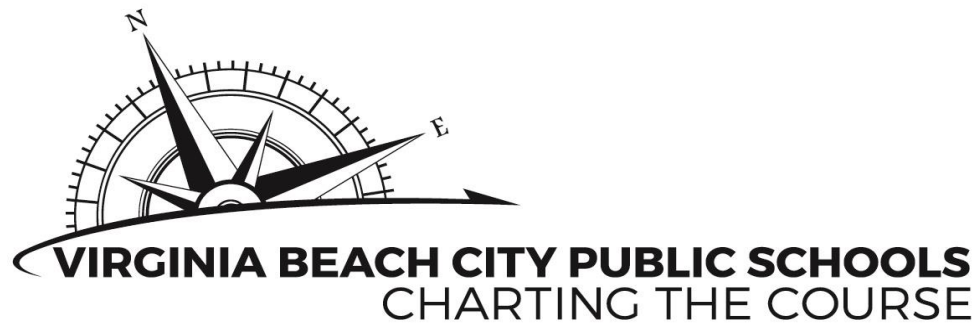
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**School Board of the City of Virginia Beach, Virginia  
Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2021**

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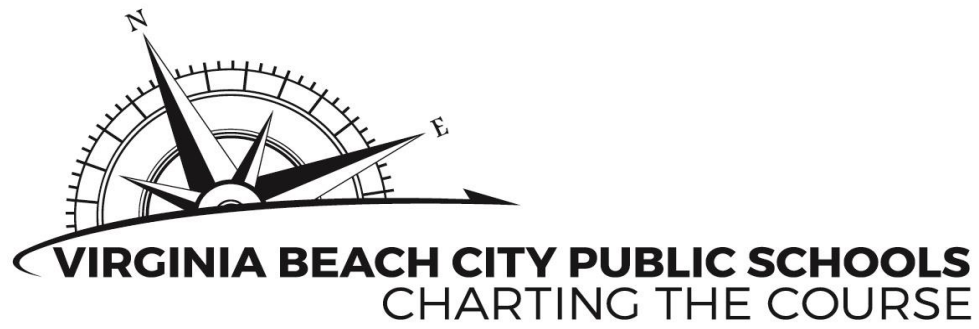
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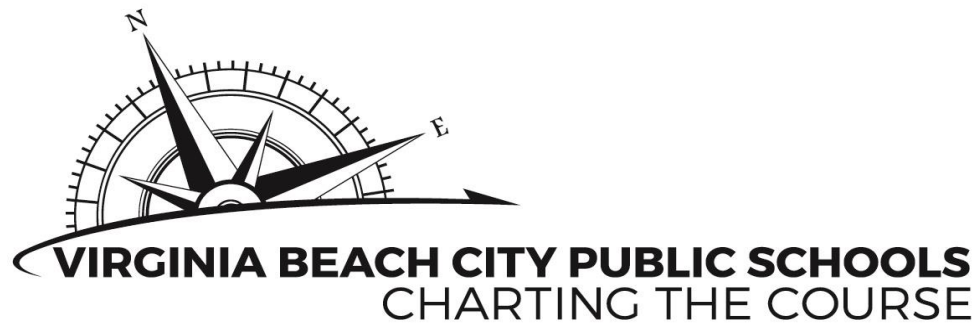




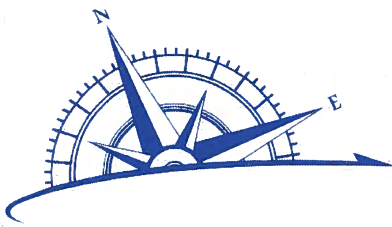
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# INTRODUCTORY SECTION



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# VIRGINIA BEACH CITY PUBLIC SCHOOLS

## CHARTING THE COURSE

Aaron C. Spence, Ed.D.  
Superintendent

December 10, 2021

The Honorable Members of the School Board  
and the Citizens of the  
City of Virginia Beach, Virginia:

We are pleased to submit to you the Annual Comprehensive Financial Report (the ACFR) of the School Board of the City of Virginia Beach, Virginia (the School Board) for the fiscal year ended June 30, 2021. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Governmental Activities and various funds of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities have been included.

The ACFR is divided into four sections:

Introductory Section – includes this Transmittal Letter, reproductions of the Government Finance Officers Association's (GFOA) and the Association of School Business Officials' (ASBO) financial reporting certificate awards, the School Board members (June 30, 2021), and an Organizational Chart (June 30, 2021).

Financial Section – includes the Report of Independent Auditor, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information for Retirement, Other Postemployment Benefits and Major Governmental Funds, Notes to the Required Supplementary Information, and Combining and Individual Fund Statements and Schedules for Nonmajor Funds.

Statistical Section – includes several tables and graphs that present various financial, student/personnel, demographic, economic, and other information, for the School Board and City of Virginia Beach, generally presented on a multi-year basis.

Compliance Section – includes the Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Accounting principles generally accepted in the United States of America (the GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. This Transmittal Letter is designed to complement MD&A and should be read in conjunction with it. The School Board's MD&A is presented immediately following the Report of Independent Auditor.

The School Board is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Office of Management and Budget Uniform Grant Guidance. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, if any, and auditors' reports, is included in the City of Virginia Beach's ACFR.

## THE REPORTING ENTITY AND ORGANIZATION

The present City of Virginia Beach (the City) was formed on January 1, 1963 by the merger of Princess Anne County and the former, smaller City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles and 38 miles of shoreline on the Atlantic Ocean and the Chesapeake Bay.

The School Board is responsible for elementary and secondary education within the city. The elected eleven-member School Board, vested with legislative powers, appoints the Superintendent who is the executive and administrative head of the public school division. The City Council approves the School Board's operating budget, levies the necessary taxes to finance their portion of the operations, and approves the borrowing of money and issuance of bonds when necessary. The City Council is prohibited from exercising any control over specific appropriations within the operating budget of the School Board. However, City Council may exercise control in total by major categories (e.g., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology) as prescribed by the Code of Virginia, as amended.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach), as well as its component units, which are legally separate organizations for which the City Council is financially accountable (e.g., a component unit that is fiscally dependent on the Primary Government). The School Board is considered a component unit of the City and the financial position and results of operations of the School Board are also presented in the City's ACFR. The School Board has no component units for financial reporting purposes.

The School Board is fiscally dependent (i.e., it does not have taxing or levying authority, or borrowing authority). It derives most of its funding from allocations from the City and the Commonwealth of Virginia. It is the fourth largest school division in the Commonwealth of Virginia.



Leadership is provided by the School Board working in concert with the Superintendent. The School Board consists of eleven citizens directly elected to serve four-year overlapping terms. The City's Charter designates that the composition of the School Board consists of one member from among the residents of each of the seven districts elected from the city at-large, with four additional at-large members. The School Board is responsible for setting policy, while the Superintendent and his administrative staff are charged with managing the school division's operations.

The administrative structure is divided into eight operational areas, as follows: Chief of Staff; School Leadership; School Division Services (such as construction, facilities planning, food services, pupil transportation, distribution services, custodial services, maintenance, safe schools, and similar activities); Technology; Budget and Finance; Teaching and Learning; Human Resources; and Communications and Community Engagement.

## ECONOMIC CONDITION AND OUTLOOK

The School Board serves Virginia Beach, the largest city in the Commonwealth of Virginia with a population of approximately 450,000 people, and oversees Virginia Beach City Public Schools (VBCPS), the fourth largest school system in Virginia, with an enrollment of roughly 64,000 students and more than 10,000 employees. Situated on the coast of the Atlantic Ocean adjacent to the Chesapeake Bay, Virginia Beach is 146 air miles from Washington, D.C.

Virginia Beach is well known as a resort community. Its diversification, however, has been the underlying strength of the city's economy. Major components of the city's economic base include the following: advanced manufacturing; information technology; professional services; biomedical, offshore wind, agriculture; the military community consisting of three bases; and the omnipresent resort and convention trade. The largest employment sector in Virginia Beach is the government sector, which is composed of federal, civilian, military, state and local governments. The city has been designated as America's "Best Big City to Live In (2019), 10th "Best Run City" (2021), and third "Hardest Working City in America" (2021) by WalletHub. It was also recognized as being in the top 10 of mid-sized cities with "Best Economic Growth Potential" by Business Facilities and the "Most Technologically Advanced City of its Size in America" by The Center for Digital Government.

For FY 2021, a total of \$1.6 million of EDIP funds were approved for seven projects, which are intended to leverage more than \$84 million in private investment (ratio of \$52 private investment to \$1 public investment) and the creation of 586 jobs in the city. For FY 2021, City Council provided an additional \$1 million of tax relief for small businesses through the Small Business Emergency Assistance Program.

Town Center of Virginia Beach is the heart of a mixed-use, "main street" style development within the city's Central Business District and the home of major entertainment, cultural, business and retail activities. Town Center spans 25 acres and 17 city blocks in the Pembroke area of the city, bounded by Virginia Beach Boulevard, Constitution Drive, Columbus Street and

Independence Boulevard. The complex is projected to ultimately include more than 1,000,000 square feet of Class “A” office space and more than 830,000 square feet of multilevel upscale retail space. It currently includes a business class hotel and conference center, luxury apartments and condominiums, performing arts theater, fine dining, specialty shops and free structured parking. Recent growth of the project has encouraged many high-end international retailers to move to Town Center, including Anthropologie, Lululemon Athletica, Free People and West Elm. The newest phase of Town Center included 33,000 square feet of new retail space anchored by Pottery Barn and Williams Sonoma, a 17,000 square-foot experimental theater, a 5,000 square-foot restaurant, public plaza and 131 new apartments which opened in fall 2018.

Spinoff projects due to the success of Town Center include, a 120-room Residence Inn by Marriott hotel, which was completed in spring 2019; a \$26.3 million 92,000-square-foot, 127-room Hyatt Place hotel located across from Pembroke Mall, which opened summer 2019; and a \$19 million, 14-story, 120-room Hampton Inn by Hilton that was announced in 2020.

The Central Business District is home to two business accelerators: Small Business Resource Center (The Hive) and Bio Accelerator for supporting innovation and entrepreneurship. The Hive is designed to support an innovative and entrepreneurial ecosystem in Hampton Roads through collaboration with the City of Virginia Beach, academic institutions, Small Business Associations, and other entrepreneurial related organizations.

The City of Virginia Beach is offering up to 5,706 square feet of space to lease for Bio Accelerator at the Convergence Center II. Space is available to both startups and small and growing companies. Industry experts will nurture these companies and help them grow in the hopes that they will create new jobs and provide breakthroughs in medicine.

Virginia Beach is a great city for business, boasting a skilled, educated workforce, strategic location, low tax rates and a dynamic, diverse economy. Because of its strategic mid-Atlantic location, both global and U.S. markets are readily accessed through a superior multimodal transportation network, which includes an extensive railway system, an international airport, vast shipping terminals and one of the East Coast’s largest ports.

Virginia Beach offers a low-cost environment for doing business, as well as a mix of commercial properties suitable for national and international business operations. A key component to the city’s economy is international business development, as nearly 200 foreign-based companies are located in the area in addition to the many local companies who also operate around the globe. With 12 foreign consular offices and direct shipping to all the world’s major ports, the Virginia Beach Metropolitan Statistical Area (MSA) is truly an international business gateway.

The subsea cable industry is still connecting continents, countries, and cities and Virginia Beach has the infrastructure for the digital economy.

MAREA: Connecting Virginia Beach to Bilbao, Spain. The world’s highest capacity subsea cable and first transatlantic cable to make terrestrial landfall in the mid-Atlantic region

BRUSA: Connecting Virginia Beach to Rio de Janeiro, Brazil and Puerto Rico

DUNANT: Connecting Virginia Beach to Saint-Hilaire-de-Riez, France

SAEx: This cable is projected to land in 2026.

Confluence - 1: A proposed undersea cable system linking the largest recently installed cable landing stations on the East Coast of the United States.

In an increasingly connected world, these cables are key assets for global communications in terms of low latency, resiliency, reliability, flexibility and greater capacity. Multiple carrier-neutral data centers already exist in Virginia Beach and the development of new facilities will most likely grow as the ecosystem expands. PointOne, a hyperscale data center developer headquartered in Alberta, Canada, will restart construction later in 2021 of two 31,000-square-foot facilities that will house edge computing data centers, a cable landing station for future subsea cables and an international internet business exchange. The investment will total \$80 million.

Other economic development initiatives underway in Virginia Beach include the emergence of the offshore wind energy industry.

#### Coastal Virginia Offshore Wind (CVOW) Pilot

The pilot project, Coastal Virginia Offshore Wind-Dominion Energy includes two 6-MW turbines that sit on a 2,135-acre of federally owned waters located 27 miles off the coast of Virginia Beach. Both turbines will generate 12 megawatts and power 3,000 homes at peak wind speeds. The project's capital cost is \$300 million and the major participants are Ørsted for the offshore installation and L.E. Meyers for the onshore installation. Along with clean energy, this pilot project provided Dominion Energy with critical operational, weather, and environmental experience needed for large-scale development.

Currently, there are two Commercial Offshore Wind Energy projects that will begin harnessing 5.1 GW offshore wind power off the Virginia Beach coast between 2024-2026. These projects are an important first step toward offshore wind development for Virginia and the United States.

#### Dominion Energy Commercial Coastal Virginia Offshore Wind Development

Building on the experience gained from the CVOW pilot, in September 2019, Dominion Energy filed a request with PJM Interconnection for a commercial-scale offshore wind farm. The commercial project is scheduled to be built in three 880-megawatt phases, from 2024 to 2026, and would bring an additional 2.64 gigawatt (GW) of offshore wind energy online. In a commercial-scale buildout such as this, approximately 180 turbines can be erected; however, the exact quantity is subject to final project site conditions and the design layout of the wind farm. As currently envisioned, this \$7.8 billion project will be capable of generating enough electricity to power 660,000 homes (Source Dominion Energy).

#### Kitty Hawk Offshore Wind

Kitty Hawk Offshore is a wind project of Avangrid Renewables and will be the second

commercial offshore wind project to bring offshore wind power to Virginia Beach. This \$5-\$8 billion project has the potential to yield 2.5 GW of electricity. As part of the onshore project, Avangrid Renewable had secured options from Virginia Beach to acquire 20 acres of land in the Princess Anne Commons area and 30 acres in Corporate Landing Business Park to locate two substations. The regional investment is estimated to be between \$60 -to- \$310 million including the creation of 11,500 jobs. The construction is anticipated to begin in 2024 with completion in 2026 (Source: Kitty Hawk Offshore Wind).

On July 10, 2018, City Council authorized the design-build of the Virginia Beach Sports Center. The Center will be City-owned and privately operated, and the debt for the project will be paid by tourism funds through the Tourism Investment Program Fund, which includes primarily hotel and restaurant meal taxes generated by visitors. This project is designed to attract tournament events from outside the region and to provide an amenity for local events. The Center opened in October 2020 (a month sooner than projected).

Since 2017, the city has been working exclusively with Venture Realty Group to transform the land between 18th and 20th streets, one of the last remaining open spaces in the heart of the resort area. Venture Realty Group won the city's favor with its proposal to develop the former Dome Site into a vibrant, year-round Atlantic Park. The preliminary project master plan calls for a combined investment of \$325 million (private: \$230+/- million and public: \$95 +/-million). The project continues in preliminary design and the developers expect to break ground for construction in June 2022.

#### Features of the Mixed-Use Development

- Year-round destination with programming for locals and tourists
- Wavegarden Surf Park (1,000 waves per hour)
- Live entertainment venue to accommodate 3,500 ticketholders
- Unique/new to market retail & restaurants
- Additional entertainment concepts
- 425 market rate residential units

#### Future Base Design Development Opportunities

NAS Oceana will allow private development on approximately 400 acres of underutilized land. The ceremonial signing of the Department of Navy and City of Virginia Beach Future Base Design Non-binding agreement, between Admiral Charles Rock and Virginia Beach Mayor Bobby Dyer, occurred at NAS Oceana's change of command ceremony Aug. 5, 2021.

The Future Base Design concept would provide a plethora of new opportunities - land that could be leased to private businesses in exchange for in-kind consideration that could provide building maintenance and other infrastructure projects on the installation.

NAS Oceana is one of the most important contributors to the economic stability of the city and the Commonwealth of Virginia. According to the most recent Economic Impact Report for the Federal Fiscal Year 2019 from the U.S. Department of the Navy, Navy Region mid-Atlantic

(NRMA), the base (including Dam Neck Annex and NALF Fentress) employed 9,834 active-duty personnel, as well as 8,891 civilians, with a total military and civilian payroll of more than \$1.6 billion and produced more than \$187 million in goods, services and travel expenditures.

In addition to being a wonderful place to live, work and play, Virginia Beach is a fun place to visit. The city is well known as a year-round destination for business and pleasure. Veterans United Home Loans Amphitheater, one of the nation's top outdoor amphitheaters, held 27 events in 2019 with average attendance of 10,601 patrons; four shows had over 15,000 patrons in attendance. (All 2020 concerts were canceled due to COVID-19.)

## MAJOR INITIATIVES

With lessons learned from the 2019-20 school year and navigating the ever-evolving landscape of COVID-19, VBCPS started the 2020-21 school year focusing on the health and safety of students and employees. Teachers, support staff and families continued to be creative, resilient, and dedicated to ensuring every child was learning and achieving. While students began the year fully online, they were back in buildings by the end of the academic year, and graduations were celebrated outdoors, in person. The division also offered the most robust summer school programming for families in the history of the city of Virginia Beach.

These efforts built on the continued work to ensure all students have their basic needs met. VBCPS served more than 8 million meals to families between March 2020 and June 2021. The division made schools parking lots and playgrounds Wi-Fi accessible and offered extended hours for Chromebook exchange or replacement. One thousand hot spots were purchased and delivered to families, and five thousand wireless headphones were given to teachers along with faster, more powerful laptops.

As the 2021-22 school year began, VBCPS was able to bring students back to their classrooms with their teachers five days a week. Student activities programs were in full swing, including athletic practices and competitions, along with music and art instruction. But understanding that some families preferred remote instruction, the division partnered with Virtual Virginia so those children could be taught virtually, yet still maintain a connection to a home school.

For the 13th consecutive year, VBCPS reached record levels with respect to the On-Time Graduation (OTG) rate, which stands at 94.9% for the 2021 cohort year, and the lowest recorded dropout rate of 2.7%. VBCPS also outperformed Virginia's rates of 93% for OTG and 4.3% for dropouts.

Another indicator of the remarkable success of our school community is the Virginia Department of Education pass rates from the 2020-2021 SOL tests. These were the first state assessments administered in two years. Even under the extraordinary circumstances of the past two years, students in Virginia Beach City Public Schools (VBCPS) tested better than many local school divisions and surpassed the pass rates of the state in math, reading and science, proving



that our teachers, staff, students and families remained engaged and committed to their education and well-being.

VBCPS was one of 15 divisions recognized in the state as a School Division of Innovation by the Virginia Department of Education for ongoing work related to High School Redesign, a key component of the division's strategic agenda, *Compass to 2025*. VBCPS was in the inaugural group of divisions to receive this new award from the state. It honors schools that design and implement alternatives to traditional instructional practices and structures that improve student learning and promote college and career readiness, and good citizenship.

For the first time in the division's history, the American School Counselor Association (ASCA) recognized one of its schools for delivering an exemplary school counseling program. Rosemont Elementary School was one of only two schools in Hampton Roads to achieve the honor of a Recognized ASCA Model Program (RAMP), demonstrating the effect school counseling services has on supporting student academic achievement and social-emotional development.

VBCPS also continues to thrive in the arts. For the 12th consecutive year, VBCPS was named one of the Best Communities for Music Education by the National Association of Music Merchants (NAMM) Foundation for outstanding commitment to music education. Less than 5% of school districts across the nation earn this prestigious award.

*Compass to 2025* features an ongoing commitment to addressing the academic and social emotional needs of students and adds specific focus areas for equity work. This framework, combined with the division's core value of innovation - reflected in the behavioral imperative to "be open to change" - means that VBCPS remains ready to ensure all students are connected to learning and are achieving at the highest levels. From workshops on the pedagogy of confidence to cultivating belonging through a culture of dignity, VBCPS continues to be intentional about a focus on creating environments in classrooms where children can thrive and where educational excellence is the norm, not the exception.

The division has also convened a mental health task force to identify factors contributing to the well-being of students and staff, to communicate the services and resources that are currently available and to improve the coordination of those services between the division, the city and providers. This group reviews and recommends proactive measures and best practices for improving students' and staff well-being.

These are crucial tenets of *Compass to 2025*, and each day, students and adults learn about, develop and openly practice their social-emotional skills in a safe and equitable environment that prioritizes the well-being of individuals and the collective community.

As the COVID-19 pandemic continues to be a part of everyday life, VBCPS will do everything possible to keep the children and teachers of Virginia Beach safe in their learning environments, and to provide them and their families with the tools they need to thrive and succeed both during and beyond the health crisis.

## FINANCIAL INFORMATION

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School Board are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these 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.

The School Board maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for the General Fund and the Special Revenue funds. In addition, certain controls are exercised administratively on the General Fund (e.g., cost center, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A cost center is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue funds (e.g., federal and state grants, and the appropriations related thereto). The School Board also maintains an encumbrance accounting system as one method of maintaining budgetary control. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are reappropriated as part of the following fiscal year's operating budget.

The School Board has adopted budgets for the following funds: General, Grants, Cafeterias, Textbooks, Communication Towers/Technology, Vending Operations, and Equipment Replacement Funds. As demonstrated by the statements and schedules included in the financial section of this report, the School Board continues to meet its responsibility for sound financial management.

The local government provides an appropriation for education in excess of the Commonwealth of Virginia Standards of Quality (SOQ) payments and determines the level of total education support by means of a Revenue Sharing Formula. The amount derived from the application of this formula is allocated to Debt Service, "Pay As You Go" Capital Improvements, and the Operating Budget. Debt Service, which is managed and controlled by the City, receives the first allocation of funds; "Pay As You Go" Capital Improvements, which are projects which can reasonably be expected to be completed within one year receives the next allocation; and the balance of the funds are allocated as operating budget support.

Long-term financial planning includes a five-year forecast submission to the City establishing underlying assumptions about expected costs, revenues, position turnover, inflation, and enrollment as well as evaluating the budget impact of post-employment benefits, the risk management program, and assessing the fiscal impact of the capital improvement program on

the school division's operations. With over 50 percent of General Fund revenue derived from the City appropriation, assumptions regarding the City's revenue growth play a major role in forecast results and the budget development process. In addition, nearly 85 percent of the School Board's Operating budget is tied to personnel and assumptions related to salary increases, rise in healthcare costs and the impact of pension costs and other post-employment benefits are significant factors in future forecasting.

#### INDEPENDENT AUDIT

An independent audit of the School Board's finances is required each fiscal year by either the Virginia Auditor of Public Accounts or a firm of independent Certified Public Accountants. Accordingly, the records have been audited by Cherry Bekaert LLP and its report on the financial statements is included herein.

#### FINANCIAL REPORTING CERTIFICATE AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its ACFR for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a governmental entity financial report. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. The ACFR must satisfy both GAAP and applicable legal requirements. A GFOA Certificate is the highest form of recognition awarded in the field of governmental financial reporting and is valid for a period of one year only. We believe that our current ACFR continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine the School Board's eligibility for another certificate award.

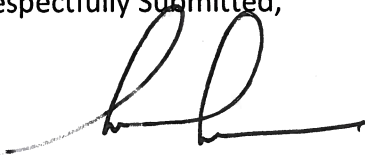
In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its ACFR for the fiscal year ended June 30, 2020. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. We believe that our current ACFR conforms also to the ASBO program requirements, and we are submitting it to the ASBO to determine the School Board's eligibility for another certificate award.

## ACKNOWLEDGMENTS

Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Office of Business Services. During the year, they rendered professional and knowledgeable financial services to and on behalf of the school division and maintained the financial records on a current and timely basis. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants and their dedication, work ethics, and integrity.

In addition, appreciation and recognition is given for the strong conservative policies and practices dictated by the School Board in the oversight of the financial affairs of the school division, which have achieved the results contained in this financial report. The School Board and the administration are commended for their continuing support which is vital to the financial health of the school division and demonstration of the commitment to financial accountability, stewardship, and transparency.

Respectfully Submitted,

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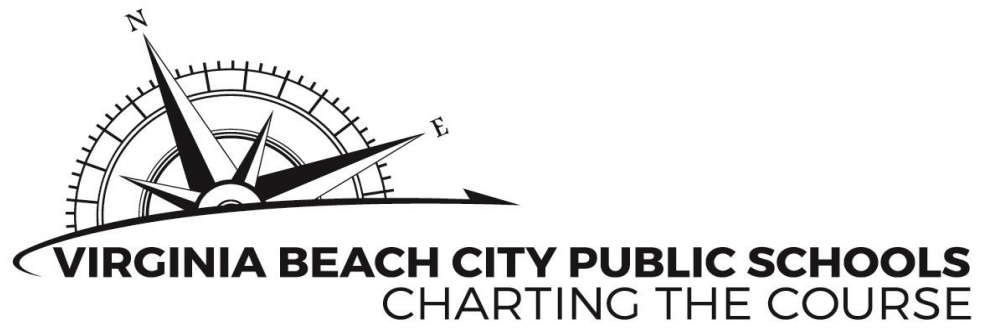
Aaron C. Spence, Ed.D.  
Superintendent

A handwritten signature in blue ink, reading 'Crystal M. Pate'.

Crystal M. Pate, MPA, CPA  
Chief Financial Officer

A handwritten signature in black ink, reading 'Daniel G. Hopkins'.

Daniel G. Hopkins, CPA  
Director of Business Services



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**SCHOOL BOARD  
OF THE  
CITY OF VIRGINIA BEACH, VIRGINIA  
June 30, 2021**



**Carolyn T. Rye**  
Chair  
District 5 - Lynnhaven



**Kimberly A. Melynk**  
Vice Chair  
District 7 - Princess Anne



**Sharon R. Felton**  
District 6 - Beach



**Dorothy M. Holtz**  
At-Large



**Jennifer S. Franklin**  
District 2 - Kempsville



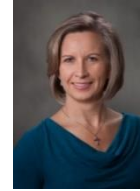
**Laura K. Hughes**  
At-Large



**Jessica L. Owens**  
District 3 - Rose Hall



**Beverly M. Anderson**  
At-Large



**Victoria C. Manning**  
At-Large



**Trenace B. Riggs**  
District 1 - Centerville



**Carolyn D. Weems**  
District 4 - Bayside



**Dr. Aaron C. Spence**  
Superintendent



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**School Board of the City of Virginia Beach  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**School Board of the City of Virginia Beach**

**for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

The report meets the criteria established for  
ASBO International's Certificate of Excellence.



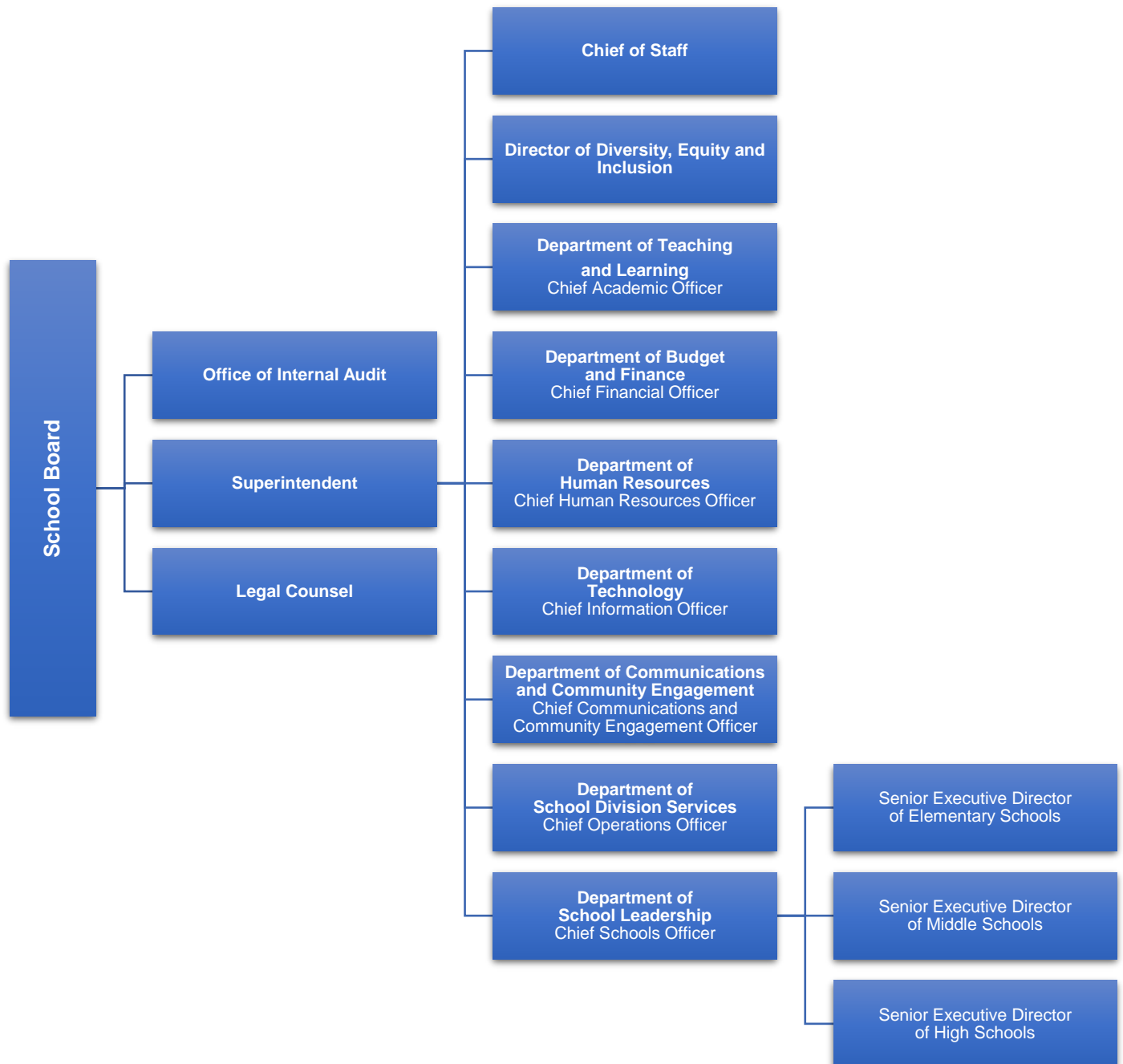
A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

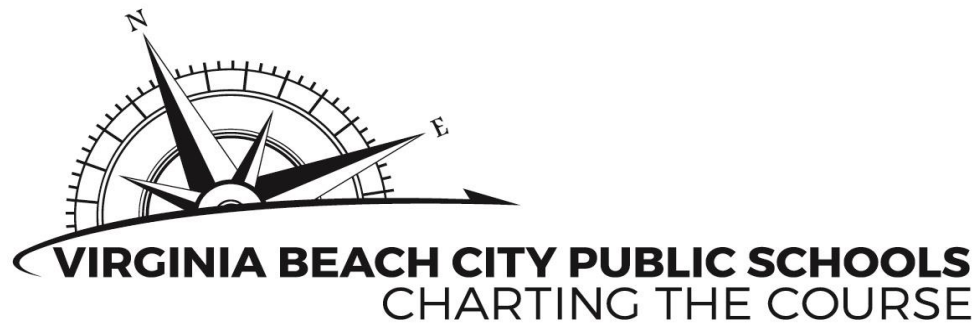
David J. Lewis  
Executive Director

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**Organizational Chart**  
**June 30, 2021**



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# FINANCIAL SECTION



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## Report of Independent Auditor

To the Honorable Members  
School Board of the City of Virginia Beach, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia (the "School Board"), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

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

***Other Matters******Required Supplementary Information***

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

***Other Information***

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

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

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

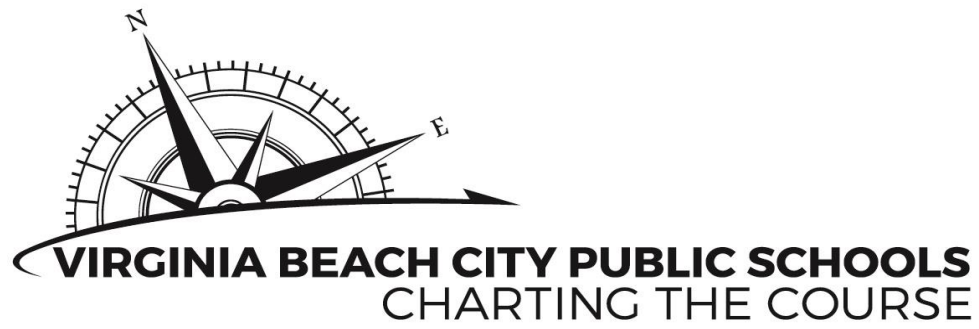


**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cheryl Bekaert LP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
December 10, 2021



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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the School Board of the City of Virginia Beach, Virginia (the School Board) as of and for the fiscal year ended June 30, 2021. The MD&A should be read in conjunction with the information contained in the transmittal letter, which begins on page 1, and the financial statements and notes, which immediately follow the MD&A.

**FINANCIAL HIGHLIGHTS**

In March 2020, the World Health Organization declared the spread of the novel coronavirus (COVID-19) a worldwide pandemic. In response, the Governor of the Commonwealth of Virginia issued an executive order that mandated the closure of certain non-essential businesses and closed all K-12 schools for the remainder of the academic year. The pandemic created widespread economic disruption. Fiscal year 2021 began with the same uncertain economic impacts related to the pandemic that plagued the end of fiscal year 2020. Over the summer of 2020, Virginia Beach City Public Schools slowly began planning to return to normal operations. There was a gradual re-opening of businesses over the summer which resulted in increased sales and meals tax revenues. The economy braved a fall and winter surge, and the school division returned to in person operations in March of 2021.

On a government-wide basis for governmental activities, the assets and deferred outflows of the School Board were less than its liabilities and deferred inflows by \$51,948,218 (net deficit) at June 30, 2021. Of this amount, \$598,165,240 is investment in capital assets, \$24,560,987 is restricted for grants, cafeterias, textbooks, and school activities, and (\$674,674,445) is an unrestricted deficit. The deficit is due to net pension liability and net OPEB liability in the amounts \$748,825,120 and \$147,744,327, respectively.

On a government-wide basis for governmental activities, the School Board's revenues of \$910,618,796 exceeded expenses of \$881,553,759 by \$29,065,037.

The School Board's Governmental funds reported total fund balances of \$82,362,488 at June 30, 2021. Of this amount, \$1,199,958 is nonspendable (i.e., inventories and prepaid items), \$24,560,987 is restricted (e.g. federal and state grantor agencies, cafeterias, textbook adoptions, school activities), \$19,600,370 is committed (e.g., capital projects contracts, communication towers/technology, vending, equipment replacement), and \$37,001,173 is assigned (e.g., instructional technology, athletics, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology).

In the General Fund, the School Board returned unexpended appropriations and excess revenue (reversion) for Fiscal Year 2021 to the City of Virginia Beach, Virginia (City) in the amount of \$25,708,678, as required by the Code of Virginia, as amended. Based on the Revenue Sharing

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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Formula between the City and the School Board, the initial reversion amount available for re-appropriation in FY2022 will be increased by \$29,230,144 due to certain City revenue streams coming in over budget for FY2021. The net reversion of \$54,938,822 is designated for use in Fiscal Year 2022 in the following manner; approximately \$45,432,182 will be re-appropriated to the CIP fund; \$9,506,640 will be re-appropriated for one-time expenditures, including \$5,011,000 for maintenance projects and equipment, \$1,221,000 on IT infrastructure equipment, and the remaining balance spent on instructional technology projects, school security projects, and athletics.

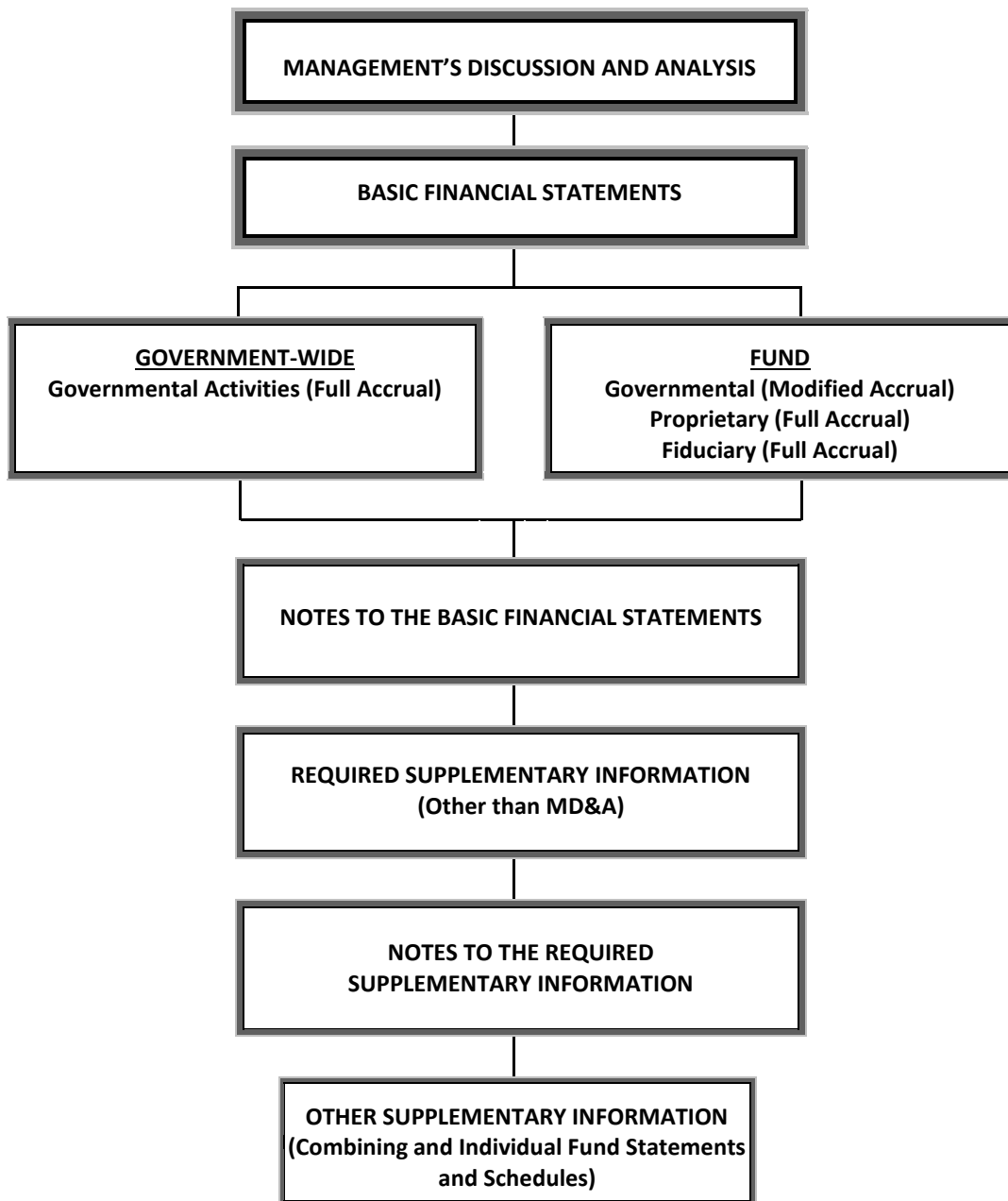
**OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A serves as an introduction to the School Board's basic financial statements. The School Board's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

This Annual Comprehensive Financial Report (ACFR) consists of four sections, as follows: Introductory, Financial, Statistical, and Compliance. The following presents the components of the Financial Section of the ACFR.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to present a broad overview of the School Board's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the School Board's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Increases and decreases in net position over time may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The Statement of Activities presents information showing how the School Board's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave, claims and judgments).

The government-wide financial statements distinguish functions related to governmental activities (principally supported by taxes and intergovernmental revenues) and business-type activities (intended to recover all or a significant portion of costs through user fees and charges). The School Board reports only governmental activities, since it has no business-type activities.

Both of the government-wide financial statements (Statement of Net Position and Statement of Activities) present governmental activities of the School Board. These governmental activities are principally supported by the City, State sales tax, and intergovernmental revenues. The reported governmental activities of the School Board are Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; and Technology.

The government-wide financial statements are presented in Exhibits A-1 and A-2 of this report.

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments and public school divisions, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School Board can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By conducting this comparison, a better understanding may be achieved in the long-term impact of the School Board's near-term financing decisions. Both the Governmental Funds' Balance Sheet (Exhibit A-3) and the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-4) provide a reconciliation for each statement to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains nine individual governmental funds. Information is presented separately in the Governmental Funds' Balance Sheet (Exhibit A-3) and in the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-4) for the General, School Grants, School Cafeterias, and Capital Projects Funds, which are considered to be major funds. Data from the other five governmental funds, which are considered nonmajor funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of combining statements in Statements D-1 and D-2 of this report.

The School Board adopts an annual appropriated budget for all its major and nonmajor governmental funds, except the School Activity Fund and Capital Projects Fund (appropriations for capital projects do not parallel the School Board's fiscal year). Budgetary comparison schedules have been provided for the General, School Grants, and School Cafeterias Funds in the Required Supplementary Information section of this report (Schedules C-1 through C-3) to demonstrate compliance with this budget. Individual fund budgetary comparison schedules for each nonmajor fund are presented in Schedules D-3 through D-6 of this report to also demonstrate compliance with this budget.

As noted above, the basic governmental funds' financial statements are presented in Exhibits A-3 and A-4 of this report.

**Proprietary Funds**

The School Board maintains one type of Proprietary fund, which is the Internal Service Fund type. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the School Board's various activities and the City. The School Board uses Internal Service funds to account for its Risk Management and Health Insurance programs. Because both of these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Both Internal Service funds are combined into a single, aggregated presentation in the proprietary funds' financial statements (Exhibits A-5 through A-7). Individual fund data for the Internal Service funds is presented in the form of combining statements in Statements E-1 through E-3 of this report.

As noted above, the basic proprietary fund financial statements are presented in Exhibits A-5 through A-7 of this report.

**Fiduciary Fund**

The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Board's programs.

The School Board's Fiduciary fund is a Trust fund for the Other Postemployment Benefits (OPEB) fund which accounts for assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

The basic fiduciary fund financial statements are presented in Exhibit A-8 and A-9 of this report.

**Notes to the Basic Financial Statements and the Required Supplementary Information**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and the required supplementary information.

The Notes to the Basic Financial Statements begin after Exhibit A-9 and the Notes to the Required Supplementary Information begin after Schedule C-3 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's retirement plans and Other Postemployment Benefits for the professional and nonprofessional employees.

Required supplementary information begins after the Notes to the Basic Financial Statements. As noted above, the combining statements for the Nonmajor Governmental funds are presented in Statements D-1 and D-2; and the combining statements for the Internal Service funds are presented in Statements E-1 through E-3 of this report.



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**NET POSITION**

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$51,948,218 (net deficit) at June 30, 2021, as illustrated in the Summary of Net Position (with comparative amounts at June 30, 2020), as follows:

<b>Summary of Net Position</b>			
	2021	2020	Variance
Current Assets	\$ 301,280,425	\$ 273,390,591	\$ 27,889,834
Capital Assets	598,165,240	551,914,392	46,250,848
Total Assets	<u>\$ 899,445,665</u>	<u>\$ 825,304,983</u>	<u>\$ 74,140,682</u>
Deferred Outflows	<u>\$ 213,756,038</u>	<u>\$ 174,381,000</u>	<u>\$ 39,375,038</u>
Current Liabilities	\$ 141,283,794	\$ 118,203,236	\$ 23,080,558
Net Pension Liability	748,825,120	678,825,000	70,000,120
Net OPEB Liability	147,744,327	152,746,000	(5,001,673)
Other Noncurrent Liabilities	39,232,824	35,394,611	3,838,213
Total Liabilities	<u>\$1,077,086,065</u>	<u>\$ 985,168,847</u>	<u>\$ 91,917,218</u>
Deferred Inflows	<u>\$ 88,063,856</u>	<u>\$ 99,981,000</u>	<u>\$ (11,917,144)</u>
Net Position:			
Invested in Capital Assets	\$ 598,165,240	\$ 551,914,392	\$ 46,250,848
Restricted for:			
Capital Projects	-	32,377,544	(32,377,544)
Grants	2,911,234	2,352,340	558,894
Cafeterias	8,899,538	9,787,357	(887,819)
Textbooks	8,291,593	7,873,370	418,223
School Activities	4,458,622	-	4,458,622
Unrestricted (Deficit)	<u>(674,674,445)</u>	<u>(689,768,867)</u>	<u>15,094,422</u>
Total Net Position (Deficit)	<u>\$ (51,948,218)</u>	<u>\$ (85,463,864)</u>	<u>\$ 33,515,646</u>

The largest portion of the School Board's net position reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles). The School Board uses these assets (e.g., schools, buses) for elementary and secondary educational purposes; consequently, these assets are not available for future spending.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

An additional portion of the School Board's net position represents resources that are subject to external restrictions on their use. The \$674,674,445 unrestricted deficit reflects the effects of accounting principles generally accepted in the United States of America requirements for reporting pensions and OPEB activity. At June 30, 2021 the net pension liability is \$748,825,120 and the net OPEB liability is \$147,744,327.

