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

Annual Financial Report

For the Year Ended June 30, 2022

Prepared By:
Department of Financial Services

Radford City School Board
Annual Financial Report
For the Year Ended June 30, 2022

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Jody Ray	Jenny Riffe

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Radford City School Board, a component unit of the City of Radford, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Radford City School Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Radford City School Board, as of and for the year ended June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Radford City School Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Radford City School Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Radford City School Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Radford City School Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Radford City School Board's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal* Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of the Radford City 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 Radford City 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 Radford City School Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 30, 2023

Basic Financial Statements

Exhibit 1

Radford City School Board
Statement of Net Position
June 30, 2022

		Primary Government Governmental Activities
ASSETS		
Cash and cash equivalents	$	1,509,619
Accounts receivable		27,301
Due from other governmental units		738,547
Due from primary government		784,728
Inventories		22,935
Net pension asset		235,015
Capital assets (net of accumulated depreciation):		
Land		211,699
Buildings and improvements		6,201,462
Machinery and equipment		1,673,432
Construction in progress		394,780
Total assets	$	11,799,518
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$	3,107,129
OPEB related items		394,140
Total deferred outflows of resources	$	3,501,269
LIABILITIES		
Accounts payable	$	169,173
Wages payable		114,630
Accrued health claims		439,399
Construction and retainage payable		780,959
Unearned revenue		78,905
Long-term liabilities:		
Due within one year		492,601
Due in more than one year		10,624,482
Total liabilities	$	12,700,149
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$	6,592,259
OPEB related items		497,633
Total deferred inflows of resources	$	7,089,892
NET POSITION		
Investment in capital assets	$	7,700,414
Restricted		
Cafeteria operations		617,896
School activity fund		345,725
Net pension asset		235,015
Unrestricted (deficit)		(13,388,304)
Total net position (deficit)	$	(4,489,254)

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

Exhibit 2

Radford City School Board
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
PRIMARY GOVERNMENT:					
Governmental activities:					
Instruction	$ 21,346,171	$ 917,974	$ 10,098,418	$ -	$ (10,329,779)
Administration, Attendance and Health	1,277,913	-	-	-	(1,277,913)
Pupil Transportation Services	512,345	-	-	-	(512,345)
Operation and Maintenance Services	1,913,950	-	-	-	(1,913,950)
School Food Services and Other	938,313	9,391	1,049,582	-	120,660
Technology	908,043	-	334,859	-	(573,184)
Facilities	853,731	-	-	-	(853,731)
Total governmental activities	$ 27,750,466	$ 927,365	$ 11,482,859	$ -	$ (15,340,242)
General revenues:					
Basic aid					$ 10,366,969
State sales tax					2,301,043
Unrestricted revenues from the use of money					325
Miscellaneous					242,954
Contributions from the City of Radford, Virginia					4,893,933
Total general revenues					$ 17,805,224
Change in net position					$ 2,464,982
Net position (deficit) - beginning					(6,954,236)
Net position (deficit) - ending					$ (4,489,254)

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

Exhibit 3

Radford City School Board
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	School Grants Fund	School Cafeteria Fund	School Textbook Fund	School Activity Fund	School Construction Fund	Total
ASSETS							
Cash and cash equivalents	$ 924	$ -	$ 581,621	$ 421,608	$ 339,687	$ -	$ 1,343,840
Accounts receivable	6,451	-	164	-	20,686	-	27,301
Due from other funds	7,255	-	-	-	-	-	7,255
Due from other governmental units	265,685	453,784	19,078	-	-	-	738,547
Due from primary government	-	-	-	-	-	784,728	784,728
Inventories	-	-	22,935	-	-	-	22,935
Total assets	$ 280,315	$ 453,784	$ 623,798	$ 421,608	$ 360,373	$ 784,728	$ 2,924,606
LIABILITIES							
Accounts payable	$ 89,247	$ 66,843	$ 1,279	$ 4,411	$ 7,393	$ -	$ 169,173
Wages payable	16,061	93,946	4,623	-	-	-	114,630
Construction and retainage payable	-	-	-	-	-	780,959	780,959
Due to other funds	-	-	-	-	7,255	-	7,255
Reconciled overdraft	-	129,161	-	-	-	3,769	132,930
Unearned revenue	-	78,905	-	-	-	-	78,905
Total liabilities	$ 105,308	$ 368,855	$ 5,902	$ 4,411	$ 14,648	$ 784,728	$ 1,283,852
FUND BALANCES							
Nonspendable							
Inventories	$ -	$ -	$ 22,935	$ -	$ -	$ -	$ 22,935
Restricted	-	-	594,961	-	345,725	-	940,686
Committed	-	84,929	-	417,197	-	-	502,126
Unassigned	175,007	-	-	-	-	-	175,007
Total fund balances	$ 175,007	$ 84,929	$ 617,896	$ 417,197	$ 345,725	$ -	$ 1,640,754
Total liabilities and fund balances	$ 280,315	$ 453,784	$ 623,798	$ 421,608	$ 360,373	$ 784,728	$ 2,924,606

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

Exhibit 4

Radford City School Board
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 1,640,754
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 211,699	
Buildings and improvements	6,201,462	
Machinery and equipment	1,673,432	
Construction in progress	394,780	8,481,373
The net pension asset is not an available resource and, therefore, is not reported in the funds.		235,015
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 3,107,129	
OPEB related items	394,140	3,501,269
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(140,690)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (656,801)	
Net OPEB liabilities	(2,574,527)	
Net pension liability	(7,885,755)	(11,117,083)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (6,592,259)	
OPEB related items	(497,633)	(7,089,892)
Net position (deficit) of governmental activities		$ (4,489,254)

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

Radford City School Board
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	School Grants Fund	School Cafeteria Fund	School Textbook Fund	School Activity Fund	School Construction Fund	Total
REVENUES							
Revenue from the use of money and property	$ 325	$ -	$ -	$ -	$ -	$ -	$ 325
Charges for services	442,729	-	9,391	-	475,245	-	927,365
Miscellaneous	190,037	37,434	15,483	-	-	-	242,954
Recovered costs	11,240	-	-	-	-	-	11,240
Intergovernmental	24,031,268	3,239,635	1,050,196	213,184	-	7,701,201	36,235,484
Total revenues	$ 24,675,599	$ 3,277,069	$ 1,075,070	$ 213,184	$ 475,245	$ 7,701,201	$ 37,417,368
EXPENDITURES							
Instruction	$ 20,176,042	$ 1,946,356	$ -	$ 83,704	$ 658,243	$ -	$ 22,864,345
Administration, Attendance and Health	1,174,340	147,989	-	-	-	-	1,322,329
Pupil Transportation Services	488,767	115,066	-	-	-	-	603,833
Operation and Maintenance Services	1,656,035	115,068	-	-	-	149,292	1,920,395
School Food Services and Other	111,461	5,921	810,363	-	-	-	927,745
Technology	658,220	262,089	-	-	-	-	920,309
Facilities	172,596	674,917	-	-	-	-	847,513
Capital Projects	-	-	-	-	-	7,551,909	7,551,909
Total expenditures	$ 24,437,461	$ 3,267,406	$ 810,363	$ 83,704	$ 658,243	$ 7,701,201	$ 36,958,378
Excess (deficiency) of revenues over (under) expenditures	$ 238,138	$ 9,663	$ 264,707	$ 129,480	$ (182,998)	$ -	$ 458,990
OTHER FINANCING SOURCES (USES)							
Transfers in	$ 13,042	$ -	$ -	$ -	$ 205,337	$ -	$ 218,379
Transfers out	(205,337)	-	-	-	(13,042)	-	(218,379)
Total other financing sources (uses)	$ (192,295)	$ -	$ -	$ -	$ 192,295	$ -	$ -
Net change in fund balances	$ 45,843	$ 9,663	$ 264,707	$ 129,480	$ 9,297	$ -	$ 458,990
Fund balances - beginning	129,164	75,266	353,189	287,717	336,428	-	1,181,764
Fund balances - ending	$ 175,007	$ 84,929	$ 617,896	$ 417,197	$ 345,725	$ -	$ 1,640,754

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

Radford City School Board
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, 2022

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 458,990
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:		
Capital outlays	$ 917,980	
Depreciation expense	(519,618)	398,362
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
State non-employer contribution to the pension plan		62,314
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(167,456)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Changes in compensated absences	$ 19,309	
Changes in OPEB related items	45,158	
Changes in pension related items	1,648,305	1,712,772
Change in net position of governmental activities		$ 2,464,982

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

Exhibit 7

Radford City School Board
Statement of Net Position
Proprietary Fund
June 30, 2022

		Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$	298,709
Total assets	$	298,709
LIABILITIES		
Current liabilities:		
Accrued health claims	$	439,399
Total liabilities	$	439,399
NET POSITION		
Unrestricted (deficit)	$	(140,690)
Total net position (deficit)	$	(140,690)

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

Exhibit 8

Radford City School Board
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2022

		Internal Service Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	2,994,543
Total operating revenues	$	2,994,543
OPERATING EXPENSES		
Insurance claims and expenses	$	3,162,002
Total operating expenses	$	3,162,002
Operating income (loss)	$	(167,459)
NONOPERATING REVENUES (EXPENSES)		
Interest income	$	3
Total nonoperating revenues (expenses)	$	3
Change in net position	$	(167,456)
Total net position - beginning		26,766
Total net position (deficit) - ending	$	(140,690)

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

Exhibit 9

Radford City School Board
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	2,994,543
Payments for health claims		(3,021,400)
Net cash provided by (used for) operating activities	$	(26,857)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	3
Net cash provided by (used for) investing activities	$	3
Net increase (decrease) in cash and cash equivalents	$	(26,854)
Cash and cash equivalents - beginning		325,563
Cash and cash equivalents - ending	$	298,709
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(167,459)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Increase (decrease) in health claims payable	$	140,602
Total adjustments	$	140,602
Net cash provided by (used for) operating activities	$	(26,857)

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

Exhibit 10

Radford City School Board
Statement of Fiduciary Net Position
June 30, 2022

	Custodial Fund Virtual Academy
ASSETS	
Cash and cash equivalents	$ 91,057
Total assets	$ 91,057
NET POSITION	
Restricted - held for virtual academy	$ 91,057
Total net position	$ 91,057
Total liabilities and net position	$ 91,057

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

Exhibit 11

Radford City School Board
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Custodial Fund
	Virtual Academy
ADDITIONS	
Charges for services	$ 140,000
Total additions	$ 140,000
DEDUCTIONS	
Instruction	$ 151,799
Total deductions	$ 151,799
Net increase (decrease) in fiduciary net position	$ (11,799)
Total net position, beginning of year	$ 102,856
Total net position, end of year	$ 91,057

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

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Radford City School Board ("the School Board") conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity:

The Radford City School Board (government) is a component unit of the City of Radford, Virginia ("the City"), which operates two elementary schools, one middle school, and one high school for students residing in the City. The School Board consists of five elected members. City Council approves the Board's operational and capital budgets and must approve the issuance of bonded debt. City Council also provides fiscal guidance because it levies taxes for the School Board's operations and issues debt for its school capital projects. Based on these facts, the City reports the School Board as a discretely presented component unit.