**CHANGES IN NET POSITION**

The School Board's revenues of \$910,618,796 exceeded expenses of \$881,553,759 by \$29,065,037 for Fiscal Year 2021. Changes in Net Position (with comparative amounts for the year ended June 30, 2020), is illustrated as follows:

<b>Changes in Net Position</b>			
	<b>2021</b>	<b>2020</b>	<b>Variance</b>
<b><u>Revenues</u></b>			
Program Revenues:			
Charges for Services	\$ 3,408,114	\$ 11,422,284	\$ (8,014,170)
Operating Grants	201,162,593	173,532,323	27,630,270
General Revenues:			
Local Government	416,765,494	528,069,094	(111,303,600)
State Basic Aid	183,758,757	176,893,073	6,865,684
State Sales Tax	87,120,778	79,610,836	7,509,942
Federal Impact Aid	14,948,341	13,724,963	1,223,378
Interest Earnings	313,213	1,467,641	(1,154,428)
Miscellaneous	2,792,203	828,322	1,963,881
Sale of Capital Assets	349,303	177,665	171,638
Total Revenues	<u>\$ 910,618,796</u>	<u>\$985,726,201</u>	<u>\$ (75,107,405)</u>
<b><u>Expenses</u></b>			
Instruction	\$ 614,301,579	\$ 703,745,203	\$ (89,443,624)
Admin, Attendance, & Health	39,059,615	24,107,377	14,952,238
Pupil Transportation	38,763,178	36,973,229	1,789,949
Operations and Maintenance	105,015,813	92,626,699	12,389,114
Cafeterias	29,494,063	29,492,968	1,095
Technology	54,919,511	47,543,325	7,376,186
Total Expenses	<u>\$ 881,553,759</u>	<u>\$ 934,488,801</u>	<u>\$ (52,935,042)</u>
Change in Net Position	\$ 29,065,037	\$ 51,237,400	\$ (22,172,363)
Net Position (Deficit) - July 1	(81,013,255)	(136,701,264)	55,688,009
Restatement of July 1 Net Position (Note X)	-	4,450,609	(4,450,609)
Net Position (Deficit) – June 30	<u>\$ (51,948,218)</u>	<u>\$ (81,013,255)</u>	<u>\$ 29,065,037</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

Total revenue decreased by \$75,107,405 (7.6%). This is a net result of:

- A decrease in local government revenue source of \$111,303,600 mainly due to decreased bond sales by the City for capital projects; and
- Increase in State Sales Tax revenue of \$7,509,942; and
- Increase in State Basic Aid of \$6,865,684.

Total expenses decreased by \$52,935,042 (5.7%). This is a net result of:

- A decrease in Instruction expenses of \$89,443,624 due to the net book value decrease of the school buildings transferred to the City under the "tenancy in common" (Note 4B); and
- An increase in Administration, Attendance, and Health of \$14,952,238 due to reporting of Psychological and Audiological Services in the administration category; and
- An increase in Operations and Maintenance of \$12,389,114 due to the purchase of capital equipment; and
- An increase in Technology of \$7,376,186 due to technology expenditures funded by federal COVID-19 related grants.

**Governmental Activities**

The following illustration presents the cost of the governmental activities: Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; and Technology during Fiscal Years 2021 and 2020. The illustration also shows each activity's net cost (total cost less charges for services, operating grants, and capital grants). The net cost shows the financial impact that is placed on the School Board's general revenue sources (local government, federal and state aid, interest earnings, and other nonspecific revenue sources).

<b>Total and Net Cost of Governmental Activities</b>				
	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
<u>Expenses</u>				
Instruction	\$ 614,301,579	\$ 459,296,361	\$703,745,203	\$ 554,351,369
Admin, Attendance, & Health	39,059,615	34,910,860	24,107,377	24,107,377
Pupil Transportation	38,763,178	38,340,213	36,973,229	36,338,272
Operations and Maintenance	105,015,813	104,800,494	92,626,699	92,344,888
Cafeterias	29,494,063	2,903,770	29,492,968	3,263,560
Technology	<u>54,919,511</u>	<u>36,731,354</u>	<u>47,543,325</u>	<u>39,128,728</u>
Total Expenses	<u>\$ 881,553,759</u>	<u>\$ 676,983,052</u>	<u>\$ 934,488,801</u>	<u>\$ 749,534,194</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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**FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS**

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**GOVERNMENTAL FUNDS**

The focus of the School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Board's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the School Board's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the School Board's governmental funds reported combined fund balances of \$82,362,488, an increase of \$1,494,618 in comparison with the prior fiscal year balance, as restated. Of the total amount of the combined fund balances, \$1,199,958 is nonspendable (i.e., inventories and prepaid items), \$24,560,987 is restricted (e.g., federal and state grantor agencies, cafeterias, textbook adoptions, school activities), \$19,600,370 is committed (e.g., capital projects, communication towers/technology, vending, equipment replacement), and \$37,001,173 is assigned (e.g., instructional technology, athletics, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology). The fund balance only increased 1.8% due to the General Fund having an increase in encumbrances due to the delay in spending because of COVID-19, but this increase was offset by the decrease in fund balance in the Capital Projects Fund due to expenditures being greater than revenue because there were no bond sales during the fiscal year.

**General Fund**

The General Fund is the general operating fund of the School Board that is used to account for all of the financial resources, except those required to be accounted for in another fund. At June 30, 2021, the fund balance of the General Fund was \$37,397,188. Of this amount, \$396,015 is nonspendable (i.e., prepaid items) and \$37,001,173 is assigned (e.g., instructional technology, athletics, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology).

**General Fund Budget Amendment**

<u>Amount</u>	<u>Purpose</u>
\$ 15,000,000	There was a supplemental budget amendment, other than for encumbrances, during fiscal year 2021. The General Fund budget amendment (e.g. one-time bonus of \$1,000 to full-time equivalent employees and increased stipends for

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

dual instruction teachers) was funded through an increase in revenue from the local government.

General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 13,374,641 – FY 2020 Outstanding Encumbrances Appropriated  
15,000,000 – Budget Amendment (See above)  
\$ 28,374,641 – Original Budget to Final Budget Difference (including the Other Financing  
Uses budget)

General Fund Final Budget to Actual Expenditures Variance Reconciliation

The following table presents a summary comparison of the General Fund's final budget compared to actual expenditures by type. The variance includes \$35,739,424 of outstanding encumbrances at June 30, 2021.

	Final Budget	Actual	Variance from Final Budget	%
<u>Expenditures</u>				
Salaries and Benefits	\$668,289,900	\$661,132,519	\$7,157,381	1.07%
Purchased Services	53,908,255	45,951,761	7,956,494	14.76%
Other	22,455,124	20,063,072	2,392,052	10.65%
Materials and Supplies	44,586,157	30,570,145	14,016,012	31.44%
Capital Outlay	<u>25,476,078</u>	<u>7,598,463</u>	<u>17,877,615</u>	<u>70.17%</u>
Total Expenditures	<u>\$ 814,715,514</u>	<u>\$765,315,960</u>	<u>\$49,399,554</u>	<u>6.06%</u>

As noted earlier, in response to the COVID-19 outbreak, the Governor of Virginia mandated schools to close in March 2020 and returned to in person in March 2021. Capital outlay, purchased services, and material and supply purchases were closely monitored as a result of the economic uncertainty faced in FY21. Other factors include:

- Lower than expected expenditures for salaries and benefits due to vacancies and lapsed salaries; and reduced use of substitutes and tutors;
- Lower than expected expenditures for purchased services due to reduced contractual services; variance includes \$5.7 million in carryover and other commitments;
- Lower than expected expenditures of other charges due to reduction of \$1.1 million in utilities usage and \$804 thousand due to reduction of travel;

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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- Lower than expected expenditures of materials and supplies due to a reduction of \$1.1 million in radio equipment; \$734 thousand in custodial supplies; \$650 thousand in computer supplies; variance includes \$11.3 million in carryover and other commitments;
- Capital Outlay variance includes \$18.6 million in carryover and other commitments.

Transfers:

\$ 2,869,985 – Final Budget to Actual Expenditures Variance

Transfers are budgeted and presented separately as required for reporting purposes. The budget is mainly for the local match requirements of federal and state grants budgeted in the Grants Special Revenue Fund.

**Special Revenue Funds**

The Special Revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects), which are legally restricted or committed to be expended for specified purposes. These funds are used to finance designated programs and are generally not available for other purposes. The School Board's Special Revenue funds are as follows:

**Major Funds:**

School Grants – accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Cafeterias – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

**Nonmajor Funds:**

School Textbooks – accounts for the financing (e.g., Commonwealth of Virginia) and acquisitions of textbooks and related materials used in the school division.

School Communication Towers/Technology – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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School Vending Operations – accounts for receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

School Equipment Replacement – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

School Activity – accounts for the receipts and expenditures relating to activities conducted at individual school sites in connection with student athletics, classes, clubs, and various fundraising and private donor activities.

School Grants Fund: During Fiscal Year 2021, revenues and other financing sources totaled \$59,705,035 and expenditures totaled \$59,146,141. This resulted in an increase in the fund balance of \$558,894, due to a net increase in local match requirements. The remaining fund balance will be used for the required local match of Commonwealth of Virginia approved FY 2021 grant proceeds to be disbursed in FY 2022.

School Cafeterias Fund: During Fiscal Year 2021, revenues totaled \$26,754,646 and expenditures totaled \$27,627,938. This resulted in a decrease in the fund balance of \$873,292. The remaining fund balance will be used to help support operations during the ongoing COVID-19 pandemic, as well as continue the expansion of the Scratch Cooking Initiative.

Nonmajor Special Revenue Funds: During Fiscal Year 2021, revenues totaled \$7,349,970 and expenditures totaled \$6,396,010. This resulted in a combined increase in the fund balances of all nonmajor Special Revenue funds of \$953,960. The School Textbooks, Communication Towers/Technology, School Vending Operations, and School Activity funds had an increase in fund balance while the School Equipment Replacement fund incurred a planned decrease in fund balance. The remaining fund balances of these nonmajor Special Revenue funds will be used in the future for technology purposes, equipment replacements and other appropriate needs.

**Proprietary Funds – Internal Service Funds**

The Internal Service funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost-reimbursement basis. The School Board operates Internal Service funds for the school division's Risk Management and Self-Insured Health Care Benefits programs.

During Fiscal Year 2021, total revenues including nonoperating revenues and transfers amounted to \$161,865,880. Expenses totaled \$158,166,841. This resulted in an increase in net position of \$3,699,039, which includes a \$2,000,000 transfer from the Operating Fund for the School Risk

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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Management Fund as well as favorable claims experience during the plan year creating a positive impact on the School Health Insurance Fund Net Position balance.

**Capital Projects Fund (Major Fund)**

During Fiscal Year 2021, revenues including other financing sources totaled \$27,206,457 and expenditures totaled \$53,088,738. This resulted in a decrease in the fund balance of \$25,882,281 due to reduced bond sales by the City.

Proceeds from public improvement charter bond issues, State Literary Fund Loans, Virginia Public School Authority financing, local funding sources, and construction grants (including lottery proceeds) from the Commonwealth of Virginia are accounted for in the Capital Projects Fund until improvement projects are completed. The City provides the aforementioned sources of revenues (classified as From Local Government in the financial statements, except interest earnings and Commonwealth of Virginia revenues).

When capital projects are completed, the costs of the improvements (meeting the capitalization threshold) are transferred from construction in progress to the appropriate capital asset account. The various significant active capital projects for the current fiscal year are presented below.

Princess Anne Middle School Replacement	Renovations/Replacements-HVAC Systems
Thoroughgood Elementary School Replacement	Renovations/Replacements-Reroofing
Plaza Annex Addition	Renovations/Replacements-Grounds
Energy Performance Contracts	

**CAPITAL ASSETS**

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on-behalf of” debt for any school property which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property equal to the total outstanding principal balance of the applicable “on-behalf of” debt at June 30, 2021. The below illustration reflects capital assets remaining with the School Board (net of those that have been transferred between the School Board and the City as the outstanding principal balance changes).

The School Board’s investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$598,165,240 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements other than buildings,



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

machinery/equipment and vehicles. The total increase in the School Board's investment in capital assets for the current fiscal year was 8.38%, as follows:

<b>Capital Assets (net of accumulated depreciation) As of June 30, 2021 and 2020</b>			
	2021	2020	Percentage Change
Land	\$ 38,968,372	\$ 38,968,372	0%
Construction in Progress	71,961,464	91,935,123	-21.73%
Buildings and Improvements	440,735,233	375,670,166	17.32%
Machinery/Equipment and Vehicles	<u>46,500,171</u>	<u>45,340,731</u>	2.56%
Total Capital Assets (net)	<u>\$ 598,165,240</u>	<u>\$ 551,914,392</u>	8.38%

The decrease in Construction in Progress is mainly due to the completion of the Thoroughgood Elementary School Replacement and Plaza Annex Addition projects.

Additional information on the School Board's capital assets is presented in Note 4 of this report.

**ECONOMIC FACTORS**

The unemployment rate for the City continues to be below the Metropolitan Statistical Area (MSA) and U.S. rates and is also below the Commonwealth of Virginia (state) rate. Average annual unemployment rates for 2020 were 6.2% for Virginia Beach, 7.1% for the MSA, 6.3% for Virginia, and 8.1% for the U.S. Unemployment rates increased in 2020 compared with 2019 for the City, the region, the State and the Nation due to the COVID-19 pandemic. There had been a steady decline in the unemployment rate in the City from 2011 through 2019. The initial COVID-19 pandemic caused unemployment to spike to 12.5% in April 2020 with the rate declining gradually to 3.6% in August of 2021. The MSA saw unemployment increase to 12.4% in April 2020, falling to 4.4% by August 2021. The commonwealth's unemployment rate increased to 11.0% in April 2020, decreasing to 3.8% in August of 2021. For the United States, the unemployment rate was 14.4% in April 2020 and decreased to 5.3% by August 2021 (U.S. Department of Labor, Bureau of Labor Statistics).

The average number of City residents employed in 2020 was 215,991 from an average labor force of 230,322. This reflects a decrease over 2019 in average employment (229,159) and average labor force (235,249) of 5.7% and 2.1%, respectively (U.S. Department of Labor, Bureau of Labor Statistics).

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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Based on the most recent data available, the per capita personal income for 2019 was \$59,805 for Virginia Beach, \$52,011 for the MSA, \$59,657 for Virginia, and \$56,490 for the U.S. Over the five year period 2014-2019, the per capita personal income for Virginia Beach increased an average of 3.3% per year (U.S. Department of Commerce, Bureau of Economic Analysis). Also, the median household income continued to increase for Virginia Beach in 2019 at \$79,054 compared with \$77,059 in 2018. Median household income for the City has increased an average of 3.9% per year since 2013 (U.S. Census Bureau, 2019 American Community Survey).

**Factors Influencing Future Budgets**

- Decline in student enrollment
- Global and national economic conditions
- Employee health care costs
- Employee postemployment benefits
- Unfunded state and federal mandates
- Competitive salaries and pay raises

**REQUESTS FOR INFORMATION**

This Annual Comprehensive Financial Report is designed to provide a general overview of the School Board's finances and to demonstrate the School Board's commitment to financial accountability, stewardship, and transparency. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, Virginia Beach City Public Schools, 2512 George Mason Drive, P.O. Box 6038, Virginia Beach, Virginia 23456-0038.

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# BASIC FINANCIAL STATEMENTS

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Investments (Notes 1K1 and 6)	\$ 271,148,749
Accounts Receivable	2,336,609
Due from Commonwealth (Note 2A)	9,769,337
Due from Federal Government (Note 2B)	16,560,674
Inventories (Note 1F)	803,694
Prepaid Items (Note 1K5)	661,362
Total Current Assets	<u>\$ 301,280,425</u>
Noncurrent Assets:	
Capital Assets (Note 4):	
Land	\$ 38,968,372
Buildings, Improvements, Machinery, Equipment, and Vehicles (net of accumulated depreciation)	487,235,404
Construction in Progress	71,961,464
Total Noncurrent Assets	<u>\$ 598,165,240</u>
 TOTAL ASSETS	 <u>\$ 899,445,665</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES (Note 8)</u></b>	
Deferred Outflows from Pensions	\$ 184,202,119
Deferred Outflows from OPEB	29,553,919
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 213,756,038</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Salaries Payable and Withholding (Note 7C)	\$ 83,259,452
Vouchers and	
Accounts Payable	21,811,199
Deposits Payable	75,000
Due to Commonwealth	17,086
Due to Federal Government	87,914
Unearned Revenues (Note 3)	13,479,869
Long-term Liabilities (Note 5A)	22,553,274
Total Current Liabilities	<u>\$ 141,283,794</u>
Noncurrent Liabilities:	
Net Pension Liability (Notes 5A and 8)	748,825,120
Net OPEB Liability (Notes 5A and 8)	147,744,327
Other Long-term Liabilities (Notes 1H, 5A and 9)	39,232,824
Total Noncurrent Liabilities	<u>\$ 935,802,271</u>
 TOTAL LIABILITIES	 <u>\$ 1,077,086,065</u>
<b><u>DEFERRED INFLOWS OF RESOURCES (Note 8)</u></b>	
Deferred Inflows from Pensions	\$ 60,161,355
Deferred Inflows from OPEB	27,902,501
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>\$ 88,063,856</u>
<b><u>NET POSITION (DEFICIT) (Note 1J)</u></b>	
Investment in Capital Assets	\$ 598,165,240
Restricted for: (Note 10D)	
Grants	2,911,234
Cafeterias	8,899,538
Textbooks	8,291,593
School Activities	4,458,622
Unrestricted (Deficit)	<u>(674,674,445)</u>
 TOTAL NET POSITION (DEFICIT)	 <u>\$ (51,948,218)</u>

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		Program Revenues		Net (Expenses)
		Charges for	Operating	Revenues and
Expenses		Services	Grants and	Change In
			Contributions	Net Position
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction	\$ 614,301,579	\$ 1,320,810	\$ 153,684,408	\$ (459,296,361)
Administration, Attendance, & Health	39,059,615	-	4,148,755	(34,910,860)
Pupil Transportation	38,763,178	422,965	-	(38,340,213)
Operations and Maintenance	105,015,813	167,000	48,319	(104,800,494)
Cafeterias	29,494,063	632,945	25,957,348	(2,903,770)
Technology	54,919,511	864,394	17,323,763	(36,731,354)
Total Governmental Activities	<u>\$ 881,553,759</u>	<u>\$ 3,408,114</u>	<u>\$ 201,162,593</u>	<u>\$ (676,983,052)</u>

General Revenues:

## Local Sources:

Local Government	\$ 416,765,494
Miscellaneous	2,792,203
Sale of Capital Assets	349,303

Federal and State Aid not Restricted  
to Specific Purposes:

State Basic Aid	183,758,757
State Sales Tax	87,120,778
Federal Impact Aid	14,948,341

Interest Earnings	<u>313,213</u>
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Total General Revenues	<u>\$ 706,048,089</u>
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Change in Net Position	\$ 29,065,037
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Total Net Position - July 1	(85,463,864)
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Restatement of July 1 Net Position (Note 10)	<u>4,450,609</u>
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Total Net Position (Deficit) - June 30	<u>\$ (51,948,218)</u>
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The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments (Notes 1K1 and 6)	\$ 110,106,614	\$ -	\$ 8,819,016	\$ 25,825,562	\$ 17,650,122	\$ 162,401,314
Accounts Receivable	169,259	94,704	65,633	-	-	329,596
Due from Other Funds (Note 10B)	3,050,670	-	-	-	-	3,050,670
Due from Commonwealth (Note 2A)	9,423,800	345,537	-	-	-	9,769,337
Due from Federal Government (Note 2B)	86,611	14,342,470	2,131,593	-	-	16,560,674
Inventories (Note 1F)	-	-	803,694	-	-	803,694
Prepaid Items (Note 1K5)	396,015	-	249	-	-	396,264
<b>TOTAL ASSETS</b>	<b>\$ 123,232,969</b>	<b>\$ 14,782,711</b>	<b>\$ 11,820,185</b>	<b>\$ 25,825,562</b>	<b>\$ 17,650,122</b>	<b>\$ 193,311,549</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Salaries Payable and Withholding (Note 7C)	\$ 78,628,235	\$ 3,400,625	\$ 1,202,782	\$ 22,493	\$ -	\$ 83,254,135
Vouchers and Accounts Payable	6,929,500	1,180,331	199,576	10,887,731	51,961	19,249,099
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds (Note 10B)	-	3,050,670	-	-	-	3,050,670
Due to Commonwealth	12,588	4,498	-	-	-	17,086
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue (Note 3)	265,458	4,235,353	714,346	-	-	5,215,157
<b>TOTAL LIABILITIES</b>	<b>\$ 85,835,781</b>	<b>\$ 11,871,477</b>	<b>\$ 2,116,704</b>	<b>\$ 10,998,138</b>	<b>\$ 126,961</b>	<b>\$ 110,949,061</b>
Fund Balances: (Notes 1I and 10D)						
Nonspendable	\$ 396,015	\$ -	\$ 803,943	\$ -	\$ -	\$ 1,199,958
Restricted	-	2,911,234	8,899,538	-	12,750,215	24,560,987
Committed	-	-	-	14,827,424	4,772,946	19,600,370
Assigned	37,001,173	-	-	-	-	37,001,173
<b>TOTAL FUND BALANCES</b>	<b>\$ 37,397,188</b>	<b>\$ 2,911,234</b>	<b>\$ 9,703,481</b>	<b>\$ 14,827,424</b>	<b>\$ 17,523,161</b>	<b>\$ 82,362,488</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 123,232,969</b>	<b>\$ 14,782,711</b>	<b>\$ 11,820,185</b>	<b>\$ 25,825,562</b>	<b>\$ 17,650,122</b>	<b>\$ 193,311,549</b>

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Net Position in Exhibit A-1 are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$ 82,362,488
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

	Cost of Capital Assets	\$ 1,096,506,337	
	less: Accumulated Depreciation	<u>498,341,097</u>	598,165,240

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of the following:

Compensated Absences	(43,191,006)
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Internal Service Funds are used to account for the risk management and health insurance programs and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

	Total Assets	\$ 111,019,546	
	less: Total Liabilities	<u>29,427,221</u>	81,592,325
	Total Net Position		

Per GAAP, pension activity is not reported in the governmental funds (Note 8).

	Net Pension Liability	\$ (748,825,120)	
	Deferred Outflows of Resources	184,202,119	
	Deferred Inflows of Resources	<u>(60,161,355)</u>	(624,784,356)

Per GAAP, OPEB activity is not reported in the governmental funds (Note 8).

	Net OPEB Liability	\$ (147,744,327)	
	Deferred Outflows of Resources	29,553,919	
	Deferred Inflows of Resources	<u>(27,902,501)</u>	(146,092,909)

Total Net Position of Governmental Activities in the Statement of Net Position (Exhibit A-1)	\$ <u>(51,948,218)</u>
--	------------------------

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
From Use of Money and						
Property	\$ 167,000	\$ -	\$ 60,081	\$ -	\$ 739,873	\$ 966,954
Charges for Services	561,027	-	154,096	-	70,263	785,386
Miscellaneous	1,673,825	461,612	583,121	-	2,504,245	5,222,803
From Local Government	389,560,485	-	-	27,205,009	-	416,765,494
From Commonwealth	383,043,717	8,674,069	350,119	-	4,035,589	396,103,494
From Federal Government	18,243,225	46,574,908	25,607,229	-	-	90,425,362
Total Revenues	<u>\$ 793,249,279</u>	<u>\$ 55,710,589</u>	<u>\$ 26,754,646</u>	<u>\$ 27,205,009</u>	<u>\$ 7,349,970</u>	<u>\$ 910,269,493</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	\$ 570,086,492	\$ 41,213,311	\$ -	\$ 2,076,352	\$ 3,561,779	\$ 616,937,934
Administration, Attendance, & Health	35,037,931	2,402,346	-	-	-	37,440,277
Pupil Transportation	35,476,247	41,033	-	-	-	35,517,280
Operations and Maintenance	87,876,518	2,391,334	-	9,859,400	-	100,127,252
Cafeterias	-	317,909	27,536,051	-	-	27,853,960
Technology	36,838,772	12,780,208	91,887	344,016	2,834,231	52,889,114
Capital Outlay	-	-	-	40,808,970	-	40,808,970
Total Expenditures	<u>\$ 765,315,960</u>	<u>\$ 59,146,141</u>	<u>\$ 27,627,938</u>	<u>\$ 53,088,738</u>	<u>\$ 6,396,010</u>	<u>\$ 911,574,787</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>						
	<u>\$ 27,933,319</u>	<u>\$ (3,435,552)</u>	<u>\$ (873,292)</u>	<u>\$ (25,883,729)</u>	<u>\$ 953,960</u>	<u>\$ (1,305,294)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In (Note 10A)	\$ -	\$ 3,994,446	\$ -	\$ -	\$ -	\$ 3,994,446
Transfers Out (Note 10A)	(5,994,446)	-	-	-	-	(5,994,446)
Sale of Capital Assets	347,855	-	-	1,448	-	349,303
Total Other Financing Sources (Uses), net	<u>\$ (5,646,591)</u>	<u>\$ 3,994,446</u>	<u>\$ -</u>	<u>\$ 1,448</u>	<u>\$ -</u>	<u>\$ (1,650,697)</u>
<b>NET CHANGES IN FUND BALANCES</b>						
	<u>\$ 22,286,728</u>	<u>\$ 558,894</u>	<u>\$ (873,292)</u>	<u>\$ (25,882,281)</u>	<u>\$ 953,960</u>	<u>\$ (2,955,991)</u>
<b>FUND BALANCES - JULY 1</b>	15,110,460	2,352,340	10,576,773	40,709,705	12,118,592	80,867,870
<b>RESTATEMENT OF JULY 1 FUND BALANCE (Note 10)</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,450,609</u>	<u>4,450,609</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 37,397,188</u>	<u>\$ 2,911,234</u>	<u>\$ 9,703,481</u>	<u>\$ 14,827,424</u>	<u>\$ 17,523,161</u>	<u>\$ 82,362,488</u>

The accompanying notes are an integral part of the basic financial statements.



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Activities in Exhibit A-2 are different from amounts reported for governmental funds in this exhibit because:

Net Changes in Fund Balances - Governmental Funds (this exhibit) \$ (2,955,991)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year (Note 10C).

24,402,237

Compensated absences (annual, sick, and personal leave) are reported in governmental funds as expenditures, which are measured by the amount of financial resources used (essentially, the amounts actually paid). However, for governmental activities, those costs are shown and measured by the net of the amounts of leave used and earned for the fiscal year in the Statement of Activities.

Leave Used	\$ 8,438,190	
Leave Earned	<u>(12,660,784)</u>	(4,222,594)

Internal Service Funds are used to account for the risk management and health insurance programs and related charges to the various governmental funds. The change in net position for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.

Risk Management Transfer	\$ 2,000,000	
Risk Management	(1,498,687)	
Health Insurance	<u>3,197,726</u>	3,699,039

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf of" debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf of" debt at June 30, 2021. This amount is the applicable net book value change and depreciation expense for the fiscal year.

21,848,611

Per GAAP, this amount is the Pension Expense, Deferred Outflows and Deferred Inflows (pension contributions paid) for the fiscal year (Note 8).

Pension Expense	\$ (70,000,120)	
Deferred Inflows	14,725,645	
Deferred Outflows	<u>43,029,119</u>	(12,245,356)

Per GAAP, this amount is the OPEB Expense, Deferred Outflows and Deferred Inflows (OPEB contributions paid) for the fiscal year (Note 8).

OPEB Expense	\$ 5,001,673	
Deferred Inflows	(2,808,501)	
Deferred Outflows	<u>(3,654,081)</u>	(1,460,909)

Change in Net Position of governmental activities in the Statement of Activities (Exhibit A-2) \$ 29,065,037

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2021**

	Governmental Activities: Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Investments (Notes 1K1 and 6)	\$ 108,747,435
Accounts Receivable	2,007,013
Prepaid Items (Note 1K5)	<u>265,098</u>
TOTAL ASSETS	<u>\$ 111,019,546</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Salaries Payable	\$ 5,317
Vouchers and	
Accounts Payables	2,562,100
Unearned Revenues (Note 3)	8,264,712
Estimated Claims and	
Judgments (due within one year)	
(Notes 5A and 9)	<u>13,946,319</u>
Total Current Liabilities	<u>\$ 24,778,448</u>
Noncurrent Liabilities:	
Estimated Claims and	
Judgments (due in more than one year)	
(Notes 5A and 9)	<u>4,648,773</u>
TOTAL LIABILITIES	<u>\$ 29,427,221</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 81,592,325</u>
TOTAL NET POSITION	<u><u>\$ 81,592,325</u></u>

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities: Internal Service Funds
<hr/>	
<u>OPERATING REVENUES</u>	
Charges for Services	\$ 158,826,426
Miscellaneous Revenue	373,292
Total Operating Revenue	<u>\$ 159,199,718</u>
<u>OPERATING EXPENSES</u>	
Personnel Services	\$ 808,784
Fringe Benefits	299,928
Purchased Services	1,717,498
Other Charges (Note 1K2)	155,340,631
Total Operating Expenses	<u>\$ 158,166,841</u>
<u>OPERATING INCOME</u>	<u>\$ 1,032,877</u>
<u>NONOPERATING REVENUES</u>	
Interest Income	\$ 666,162
Total Nonoperating Revenues	<u>\$ 666,162</u>
<u>INCOME BEFORE TRANSFERS</u>	\$ 1,699,039
<u>TRANSFERS IN</u>	<u>\$ 2,000,000</u>
<u>CHANGES IN NET POSITION</u>	\$ 3,699,039
<u>TOTAL NET POSITION - JULY 1</u>	<u>77,893,286</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u>\$ 81,592,325</u>

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities: Internal Service Funds
<u>CASH FLOWS FROM OPERATING</u>	
<u>ACTIVITIES:</u>	
Receipts from Users	\$ 159,684,050
Payments to Vendors for Goods/Services	(156,207,835)
Payments to Employees for Services	(1,103,671)
Net Cash Provided By Operating Activities	<u>\$ 2,372,544</u>
<u>CASH FLOWS FROM NONCAPITAL</u>	
<u>FINANCING ACTIVITIES:</u>	
Intragovernmental Receipts	\$ 2,000,000
<u>CASH FLOWS FROM INVESTING</u>	
<u>ACTIVITIES:</u>	
Interest Received on Investments	<u>666,162</u>
<u>NET INCREASE IN</u>	
<u>CASH AND INVESTMENTS</u>	
	\$ 5,038,706
<u>CASH AND INVESTMENTS,</u>	
<u>BEGINNING OF YEAR</u>	
	<u>103,708,729</u>
<u>CASH AND INVESTMENTS,</u>	
<u>END OF YEAR</u>	
	<u>\$ 108,747,435</u>
<u>RECONCILIATION OF OPERATING</u>	
<u>INCOME TO NET CASH</u>	
<u>PROVIDED BY OPERATING</u>	
<u>ACTIVITIES:</u>	
Operating Income	<u>\$ 1,032,877</u>
Adjustments to Reconcile Operating	
Income to Net Cash Provided	
by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ 401,941
Prepaid Items	40,534
Increase (Decrease) in Liabilities	
Salaries Payable	5,041
Vouchers and Accounts Payable	(1,722,181)
Unearned Revenue	82,391
Estimated Claims and Judgments	<u>2,531,941</u>
Total Adjustments	<u>\$ 1,339,667</u>
Net Cash Provided By Operating Activities	<u>\$ 2,372,544</u>

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2021**

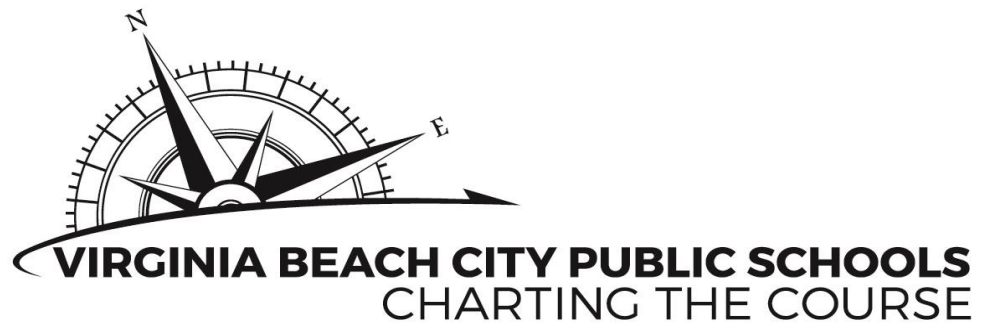
	Other Postemployment Benefits Trust Fund
<u>ASSETS</u>	
Fixed Income	\$ 9,210,191
Stocks	23,683,348
Real Estate	3,070,064
Alternative Investments	7,894,450
	<u>                    </u>
TOTAL ASSETS	<u>\$ 43,858,053</u>
<u>NET PENSION</u>	
Net Position Restricted for Postemployment Benefits	
Other than Pensions	<u>\$ 43,858,053</u>

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Other Postemployment Benefits Trust Fund
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 6,160,668
Investment Earnings:	
Increase in the Fair Value of Investments	\$ 10,143,922
Total Additions	\$ 16,304,590
<u>DEDUCTIONS</u>	
Benefits	\$ 6,160,668
Administrative Expenses	29,042
Total Deductions	\$ 6,189,710
Change in Net Position	\$ 10,114,880
Net Position at Beginning of Year	33,743,173
Net Position at End of Year	\$ 43,858,053

The accompanying notes are an integral part of the basic financial statements.



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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The present City of Virginia Beach, Virginia (City) was formed on January 1, 1963 by the merger of Princess Anne County and the former smaller City of Virginia Beach. The elected eleven-member School Board of the City of Virginia Beach, Virginia (the School Board), vested with the legislative powers, appoints the Superintendent who is the executive and administrative head of the public school division.

The accounting policies of the School Board conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies of the School Board:

**A. Government-Wide and Fund Financial Statements**

The accounts of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate.

The basic financial statements and required supplementary information include both the government-wide (based upon the School Board as a whole) financial statements (i.e., Statement of Net Position and Statement of Activities) and fund financial statements.

In the government-wide Statement of Net Position, the governmental activities column is presented on a full accrual and economic resources basis. This basis incorporates long-term assets and receivables, and long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of an activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific activity. Program revenues are those that are directly associated with the specific activity (e.g., Instruction, Pupil Transportation, Cafeterias). Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Taxes and other items not properly included among program revenues are reported as general revenues. The School Board does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund financial statements are provided for governmental funds, proprietary funds (i.e., internal service funds), and fiduciary funds (i.e., custodial funds). By definition, the assets of the fiduciary funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government; therefore, these funds are excluded from the government-wide

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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financial statements. Furthermore, the internal service funds have been incorporated into the governmental activities column in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School Board reports the following major governmental funds:

**General Fund** - is the general operating fund of the School Board which is used to account for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from the Federal Government (including impact aid and awards), Commonwealth of Virginia (including basic aid, awards, and sales tax), and the City.

**School Grants Special Revenue Fund** - accounts for certain private, Commonwealth of Virginia and Federal grants (with matching local funds, if applicable).

**School Cafeterias Special Revenue Fund** - accounts for sales and proceeds from the school cafeterias.

**Capital Projects Fund** - is used to account for the financial resources for the acquisition or construction of major capital facilities.

Additionally, the School Board reports the following fund types:

**Special Revenue Funds** - are used to account for the proceeds of specific revenue sources, other than for the above special revenue funds, which are restricted or committed to be expended for specified purposes. The Textbook Fund accounts for the financing (e.g., Commonwealth of Virginia) and acquisitions of textbooks and related materials used in the school division. The Communication Towers/Technology Fund accounts for rent receipts relating to the communication towers constructed on School Board property. The Vending Operations Fund accounts for receipts and expenditures relating to soft drink vending operations. The Equipment Replacement Fund accounts for financial resources provided for equipment replacement cycle for selected capital equipment for schools and central offices. The School Activity Fund accounts for receipts and expenditures relating to activities conducted at individual school sites in connection with student athletics, classes, clubs, and various fundraising and private donor activities.

**Proprietary Funds/Internal Service Funds** - are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost-reimbursement basis. The School Board has established Internal Service Funds for the Risk Management and Health Insurance programs.

**Fiduciary Fund** - is used to account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units,

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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and/or other funds. The Fiduciary Fund is the Other Postemployment Benefit (OPEB) Trust Fund for Retiree Health Benefits. The OPEB Trust Fund accounts for assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

**B. Financial Reporting Entity**

The School Board is responsible for elementary and secondary education within the City. Members of the School Board are elected by the voters and serve staggered terms on the School Board. The City Council approves the School Board's operating budget, levies the necessary taxes to finance the operations, and approves the borrowing of money and issuance of bonds when necessary. The City Council is prohibited from exercising any control over specific appropriations within the operating budget of the School Board. However, City Council may exercise control in total by major categories (e.g., Instruction; Administration, Attendance, and Health; Pupil Transportation; Operations and Maintenance; Technology) as prescribed by the *Code of Virginia*, as amended.

The School Board is considered a component unit of the City and, accordingly, the financial position and results of operations of the School Board are also presented in the City's Annual Comprehensive Financial Report (ACFR).

The School Board uses the following criteria in determining reportable component units (legally, separate organizations): 1) significance of their operational or financial relationship with the School Board, 2) for which the School Board is financially accountable, and 3) whose relationship with the School Board is such that exclusion would cause the School Board's financial statements to be misleading or incomplete. The School Board has no component units.

**C. Capital Assets**

Capital assets, which include land, buildings (e.g., schools, portables), improvements other than buildings (e.g., parking lots, curbs and gutters, sidewalks, drainage systems, fences), machinery and equipment, and vehicles (including school buses) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School Board as assets with an initial, individual cost of \$5,000 or more. Capital assets are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements. Depreciation is recorded on the capital assets on a government-wide basis using the straight-line method with the following estimated useful lives:

Buildings	25 - 50 years
Improvements other than Buildings	20 years
Machinery, Equipment and Vehicles	5 – 20 years

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All capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value in the year donated.

**D. Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The effects of interfund activity have been eliminated from the government-wide financial statements; however, interfund services (e.g., risk management, health insurance) provided and used are not eliminated (elimination of these charges would distort the reported function expenses and program revenues).

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally 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 net current assets.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The modified accrual basis of accounting is used by all governmental fund types and the full accrual basis of accounting is used by the custodial funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (for the most part, revenues are considered available, if they are collected within 90 days of the end of the fiscal year). Expenditures are recorded when the related fund liability is incurred, if measurable.

The following is a list of the major revenue sources, which meet the "susceptible to accrual" criteria:

- Commonwealth of Virginia
- State Sales Taxes
- Federal Government

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All Proprietary Funds are reported under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Internal Service Funds are charges for services. Operating expenses for the Internal Service Funds include administrative expenses, insurance premiums, and claims payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for the same purpose, restricted resources are used first, where practicable and permitted.

The School Board reports unearned revenues on its government-wide financial statements when revenues are received prior to the period in which all eligibility requirements have been met. Unearned revenue at the fund level arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the Balance Sheet and revenue is recognized.

**E. Encumbrances**

Encumbrance accounting, in which purchase orders, contracts, and other commitments for the expenditure of monies are recorded (reduces the applicable available appropriation), is followed in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding do not constitute expenditures until expended or accrued as liabilities.

**F. Inventories**

All inventories are reported using the weighted average cost inventory method. Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the governmental funds.

The School Cafeteria Fund's inventory includes United States Department of Agriculture (USDA) commodities under the Donated Commodity Program (operated as an adjunct to the National School Lunch Program). This program provides free agricultural products for use in the preparation of school lunches. The contributions are recorded in the financial statements as revenue upon receipt (title of products pass upon delivery) and expenditures at the time of consumption of the products based on the estimated wholesale market value (provided by the USDA). Other inventories are reported using the weighted average cost inventory method.

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**G. Deferred Outflows and Inflows of Resources**

The School Board recognizes deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. The Statement of Net Position reports deferred outflows and inflows of resources related to pensions and OPEB (See A-1 and Note 8).

**H. Accrued Compensated Leave**

Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. In general, administrative personnel may accrue a maximum of 50 days. Instructional personnel may accrue a maximum of 8 personal leave days. Upon employment termination, payment is made by the School Board to the respective employee on the unused portion.

School Board employees are granted one sick leave day per month and may accumulate an unlimited number of sick leave days. However, no payment is made by the School Board on the unused portion upon employment termination, except on the condition of retirement. School Board retirees are paid for their unused sick leave.

An accrual has been made in the financial statements for certain accumulated annual, personal, and sick leave days. This estimate includes salary and the related Social Security and Medicare taxes.

The estimated amount of accrued compensated leave for the School Board's governmental activities is reported in the government-wide financial statements. See Note 5B for the estimated amounts related thereto.

Accrued compensated leave is typically liquidated by the General Fund, or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.

**I. Fund Balance**

Fund balance is divided into four classifications based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid items.

**Restricted** - The restricted fund balance classification is used when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or



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enabling legislation. Enabling legislation authorizes the School Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School Board can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** - The committed fund balance classification, includes amounts, if applicable, that can be used only for the specific purposes imposed by a resolution adopted by the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - The assigned fund balance classification represents amounts intended to be used by the School Board for specific purposes. Assigned amounts are established by the School Board (see Note 10D).

The School Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**J. Net Position**

The difference between assets and deferred outflows or resources and liabilities and deferred inflows of resources in the government-wide Statement of Net Position must be labeled as net position. In addition, net position must be subdivided into three components: net investment in capital assets; restricted net position; and unrestricted net position, as follows:

**Investment in Capital Assets** - The investment in capital assets component presents the net position that comprise the capital assets (net of accumulated depreciation).

**Restricted Net Position** - The restricted net position component presents the net position that is restricted when constraints placed on the net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position** - The unrestricted net position component consists of net position that does not meet the “investment in capital assets” or “restricted net position” definition.

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**K. Miscellaneous**

**1. Cash and Investments**

The School Board's cash and investments are pooled and invested with the City's centralized cash and investment pool (see Note 6). Cash invested at June 30 is included in the various cash accounts reflected in the financial statements. Investments are stated at amortized cost or fair value. Interest earnings on investments are allocated to certain funds based upon the average monthly cash balance of each fund.

**2. Proprietary Funds' Other Charges**

The Proprietary Funds' Other Charges category mainly consists of premiums and claims payments (including current estimated claims and judgments) in the Risk Management and Health Insurance Internal Service Funds.

**3. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, all highly liquid debt instruments and certificates of deposit, regardless of maturity date, are grouped into cash and temporary investments. The proprietary funds participate in the City's centralized cash and investment pool (see Note 6); therefore, separate information on cash equivalents (i.e., investments with original maturities of three months or less upon acquisition) for the fund is not available.

**4. Long-Term Obligations**

All long-term liabilities (see Note 5) are reported in the government-wide financial statements.

**5. Prepaid Items**

Prepaid items are certain required/negotiated payments made during the current fiscal year for goods/services to be delivered/rendered (and recorded as an expenditure/expense on a consumption basis, accordingly) during the following fiscal year(s).

**6. Debt Service**

The School Board has debt service payments on debt incurred by the City "on behalf of" the School Board (see Note 4B for related information). However, information on the School Board and City debt service payments and outstanding debt as a whole are presented in the City's ACFR.

**L. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and

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expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**M. Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 8 and the Required Supplementary Information (RSI) section), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The Virginia Retirement System (VRS) Teacher Retirement Plan is a multiple employer cost-sharing plan. The VRS Political Subdivision Retirement Plan is a multiple employer, agent plan.

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

**N. Other Postemployment Benefits**

**1. Retiree Health Benefits**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and OPEB expense, information about the fiduciary net position of the Other Post Employment Benefit Trust Fund and the additions to/deductions from the OPEB net fiduciary position have been determined on the same basis as they were reported by the VML/VACo Pooled OPEB Trust. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**2. Teacher Employee and Political Subdivision Health Insurance Credit Program**

The VRS Teacher Employee Health Insurance Credit (HIC) Program is a multiple-employer, cost-sharing plan. This program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. These programs were established pursuant to §51.1-1400 et seq. of the *Code of Virginia* as amended, and to provide the authority under which benefit terms are established or may be amended. For purposes of measuring the net Teacher Employee and Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows and inflows of resources related to the Teacher

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

**3. Group Life Insurance**

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

**4. Teacher Employee and Political Subdivision Employee Virginia Local Disability Program**

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

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**O. Implementation of New Accounting Pronouncements**

During the fiscal year ended June 30, 2021, the School Board adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB):

Statement No. 84 *Fiduciary Activities*

Issued in January 2017, the primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. As a result, net position for the governmental activities and fund balance for other governmental funds at July 1, 2020 was restated to increase net position and fund balance by \$4,450,609.

**P. Pronouncements Issued but not Yet Effective**

The GASB has issued the following pronouncements, not yet effective, that may affect future financial position, results of operations, cash flows or the financial presentation of the School Board upon implementation. Management is evaluating these new standards.

<b>GASB STATEMENT NO.</b>	<b>GASB ACCOUNTING STANDARD</b>	<b>EFFECTIVE FISCAL YEAR</b>
87	Leases	2022
	Subscription-Based Information	
96	Technology Arrangements	2023

**2. RECEIVABLES**

**A. Due from Commonwealth**

The following revenues were due from the Commonwealth of Virginia at June 30, 2021:

State Share Sales Tax	\$ 6,999,804
Special Education – Regional Program	2,423,996
Juvenile Detention Center	302,749
Other Grants, Entitlements, and Shared Revenues	<u>42,788</u>
Total Due From Commonwealth (Exhibit A-3 and A-1)	<u>\$ 9,769,337</u>

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**B. Due from Federal Government**

The following revenues were due from various Federal agencies at June 30, 2021:

Adult Basic Education	\$ 74,956
CARES	4,661,417
Carl Perkins	760,353
McKinney Homeless	23,162
NJROTC	86,611
Preschool Incentive	81,200
Startalk	6,969
Summer Feeding Program	1,859,956
Child and Adult Care Program	271,637
Title I	4,576,555
Title II	440,598
Title III	32,332
Title IV	821,137
Title VI-B	2,861,081
Other Grants, Entitlements, and Shared Revenues	2,710
Total Due From Federal Gvt (Exhibit A-3 and A-1)	<u><u>\$ 16,560,674</u></u>

**3. UNEARNED REVENUES**

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenues consist of the following as of June 30, 2021:

General Fund – Summer School Tuition, Regular School Tuition	\$ 265,458
School Grants Fund – Learning Loss Instructional, Early Reading Intervention, Algebra Readiness, VA Preschool Initiative, and other	4,235,353
Other Governmental Funds – School Cafeterias – Charges for Services	714,346
Total Unearned Revenue – Governmental Funds (Exhibit A-3)	<u><u>\$ 5,215,157</u></u>
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-5)	8,264,712
Total Unearned Revenue – Governmental Activities (Exhibit A-1)	<u><u>\$ 13,479,869</u></u>

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**4. CAPITAL ASSETS**

**A. Summary of Changes in Capital Assets**

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 38,968,372	\$ -	\$ -	\$ 38,968,372
Construction in Progress	91,935,123	30,364,941	50,338,600	71,961,464
Total Capital Assets Not Being Depreciated	<u>\$ 130,903,495</u>	<u>\$ 30,364,941</u>	<u>\$ 50,338,600</u>	<u>\$110,929,836</u>
Capital Assets Being Depreciated:				
Buildings	\$ 682,894,580	\$ 93,304,596	\$ -	\$776,199,176
Improvements Other Than Buildings	68,918,757	4,222,737	-	73,141,494
Machinery/Equipment and Vehicles	132,528,663	9,624,502	5,917,334	136,235,831
Total Capital Assets Being Depreciated	<u>\$ 884,342,000</u>	<u>\$107,151,835</u>	<u>\$ 5,917,334</u>	<u>\$985,576,501</u>
Less Accumulated Depreciation for:				
Buildings	\$ 326,874,080	\$ 30,212,676	\$ -	\$357,086,756
Improvements Other Than Buildings	49,269,091	2,249,590	-	51,518,681
Machinery/Equipment and Vehicles	87,187,932	8,340,902	5,793,174	89,735,660
Total Accumulated Depreciation	<u>\$ 463,331,103</u>	<u>\$ 40,803,168</u>	<u>\$ 5,793,174</u>	<u>\$498,341,097</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 421,010,897</u>	<u>\$ 66,348,667</u>	<u>\$ 124,160</u>	<u>\$487,235,404</u>
Governmental Activities Capital Assets, Net	<u>\$ 551,914,392</u>	<u>\$ 96,713,608</u>	<u>\$ 50,462,760</u>	<u>\$598,165,240</u>

**B. Tenancy in Common with the City on Certain School Buildings**

Section 15.2-1800.1 of the *Code of Virginia*, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on behalf of” debt for any school property owned by the School Board, which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable “on behalf of” debt at June 30, 2021, as follows:

School Buildings reported by the City	\$ 394,205,142
Less: Accumulated Depreciation	<u>65,065,836</u>
Net Book Value reported by the City	<u>\$ 329,139,306</u>

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**C. Depreciation Expense on Capital Assetst**

Depreciation expense was charged to governmental activities, as follows:

Instruction	\$ 24,552,128
Admin, Attendance, & Health	370,963
Pupil Transportation	4,925,664
Operations and Maintenance	666,090
Cafeterias	393,315
Technology	<u>2,715,033</u>
 Total Depreciation Expense	 <u><u>\$ 33,623,193</u></u>

Note: Approximately \$8.4 million of the depreciation expense is on buildings owned by the School Board and reported by the City, and the net accumulated depreciation change/transfer on buildings owned by the School Board and previously reported by the City as a result of the Tenancy in Common provisions disclosed in Note 4B.

The School Board also reported \$7,179,975 increase to accumulated depreciation in Note 4A as a result of the transfer of buildings previously reported by the City and transferred to the School Board in the current year as a result of the Tenancy in Common provision disclosed in Note 4B.

**5. LONG-TERM LIABILITIES**

**A. Summary of Changes in Long-Term Liabilities**

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2021</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Accrued Compensated Leave (Note 5B)	\$ 38,968,412	\$ 12,660,784	\$ 8,438,190	\$ 43,191,006	\$ 8,606,955
Estimated Claims and Judgments (Notes 9A and 9C)	16,063,151	155,340,631	152,808,690	18,595,092	13,946,319
Net Pension Liability (Note 8A)	678,824,810	273,762,204	203,761,894	748,825,120	-
Net OPEB Liability (Note 8B-F)	<u>152,746,121</u>	<u>57,692,766</u>	<u>62,694,560</u>	<u>147,744,327</u>	<u>-</u>
Long-Term Liabilities	<u><u>\$ 886,602,494</u></u>	<u><u>\$ 499,456,385</u></u>	<u><u>\$ 427,703,334</u></u>	<u><u>\$ 958,355,545</u></u>	<u><u>\$ 22,553,274</u></u>

Note: Long-term liabilities are typically liquidated either by the General Fund or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.



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**B. Accrued Compensated Leave**

The accrued compensated leave is as follows at June 30, 2021:

<u>Compensated Leave</u>	
Annual	\$ 14,896,312
Sick	19,676,924
Personal	<u>8,617,770</u>
Total	<u><u>\$43,191,006</u></u>

**6. DEPOSITS AND INVESTMENTS**

The Constitution of Virginia and the *Code of Virginia*, as amended, require the election of a City Treasurer. The City's Charter provides that the City Treasurer is the custodian of City cash and has powers and duties prescribed by general law. Cash and temporary investments pertaining to the School Board's funds (except school activity account funds) are pooled and invested with the cash and temporary investments of the City. The bank balance of the City's deposits, which includes the School Board's cash pooled with the City, is covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Information to categorize investments for the School Board only, by the level of risk assumed, is unavailable for disclosure. However, information on the pooled deposits and investments (including the investments stated at amortized cost and the investments stated at fair value) for the School Board and City as a whole is presented in the City's ACFR, and below, as follows:

**A. Deposits**

Custodial credit risk for deposits policy – All cash of the City including the School Board Component Unit (excluding the School Board's School Activity Accounts) is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by Federal Depository Insurance.

The City has compensating balance arrangements with two financial institutions. Bank of America provides services to the City while a \$3.5 million balance is maintained in a demand deposit account. A fluctuating checking account balance based on monthly investment services is a requirement of Branch Banking & Trust (BB&T).

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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using level 3 inputs).

As of June 30, 2021, the City had the following recurring investments. Except for the investments in the State Non-Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Weighted Average Maturities (in months)
<b>Investments at Fair Value:</b>					
Money Market Funds	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	0.01
Negotiable Certificates of Deposits	130,063,059	-	130,063,059	-	0.95
Commercial Paper	14,994,061	-	14,994,061	-	0.04
U.S. Government Securities	54,987,649	-	54,987,649	-	1.56
Miscellaneous Coupon Securities	198,224,973	-	198,224,973	-	4.33
	<u>\$ 408,269,742</u>	<u>\$ -</u>	<u>\$ 408,269,742</u>	<u>\$ -</u>	<u>0.04</u>
<b>Investments Measured at Amortized Cost:</b>					
Certificates of Deposits	\$ 65,265,666				0.11
State Non Arbitrage Program (SNAP)	51,639,273				0.04
State Treasurer's Local Government Pool (LGIP)	352,000,000				0.28
Virginia Investment Pool (VIP)	11,095,699				0.01
Virginia Investment Pool (VIP) - Liquidity Pool	349,158,472				0.28
Total Fair Value	<u>\$ 829,159,110</u>				
Total Investments	<u>\$ 1,237,428,852</u>				
Portfolio Weighted Average Maturity					<u>1.03</u>

Reconciliation of total deposits and investments at June 30, 2021:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 910,319,385	\$ 271,148,749	\$ 1,181,468,134
Restricted Cash and Cash Equivalents	270,959,837	-	270,959,837
Fiduciary Funds	224,530	-	224,530
Total	<u>\$ 1,181,503,752</u>	<u>\$ 271,148,749</u>	<u>\$ 1,452,652,501</u>
Less: Cash on Deposit			(215,223,649)
Total Fair Value of Investments at June 30, 2021			<u>\$ 1,237,428,852</u>

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In addition to the above cash and investments reported on the government-wide financial statements the carrying values as of June 30, 2021 of the City and School Board OPEB Trust Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VML/VACo Polled OPEB Trust) was \$59,087,742 and \$43,858,053, respectively.

The City has investments in U.S. Government securities valued at \$55.0 million (Level 2 inputs). These investments are classified in Level 2 at the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the City's custodian bank.

Investments in Money Market Funds (Level 2 inputs) and Commercial Paper (Level 2 inputs) are classified in Level 2 of the fair value hierarchy and are valued in accordance with pricing sources by the City's custodian bank.

The remaining investments are measured in accordance with existing GAAP standards at amortized costs totaled \$829.2 million at June 30, 2021. Investments within the SNAP Investment Pool are held there to meet the debt service reserve requirements of the bond covenants and therefore cannot be withdrawn for any other purpose. Investments within the LGIP have no restrictions on withdrawals and can be obtained upon demand. Investments in the VIP fall within two primary funds, 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool. The 1-3 High Quality Bond Fund redemptions are available twice a month and participants are required to provide 5 days notice. Redemptions greater than \$5 million are requested to be submitted 60 days in advance and if the redemption is greater than 10% of the portfolio's net asset value without the 60 days' notice, the redemption can be executed over time. The Stable NAV Liquidity Pool has no restrictions on withdrawals and funds are available the same day.

**B. Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits maximum final stated maturities of investments to five years. In addition, the City will structure the investment portfolio so that securities mature to meet cash requirements and by investing operating funds primarily in shorter-term securities.

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements. Reverse and escrow funds may be invested in securities exceeding five years to maturity if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The City assumes all investments will be held until maturity or until called at their par value. However, an investment may be sold at an earlier date to meet certain obligations or if the investment's credit quality drops. This makes the City's investments sensitive to market rate

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fluctuations. To mitigate the impact of market rate fluctuations, the City maintains enough liquidity to meet its short-term needs with a smaller portion invested in long-term government-sponsored organizations and high-quality corporate notes.

**C. Credit Risk**

Credit risk is the risk an investor is subject to as a result of the credit quality of investments in debt securities. Statutes, as well as the City's investment policy, authorize the City to invest in obligations of the United States or agencies thereof; the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptance instruments; repurchase agreements which are collateralized with securities approved for direct investment; State Treasurer's LGIP; and corporate notes with at least a rating of Aa by Moody's or AA by Standard and Poor's.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool". Pursuant to the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the City's position in the pool is the same as the value of the pool shares.

Custodial credit risk for investments policy: For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that all investments be clearly marked as to ownership and to the extent possible, be registered in the name of the City. In addition, the City pre-qualifies the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business.

The City's rated debt investments as of June 30, 2021 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u><b>AAA</b></u>	<u><b>A1/P1/F1+</b></u>
LGIP	\$ 352,000,000	\$ -
U. S. Government Securities	54,987,649	-
SNAP	51,639,273	-
Commercial Paper	14,994,061	-

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Concentration of Credit Risk: Concentration of credit risk represents the risk of investments in any one issue that represents 5% or more of investments. The City's investment policy limits the amount it can invest in commercial paper and bankers' acceptance instruments. By policy, investments in commercial paper are limited to 35% of the total available for investment and not more than 5% of the total available for investment can be invested in any one issuing corporation. Bankers' acceptance instruments shall not exceed 50% of the total investment portfolio's book value on the date of acquisition.

All City and School Board Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund.

## **7. COMMITMENTS AND CONTINGENCIES**

### **A. Litigation**

The School Board, as of June 30, 2021, is a named defendant in various lawsuits. The School Board is vigorously defending all cases and expects no losses will be incurred, which would have a material effect on the School Board's financial position.

### **B. Intergovernmental Grants, Entitlements, and Shared Revenues**

The School Board participates in a number of Federal and state grants, entitlements, and shared revenue programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives. The "Single Audit Act Amendments of 1996" and Office of Management and Budget Uniform Grant Guidance requires most governmental recipients of Federal assistance to have an annual independent organization wide financial and compliance audit. The results thereof are incorporated in the City's Annual Comprehensive Financial Report. The amounts, if any, of expenditures that may be disallowed by these audits cannot be determined at this time, although the School Board expects such amounts, if any, to be immaterial.

### **C. Salaries Payable**

The outstanding Salaries Payable amount represents salaries due (in July and August 2021) to school employees (e.g., teachers) who have opted to be paid over a twelve-month period; and salaries that are due (e.g., for services rendered in June 2021 and not paid until July 2021) to substitutes, part-time employees, and other school personnel.

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**D. Construction Projects**

The School Board has active construction projects and related contractual commitments as of June 30, 2021, as follows:

<u>Construction in Progress</u>	<u>Commitments</u>
\$71,961,464	\$16,663,598

**E. Encumbrances**

The School Board has encumbrances such as purchase orders, contracts, and other commitments for the expenditure of monies for goods and/or services not received as of June 30, 2021. These outstanding encumbrances (listed below) do not constitute expenditures until expended or accrued as liabilities and, therefore, are not reflected in the accompanying financial statements.

<u>Fund</u>	<u>Amount of Encumbrances</u>
General	\$ 35,739,424
Capital Projects	16,663,598
Other Governmental	2,536,823
Total	<u>\$ 54,939,845</u>

**F. COVID-19**

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic significantly affected global markets, supply chains, businesses, and communities. Specific to the School Board, COVID-19 may impact various future operations and financial results. Management believes the School Board has taken appropriate actions to mitigate any negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events may occur subsequent to year-end.

**8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS**

**A. Virginia Retirement System**

**1. Plan Description**

All full-time, salaried permanent (professional) employees of the School Board are automatically covered by the VRS Teacher Retirement Plan, upon employment. All full-time, salaried permanent (non-professional) employees of the School Board are automatically covered by the VRS Political Subdivision Retirement Plan, upon employment. These plans are administered by the Virginia Retirement System (the System or VRS) along with plans for other employer groups in the

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Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><b><u>Plan 1</u></b>  Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.</p>	<p><b><u>Plan 2</u></b>  Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.</p>	<p><b><u>Hybrid Retirement Plan</u></b>  The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start</li> </ul>

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		receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p><b><u>Eligible Members</u></b>  Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund</p> <p><b><u>Hybrid Opt-In Election</u></b>  VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1</p>	<p><b><u>Eligible Members</u></b>  Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b><u>Hybrid Opt-In Election</u></b>  Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the</p>	<p><b><u>Eligible Members</u></b>  Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• School division employees</li> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><b><u>*Non-Eligible Members</u></b>  Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid</p>



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were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Retirement Plan and remain as Plan 2 or ORP.	Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
<b><u>Retirement Contributions</u></b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	<b><u>Retirement Contributions</u></b> Same as Plan 1.	<b><u>Retirement Contributions</u></b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
<b><u>Service Credit</u></b> Service Credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	<b><u>Service Credit</u></b> Same as Plan 1.	<b><u>Service Credit</u></b> <b><u>Defined Benefit Component:</u></b> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in

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		<p>retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contribution Component:</u></b>  Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b><u>Vesting</u></b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b><u>Vesting</u></b>  Same as Plan 1.</p>	<p><b><u>Vesting</u></b>  <b><u>Defined Benefit Component:</u></b>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contribution Component:</u></b>  Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p>

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		<p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50 % vested and may withdraw 50 % of employer contributions.</li> <li>• After three years, a member is 75 % vested and may withdraw 75 % of employer contributions.</li> <li>• After four or more years, a member is 100 % vested and may withdraw 100 % of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>
<p><b><u>Calculating the Benefit</u></b>  The basic benefit is calculated based on a formula using the member's average final compensation, a plan multiplier, and total service credit at retirement.</p> <p>An early retirement reduction factor is applied to the basic benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional</p>	<p><b><u>Calculating the Benefit</u></b>  See definition under Plan 1.</p>	<p><b><u>Calculating the Benefit</u></b>  <b><u>Defined Benefit Component:</u></b>  See definition under Plan 1</p> <p><b><u>Defined Contribution Component:</u></b>  The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

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form of retirement payment, an option factor specific to the option chosen is then applied.		
<b><u>Average Final Compensation</u></b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b><u>Average Final Compensation</u></b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	<b><u>Average Final Compensation</u></b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b><u>Service Retirement Multiplier</u></b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	<b><u>Service Retirement Multiplier</u></b> Same as Plan1 for service earned, purchased, or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	<b><u>Service Retirement Multiplier</u></b> <b><u>Defined Benefit Component:</u></b> The retirement multiplier for the defined benefit component is 1.00%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.  <b><u>Defined Contribution Component:</u></b> Not applicable.
<b><u>Normal Retirement Age</u></b> Age 65	<b><u>Normal Retirement Age</u></b> Normal Social Security retirement age.	<b><u>Normal Retirement Age</u></b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.  <b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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<p><b><u>Earliest Unreduced Retirement Eligibility</u></b>  Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p><b><u>Earliest Unreduced Retirement Eligibility</u></b>  Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</p>	<p><b><u>Earliest Unreduced Retirement Eligibility</u></b>  <b><u>Defined Benefit Component:</u></b>  Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</p> <p><b><u>Defined Contribution Component:</u></b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b><u>Earliest Reduced Retirement Eligibility</u></b>  Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p><b><u>Earliest Reduced Retirement Eligibility</u></b>  Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit.</p>	<p><b><u>Earliest Reduced Retirement Eligibility</u></b>  <b><u>Defined Benefit Component:</u></b>  Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit.</p> <p><b><u>Defined Contribution Component:</u></b>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b><u>Cost-of-Living Adjustment (COLA) in Retirement</u></b>  The Cost-of-Living Adjustment (COLA) matches the first 3%</p>	<p><b><u>Cost-of-Living Adjustment (COLA) in Retirement</u></b>  The Cost-of-Living Adjustment (COLA) matches the first 2%</p>	<p><b><u>Cost-of-Living Adjustment (COLA) in Retirement</u></b>  <b><u>Defined Benefit Component:</u></b>  Same as Plan 2.</p>

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<p>increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4 %) up to a maximum COLA of 5 %.</p> <p><b><u>Eligibility:</u></b>  For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment</li> </ul>	<p>increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b>  Same as Plan 1.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1.</p>	<p><b><u>Defined Contribution Component:</u></b>  Not applicable.</p> <p><b><u>Eligibility:</u></b>  Same as Plan 1 and Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2.</p>

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<p>for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</p> <ul style="list-style-type: none"> <li>The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul> <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>		
<p><b><u>Disability Coverage</u></b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.</p>	<p><b><u>Disability Coverage</u></b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.</p>	<p><b><u>Disability Coverage</u></b>  Employees of school divisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b><u>Purchase of Prior Service</u></b>  Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave, or VRS refunded service as service credit in their plan. Prior service credit counts</p>	<p><b><u>Purchase of Prior Service</u></b>  Same as Plan 1.</p>	<p><b><u>Purchase of Prior Service</u></b>  <b><u>Defined Benefit Component:</u></b>  Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul>

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.		<b><u>Defined Contribution Component:</u></b> Not applicable.

## 2. **Employees Covered by Benefit Terms**

As of the June 30, 2019 actuarial valuation, the following nonprofessional employees (non-teacher) were covered by the benefit terms of the pension plan:

**Nonprofessional Employees (non-teacher):**

Inactive Members or Their Beneficiaries	
Currently Receiving Benefits	1,713
Inactive Members:	
Vested Inactive Members	310
Non-Vested Inactive Members	931
LTD	4
Active Elsewhere in VRS	392
Total Inactive Members	1,637
Active Members	1,969
Total Covered Employees	5,319

## 3. **Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. For the Professional Plan (Teacher Retirement Plan), each school division's contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the School Board of the City of Virginia Beach, Virginia were \$67,989,422 and \$65,059,491 for the years ended June 30, 2021 and June 30, 2020, respectively.



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For the Nonprofessional (non-teacher) employees. The School Board contractually required employer contribution rate for the year ended June 30, 2021 was 8.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. When combined with employee contributions, this rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,404,642 and \$2,928,810 for the years ended June 30, 2021 and June 30, 2020, respectively.

**4. Net Pension Liability**

At June 30, 2021, the School Board reported a net pension liability of \$714,726,039 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 4.91132% as compared to 4.99839% at June 30, 2019.

The net pension liability is calculated separately for each system and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. As of June 30, 2020, net pension liability amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

	<b><u>Teacher Employee Retirement Plan</u></b>
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	<u>36,449,229</u>
Employers' Net Pension Liability	<u><u>\$ 14,552,626</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

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For the School Board's Nonprofessional (non-teacher) Retirement Plan, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020. At June 30, 2021, the school division reported a net pension liability of \$34,099,081 for the Nonprofessional (non-teacher) Retirement Plan.

**5. Pension Expense**

For the year ended June 30, 2021, the School Board recognized pension expense of \$74,195,158 for the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2021, the School Board recognized pension expense of \$9,574,155 for the Nonprofessional (non-teacher) Retirement Plan.

**6. Deferred Outflows/Inflows of Resources**

At June 30, 2021, for the Teacher Retirement Plan (Professional), the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 41,893,962
Net Difference between Projected and Actual Earnings on Pension Plan Investments	54,362,831	-
Change in Assumptions	48,789,015	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	18,267,393
Employer Contributions Subsequent to the Measurement Date	67,989,422	-
Total	<u>\$ 171,141,268</u>	<u>\$ 60,161,355</u>

\$67,989,422 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported

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

Fiscal Year Ended June 30	Deferred Amounts
2022	\$ (5,235,743)
2023	14,056,389
2024	19,917,115
2025	15,567,659
2026	<u>(1,314,929)</u>
	<u>\$ 42,990,491</u>

In addition, at June 30, 2021, for the Nonprofessional (non-teacher) Retirement Plan, the School Board reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between Expected and Actual Experience	\$ 1,849,519
Net Difference between Projected and Actual Earnings on Pension Plan Investments	6,465,959
Change in Assumptions	1,340,731
Employer Contributions Subsequent to the Measurement Date	<u>3,404,642</u>
Total	<u>\$ 13,060,851</u>

\$3,404,642 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Fiscal Year Ended June 30	Deferred Amounts
2022	\$ 2,908,949
2023	2,434,831
2024	2,225,671
2025	2,086,758
2026	-
	\$ 9,656,209

**7. Actuarial Assumptions**

Professional/Teacher Retirement Plan

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including Inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase

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compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

- Update to more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No change to salary scale
- Decrease discount rate from 7.00% to 6.75%

Nonprofessional (non-teacher) Retirement Plan

The total pension liability for Nonprofessional Retirement Plan (non-teacher) was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including Inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

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Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Table Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through

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- 9 years of service
- Lowered disability rates
- No change in salary scale
- Decrease discount rate from 7.00% to 6.75%

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

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.14%</u>

*\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.*

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**9. Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the VRS Professional/Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**10. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
School Division's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 1,048,663,618	\$ 714,726,039	\$ 438,517,446

In addition, the following presents the School Board's net pension liability for the Nonprofessional (non-teacher) Retirement Plan using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:



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	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
School Division's Net Pension Liability (Asset) for the NonProfessional (non-teacher) Retirement Plan	\$ 61,985,164	\$ 34,099,081	\$ 10,560,185

**11. Combining Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Statement of Net Position**

	Virginia Retirement System		
	Professional Plan	Nonprofessional Plan	Combined Totals
Net Pension Liability	\$ 714,726,039	\$ 34,099,081	\$ 748,825,120
Pension Expense	\$ 74,195,158	\$ 9,574,155	\$ 83,769,313
Deferred Outflows of Resources:			
Differences in Expected and Actual Experience	\$ -	\$ 1,849,519	\$ 1,849,519
Net Differences between Projected and Actual Earnings on Pension Plan Investments	54,362,831	6,465,959	60,828,790
Change in Assumptions	48,789,015	1,340,731	50,129,746
Employer Contributions Subsequent to the Measurement Date	67,989,422	3,404,642	71,394,064
Total Deferred Outflows of Resources	\$ 171,141,268	\$ 13,060,851	\$ 184,202,119
Deferred Inflows of Resources:			
Differences in Expected and Actual Experience	\$ 41,893,962	\$ -	\$ 41,893,962
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	18,267,393	-	18,267,393
Total Deferred Inflows of Resources	\$ 60,161,355	\$ -	\$ 60,161,355

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**12. Changes in Net Pension Liability – Nonprofessional (non-teacher) Retirement Plan**

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance - July 1, 2019	\$241,683,296	\$220,675,014	\$21,008,282
Changes for the fiscal year:			
Service Cost	\$ 3,961,923	\$ -	\$ 3,961,923
Interest	15,856,267	-	15,856,267
Diff between Expected/Actual Experience	2,409,511	-	2,409,511
Contribution - Employer	-	2,906,100	(2,906,100)
Contribution - Employee	-	2,209,656	(2,209,656)
Net Investment Income	-	4,171,983	(4,171,983)
Benefit Payments	(13,083,421)	(13,083,421)	-
Refunds of contributions	(467,858)	(467,858)	-
Administrative Expenses	-	(145,905)	145,905
Other Changes	-	(4,932)	4,932
Net Changes	\$ 8,676,422	\$ (4,414,377)	\$13,090,799
Balance - June 30, 2020	\$250,359,718	\$216,260,637	\$34,099,081

**13. Pension Plan Fiduciary Net Position – Teacher Retirement Plan**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position or the VRS Political Subdivision Retirement Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2020-annual-report.pdf](http://varetire.org/pdf/publications/2020-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**B. Other Postemployment Benefits – Retiree Health Benefits**

**1. Plan Description**

The City and School Board OPEB Plans are each a single-employer, defined benefit plan, administered by the City and School Board in accordance with State and City statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the School Board has established certain plans

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to provide post-employment benefits other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible dependents.

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund OPEB. The School Board, in accordance with this election, has joined the Virginia Pooled OPEB Trust Fund (Trust) established by the Virginia Municipal League and the Virginia Association of Counties in 2008 for the purpose of accumulating and investing assets to fund post-employment benefits other than pensions for counties, cities, towns, school divisions, and other authorized political subdivisions of the Commonwealth of Virginia.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement. The Board of Trustees is composed of nine members. Trustees are members of Local Finance Boards of participating employers and are elected for staggered three-year terms by the participants in the Trust. In accordance with Section 15.2-1547 of the Virginia Code, City Council appointed the City's Deferred Compensation Board Trust as the OPEB's Local finance Board to serve as the trustee of the City and School Board with respect to the OPEB trust. The board includes City employees, an appointee from City Council, a member of the Sheriff's Office, a member of the School Board, and the Schools' Chief Financial Officer. The trust does not administer the retiree health benefits of each participating employer. Deposits to the trust are irrevocable and held solely for the payment of OPEB benefits for the City and School Board.

**2. Plan Membership**

The membership as of January 1, 2020 includes:

Active Plan Members	10,312
Retirees and Surviving Spouses currently receiving benefits	618
Spouse of Current Retirees currently receiving benefits	<u>53</u>
	<u>10,983</u>

**3. Benefits Provided**

The School Board provides health insurance benefits for their retirees. These benefits are provided through a self-insured program. Employees that retire under VRS guidelines with at least 25 years of service with the City and/or School Board as well as those who retire on a work-related disability compensable under the Workers' Compensation Act before age 65 are eligible for health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

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**4. Contributions**

Contribution requirements of the City, School Board, and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2021, the School Board's OPEB cost of \$6,160,668 exceeded its actuarially determined employer contribution of \$5,835,800 by \$324,868. For the period ending June 30, 2020, the School Board's OPEB cost was \$5,945,243. Plan members from each organization contributed \$3,075, \$2,103, and \$1,459 for the POS Premier, POS Standard, and POS Basic plans respectively, annually for retiree-only point of service coverage. The School Board retirees with coverage for their spouses contributed \$10,284, \$8,019, and \$6,519 for the POS Premier, POS Standard, and POS Basic plans, respectively, annually until Medicare eligibility. The School Board has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. Rates are calculated by an actuary with the City and School Board health care consultant and finalized by the Benefits Executive Committee, comprised of City and School executive leadership.

**5. Investments Policy, Target Allocation, Rate of Return**

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Virginia Pooled OPEB Trust Fund Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

The best estimate range for the long-term expected rate of return is determined by taking the annual average long-term future inflation and real return components including the anticipated effects of return volatility and correlation among various asset classes. The data used in the assessment of reasonability were Milliman's investment consulting practice December 31, 2020 capital market assumptions (real returns) and the 2020 Social Security Trustees Report (inflation).

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Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	21.00%	0.83%	0.76%
Large Cap US Equities	26.00%	3.93%	2.74%
Small Cap US Equities	10.00%	5.09%	3.08%
Foreign Developed Equities	13.00%	5.73%	4.16%
Emerging Market Equities	5.00%	7.51%	4.70%
Private Real Estate Property	7.00%	3.89%	3.18%
Private Equities	5.00%	8.99%	5.19%
Commodities	3.00%	2.29%	0.68%
Hedge FOF Strategic	10.00%	2.71%	2.20%
Total	<u>100.00%</u>		
Assumed Inflation		2.40%	2.40%
Portfolio Real Mean Return		3.93%	3.27%
Portfolio Nominal Mean Return		6.33%	5.74%
Portfolio Standard Deviation			11.60%
<b>Long-Term Expected Rate of Return</b>			<b>6.50%</b>

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 30.08%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

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**6. Net OPEB Liability**

The components of the net OPEB liability of the School Board at June 30, 2021 and 2020, were as follows:

<b>Net OPEB Liability</b>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Total OPEB Liability	\$ 82,719,596	\$ 83,799,046
Fiduciary Net Position	<u>(33,743,173)</u>	<u>(43,858,053)</u>
Net OPEB Liability	\$ 48,976,423	\$ 39,940,993
Fiduciary Net Position as a % of Total OPEB Liability	40.79%	52.34%
Covered Employee Payroll	\$ 466,464,228	\$466,464,228
Net OPEB Liability as a % of Covered Payroll	10.50%	8.56%

**7. Actuarial Methods and Assumptions**

The Total OPEB Liability was determined by an actuarial valuation as of January 1, 2020, calculated based on the discount rate and actuarial assumptions below, and projected forward to the measurement date of June 30, 2021. There have been no significant changes between the valuation date and the fiscal year end.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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Inflation	2.50%
Salary Increases	5.35% up to 2 years of service, 4.75% 3 years of service, 4.45% 4-6 years of service, 4.35% 7 years of service, 4.25% 8 years of service, 4% 9-10 years of service, 3.65% 11-19 years of service, 3.50% for 20 or more years of service, including inflation
Long-Term Expected Rate of Return	6.50%
Healthcare Cost Trend Rates	Rates consistent with information from the Getzen Trend Model; 6.70% in 2020, 5.90% in 2021, 5.10% in 2022-2023, then grading to an ultimate rate of 4.10% in 2074
Actuarial Cost Method	Projected unit credit
Mortality	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older with Scale BB to 2020; males 95% of rates; females 105% of rates. 15% of deaths are assumed to be service related  Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70-90.  Post- Disablement: RP-2014 Disables Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

## **8. Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50%.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Discount Rate	6.50%	6.50%
Long-Term Expected Rate of Return, Net of Investment Expense	6.50%	6.50%

The plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

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**9. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020	\$ 82,719,596	\$ 33,743,173	\$ 48,976,423
Changes for the year:			
Service Cost	\$ 1,934,661		\$ 1,934,661
Interest on Total OPEB Liability	5,305,457		5,305,457
Employer Contributions	-	\$ 6,160,668	(6,160,668)
Net Investment Income	-	10,143,922	(10,143,922)
Benefit Payments	(6,160,668)	(6,160,668)	-
Administrative Expenses	-	(29,042)	29,042
Net Change in Total OPEB Liability	\$ 1,079,450	\$ 10,114,880	\$ (9,035,430)
Balance at June 30, 2021	\$ 83,799,046	\$ 43,858,053	\$ 39,940,993

**10. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the years ended June 30, 2020 and June 30, 2021, the School Board recognized OPEB expense of \$8,167,925 and \$4,539,722 respectively.

<b>OPEB Expense</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
Service Cost	\$ 2,566,620	\$ 1,934,661
Interest on Total OPEB Liability	6,616,759	5,305,457
Administrative Expenses	27,508	29,042
Expected Investment Return net of Investment Expenses	(2,096,210)	(2,192,377)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of Economic/Demographic Gains or Losses	508,157	508,157
Recognition of Assumption Changes or Inputs	314,553	314,553
Recognition of Investment Gains or Losses	230,538	(1,359,771)
OPEB Expense	\$ 8,167,925	\$ 4,539,722



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At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 2,341,232	\$ -
Changes in Assumptions	11,149,413	16,545,916
Net Difference between Projected and Actual Earnings	-	5,545,255
Total	<u>\$ 13,490,645</u>	<u>\$ 22,091,171</u>

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

Fiscal Year Ending June 30:	
2022	\$ (537,062)
2023	(401,977)
2024	(547,777)
2025	(3,266,901)
2026	(2,747,719)
Thereafter*	(1,099,090)
	<u>\$ (8,600,526)</u>

\*Note that additional future deferred inflows and outflows of resources may impact these numbers.

## **11. Sensitivity Analysis**

The following presents the Net OPEB liability of the School Board, calculated using the discount rate of 6.50%, as well as what the School Board's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	1.00% Decrease 5.50%	Discount Rate 6.50%	1.00% Increase 7.50%
Total OPEB Liability	\$ 90,095,425	\$ 83,799,046	\$ 77,976,659
Fiduciary Net Position	(43,858,053)	(43,858,053)	(43,858,053)
Net OPEB Liability	<u>\$ 46,237,372</u>	<u>\$ 39,940,993</u>	<u>\$ 34,118,606</u>

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The following presents the Net OPEB Liability of the School Board, calculated using the current healthcare cost trend rates, as well as what the School Board's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

	1.00% Decrease	Current Trend Rate	1.00% Increase
Total OPEB Liability	\$ 75,453,154	\$ 83,799,046	\$ 93,451,525
Fiduciary Net Position	(43,858,053)	(43,858,053)	(43,858,053)
Net OPEB Liability	\$ 31,595,101	\$ 39,940,993	\$ 49,593,472

**C. Other Postemployment Benefits – Health Insurance Credit Program**

**1. Plan Description**

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

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

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<b>TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</b>
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<p><b>Eligible Employees</b></p>
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<p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p>
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<p>Eligible employees are enrolled automatically upon employment. They include:</p>
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- |   |
|---|
| <ul style="list-style-type: none"><li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li></ul> |
|---|

<p><b>Benefit Amounts</b></p>
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<p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p>
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- |  |
|--|
| <ul style="list-style-type: none"><li>• <b><u>At Retirement</u></b> – For Teacher and other professional school employees who retire with at least 15 years of service, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li><li>• <b><u>Disability Retirement</u></b> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:<ul style="list-style-type: none"><li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li><li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li></ul></li></ul> |
|--|

<p><b>Health Insurance Credit Program Notes:</b></p>
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- |  |
|--|
| <ul style="list-style-type: none"><li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li><li>• Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.</li></ul> |
|--|

<b>POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</b>
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<p><b>Eligible Employees</b></p>
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<p>The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees who elect the benefit and who retire with at least 15 years of service credit.</p>
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<p>Eligible employees are enrolled automatically upon employment. They include:</p>
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- Full-time permanent salaried employees of the participating political subdivision who are covered under VRS pension plan.

**Benefit Amounts**

The political subdivision Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- **At Retirement** – For employees who retire with at least 15 years of service, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.
- **Disability Retirement** – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

**Health Insurance Credit Program Notes:**

- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.
- Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

**2. Plan Membership**

The Teacher membership as of June 30, 2020 includes:

Active Plan Members	149,396
Inactive Members or their Beneficiaries currently receiving benefits	68,801
Inactive Members entitled to but not yet receiving benefits	3,038
	<u>221,235</u>

The Political Subdivision membership as of June 30, 2020 includes:

Active Plan Members	37,233
Inactive Members or their Beneficiaries currently receiving benefits	11,077
Inactive Members entitled to but not yet receiving benefits	570
	<u>48,880</u>

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**3. Contributions**

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions and political subdivisions by the Virginia General Assembly. Each school division's and political subdivision's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% and 0.87%, respectively, of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program or Political Subdivision Health Insurance Credit Program, respectively. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teacher Employee Health Insurance Credit Program were \$5,143,628 and \$5,148,298 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the School Board to the Political Subdivision HIC Program were \$400,904 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

**4. Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Health Insurance Credit Program OPEB**

At June 30, 2021, the School Board of the City of Virginia Beach, Virginia reported a liability of \$63,650,230 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion of the VRS Teacher Employee Health Insurance Credit Program was 4.87922% as compared to 4.96761% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$4,834,775. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

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At June 30, 2021, the School Board of the City of Virginia Beach, Virginia reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 850,022
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	282,072	-
Change in assumptions	1,258,275	347,766
Changes in proportionate share	-	2,226,913
Employer contributions subsequent to the measurement date	5,143,628	-
Total	<u>\$ 6,683,975</u>	<u>\$ 3,424,701</u>

\$5,143,628 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year ended June 30**

FY 2022	\$ (377,768)
FY 2023	(349,810)
FY 2024	(359,178)
FY 2025	(293,041)
FY 2026	(208,263)
Thereafter	<u>(296,294)</u>
	<u>\$ (1,884,354)</u>

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**5. Changes in the Net Political Subdivision HIC OPEB Liability**

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balance at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit Changes	\$ 5,249,993	\$ -	\$ 5,249,993
<b>Net Change in Total OPEB Liability</b>	<b>\$ 5,249,993</b>	<b>\$ -</b>	<b>\$ 5,249,993</b>
Balance at June 20, 2020	<u>\$ 5,249,993</u>	<u>\$ -</u>	<u>\$ 5,249,993</u>

**6. Political Subdivision Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Health Insurance Credit Program OPEB**

For the year ended June 30, 2021, the School Board of the City of Virginia Beach, Virginia recognized Political Subdivision Health Insurance Credit Program OPEB expense of \$5,249,993.

At June 30, 2021, the School Board of the City of Virginia Beach, Virginia reported deferred outflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB related to employer contributions subsequent to the measurement date:

	Deferred Outflows of Resources
Employer contributions subsequent to the measurement date	<u>\$ 400,904</u>

\$400,904 reported as deferred outflows of resources related to the Political Subdivision HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision HIC OPEB Liability in the Fiscal Year ending June 30, 2022.

**7. Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program and Political Subdivision HIC OPEB liability for the Political Subdivision Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2019, using the Entry

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Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5 percent
Salary increases, including inflation –	
Teacher Employees	3.5 percent – 5.95 percent
Political Subdivision Employees	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation*
Healthcare Cost Trend Rate	N/A

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

**Mortality rates – Teachers**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.



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**Mortality rates – Political Subdivision**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

**8. Net HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

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	<b>Teacher Employee HIC OPEB <u>Plan</u></b>
Total Teacher Employee HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	<u>144,160</u>
Teacher Employee net HIC OPEB Liability	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

The School Board Net Political Subdivision Health Insurance Credit OPEB liability was measured as of June 30, 2020. The total Political Subdivision Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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<b>AssetClass (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

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

#### **10. Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB and Political Subdivision HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by each school division and entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rates. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible current active and inactive employees. Therefore, the long-term expected rate of

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return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**11. Sensitivity Analysis**

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan	\$ 71,249,797	\$ 63,650,230	\$ 57,191,150
Net HIC OPEB Liability			

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
Political Subdivision's Net HIC OPEB Liability	\$ 5,779,104	\$ 5,249,993	\$ 4,793,395

**12. Teacher Employee HIC OPEB Fiduciary Net Position**

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position and Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2020-annual-report.pdf](http://varetire.org/Pdf/Publications/2020-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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**D. Other Postemployment Benefits – Group Life Insurance**

**1. Plan Description**

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

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

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"><li>• City of Richmond</li><li>• City of Portsmouth</li><li>• City of Roanoke</li><li>• City of Norfolk</li><li>• Roanoke City Schools Board</li></ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"><li>• <b><u>Natural Death Benefit</u></b> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li></ul>

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- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

**Reduction in benefit Amounts**

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

**2. Plan Membership**

The membership as of June 30, 2020

includes:

Active Plan Members	367,627
Inactive Members or their Beneficiaries currently receiving benefits	192,021
	<u>559,648</u>

**3. Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate

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for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity for Professionals (Teachers) was \$2,302,569 and \$2,257,910 for the years ended June 30, 2021 and June 30, 2020, respectively. Contribution to the Group Life Insurance Program from the entity for Nonprofessionals was \$251,112 and \$250,065 for the years ended June 30, 2021 and June 30, 2020, respectively.

**4. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB**

At June 30, 2021, the entities reported a liability for Professionals (Teachers) of \$34,833,286 and for Nonprofessionals of \$3,885,384 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion for Professionals (Teachers) was 2.08728% and for Nonprofessionals .23282% as compared to 2.13333% for Professionals (Teachers) and .23547% for Nonprofessionals at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$1,123,344 for Professionals (Teachers) and \$124,670 for Nonprofessionals. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the Professional (Teacher) GLI OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,234,234	\$ 312,863
Net difference between projected and actual earnings on Teacher GLI OPEB plan investments	1,046,361	-
Change in assumptions	1,742,065	727,339
Changes in proportionate share	-	1,059,176
Employer contributions subsequent to the measurement date	2,302,569	-
Total	<u>\$ 7,325,229</u>	<u>\$ 2,099,378</u>

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the Nonprofessional GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 249,212	\$ 34,898
Net difference between projected and actual earnings on Teacher GLI OPEB plan investments	116,714	-
Change in assumptions	194,314	81,129
Changes in proportionate share	-	101,474
Employer contributions subsequent to the measurement date	251,112	-
Total	<u>\$ 811,352</u>	<u>\$ 217,501</u>



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\$2,302,569 and \$251,112 reported as deferred outflows of resources related to the Professional (Teacher) and Nonprofessional GLI OPEB, respectively, resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Professional (Teacher) and Nonprofessional GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30 - Professional (Teacher)		Year ended June 30 - Nonprofessional	
FY 2022	\$ 319,671	FY 2022	\$ 35,026
FY 2023	615,167	FY 2023	67,986
FY 2024	895,242	FY 2024	102,764
FY 2025	949,379	FY 2025	112,903
FY 2026	149,854	FY 2026	23,337
Thereafter	<u>(6,031)</u>	Thereafter	<u>723</u>
	<u>\$ 2,923,282</u>		<u>\$ 342,739</u>

**5. Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5 percent
Salary increases, including inflation –	
Teachers	3.5 percent – 5.95 percent
Locality – General employees	3.5 percent – 5.35 percent
Investment rate of return	6.75 Percent, net of investment expenses, including inflation*
Healthcare Cost Trend Rate	N/A

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position

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that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

**Mortality rates – Teachers**

**Pre-Retirement:**

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

**Post-Retirement:**

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

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

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

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**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

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

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the

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change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**6. Net GLI OPEB Liability**

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	<b><u>Group Life Insurance OPEB Program</u></b>
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	<u>1,855,102</u>
Employers' Net GLI OPEB Liability	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

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

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each

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major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>AssetClass (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

## **8. Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future

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benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**9. Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
Employer's proportionate share of the Professional (Teacher)			
Group Life Insurance Program	\$ 45,791,029	\$ 34,833,286	\$ 25,934,572
Net OPEB Liability			
Employer's proportionate share of the Nonprofessional			
Group Life Insurance Program	\$ 5,107,636	\$ 3,885,384	\$ 2,892,801
Net OPEB Liability			

**10. Group Life Insurance Program Fiduciary Net Position**

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2020-annual-report.pdf](http://varetire.org/Pdf/Publications/2020-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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**E. Other Postemployment Benefits – Virginia Local Disability Program**

**1. Plan Description**

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

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

<b>TEACHER EMPLOYEE AND POLITICAL SUBDIVISION EMPLOYEE VLDP PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Teacher Employee and Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"><li>• Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li><li>• Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.</li></ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee and Political Subdivision Employee VLDP provides the following benefits for eligible employees:</p>

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**Short-Term Disability –**

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

**Long-Term Disability –**

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

**Virginia Local Disability Program Notes:**

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

**2. Plan Membership**

**Virginia Local Disability Program - Teachers**

The plan membership as of June 30, 2020 includes:

Active Plan Members	11,047
Inactive Members or their Beneficiaries currently receiving benefits	46
	<u>11,093</u>

**Virginia Local Disability Program - Political Subdivisions**

The plan membership as of June 30, 2020 includes:

Active Plan Members	9,447
Inactive Members or their Beneficiaries currently receiving benefits	32
	<u>9,479</u>



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**3. Contributions**

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions and political subdivisions by the Virginia General Assembly. Each school division's and political subdivision's contractually required employer contribution rate for the year ended June 30, 2021 was 0.47% and 0.83%, respectively, of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program or the VRS Political Subdivision Employee Virginia Local, respectively. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee VLDP were \$553,806 and \$423,008 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the political subdivision to the VRS Political Subdivision Employee VLDP were \$145,229 and \$122,065 for the years ended June 30, 2021 and June 30, 2020, respectively.

**4. Teacher Employee and Political Subdivision VLDP OPEB Liabilities, Teacher Employee and Political Subdivision VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee and Political Subdivision VLDP OPEB**

At June 30, 2021, the school division reported a liability of \$139,032 for its proportionate share of the VRS Teacher Employee VLDP Net OPEB Liability. The Net VRS Teacher Employee VLDP OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee VLDP OPEB liability used to calculate the Net VRS Teacher Employee VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee VLDP OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee VLDP was 17.32958% as compared to 16.94127% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee VLDP OPEB expense of \$378,862. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee VLDP OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 65,739	\$ 10,748
Net difference between projected and actual earnings on Teacher VLDP OPEB plan investments	15,007	-
Change in assumptions	15,598	-
Changes in proportion	2,722	-
Employer contributions subsequent to the measurement date	553,806	-
Total	<u>\$ 652,872</u>	<u>\$ 10,748</u>

\$553,806 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

**Year ended June 30**

FY 2022	\$ 9,155
FY 2023	8,808
FY 2024	8,693
FY 2025	8,855
FY 2026	5,126
Thereafter	47,681
	<u>\$ 88,318</u>

In addition, at June 30, 2021, the political subdivision reported a liability of \$45,409 for its proportionate share of the VRS Political Subdivision Employee VLDP Net OPEB Liability. The Net VRS Political Subdivision Employee VLDP OPEB Liability was measured as of June 30, 2020 and the total VRS Political Subdivision Employee VLDP OPEB liability used to calculate the Net VRS

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Political Subdivision Employee VLDP OPEB Liability was determined by an actuarial valuation as June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The political subdivision's proportion of the Net VRS Political Subdivision Employee VLDP OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee VLDP OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the political subdivision's proportion of the VRS Political Subdivision Employee VLDP was 4.54891% as compared to 4.62460% at June 30, 2019.