Related Organizations

School Board members are occasionally appointed to various committees as provided under state and local laws and ordinances. However, the committees are advisory in nature and the School Board is not financially accountable for these committees and therefore they are not included in the School Board financial statements.

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. *Governmental activities* are normally supported by intergovernmental revenues. For the most part, the effect of interfund activity has been removed from these statements. The interfund services provided by and used for in the internal services fund are not eliminated in the process of consolidation.

The statement of net position is designed to display financial position of the primary government and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Note 1-Summary of Significant Accounting Policies: (continued)

B. Government-wide and fund financial statements: (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The School Board reports the following major governmental funds:

The General Fund is the School Board's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds.

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Special revenue funds account for and report the proceeds of specific revenue sources. Special Revenue Funds consist of the School Grants, School Cafeteria, School Textbook, and School Activity Funds.

The School Construction Fund accounts for all financial resources received from specific revenue sources to be used to acquire capital assets.

The government reports the following major proprietary fund:

The Internal Service Fund accounts for and reports the self-insured health insurance plan.

The government reports the following fiduciary fund:

The Custodial Fund (Virtual Academy) accounts for and reports account for assets held by the government in a trustee capacity or custodian for individuals, private organizations, other governmental units, or other funds.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School Board's proprietary fund are charges to employees for insurance premiums. Operating expenses for proprietary funds include insurance claims and expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance:

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Inventories

Inventories are valued at the lower of cost (determined on a first-in, first-out basis) or market except for commodities received from the federal government which are valued at market. Inventories consist of food and supplies.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

3. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the School Board as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years.

As the School Board constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Equipment and furniture	5-15
Vehicles and buses	5-8

4. Fund balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

4. Fund balance (continued)

- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the School Board's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

5. Compensated Absences

The School Board has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if the leave is expected to be paid with currently available financial resources.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School Board only has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

6. Deferred Outflows/Inflows of Resources (continued)

   In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School Board has one type of item that qualifies for reporting in this category. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

7. Pensions

   For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the School Board's Retirement Plan and the additions to/deductions from the School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

8. Other Postemployment Benefits (OPEB)

   For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

9. Use of Estimates

   The preparation of financial statements in conformity with generally accepted accounting principles requires management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

10. Net Position

   For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

10. Net Position (continued)

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School Board will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 2-Stewardship, Compliance, and Accountability:

Budgets and Budgetary Accounting

The following procedures are used by the School Board in establishing the budgetary data reflected in the financial statements:

The funds available to the School Board for the establishment, support and maintenance of schools consist of state funds appropriated for school purposes and apportioned to the School Board, federal funds appropriated for educational purposes and apportioned to the School Board, local funds appropriated to the School Board by the City, and other funds that may be set apart for public school purposes.

The School Board manages and controls the funds made available by the City. The school superintendent prepares, with the approval of the School Board, and submits to the City prior to April 1, the proposed operating budget for the next fiscal year. Before the School Board gives final approval to its budget for submission to the City Council, the School Board holds at least one public hearing to receive the view of the citizens.

Note 2-Stewardship, Compliance, and Accountability: (continued)

City Council has adopted the policy of appropriating the school budget in total rather than by categories. Accordingly, the legal restrictions on expenditures for the School Board are at the fund level. The School Board is authorized to transfer budgeted amounts within each fund at its discretion. The School Board, with the concurrence of City Council, may from time to time amend the budget to provide for additional expenditures and the means of financing them.

The school budget is adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse on June 30. The budgetary data presented in the accompanying financial statements are revised as of June 30 and include all appropriations approved by the City Council.

The School Activity Fund does not have a legally adopted budget.

Note 3-Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia . Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of 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, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc; A-1 by Standard + Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). No investments were held during the year.

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Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	School Board
Commonwealth of Virginia:	
Local sales tax	$ 184,721
Categorical aid-Other	99,356
Federal Government:	
School grants	435,392
School food program	19,078
Totals	$ 738,547

Note 5-Long-term Obligations:

The following is a summary of changes in long-term obligations:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Due Within One Year
Compensated absences	$ 676,110	$ 487,774	$ (507,083)	$ 656,801	$ 492,601
Net OPEB liabilities	2,931,781	470,185	(827,439)	2,574,527	-
Net pension liability	15,329,809	3,022,336	(10,466,390)	7,885,755	-
Total	$ 18,937,700	$ 3,980,295	$ (11,800,912)	$ 11,117,083	$ 492,601

The School Board General Fund is normally used to liquidate the liabilities above.

Note 6-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the 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.

Note 6-Pension Plans: (continued)

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier 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.

Note 6-Pension Plans: (continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government - School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	10
Inactive members:	
Vested inactive members	2
Non-vested inactive members	5
Inactive members active elsewhere in VRS	1
Total inactive members	8
Active members	11
Total covered employees	29

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 political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 5.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

Note 6-Pension Plans: (continued)

Contributions (continued)

This 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. Contributions to the pension plan from the School Board's nonprofessional employees were $14,586 and $15,765 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The School Board's (nonprofessional) net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Note 6-Pension Plans: (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates: (continued)

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on the 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:

All Others (Non-10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Note 6-Pension Plans: (continued)

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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 6-Pension Plans: (continued)

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 System 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was 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, 2021 on, participating employers and school divisions are assumed to continue 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.

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Note 6-Pension Plans: (continued)

Changes in Net Pension Liability (Asset)

	Primary Government-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	$ 1,860,991	$ 1,837,634	$ 23,357
Changes for the year:			
Service cost	$ 35,750	$ -	$ 35,750
Interest	120,806	-	120,806
Assumption changes	72,893	-	72,893
Differences between expected and actual experience	32,770	-	32,770
Contributions - employer	-	15,765	(15,765)
Contributions - employee	-	16,143	(16,143)
Net investment income	-	489,931	(489,931)
Benefit payments, including refunds of employee contributions	(142,539)	(142,539)	-
Administrative expenses	-	(1,293)	1,293
Other changes	-	45	(45)
Net changes	$ 119,680	$ 378,052	$ (258,372)
Balances at June 30, 2021	$ 1,980,671	$ 2,215,686	$ (235,015)

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Note 6-Pension Plans: (continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the School Board (nonprofessional) using the discount rate of 6.75%, as well as what the School Board's (nonprofessional) net pension asset 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Asset	$ (56,714)	$ (235,015)	$ (388,871)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the School Board (nonprofessional) recognized pension expense of $14,602. At June 30, 2022, the School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,191	$ -
Changes of assumptions	42,521	-
Net difference between projected and actual earnings on pension plan investments	-	240,897
Employer contributions subsequent to the measurement date	14,586	-
Total	$ 78,298	$ 240,897

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Note 6-Pension Plans: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

$14,586 reported as deferred outflows of resources related to pensions resulting from the School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30		Primary Government-School Board (Nonprofessional)
2023	$	(10,237)
2024		(37,000)
2025		(56,013)
2026		(73,935)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http:www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Primary Government-School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

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Note 6-Pension Plans: (continued)

Primary Government-School Board (professional) (continued)

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2022 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. Contributions to the pension plan from the school division were $1,603,386 and $1,435,683 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately $61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of $7,885,755 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.10158% as compared to 0.10520% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of $(42,109). 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.

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Note 6-Pension Plans: (continued)

Primary Government-School Board (professional) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 671,661
Net difference between projected and actual earnings on pension plan investments	-	4,969,391
Changes of assumptions	1,381,564	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	43,881	710,310
Employer contributions subsequent to the measurement date	1,603,386	-
Total	$ 3,028,831	$ 6,351,362

$1,603,386 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2023	$ (1,177,205)
2024	(1,088,856)
2025	(1,157,120)
2026	(1,503,131)
2027	395

Note 6-Pension Plans: (continued)

Primary Government-School Board (professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 6-Pension Plans: (continued)

Primary Government-School Board (professional) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	$	7,763,263
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.46%

Note 6-Pension Plans: (continued)

Primary Government-School Board (professional) (continued)

Net Pension Liability (continued)

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 GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division'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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	$ 15,219,079	$ 7,885,755	$ 1,853,116

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.retire.org/pdf/publications/2021-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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Note 6-Pension Plans: (continued)

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liability (asset), and pension expense for the year ended June 30, 2022.

	Primary Government-School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	$ 78,298	$ 240,897	$ (235,015)	$ 14,602
School Board Professional	3,028,831	6,351,362	7,885,755	(42,109)
Totals	$ 3,107,129	$ 6,592,259	$ 7,650,740	$ (27,507)

Note 7-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Radford City School Board				
Capital assets, not being depreciated:				
Land	$ 211,699	$ -	$ -	$ 211,699
Construction in progress	-	394,780	-	394,780
Total capital assets not being depreciated	$ 211,699	$ 394,780	$ -	$ 606,479
Capital assets, being depreciated:				
Buildings and Improvements	$ 13,896,818	$ 185,991	$ -	$ 14,082,809
Machinery and equipment	3,528,586	337,209	-	3,865,795
Total capital assets being depreciated	$ 17,425,404	$ 523,200	$ -	$ 17,948,604
Accumulated depreciation:				
Buildings and Improvements	$ (7,559,090)	$ (322,257)	$ -	$ (7,881,347)
Machinery and equipment	(1,995,002)	(197,361)	-	(2,192,363)
Total accumulated depreciation	$ (9,554,092)	$ (519,618)	$ -	$ (10,073,710)
Total capital assets being depreciated, net	$ 7,871,312	$ 3,582	$ -	$ 7,874,894
Governmental activities capital assets, net	$ 8,083,011	$ 398,362	$ -	$ 8,481,373

Note 7-Capital Assets: (continued)

Depreciation expense was charged to functions/programs of the School Board as follows:

Administration, attendance, and health	$ 4,197
Instruction	13,308
Pupil transportation	50,835
Food service	876
Technology	32,249
Operation and maintenance	122,388
Facilities	295,765
Total depreciation expense-governmental activities	$ 519,618

Note 8-Risk Management:

The School Board participates with other school boards in a public entity risk pool for their coverage of general liability, property, crime, auto insurance and excess liability with the VACorp. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The School Board pays the Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, and depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The School Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9-Other Postemployment Benefits – Health Insurance:

Plan Description

In addition to the pension benefits described in Note 6, the School Board administers a single-employer defined benefit healthcare plan ("the Plan"), The Radford City Public Schools OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The Plan provides for participation by eligible retirees and their spouses in the health insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health insurance (PPO option) offered by the School Board until retirees attain 65 years of age at which time they may participate in a Medicare supplement (PPO option) plan.