For the year ended June 30, 2021, the political subdivision recognized VRS Political Subdivision Employee VLDP OPEB expense of \$130,220. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,788	\$ 53,304
Net difference between projected and actual earnings on Teacher VLDP OPEB plan investments	4,823	-
Change in assumptions	2,102	3,032
Changes in proportion	-	2,666
Employer contributions subsequent to the measurement date	145,229	-
Total	<u>\$ 188,942</u>	<u>\$ 59,002</u>

\$145,229 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred

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outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

<b>Year ended June 30</b>	
FY 2022	\$ 3,766
FY 2023	3,675
FY 2024	3,762
FY 2025	3,424
FY 2026	(6,267)
Thereafter	(23,649)
	<u>\$ (15,289)</u>

**5. Actuarial Assumptions**

**Teacher Employee Virginia Local Disability Program**

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee VLDP was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5 percent
Salary increases, including inflation – Teacher Employees	3.5 percent – 5.95 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation*
Healthcare Cost Trend Rate	N/A

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

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**Mortality rates – Teachers**

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

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

**Political Subdivision Employee Virginia Local Disability Program**

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee VLDP was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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Inflation	2.5 percent
Salary increases, including inflation – Political Subdivision Employees	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation*
Healthcare Cost Trend Rate	N/A

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

**Mortality rates – Largest Ten Locality Employers - General and Non-Hazardous Duty Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

**Mortality rates – Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

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**6. Net VLDP OPEB Liability**

**Teacher Employee Virginia Local Disability Program**

The net OPEB liability (NOL) for the Teacher Employee VLDP represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee VLDP is as follows (amounts expressed in thousands):

	<b>Teacher Employee VLDP OPEB <u>Plan</u></b>
Total Teacher Employee VLDP OPEB Liability	\$3,687
Plan Fiduciary Net Position	<u>2,886</u>
Teacher Employee net VLDP OPEB Liability	<u>\$ 801</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	78.28%

The total Teacher Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee VLDP OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

**Political Subdivision Employee Virginia Local Disability Program**

The net OPEB liability (NOL) for the Political Subdivision Employee VLDP represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	<b>Political Subdivision Employee VLDP OPEB <u>Plan</u></b>
Total Political Subdivision VLDP OPEB Liability	\$ 4,317
Plan Fiduciary Net Position	<u>3,317</u>
Political Subdivision net VLDP OPEB Liability	<u>\$ 1,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	76.84%



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The total Political Subdivision Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

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

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

<b>AssetClass (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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**8. Discount Rate**

The discount rate used to measure the total Teacher Employee VLDP OPEB and the Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB and the Political Subdivision Employee VLDP OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability and the total Political Subdivision Employee VLDP OPEB liability.

**9. Sensitivity of the School Division's Proportionate Share of the Teacher and Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate**

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

	<table><tr><th>1.00% Decrease</th><th>Current Discount</th><th>1.00% Increase</th></tr><tr><th>5.75%</th><th>6.75%</th><th>7.75%</th></tr></table>			1.00% Decrease	Current Discount	1.00% Increase	5.75%	6.75%	7.75%
1.00% Decrease	Current Discount	1.00% Increase							
5.75%	6.75%	7.75%							
School division's proportionate share of the VRS Teacher Employee VLDP OPEB Plan	\$ 216,469	\$ 139,032	\$ 72,200						
Net VLDP OPEB Liability									
Political Subdivision's proportionate share of the VRS Political Subdivision VLDP OPEB Plan	\$ 60,904	\$ 45,409	\$ 31,911						
Net VLDP OPEB Liability									

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**10. VLDP OPEB Fiduciary Net Position**

Detailed information about the VRS Teacher Employee VLDP's Fiduciary Net Position and the VRS Political Subdivision Employee VLDP's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2020-annual-report.pdf](http://varetire.org/Pdf/Publications/2020-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**F. Combining OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Statement of Net Position**

	OPEB Trust	Virginia Retirement System			
	Retiree Health	Health Insurance Credit	Group Life Insurance	Virginia Local Disability Program	Combined Totals
Net OPEB Liability	\$ 39,940,993	\$ 68,900,223	\$ 38,718,670	\$ 184,441	\$ 147,744,327
OPEB Expense	\$ 4,539,722	\$ 10,084,768	\$ 1,248,014	\$ 509,082	\$ 16,381,586
Deferred Outflows of Resources:					
Differences in Expected and Actual Experience	\$ 2,341,232	\$ -	\$ 2,483,446	\$ 102,527	\$ 4,927,205
Net Differences between Projected and Actual Earnings on Investments	-	282,072	1,163,075	19,830	1,464,977
Change in Assumptions	11,149,413	1,258,275	1,936,379	17,700	14,361,767
Changes in Proportionate Share	-	-	-	2,722	2,722
Employer Contributions Subsequent to the Measurement Date	-	5,544,532	2,553,681	699,035	8,797,248
Total Deferred Outflows of Resources	\$ 13,490,645	\$ 7,084,879	\$ 8,136,581	\$ 841,814	\$ 29,553,919
Deferred Inflows of Resources:					
Differences in Expected and Actual Experience	\$ -	\$ 850,022	\$ 347,761	\$ 64,052	\$ 1,261,835
Net Difference between Projected and Actual Earnings on Investments	5,545,255	-	-	-	5,545,255
Change in Assumptions	16,545,916	347,766	808,468	3,032	17,705,182
Changes in Proportionate Share	-	2,226,913	1,160,650	2,666	3,390,229
Total Deferred Inflows of Resources	\$ 22,091,171	\$ 3,424,701	\$ 2,316,879	\$ 69,750	\$ 27,902,501

**9. RISK MANAGEMENT AND HEALTH CARE BENEFITS**

**A. School Self-Insurance Program**

The School Board is self-insured for a portion of its risks. The self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence (includes unnamed windstorm and earthquake damage) and 1% of the total insured value of the damaged covered property when such loss or

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damage results from a named windstorm (minimum deductible – \$250,000 per occurrence); Boiler and Machinery Breakdown coverage is \$10,000 per occurrence; School Leaders Liability (including general liability and errors and omissions) coverage is \$350,000 per occurrence; Crime (Employee Dishonesty) coverage is \$2,500 per occurrence; Environmental Impairment is \$25,000 and Cyber Liability coverage has a \$50,000 self-insured retention. Automobile Liability retention (engine on) is \$450,000 per occurrence; Automobile Physical Damage retention (engine off) is \$60,000 per occurrence; and the Excess Workers' Compensation self-insured retention is \$750,000 per claim.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years and the insurance coverage is substantially the same as in recent prior fiscal years.

Claims processing and payments for all insurance claims are made through commercial carriers and third-party administrators. The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2021 is \$10,057,092 (undiscounted), as follows:

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2019-20	\$ 8,597,000	\$ 5,931,000	\$6,719,849	\$ 7,808,151
2020-21	\$ 7,808,151	\$ 7,974,335	\$5,725,394	\$10,057,092

**B. Surety Bonds**

All School Board employees are covered by a faithful performance bond in the amount of \$100,000 to protect the School Board in the event of fraudulent acts.

**C. Self-Insured Health Care Benefits Program**

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$600,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators

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and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2021 is \$8,538,000 (undiscounted), as follows:

<u>Fiscal Year</u>	<u>Beginning-of-Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2019-20	\$ 9,430,162	\$ 126,801,000	\$ 127,976,162	\$ 8,255,000
2020-21	\$ 8,255,000	\$ 147,366,000	\$ 147,083,000	\$ 8,538,000

**10. CERTAIN INTERFUND TRANSACTIONS, EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY AND FUND BALANCE CLASSIFICATIONS**

**A. Interfund Transfers**

The following are the School Board's interfund transfers in and transfers out that occurred during fiscal year 2021:

<u>Fund</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 5,994,446
School Grants -		
Special Revenue	3,994,446	-
School Risk Management		
Internal Service	2,000,000	-
Total per Exhibit A-4 and A-6	<u>\$ 5,994,446</u>	<u>\$ 5,994,446</u>

Purpose: Operational and Risk Management support during Fiscal Year 2020-21

**B. Interfund Receivables and Payables**

The following are the School Board's interfund receivables and payables as of June 30, 2021:

<u>Fund</u>	<u>Interfund Receivables (Due from Other Funds)</u>	<u>Interfund Payables (Due to Other Funds)</u>
General Fund	\$ 3,050,670	\$ -
School Grants -		
Special Revenue	-	3,050,670
Total per Exhibit A-3	<u>\$ 3,050,670</u>	<u>\$ 3,050,670</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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Purpose: Eliminate School Grants fund negative cash balance at June 30, 2021  
(expected to be repaid within one year)

**C. Exhibits A-4 to A-2 Reconciliation for Capital Outlay**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures (Exhibit A-4). However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities (Exhibit A-2). Below is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

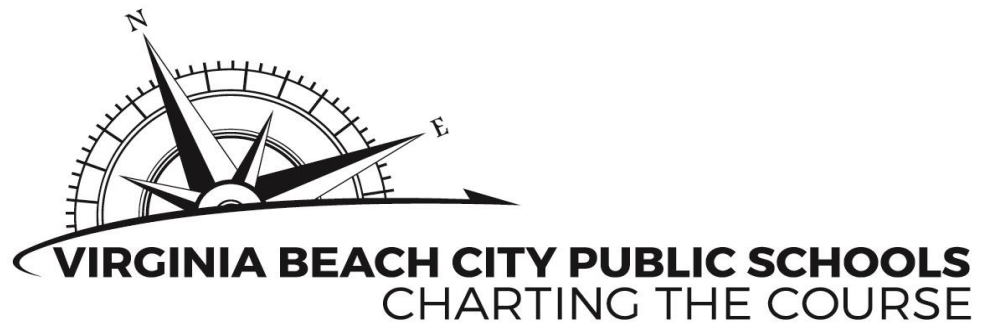
Capital Outlay:	
Capital Projects Fund	\$ 40,808,970
General Fund	7,579,617
Grants Special Revenue Fund	285,876
School Cafeterias Special Revenue Fund	1,078,408
Total Capital Outlay	<u>\$ 49,752,871</u>
Less:	
Depreciation Expense	\$(33,623,193)
Depreciation Expense and Accumulated Depreciation change/transfer related to the Tenancy in Common by the City on certain School Buildings (Notes 4B&C)	8,396,719
Loss on Disposals	<u>(124,160)</u>
Total Depreciation Expense and Other	<u>\$(25,350,634)</u>
Total Amount by which Capital Outlay Exceeded Depreciation Expense and Other (Exhibit A-4)	<u><u>\$ 24,402,237</u></u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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**D. Fund Balance Classifications**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned (Note 1I) based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all of the other governmental funds are presented below.

	General	School Grants	School Cafeterias	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<u><b>Nonspendable</b></u>						
Inventories and Prepays Items	\$ 396,015	\$ -	\$ 803,943	\$ -	\$ -	\$ 1,199,958
<u><b>Restricted</b></u>						
Federal And State Grantor Agencies	\$ -	\$ 2,911,234	\$ -	\$ -	\$ -	\$ 2,911,234
Capital Projects						
State DOE/Textbooks	-	-	-	-	8,291,593	8,291,593
School Activities	-	-	-	-	4,458,622	4,458,622
USDA/Cafeterias Charges	-	-	8,899,538	-	-	8,899,538
Total Restricted	\$ -	\$ 2,911,234	\$ 8,899,538	\$ -	\$ 12,750,215	\$ 24,560,987
<u><b>Committed</b></u>						
Capital Projects Contracts	\$ -	\$ -	\$ -	\$ 14,827,424	\$ -	\$ 14,827,424
Communication Towers/ Technology	-	-	-	-	3,716,446	3,716,446
Vending Operations/ School Allocations	-	-	-	-	104,007	104,007
Equipment Replacement	-	-	-	-	952,493	952,493
Total Committed	\$ -	\$ -	\$ -	\$ 14,827,424	\$ 4,772,946	\$ 19,600,370
<u><b>Assigned</b></u>						
Instructional Technology	\$ 1,261,749	\$ -	\$ -	\$ -	\$ -	\$ 1,261,749
School Athletics	429,369	-	-	-	-	429,369
Instruction Category	6,220,494	-	-	-	-	6,220,494
Administration, Attendance and Health Category	117,557	-	-	-	-	117,557
Pupil Transportation Category	15,718,975	-	-	-	-	15,718,975
Operations and Maintenance Category	10,235,706	-	-	-	-	10,235,706
Technology Category	3,017,323	-	-	-	-	3,017,323
Total Assigned	\$ 37,001,173	\$ -	\$ -	\$ -	\$ -	\$ 37,001,173
Total Fund Balances	\$ 37,397,188	\$ 2,911,234	\$ 9,703,481	\$ 14,827,424	\$ 17,523,161	\$ 82,362,488



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## **REQUIRED SUPPLEMENTARY INFORMATION**

### **RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS**

Schedule of Employer's Share of Net Pension Liability – Professional Employees  
Schedule of Changes in the Net Pension Liability and Related Ratios – Nonprofessional Employees  
Schedule of Employer Pension Contributions – Professional Employees  
Schedule of Employer Pension Contributions – Nonprofessional Employees  
Schedule of Changes in Net OPEB Liability and Related Ratios - Retiree Health  
Schedule of Annual Contributions - Retiree Health  
Schedule of Investment Returns - Retiree Health  
Schedule of Changes in Net OPEB Liability and Related Ratios - HIC  
Schedule of Employer's Share of Net OBEB Liability – HIC  
Schedule of Employer's Share of Net OBEB Liability – GLI  
Schedule of Employer's Share of Net OBEB Liability – VLDP  
Schedule of Employer Contributions – HIC  
Schedule of Employer Contributions – GLI  
Schedule of Employer Contributions – VLDP

### **MAJOR GOVERNMENTAL FUNDS**

#### **GENERAL FUND**

The General Fund is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

#### **SCHOOL GRANTS SPECIAL REVENUE FUND**

The School Grants Fund accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

#### **SCHOOL CAFETERIAS SPECIAL REVENUE FUND**

The School Cafeterias Fund accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
FOR THE MEASUREMENT DATES OF JUNE 30, 2014 THROUGH 2020  
PROFESSIONAL EMPLOYEES  
JUNE 30, 2021**

Professional/Teacher Retirement Plan

	(a)	(b)	(c)	(d)	(e)
	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the NPL as a % of its Covered Payroll (b)/(c)	Plan Fiduciary Net Position as a % of the Total Pension Liability
Date					
June 30, 2020	4.91132%	\$ 714,726,039	\$ 414,920,223	172.26%	71.47%
June 30, 2019	4.99839%	\$ 657,816,528	\$ 406,316,058	161.90%	73.51%
June 30, 2018	5.07577%	\$ 596,910,000	\$ 400,750,722	148.95%	74.81%
June 30, 2017	5.08685%	\$ 625,579,000	\$ 393,579,555	158.95%	72.92%
June 30, 2016	5.12286%	\$ 717,924,000	\$ 387,364,218	185.34%	68.28%
June 30, 2015	5.19364%	\$ 653,690,000	\$ 385,231,385	169.69%	70.68%
June 30, 2014	5.16303%	\$ 623,937,000	\$ 377,297,007	165.37%	70.88%

Notes to Schedule:

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**NONPROFESSIONAL EMPLOYEES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service Cost	\$ 3,961,923	\$ 3,788,974	\$ 3,831,060	\$ 4,027,098	\$ 4,079,432	\$ 4,089,939	\$ 4,171,321
Interest	15,856,267	15,432,954	14,994,765	14,519,133	14,020,741	13,574,596	13,051,394
Diff Between Expected and Actual Experience	2,409,511	2,127,992	(114,972)	1,300,649	264,387	(747,303)	-
Change in Assumptions	-	6,306,405	-	(1,332,150)	-	-	-
Benefit Payments	(13,083,421)	(12,468,334)	(11,553,290)	(11,066,537)	(10,581,181)	(9,558,643)	(9,003,617)
Refunds of Contributions	(467,858)	(419,254)	(461,154)	(358,994)	(482,631)	(465,012)	(469,524)
Net Change in Total Pension Liability	\$ 8,676,422	\$ 14,768,737	\$ 6,696,409	\$ 7,089,199	\$ 7,300,748	\$ 6,893,577	\$ 7,749,574
Total Pension Liability - Beginning	241,683,296	226,914,559	220,218,150	213,128,951	205,828,203	198,934,626	191,185,052
Total Pension Liability - Ending (a)	\$250,359,718	\$241,683,296	\$226,914,559	\$220,218,150	\$213,128,951	\$205,828,203	\$198,934,626
<b>Plan Fiduciary Net Position</b>							
Employer Contributions	\$ 2,906,100	\$ 2,880,916	\$ 2,967,419	\$ 2,959,847	\$ 3,876,348	\$ 3,739,486	\$ 3,646,317
Employee Contributions	2,209,656	2,161,296	2,121,653	2,124,981	2,113,676	2,041,468	2,000,972
Net Investment Income	4,171,983	14,049,158	15,092,474	22,825,346	3,214,427	8,507,018	25,850,848
Benefit Payments	(13,083,421)	(12,468,334)	(11,553,290)	(11,066,537)	(10,581,181)	(9,558,643)	(9,003,617)
Refunds of Contributions	(467,858)	(419,254)	(461,154)	(358,994)	(482,631)	(465,012)	(469,524)
Administrative Expenses	(145,905)	(143,574)	(133,315)	(135,200)	(120,635)	(118,985)	(141,126)
Other Changes	(4,932)	(8,810)	(13,321)	(20,191)	(1,394)	(1,792)	1,363
Net Change in Fiduciary Net Position	\$ (4,414,377)	\$ 6,051,398	\$ 8,020,466	\$ 16,329,252	\$ (1,981,390)	\$ 4,143,540	\$ 21,885,233
Fiduciary Net Position, Beginning	220,675,014	214,623,616	206,603,150	190,273,898	192,255,288	188,111,748	166,226,515
Fiduciary Net Position, Ending (b)	\$216,260,637	\$220,675,014	\$214,623,616	\$206,603,150	\$190,273,898	\$192,255,288	\$188,111,748
Net Pension Liability - Nonprofessional Employees (a) - (b)	\$ 34,099,081	\$ 21,008,282	\$ 12,290,943	\$ 13,615,000	\$ 22,855,053	\$ 13,572,915	\$ 10,822,878
Plan Fiduciary Net Position as a % of Total Pension Liability (b)/(a)	86.38%	91.31%	94.58%	93.82%	89.28%	93.41%	94.56%
Covered Payroll (c)	\$ 43,518,726	\$ 42,872,651	\$ 42,303,998	\$ 42,112,697	\$ 42,344,732	\$ 40,970,605	\$ 40,017,176
Net Pension Liability as a % of Covered Payroll - Nonprofessional	78.35%	49.00%	29.05%	32.33%	53.97%	33.13%	27.05%

**Notes to Schedule:**

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**PROFESSIONAL EMPLOYEES**  
**JUNE 30, 2021**

Professional Employees

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Payroll	(e) Contributions as a % of Covered Payroll (b) / (d)
June 30, 2021	\$ 67,989,422	\$ 67,989,422	\$ -	\$ 409,081,963	16.62%
June 30, 2020	\$ 65,059,491	\$ 65,059,491	\$ -	\$ 414,920,223	15.68%
June 30, 2019	\$ 63,710,358	\$ 63,710,358	\$ -	\$ 406,316,058	15.68%
June 30, 2018	\$ 65,402,518	\$ 65,402,518	\$ -	\$ 400,750,722	16.32%
June 30, 2017	\$ 57,698,763	\$ 57,698,763	\$ -	\$ 393,579,555	14.66%
June 30, 2016	\$ 54,463,409	\$ 54,463,409	\$ -	\$ 387,364,218	14.06%
June 30, 2015	\$ 55,858,551	\$ 55,858,551	\$ -	\$ 385,231,385	14.50%
June 30, 2014	\$ 43,992,831	\$ 43,992,831	\$ -	\$ 377,297,007	11.66%
June 30, 2013	\$ 44,228,510	\$ -	\$ -	\$ 379,318,265	-
June 30, 2012	\$ 23,959,120	\$ -	\$ -	\$ 378,501,098	-

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

- Update to a more current mortality table – RP2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement age from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No change to salary scale
- Decrease discount rate from 7.00% to 6.75%

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**NONPROFESSIONAL EMPLOYEES**  
**JUNE 30, 2021**

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Payroll	(e) Contributions as a % of Covered Payroll (b) / (d)
June 30, 2021	\$ 3,404,642	\$ 3,404,642	\$ -	\$ 42,346,298	8.04%
June 30, 2020	\$ 2,928,810	\$ 2,928,810	\$ -	\$ 43,518,726	6.73%
June 30, 2019	\$ 2,885,329	\$ 2,885,329	\$ -	\$ 42,872,651	6.73%
June 30, 2018	\$ 2,969,741	\$ 2,969,741	\$ -	\$ 42,303,998	7.02%
June 30, 2017	\$ 2,956,311	\$ 2,956,311	\$ -	\$ 42,112,697	7.02%
June 30, 2016	\$ 3,857,605	\$ 3,857,605	\$ -	\$ 42,344,732	9.11%
June 30, 2015	\$ 3,732,422	\$ 3,732,422	\$ -	\$ 40,970,605	9.11%
June 30, 2014	\$ 3,645,565	\$ 3,645,565	\$ -	\$ 40,017,176	9.11%
June 30, 2013	\$ 3,671,537	\$ -	\$ -	\$ 40,302,269	-
June 30, 2012	\$ 2,495,274	\$ -	\$ -	\$ 39,860,613	-

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

- Update to a more current mortality table – RP2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement age from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No change to salary scale
- Decrease discount rate from 7.00% to 6.75%

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**JUNE 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>					
Service Cost	\$ 1,934,661	\$ 2,566,620	\$ 2,429,766	\$ 1,239,627	\$ 1,529,672
Interest on Total OPEB Liability	5,305,457	6,616,759	6,508,729	5,027,382	4,928,893
Effect of Economic/Demographic Gains or (Losses)	-	2,340,909	-	1,400,273	-
Effect of Assumption Changes or Inputs	-	(22,674,032)	3,705,597	20,370,070	-
Benefit Payments	(6,160,668)	(5,945,243)	(6,650,666)	(6,679,101)	(5,661,710)
<b>Net Change in Total OPEB Liability</b>	<b>1,079,450</b>	<b>(17,094,987)</b>	<b>5,993,426</b>	<b>21,358,251</b>	<b>796,855</b>
Total OPEB Liability, Beginning	82,719,596	99,814,583	93,821,157	72,462,906	71,666,051
Total OPEB Liability, Ending (a)	<u>\$ 83,799,046</u>	<u>\$ 82,719,596</u>	<u>\$ 99,814,583</u>	<u>\$ 93,821,157</u>	<u>\$ 72,462,906</u>
<b>Fiduciary Net Position</b>					
Employer Contributions	\$ 6,160,668	\$ 6,950,743	\$ 6,650,666	\$ 7,369,401	\$ 5,661,710
Net Investment Income	10,143,922	2,096,210	2,126,862	1,922,273	3,098,316
Investment Gains or Losses	-	(1,099,110)	(729,008)	675,431	-
Benefit Payments	(6,160,668)	(5,945,243)	(6,650,666)	(6,679,101)	(5,661,710)
Administrative Expenses	(29,042)	(27,508)	(26,592)	(25,409)	(24,357)
<b>Net Change in Fiduciary Net Position</b>	<b>10,114,880</b>	<b>1,975,092</b>	<b>1,371,262</b>	<b>3,262,595</b>	<b>3,073,959</b>
Fiduciary Net Position, Beginning	33,743,173	31,768,081	30,396,819	27,134,224	24,060,265
Fiduciary Net Position, Ending (b)	<u>\$ 43,858,053</u>	<u>\$ 33,743,173</u>	<u>\$ 31,768,081</u>	<u>\$ 30,396,819</u>	<u>\$ 27,134,224</u>
 Net OPEB Liability, Ending (a) - (b)	 <u>\$ 39,940,993</u>	 <u>\$ 48,976,423</u>	 <u>\$ 68,046,502</u>	 <u>\$ 63,424,338</u>	 <u>\$ 45,328,682</u>
 Fiduciary Net Position as a % of Total OPEB Liability	 52.34%	 40.79%	 31.83%	 32.40%	 37.45%
 Covered Payroll	 \$466,464,228	 \$466,464,228	 \$444,517,100	 \$444,517,100	 \$426,884,300
 Net OPEB Liability as a % of Covered Payroll	 8.56%	 10.50%	 15.31%	 14.27%	 10.62%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required and until a 10-year trend is complied, OPEB plans should present information for those years for which information is available.

This schedule is presented using the optional format of combining the required schedules as required by GAAP.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH**  
**SCHEDULE OF ANNUAL CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**JUNE 30, 2021**

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Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2012	\$7,721,500	\$ 7,721,500	\$ -	\$ 409,662,700	1.88%
2013	\$7,858,100	\$ 7,858,100	\$ -	\$ 409,662,700	1.92%
2014	\$5,700,900	\$ 5,700,900	\$ -	\$ 421,065,100	1.35%
2015	\$5,832,200	\$ 5,832,200	\$ -	\$ 421,065,100	1.39%
2016	\$4,462,800	\$ 5,748,000	\$ (1,285,200)	\$ 426,884,300	1.35%
2017	\$4,542,400	\$ 5,661,700	\$ (1,119,300)	\$ 426,884,300	1.33%
2018	\$7,369,400	\$ 7,369,400	\$ -	\$ 444,517,100	1.66%
2019	\$7,656,200	\$ 6,650,700	\$ 1,005,500	\$ 444,517,100	1.50%
2020	\$5,704,500	\$ 6,950,743	\$ (1,246,243)	\$ 466,464,228	1.49%
2021	\$5,835,800	\$ 6,160,668	\$ (324,868)	\$ 466,464,228	1.32%

*\*Employer contributions include trust contributions and explicit subsidy payment directly to retirees from the School Board's own resources. They also include estimate subsidy payments for retirees from the School Board's own resources.*

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH  
SCHEDULE OF ANNUAL CONTRIBUTIONS  
LAST TEN FISCAL YEARS  
JUNE 30, 2021**

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**Valuation Timing:**

Actuarial valuations for OPEB funding purposes are performed biennially as of January 1.  
The most recent valuation was performed as of January 1, 2020.

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Amortization Period	25 Years Remaining as of January 1, 2021
Asset Valuation Method	Five-year asset smoothing; Actuarial value of assets will equal market value for applicable year less amounts deferred through the recognition over five years of the annual difference between actual and expected market value of assets.
Inflation	2.50%
Salary Increases	Inflation rate of 2.50%; productivity component 1.00%; and a variable merit component that is dependent on years of service.
Discount Rate	6.50%
Age Related Claims Costs	Age related medical claims cost assumptions for retirees based on recent retiree claims experience. Based on retiree population size and claim patterns during calendar years 2017 through 2019, assigned full credibility to calendar year 2019 retiree and dependent claims.
Healthcare Cost Trend Rates	Assumption changed from 6.50% in 2018, 5.80% in 2019, 5.10% in 2020, then grading to an ultimate rate of 4.10% in 2082 to 6.70% in 2020, 5.90% in 2021, 5.10% in 2022, then grading to an ultimate rate of 4.10% in 2074. These healthcare trend rates are consistent with information from the Getzen Trend Model, Milliman's Healthcare Cost Guidelines and actuarial judgment.
Retirement Age	VRS Plan 1: 65 and VRS Plans 2/Hybrid: Normal Social Security Retirement Age
Mortality Rates	Based on the RP-2014 Employee Mortality Table for Males or Females as appropriate, with adjustments for mortality improvements based on Scale BB
Disability Rates	20% of disabilities are assumed to be service-related.



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH  
SCHEDULE OF INVESTMENT RETURNS  
LAST TEN FISCAL YEARS  
JUNE 30, 2021**

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Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2017	12.89%
2018	9.56%
2019	4.60%
2020	3.04%
2021	30.08%

Notes to Schedule:

This schedule is intended to show information for 10 years. The first year for this presentation is 2017; additional years will be presented as they become available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**HEALTH INSURANCE CREDIT PROGRAM (HIC) – POLITICAL SUBDIVISION**  
**LAST TEN FISCAL YEARS**  
**JUNE 30, 2021**

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	<u>June 30, 2020</u>
<b>Total HIC OPEB Liability</b>	
Changes of Benefit Terms	<u>\$ 5,249,993</u>
<b>Net Change in Total HIC OPEB Liability</b>	<u>5,249,993</u>
Total HIC OPEB Liability, Beginning	<u>0</u>
Total HIC OPEB Liability, Ending	<u><u>\$ 5,249,993</u></u>
Fiduciary Net Position as a % of Total OPEB HIC Liability	0.00%
Covered Payroll	\$ -
Net HIC OPEB Liability as a % of Covered Payroll	N/A

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required and until a 10-year trend is complied, OPEB plans should present information for those years for which information is available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY**  
**HEALTH INSURANCE CREDIT PROGRAM (HIC)**  
**FOR THE MEASUREMENT DATES OF JUNE 30, 2020, 2019, 2018, AND 2017**

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**Health Insurance Credit Program - Teacher**

	2020	2019	2018	2017
Employer's Proportion of the Net HIC OPEB Liability	4.87922%	4.96761%	5.04954%	5.06312%
Employer's Proportionate Share of the Net HIC OPEB Liability	\$ 63,650,230	\$ 65,030,846	\$ 64,113,000	\$ 64,231,000
Employer's Covered Payroll	\$ 427,749,309	\$ 416,667,852	\$ 408,375,692	\$399,582,254
Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	9.95%	8.97%	8.08%	7.04%

Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only years available. However, additional years will be included as they become available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY**  
**GROUP LIFE INSURANCE PROGRAM (GLI)**  
**FOR THE MEASUREMENT DATES OF JUNE 30, 2020, 2019, 2018, AND 2017**

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**Group Life Insurance Program - Teachers**

	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability	2.08728%	2.13333%	2.15565%	2.17633%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 34,833,286	\$ 34,714,957	\$ 32,738,000	\$ 32,750,000
Employer's Covered Payroll	\$ 429,568,184	\$ 418,203,923	\$ 409,891,865	\$ 401,432,134
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

**Group Life Insurance Program - Political Subdivision**

Employer's Proportion of the Net GLI OPEB Liability	0.23282%	0.23547%	0.23729%	0.24033%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 3,885,384	\$ 3,831,723	\$ 3,604,000	\$ 3,617,000
Employer's Covered Payroll	\$ 47,915,825	\$ 46,160,454	\$ 45,120,109	\$ 44,330,131
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY  
VIRGINIA LOCAL DISABILITY PROGRAM (VLDP)  
FOR THE MEASUREMENT DATES OF JUNE 30, 2020, 2019, 2018, AND 2017**

**Virginia Local Disability Program - Teachers**

	2020	2019	2018	2017
Employer's Proportion of the Net VLDP OPEB Liability	17.32958%	16.94127%	16.82241%	16.44512%
Employer's Proportionate Share of the Net VLDP OPEB Liability	\$ 139,032	\$ 98,486	\$ 127,000	\$ 98,000
Employer's Covered Payroll	\$102,504,393	\$ 81,239,317	\$ 62,725,531	\$ 46,408,200
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.14%	0.12%	0.20%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total Teacher VLDP OPEB Liability	78.28%	74.12%	46.18%	31.96%

**Virginia Local Disability Program - Political Subdivision**

Employer's Proportion of the Net VLDP OPEB Liability	4.54891%	4.62460%	4.93874%	5.20662%
Employer's Proportionate Share of the Net VLDP OPEB Liability	\$ 45,409	\$ 93,686	\$ 38,000	\$ 30,000
Employer's Covered Payroll	\$ 16,950,791	\$ 14,290,947	\$ 11,991,585	\$ 9,560,850
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.27%	0.66%	0.32%	0.31%
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	78.28%	49.19%	51.39%	38.40%

## Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2020 is the fourth year for this presentation, there are only four years available. However, additional years will be included as they become available.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFITS (OPEB)**  
**LAST TEN FISCAL YEARS**  
**JUNE 30, 2021**

**Health Insurance Credit Program - Teacher**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$5,143,628	\$ 5,143,628	\$ -	\$ 425,016,085	1.21%
2020	\$5,148,298	\$ 5,148,298	\$ -	\$ 427,749,309	1.20%
2019	\$4,996,970	\$ 4,996,970	\$ -	\$ 416,667,852	1.20%
2018	\$5,023,021	\$ 5,023,021	\$ -	\$ 408,375,692	1.23%
2017	\$4,914,862	\$ 4,435,363	\$ 479,499	\$ 399,582,254	1.11%
2016	\$4,609,056	\$ 4,140,339	\$ 468,717	\$ 390,598,006	1.06%
2015	\$4,556,498	\$ 4,093,125	\$ 463,373	\$ 386,143,862	1.06%
2014	\$4,417,613	\$ 4,191,068	\$ 226,545	\$ 377,573,722	1.11%
2013	\$4,440,741	\$ 4,213,011	\$ 227,730	\$ 379,550,508	1.11%
2012	\$4,075,643	\$ 2,264,246	\$1,811,397	\$ 377,374,381	0.60%

**Health Insurance Credit Program - Political Subdivision**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$ 400,904	\$ 400,904	\$ -	\$ 46,081,028	0.87%

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
LAST TEN FISCAL YEARS  
JUNE 30, 2021**

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Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2021 is the first year the School Board had employees eligible for HIC – Political Subdivision, there is only one year available. However, additional years will be included as they become available.

**Changes** o There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

- Updated Mortality Rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No change to salary scale
- Decreased discount rate from 7.00% to 6.75%

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST EMPLOYMENT BENEFITS (OPEB)**  
**LAST TEN FISCAL YEARS**  
**JUNE 30, 2021**

**Group Life Insurance Program - Teacher**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$2,302,569	\$ 2,302,569	\$ -	\$ 426,407,218	0.54%
2020	\$2,257,910	\$ 2,257,910	\$ -	\$ 429,568,184	0.52%
2019	\$2,189,610	\$ 2,189,610	\$ -	\$ 418,203,923	0.52%
2018	\$2,131,438	\$ 2,131,438	\$ -	\$ 409,891,865	0.52%
2017	\$2,087,447	\$ 2,087,447	\$ -	\$ 401,432,134	0.52%
2016	\$2,079,432	\$ 1,883,259	\$ 196,173	\$ 392,345,632	0.48%
2015	\$2,053,604	\$ 1,859,868	\$ 193,736	\$ 387,472,533	0.48%
2014	\$2,011,839	\$ 1,822,043	\$ 189,796	\$ 379,592,250	0.48%
2013	\$2,020,542	\$ 1,829,925	\$ 190,617	\$ 381,234,424	0.48%
2012	\$1,670,960	\$ 1,063,338	\$ 607,622	\$ 379,763,714	0.28%

**Group Life Insurance Program - Political Subdivision**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$ 251,112	\$ 251,112	\$ -	\$ 46,503,477	0.54%
2020	\$ 250,065	\$ 250,065	\$ -	\$ 47,915,825	0.52%
2019	\$ 241,899	\$ 241,899	\$ -	\$ 46,160,454	0.52%
2018	\$ 234,625	\$ 234,625	\$ -	\$ 45,120,109	0.52%
2017	\$ 230,517	\$ 230,517	\$ -	\$ 44,330,131	0.52%
2016	\$ 231,831	\$ 209,960	\$ 21,871	\$ 43,741,730	0.48%
2015	\$ 221,058	\$ 200,204	\$ 20,854	\$ 41,709,123	0.48%
2014	\$ 214,578	\$ 194,335	\$ 20,243	\$ 40,486,356	0.48%
2013	\$ 214,874	\$ 194,603	\$ 20,271	\$ 40,542,262	0.48%
2012	\$ 177,366	\$ 112,869	\$ 64,497	\$ 40,310,446	0.28%



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
LAST TEN FISCAL YEARS  
JUNE 30, 2021**

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Notes to Schedule:

**Changes of benefit terms** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

- Updated Mortality Rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No change to salary scale
- Decreased discount rate from 7.00% to 6.75%

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH  
JUNE 30, 2021**

**Virginia Local Disability Program - Teacher**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$ 553,806	\$ 553,806	\$ -	\$ 117,813,537	0.47%
2020	\$ 423,008	\$ 423,008	\$ -	\$ 102,504,393	0.41%
2019	\$ 333,074	\$ 333,074	\$ -	\$ 81,239,317	0.41%
2018	\$ 194,449	\$ 194,449	\$ -	\$ 62,725,531	0.31%
2017	\$ 143,865	\$ 143,865	\$ -	\$ 46,408,200	0.31%
2016	\$ 80,152	\$ 80,152	\$ -	\$ 27,638,756	0.29%
2015	\$ 44,612	\$ 44,612	\$ -	\$ 15,383,610	0.29%
2014	\$ 2,253	\$ 2,253	\$ -	\$ 776,969	0.29%

**Virginia Local Disability Program - Political Subdivision**

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$ 145,229	\$ 145,229	\$ -	\$ 17,491,581	0.83%
2020	\$ 122,065	\$ 122,065	\$ -	\$ 16,950,791	0.72%
2019	\$ 102,908	\$ 102,908	\$ -	\$ 14,290,947	0.72%
2018	\$ 71,950	\$ 71,950	\$ -	\$ 11,991,585	0.60%
2017	\$ 57,365	\$ 57,365	\$ -	\$ 9,560,850	0.60%
2016	\$ 40,146	\$ 40,146	\$ -	\$ 6,691,000	0.60%
2015	\$ 18,242	\$ 18,242	\$ -	\$ 3,040,304	0.60%
2014	\$ 1,611	\$ 1,611	\$ -	\$ 268,436	0.60%

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
LAST TEN FISCAL YEARS  
JUNE 30, 2021**

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Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2014 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

**Changes of benefit terms** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance	2020 Actual
<b>REVENUES</b>					
<u>From Use of Money and Property</u>					
Rents	\$ 450,000	\$ 450,000	\$ 167,000	\$ (283,000)	\$ 281,549
<u>Charges for Services</u>					
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 561,027	\$ (920,073)	\$ 1,081,961
<u>Miscellaneous Revenues</u>					
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 57,748	\$ 45,748	\$ 664,457
Donations	-	-	450	450	562
Miscellaneous	224,703	224,703	141,577	(83,126)	206,669
Indirect Costs	600,000	600,000	821,954	221,954	674,450
Athletics	504,000	504,000	30,758	(473,242)	534,523
Instructional Technology	-	-	140,063	140,063	408,286
Lost, Damaged, Stolen Technology	-	-	58,310	58,310	50,119
Stop Arm Enforcement	300,000	300,000	422,965	122,965	634,957
Total Miscellaneous Revenues	\$ 1,640,703	\$ 1,640,703	\$ 1,673,825	\$ 33,122	\$ 3,174,023
<u>From Local Government</u>					
City - General Fund	\$ 393,733,625	\$ 408,733,625	\$ 383,024,947	\$ (25,708,678)	\$ 377,301,661
City - School Reserve Fund	5,800,000	5,800,000	5,800,000	-	5,800,000
City for Consolidated Benefits Office	885,538	885,538	735,538	(150,000)	735,538
Total From Local Government	\$ 400,419,163	\$ 415,419,163	\$ 389,560,485	\$ (25,858,678)	\$ 383,837,199
<u>From Commonwealth</u>					
Basic Aid	\$ 194,239,903	\$ 194,239,903	\$ 183,758,757	\$ (10,481,146)	\$ 176,893,073
Reimbursement-Social Security	11,241,558	11,241,558	10,664,439	(577,119)	10,645,361
Reimbursement-Retirement	26,230,301	26,230,301	24,858,656	(1,371,645)	23,435,684
Reimbursement-Life Insurance	788,881	788,881	751,017	(37,864)	714,987
Remedial Education	4,733,287	4,733,287	4,506,101	(227,186)	4,607,694
Remedial Education-Summer School	188,358	188,358	1,935	(186,423)	210,448
Special Education	20,668,688	20,668,688	19,676,640	(992,048)	18,748,547
Special Education-Regional Program	9,690,078	9,690,078	5,082,801	(4,607,277)	10,185,744
Special Education-Homebound	117,991	117,991	76,973	(41,018)	117,042
Special Education-Foster Children	-	-	357,346	357,346	225,849
Foster Home Children	455,023	455,023	333,956	(121,067)	194,047
Vocational	1,656,651	1,656,651	1,577,135	(79,516)	1,906,632
Vocational-Occupational/Tech.	328,669	328,669	244,112	(84,557)	218,032
Vocational-Adult Education	-	-	-	-	22,198
Sales Tax	79,209,739	79,209,739	87,120,778	7,911,039	79,610,836
No Loss Funding	-	-	14,335,159	14,335,159	-
Class Size Initiative	5,369,420	5,369,420	5,085,123	(284,297)	5,067,089
At-Risk Initiative	5,930,533	5,930,533	5,626,703	(303,830)	3,789,305
English as a Second Language	1,707,149	1,707,149	1,365,294	(341,855)	1,089,527
Supplemental Lottery per Pupil Alloc.	12,394,018	12,394,018	15,659,393	3,265,375	14,538,465
Salary Supplement	-	-	-	-	10,506,769
Gifted and Talented Aid	2,051,091	2,051,091	1,952,644	(98,447)	1,986,075
Other State Funds	-	-	8,755	8,755	-
Total From Commonwealth	\$ 377,001,338	\$ 377,001,338	\$ 383,043,717	\$ 6,042,379	\$ 364,713,404
<u>From Federal Government</u>					
Public Law 874	\$ 9,935,191	\$ 9,935,191	\$ 6,949,903	\$ (2,985,288)	\$ 8,683,860
Public Law 874-Special Education	-	-	3,159,685	3,159,685	1,014,141
Dept of the Navy-NJROTC	100,000	100,000	326,397	226,397	319,312
Department of Defense	1,500,000	1,500,000	2,735,852	1,235,852	2,018,064
Dept of Defense-Special Education	-	-	2,102,900	2,102,900	2,008,898
Medicaid Reimbursement	1,964,809	1,964,809	2,766,808	801,999	2,323,090

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	(continued)				
	Original Budget	Final Budget	Actual	Variance	2020 Actual
Medicaid Reimbursement-Transportation	\$ -	\$ -	\$ 201,632	\$ 201,632	\$ 304,006
Other Federal Funds	-	-	48	48	220
Total From Federal Government	\$ 13,500,000	\$ 13,500,000	\$ 18,243,225	\$ 4,743,225	\$ 16,671,591
Total Revenues	\$ 794,492,304	\$ 809,492,304	\$ 793,249,279	\$ (16,243,025)	\$ 769,759,727
<b>EXPENDITURES</b>					
<u>Instruction</u>					
Elementary Classroom	\$ 159,013,467	\$ 158,266,409	\$ 157,423,396	\$ 843,013	\$ 155,180,389
Senior High Classroom	80,472,274	82,686,382	81,492,194	1,194,188	79,255,373
Technical and Career Education	18,935,725	17,840,323	17,114,200	726,123	17,092,502
Gifted Education and Academy Programs	14,848,349	15,044,013	14,952,686	91,327	14,280,738
Special Education	98,538,818	97,160,016	96,835,720	324,296	96,819,691
Summer School	1,872,768	1,472,768	1,112,438	360,330	1,563,384
General Adult Education	2,024,689	2,003,070	1,878,852	124,218	1,904,567
Alternative Education - Renaissance	7,181,149	6,116,358	5,361,838	754,520	6,353,241
Student Activities	3,764,700	3,698,072	3,517,448	180,624	3,611,101
Student Athletics	5,478,274	5,485,692	4,181,203	1,304,489	4,457,491
Office/Principal - Elementary	26,680,607	26,953,253	26,527,101	426,152	26,413,386
Office/Principal - Senior High	12,407,215	12,439,805	12,433,257	6,548	11,954,284
Office/Principal - Tech & Career	700,301	693,934	674,352	19,582	667,171
Guidance Services	18,761,386	18,873,965	18,788,300	85,665	18,302,886
Social Work Services	4,212,900	3,973,795	3,651,746	322,049	4,298,918
Instructional Support	13,633,902	12,545,799	12,153,679	392,120	12,693,484
Instructional Professional Growth & Innovation	1,305,397	1,311,856	1,109,215	202,641	1,071,108
Opportunity & Achievement	86,990	282,741	210,146	72,595	39,769
Special Education Support	3,654,199	3,695,106	3,561,422	133,684	3,528,557
Gifted Educ. & Academy Programs Support	2,494,044	2,513,851	2,369,695	144,156	2,354,435
Media Services Support	13,393,552	13,557,259	12,878,075	679,184	13,135,821
Middle School Classroom	61,385,786	65,388,284	62,228,290	3,159,994	59,972,855
Remedial Education	8,490,984	8,194,935	8,064,298	130,637	8,232,135
Office/Principal - Middle Schools	11,456,352	11,670,526	11,507,955	162,571	11,313,689
Homebound Services	409,356	210,433	76,316	134,117	307,160
Technical and Career Ed. Support	999,699	1,010,464	972,688	37,776	957,375
Student Leadership	1,573,761	1,583,450	1,520,948	62,502	1,491,825
School Leadership	2,109,817	2,129,659	1,828,015	301,644	1,839,751
Alternative Education Support	1,522,808	2,361,900	2,316,932	44,968	1,368,200
Green Run Collegiate Public Charter	3,716,293	3,716,293	3,344,087	372,206	3,281,263
Total Instruction	\$ 581,125,562	\$ 582,880,411	\$ 570,086,492	\$ 12,793,919	\$ 563,742,549
<u>Admin, Attendance, &amp; Health</u>					
Board, Legal, & Governmental	\$ 1,287,734	\$ 1,295,102	\$ 1,026,665	\$ 268,437	\$ 1,158,503
Office of the Superintendent	1,151,311	1,259,175	1,231,177	27,998	1,056,291
Media & Communications	2,282,408	2,129,901	1,837,377	292,524	1,997,405
Department of Budget & Finance	5,274,412	5,309,807	5,064,924	244,883	4,798,368
Department of Human Resources	5,735,654	5,765,743	5,437,998	327,745	5,133,198
Internal Audit	484,173	489,988	483,659	6,329	469,864
Purchasing	1,106,532	1,108,268	1,068,227	40,041	1,066,194
Professional Growth & Innovation	903,274	911,886	795,964	115,922	816,969
Consolidated Benefits Office	2,567,934	2,578,388	2,150,339	428,049	2,079,030
Planning Innovation & Accountability	2,316,683	2,177,833	1,704,421	473,412	1,636,290
Health Services	8,237,525	8,295,865	7,858,634	437,231	7,948,498
Psychological Services	6,047,739	6,120,941	5,878,022	242,919	5,513,350
Audiological Services	506,820	511,126	500,524	10,602	505,156
Total Admin, Attendance, & Health	\$ 37,902,199	\$ 37,954,023	\$ 35,037,931	\$ 2,916,092	\$ 34,179,116
<u>Pupil Transportation</u>					
Management	\$ 2,633,561	\$ 2,665,562	\$ 2,585,399	\$ 80,163	\$ 2,739,543
Vehicle Operation	22,774,021	32,935,127	19,986,627	12,948,500	21,402,449
Vehicle Operation - Special Education	6,760,693	10,552,348	6,316,451	4,235,897	6,031,435