Note 9-Other Postemployment Benefits – Health Insurance: (continued)

To be eligible for this benefit, a retiree must meet at least one of the following criteria: attained age 55 and 5 years of service, or attained age 50 and 11 years of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

Plan Membership

At January 1, 2020, the following employees were covered by the benefit terms:

Total active employees with coverage	171
Total retirees and spouses with coverage	8
Total	179

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was $49,596.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate - A 3.54% discount rate for measuring the plan's June 30, 2022 Total OPEB Liability. This assumption is similar to yields implied by theoretical 20-year general obligation bond indices as of June 30, 2022.

Inflation Rate - 2.50% annual rate of inflation.

Coverage Elections – The School Board assumes 30% of future retirees will elect coverage upon retirement. The School Board assumes 30% of future retirees electing coverage will also elect to cover their spouse.

Marital Status - 100% of active members are married at retirement with husbands three years older than their wives.

Note 9-Other Postemployment Benefits – Health Insurance: (continued)

Actuarial Assumptions (continued)

The retirement, withdrawal, mortality, and disability assumptions used in the valuation are consistent with those used in the June 30, 2019 valuation of the Virginia Retirement System as presented in the pension note disclosures.

Age-Related Claims Cost Assumption – A blended premium rate for active employees and retirees under age 65 is a common practice. Medical costs generally increase with age, so the result is the blended premium rate is higher than the true underlying cost for actives and the blended premium rate is lower than the true underlying cost for retirees. GASB addresses this practice by requiring the plan sponsor to determine the liabilities and costs for retiree benefits after removing the effect of any implicit rate subsidies. The net cost of the plan is equal to the true underlying cost minus the portion of the cost paid by the retiree.

Milliman's *Health Cost Guidelines* (Guidelines) was used to estimate the true underlying cost of each medical option, and used these estimated costs to calculate the GASB liabilities and costs.

Healthcare Trend Assumption - The healthcare trend rate assumption started at 6.90% in 2020, 2.80% in 2021, 5.30% in 2022 and then gradually grading to 4.00% over 51 years.

The date of the most recent actuarial experience study for which significant assumptions were based on actual VRS experience over the four-year period ending June 30, 2016.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2021	$	748,985
Changes for the year:		
Service cost		62,289
Interest		16,991
Effect of assumptions changes or inputs		(64,495)
Benefit payments		(49,596)
Net changes	$	(34,811)
Balances at June 30, 2022	$	714,174

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Note 9-Other Postemployment Benefits – Health Insurance: (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
$ 760,532	$ 714,174	$ 670,074

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.90% decreasing to an ultimate rate of 3.00%) or one percentage point higher (7.90% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.90% decreasing to 3.00%)	Healthcare Cost Trend (6.90% decreasing to 4.00%)	1% Increase (7.90% decreasing to 5.00%)
$ 627,841	$ 714,174	$ 816,525

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of $74,911. At June 30, 2022, 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	$ -	$ 64,820
Changes in assumptions	67,035	58,288
Total	$ 67,035	$ 123,108

Note 9-Other Postemployment Benefits – Health Insurance: (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	$ (4,369)
2024	(7,319)
2025	(11,740)
2026	(11,740)
2027	(11,740)
Thereafter	(9,165)

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills 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 plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI 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.

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute 2015. This will be is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum adjusted for the COLA was $8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan 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 for the GLI Plan 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, 2022 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.

Contributions to the GLI Plan from the School Board (nonprofessional) were $1,835 and $1,910 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the School Board (professional) were $54,391 and $48,354 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the School Board (nonprofessional) reported a liability of $19,909 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0017% as compared to 0.0018% at June 30, 2020.

<u>Note 10-Group Life Insurance (GLI) Plan (OPEB Plan)</u>: (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

At June 30, 2022, the School Board (professional) reported a liability of $504,945 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0434% as compared to 0.0448% at June 30, 2020.

For the year ended June 30, 2022, the participating School Board (nonprofessional) and School Board (professional) recognized GLI OPEB expense of $485 and $14,604, respectively. 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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	School Board (nonprofessional)		School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,271	$ 152	$ 57,591	$ 3,847
Net difference between projected and actual earnings on GLI OPEB plan investments	-	4,752	-	120,519
Change in assumptions	1,098	2,724	27,837	69,087
Changes in proportion	-	1,422	6,518	39,102
Employer contributions subsequent to the measurement date	1,835	-	54,391	-
Total	$ 5,204	$ 9,050	$ 146,337	$ 232,555

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

$1,835 and $54,391 reported as deferred outflows of resources related to the GLI OPEB 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	School Board (nonprofessional)	School Board (professional)
2023	$ (1,312)	$ (30,958)
2024	(1,091)	(27,825)
2025	(1,081)	(27,407)
2026	(1,717)	(43,433)
2027	(480)	(10,986)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Mortality Rates – Teachers

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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 GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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 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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation, at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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 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 ended June 30, 2021, 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, 2021 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 benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of 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 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	$ 29,087	$ 19,909	$ 12,496
School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	$ 737,742	$ 504,945	$ 316,950

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), 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 HIC 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 Teacher HIC OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. 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: $4.00 per month, multiplied by twice the amount of service credit, or $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements 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 by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher HIC Plan were $121,876 and $108,349 for the years ended June 30, 2022 and June 30, 2021, respectively.