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

(continued)

	Original Budget	Final Budget	Actual	Variance	2020 Actual
Vehicle Maintenance	\$ 3,929,936	\$ 3,702,931	\$ 3,539,851	\$ 163,080	\$ 3,530,916
Monitoring Services	3,674,624	3,249,399	3,047,919	201,480	3,173,006
Green Run Collegiate Public Charter	321,578	321,578	-	321,578	161,756
Total Pupil Transportation	<u>\$ 40,094,413</u>	<u>\$ 53,426,945</u>	<u>\$ 35,476,247</u>	<u>\$ 17,950,698</u>	<u>\$ 37,039,105</u>
<u>Operations and Maintenance</u>					
School Division Services	\$ 331,167	\$ 325,220	\$ 295,668	\$ 29,552	\$ 329,484
Facilities and Maintenance Services	46,730,138	50,779,606	45,078,392	5,701,214	44,376,521
Distribution Services	2,021,201	2,079,425	1,876,392	203,033	1,827,245
Grounds Services	4,479,888	4,479,888	4,479,888	-	4,571,314
Custodial Services	28,320,428	26,481,931	25,279,560	1,202,371	25,878,632
Safe Schools	8,169,166	8,055,082	7,938,788	116,294	8,151,041
Vehicle Services	1,590,248	5,883,391	1,864,507	4,018,884	1,641,031
Telecommunications	1,041,809	1,138,008	1,063,323	74,685	1,040,974
Green Run Collegiate Public Charter	-	-	-	-	179
Total Operations & Maintenance	<u>\$ 92,684,045</u>	<u>\$ 99,222,551</u>	<u>\$ 87,876,518</u>	<u>\$ 11,346,033</u>	<u>\$ 87,816,421</u>
<u>Technology</u>					
Instruction	\$ 17,426,342	\$ 19,808,133	\$ 17,763,198	\$ 2,044,935	\$ 21,226,091
Admin, Attendance & Health	2,561,484	2,536,485	2,378,341	158,144	1,690,542
Pupil Transportation	488,089	551,443	488,169	63,274	756,585
Operations and Maintenance	16,164,124	18,296,908	16,197,576	2,099,332	16,155,404
Green Run Collegiate Public Charter	38,615	38,615	11,488	27,127	26,064
Total Technology	<u>\$ 36,678,654</u>	<u>\$ 41,231,584</u>	<u>\$ 36,838,772</u>	<u>\$ 4,392,812</u>	<u>\$ 39,854,686</u>
Total Expenditures	<u>\$ 788,484,873</u>	<u>\$ 814,715,514</u>	<u>\$ 765,315,960</u>	<u>\$ 49,399,554</u>	<u>\$ 762,631,877</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 6,007,431</u>	<u>\$ (5,223,210)</u>	<u>\$ 27,933,319</u>	<u>\$ 33,156,529</u>	<u>\$ 7,127,850</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	\$ (6,720,431)	\$ (8,864,431)	\$ (5,994,446)	\$ 2,869,985	\$ (4,001,247)
Sale of Capital Assets	15,000	15,000	347,855	332,855	177,665
Total Other Financing Sources (Uses), net	<u>\$ (6,705,431)</u>	<u>\$ (8,849,431)</u>	<u>\$ (5,646,591)</u>	<u>\$ 3,202,840</u>	<u>\$ (3,823,582)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (698,000)</u>	<u>\$ (14,072,641)</u>	<u>\$ 22,286,728</u>	<u>\$ 36,359,369</u>	<u>\$ 3,304,268</u>
<u>FUND BALANCE - JULY 1</u>	<u>15,110,460</u>	<u>15,110,460</u>	<u>15,110,460</u>	<u>-</u>	<u>11,806,192</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 14,412,460</u>	<u>\$ 1,037,819</u>	<u>\$ 37,397,188</u>	<u>\$ 36,359,369</u>	<u>\$ 15,110,460</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL GRANTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance	2020 Actual
<b>REVENUES</b>					
Miscellaneous	\$ 399,890	\$ 885,505	\$ 461,612	\$ (423,893)	\$ 376,845
From Commonwealth	17,093,915	17,784,283	8,674,069	(9,110,214)	9,261,215
From Federal Government	40,452,397	67,474,048	46,574,908	(20,899,140)	29,881,074
Contingency	7,200,000	425,954	-	(425,954)	-
Total Revenues	\$ 65,146,202	\$ 86,569,790	\$ 55,710,589	\$ (30,859,201)	\$ 39,519,134
<b>EXPENDITURES</b>					
<b>Instruction</b>					
2 Revolutions	\$ -	\$ 16,052	\$ 4,631	\$ 11,421	\$ -
AASA CZI Sel Impact Project FY21	-	4,000	-	4,000	-
Adult Education & Family Literacy Act FY19	-	-	-	-	10,810
Adult Education & Family Literacy Act FY20	-	-	-	-	310,406
Adult Education & Family Literacy Act FY21	310,409	310,824	310,824	-	-
Advancing Computer Science Education FY20	-	91,606	91,606	-	1,239
Advancing Computer Science Education FY21	-	112,427	6,194	106,233	-
Algebra Readiness FY19	-	-	-	-	365,159
Algebra Readiness FY20	97,843	549,796	295,411	254,385	362,603
Algebra Readiness FY21	900,915	1,001,786	36,368	965,418	-
Asia Society Confucius Classrooms Network FY13	-	991	-	991	-
C. Perkins Career & Tech. Act FY19	-	-	-	-	22,896
C. Perkins Career & Tech. Act FY20	-	49,618	45,380	4,238	401,593
C. Perkins Career & Tech. Act FY21	584,542	451,156	343,784	107,372	-
Career & Tech Ed. Special Equip Allocation FY20	-	-	-	-	61,602
Career & Tech Ed. Special Equip Allocation FY21	61,603	-	-	-	-
Career & Tech Ed. State Equip Allocation FY20	-	-	-	-	78,673
Career & Tech Ed. State Equip Allocation FY21	-	343	343	-	-
Career Switcher Program Mentor FY19	-	-	-	-	450
Career Switcher Program Mentor FY20	-	-	-	-	16,000
Career Switcher Program Mentor FY21	28,200	12,000	7,503	4,497	-
CARES Act Corona Virus Relief Fund (CRF) FY21	-	18,713	600,168	(581,455)	-
CARES Act ESSER FY21	-	3,250,201	2,345,303	904,898	-
CARES ESSER Instructional Delivery Support FY21	-	26,359	21,726	4,633	-
CARES ESSER SPED Services Support FY21	-	227,512	46,720	180,792	-
CARES ESSER Universal Screener FY21	-	5,312	-	5,312	-
CARES GEER Vision FY21	-	1,500	-	1,500	-
Champions Together-Idea FY19	-	-	-	-	4,000
Champions Together-Idea FY20	-	4,000	3,952	48	-
Corrections Ed & Other Institutionalized FY21	-	1,110	1,110	-	-
CRRSA Act ESSER II FY21	-	141,450	-	141,450	-
DodEA MCASP Operation GRIT FY19	-	-	-	-	77,941
DodEA MCASP Operation GRIT FY20	34,819	53,483	53,483	-	209,410
DodEA MCASP Operation GRIT FY21	266,461	253,970	244,010	9,960	-
Dual Enrollment TCC FY20	-	-	-	-	1,011,849
Dual Enrollment TCC FY21	701,220	-	-	-	-
Early Childhood ED Leaders Comm of Learning	-	-	-	-	1,000
Early Reading Intervention FY19	-	-	-	-	1,012,552
Early Reading Intervention FY20	733,217	1,436,586	1,436,586	-	740,140
Early Reading Intervention FY21	1,806,845	2,011,863	475,196	1,536,667	-
General Adult Education FY20	-	-	-	-	30,993
General Adult Education FY21	30,993	29,803	29,803	-	-
Go Open Va FY20	-	8,708	8,639	69	1,292
Green Run Collegiate Charter School Support FY19	-	-	-	-	477
Green Run Collegiate Charter School Support FY20	-	9,928	2,267	7,661	2,572
Hampton Roads Community Foundation FY20	-	-	-	-	30,000
Hampton Roads Community Foundation FY21	-	30,000	30,000	-	-
Hampton Roads Workforce Council - Stem (OSY) FY20	-	-	-	-	74,629
Hampton Roads Workforce Council - Stem (OSY) FY21	141,136	128,750	87,701	41,049	-
Hampton Roads Workforce Council ALC FY20	-	-	-	-	95,459
Hampton Roads Workforce Council ALC FY21	141,136	127,800	96,081	31,719	-

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL GRANTS SPECIAL REVENUE FUND**  
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**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

(continued)

	Original Budget	Final Budget	Actual	Variance	2020 Actual
Hampton Roads Workforce Council Stem (ISY) FY20 \$	-	\$ -	\$ -	\$ -	\$ 38,750
Hampton Roads Workforce Council Stem (ISY) FY21	117,618	107,334	46,860	60,474	-
Idea Co-Teaching Initiative Three Oaks FY20	-	-	-	-	3,750
ISAEF FY20	-	3,149	3,149	-	53,668
ISAEF FY21	48,770	60,207	60,207	-	-
Jail Education Program FY19	-	-	-	-	103,377
Jail Education Program FY20	112,901	113,432	97,311	16,121	31,919
Jail Education Program FY21	-	142,791	35,323	107,468	-
Juvenile Detention Center FY19	-	-	-	-	809,491
Juvenile Detention Center FY20	921,368	831,402	822,091	9,311	296,595
Juvenile Detention Center FY21	636,601	636,601	302,315	334,286	-
Learning Loss Instructional Supports FY21	-	1,843,204	-	1,843,204	-
McKinney Homeless FY19	-	-	-	-	45,667
McKinney Homeless FY20	3,292	12,863	12,863	-	57,188
McKinney Homeless FY21	70,188	77,584	23,162	54,422	-
MyCAA-ALC Courses FY20	-	-	-	-	1,248
MyCAA-LPN Program FY20	-	-	-	-	2,405
MyCAA-LPN Program FY21	-	1,000	1,000	-	-
National Board Certified Teachers Stipend FY20	-	-	-	-	392,500
National Board Certified Teachers Stipend FY21	328,334	400,000	400,000	-	-
National Math & Science Initiative (NMSI) FY20	-	96,134	53,182	42,952	118,485
National Math & Science Initiative (NMSI) FY21	-	99,038	17,845	81,193	-
Network Improvement Community (NIC)	-	2,500	1,120	1,380	-
New Teacher Mentor FY20	-	-	-	-	45,713
New Teacher Mentor FY21	34,768	49,977	49,977	-	-
NJROTC FY20	-	-	-	-	38,562
NJROTC FY21	-	29,702	29,702	-	-
NNSY Summer STEM Camp FY19	-	-	-	-	3,006
ODU Research Foundation Cybersec Internships FY19	-	-	-	-	1,500
Positive Behavior Interventions & Support FY19	-	-	-	-	11,179
Post 9-11 GI Bill FY21	-	1,626	1,626	-	-
Preschool - IDEA Section 619 FY19	-	-	-	-	196,820
Preschool - IDEA Section 619 FY20	265,282	265,817	265,817	-	237,883
Preschool - IDEA Section 619 FY21	512,552	502,834	179,752	323,082	-
Project Graduation FY18	-	-	-	-	737
Project Graduation FY19	-	6,469	6,469	-	-
Project Graduation FY20	5,383	5,383	-	5,383	-
Project Graduation FY21	5,383	5,383	-	5,383	-
Project Hope City Wide SCA FY14	-	2,454	-	2,454	-
Race To GED FY20	-	-	-	-	59,655
Race To GED FY21	66,168	58,691	58,691	-	-
Start On Success FY20	-	-	-	-	2,063
Start On Success FY21	-	5,220	3,602	1,618	-
Startalk FY19	-	-	-	-	60,704
Startalk FY20	49,185	74,822	6,950	67,872	-
Startalk FY21	76,096	-	-	-	-
STEM Competition Team Initiative FY20	-	7,711	913	6,798	-
STEM Competition Team Initiative FY21	-	8,950	-	8,950	-
STEM Teacher Recruitment & Retention FY20	-	-	-	-	7,000
STEM Teacher Recruitment & Retention FY21	-	7,000	2,000	5,000	-
Stopping The Push Out Of Black Girls FY21	-	9,500	1,750	7,750	-
Title I Part A FY18	-	-	-	-	75
Title I Part A FY19	51,200	389,147	349,669	39,478	1,603,061
Title I Part A FY20	2,331,986	3,225,877	1,568,918	1,656,959	8,159,395
Title I Part A FY21	10,778,457	10,088,469	8,294,773	1,793,696	-
Title I Part D Subpart 1 FY19	-	-	-	-	15,398
Title I Part D Subpart 1 FY20	20,000	16,909	15,904	1,005	5,277
Title I Part D Subpart 1 FY21	20,000	52,000	-	52,000	-
Title I Part D Subpart 2 FY18	-	-	-	-	61,560
Title I Part D Subpart 2 FY19	17,800	75,329	75,329	-	142,145

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

(continued)

	Original Budget	Final Budget	Actual	Variance	2020 Actual
Title I Part D Subpart 2 FY20	\$ 168,162	\$ 202,939	\$ 115,051	\$ 87,888	\$ -
Title I Part D Subpart 2 FY21	168,162	218,286	-	218,286	-
Title II Part A FY18	-	-	-	-	12,096
Title II Part A FY19	8,215	12,372	8,044	4,328	144,683
Title II Part A FY20	314,572	388,076	301,217	86,859	1,225,642
Title II Part A FY21	1,613,719	1,520,997	1,109,701	411,296	-
Title III Part A Language Acquisition FY19	-	-	-	-	77,888
Title III Part A Language Acquisition FY20	82,523	63,420	61,515	1,905	48,517
Title III Part A Language Acquisition FY21	142,218	160,937	71,749	89,188	-
Title IV Part A FY18	-	-	-	-	16,714
Title IV Part A FY19	61,089	104,760	93,680	11,080	534,714
Title IV Part A FY20	668,458	805,715	524,823	280,892	11,032
Title IV Part A FY21	812,746	857,424	91,848	765,576	-
Title IV Part B 21St CCLC-Lynn ES FY19	-	-	-	-	9,275
Title IV Pell FY20	-	-	-	-	55,303
Title IV Pell FY21	30,200	46,634	46,634	-	-
Title VI-B IDEA Section 611 FY19	-	-	-	-	3,207,500
Title VI-B IDEA Section 611 FY20	3,935,820	3,907,705	3,907,705	-	10,580,506
Title VI-B IDEA Section 611 FY21	14,496,530	14,840,688	10,071,240	4,769,448	-
VA Humanities Beneath the Surface FY21	-	10,100	-	10,100	-
VA Initiative At Risk Four Year Olds FY19	-	-	-	-	593,958
VA Initiative At Risk Four Year Olds FY20	559,729	608,525	608,525	-	4,218,213
VA Initiative At Risk Four Year Olds FY21	5,309,717	5,396,078	4,735,277	660,801	-
VBEF School + Community Super Grant FY20	-	-	-	-	18,803
Verizon Innovative Learning Lab FY21	-	15,000	15,000	-	-
Virginia Middle School Teacher Corps FY20	-	-	-	-	5,000
Virginia Middle School Teacher Corps FY21	-	5,000	5,000	-	-
VPI+ FY20	39,306	33,243	33,243	-	536,097
VPI+ FY21	626,310	-	-	-	-
VPI+ Preschool Expansion FY19	-	-	-	-	67,681
Contingency	7,200,000	425,954	-	425,954	-
Total Instruction	\$ 58,550,147	\$ 59,308,009	\$ 41,213,311	\$ 18,094,698	\$ 38,894,143
<b>Admin, Attendance &amp; Health</b>					
2 Revolutions	\$ -	\$ 170,948	\$ 100,476	\$ 70,472	\$ -
CARES Act Corona Virus Relief Fund (CRF) FY21	-	1,517,245	1,415,763	101,482	-
CARES Act ESSER FY21	-	606,743	248,914	357,829	-
CARES ESSER Cleaning Supplies FY21	-	1,179	1,179	-	-
CARES ESSER Facilities And PPE FY21	-	37,250	36,533	717	-
CARES ESSER Instructional Delivery Support FY21	-	641	543	98	-
CARES ESSER SPED Services Support FY21	-	5,629	1,168	4,461	-
CARES GEER Vision FY21	-	24,955	11,112	13,843	-
CRRSA Act ESSER II FY21	-	36,473	-	36,473	-
Jail Education Program FY19	-	-	-	-	7,073
Jail Education Program FY20	7,460	7,460	4,004	3,456	-
Jail Education Program FY21	-	9,391	3,165	6,226	-
Positive Behavior Interventions & Support FY20	-	13,044	9,103	3,941	13,428
Positive Behavior Interventions & Support FY21	-	20,110	3,761	16,349	-
Title I Part A FY19	-	-	-	-	216
Title I Part A FY20	23,165	7,810	-	7,810	289,466
Title I Part A FY21	337,393	327,204	297,217	29,987	-
Title VI-B IDEA Section 611 FY19	-	-	-	-	69,688
Title VI-B IDEA Section 611 FY20	72,691	86,759	86,759	-	193,875
Title VI B IDEA Section 611 FY21	272,040	265,223	182,649	82,574	-
Total Admin, Attendance & Health	\$ 712,749	\$ 3,138,064	\$ 2,402,346	\$ 735,718	\$ 573,746
<b>Pupil Transportation</b>					
C. Perkins Career & Tech. Act FY21	\$ 4,000	\$ -	\$ -	\$ -	\$ -
CARES GEER Vision FY20	-	1,050	-	1,050	-
CARES GEER Vision FY21	-	1,050	-	1,050	-
Learning Loss Instructional Supports FY21	-	895	895	-	-

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

(continued)

	Original Budget	Final Budget	Actual	Variance	2020 Actual
McKinney Homeless FY20	\$ -	\$ -	\$ -	\$ -	\$ 681
McKinney Homeless FY21	2,396	-	-	-	-
Startalk FY19	-	-	-	-	6,086
Startalk FY20	9,161	9,186	-	9,186	-
Startalk FY21	10,682	-	-	-	-
Title I Part A FY19	-	-	-	-	42,138
Title I Part A FY20	80,080	-	-	-	104,762
Title I Part A FY21	280,334	83,673	40,138	43,535	-
Title IV Part A FY19	-	-	-	-	1,619
Title IV Part A FY20	4,351	6,928	-	6,928	-
Title IV Part A FY21	6,928	7,230	-	7,230	-
Title IV Part B 21St CCLC-Lynn ES FY19	-	-	-	-	202
Total Pupil Transportation	\$ 397,932	\$ 110,012	\$ 41,033	\$ 68,979	\$ 155,488
<b>Operations and Maintenance</b>					
CARES Act Corona Virus Relief Fund (CRF) FY21	\$ -	\$ 1,828,692	\$ 1,919,020	\$ (90,328)	\$ -
CARES Act ESSER FY21	-	3,616,949	323,027	3,293,922	-
CARES ESSER Cleaning Supplies FY21	-	48,821	47,140	1,681	-
CARES ESSER Facilities And PPE FY21	-	250	-	250	-
CARES GEER Vision FY21	-	1,060,000	96,077	963,923	-
CRRSA Act ESSER II FY21	-	100,000	-	100,000	-
Jail Education Program FY19	-	-	-	-	10,529
Jail Education Program FY20	17,527	17,527	2,529	14,998	4,120
Jail Education Program FY21	-	22,063	698	21,365	-
School Security Equipment FY19	-	-	-	-	9
School Security Equipment FY20	-	-	-	-	15,108
School Security Equipment FY21	21,054	2,843	2,843	-	-
School Security Officer Program FY19	-	-	-	-	525
Startalk FY19	-	-	-	-	633
Startalk FY20	382	-	-	-	-
Startalk FY21	636	-	-	-	-
Title I Part A FY19	-	-	-	-	7,144
Title I Part A FY20	8,074	-	-	-	-
Title I Part A FY21	8,074	8,074	-	8,074	-
Title IV Part B 21St CCLC-Lynn ES FY19	-	-	-	-	159
Total Operations and Maintenance	\$ 55,747	\$ 6,705,219	\$ 2,391,334	\$ 4,313,885	\$ 38,227
<b>Technology</b>					
2 Revolutions	\$ -	\$ 8,000	\$ 926	\$ 7,074	\$ -
Adult Education & Family Literacy Act FY20	-	-	0	-	3,688
Adult Education & Family Literacy Act FY21	3,688	16,321	16,321	-	-
Advancing Computer Science Education FY20	-	57,072	57,072	-	-
Advancing Computer Science Education FY21	-	35,845	535	35,310	-
Algebra Readiness FY19	-	-	-	-	140,000
Algebra Readiness FY20	140,000	137,388	130,464	6,924	-
Algebra Readiness FY21	140,000	140,000	-	140,000	-
C. Perkins Career & Tech. Act FY19	-	-	-	-	59,892
C. Perkins Career & Tech. Act FY20	-	134,095	133,286	809	353,397
C. Perkins Career & Tech. Act FY21	350,162	416,319	416,569	(250)	-
C. Perkins Reserve Fund FY20	-	-	-	-	13,552
Career & Tech Ed. Special Equip Allocation FY21	-	57,113	57,113	-	-
Career & Tech Ed. State Equip Allocation FY21	78,674	72,604	72,604	-	-
CARES Act Corona Virus Relief Fund (CRF) FY21	-	8,312,383	7,637,817	674,566	-
CARES Act ESSER FY21	-	2,603,176	850,539	1,752,637	-
CARES ESSER Universal Screener FY21	-	45,000	44,638	362	-
CARES GEER Vision FY21	-	1,524,373	348,393	1,175,980	-
COPS School Violence Prevention FY19	-	-	-	-	515,000
DodEA MCASP Operation GRIT FY19	-	-	-	-	5,167
DodEA MCASP Operation GRIT FY20	-	81	81	-	26
DodEA MCASP Operation GRIT FY21	90	12,581	12,581	-	-
Early Reading Intervention FY19	-	0	-	-	48,473

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
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(continued)

	Original Budget	Final Budget	Actual	Variance	2020 Actual
Early Reading Intervention FY20	\$ 123,764	\$ 22,704	\$ 22,704	\$ -	\$ -
Early Reading Intervention FY21	95,095	267	267	-	-
Green Run Collegiate Charter School Support FY19	-	-	-	-	10,391
Hampton Roads Workforce Council - Stem (OSY) FY20	-	0	-	-	720
Hampton Roads Workforce Council - Stem (OSY) FY21	-	850	850	-	-
Hampton Roads Workforce Council ALC FY21	-	1,800	1,145	655	-
Hampton Roads Workforce Council Stem (ISY) FY21	-	666	666	-	-
Industry Certification Examinations FY20	-	-	-	-	95,139
Industry Certification Examinations FY21	95,139	88,032	88,032	-	-
Industry Certification Examinations STEM H FY20	-	-	-	-	25,973
Industry Certification Examinations STEM H FY21	25,974	24,033	24,033	-	-
ISAEF FY20	-	-	-	-	10,275
ISAEF FY21	14,100	6,885	6,885	-	-
Jail Education Program FY19	-	-	-	-	990
Jail Education Program FY20	900	1,280	-	1,280	120
Jail Education Program FY21	-	1,611	-	1,611	-
Juvenile Detention Center FY19	-	-	-	-	31,333
Juvenile Detention Center FY20	6,400	31,524	30,874	650	755
Juvenile Detention Center FY21	3,100	3,100	434	2,666	-
McKinney Homeless FY19	-	-	-	-	698
McKinney Homeless FY20	-	196	196	-	2,072
McKinney Homeless FY21	416	416	-	416	-
NNSY Summer STEM Camp FY19	-	-	-	-	4,985
No Kid Hungry FY21	-	700	-	700	-
Positive Behavior Interventions & Support FY19	-	-	-	-	2,800
Positive Behavior Interventions & Support FY20	-	6,658	6,332	326	3,094
Positive Behavior Interventions & Support FY21	-	6,390	-	6,390	-
Preschool - IDEA Section 619 FY19	-	-	-	-	128
Preschool - IDEA Section 619 FY20	-	-	-	-	9,352
Preschool - IDEA Section 619 FY21	500	12,399	12,326	73	-
Project Graduation FY18	-	-	-	-	4,424
Project Graduation FY19	-	31,031	13,701	17,330	-
Project Graduation FY20	32,117	32,117	-	32,117	-
Project Graduation FY21	32,117	32,117	-	32,117	-
Race To GED FY20	-	-	-	-	6,513
Race To GED FY21	-	6,500	6,500	-	-
School Security Equipment FY19	-	-	-	-	1,730
School Security Equipment FY20	-	2,505	-	2,505	153,626
School Security Equipment FY21	122,080	97,398	97,398	-	-
Startalk FY19	-	-	-	-	132
Startalk FY20	369	367	20	347	-
Startalk FY21	503	-	-	-	-
Technology Initiative FY17	-	-	-	-	-
Technology Initiative FY18	-	2,181	2,181	-	704,877
Technology Initiative FY19	2,100,000	2,346,995	1,793,853	553,142	271,405
Technology Initiative FY20	2,618,400	2,618,400	-	2,618,400	-
Technology Initiative FY21	2,618,400	2,618,400	-	2,618,400	-
Title I Part A FY18	-	-	-	-	3,570
Title I Part A FY19	-	45,614	55,682	(10,068)	483,987
Title I Part A FY20	464,062	578,029	501,325	76,704	97,029
Title I Part A FY21	514,144	793,888	176,109	617,779	-
Title I Part D Subpart 1 FY19	-	-	-	-	12,141
Title I Part D Subpart 2 FY18	-	-	-	-	26,450
Title I Part D Subpart 2 FY19	-	19,186	19,186	-	-
Title I Part D Subpart 2 FY20	-	34,351	9,711	24,640	-
Title I Part D Subpart 2 FY21	-	46,295	-	46,295	-
Title III Part A Language Acquisition FY20	-	30,404	-	30,404	-
Title III Part A Language Acquisition FY21	-	22,525	-	22,525	-
Title IV Part A FY18	-	-	-	-	12,877

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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
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FOR THE YEAR ENDED JUNE 30, 2021  
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(continued)

	Original Budget	Final Budget	Actual	Variance	2020 Actual
Title IV Part A FY19	\$ 15,489	\$ 16,419	\$ 17,325	\$ (906)	\$ 52,657
Title IV Part A FY20	49,565	77,845	85,165	(7,320)	3,608
Title IV Part A FY21	85,454	74,418	8,296	66,122	-
VA Humanities Beneath the Surface FY21	-	600	248	352	-
VBEF School + Community Super Grant FY21	-	4,989	4,989	-	-
VPI+ Preschool Expansion FY19	-	-	-	-	10,872
Workplace Readiness Skills Comm Exam FY20	-	-	-	-	16,034
Workplace Readiness Skills Comm Exam FY21	16,034	14,836	14,836	-	-
Total Technology	\$ 9,746,736	\$ 23,329,272	\$ 12,780,208	\$ 10,549,064	\$ 3,199,952
<u>Food Services</u>					
CARES Act Corona Virus Relief Fund (CRF) FY21	\$ -	\$ -	\$ 79,504	\$ (79,504)	\$ -
CARES Act ESSER FY21	-	64,500	238,405	(173,905)	-
CRRSA Act ESSER II FY21	-	200,000	-	200,000	-
No Kid Hungry FY21	-	61,500	-	61,500	-
Total Food Services	\$ -	\$ 326,000	\$ 317,909	\$ 8,091	\$ -
Total Expenditures	\$ 69,463,311	\$ 92,916,576	\$ 59,146,141	\$ 33,770,435	\$ 42,861,556
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>	\$ (4,317,109)	\$ (6,346,786)	\$ (3,435,552)	\$ 2,911,234	\$ (3,342,422)
<u>OTHER FINANCING SOURCES</u>					
Transfers In	4,317,109	6,346,786	3,994,446	(2,352,340)	4,001,247
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ -	\$ 558,894	\$ 558,894	\$ 658,825
<u>FUND BALANCE - JULY 1</u>	2,352,340	2,352,340	2,352,340	-	1,693,515
<u>FUND BALANCE - JUNE 30</u>	\$ 2,352,340	\$ 2,352,340	\$ 2,911,234	\$ 558,894	\$ 2,352,340

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL CAFETERIAS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance	2,020 Actual
<b>REVENUES</b>					
From Use of Money and Property	\$ 200,000	\$ 200,000	\$ 60,081	\$ (139,919)	\$ 324,311
Charges for Services	11,183,378	11,183,378	154,096	(11,029,282)	6,890,554
Miscellaneous	650,000	650,000	583,121	(66,879)	513,017
From Commonwealth	605,000	605,000	350,119	(254,881)	729,167
From Federal Government	19,930,588	19,930,588	25,607,229	5,676,641	18,128,340
Total Revenues	<u>\$ 32,568,966</u>	<u>\$ 32,568,966</u>	<u>\$ 26,754,646</u>	<u>\$ (5,814,320)</u>	<u>\$ 26,585,389</u>
<b>EXPENDITURES</b>					
<u>Cafeterias</u>					
Personnel Services	\$ 12,576,815	\$ 12,576,815	\$ 10,337,667	\$ 2,239,148	\$ 10,371,764
Fringe Benefits	4,965,156	4,965,156	4,006,004	959,152	3,779,170
Purchased Services	625,567	1,070,189	692,609	377,580	412,797
Other Charges	49,801	49,801	6,201	43,600	44,218
Materials and Supplies	16,734,630	16,854,526	11,907,262	4,947,264	13,423,097
Capital Outlay	2,380,901	3,005,901	586,308	2,419,593	1,160,757
Total Cafeterias	<u>\$ 37,332,870</u>	<u>\$ 38,522,388</u>	<u>\$ 27,536,051</u>	<u>\$ 10,986,337</u>	<u>\$ 29,191,803</u>
<u>Technology</u>					
Purchased Services	\$ 85,235	\$ 85,235	\$ 72,923	\$ 12,312	\$ 72,744
Materials and Supplies	122,194	122,194	18,964	103,230	348,976
Capital Outlay	-	-	-	-	9,700
Total Technology	<u>\$ 207,429</u>	<u>\$ 207,429</u>	<u>\$ 91,887</u>	<u>\$ 115,542</u>	<u>\$ 431,420</u>
Total Expenditures	<u>\$ 37,540,299</u>	<u>\$ 38,729,817</u>	<u>\$ 27,627,938</u>	<u>\$ 11,101,879</u>	<u>\$ 29,623,223</u>
<b>EXCESS (DEFICIENCY) OF</b>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (4,971,333)</u>	<u>\$ (6,160,851)</u>	<u>\$ (873,292)</u>	<u>\$ 5,287,559</u>	<u>\$ (3,037,834)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,971,333)</u>	<u>\$ (6,160,851)</u>	<u>\$ (873,292)</u>	<u>\$ 5,287,559</u>	<u>\$ (3,037,834)</u>
<b>FUND BALANCE - JULY 1</b>	<u>10,576,773</u>	<u>10,576,773</u>	<u>10,576,773</u>	<u>-</u>	<u>13,614,607</u>
<b>FUND BALANCE - JUNE 30</b>	<u>\$ 5,605,440</u>	<u>\$ 4,415,922</u>	<u>\$ 9,703,481</u>	<u>\$ 5,287,559</u>	<u>\$ 10,576,773</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

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**A. Budget Information**

The following presents the procedures followed by the School Board in establishing the budgetary data reflected in the financial statements and other budget information:

1. The Superintendent is required by Section 22.1-92 of the *Code of Virginia*, as amended, to prepare and submit to the City Council, with the approval of the School Board, the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the school division. Before the School Board gives final approval to its operating and capital improvement program budgets, the School Board is required to hold at least one public hearing.
2. The City Manager is required by the City Charter to present a proposed operating budget to the City Council, which includes the School Board's operating budget, at least 90 days before the beginning of each fiscal year, which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper fund balances. The necessary budget ordinances are also submitted at this time.
3. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment.
4. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
5. Annual budgets are legally adopted for the General and Special Revenue funds. The budgets for these funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The level of budgetary control (that is, the level at which appropriated budget expenditures cannot exceed the appropriated amount) for the General Fund and Special Revenue funds is established at the individual fund level.
6. Additional appropriations require one reading of the ordinance for approval by the School Board and the City Council, and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations, which exceed 1% of the total estimated revenues shown in the adopted City budget, require one reading by City Council for approval after a public hearing.
7. The Superintendent is authorized to transfer appropriations up to a maximum of \$250,000. Transfers in excess of \$250,000 require one reading by the School Board for approval.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

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8. The accounting system is employed as a budgetary management control device to monitor the individual schools and departments. In addition, certain controls are exercised administratively on the General Fund (e.g., cost centers, personnel positions, and certain line-items; and the appropriations related thereto). A cost center is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue Funds (e.g., federal and state grants; and the appropriations related thereto).
9. Unexpended appropriations lapse (except for the School Capital Projects Fund) and are closed to the proper fund balances at the end of each fiscal year (June 30). However, the General Fund's fund balance (i.e., total assets (e.g., cash) less liabilities (e.g., salaries payable), outstanding encumbrances and prepaid items) is paid back (i.e., reverts) to the City (\$25,708,678 Fiscal Year 2021) before the aforementioned closing process. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.
10. Capital Projects for the School Board and City are budgeted separately from the Operating Budget. Since the School Board and City have hundreds of projects in its Capital Improvement Program and the City has an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects do not parallel the School Board's fiscal year. Upon approval by the School Board, the School Board's Capital Improvement Program appropriation requests are submitted to the City Council. The appropriations require one reading of the ordinance for approval after public hearings on the Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.

**B. Budget Amendments**

There was a supplemental budget amendment, other than for encumbrances, for \$15,000,000 for the General Fund during fiscal year 2021. The General Fund budget amendment was funded through an increase in revenue from the local government of \$11,000,000 for a one-time bonus of \$1,000 for all full-time equivalent employees; and \$2,000,000 for an increase in stipend for teachers providing dual instruction.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

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**C. Pension and Other Employee Benefits**

Multiple year trend information for the VRS Teacher Retirement Plan, the VRS Political Subdivision Retirement Plan, Other Postemployment Benefit (OPEB) Trust Fund, VRS Teacher Employee Health Insurance Credit Program (HIC), VRS Political Subdivision Health Insurance Credit Program (HIC), VRS Group Life Insurance Program (GLI), VRS Teacher Employee Virginia Local Disability Program (VLDP), and VRS Political Subdivision Employee Virginia Local Disability Program (VLDP) is presented as required supplementary information. This information is intended to help users assess the funding status on a going concern basis, and the progress made in accumulating assets to pay benefits when due.

Additional information pertaining to the Pension and OPEB plans presented are located in note 8 of the Notes to the Basic Financial Statements.

**D. VRS OPEB Plan Changes of Benefits and Funding Terms**

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits.

**E. VRS OPEB Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates are determined every two years. The last determination of the actuarial contribution rates was as of June 30, 2019 payable for the fiscal years 2020 and 2021. For the non-Political Subdivision plans the amortization period of the unfunded liability less the deferred contribution begins at 30 years on June 30, 2013 and will decrease by one each year until reaching zero years. Each subsequent year, a new base will be added to the unfunded liability and will be amortized over a closed 20 year period. For the Political Subdivision plans the amortization period of the unfunded begins at 30 years on June 30, 2013 and will decrease by one each year until reaching zero years. Each subsequent year, a new base will be added to the unfunded liability and will be amortized over a closed 20 year period.



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

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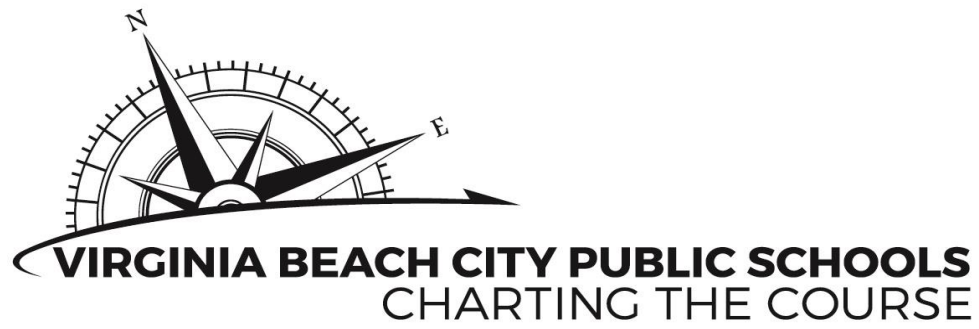
**F. VRS OPEB Plan Changes of Assumptions**

There have been no changes to the actuarial assumptions since the prior measurement date. The updated assumptions adopted based on the experience study for the period July 1, 2012 to June 30, 2016 were reflected for the June 30, 2019 measurement date.

The System is funded with fixed contribution rates for the state and with varying contributions for employees based on their job and personal elections. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions (from the July 1, 2019 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for fiscal year end 2019 in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years, 20 years, 19 years, 18 years, 17 years
Asset valuation method	5-year moving average
Price Inflation	2.50 percent
Salary increases, including price Inflation	Teachers: 3.50 to 5.95 percent Political Subdivisions: General Employees: 3.50 to 5.35 percent
Long-term Rate of Return net of Investment expense, including Price inflation	6.75 percent
Healthcare Cost Trend Rate	N/A



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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted or dedicated to be expended for specified purposes. The School Board has the following Special Revenue Funds:

*School Textbooks* – accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

*School Communication Towers/Technology* – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

*School Vending Operations* – accounts for the receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

*School Equipment Replacement* – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

*School Activity* – accounts for receipts and expenditures relating to activities conducted at individual school sites in connection with student athletics, classes, clubs, and various fundraising and private donor activities.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**JUNE 30, 2021**  
**with comparative totals for June 30, 2020**

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	School Activity	Totals	
						2021	2020
<b>ASSETS</b>							
Cash and Investments	\$ 8,322,373	\$ 3,791,446	\$ 104,007	\$ 973,674	\$ 4,458,622	\$ 17,650,122	\$ 12,281,240
<b>TOTAL ASSETS</b>	<b>\$ 8,322,373</b>	<b>\$ 3,791,446</b>	<b>\$ 104,007</b>	<b>\$ 973,674</b>	<b>\$ 4,458,622</b>	<b>\$ 17,650,122</b>	<b>\$ 12,281,240</b>
<b>LIABILITIES AND FUND</b>							
<b>BALANCES</b>							
Liabilities:							
Vouchers and							
Accounts Payable	\$ 30,780	\$ -	\$ -	\$ 21,181	\$ -	\$ 51,961	\$ 87,648
Deposits Payable	-	75,000	-	-	-	75,000	75,000
<b>TOTAL LIABILITIES</b>	<b>\$ 30,780</b>	<b>\$ 75,000</b>	<b>\$ -</b>	<b>\$ 21,181</b>	<b>\$ -</b>	<b>\$ 126,961</b>	<b>\$ 162,648</b>
Fund Balances:							
Restricted	\$ 8,291,593	\$ -	\$ -	\$ -	\$ 4,458,622	\$ 12,750,215	\$ 7,873,370
Committed	-	3,716,446	104,007	952,493	-	4,772,946	4,245,222
<b>TOTAL FUND</b>							
<b>BALANCES</b>	<b>\$ 8,291,593</b>	<b>\$ 3,716,446</b>	<b>\$ 104,007</b>	<b>\$ 952,493</b>	<b>\$ 4,458,622</b>	<b>\$ 17,523,161</b>	<b>\$ 12,118,592</b>
<b>TOTAL LIABILITIES</b>							
<b>AND FUND</b>							
<b>BALANCES</b>	<b>\$ 8,322,373</b>	<b>\$ 3,791,446</b>	<b>\$ 104,007</b>	<b>\$ 973,674</b>	<b>\$ 4,458,622</b>	<b>\$ 17,650,122</b>	<b>\$ 12,281,240</b>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative totals for the fiscal year ended June 30, 2020**

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	School Activity	Totals	
						2021	2020
<b>REVENUES</b>							
From Use of Money and Property	\$ 45,011	\$ 677,578	\$ 7,972	\$ 7,446	\$ 1,866	\$ 739,873	\$ 869,009
Charges for Services	-	-	70,263	-	-	70,263	129,432
Miscellaneous	2,982	-	-	-	2,501,263	2,504,245	19,852
From Commonwealth	4,035,589	-	-	-	-	4,035,589	3,999,558
Total Revenues	<u>\$ 4,083,582</u>	<u>\$ 677,578</u>	<u>\$ 78,235</u>	<u>\$ 7,446</u>	<u>\$ 2,503,129</u>	<u>\$ 7,349,970</u>	<u>\$ 5,017,851</u>
<b>EXPENDITURES</b>							
Current:							
Instruction	\$ 1,030,663	\$ -	\$ 36,000	\$ -	\$ 2,495,116	\$ 3,561,779	\$ 1,180,460
Technology	2,634,696	-	-	199,535	-	2,834,231	2,667,868
Total Expenditures	<u>\$ 3,665,359</u>	<u>\$ -</u>	<u>\$ 36,000</u>	<u>\$ 199,535</u>	<u>\$ 2,495,116</u>	<u>\$ 6,396,010</u>	<u>\$ 3,848,328</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 418,223</u>	<u>\$ 677,578</u>	<u>\$ 42,235</u>	<u>\$ (192,089)</u>	<u>\$ 8,013</u>	<u>\$ 953,960</u>	<u>\$ 1,169,523</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 418,223</u>	<u>\$ 677,578</u>	<u>\$ 42,235</u>	<u>\$ (192,089)</u>	<u>\$ 8,013</u>	<u>\$ 953,960</u>	<u>\$ 1,169,523</u>
<b>FUND BALANCES - JULY 1</b>	7,873,370	3,038,868	61,772	1,144,582	-	12,118,592	10,949,069
<b>RESTATEMENT OF JULY 1 FUND BALANCE (Note 10)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,450,609</u>	<u>4,450,609</u>	<u>-</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 8,291,593</u>	<u>\$ 3,716,446</u>	<u>\$ 104,007</u>	<u>\$ 952,493</u>	<u>\$ 4,458,622</u>	<u>\$ 17,523,161</u>	<u>\$ 12,118,592</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL TEXTBOOKS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance	2020 Actual
<b>REVENUES</b>					
From Use of Money and Property	\$ 29,483	\$ 29,483	\$ 45,011	\$ 15,528	\$ 144,464
Charges for Services	-	-	-	-	52
Miscellaneous	27,000	27,000	2,982	(24,018)	19,852
From Commonwealth	4,239,053	4,239,053	4,035,589	(203,464)	3,999,558
Total Revenues	<u>\$ 4,295,536</u>	<u>\$ 4,295,536</u>	<u>\$ 4,083,582</u>	<u>\$ (211,954)</u>	<u>\$ 4,163,926</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Personnel Services	\$ 93,976	\$ 93,976	\$ 84,196	\$ 9,780	\$ 97,153
Fringe Benefits	35,641	35,641	33,173	2,468	40,264
Materials and Supplies	3,406,069	3,406,069	913,294	2,492,775	893,243
Total Instruction	<u>\$ 3,535,686</u>	<u>\$ 3,535,686</u>	<u>\$ 1,030,663</u>	<u>\$ 2,505,023</u>	<u>\$ 1,030,660</u>
<b>Technology</b>					
Purchased Services	\$ -	\$ -	\$ 191,390	\$ (191,390)	\$ -
Materials and Supplies	875,652	875,652	2,443,306	(1,567,654)	2,289,503
Total Technology	<u>\$ 875,652</u>	<u>\$ 875,652</u>	<u>\$ 2,634,696</u>	<u>\$ (1,759,044)</u>	<u>\$ 2,289,503</u>
Total Expenditures	<u>\$ 4,411,338</u>	<u>\$ 4,411,338</u>	<u>\$ 3,665,359</u>	<u>\$ 745,979</u>	<u>\$ 3,320,163</u>
<b>EXCESS (DEFICIENCY) OF</b>					
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<u>\$ (115,802)</u>	<u>\$ (115,802)</u>	<u>\$ 418,223</u>	<u>\$ 534,025</u>	<u>\$ 843,763</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (115,802)</u>	<u>\$ (115,802)</u>	<u>\$ 418,223</u>	<u>\$ 534,025</u>	<u>\$ 843,763</u>
<b>FUND BALANCE - JULY 1</b>	<u>7,873,370</u>	<u>7,873,370</u>	<u>7,873,370</u>	<u>-</u>	<u>7,029,607</u>
<b>FUND BALANCE - JUNE 30</b>	<u><u>\$ 7,757,568</u></u>	<u><u>\$ 7,757,568</u></u>	<u><u>\$ 8,291,593</u></u>	<u><u>\$ 534,025</u></u>	<u><u>\$ 7,873,370</u></u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL COMMUNICATION TOWERS/TECHNOLOGY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance	2020 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 516,000	\$ 516,000	\$ 677,578	\$ 161,578	\$ 698,576
<u>EXPENDITURES</u>					
<u>Technology</u>					
Purchased Services	\$ -	\$ -	\$ -	\$ -	\$ 4,008
Materials and Supplies	800,000	800,000	-	800,000	374,357
Total Expenditures	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ 378,365
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (284,000)	\$ (284,000)	\$ 677,578	\$ 961,578	\$ 320,211
<u>NET CHANGE IN FUND BALANCE</u>	\$ (284,000)	\$ (284,000)	\$ 677,578	\$ 961,578	\$ 320,211
<u>FUND BALANCE - JULY 1</u>	3,038,868	3,038,868	3,038,868	-	2,718,657
<u>FUND BALANCE - JUNE 30</u>	\$ 2,754,868	\$ 2,754,868	\$ 3,716,446	\$ 961,578	\$ 3,038,868

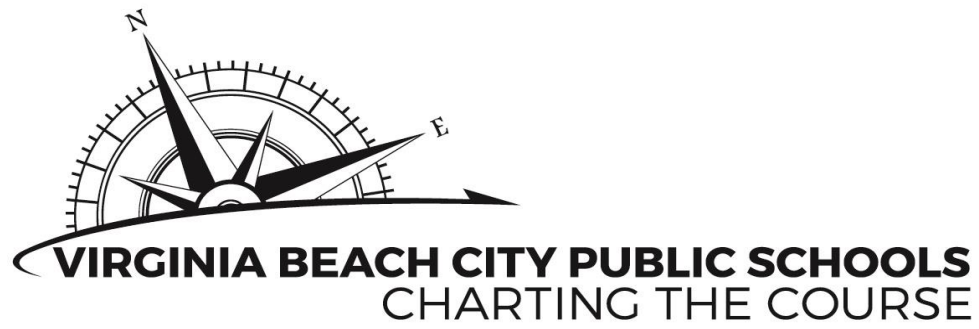
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL VENDING OPERATIONS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance	2020 Actual
<b>REVENUES</b>					
From Use of Money and Property	\$ -	\$ -	\$ 7,972	\$ 7,972	\$ 783
Charges for Services	149,000	149,000	70,263	(78,737)	129,380
Total Revenues	<u>\$ 149,000</u>	<u>\$ 149,000</u>	<u>\$ 78,235</u>	<u>\$ (70,765)</u>	<u>\$ 130,163</u>
<b>EXPENDITURES</b>					
<u>Instruction</u>					
Purchased Services	\$ 200	\$ 200	\$ -	\$ 200	\$ -
Other Charges	144,280	144,280	36,000	108,280	149,800
Materials and Supplies	10,520	10,520	-	10,520	-
Total Expenditures	<u>\$ 155,000</u>	<u>\$ 155,000</u>	<u>\$ 36,000</u>	<u>\$ 119,000</u>	<u>\$ 149,800</u>
<b>EXCESS (DEFICIENCY) OF</b>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	<u>\$ 42,235</u>	<u>\$ 48,235</u>	<u>\$ (19,637)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (6,000)</b>	<b>\$ (6,000)</b>	<b>\$ 42,235</b>	<b>\$ 48,235</b>	<b>\$ (19,637)</b>
<b>FUND BALANCE - JULY 1</b>	<b>61,772</b>	<b>61,772</b>	<b>61,772</b>	<b>-</b>	<b>81,409</b>
<b>FUND BALANCE - JUNE 30</b>	<b><u>\$ 55,772</u></b>	<b><u>\$ 55,772</u></b>	<b><u>\$ 104,007</u></b>	<b><u>\$ 48,235</u></b>	<b><u>\$ 61,772</u></b>



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative actual amounts for the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance	2020 Actual
<b>REVENUES</b>					
From Use of Money and Property	\$ -	\$ -	\$ 7,446	\$ 7,446	\$ 25,186
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Materials and Supplies	\$ 1,051,000	\$ 1,051,000	\$ -	\$ 1,051,000	\$ -
Total Expenditures	\$ 1,051,000	\$ 1,051,000	\$ -	\$ 1,051,000	\$ -
<b>Technology</b>					
Purchased Services	\$ -	\$ -	\$ 40,398	\$ (40,398)	\$ -
Materials and Supplies	-	-	159,137	(159,137)	-
Total Technology	\$ -	\$ -	\$ 199,535	\$ (199,535)	\$ -
Total Expenditures	\$ 1,051,000	\$ 1,051,000	\$ 199,535	\$ 851,465	\$ -
<b>EXCESS (DEFICIENCY) OF</b>					
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	\$ (1,051,000)	\$ (1,051,000)	\$ (192,089)	\$ 858,911	\$ 25,186
<b>NET CHANGE IN FUND BALANCE</b>	\$ (1,051,000)	\$ (1,051,000)	\$ (192,089)	\$ 858,911	\$ 25,186
<b>FUND BALANCE - JULY 1</b>	1,144,582	1,144,582	1,144,582	-	1,119,396
<b>FUND BALANCE - JUNE 30</b>	\$ 93,582	\$ 93,582	\$ 952,493	\$ 858,911	\$ 1,144,582



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## **INTERNAL SERVICE FUNDS**

The Internal Service Funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost reimbursement basis. The School Board has established Internal Service Funds for the following activities:

*School Risk Management* - provides insurance and the administration thereof for the School Board.

*School Health Insurance* - provides health insurance and the administration thereof for the School Board and City employees.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
**with comparative totals for June 30, 2020**

	School Risk Management	School Health Insurance	Totals	
			2021	2020
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 17,846,580	\$ 90,900,855	\$ 108,747,435	\$ 103,708,729
Accounts Receivable	3,943	2,003,070	2,007,013	2,408,954
Prepaid Items	265,098	-	265,098	305,632
	<u>265,098</u>	<u>-</u>	<u>265,098</u>	<u>305,632</u>
TOTAL ASSETS	<u>\$ 18,115,621</u>	<u>\$ 92,903,925</u>	<u>\$ 111,019,546</u>	<u>\$ 106,423,315</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Salaries Payable	\$ 870	\$ 4,447	\$ 5,317	\$ 276
Vouchers and				
Accounts Payable	329,305	2,232,795	2,562,100	4,284,281
Unearned Revenues	-	8,264,712	8,264,712	8,182,321
Estimated Claims and				
Judgments (due within				
one year)	7,542,819	6,403,500	13,946,319	12,047,363
Total Current Liabilities	<u>\$ 7,872,994</u>	<u>\$ 16,905,454</u>	<u>\$ 24,778,448</u>	<u>\$ 24,514,241</u>
Noncurrent Liabilities:				
Estimated Claims and				
Judgments (due in more				
than one year)	2,514,273	2,134,500	4,648,773	4,015,788
	<u>2,514,273</u>	<u>2,134,500</u>	<u>4,648,773</u>	<u>4,015,788</u>
TOTAL LIABILITIES	<u>\$ 10,387,267</u>	<u>\$ 19,039,954</u>	<u>\$ 29,427,221</u>	<u>\$ 28,530,029</u>
<b>NET POSITION</b>				
Unrestricted	<u>\$ 7,728,354</u>	<u>\$ 73,863,971</u>	<u>\$ 81,592,325</u>	<u>\$ 77,893,286</u>
TOTAL NET POSITION	<u><u>\$ 7,728,354</u></u>	<u><u>\$ 73,863,971</u></u>	<u><u>\$ 81,592,325</u></u>	<u><u>\$ 77,893,286</u></u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative totals for the year ended June 30, 2020**

	School Risk Management	School Health Insurance	Totals	
			2021	2020
<b><u>OPERATING REVENUES</u></b>				
Charges for Services	\$ 6,805,724	\$ 152,020,702	\$ 158,826,426	\$ 158,592,635
Miscellaneous Revenue	373,292	-	373,292	58,405
Total Operating Revenues	<u>\$ 7,179,016</u>	<u>\$ 152,020,702</u>	<u>\$ 159,199,718</u>	<u>\$ 158,651,040</u>
<b><u>OPERATING EXPENSES</u></b>				
Personnel Services	\$ 332,251	\$ 476,533	\$ 808,784	\$ 752,003
Fringe Benefits	113,410	186,518	299,928	266,589
Purchased Services	380,344	1,337,154	1,717,498	2,250,687
Other Charges	7,974,335	147,366,296	155,340,631	132,732,035
Total Operating Expenses	<u>\$ 8,800,340</u>	<u>\$ 149,366,501</u>	<u>\$ 158,166,841</u>	<u>\$ 136,001,314</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ (1,621,324)</u>	<u>\$ 2,654,201</u>	<u>\$ 1,032,877</u>	<u>\$ 22,649,726</u>
<b><u>NONOPERATING REVENUES</u></b>				
Interest Income	\$ 122,637	\$ 543,525	\$ 666,162	\$ 1,859,832
Total Nonoperating Revenues	<u>\$ 122,637</u>	<u>\$ 543,525</u>	<u>\$ 666,162</u>	<u>\$ 1,859,832</u>
<b><u>INCOME (LOSS) BEFORE TRANSFERS</u></b>	<u>\$ (1,498,687)</u>	<u>\$ 3,197,726</u>	<u>\$ 1,699,039</u>	<u>\$ 24,509,558</u>
<b><u>TRANSFERS IN</u></b>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>
<b><u>CHANGES IN NET POSITION</u></b>	<u>\$ 501,313</u>	<u>\$ 3,197,726</u>	<u>\$ 3,699,039</u>	<u>\$ 24,509,558</u>
<b><u>TOTAL NET POSITION - JULY 1</u></b>	<u>7,227,041</u>	<u>70,666,245</u>	<u>77,893,286</u>	<u>53,383,728</u>
<b><u>TOTAL NET POSITION - JUNE 30</u></b>	<u><u>\$ 7,728,354</u></u>	<u><u>\$ 73,863,971</u></u>	<u><u>\$ 81,592,325</u></u>	<u><u>\$ 77,893,286</u></u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**with comparative totals for the year ended June 30, 2020**

	School Risk Management	School Health Insurance	Totals	
			2021	2020
<b><u>CASH FLOWS FROM OPERATING</u></b>				
<b><u>ACTIVITIES:</u></b>				
Receipts from Customers and Users	\$ 7,180,371	\$ 152,503,679	\$ 159,684,050	\$ 158,333,081
Payments to Vendors for Goods/Services	(5,947,855)	(150,259,980)	(156,207,835)	(137,718,771)
Payments to Employees for Services	(444,927)	(658,744)	(1,103,671)	(1,020,232)
Net Cash Provided				
By Operating Activities	<u>\$ 787,589</u>	<u>\$ 1,584,955</u>	<u>\$ 2,372,544</u>	<u>\$ 19,594,078</u>
<b><u>CASH FLOWS FROM NONCAPITAL</u></b>				
<b><u>FINANCING ACTIVITIES:</u></b>				
Intragovernmental Receipts	2,000,000	-	2,000,000	-
<b><u>CASH FLOWS FROM INVESTING</u></b>				
<b><u>ACTIVITIES:</u></b>				
Interest Received on Investments	<u>122,637</u>	<u>543,525</u>	<u>666,162</u>	<u>1,859,832</u>
<b><u>NET INCREASE IN</u></b>				
<b><u>CASH AND INVESTMENTS</u></b>	<b>\$ 2,910,226</b>	<b>\$ 2,128,480</b>	<b>\$ 5,038,706</b>	<b>\$ 21,453,910</b>
<b><u>CASH AND INVESTMENTS,</u></b>				
<b><u>BEGINNING OF YEAR</u></b>	<u>14,936,354</u>	<u>88,772,375</u>	<u>103,708,729</u>	<u>82,254,819</u>
<b><u>CASH AND INVESTMENTS,</u></b>				
<b><u>END OF YEAR</u></b>	<u><u>\$ 17,846,580</u></u>	<u><u>\$ 90,900,855</u></u>	<u><u>\$ 108,747,435</u></u>	<u><u>\$ 103,708,729</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME</u></b>				
<b><u>(LOSS) TO NET CASH PROVIDED</u></b>				
<b><u>BY OPERATING ACTIVITIES:</u></b>				
Operating Income (Loss)	<u>\$ (1,621,324)</u>	<u>\$ 2,654,201</u>	<u>\$ 1,032,877</u>	<u>\$ 22,649,726</u>
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
(Used) by Operating Activities				
(Increase) Decrease in Assets				
Accounts Receivable	\$ 1,355	\$ 400,586	\$ 401,941	\$ (509,597)
Prepaid Items	40,534	-	40,534	11,432
Increase (Decrease) in Liabilities				
Salaries Payable	734	4,307	5,041	(1,640)
Vouchers and Accounts Payable	117,349	(1,839,530)	(1,722,181)	(783,470)
Unearned Revenue	-	82,391	82,391	191,638
Estimated Claims and Judgments	2,248,941	283,000	2,531,941	(1,964,011)
Total Adjustments	<u>\$ 2,408,913</u>	<u>\$ (1,069,246)</u>	<u>\$ 1,339,667</u>	<u>\$ (3,055,648)</u>
Net Cash Provided				
By Operating Activities	<u><u>\$ 787,589</u></u>	<u><u>\$ 1,584,955</u></u>	<u><u>\$ 2,372,544</u></u>	<u><u>\$ 19,594,078</u></u>

## STATISTICAL SECTION

This part of the School Board of the City of Virginia Beach Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School Board's financial health. These tables are unaudited.

<u>Contents</u>	<u>Tables</u>
<b>Financial Trends</b>	<b>1 – 10</b>
These tables contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.	
<b>Operating Information</b>	<b>11 – 24</b>
These tables contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services the School Board provides and the activities it performs.	
<b>Demographic and Economic Information</b>	<b>25 – 29</b>
These tables offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.	
<b>Revenue Capacity</b>	<b>30 – 33</b>
These tables contain information to help the reader assess the factors affecting the City's ability to generate property taxes. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.	
<b>Debt Capacity</b>	<b>34 – 35</b>
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.	

**Sources:** Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Report for the relevant year.

Table 1

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GOVERNMENT-WIDE NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b><u>NET POSITION (DEFICIT)</u></b>				
Investment in Capital Assets	\$ 484,947,961	\$ 503,613,147	\$ 492,959,880	\$ 501,205,889
Restricted for:				
Capital Projects	5,465,425	-	15,947,262	13,318,732
Grants	1,205,050	1,060,524	1,058,973	456,630
Cafeterias	3,402,900	3,825,795	4,556,868	4,469,528
Textbooks	17,964,543	16,044,853	16,247,585	11,688,657
School Activities	-	-	-	-
Unrestricted (Deficit)	<u>25,924,228</u>	<u>4,805,735</u>	<u>(703,842,498)</u>	<u>(692,029,291)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<b><u>\$ 538,910,107</u></b>	<b><u>\$ 529,350,054</u></b>	<b><u>\$ (173,071,930)</u></b>	<b><u>\$ (160,889,855)</u></b>

**Note:** Governmental Accounting Standards Board Statement Number 68 "Accounting and Financial Reporting for Pensions" was implemented in fiscal year 2015. The July 1, 2014 Net Position amount was restated, as financial information for fiscal years prior to 2014 is not available.

Governmental Accounting Standards Board Statement Number 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions" was implemented in fiscal year 2018. The July 1, 2017 Net Position amount was restated, as financial information for fiscal years prior to 2017 is not available.



Table 1

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GOVERNMENT-WIDE NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 503,106,097	\$ 532,437,468	\$ 535,329,375	\$ 593,456,835	\$ 551,914,392	\$ 598,165,240
20,731,125	-	6,661,276	-	32,377,544	-
759,498	954,050	1,431,040	1,693,515	2,352,340	2,911,234
7,029,421	9,290,189	11,657,774	13,099,712	9,787,357	8,899,538
8,447,356	7,120,780	8,013,741	6,929,607	7,873,370	8,291,593
-	-	-	-	-	4,458,622
(658,386,368)	(793,944,228)	(758,447,740)	(751,880,933)	(689,768,867)	(674,674,445)
<u>\$ (118,312,871)</u>	<u>\$ (244,141,741)</u>	<u>\$ (195,354,534)</u>	<u>\$ (136,701,264)</u>	<u>\$ (85,463,864)</u>	<u>\$ (51,948,218)</u>

Table 2

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GOVERNMENT-WIDE CHANGES IN NET POSITION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses:</b>				
Governmental Activities:				
Instruction	\$ 573,843,860	\$ 577,046,558	\$ 587,975,312	\$ 573,574,157
Admin, Attendance, & Health	19,526,549	20,504,499	20,499,059	20,641,696
Pupil Transportation	34,922,875	34,224,798	33,585,459	33,364,815
Operations and Maintenance	93,706,524	89,634,735	88,060,958	88,194,131
Cafeterias	27,294,432	26,525,914	28,720,848	27,720,826
Technology	47,835,843	36,593,114	36,119,783	38,168,996
Total Expenses	<u>\$ 797,130,083</u>	<u>\$ 784,529,618</u>	<u>\$ 794,961,419</u>	<u>\$ 781,664,621</u>
<b>Program Revenues:</b>				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 3,212,855	\$ 2,530,353	\$ 2,841,159	\$ 2,735,642
Pupil Transportation	-	-	-	-
Operations and Maintenance	332,257	424,637	456,559	597,144
Cafeterias	12,772,266	12,195,744	12,047,776	10,591,205
Technology	447,530	829,946	620,441	625,937
Operating Grants and Contributions	149,600,791	134,612,328	143,414,642	141,961,728
Capital Grants and Contributions	1,812,470	-	-	-
Total Program Revenues	<u>\$ 168,178,169</u>	<u>\$ 150,593,008</u>	<u>\$ 159,380,577</u>	<u>\$ 156,511,656</u>
Net Expenses	<u>\$ (628,951,914)</u>	<u>\$ (633,936,610)</u>	<u>\$ (635,580,842)</u>	<u>\$ (625,152,965)</u>
<b>General Revenues:</b>				
Local Sources:				
Local Government	\$ 343,802,519	\$ 368,549,605	\$ 392,169,735	\$ 378,687,744
Miscellaneous	841,995	655,857	530,505	842,365
Federal and State Aid not Restricted to Specific Purposes:				
State Basic Aid	165,011,640	166,739,680	167,421,241	175,008,994
State Sales Tax	72,266,667	68,889,270	67,915,112	70,376,559
Federal Impact Aid	11,630,646	19,404,512	10,145,630	12,314,580
Interest Earnings	208,950	137,633	145,635	104,798
Total General Revenues	<u>\$ 593,762,417</u>	<u>\$ 624,376,557</u>	<u>\$ 638,327,858</u>	<u>\$ 637,335,040</u>
Change in Net Position	<u>\$ (35,189,497)</u>	<u>\$ (9,560,053)</u>	<u>\$ 2,747,016</u>	<u>\$ 12,182,075</u>

**Note:** Governmental Accounting Standards Board Statement Number 68 "Accounting and Financial Reporting for Pensions" was implemented in fiscal year 2015. The Change in Net Position for fiscal year 2015 reflects this implementation (net of the allocation of pension expense to the various governmental activities), as financial information for fiscal years prior to 2015 is not available.

Governmental Accounting Standards Board Statement Number 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions" was implemented in fiscal year 2018. The Change in Net Position for fiscal year 2018 reflects this implementation (net of the allocation of OPEB expense to the various governmental activities), as financial information for fiscal years prior to 2018 is not available.

Table 2

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
GOVERNMENT-WIDE CHANGES IN NET POSITION  
Last Ten Fiscal Years (unaudited)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 568,912,291	\$ 556,632,508	\$ 606,761,992	\$ 566,224,421	\$ 703,745,203	\$ 614,301,579
20,989,423	22,840,163	22,901,450	23,307,229	24,107,377	39,059,615
30,739,249	32,950,076	35,690,694	37,344,627	36,973,229	38,763,178
86,966,670	91,477,591	91,293,238	95,683,167	92,626,699	105,015,813
26,288,628	27,285,112	27,773,627	28,573,857	29,492,968	29,494,063
38,714,083	43,036,289	45,753,930	47,195,554	47,543,325	54,919,511
<u>\$ 772,610,344</u>	<u>\$ 774,221,739</u>	<u>\$ 830,174,931</u>	<u>\$ 798,328,855</u>	<u>\$ 934,488,801</u>	<u>\$ 881,553,759</u>
\$ 2,696,121	\$ 1,814,028	\$ 2,062,220	\$ 1,983,371	\$ 1,540,097	\$ 1,320,810
-	-	-	214,355	634,957	422,965
628,300	452,171	499,341	432,731	281,549	167,000
11,266,046	10,911,183	10,620,849	10,406,240	7,371,901	632,945
485,887	1,240,136	1,142,166	1,498,880	1,593,780	864,394
142,463,184	146,611,635	164,134,388	164,873,615	173,532,323	201,162,593
-	-	-	-	-	-
<u>\$ 157,539,538</u>	<u>\$ 161,029,153</u>	<u>\$ 178,458,964</u>	<u>\$ 179,409,192</u>	<u>\$ 184,954,607</u>	<u>\$ 204,570,707</u>
<u>\$ (615,070,806)</u>	<u>\$ (613,192,586)</u>	<u>\$ (651,715,967)</u>	<u>\$ (618,919,663)</u>	<u>\$ (749,534,194)</u>	<u>\$ (676,983,052)</u>
\$ 403,461,767	\$ 369,406,287	\$ 437,309,444	\$ 402,681,270	\$ 528,069,094	\$ 416,765,494
399,783	450,772	649,331	5,784,893	1,005,987	3,141,506
172,363,914	178,909,703	178,412,666	178,656,354	176,893,073	183,758,757
72,382,607	73,084,563	74,264,875	76,320,888	79,610,836	87,120,778
8,886,385	11,264,563	9,452,678	13,180,576	13,724,963	14,948,341
153,334	245,828	414,180	948,952	1,467,641	313,213
<u>\$ 657,647,790</u>	<u>\$ 633,361,716</u>	<u>\$ 700,503,174</u>	<u>\$ 677,572,933</u>	<u>\$ 800,771,594</u>	<u>\$ 706,048,089</u>
<u>\$ 42,576,984</u>	<u>\$ 20,169,130</u>	<u>\$ 48,787,207</u>	<u>\$ 58,653,270</u>	<u>\$ 51,237,400</u>	<u>\$ 29,065,037</u>

Table 3

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Total Expenses	Instruction		Adminis- tration, Attendance & Health		Pupil Trans- portation		Operations and Maintenance		Cafeterias		Technology	
			%		%		%		%		%		%
2012	\$797,130,083	\$573,843,860	72.0	\$19,526,549	2.4	\$34,922,875	4.4	\$93,706,524	11.8	\$27,294,432	3.4	\$47,835,843	6.0
2013	784,529,618	577,046,558	73.6	20,504,499	2.6	34,224,798	4.4	89,634,735	11.4	26,525,914	3.4	36,593,114	4.6
2014	794,961,419	587,975,312	74.0	20,499,059	2.6	33,585,459	4.2	88,060,958	11.1	28,720,848	3.6	36,119,783	4.5
2015	781,664,621	573,574,157	73.4	20,641,696	2.6	33,364,815	4.3	88,194,131	11.3	27,720,826	3.5	38,168,996	4.9
2016	772,610,344	568,912,291	73.6	20,989,423	2.7	30,739,249	4.0	86,966,670	11.3	26,288,628	3.4	38,714,083	5.0
2017	774,221,739	556,632,508	71.9	22,840,163	3.0	32,950,076	4.3	91,477,591	11.8	27,285,112	3.5	43,036,289	5.5
2018	830,174,931	606,761,992	73.1	22,901,450	2.8	35,690,694	4.3	91,293,238	11.0	27,773,627	3.3	45,753,930	5.5
2019	798,328,855	566,224,421	70.9	23,307,229	2.9	37,344,627	4.7	95,683,167	12.0	28,573,857	3.6	47,195,554	5.9
2020	934,488,801	703,745,203	75.3	24,107,377	2.6	36,973,229	4.0	92,626,699	9.9	29,492,968	3.2	47,543,325	5.0
2021	881,553,759	614,301,579	69.7	39,059,615	4.4	38,763,178	4.4	105,015,813	11.9	29,494,063	3.3	54,919,511	6.3

**Note:** Governmental Accounting Standards Board Statement Number 68 "Accounting and Financial Reporting for Pensions" was implemented in fiscal year 2015. The Total Expenses for fiscal year 2015 reflects this implementation (net of the allocation of pension expense to the various governmental activities), as financial information for fiscal years prior to 2015 is not available.

Governmental Accounting Standards Board Statement Number 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions" was implemented in fiscal year 2018. The Change in Net Position for fiscal year 2018 reflects this implementation (net of the allocation of OPEB expense to the various governmental activities), as financial information for fiscal years prior to 2018 is not available.

Table 4

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GOVERNMENT-WIDE REVENUES**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Total Revenues	Program Revenues				General Revenues					
		Charges for Services*	%	Operating and Capital Grants and Contributions	%	Local Sources	%	Federal and State Aid**	%	Interest Earnings	%
2012	\$761,940,586	\$16,764,908	2.2	\$151,413,261	19.9	\$344,644,514	45.2	\$248,908,953	32.7	\$208,950	0.0
2013	774,969,565	15,980,680	2.1	134,612,328	17.4	369,205,462	47.6	255,033,462	32.9	137,633	0.0
2014	797,708,435	15,965,935	2.0	143,414,642	18.0	392,700,240	49.2	245,481,983	30.8	145,635	0.0
2015	793,846,696	14,549,928	1.8	141,961,728	17.9	379,530,109	47.8	257,700,133	32.5	104,798	0.0
2016	815,187,328	15,076,354	1.8	142,463,184	17.5	403,861,550	49.5	253,632,906	31.1	153,334	0.1
2017	794,390,869	14,417,518	1.8	146,611,635	18.5	369,857,059	46.6	263,258,829	33.1	245,828	0.0
2018	878,962,138	14,324,576	1.6	164,134,388	18.7	437,958,775	49.8	262,130,219	29.8	414,180	0.1
2019	856,982,125	14,535,577	1.7	164,873,615	19.2	408,466,163	47.7	268,157,818	31.3	948,952	0.1
2020	985,726,201	11,422,284	1.2	173,532,323	17.6	529,075,081	53.7	270,228,872	27.4	1,467,641	0.1
2021	910,618,796	3,408,114	0.4	201,162,593	22.1	419,907,000	46.1	285,827,876	31.4	313,213	0.0

\* See Table 2 for Charges for Services categories

\*\* Not restricted to specific programs

Table 5

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2012	2013	2014	2015
<b>General Fund:</b>				
<i>Nonspendable</i>	\$ 357,968	\$ 511,177	\$ 761,330	\$ 1,095,915
<i>Assigned</i>	11,626,203	5,651,929	6,588,302	9,667,446
<b>Total Fund Balance - General Fund</b>	<b>\$ 11,984,171</b>	<b>\$ 6,163,106</b>	<b>\$ 7,349,632</b>	<b>\$ 10,763,361</b>
<b>All Other Governmental Funds:</b>				
<i>Nonspendable:</i>				
<i>Special Revenue Funds</i>	\$ 1,326,178	\$ 1,284,493	\$ 777,040	\$ 489,714
<i>Restricted:</i>				
<i>Special Revenue Funds</i>	22,218,911	20,777,535	21,863,426	16,614,815
<i>Capital Projects Funds</i>	5,465,425	-	15,947,262	13,318,732
<i>Committed:</i>				
<i>Special Revenue Funds</i>	4,600,173	4,837,677	4,527,805	4,177,903
<i>Capital Projects Funds</i>	9,055,815	6,839,100	3,298,600	437,953
<i>Unassigned:</i>				
<i>Capital Projects Funds</i>	-	(3,403,665)	-	-
<b>Total Fund Balance - Other Governmental Funds</b>	<b>\$ 42,666,502</b>	<b>\$ 30,335,140</b>	<b>\$ 46,414,133</b>	<b>\$ 35,039,117</b>

Table 5

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years (unaudited)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 844,003	\$ 1,078,381	\$ 645,312	\$ 661,659	\$ 614,133	\$ 396,015
8,392,352	8,735,155	7,873,059	11,144,533	14,496,327	37,001,173
<u>\$ 9,236,355</u>	<u>\$ 9,813,536</u>	<u>\$ 8,518,371</u>	<u>\$ 11,806,192</u>	<u>\$ 15,110,460</u>	<u>\$ 37,397,188</u>
\$ 1,734,207	\$ 638,339	\$ 633,098	\$ 614,895	\$ 789,416	\$ 803,943
16,236,275	17,365,019	21,102,555	21,722,834	20,013,067	24,560,987
20,731,125	-	6,661,276	-	32,377,544	-
4,295,854	4,029,283	3,791,806	3,919,462	4,245,222	4,772,946
528,628	-	5,204,160	-	8,332,161	14,827,424
-	(2,469,152)	-	(32,003,760)	-	-
<u>\$ 43,526,089</u>	<u>\$ 19,563,489</u>	<u>\$ 37,392,895</u>	<u>\$ (5,746,569)</u>	<u>\$ 65,757,410</u>	<u>\$ 44,965,300</u>

Table 6

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2012	2013	2014	2015
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 901,726	\$ 898,066	\$ 990,556	\$ 1,112,326
Charges for Services	14,540,665	13,760,887	13,586,261	11,921,719
Miscellaneous	2,317,353	2,150,879	2,411,989	2,717,149
From Local Government	343,802,519	368,549,605	392,169,735	378,687,744
From Commonwealth	315,182,365	318,519,061	326,629,536	334,562,449
From Federal Government	84,973,890	70,800,124	61,914,947	64,845,309
Total Revenues	<u>\$ 761,718,518</u>	<u>\$ 774,678,622</u>	<u>\$ 797,703,024</u>	<u>\$ 793,846,696</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction	\$ 548,953,371	\$ 552,817,372	\$ 549,280,427	\$ 571,442,017
Admin, Attendance, & Health	19,064,917	20,158,024	20,265,565	21,039,188
Pupil Transportation	29,582,245	30,850,164	31,613,426	29,783,772
Operations and Maintenance	93,526,365	88,576,353	87,673,842	89,729,140
Cafeterias	26,474,564	26,139,487	28,369,866	28,051,308
Technology	45,877,615	36,174,823	35,732,637	35,714,932
Capital Outlay	57,152,553	38,405,769	27,507,153	26,047,626
Total Expenditures	<u>\$ 820,631,630</u>	<u>\$ 793,121,992</u>	<u>\$ 780,442,916</u>	<u>\$ 801,807,983</u>
<b><u>EXCESS (DEFICIENCY) OF</u></b>				
<b><u>REVENUES OVER (UNDER)</u></b>				
<b><u>EXPENDITURES</u></b>	<u>\$ (58,913,112)</u>	<u>\$ (18,443,370)</u>	<u>\$ 17,260,108</u>	<u>\$ (7,961,287)</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
<b><u>(USES)</u></b>				
Transfers In	\$ 8,494,199	\$ 3,059,471	\$ 3,185,724	\$ 3,146,753
Transfers Out	(2,994,199)	(3,059,471)	(3,185,724)	(3,146,753)
Sale of Capital Assets	222,068	290,943	5,411	-
Total Other Financing Sources (Uses), net	<u>\$ 5,722,068</u>	<u>\$ 290,943</u>	<u>\$ 5,411</u>	<u>\$ -</u>
<b><u>NET CHANGE IN</u></b>				
<b><u>FUND BALANCES</u></b>	<u>\$ (53,191,044)</u>	<u>\$ (18,152,427)</u>	<u>\$ 17,265,519</u>	<u>\$ (7,961,287)</u>



Table 6

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years (unaudited)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,187,026	\$ 1,093,227	\$ 1,238,870	\$ 1,614,614	\$ 1,909,409	\$ 966,954
12,273,570	11,541,968	11,462,227	11,315,564	8,101,947	785,386
2,366,701	2,637,731	2,863,240	3,931,864	4,083,737	5,222,803
403,461,767	365,906,287	437,309,444	402,681,269	528,069,094	416,765,494
335,531,412	345,823,565	362,609,420	365,166,526	378,703,344	396,103,494
60,351,137	63,760,864	63,260,548	67,416,059	64,681,005	90,425,362
<u>\$ 815,171,613</u>	<u>\$ 790,763,642</u>	<u>\$ 878,743,749</u>	<u>\$ 852,125,896</u>	<u>\$ 985,548,536</u>	<u>\$ 910,269,493</u>
\$ 566,161,730	\$ 574,348,290	\$ 592,155,106	\$ 604,306,042	\$ 614,838,147	\$ 616,937,934
21,867,909	23,250,610	23,789,953	24,321,706	24,526,915	37,440,277
30,772,076	35,791,636	46,032,851	40,296,039	37,039,105	35,517,280
91,231,416	93,264,383	94,283,880	98,804,758	92,837,418	100,127,252
27,118,359	27,623,959	28,378,336	29,159,727	29,191,803	27,853,960
37,060,489	41,769,006	45,954,174	46,793,397	46,306,027	52,889,114
34,015,383	21,728,403	31,833,597	51,152,099	66,178,539	40,808,970
<u>\$ 808,227,362</u>	<u>\$ 817,776,287</u>	<u>\$ 862,427,897</u>	<u>\$ 894,833,768</u>	<u>\$ 910,917,954</u>	<u>\$ 911,574,787</u>
<u>\$ 6,944,251</u>	<u>\$ (27,012,645)</u>	<u>\$ 16,315,852</u>	<u>\$ (42,707,872)</u>	<u>\$ 74,630,582</u>	<u>\$ (1,305,294)</u>
\$ 3,213,930	\$ 3,323,272	\$ 3,653,090	\$ 3,798,609	\$ 4,001,247	\$ 3,994,446
(3,213,930)	(3,323,272)	(3,653,090)	(5,798,609)	(4,001,247)	(5,994,446)
15,715	3,627,226	218,389	4,856,229	177,665	349,303
<u>\$ 15,715</u>	<u>\$ 3,627,226</u>	<u>\$ 218,389</u>	<u>\$ 2,856,229</u>	<u>\$ 177,665</u>	<u>\$ (1,650,697)</u>
<u>\$ 6,959,966</u>	<u>\$ (23,385,419)</u>	<u>\$ 16,534,241</u>	<u>\$ (39,851,643)</u>	<u>\$ 74,808,247</u>	<u>\$ (2,955,991)</u>

Table 7

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Total Expenditures and Other Financing Uses	Instruction		Administration, Attendance, & Health		Pupil Transportation		Operations and Maintenance		Technology		Transfers	
			%		%		%		%		%		%
2012	\$656,882,672	\$477,573,144	72.7	\$19,064,917	2.9	\$29,578,124	4.5	\$88,326,990	13.4	\$39,345,298	6.0	\$2,994,199	0.5
2013	675,262,669	506,336,353	75.0	20,158,024	3.0	30,850,164	4.6	85,225,055	12.6	29,633,602	4.4	3,059,471	0.4
2014	667,719,887	501,762,265	75.1	20,265,565	3.0	31,613,426	4.7	84,881,195	12.7	26,011,712	3.9	3,185,724	0.6
2015	687,695,797	521,306,637	75.8	21,039,188	3.1	29,783,772	4.3	85,027,241	12.4	27,392,206	4.0	3,146,753	0.4
2016	693,674,811	522,827,006	75.4	21,867,909	3.2	30,772,076	4.4	85,640,251	12.3	29,353,639	4.2	3,213,930	0.5
2017	710,946,618	531,207,956	74.7	23,250,610	3.3	35,791,636	5.0	85,737,273	12.1	31,635,871	4.4	3,323,272	0.5
2018	748,530,406	551,099,344	73.6	23,789,953	3.2	46,032,851	6.1	86,706,179	11.6	37,248,989	5.0	3,653,090	0.5
2019	757,385,699	561,124,557	74.1	24,321,706	3.2	40,296,039	5.3	88,042,622	11.6	37,802,166	5.0	5,798,609	0.8
2020	766,633,124	573,394,750	74.8	24,526,915	3.2	37,039,105	4.8	87,816,421	11.5	39,854,686	5.2	4,001,247	0.5
2021	771,310,406	570,086,492	73.9	35,037,931	4.5	35,476,247	4.6	87,876,518	11.4	36,838,772	4.8	5,994,446	0.8

Note: This table represents financial data of the School Operating Fund.

Table 8

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND REVENUES BY SOURCE**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Total Revenues	City of Virginia Beach	%	Commonwealth of Virginia	%	State Sales Tax	%	Federal Government	%	Other Revenues*	%
2012	\$636,348,439	\$307,940,295	48.4	\$233,276,203	36.7	\$72,266,667	11.4	\$13,155,684	2.1	\$9,709,590	1.4
2013	669,441,604	337,975,782	50.5	238,513,521	35.6	68,889,270	10.3	20,486,105	3.1	3,576,926	0.5
2014	668,901,002	341,558,045	51.1	243,244,523	36.4	67,915,112	10.2	12,316,895	1.8	3,866,427	0.5
2015	691,109,526	352,191,199	51.0	250,173,015	36.2	70,376,559	10.2	14,290,941	2.1	4,077,812	0.5
2016	692,132,090	355,706,910	51.4	249,585,001	36.1	72,382,607	10.5	10,984,116	1.6	3,473,456	0.4
2017	711,396,573	361,314,303	50.8	260,283,753	36.6	73,084,563	10.3	13,464,377	1.9	3,249,577	0.4
2018	747,016,852	383,296,606	51.3	273,210,535	36.6	74,264,875	9.9	12,614,392	1.7	3,630,444	0.5
2019	760,448,528	388,810,269	51.1	274,756,360	36.1	76,320,888	10.0	15,961,332	2.1	4,599,679	0.7
2020	769,759,727	383,837,199	49.9	285,102,568	37.0	79,610,836	10.3	16,671,591	2.2	4,537,533	0.6
2021	793,249,279	389,560,485	49.1	295,922,939	37.3	87,120,778	11.0	18,243,225	2.3	2,401,852	0.3

Note: This table represents financial data of the School Operating Fund.

\* The Other Revenues column for Fiscal Year 2012 includes \$5,500,000 transferred from the Risk Management Internal Service Fund.

Other Financial Data			
Fiscal Year	June 30 Reversion to City	June 30 Fund Balance	Debt Service
2012	\$15,954,726	\$11,984,171	\$ 44,337,710
2013	18,831,522	6,163,106	44,747,986
2014	15,554,787	7,349,632	42,537,774
2015	12,316,533	10,763,361	44,986,273
2016	15,583,197	9,236,355	44,115,909
2017	17,063,890	9,813,536	45,704,383
2018	22,881,964	8,518,371	42,173,255
2019	26,824,198	11,806,192	41,768,217
2020	39,027,626	15,110,460	42,933,085
2021	25,708,678	37,397,188	45,227,006

Note: The above Other Financial Data presents the amount of cash that was necessary to revert to the City to yield a fund balance equal to the outstanding encumbrances and prepaid items at June 30 of each fiscal year.

Table 9

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**PER PUPIL FINANCIAL SUPPORT FOR EXPENDITURES BY MAJOR REVENUE SOURCE**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Local Revenues		State Revenues		State Sales Tax Revenues	
	Per Pupil	Per Pupil	Per Pupil	Per Pupil	Per Pupil	Per Pupil
		<i>State Average</i>		<i>State Average</i>		<i>State Average</i>
2012	\$5,172	\$5,549	\$3,489	\$3,420	\$1,035	\$935
2013	5,237	5,776	3,600	3,652	991	954
2014	5,277	5,823	3,705	3,676	978	959
2015	5,392	5,949	3,828	3,798	1,016	1,004
2016	5,450	6,084	3,835	3,813	1,051	1,036
2017	5,563	6,249	3,986	3,997	1,063	1,055
2018	5,848	6,462	4,219	4,166	1,079	1,052
2019	5,920	6,642	4,235	4,280	1,115	1,108
2020	5,813	6,770	4,387	4,438	1,161	1,165
2021	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

**Note:** This table represents the per pupil cost of operations of the Virginia Beach City Public Schools broken down by source of support. The per pupil amount for the Total Expenditures for Operations is the total expenditures of the Local Educational Agency (LEA) minus the amount for the Facilities Function (e.g., Capital Improvement Program), Debt Service, Non LEA Programs, and Capital Outlay Additions to yield Total Expenditures for Operations. The Total Expenditures for Operations include regular day school, school food services, summer school, adult education, athletics, textbooks, and other educational functions.

The aforementioned methodology and computations were developed by the Commonwealth of Virginia Department of Education (DOE). The assumption taken by the DOE is that the LEA would spend all of its State money received, all of the Sales Tax money received, and all of its Federal money received, before spending any of the local appropriations and other local receipts. Therefore, the Total Expenditures for Operations is the sum of the State portion, the Sales Tax portion, and the Federal portion, with the local portion (City appropriations and other local receipts) being the remainder after the others have been deducted.