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2022, the school division reported a liability of $1,299,614 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.1013% as compared to 0.1051% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $92,756. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (continued)

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 22,678
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	17,120
Change in assumptions	35,131	5,223
Change in proportion	14,452	87,573
Employer contributions subsequent to the measurement date	121,876	-
Total	$ 171,459	$ 132,594

$121,876 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, 2023. 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	
2023	$ (14,677)
2024	(14,872)
2025	(16,375)
2026	(17,643)
2027	(10,352)
Thereafter	(9,092)

Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Teachers

Pre-Retirement:
Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee net HIC OPEB Liability (Asset)	$	1,283,569
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Net Teacher Employee HIC OPEB Liability (continued)

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 GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the 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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee 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 ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division'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:

	Rate		
	1% Decrease (5.75%)	**Current Discount (6.75%)**	**1% Increase (7.75%)**
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 1,463,005	$ 1,299,614	$ 1,161,346

Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.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.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), 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 HIC 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 about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. 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.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC 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 HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	7
Active members	11
Total covered employees	18

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2022 was 1.01% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 HIC Plan were $3,431 and $3,572 for the year ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately $2.5 million of additional employer contributions in FY 2021.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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 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:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability 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 difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	$ 35,594	$ -	$ 35,594
Changes for the year:			
Service cost	$ 1,063	$ -	$ 1,063
Interest	2,403	-	2,403
Assumption changes	908	-	908
Contributions - employer	-	3,572	(3,572)
Net investment income	-	527	(527)
Administrative expenses	-	(16)	16
Net changes	$ 4,374	$ 4,083	$ 291
Balances at June 30, 2021	$ 39,968	$ 4,083	$ 35,885

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Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Sensitivity of the School Board's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board's 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's Net HIC OPEB Liability	$ 39,029	$ 35,885	$ 33,126

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

For the year ended June 30, 2022, the School Board recognized HIC Plan OPEB expense of $3,515. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	$ -	$ 326
Change in assumptions	674	-
Employer contributions subsequent to the measurement date	$ 3,431	$ -
Total	$ 4,105	$ 326

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Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (continued)

$3,431 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	$ 153
2024	153
2025	125
2026	(83)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Aggregate OPEB Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2022.

	Primary Government - School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan:				
School Board Nonprofessional	$ 5,204	$ 9,050	$ 19,909	$ 485
School Board Professional	146,337	232,555	504,945	14,604
Teacher Health Insurance Credit Plan	171,459	132,594	1,299,614	92,756
Health Insurance Credit Plan Nonprofessional	4,105	326	35,885	3,515
School Stand-Alone Plan	67,035	123,108	714,174	74,911
Totals	$ 394,140	$ 497,633	$ 2,574,527	$ 186,271

Note 14-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	$ 13,042	$ 205,337
School Activity Fund	205,337	13,042
Total	$ 218,379	$ 218,379

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in one fund to other fund(s) to finance various programs accounted for in other funds in accordance with budgeting authorization.

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity and are expected to be repaid by current administration.

Fund	Due From	Due To
General Fund	$ 7,255	$ -
School Activity Fund	-	7,255
Total	$ 7,255	$ 7,255

Note 15-Contingent Liabilities:

Federal programs in which the School Board participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. Certain compliance findings were noted and disclosed in the schedule of findings and questioned costs. The Federal Government may subject grant programs to additional compliance tests, which may result in additional disallowed expenditures.

Note 16-Commitements:

The School Board had the following major construction commitments at June 30, 2022.

Project	Contract Amount	Amount Outstanding at June 30, 2022
McHarg Elementary Additions and Renovations	$ 14,266,373	$ 46,742

Note 17-COVID-19 Pandemic Subsequent Event Note Disclosure:

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated $30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added $81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than $170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 18—Upcoming Pronouncements:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Note 19—Upcoming Pronouncements: (continued)

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

Exhibit 12

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Revenue from the use of money and property	$ 3,000	$ 3,000	$ 325	$ (2,675)
Charges for services	80,000	444,669	442,729	(1,940)
Miscellaneous	6,000	6,000	190,037	184,037
Recovered costs	1,000	1,000	11,240	10,240
Intergovernmental	18,036,228	24,927,879	24,031,268	(896,611)
Total revenues	$ 18,126,228	$ 25,382,548	$ 24,675,599	$ (706,949)
EXPENDITURES*				
Instruction	$ 13,913,022	$ 20,263,622	$ 20,176,042	$ 87,580
Administration, Attendance and Health	1,150,545	1,180,545	1,174,340	6,205
Pupil Transportation Services	511,929	545,113	488,767	56,346
Operation and Maintenance Services	1,545,335	1,774,056	1,656,035	118,021
School Food Services and Other	106,791	106,791	111,461	(4,670)
Technology	897,606	897,606	658,220	239,386
Facilities	1,000	614,815	172,596	442,219
Total expenditures	$ 18,126,228	$ 25,382,548	$ 24,437,461	$ 945,087
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 238,138	$ 238,138
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 13,042	$ 13,042
Transfers out	-	-	(205,337)	(205,337)
Total other financing sources (uses)	$ -	$ -	$ (192,295)	$ (192,295)
Net change in fund balances	$ -	$ -	$ 45,843	$ 45,843
Fund balances - beginning	-	-	129,164	129,164
Fund balances - ending	$ -	$ -	$ 175,007	$ 175,007