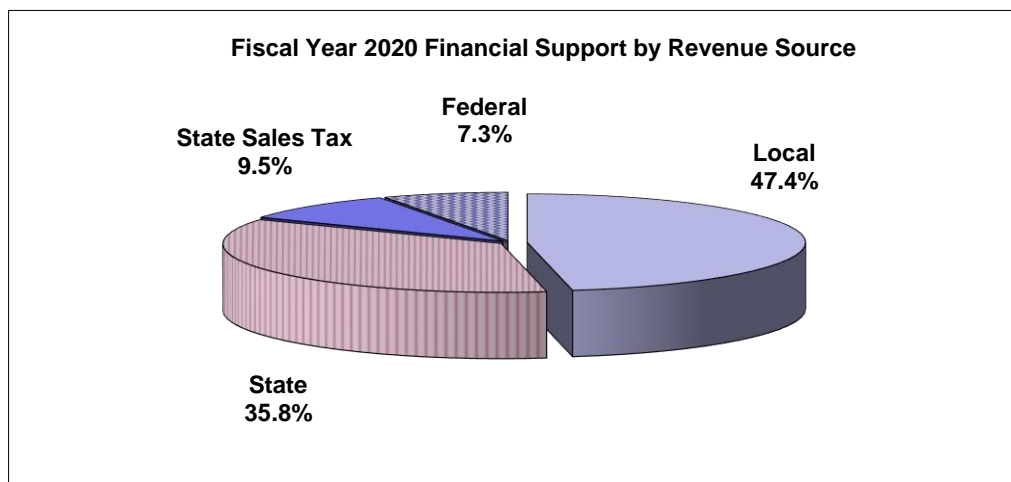
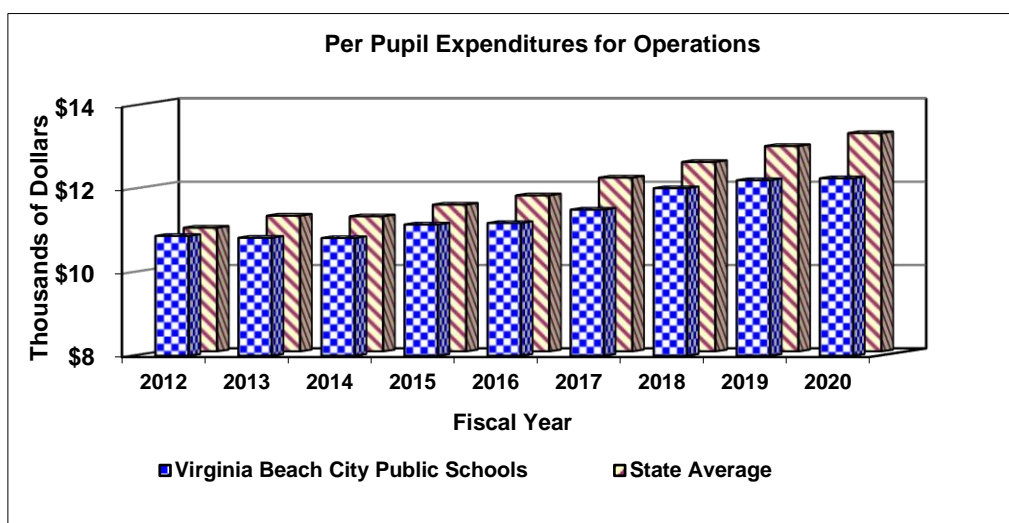
The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular LEA (plus a 1/8 of one percent increase allocation). The Federal portion includes all federal funds sent to the LEA directly from the Federal Government or through the State to the LEA minus an amount for additional capital outlay paid for by Federal funds. The local funds portion is equal to the Total Expenditures for Operations minus the amounts for State funds, State Sales Tax, and Federal funds.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**PER PUPIL FINANCIAL SUPPORT FOR EXPENDITURES BY MAJOR REVENUE SOURCE**  
 Last Ten Fiscal Years (unaudited)

Fiscal Year	Federal Revenues		Total Expenditures for Operations		ADM for Determining Cost Per Pupil
	Per Pupil	Per Pupil State Average	Per Pupil	Per Pupil State Average	
2012	\$1,180	\$1,065	\$10,876	\$10,969	69,856
2013	1,004	875	10,832	11,257	69,512
2014	865	784	10,825	11,242	69,441
2015	914	772	11,150	11,523	69,242
2016	849	812	11,185	11,745	68,880
2017	895	871	11,507	12,172	68,738
2018	876	867	12,022	12,548	68,808
2019	943	901	12,213	12,931	68,436
2020	899	867	12,260	13,241	68,588
2021	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMPOSITE INDEX OF LOCAL ABILITY-TO-PAY COSTS OF STANDARDS OF QUALITY**  
**Last Ten Fiscal Years (unaudited)**

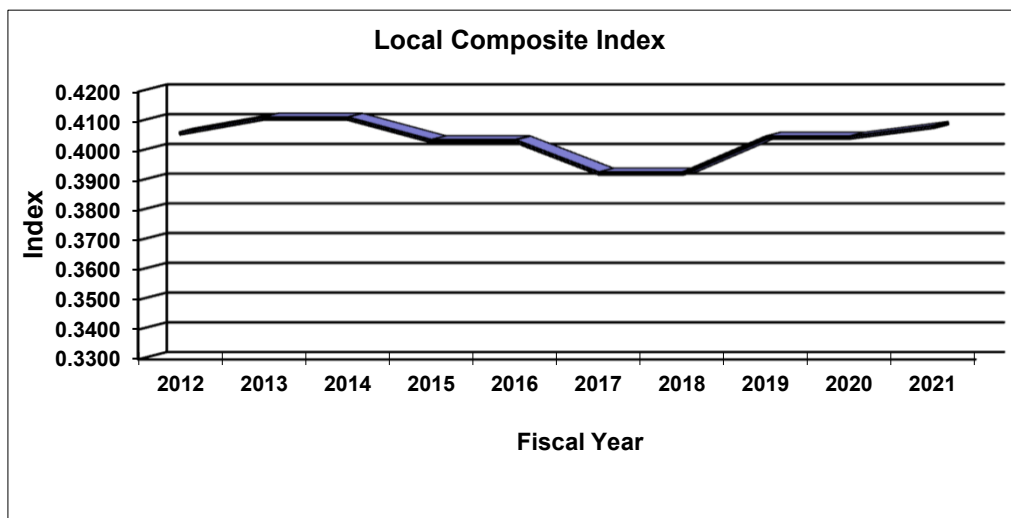
Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2012	2007	.4060	.4500
2013	2009	.4110	.4500
2014	2009	.4110	.4500
2015	2011	.4034	.4500
2016	2011	.4034	.4500
2017	2013	.3925	.4500
2018	2013	.3925	.4500
2019	2015	.4046	.4500
2020	2015	.4046	.4500
2021	2017	.4082	.4500

**Note:** The components used in the formula for calculating the school divisions' composite index (used to distribute basic aid, standards of quality, and various other state payments) are:

True Value of Real Property  
Adjusted Gross Income  
Taxable Retail Sales  
March 31 ADM (year after base year)  
Total Population

The Local Share of Standards of Quality (SOQ) Factor is multiplied by the original calculated local composite index of each school division. This factor provides the apportioned cost of the SOQ between the State and school divisions of average ability to pay as established by the Appropriations Act.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENTS PROMOTED**  
 Last Ten Fiscal Years (unaudited)

Fiscal Year	End-of-Year Membership	Number Promoted	Percent Promoted	Percent Promoted <i>State Average</i>
2012	68,585	66,558	97.0%	97.4%
2013	69,105	67,847	98.2%	98.1%
2014	69,385	68,160	98.2%	98.1%
2015	68,934	67,914	98.5%	98.2%
2016	68,568	67,616	98.6%	98.2%
2017	67,868	66,983	98.7%	98.3%
2018	67,620	66,775	98.8%	98.4%
2019	67,181	66,349	98.8%	98.4%
2020	67,262	66,309	98.6%	98.5%
2021	64,289	63,561	98.9%	98.9%

**Note:** This table represents the number of pupils promoted as a percentage of end of the year membership. Beginning in fiscal year 2014, the calculation was updated which employs the Virginia Department of Education longitudinal database. This calculation counts the students in the current fiscal year's fall enrollment that were in the same grade for the previous fiscal year's fall enrollment, instead of the students who were identified as retained by the school division on the last day of school. The data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

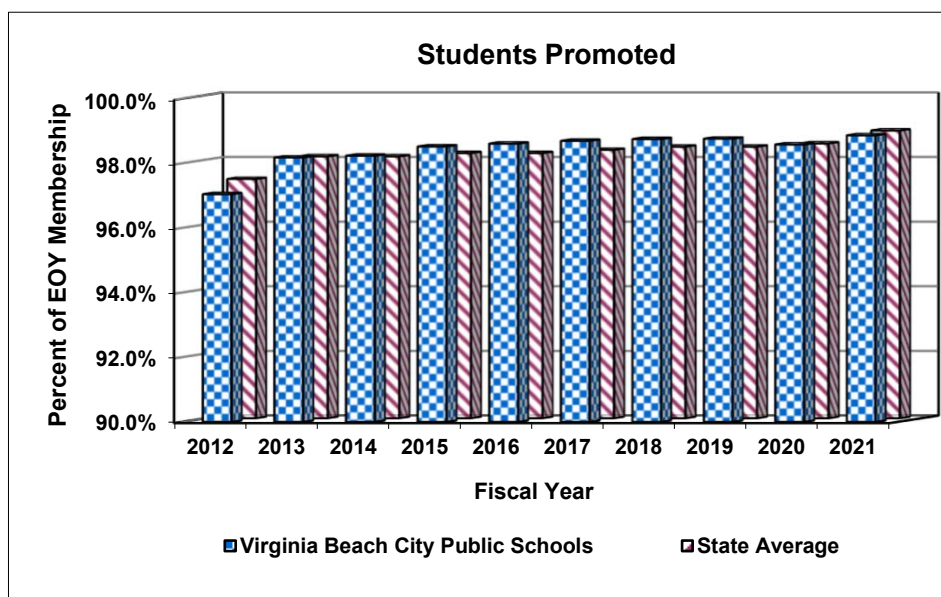


Table 12

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENT ATTENDANCE**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Number of Days Taught	Average Daily Membership			Average Daily Attendance		
		Elementary	Secondary	Total	Elementary	Secondary	Total
2012	183	42,519	26,796	69,315	40,984	25,544	66,528
2013	183	42,481	26,509	68,990	40,767	25,164	65,931
2014	183	42,405	26,513	68,918	40,743	25,063	65,806
2015	183	42,122	26,564	68,686	40,512	25,224	65,736
2016	183	41,909	26,335	68,244	40,180	24,877	65,057
2017	180	41,430	26,072	67,502	39,617	24,625	64,242
2018	176	41,331	26,062	67,393	39,587	24,770	64,357
2019	177	41,157	25,787	66,944	39,344	24,419	63,763
2020	121	41,224	25,948	67,172	39,281	24,544	63,825
2021	183	38,313	25,334	63,647	36,700	24,179	60,879

**Note:** This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing the sum of the days present and absent of all students when school is in session during a given period by the number of days school is in session during this period.

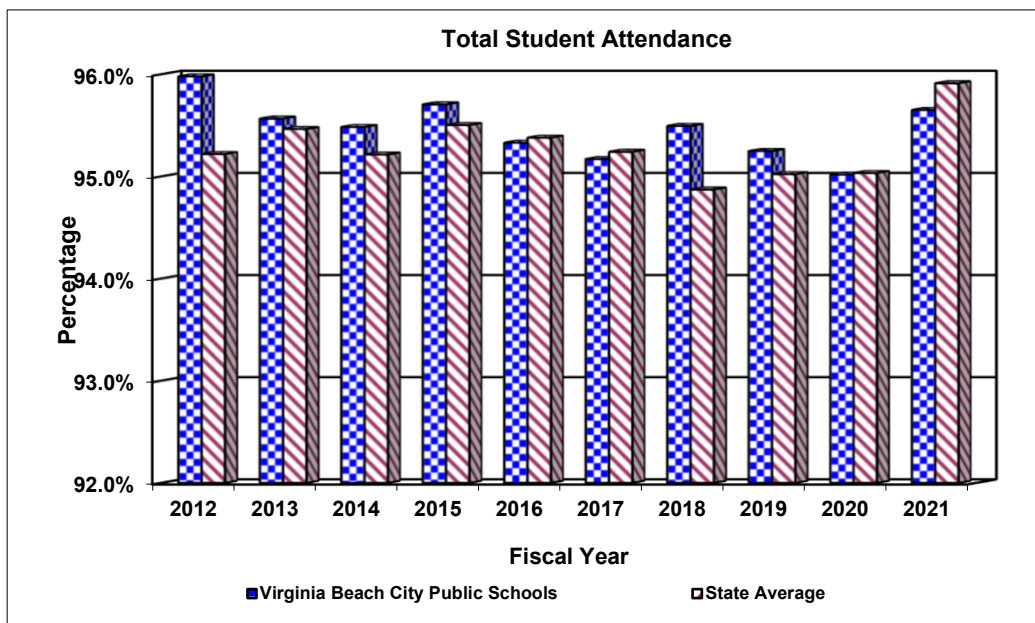
Due to COVID-19 in fiscal year 2020, schools were closed in March of 2020 and moved to all virtual learning resulting in a decrease in number of days taught.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENT ATTENDANCE**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Student Attendance Percent			Student Attendance Percent <i>State Average</i>		
	Elementary	Secondary	Local Average	Elementary	Secondary	State Average
2012	96.4%	95.3%	96.0%	95.8%	94.3%	95.2%
2013	96.0%	94.9%	95.6%	96.1%	94.4%	95.5%
2014	96.1%	94.5%	95.5%	95.7%	94.4%	95.2%
2015	96.2%	95.0%	95.7%	96.1%	94.6%	95.5%
2016	95.9%	94.5%	95.3%	95.9%	94.5%	95.4%
2017	95.6%	94.4%	95.2%	95.8%	94.4%	95.2%
2018	95.8%	95.0%	95.5%	95.4%	94.0%	94.9%
2019	95.6%	94.7%	95.2%	95.5%	94.2%	95.0%
2020	95.3%	94.6%	95.0%	95.4%	94.4%	95.0%
2021	95.8%	95.4%	95.7%	95.9%	95.9%	95.9%



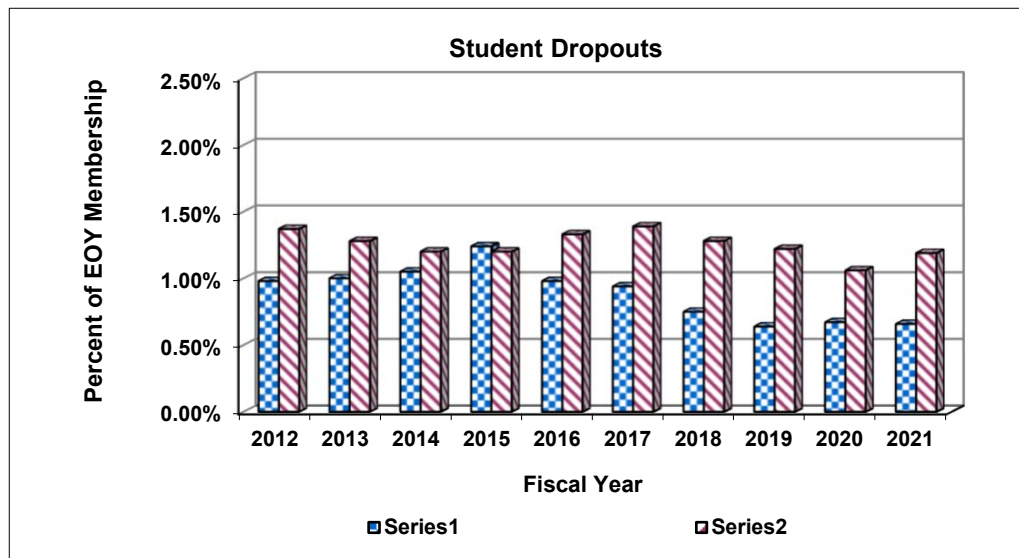
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENT DROPOUTS**  
 Last Ten Fiscal Years (unaudited)

Fiscal Year	September 30 Membership (Grades 7-12)	Number of Dropouts	Percent	Percent <i>State Average</i>
2012	32,524	319	0.98%	1.37%
2013	32,223	322	1.00%	1.28%
2014	32,213	337	1.05%	1.20%
2015	32,056	396	1.24%	1.20%
2016	31,839	313	0.98%	1.33%
2017	31,614	296	0.94%	1.39%
2018	31,630	237	0.75%	1.28%
2019	31,443	201	0.64%	1.22%
2020	31,298	210	0.67%	1.06%
2021	30,973	204	0.66%	1.19%

**Note:** This table represents a percentage of dropouts compared to membership in grades 7-12 and ungraded pupils ages 12 and older as reported to the Commonwealth of Virginia Department of Education by the school divisions. Dropouts are defined as pupils who withdraw from school for reasons other than promotion, transfer, death, or graduation, and do not enter another school during the school year. Also included are pupils who are in attendance on the last day of the school year who fail to return to school by October 31 of the following school year.

The dropout percentage is calculated as the number of dropouts divided by the membership on September 30th of that school year. A dropout is an individual in grades 7-12 or ungraded (UG) (due to not successfully completing the Literacy Testing Program (LTP)) who was enrolled in school at some time during the previous school year and was not enrolled on October 1 of the current school year, or was not enrolled following exclusionary conditions: transfer to another public school district, private school, or state- or district-approved education program, temporary school-recognized absence due to suspension, illness, or death.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOLASTIC APTITUDE TEST (SAT) - MEAN SCORES**  
**Last Ten Fiscal Years (unaudited)**

	Mathematics - Mean Scores			Evidence-Based Reading and Writing (ERW) - Mean Scores **			Writing - Mean Scores *		
Fiscal Year	Virginia Beach	Virginia	National***	Virginia Beach	Virginia	National ***	Virginia Beach	Virginia	National
2012	509	512	514	499	510	496	482	495	488
2013	509	514	514	505	516	496	487	498	488
2014	505	515	513	508	518	497	483	497	487
2015	504	516	511	507	518	495	484	499	484
2016	511	517	508	514	520	494	490	498	482
2017*	534	541	527	557	561	533	-	-	-
2018	545	547	520	563	563	529	-	-	-
2019	542	548	515	561	564	524	-	-	-
2020	539	546	523	562	564	528	-	-	-
2021	551	566	528	573	582	533	-	-	-

Source: The College Board and the Department of Research, Evaluation, and Assessment (SAT I: Reasoning Test)

\* In January 2016 the format of the SAT changed from a 3-section (Mathematics, Critical Reading, and Writing) to a 2-section (Mathematics and Evidence-based Reading and Writing (ERW)). The data for 2017 graduates was based on the newer 2-section format only and isn't comparable to previous years.

\*\* Evidence-Based Reading and Writing (ERW) replaced Critical Reading in 2017. Stats prior to 2017 are for Critical Reading and Stats for 2017 and after are for ERW.

\*\*\* 2020 National Scores for Math and Evidence-Based Reading and Writing (ERW) are calculated on the Total Group, which includes all test takers regardless of school type. Prior years were calculated for public schools only. This was due to COVID-19.

Table 15

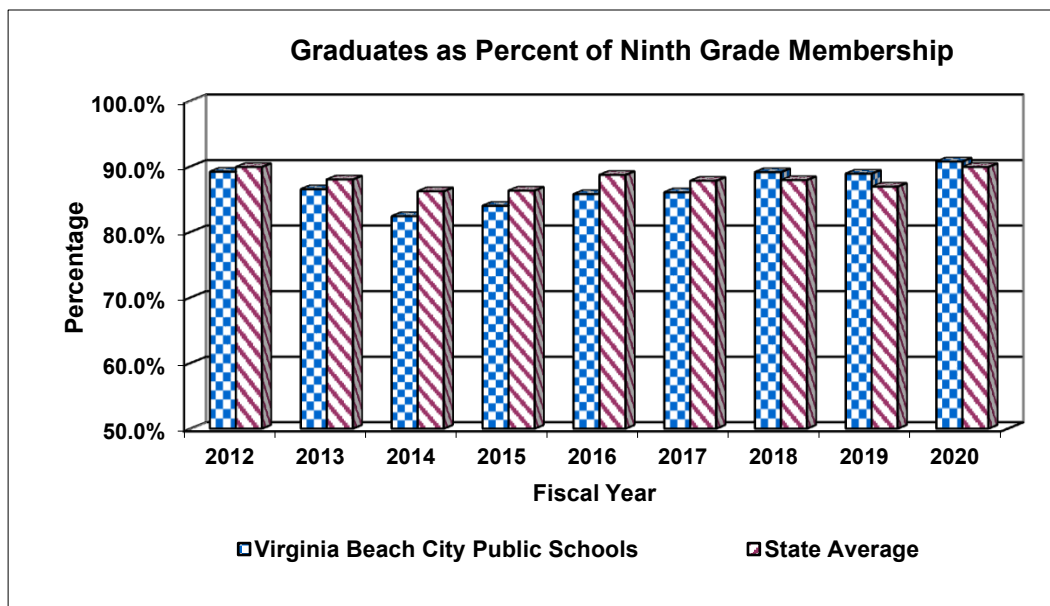
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GRADUATES AS PERCENT OF NINTH GRADE MEMBERSHIP FOUR YEARS EARLIER**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Membership Ninth Grade Four Years Earlier	Standard Diploma	Advanced Studies Diploma	Modified/ Special/Other Diploma	Certificate of Program Completion/ GAD/GED/ ISAEP	Total Graduates and Completers	Percentage	Percentage State Average
2012	5,939	1,878	2,949	191	279	5,297	89.2%	89.9%
2013	5,815	1,815	2,863	166	187	5,031	86.5%	88.0%
2014	6,079	1,852	2,830	194	133	5,009	82.4%	86.2%
2015	5,939	1,806	2,903	186	93	4,988	84.0%	86.3%
2016	5,815	1,831	2,857	186	113	4,987	85.8%	88.7%
2017	5,825	1,793	2,947	181	91	5,012	86.0%	87.8%
2018	5,887	1,884	3,066	203	94	5,247	89.1%	87.9%
2019	5,718	1,870	2,880	236	97	5,083	88.9%	86.9%
2020	5,528	1,899	2,875	191	51	5,016	90.7%	89.9%
2021	-	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

**Note:** This table represents the number of graduates (includes the following summer) as a percentage of ninth grade membership four years earlier and the type of diploma awarded. No adjustments have been made to reflect the mobility of the population. This data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

**Source:** Commonwealth of Virginia, Superintendent's Annual Report for Virginia



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**GRADUATES CONTINUING EDUCATION**  
 Last Ten Fiscal Years (unaudited)

Fiscal Year	Attending Two-year Colleges Percent	Attending Two-year Colleges State Average	Attending Four-year Colleges Percent	Attending Four-year Colleges State Average	Other Continuing Education Percent	Other Continuing Education State Average	Total Continuing Education Percent	Total Continuing Education State Average
2012	29.2%	30.9%	50.5%	46.7%	3.7%	3.9%	83.4%	81.5%
2013	27.8%	31.4%	54.5%	47.2%	3.6%	4.1%	85.9%	82.7%
2014	29.2%	31.2%	52.8%	47.3%	4.1%	4.2%	86.1%	82.7%
2015	30.2%	30.5%	51.0%	48.6%	4.5%	4.0%	85.7%	83.1%
2016	33.3%	29.8%	48.4%	48.4%	4.7%	4.1%	86.4%	82.3%
2017	27.6%	28.7%	55.6%	49.4%	4.1%	4.0%	87.3%	82.1%
2018	27.0%	28.7%	55.8%	49.2%	4.2%	4.2%	87.0%	82.1%
2019	25.0%	26.8%	53.9%	48.8%	4.5%	4.5%	83.4%	80.1%
2020	26.2%	25.2%	55.3%	47.8%	4.4%	4.5%	86.0%	77.5%
2021	-	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

**Note:** This table represents the percentage of graduates (includes the following summer) that pursued continuing education and the type of education pursued. Data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

**Source:** Commonwealth of Virginia, Superintendent's Annual Report for Virginia

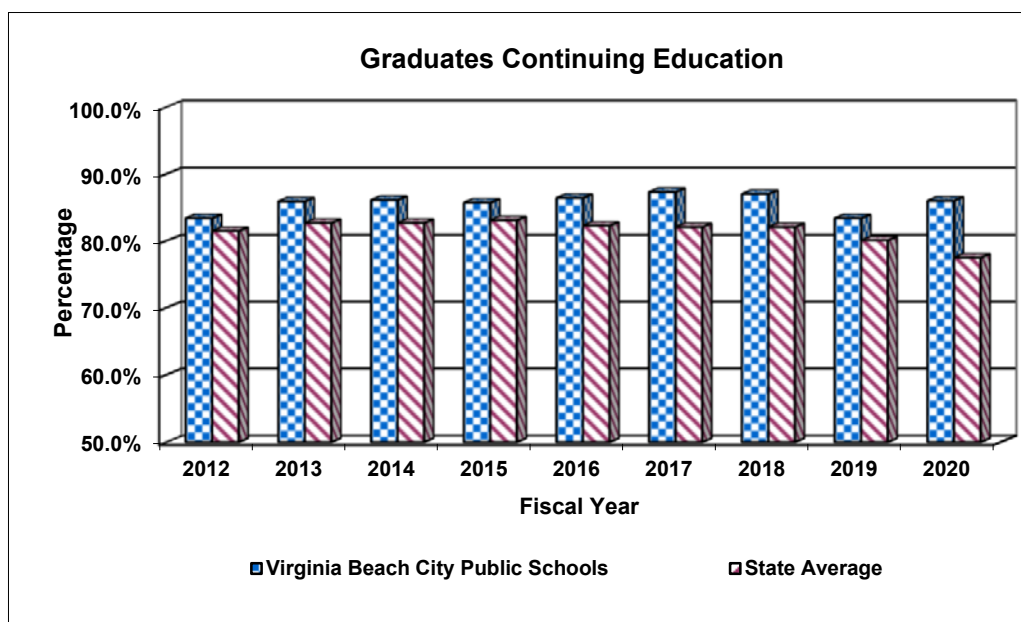


Table 17

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**RATIO OF STUDENTS TO TEACHING/INSTRUCTIONAL PERSONNEL**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Elementary				Secondary		
	Elementary		Student/ Teacher Ratio	Elementary Student/ Teacher Ratio	Secondary		Secondary Student/ Teacher Ratio
	Teaching Positions	End-of- Year Membership K-7			Secondary Teaching Positions	End-of- Year Membership 8-12	
2012	2,923	42,251	14.5	13.2	2,069	26,357	12.7
2013	2,814	42,217	15.0	13.3	1,976	26,082	13.2
2014	2,714	42,156	15.5	13.2	1,924	26,088	13.6
2015	2,789	41,896	15.0	13.2	1,942	26,141	13.5
2016	2,897	41,668	14.4	13.1	2,003	25,926	12.9
2017	2,910	41,191	14.2	13.1	1,997	25,684	12.9
2018	2,963	41,106	13.9	13.1	1,988	25,700	12.9
2019	3,019	40,904	13.6	13.0	1,874	25,411	13.6
2020	2,998	40,952	13.7	13.0	1,862	25,565	13.7
2021	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

**Note:** This table represents student teacher ratios based on End-of-Year Average Daily Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

**Source:** Commonwealth of Virginia, Superintendent's Annual Report for Virginia

Table 17

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**RATIO OF STUDENTS TO TEACHING/INSTRUCTIONAL PERSONNEL**  
**Last Ten Fiscal Years (unaudited)**

<b>Fiscal Year</b>	<b>Secondary Student/Teacher Ratio State Average</b>	<b>Total Student/Teacher Ratio</b>	<b>Total Student/Teacher Ratio State Average</b>
2012	12.2	13.74	12.82
2013	12.2	14.26	12.84
2014	12.4	14.71	12.90
2015	12.5	14.38	12.97
2016	12.5	13.79	12.83
2017	12.3	13.63	12.78
2018	12.4	13.49	12.80
2019	12.5	13.55	12.81
2020	12.7	13.69	12.85
2021	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

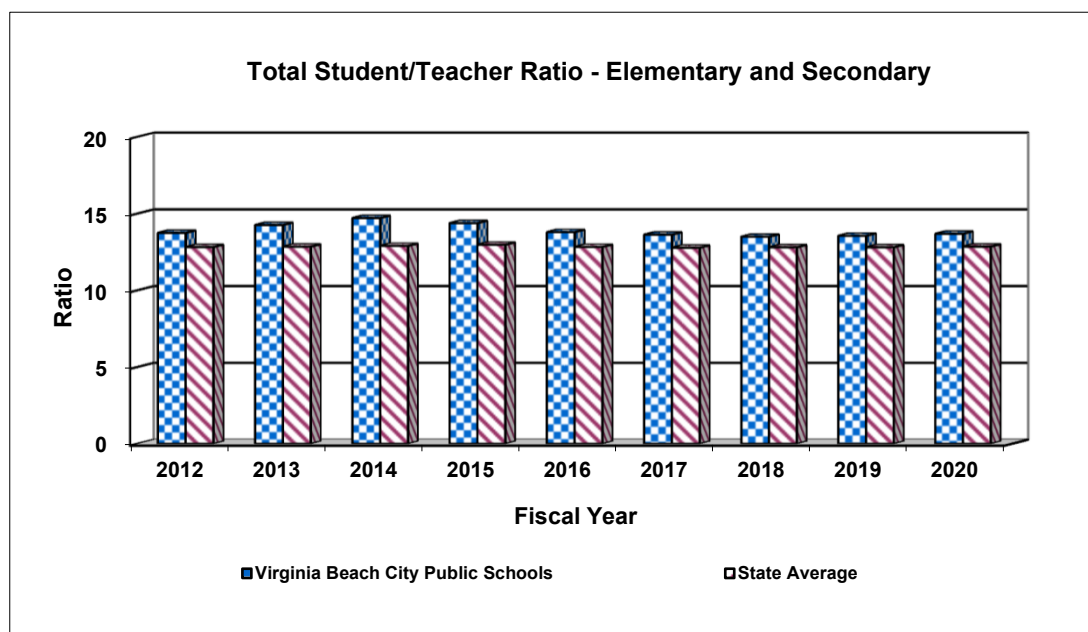


Table 18

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**PERSONNEL POSITIONS**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b><u>Full-Time Staff</u></b>				
Office/Admin/Managers	40	43	43	44
Principals	86	87	87	86
Assistant Principals	150	147	153	152
Elementary Classroom Teachers	2,101	2,068	2,108	2,059
Secondary Classroom Teachers	2,395	2,353	2,359	2,304
Other Classroom Teachers	334	316	318	302
Guidance	174	175	174	171
Psychological	83	75	75	77
Librarians/AV	105	106	106	105
Supervisory	82	83	90	84
Other Professionals	375	371	378	371
Teacher Aides	1,126	1,121	1,113	1,100
Technicians	108	111	111	197
Clerical/Secretarial	584	578	596	534
Service Workers	1,092	1,072	1,058	1,058
Skilled Crafts	238	234	234	229
Total Full-Time Staff	<u>9,073</u>	<u>8,940</u>	<u>9,003</u>	<u>8,873</u>
<b><u>Part-Time Staff</u></b>				
Professional/Instructional	193	170	153	138
Other	1,082	1,073	1,095	1,079
Total Part-Time Staff	<u>1,275</u>	<u>1,243</u>	<u>1,248</u>	<u>1,217</u>

Source: Department of Human Resources (EEO-5 Report)



Table 18

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
PERSONNEL POSITIONS  
Last Ten Fiscal Years (unaudited)

Fiscal Year					
2016	2017	2018	2019	2020	2021
47	47	45	46	45	46
87	87	87	86	87	88
157	156	158	158	161	167
2,096	2,073	2,113	2,146	2,186	2,162
2,298	2,301	2,340	2,325	2,350	2,322
297	358	361	350	302	317
176	179	188	199	197	209
76	85	85	101	105	109
106	106	106	106	103	105
86	93	93	97	96	95
380	379	381	386	385	401
1,127	1,160	1,188	1,236	1,243	1,243
203	197	210	207	210	212
530	527	524	525	521	523
1,061	1,060	1,042	1,031	981	1,002
232	227	220	228	235	230
<u>8,959</u>	<u>9,035</u>	<u>9,141</u>	<u>9,227</u>	<u>9,207</u>	<u>9,231</u>
142	135	120	114	107	101
<u>1,050</u>	<u>1,030</u>	<u>997</u>	<u>1,047</u>	<u>989</u>	<u>924</u>
<u>1,192</u>	<u>1,165</u>	<u>1,117</u>	<u>1,161</u>	<u>1,096</u>	<u>1,025</u>

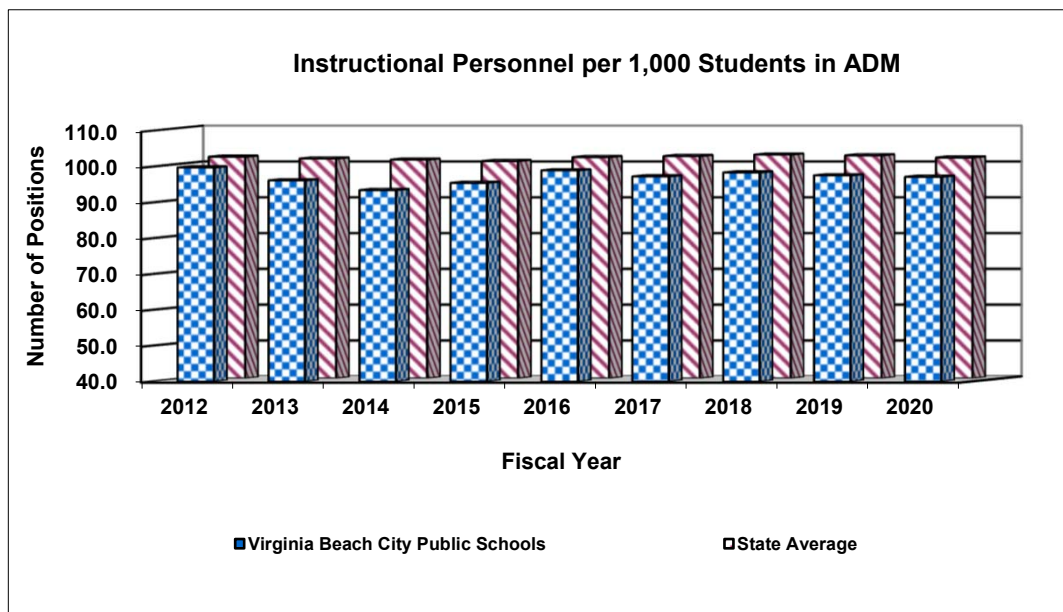
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM**  
**Last Ten Fiscal Years (unaudited)**

<b>Fiscal Year</b>	<b>Number of Instructional Personnel Positions (End of Year)</b>	<b>Student Average Daily Membership (End of Year)</b>	<b>Instructional Personnel Per 1,000 Students</b>	<b>Instructional Personnel Per 1,000 Students State Average</b>
2012	6,909	69,203	99.8	101.9
2013	6,622	68,857	96.2	101.4
2014	6,433	68,806	93.5	101.1
2015	6,551	68,614	95.5	100.7
2016	6,758	68,265	99.0	101.8
2017	6,627	68,137	97.3	102.1
2018	6,716	68,271	98.4	102.5
2019	6,628	67,893	97.6	102.3
2020	6,614	68,037	97.2	101.7
2021	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

**Note:** The number of Instructional Personnel includes all teachers, teacher assistants, guidance counselors, librarians, principals, assistant principals, and divisionwide instructors based on positions reported by the school division. Divisionwide positions include Summer School, Adult Education, Pre-Kindergarten, and other non-regular day and non-LEA instructional positions. The Student Average Daily Membership is the end-of-year unadjusted average daily membership as reported to the Commonwealth of Virginia Department of Education by the school divisions (includes Pre-K through Post-graduate).

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**INSTRUCTIONAL PERSONNEL SALARIES**  
 Last Ten Fiscal Years (unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	State Average
2012	\$38,597	\$65,914	\$53,172	\$52,115
2013	39,369	66,904	54,839	52,942
2014	40,624	69,835	56,018	53,767
2015	41,916	71,930	56,096	54,486
2016	43,559	75,294	54,342	54,910
2017	44,796	77,809	54,541	56,362
2018*	45,759	69,703	55,147	57,261
2019	47,017	70,646	56,766	59,301
2020	47,017	69,496	58,242	61,457
2021	49,256	72,126	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

**Note:** Instructional Personnel includes teachers, guidance counselors, librarians, and technology instructors.

\* In 2018, the Instructional Pay Scale ends at 30+ years. In prior years, the Instructional Pay Scale ended at 37+ years.

Source: Department of Human Resources and Commonwealth of Virginia, Superintendent's Annual Report for Virginia

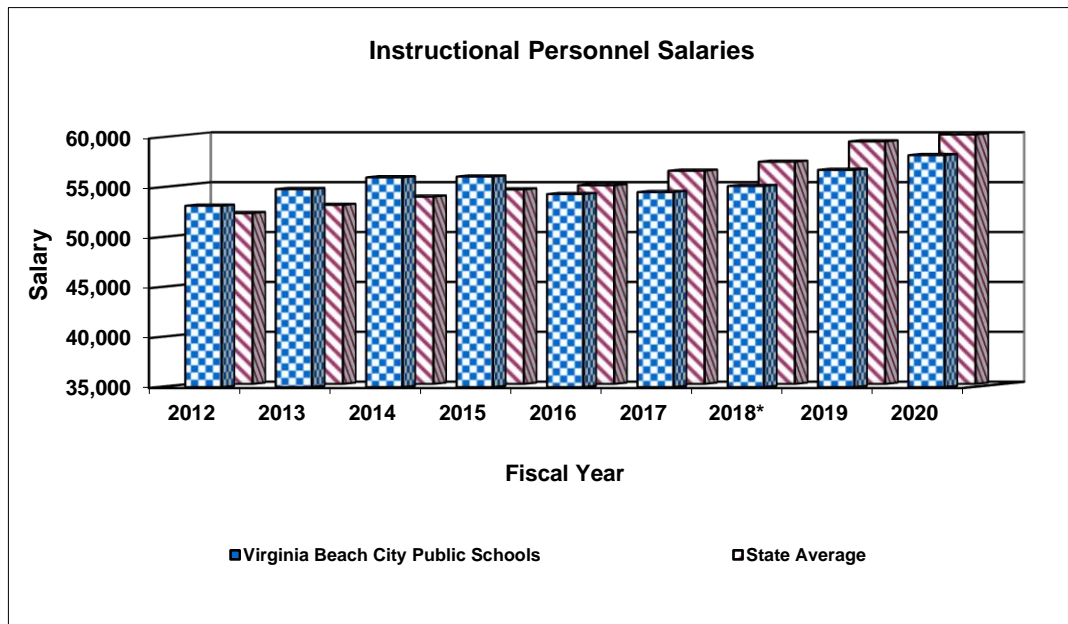


Table 21

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**TEACHERS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Number of Teachers				Average Teacher Age				Bachelors			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2012	2,470	1,175	1,522	267	44.4	45.6	45.5	46.8	1,152	540	746	123
2013	2,448	1,171	1,450	278	44.2	45.3	45.7	46.5	1,114	534	705	127
2014	2,398	1,138	1,414	299	44.2	45.0	45.6	46.3	1,061	524	692	133
2015	2,395	1,170	1,409	310	43.9	45.1	45.4	46.0	1,047	531	685	134
2016	2,334	1,140	1,354	305	43.8	44.9	45.5	45.5	1,015	528	650	133
2017	2,351	1,148	1,345	318	43.4	44.2	45.4	45.4	1,029	522	635	124
2018	2,328	1,152	1,350	320	43.3	44.0	45.5	45.9	1,017	528	639	121
2019	2,354	1,166	1,381	322	42.9	43.9	44.9	45.8	999	537	634	101
2020	2,397	1,149	1,385	312	42.7	43.7	45.3	45.3	1,010	530	622	98
2021	2,313	1,094	1,284	317	42.2	43.6	45.0	45.5	1,016	531	610	98

Source: Department of Human Resources

Table 21

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**TEACHERS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Masters				Certificate Advance Studies				Doctorate			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2012	1,201	570	686	124	109	60	65	17	8	5	25	3
2013	1,211	568	660	135	112	64	62	15	11	5	23	1
2014	1,211	565	648	149	116	54	59	15	10	2	19	2
2015	1,230	570	647	157	109	62	59	16	9	7	18	3
2016	1,203	551	631	151	107	53	53	17	9	8	20	4
2017	1,205	566	631	172	105	52	58	17	12	8	21	5
2018	1,194	557	636	173	104	58	52	19	13	9	23	7
2019	1,207	552	657	178	115	61	59	20	14	10	24	6
2020	1,242	546	656	173	110	54	75	19	15	12	21	6
2021	1,159	500	576	183	100	38	59	15	12	14	20	6

Table 22

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL CAFETERIAS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Student Enrollment (October)</b>				
<b>in Meal Programs:</b>				
Reduced	5,526	5,269	5,193	5,496
Free	17,918	17,531	20,307	21,022
<b>Lunch Meals:</b>				
Full	2,964,309	2,570,509	2,308,524	2,404,313
Reduced	727,425	655,024	648,134	684,986
Free	2,492,788	2,516,178	2,831,723	2,803,646
<b>Breakfast Meals:</b>				
Full	585,022	505,281	482,588	508,932
Reduced	274,128	251,116	250,159	274,032
Free	1,418,257	1,397,768	1,584,832	1,556,228
<b>Lunch Price:</b>				
Full:				
Elementary	\$2.20	\$2.30	\$2.40	\$2.50
Middle	\$2.20	\$2.30	\$2.40	\$2.50
High	\$2.20	\$2.30	\$2.40	\$2.50
Adult	\$3.75	\$3.75	\$3.75	\$3.75
Reduced	\$0.40	\$0.40	\$0.40	\$0.40
<b>Summer Food Service Program (SFSP)</b>				
Breakfast Meals	-	-	-	-
Lunch Meals	-	-	-	-
<b>Child and Adult Care Food Program (CACFP)</b>				
Supper Meals	-	-	-	-

**Note:** Due to the COVID-19 pandemic, meals provided during the entire 2020-2021 fiscal year were administered via SFSP and CACFP Federal programs.

**Source:** The Department of Administrative Support Services/Food Services

Table 22

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
SCHOOL CAFETERIAS INFORMATION  
Last Ten Fiscal Years (unaudited)

Fiscal Year					
2016	2017	2018	2019	2020	2021
5,407	5,281	5,047	5,328	5,675	4,529
20,534	20,374	22,134	22,005	21,513	24,619
2,321,870	2,319,592	2,166,088	2,055,684	1,437,723	-
697,649	649,776	601,089	615,137	433,869	-
2,893,495	2,816,749	2,891,490	2,820,115	1,876,434	-
545,907	610,096	673,682	699,278	495,568	-
305,573	291,426	311,455	343,302	240,098	-
1,745,450	1,762,591	1,958,080	1,939,371	1,295,018	-
\$2.75	\$2.75	\$2.75	\$2.85	\$2.85	\$2.85
\$2.75	\$2.75	\$2.75	\$2.85	\$2.85	\$2.85
\$2.75	\$2.75	\$2.75	\$2.85	\$2.85	\$2.85
\$3.75	\$3.75	\$3.75	\$3.85	\$3.85	\$3.85
\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
1,866	21,455	37,358	30,537	579,517	2,562,848
2,163	17,316	22,853	25,666	583,590	3,265,709
-	104,699	113,801	109,188	192,558	1,006,353

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CAPITAL ASSETS INFORMATION BY GOVERNMENTAL ACTIVITIES**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b><u>Instruction:</u></b>				
Elementary Schools	55	55	55	55
Middle Schools *	13	13	13	14
High Schools	11	11	11	11
Auxiliary Schools/Centers **	7	7	7	7
Public Charter School	-	-	1	1
Portables	239	239	221	209
<b><u>Operations and Maintenance:</u></b>				
Vehicles	279	274	276	276
<b><u>Pupil Transportation:</u></b>				
Buses	767	761	786	785
Other Vehicles	43	42	53	57

Source: School Board Capital Assets Inventory Records

\* Note: In FY15 Bayside Middle School took the 6th graders out of that location and put them into the Bayside Middle 6th Grade Campus, creating another Middle School. FY15 number for Middle Schools has been adjusted.

\*\* Note: In FY17 Old Donation Center and Kemps Landing Magnet were combined into one Auxiliary Center and renamed Old Donation School to house Grades 2-8 Gifted Students.