Note: GAAP serves as the budgetary basis of accounting

Exhibit 13

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - School Grants Fund
For the Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous	$ 60,000	$ 60,000	$ 37,434	$ (22,566)
Intergovernmental	2,565,404	3,490,404	3,239,635	(250,769)
Total revenues	$ 2,625,404	$ 3,550,404	$ 3,277,069	$ (273,335)
EXPENDITURES*				
Instruction	$ 2,025,404	$ 2,338,513	$ 1,946,356	$ 392,157
Administration, Attendance and Health	-	-	147,989	(147,989)
Pupil Transportation Services	100,000	100,000	115,066	(15,066)
Operation & Maintenance Services	-	-	115,068	(115,068)
School Food Services and Other	-	-	5,921	(5,921)
Technology	-	-	262,089	(262,089)
Facilities	500,000	1,111,891	674,917	436,974
Total expenditures	$ 2,625,404	$ 3,550,404	$ 3,267,406	$ 282,998
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 9,663	$ 9,663
Net change in fund balances	$ -	$ -	$ 9,663	$ 9,663
Fund balances - beginning	-	-	75,266	75,266
Fund balances - ending	$ -	$ -	$ 84,929	$ 84,929

Note: GAAP serves as the budgetary basis of accounting
* appropriations monitored at fund level only.

Exhibit 14

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - School Cafeteria Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 144,352	$ 144,352	$ 9,391	$ (134,961)
Miscellaneous	-	-	15,483	15,483
Intergovernmental	560,674	560,674	1,050,196	489,522
Total revenues	$ 705,026	$ 705,026	$ 1,075,070	$ 370,044
EXPENDITURES				
School Food Services and Other	$ 705,026	$ 705,026	$ 810,363	$ (105,337)
Total expenditures	$ 705,026	$ 705,026	$ 810,363	$ (105,337)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 264,707	$ 264,707
Net change in fund balances	$ -	$ -	$ 264,707	$ 264,707
Fund balances - beginning	-	-	353,189	353,189
Fund balances - ending	$ -	$ -	$ 617,896	$ 617,896

Note: GAAP serves as the budgetary basis of accounting

Exhibit 15

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - School Textbook Fund
For the Year Ended June 30, 2022

	Budgeted Amounts						Variance with Final Budget - Positive
	Original		Final		Actual Amounts		(Negative)
REVENUES							
Intergovernmental	$	126,545	$ 205,311	$	213,184	$	7,873
Total revenues	$	126,545	$ 205,311	$	213,184	$	7,873
EXPENDITURES							
Instruction	$	326,545	$ 405,311	$	83,704	$	321,607
Total expenditures	$	326,545	$ 405,311	$	83,704	$	321,607
Excess (deficiency) of revenues over (under) expenditures	$	(200,000)	$ (200,000)	$	129,480	$	329,480
Net change in fund balances	$	(200,000)	$ (200,000)	$	129,480	$	329,480
Fund balances - beginning		200,000	200,000		287,717		87,717
Fund balances - ending	$	-	$ -	$	417,197	$	417,197

Note: GAAP serves as the budgetary basis of accounting

Radford City School Board
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
School Board (nonprofessional) - Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 35,750	$ 33,639	$ 33,211	$ 29,480	$ 31,584	$ 33,823	$ 40,207	$ 50,737
Interest	120,806	118,592	115,605	115,132	114,521	112,602	112,699	110,042
Changes of assumptions	72,893	-	36,403	-	(2,212)	-	-	-
Differences between expected and actual experience	32,770	21,841	59,581	(1,373)	(11,799)	(3,516)	(14,706)	-
Benefit payments	(142,539)	(140,005)	(138,740)	(134,247)	(112,485)	(118,499)	(160,660)	(84,990)
Net change in total pension liability	$ 119,680	$ 34,067	$ 106,060	$ 8,992	$ 19,609	$ 24,410	$ (22,460)	$ 75,789
Total pension liability - beginning	1,860,991	1,826,924	1,720,864	1,711,872	1,692,263	1,667,853	1,690,313	1,614,524
Total pension liability - ending (a)	$ 1,980,671	$ 1,860,991	$ 1,826,924	$ 1,720,864	$ 1,711,872	$ 1,692,263	$ 1,667,853	$ 1,690,313
Plan fiduciary net position								
Contributions - employer	$ 15,765	$ 5,505	$ 5,570	$ 11,028	$ 11,681	$ 23,810	$ 24,654	$ 27,867
Contributions - employee	16,143	16,744	15,993	15,854	15,962	15,252	15,997	20,106
Net investment income	489,931	36,024	122,990	136,991	210,256	29,786	80,576	257,327
Benefit payments	(142,539)	(140,005)	(138,740)	(134,247)	(112,485)	(118,499)	(160,660)	(84,990)
Administrator charges	(1,293)	(1,307)	(1,318)	(1,248)	(1,273)	(1,165)	(1,199)	(1,404)
Other	45	(41)	(77)	(119)	(185)	(13)	(16)	14
Net change in plan fiduciary net position	$ 378,052	$ (83,080)	$ 4,418	$ 28,259	$ 123,956	$ (50,829)	$ (40,648)	$ 218,920
Plan fiduciary net position - beginning	1,837,634	1,920,714	1,916,296	1,888,037	1,764,081	1,814,910	1,855,558	1,636,638
Plan fiduciary net position - ending (b)	$ 2,215,686	$ 1,837,634	$ 1,920,714	$ 1,916,296	$ 1,888,037	$ 1,764,081	$ 1,814,910	$ 1,855,558
School Division's net pension liability (asset) - ending (a) - (b)	$ (235,015)	$ 23,357	$ (93,790)	$ (195,432)	$ (176,165)	$ (71,818)	$ (147,057)	$ (165,245)
Plan fiduciary net position as a percentage of the total pension liability	111.87%	98.74%	105.13%	111.36%	110.29%	104.24%	108.82%	109.78%
Covered payroll	$ 353,654	$ 366,279	$ 352,523	$ 350,188	$ 351,501	$ 320,523	$ 324,192	$ 402,124
School Division's net pension asset as a percentage of covered payroll	-66.45%	6.38%	-26.61%	-55.81%	-50.12%	-22.41%	-45.36%	-41.09%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Radford City School Board
Schedule of Employer's Proportionate Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2021