**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CAPITAL ASSETS INFORMATION BY GOVERNMENTAL ACTIVITIES**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
55	55	55	55	55	55
14	14	14	14	14	14
11	11	11	11	11	11
7	6	6	6	6	6
1	1	1	1	1	1
149	132	114	114	57	57
272	291	291	308	321	325
791	802	817	809	805	790
60	39	51	51	53	45

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Elementary Schools</b>										
<b>Alanton Elementary (Opened Sept 1966; Addition Sept 1995; Sept 2006)</b>										
Square Feet	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049
Program Capacity	662	699	681	681	764	702	702	693	698	720
Enrollment	592	599	642	659	662	650	608	636	647	662
<b>Arrowhead Elementary (Opened Sept 1964; Replaced Sept 2003)</b>										
Square Feet	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480
Program Capacity	524	525	547	547	597	486	486	491	487	541
Enrollment	466	473	497	490	451	447	435	463	466	530
<b>Bayside Elementary (Opened Sept 1941; Replaced Dec 2000)</b>										
Square Feet	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428
Program Capacity	536	587	547	547	599	585	527	509	515	540
Enrollment	488	468	501	534	518	472	471	461	502	491
<b>Birdneck Elementary (Opened Sept 1986)</b>										
Square Feet	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250
Program Capacity	815	757	818	818	732	787	755	696	741	818
Enrollment	631	668	665	631	634	568	539	540	519	622
<b>Brookwood Elementary (Opened Sept 1967; Replaced Sept 2007)</b>										
Square Feet	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065
Program Capacity	647	661	626	631	586	617	590	590	556	619
Enrollment	784	715	701	746	720	641	644	625	580	562
<b>Centerville Elementary (Opened Sept 1984)</b>										
Square Feet	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082
Program Capacity	687	660	639	678	602	669	650	633	652	607
Enrollment	650	714	720	704	739	732	713	667	699	662
<b>Christopher Farms Elementary (Opened Sept 1997)</b>										
Square Feet	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740
Program Capacity	716	737	724	724	701	738	738	729	680	695
Enrollment	706	663	678	642	636	677	687	658	657	608
<b>College Park Elementary (Opened Sept 1973; Gym Added Sept 1982; Replaced Sept 2011)</b>										
Square Feet	94,861	94,861	94,861	94,861	94,861	94,861	94,861	94,861	94,861	94,861
Program Capacity	476	431	438	438	500	506	506	506	506	538
Enrollment	388	392	428	471	502	469	489	497	492	488
<b>W. T. Cooke Elementary (Opened Sept 1913; Replaced Sept 1962; Gym Added Sept 1991; Replaced Sept 1999)</b>										
Square Feet	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256
Program Capacity	575	581	536	536	673	570	545	540	540	552
Enrollment	687	545	586	558	501	513	510	504	488	482
<b>Corporate Landing Elementary (Opened Sept 1993)</b>										
Square Feet	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620
Program Capacity	698	655	642	642	598	585	590	558	549	576
Enrollment	570	545	523	452	437	426	411	416	412	442
<b>Creeds Elementary (Opened Sept 1939; Gym Added Sept 1949; Modernized Sept 1969; Modernized Sept 2001)</b>										
Square Feet	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285
Program Capacity	373	360	360	360	395	432	387	410	410	387
Enrollment	320	296	297	301	315	306	306	329	327	278

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>John B. Dey Elementary (Opened Sept 1956; Addition Sept 1959; Gym Addition Sept 1978; Addition Sept 1995; Gym Demolition and Modernization Addition July 2019)</b>										
Square Feet	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	107,210	107,210
Program Capacity	838	860	860	860	756	815	815	815	828	797
Enrollment	849	842	868	826	834	815	812	783	778	731
<b>Diamond Springs Elementary (Opened Sept 2007)</b>										
Square Feet	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Program Capacity	512	550	519	519	537	581	527	515	508	596
Enrollment	559	562	558	566	587	535	522	487	490	570
<b>Fairfield Elementary (Opened Sept 1976)</b>										
Square Feet	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280
Program Capacity	547	503	526	526	561	558	594	594	581	612
Enrollment	491	474	506	520	513	517	548	547	578	489
<b>Glenwood Elementary (Opened Sept 1990)</b>										
Square Feet	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600
Program Capacity	1,036	993	1,001	1,001	945	1,053	1,004	891	972	1,122
Enrollment	867	880	877	884	898	896	920	937	919	1,017
<b>Green Run Elementary (Opened Sept 1976; Addition Sept 2005)</b>										
Square Feet	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275
Program Capacity	459	412	420	420	446	432	392	392	375	413
Enrollment	508	448	491	427	403	397	359	347	354	333
<b>Hermitage Elementary (Opened Nov 1964; Addition Sept 1974; Gym Added Sept 1995; Replaced Mar 2005)</b>										
Square Feet	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018
Program Capacity	663	633	640	640	641	698	698	693	662	661
Enrollment	620	641	656	635	645	678	651	638	619	529
<b>Holland Elementary (Opened Sept 1967; Addition Sept 1995)</b>										
Square Feet	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956
Program Capacity	503	526	503	503	558	596	635	635	581	602
Enrollment	537	536	532	536	524	523	581	556	547	535
<b>Indian Lakes Elementary (Opened Sept 1979)</b>										
Square Feet	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816
Program Capacity	598	569	526	526	546	563	644	621	657	622
Enrollment	567	537	527	534	539	577	571	599	599	561
<b>Kempsville Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Modernized Sept 2003)</b>										
Square Feet	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146
Program Capacity	558	563	586	586	513	482	486	509	464	558
Enrollment	475	490	455	472	454	429	428	440	427	441
<b>Kempsville Meadows Elementary (Opened Sept 1959; Gym Added Sept 1990; Replaced Sept 2002)</b>										
Square Feet	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239
Program Capacity	585	518	512	512	509	527	527	459	485	480
Enrollment	515	504	470	528	506	488	471	438	452	479
<b>Kings Grant Elementary (Opened Sept 1960; Replaced Sept 1969; Addition Sept 1995)</b>										
Square Feet	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043
Program Capacity	679	666	648	648	666	716	617	591	596	564
Enrollment	638	596	598	632	641	608	566	545	561	483

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Kingston Elementary (Opened Sept 1965; Gym Added Sept 1989; Addition Sept 1997)</b>										
Square Feet	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223
Program Capacity	566	591	641	641	624	648	648	608	563	526
Enrollment	555	572	574	551	531	517	520	538	530	383
<b>Landstown Elementary (Opened Sept 1993)</b>										
Square Feet	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634
Program Capacity	838	854	868	868	816	797	774	837	824	739
Enrollment	731	804	788	751	760	736	756	767	813	810
<b>Linkhorn Park Elementary (Opened Sept 1955; Addition Sept 1967; Replaced Sept 1998; former bldg. used for administrative offices)</b>										
Square Feet	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285
Program Capacity	762	719	728	728	689	682	662	662	576	575
Enrollment	789	772	753	732	685	634	607	530	551	525
<b>Luxford Elementary (Opened Sept 1961; Gym Added Sept 1990; Replaced Sept 2002; former bldg. used for instructional purposes)</b>										
Square Feet	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242
Program Capacity	495	495	506	506	567	548	548	548	544	547
Enrollment	476	497	524	531	537	516	514	492	490	491
<b>Lynnhaven Elementary (Opened Sept 1963; Addition Sept 1968; Gym Added Sept 1990; Modernized Nov 2004)</b>										
Square Feet	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670
Program Capacity	472	494	494	494	489	403	426	426	401	419
Enrollment	444	446	471	441	407	405	370	369	375	383
<b>Malibu Elementary (Opened Sept 1962; Addition Sept 1968; Gym Added Sept 1989; Replaced Nov 2003)</b>										
Square Feet	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182
Program Capacity	402	437	437	437	414	396	419	423	423	424
Enrollment	313	353	366	380	374	375	369	375	330	369
<b>New Castle Elementary (Opened Sept 1999)</b>										
Square Feet	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060
Program Capacity	846	831	853	853	824	869	869	801	779	801
Enrollment	783	802	771	796	763	784	777	735	789	711
<b>Newtown Road Elementary (Opened Sept 1970; Addition Sept 1988; Replaced Sept 2007)</b>										
Square Feet	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711
Program Capacity	436	436	482	482	497	514	483	483	511	468
Enrollment	467	460	517	524	511	554	509	514	461	423
<b>North Landing Elementary (Opened Mar 1975; Gym Added Sept 1990)</b>										
Square Feet	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280
Program Capacity	505	483	455	455	443	423	491	536	500	481
Enrollment	515	507	482	462	464	448	456	441	459	439
<b>Ocean Lakes Elementary (Opened Sept 1989)</b>										
Square Feet	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917
Program Capacity	607	658	649	649	626	657	680	626	626	633
Enrollment	570	574	568	552	533	538	526	555	564	572
<b>Old Donation Center (Opened Sept. 1974; Addition Sept. 1995; Relocated to former Princess Anne MS Bldg with Kemps Landing Sept 2014; Relocated to new Building on Honeygrove Rd, Apr. 2017)</b>										
Square Feet	59,827	59,827	59,827	57,774	57,774	57,774	52,881	52,881	52,881	52,881
Program Capacity	393	393	393	495	512	378	485	491	477	546
Enrollment	504	506	495	503	482	459	461	495	519	516

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Parkway Elementary (Opened Sept 1987)</b>										
Square Feet	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840
Program Capacity	496	476	514	514	473	467	466	460	465	507
Enrollment	511	507	561	527	475	426	438	428	419	464
<b>Pembroke Elementary (Opened Dec 1962; Addition Sept 1968; Addition Sept 1988; Modernized May 2005)</b>										
Square Feet	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773
Program Capacity	663	626	617	617	534	567	612	648	621	690
Enrollment	533	514	486	476	477	494	497	494	474	560
<b>Pembroke Meadows Elementary (Opened Sept 1969; Modernized Oct 2006)</b>										
Square Feet	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Program Capacity	504	473	430	430	539	495	473	509	504	542
Enrollment	445	433	447	453	434	443	479	513	505	489
<b>Point O'View Elementary (Opened Sept 1969; Addition Sept 1999)</b>										
Square Feet	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219
Program Capacity	628	628	772	772	765	680	707	693	693	630
Enrollment	522	584	631	666	717	670	702	717	736	689
<b>Princess Anne Elementary (Opened Sept 1956; Addition Sept 1969; Gym Added Sept 1990; Addition Sept 1996)</b>										
Square Feet	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953
Program Capacity	659	585	586	586	563	612	657	657	707	734
Enrollment	511	498	502	519	531	569	573	621	658	610
<b>Providence Elementary (Opened Sept 1981)</b>										
Square Feet	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831
Program Capacity	590	572	617	617	648	576	608	576	576	614
Enrollment	516	559	585	559	551	552	550	539	561	521
<b>Red Mill Elementary (Opened Sept 1989; Addition Sept 2006)</b>										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	687	663	694	694	734	734	747	725	689	653
Enrollment	658	653	676	676	679	662	624	637	624	563
<b>Rosemont Elementary (Opened Sept 1981)</b>										
Square Feet	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667
Program Capacity	404	423	423	423	433	458	438	458	441	469
Enrollment	376	380	403	414	409	411	397	394	375	432
<b>Rosemont Forest Elementary (Opened Jan 1987)</b>										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	592	606	583	583	562	635	635	635	545	559
Enrollment	513	540	513	509	523	502	495	519	508	456
<b>Salem Elementary (Opened Sept 1988)</b>										
Square Feet	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890
Program Capacity	520	559	559	559	514	491	491	509	545	551
Enrollment	426	431	453	467	435	463	470	472	471	468
<b>Seatack Elementary (Opened Mar 1952; Addition Sept 1955; Addition Sept 1959; Gym Added Sept 1968; Replaced Mar 2000)</b>										
Square Feet	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375
Program Capacity	462	447	410	410	425	382	436	436	432	445
Enrollment	418	388	381	387	383	398	391	356	446	383

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Shelton Park Elementary (Opened Sept 1954; Addition Sept 1961; Gym Added Sept 1977; Modernized Jan 2001)										
Square Feet	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576
Program Capacity	437	437	410	410	428	414	482	468	437	497
Enrollment	394	369	399	373	372	355	349	356	360	398
Strawbridge Elementary (Opened Sept 1991)										
Square Feet	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948
Program Capacity	746	782	716	716	692	734	743	765	788	765
Enrollment	745	691	697	678	694	665	666	652	672	558
Tallwood Elementary (Opened Sept 1989; Addition Jan 2006)										
Square Feet	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988
Program Capacity	625	620	620	620	590	657	657	644	644	639
Enrollment	601	593	546	527	558	565	581	592	607	585
Thalia Elementary (Opened Sept 1956; Addition Sept 1963; Gym Added Sept 1989; Modernized Sept 2001)										
Square Feet	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550
Program Capacity	728	771	779	779	728	662	617	576	536	602
Enrollment	634	637	595	585	625	611	604	579	562	551
Thoroughgood Elementary (Opened Sept 1958; Gym Added Sept 1990; Modernized Sept 1995; Demolished Sept 2018; Portables used in FY19,FY20; New Building opened Sept 2020)										
Square Feet	66,259	66,259	66,259	66,259	66,259	66,259	66,259	40,032	40,032	91,913
Program Capacity	604	646	613	713	627	666	648	680	747	706
Enrollment	662	698	710	734	708	700	677	618	681	551
Three Oaks Elementary (Opened Sept 2005)										
Square Feet	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210
Program Capacity	811	811	842	842	716	761	810	810	752	718
Enrollment	784	798	768	746	759	733	729	735	695	635
Trantwood Elementary (Opened Sept 1963; Addition Sept 1969; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040
Program Capacity	542	555	556	556	533	545	576	594	572	554
Enrollment	502	493	504	487	461	466	477	458	471	447
White Oaks Elementary (Opened Sept 1978)										
Square Feet	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333
Program Capacity	741	705	648	648	688	626	617	621	639	684
Enrollment	730	670	683	673	651	608	563	600	603	647
Bettie F. Williams Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Addition Sept 1995)										
Square Feet	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656
Program Capacity	518	518	518	518	487	531	531	531	572	580
Enrollment	436	404	431	418	463	476	476	525	466	493
Windsor Oaks Elementary (Opened Jul 1968; Replaced Sept 2009)										
Square Feet	88,340	88,340	88,340	88,340	88,340	88,340	88,340	88,340	88,340	88,340
Program Capacity	635	690	601	601	591	630	576	554	554	567
Enrollment	641	617	600	583	559	582	593	590	580	527
Windsor Woods Elementary (Opened Sept 1966; Gym Added Sept 1990; Replaced Sept 2007)										
Square Feet	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265
Program Capacity	459	437	463	463	433	473	473	437	396	441
Enrollment	392	376	362	385	357	343	332	342	353	401

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Woodstock Elementary (Opened Sept 1957; Addition Sept 1962; Gym Added Sept 1977; Replaced Nov 2002)</b>										
Square Feet	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707
Program Capacity	723	687	687	687	752	765	671	689	675	684
Enrollment	688	676	736	718	688	699	677	702	693	690
<b><u>Middle Schools</u></b>										
<b>Bayside Middle (Opened Sept 1969; Addition Sept 2004)</b>										
Square Feet	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134
Program Capacity	1,046	1,176	1,112	892	960	918	918	929	979	893
Enrollment	1,006	996	992	657	649	659	672	722	745	770
<b>Bayside 6th (Opened Sept 2014; Formerly Kemps Landing Magnet; 6th grade previously housed at Bayside Middle)</b>										
Square Feet	-	-	-	56,516	56,516	56,516	56,516	56,516	56,516	56,516
Program Capacity	-	-	-	504	500	346	445	434	454	390
Enrollment	-	-	-	351	375	348	437	394	433	403
<b>Brandon Middle (Opened Aug 1978)</b>										
Square Feet	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586
Program Capacity	1,247	1,328	1,308	1,232	1,286	1,247	1,283	1,292	1,225	1,135
Enrollment	1,254	1,237	1,189	1,130	1,155	1,214	1,205	1,234	1,167	1,087
<b>Corporate Landing Middle (Opened Sept 1997)</b>										
Square Feet	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093
Program Capacity	1,370	1,436	1,408	1,432	1,538	1,620	1,625	1,517	1,322	1,319
Enrollment	1,347	1,307	1,294	1,285	1,268	1,237	1,224	1,208	1,170	1,134
<b>Great Neck Middle (Opened Sept 1961; Addition Sept 1963; Replaced Jan 2012)</b>										
Square Feet	219,370	219,370	219,370	219,370	219,370	219,370	219,370	219,370	219,370	219,370
Program Capacity	1,200	1,360	1,360	1,360	1,460	1,373	1,384	1,386	1,330	1,194
Enrollment	1,106	1,085	1,097	1,147	1,161	1,175	1,177	1,140	1,106	1,066
<b>Independence Middle (Opened Sept 1974; Addition Sept 1996)</b>										
Square Feet	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656
Program Capacity	1,290	1,332	1,276	1,312	1,370	1,215	1,148	1,247	1,181	1,240
Enrollment	1,278	1,244	1,289	1,280	1,269	1,192	1,217	1,274	1,281	1,236
<b>Kemps Landing Magnet (Opened Sept. 1974; Addition Sept. 1995; Relocated to former Princess Anne Middle School Sept. 2014; Relocated to new Bldg on Honeygrove Rd. Apr. 2017)</b>										
Square Feet	54,516	54,516	54,516	80,939	80,939	80,939	82,711	82,711	82,711	82,711
Program Capacity	600	600	672	672	666	567	675	750	807	868
Enrollment	577	594	595	595	627	688	720	760	772	811
<b>Kempsville Middle (Opened Sept 1969)</b>										
Square Feet	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287
Program Capacity	781	828	828	828	868	797	869	896	842	798
Enrollment	856	841	834	789	805	820	802	770	765	781
<b>Landstown Middle (Opened Sept 1992)</b>										
Square Feet	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Program Capacity	1,494	1,692	1,628	1,552	1,634	1,499	1,571	1,481	1,436	1,377
Enrollment	1,477	1,482	1,516	1,485	1,464	1,452	1,423	1,412	1,428	1,344

Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Larkspur Middle (Opened Nov 1994)</b>										
Square Feet	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264
Program Capacity	1,593	1,684	1,684	1,776	1,910	1,763	1,763	1,710	1,680	1,647
Enrollment	1,527	1,584	1,632	1,620	1,520	1,544	1,523	1,557	1,599	1,563
<b>Lynnhaven Middle (Opened Sept 1974; Addition Sept 1995)</b>										
Square Feet	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099
Program Capacity	1,116	1,138	1,092	1,160	1,250	1,071	1,250	1,259	1,250	1,062
Enrollment	1,131	1,060	962	866	863	896	912	898	956	957
<b>Plaza Middle (Opened Sept 1969)</b>										
Square Feet	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869
Program Capacity	1,073	1,172	1,172	1,165	1,129	1,053	1,179	1,197	1,059	1,068
Enrollment	1,066	1,083	1,095	1,066	1,083	1,062	1,090	1,088	1,035	1,013
<b>Princess Anne Middle (Opened Sept 1962, Addition Sept 1967; Modernization Sept 1990; Addition Sept 1996; Relocated to former Floyd E. Kellam HS Bldg on Holland Road April 2014)</b>										
Square Feet	135,592	135,592	135,592	222,571	222,571	222,571	222,571	222,571	222,571	222,571
Program Capacity	1,332	1,456	1,474	1,563	1,671	1,449	1,584	1,503	1,378	1,315
Enrollment	1,382	1,414	1,467	1,459	1,479	1,460	1,505	1,441	1,382	1,289
<b>Salem Middle (Opened Sept 1988)</b>										
Square Feet	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500
Program Capacity	999	1,072	1,044	1,016	1,070	1,031	1,031	1,040	1,064	1,092
Enrollment	1,057	1,026	1,009	1,034	1,044	1,041	1,023	1,058	1,076	1,120
<b>Virginia Beach Middle (Opened Sept 1952; Addition Sept 1964; Gym Added Sept 1977; Modernized Sept 1993; Replaced Mar 2010)</b>										
Square Feet	189,730	189,730	189,730	189,730	189,730	189,730	189,730	189,730	189,730	189,730
Program Capacity	923	968	968	968	1,040	923	954	896	817	758
Enrollment	767	899	917	873	839	835	865	801	739	647
<b>High Schools</b>										
<b>Bayside High (Opened Sept 1964; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1995)</b>										
Square Feet	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816
Program Capacity	1,895	1,895	1,895	1,905	1,912	1,827	1,827	1,859	2,056	2,061
Enrollment	1,803	1,803	1,801	1,824	1,825	1,799	1,868	1,842	1,852	1,871
<b>Frank W. Cox High (Opened Sept 1961; Replaced Sept 1983)</b>										
Square Feet	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744
Program Capacity	1,937	1,937	1,937	1,939	1,946	1,955	1,955	1,911	1,986	1,963
Enrollment	1,947	1,947	1,894	1,858	1,889	1,784	1,816	1,783	1,746	1,772
<b>First Colonial High (Opened Sept 1966; Addition Sept 1968; Addition Sept 1996)</b>										
Square Feet	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266
Program Capacity	1,808	1,808	1,818	1,810	1,813	1,919	1,811	1,883	1,874	1,614
Enrollment	1,908	1,908	1,993	2,004	1,923	1,873	1,804	1,828	1,807	1,766
<b>Green Run High (Opened Sept 1979; Green Run Collegiate Public Charter School opened in Sept 2013 using part of this building.)</b>										
Square Feet	235,721	235,721	225,221	225,221	225,221	225,221	225,221	225,221	225,221	225,221
Program Capacity	1,927	1,927	1,510	1,546	1,556	1,663	1,526	1,512	1,522	1,486
Enrollment	1,636	1,636	1,566	1,276	1,528	1,425	1,398	1,331	1,317	1,349



Table 24

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHOOL BUILDINGS INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Floyd E. Kellam High (Opened New Building on West Neck Road Jan 2014)</b>										
Square Feet	222,571	222,571	336,410	349,350	349,350	349,350	349,350	349,350	349,350	349,350
Program Capacity	1,762	1,961	2,000	1,861	1,867	1,857	1,857	1,868	1,868	2,120
Enrollment	1,799	1,833	1,838	1,986	2,029	2,021	2,038	1,959	1,944	1,934
<b>Kempsville High (Opened Sept 1966; Addition Sept 1968; Modernized Sept 1991; Addition Sept 1995)</b>										
Square Feet	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665
Program Capacity	1,793	2,009	1,985	1,971	1,985	1,908	1,969	2,056	2,092	2,060
Enrollment	1,712	1,648	1,559	1,522	1,465	1,549	1,632	1,671	1,743	1,786
<b>Landstown High (Opened Sept 2001; Addition Jan 2007)</b>										
Square Feet	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924
Program Capacity	2,072	2,332	2,332	2,368	2,385	2,543	2,594	2,569	2,512	2,031
Enrollment	2,304	2,196	2,195	2,195	2,208	2,183	2,139	2,163	2,162	2,177
<b>Ocean Lakes High (Opened Sept 1994; Addition Jan 2007)</b>										
Square Feet	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525
Program Capacity	2,239	2,501	2,501	2,570	2,586	2,705	2,731	2,668	2,642	2,353
Enrollment	2,291	2,211	2,177	2,157	2,126	2,102	2,074	2,040	2,011	1,964
<b>Princess Anne High (Opened Aug 1954; Modernized Sept 1987; Modernized (due to major fire damage) Jan 1997)</b>										
Square Feet	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860
Program Capacity	1,539	1,652	1,675	1,704	1,737	1,945	1,917	1,880	1,835	1,585
Enrollment	1,842	1,850	1,822	1,780	1,800	1,833	1,779	1,751	1,732	1,740
<b>Salem High (Opened Sept 1989)</b>										
Square Feet	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889
Program Capacity	1,749	1,932	1,932	1,930	1,938	1,850	1,850	1,833	2,047	1,850
Enrollment	1,794	1,782	1,774	1,766	1,726	1,677	1,702	1,705	1,711	1,726
<b>Tallwood High (Opened Sept 1992)</b>										
Square Feet	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457
Program Capacity	2,020	2,237	2,237	2,219	2,233	2,168	2,352	2,376	2,392	2,151
Enrollment	1,981	1,950	1,931	1,942	1,956	1,938	1,946	1,839	1,853	1,901
<b>Renaissance Academy - Middle/High Campuses (Opened Dec 2009)</b>										
Square Feet	284,968	284,968	284,968	284,968	284,968	284,968	284,968	284,968	284,968	284,968
Program Capacity	1,215	1,232	1,226	1,236	1,197	1,191	1,231	1,231	1,119	1,157
Enrollment	634	616	556	510	438	429	379	428	399	322
<b>Green Run Collegiate Public Charter School (Opened Sept 2013; located at Green Run High School)</b>										
Square Feet	-	-	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Program Capacity	-	-	400	400	400	400	400	400	400	400
Enrollment	-	-	123	221	282	364	337	360	371	395

**Note:** Program Capacity is the maximum capacity of the school building for a particular school year and particular student population, taking into account the number of first seats in the building (without counting portables currently on site).

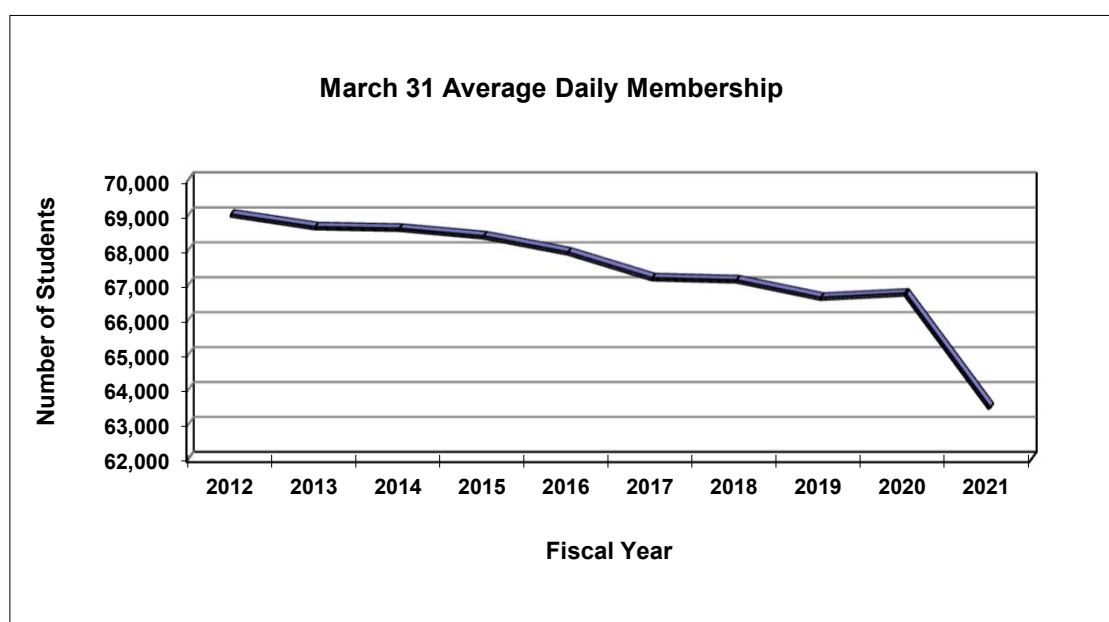
Source: The Department of School Division Services

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENT MEMBERSHIP**  
 Last Ten Fiscal Years (unaudited)

Fiscal Year	September 30 Membership	March 31 Average Daily Membership	End-of-Year Membership	Average Daily End-of-Year Membership
2012	69,856	68,977	68,585	69,315
2013	68,138	68,614	68,511	68,990
2014	69,385	68,569	68,403	68,918
2015	68,934	68,351	68,188	68,686
2016	68,568	67,890	67,719	68,244
2017	67,868	67,152	67,059	67,502
2018	67,621	67,091	67,052	67,393
2019	67,181	66,593	66,599	66,944
2020	67,262	66,714	66,996	67,172
2021	64,289	63,452	63,056	63,647

**Note:** This table represents membership data reported to the Commonwealth of Virginia Department of Education at different points during the year. The September 30 Membership is the sum of pupils present and absent on September 30 or the school day closest to September 30 (however, excludes pre-kindergarten pupils). The March 31 Average Daily Membership is the average daily membership for the first seven months of the school year. The End-of-Year Membership is the sum of the pupils present and absent on the last day of the school year. The Average Daily End-of-Year Membership is the average daily membership for the school year.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

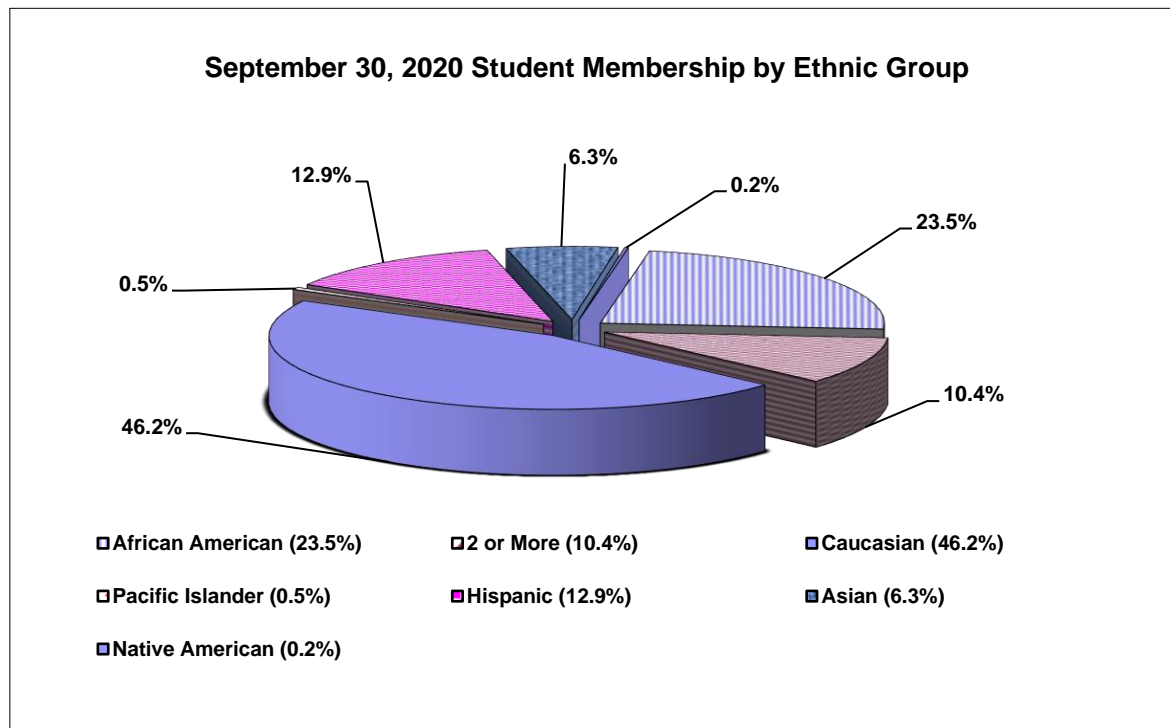


**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**STUDENT MEMBERSHIP BY ETHNIC GROUP**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	African American	%	Caucasian	%	Hispanic	%	Asian	%	Pacific Islander	%	Native American	%	Unspecified or 2 or More	%
2012	17,274	24.3	37,228	52.5	6,656	9.4	3,937	5.5	335	0.5	223	0.3	5,325	7.5
2013	16,898	24.0	36,439	51.8	6,961	9.9	3,911	5.6	337	0.5	216	0.3	5,530	7.9
2014	16,990	24.1	36,000	51.0	7,251	10.3	3,998	5.7	328	0.5	237	0.3	5,752	8.1
2015	16,886	24.1	35,428	50.5	7,389	10.5	3,947	5.6	331	0.5	203	0.3	5,937	8.5
2016	16,666	23.9	34,866	50.0	7,599	10.9	4,005	5.7	342	0.5	167	0.2	6,132	8.8
2017	16,543	23.9	34,144	49.4	7,664	11.1	4,051	5.9	340	0.5	157	0.2	6,186	9.0
2018	16,398	23.8	33,647	48.8	7,819	11.3	4,164	6.0	348	0.5	158	0.2	6,448	9.4
2019	16,146	23.5	33,083	48.2	8,035	11.7	4,153	6.1	346	0.5	160	0.2	6,701	9.8
2020	15,835	23.0	32,749	47.7	8,552	12.4	4,211	6.1	344	0.5	152	0.2	6,863	10.1
2021	15,412	23.5	30,284	46.2	8,445	12.9	4,150	6.3	333	0.5	152	0.2	6,836	10.4

Note: This table is based on the September 30 student membership (includes pre-kindergarten pupils).

Source: Departments of Technology and School Administration



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
CITY OF VIRGINIA BEACH, VIRGINIA - MISCELLANEOUS STATISTICAL DATA  
JUNE 30, 2021 (unaudited)

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<b>Date of Incorporation</b>	<b>January 1, 1963</b>
<b>Form of Government</b>	<b>Council - Manager</b>
<b>Area - Square Miles</b>	<b>310</b>
Land	259
Water	51
<b>Culture and Recreation:</b>	
Developed District Parks	8
Developed Community Parks	11
Developed Neighborhood Parks	166
Natural Parks	6
Other Park Areas	89
Acres in Developed Parks	2,668
Golf Courses (City Owned)	5
Recreation Centers	7
<b>Population:</b>	
Census 1970	172,106
Census 1980	262,199
Census 1990	393,069
Census 2000	425,257
Census 2010	437,994
Census 2020	459,470
<b>Current Estimate</b>	<b>459,479</b>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL EMPLOYERS**  
**Current Fiscal Year and Nine Years Ago (unaudited)**

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2021			2012		
City of Virginia Beach / Schools	17,960	7.91 %	1	17,227	7.39 %	1
Naval Air Station Oceana/Dam Neck*	8,891	3.91	2	-	-	-
Joint Expeditionary Base Little Creek/Ft. Story*	6,473	2.85	4	-	-	-
Sentara Healthcare	4,900	2.16	3	4,600	1.97	2
GEICO General Insurance company	3,600	1.58	5	2,300	0.99	5
Lynnhaven Mall	2,600	1.14	6	2,600	1.12	3
Gold Key/PHR Hotels and Resorts	2,365	1.04	7	1,943	0.83	8
STIHL Inc	2,113	0.93	8	2,052	0.88	6
Amerigroup (Anthem)	1,850	0.81	9	1,850	0.79	9
Navy Exchange Service Command	1,550	0.68	10	2,000	0.86	7
SAIC	-	-	-	2,500	1.07	4
Christian Broadcasting Network, Inc.	-	-	-	1,000	0.43	10
<b>Totals</b>	<b>52,302</b>	<b>23.01 %</b>		<b>38,072</b>	<b>16.33 %</b>	

Source: City of Virginia Beach - Department of Finance, Department of Economic Development and Department of Budget and Management Services

\*Note: Information is not available for 2012

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years (unaudited)**

<b>Fiscal Year</b>	<b>Population*</b>	<b>Personal Income ** (thousands)</b>	<b>Per Capita Personal Income**</b>	<b>Median Age</b>	<b>Number of City Employees</b>	<b>Education Level in Years of Formal Schooling</b>	<b>Local Unemployment Rate</b>
2012	447,489	\$21,677,217	\$48,709	34.7	7,477	13.8	5.5%
2013	449,628	21,616,547	48,280	35.0	7,477	13.9	5.6%
2014	451,672	22,768,537	50,719	35.7	7,669	13.9	5.5%
2015	453,500	23,933,638	53,130	35.9	7,560	14.0	4.4%
2016	453,628	24,188,253	53,616	35.9	7,370	13.9	3.8%
2017	454,448	25,076,837	55,731	36.4	7,087	13.9	3.8%
2018	453,410	26,249,674	58,308	36.4	7,255	13.9	2.8%
2019	452,643	26,910,910	59,805	36.4	7,332	13.9	2.7%
2020	454,209	27,432,835	60,397	36.9	7,411	14.0	8.2%
2021	459,470	-	-	36.6	7,388	14.2	4.2%

\* Weldon Cooper Center for Public Service

\*\* Figures updated to reflect the latest data released by the Bureau of Economic Analysis

- Not Available

Source: City of Virginia Beach - Department of Finance and Department of Economic Development

The following sources were used by the City in compiling the above information:

Weldon Cooper Center for Public Service  
 Virginia Employment Commission  
 Bureau of Economic Analysis  
 United States Census Bureau

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA  
CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL PROPERTY TAXPAYERS  
CURRENT FISCAL YEAR AND NINE YEARS AGO (unaudited)

	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank		Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
	2021				2012		
Armada Hoffer	\$ 523,505,500	0.85 %	1		\$ 302,501,600	0.59 %	2
Dominion Energy, Inc. *	490,984,178	0.80	2		294,279,082	0.57	3
Ramon W. Breeden, Jr.	384,950,700	0.63	3		251,093,938	0.49	5
A.D. & L.E. Fleder & J. M. & R.J. Caplan	336,425,400	0.55	4		201,192,900	0.39	7
E. C. & A. F. Ruffin & B. L. Thompson	275,411,300	0.45	5		302,501,600	0.59	1
Lynnhaven Mall LLC	248,130,100	0.40	6		288,402,800	0.56	4
Pembroke Square Associates LLC	189,242,600	0.31	7		168,734,700	0.33	8
W. Taylor Franklin	177,803,500	0.29	8		-	-	-
Cheryl P. McLeskey	161,846,200	0.26	9		136,537,824	0.27	9
Watergate Treehouse Assoc. LP & Chanticleer Assoc. LP	150,604,600	0.25	10		-	-	-
Verizon Virginia LLC	-	-	-		203,597,461	0.40	6
Christian Broadcasting Associates/Net, Inc.	-	-	-		127,291,300	0.25	10
Totals	<u>\$ 2,938,904,078</u>	<u>4.79 %</u>			<u>\$ 2,276,133,205</u>	<u>4.44 %</u>	

\* Formerly Virginia Electric & Power Company

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, and  
Commissioner of the Revenue

Table 31

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Real Property		Personal Property		Public	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Assessed Value		Assessed Value		Service			
	Residential	Commercial	Residential	Commercial	Assessed Value			
2012	\$ 42,582,797,354	\$ 7,925,225,472	\$ 3,225,216,284	\$ 1,079,909,616	\$ 938,327,087	\$ 55,751,475,813	\$ 55,751,475,813	100.0%
2013	40,815,993,416	8,036,001,242	3,306,948,272	942,744,260	929,843,170	54,031,530,360	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	3,362,985,338	971,033,585	889,050,800	53,960,683,913	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	3,446,918,395	1,122,915,183	875,496,571	56,022,609,329	56,022,609,329	100.0%
2016	43,302,214,028	8,714,160,476	3,552,544,174	1,029,515,444	895,479,945	57,493,914,067	57,493,914,067	100.0%
2017	45,017,777,981	8,822,768,056	3,612,948,282	1,079,435,074	945,094,380	59,478,023,773	59,478,023,773	100.0%
2018	46,426,321,920	9,094,379,313	3,662,270,285	1,124,495,564	983,607,868	61,291,074,950	61,291,074,950	100.0%
2019	47,819,472,210	9,479,885,409	4,465,618,146	1,181,448,770	1,020,179,772	63,966,604,307	63,966,604,307	100.0%
2020	49,373,623,875	9,975,795,660	4,570,825,950	1,410,040,850	1,046,921,797	66,377,208,132	66,377,208,132	100.0%
2021	51,177,172,399	10,254,365,192	5,151,658,034	744,898,436	1,111,754,367	68,439,848,428	68,439,848,428	100.0%

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, Commissioner of the Revenue, and City Adopted Resource Management Plan



Table 32

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$522,586,852	\$501,282,299	95.9%	\$15,960,863	\$517,243,162	99.0%
2013	536,618,666	516,542,429	96.3%	16,456,038	532,998,467	99.3%
2014	527,036,431	509,339,982	96.6%	16,193,709	525,533,691	99.7%
2015	558,420,893	537,056,367	96.2%	18,365,505	555,421,872	99.5%
2016	613,105,892	589,411,524	96.1%	18,629,325	608,040,849	99.2%
2017	634,993,466	609,085,906	95.9%	19,983,532	629,069,438	99.1%
2018	662,272,634	636,789,707	96.2%	22,187,597	658,977,304	99.5%
2019	688,073,333	638,348,095	92.8%	23,473,695	661,821,790	96.2%
2020	722,621,429	631,762,062	87.4%	66,091,985	697,854,047	96.6%
2021	783,423,955	687,116,605	87.7%	-	687,116,605	87.7%

**Note:** Collections in subsequent years represent delinquent accounts collected during the course of any fiscal year subsequent to the fiscal year of the tax levy.

**Source:** City of Virginia Beach - Department of Finance

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - REVENUE RATES FOR REAL ESTATE AND PERSONAL PROPERTY**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Additional Real Property Tax Rate Bayville Creek SSD	Additional Real Property Tax Rate Shadowlawn SSD	Personal Property Tax Rate
2012	\$ 0.8900	\$ 0.0600	\$ 0.4500	\$ 0.1840	-	-	3.7000
2013	0.9500	0.0600	0.4500	0.1840	\$ 0.3630	-	3.7000
2014	0.9300	0.0600	0.4500	0.1840	0.3630	\$ 0.1594	3.7000
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000
2017	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000
2018	1.0025	0.0600	0.4500	0.1840	0.5690	0.1594	4.0000
2019	1.0175	0.0600	0.4500	0.1840	0.4720	0.1594	4.0000
2020	1.0175	0.0400	0.4500	0.1840	0.4720	0.1594	4.0000
2021	0.9900	0.0400	0.4500	0.1840	0.4720	0.1594	4.0000

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Chesapeake SSD	Additional Real Property Tax Rate Harbor Point SSD	Additional Real Property Tax Rate Gills Cove SSD	Additional Real Property Tax Rate Hurds Cove SSD	Additional Real Property Tax Rate Shilling Point
2012	\$ 0.8900	-	-	-	-	-
2013	0.9500	-	-	-	-	-
2014	0.9300	-	-	-	-	-
2015	0.9300	\$ 0.2913	\$ 0.0790	\$ 0.0630	-	-
2016	0.9900	0.2913	0.0790	0.0630	\$ 0.4380	-
2017	0.9900	0.2913	0.0790	0.0630	0.4380	-
2018	1.0025	0.2913	0.0790	0.0630	0.4380	-
2019	1.0175	0.2913	0.1200	0.0630	0.4380	-
2020	1.0175	0.2913	0.1200	0.0630	0.4380	\$ 0.4040
2021	0.9900	0.2913	0.1200	0.0630	0.4380	0.4040

- Notes: (1) The City is the only entity with local taxing authority within its boundaries.  
(2) Real Property Tax Rate is applied to real estate such as land and buildings.  
(3) Personal Property Tax Rate is applied to Personal Property such as automobiles and equipment  
(4) The tax bases are mutually exclusive

Source: City of Virginia Beach - Department of Finance/City Adopted Resource Management Plan

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE**  
**Last Ten Fiscal Years (unaudited)**

<b>Fiscal Year*</b>	<b>General Obligation Bonds</b>	<b>State Literary Fund Loans</b>	<b>Appropriation Backed Debt**</b>	<b>Total</b>	<b>Percentage of Estimated Actual Full Value of Property</b>	<b>General Bonded Debt Per Capita***</b>
2012	\$ 727,803,047	\$ 4,750,000	\$ 363,387,004	\$ 1,095,940,051	2.0%	\$ 2,244
2013	686,766,362	4,125,000	362,131,112	1,053,022,474	1.9%	2,162
2014	720,118,515	3,500,000	383,138,178	1,106,756,693	2.0%	2,256
2015	716,612,342	2,875,000	405,353,486	1,124,840,828	2.0%	2,258
2016	721,310,401	2,250,000	373,133,427	1,096,693,828	1.9%	2,195
2017	655,854,925	1,875,000	360,528,148	1,018,258,073	1.7%	2,040
2018	664,558,868	1,500,000	360,314,441	1,026,373,309	1.7%	2,056
2019	600,663,013	1,125,000	321,622,445	923,410,458	1.4%	1,856
2020	649,974,113	750,000	467,349,531	1,118,073,644	1.7%	2,199
2021	585,872,515	375,000	383,908,895	970,156,410	1.4%	1,975

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

\*Fiscal Years 2012-2021 have been adjusted to reflect the related unamortized premium.

\*\*Appropriation Backed Debt includes all Governmental Public Facility Revenue Bonds, Capital Leases, COPs, Williams Farm, and Business Type Virginia Beach Development Authority Debt.

\*\*\*Computation of Net Debt Per Capita is net of premiums and discounts.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
Debt Limit	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499	\$ 5,145,277,575
Total Net Debt Applicable to Limit	<u>716,177,198</u>	<u>685,988,698</u>	<u>712,384,323</u>	<u>697,079,775</u>
Legal Debt Margin	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>	<u>\$ 4,250,282,176</u>	<u>\$ 4,448,197,800</u>
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	13.92%	13.78%	14.35%	13.55%

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

Note: Under state law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. However, the City has established financial affordability indicators. The affordability indicators are as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$3,000.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA**  
**CITY OF VIRGINIA BEACH, VIRGINIA - LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,291,185,445	\$ 5,478,360,985	\$ 5,650,206,962	\$ 5,831,703,750	\$ 6,039,301,442	\$ 6,253,882,375
<u>697,520,721</u>	<u>641,749,326</u>	<u>646,061,132</u>	<u>590,409,579</u>	<u>629,730,209</u>	<u>575,052,122</u>
<u>\$ 4,593,664,724</u>	<u>\$ 4,836,611,659</u>	<u>\$ 5,004,145,830</u>	<u>\$ 5,241,294,171</u>	<u>\$ 5,409,571,233</u>	<u>\$ 5,678,830,253</u>
13.18%	11.71%	11.43%	10.12%	10.43%	9.20%

**Legal Debt Margin Calculation For Fiscal Year**

**2020 Assessed Value of Real Property**

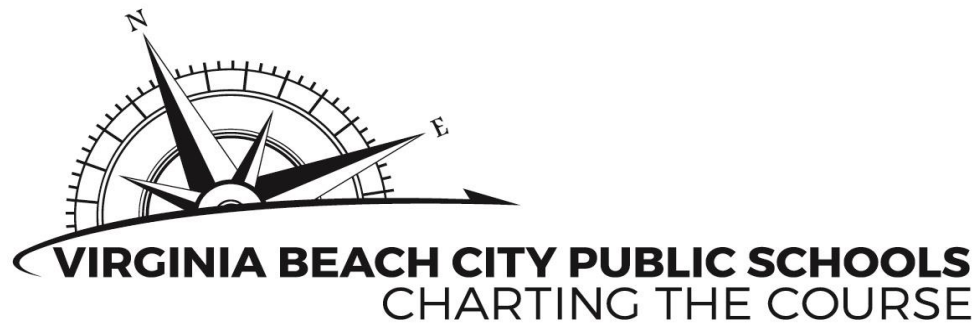
**(Taxable):**

Regular	\$ 61,431,537,591
Public Service	1,107,286,164
<b>Total Assessed Value of Real Property</b>	<u><u>\$ 62,538,823,755</u></u>

<b>Debt Limit (10% of Total Assessed Value)</b>	<b>\$ 6,253,882,375</b>
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**Debt Applicable to Limit:**

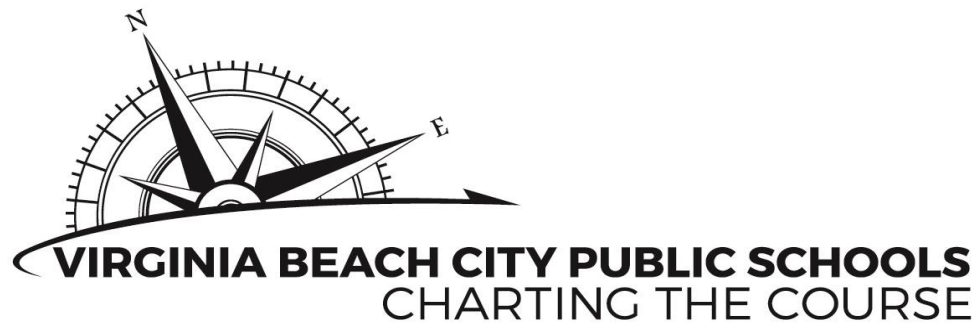
General Obligation Bonds	<u>575,052,122</u>
<b>Legal Debt Margin</b>	<u><u>\$ 5,678,830,253</u></u>



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# COMPLIANCE SECTION



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**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Members of the School Board  
City of Virginia Beach, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach ("School Board"), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2021, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 10, 2021. That report recognizes that the School Board restated certain net position and fund balance amounts due to the implementation of a new accounting standard, effective July 1, 2020.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Specifications for Audits of Counties, Cities, and Towns*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekaert LP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
December 10, 2021



Aaron C. Spence, Ed.D., Superintendent  
Virginia Beach City Public Schools  
2512 George Mason Drive, Virginia Beach, VA 23456-0038

Produced by the Department of Communications and Community Engagement for the Department of Budget and Finance.  
For further information, please call (757) 263-1033.

#### Notice of Non-Discrimination Policy

Virginia Beach City Public Schools does not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation/gender identity, pregnancy, childbirth or related medical condition, disability, marital status, age, genetic information or veteran status in its programs, activities, employment, or enrollment, and provides equal access to the Boy Scouts and other designated youth groups. School Board policies and regulations (including, but not limited to, Policies 2-33, 4-4, 5-7, 5-19, 5-20, 5-44, 6-33, 6-7, 7-48, 7-49, 7-57 and Regulations 4-4.1, 4-4.2, 5-44.1, 7-11.1, 7-17.1 and 7-57.1) provide equal access to courses, programs, enrollment, counseling services, physical education and athletic, vocational education, instructional materials, extracurricular activities and employment.

Title IX Notice: Complaints or concerns regarding discrimination on the basis of sex or sexual harassment should be addressed to the Title IX Coordinator, at the VBCPS Office of Student Leadership, 641 Carriage Hill Road, Suite 200, Virginia Beach, 23452, (757) 263-2020, [Mary.Dees@vbschools.com](mailto:Mary.Dees@vbschools.com) (student complaints) or the VBCPS Department of School Leadership, 2512 George Mason Drive, Municipal Center, Building 6, Virginia Beach, Virginia, 23456 (757) 263-1088, [Elizabeth.Bryant@vbschools.com](mailto:Elizabeth.Bryant@vbschools.com) (employee complaints). Additional information regarding Virginia Beach City Public Schools' policies regarding discrimination on the basis of sex and sexual harassment, as well as the procedures for filing a formal complaint and related grievance processes, can be found in School Board Policy 5-44 and School Board Regulations 5-44.1 (students), School Board Policy 4-4 and School Board Regulation 4-4.3 (employees), and on the School Division's website at Diversity, Equity and Inclusion/Title IX. Concerns about the application of Section 504 of the Rehabilitation Act should be addressed to the Section 504 Coordinator/Executive Director of Student Support Services at (757) 263-1980, 2512 George Mason Drive, Virginia Beach, Virginia, 23456 or the Section 504 Coordinator at the student's school. For students who are eligible or suspected of being eligible for special education or related services under IDEA, please contact the Office of Programs for Exceptional Children at (757) 263-2400, Plaza Annex/Family and Community Engagement Center, 641 Carriage Hill Road, Suite 200, Virginia Beach, VA 23452.

The School Division is committed to providing educational environments that are free of discrimination, harassment, and bullying.

Students, staff, parents/guardians who have concerns about discrimination, harassment, or bullying should contact the school administration at their school. Promptly reporting concerns will allow the school to take appropriate actions to investigate and resolve issues. School Board Policy 5-7 addresses non-discrimination and anti-harassment, Policy 5-44 addresses sexual harassment and discrimination based on sex or gender. Policy 5-36 and its supporting regulations address other forms of harassment.

Alternative formats of this publication which may include taped, Braille, or large print materials are available upon request for individuals with disabilities. Call or write Daniel Hopkins, Director of Business Services, Virginia Beach City Public Schools, 2512 George Mason Drive, P.O. Box 6038, Virginia Beach, Virginia 23456-0038. Telephone (757) 263-1033, fax (757) 263-1739, (757) 263-1240 (TDD) or e-mail him at [Daniel.Hopkins2@vbschools.com](mailto:Daniel.Hopkins2@vbschools.com).

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November 2021