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2021	0.10158%	$ 7,885,755	$ 8,954,414	88.07%	85.46%
2020	0.10520%	15,306,452	9,213,319	166.13%	71.47%
2019	0.10730%	14,121,290	8,989,832	157.08%	73.51%
2018	0.10861%	12,773,000	8,771,160	145.62%	74.81%
2017	0.11079%	13,625,000	8,755,005	155.63%	72.92%
2016	0.10775%	15,100,000	7,575,596	199.32%	68.28%
2015	0.10917%	13,740,000	7,961,811	172.57%	70.68%
2014	0.10883%	13,152,000	7,957,553	165.28%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 18

Radford City School Board
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
School Board (nonprofessional)					
2022	$ 14,586	$ 14,586	$ -	$ 339,736	4.29%
2021	15,765	15,765	-	353,654	4.46%
2020	5,505	5,505	-	366,279	1.50%
2019	5,570	5,570	-	352,523	1.58%
2018	11,028	11,028	-	350,188	3.15%
2017	11,681	11,681	-	351,501	3.32%
2016	23,810	23,810	-	320,523	7.43%
2015	24,654	24,654	-	324,192	7.60%
2014	27,867	27,867	-	402,124	6.93%
2013	27,677	27,677	-	399,375	6.93%
School Board (professional)					
2022	$ 1,603,386	$ 1,603,386	$ -	$ 10,072,399	15.92%
2021	1,435,683	1,435,683	-	8,954,414	16.03%
2020	1,396,569	1,396,569	-	9,213,319	15.16%
2019	1,374,810	1,374,810	-	8,989,832	15.29%
2018	1,404,384	1,404,384	-	8,771,160	16.01%
2017	1,271,312	1,271,312	-	8,755,005	14.52%
2016	1,148,636	1,148,636	-	7,575,596	15.16%
2015	1,172,886	1,172,886	-	7,961,811	14.73%
2014	927,851	927,851	-	7,957,553	11.66%
2013	933,400	933,400	-	8,005,146	11.66%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Radford City School Board
Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit 20

City of Radford, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 62,289	$ 61,661	$ 54,133	$ 50,116	$ 50,902
Interest	16,991	17,153	25,027	26,627	24,390
Effect of economic/demographic gains or losses	-	(87,564)	-	-	-
Effect of assumptions changes or inputs	(64,495)	70,199	31,743	14,110	(13,528)
Benefit payments	(49,596)	(53,656)	(60,739)	(74,819)	(64,898)
Net change in total OPEB liability	$ (34,811)	$ 7,793	$ 50,164	$ 16,034	$ (3,134)
Total OPEB liability - beginning	748,985	741,192	691,028	674,994	678,128
Total OPEB liability - ending	$ 714,174	$ 748,985	$ 741,192	$ 691,028	$ 674,994
Covered-employee payroll	$ 8,962,693	$ 8,962,693	$ 9,795,068	$ 9,795,068	$ 9,795,068
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	7.97%	8.36%	7.57%	7.05%	6.89%

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

City of Radford, Virginia
Notes to Required Supplementary Information - School Board OPEB
For the Year Ended June 30, 2022

Valuation Date: 1/1/2020
Measurement Date: 6/30/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54% as of June 30, 2022
Inflation	2.50% per year as of June 30, 2022; 2.50% per year as of June 30, 2021
Healthcare Trend Rate	The healthcare trend rate assumption started at 6.90% in 2020, 2.80% in 2021, 5.30% in 2022 and then gradually grading to 4.00% over 51 years
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The pre-retirement mortality rates are based on 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. 5% of deaths are assumed to be service-related. The post-retirement mortality rates are based on 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 setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.% increase compounded from ages 75 to 90. The post-disablement mortality rates are based on RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

Exhibit 22

City of Radford, Virginia
Schedule of School Board's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
School Board (nonprofessional)					
2021	0.0017%	$ 19,909	$ 353,654	5.63%	67.45%
2020	0.0018%	29,872	366,279	8.16%	52.64%
2019	0.0018%	29,290	352,523	8.31%	52.00%
2018	0.0018%	28,000	350,188	8.00%	51.22%
2017	0.0019%	29,000	351,501	8.25%	48.86%
School Board (professional)					
2021	0.0434%	$ 504,945	$ 8,954,414	5.64%	67.45%
2020	0.0448%	746,804	9,213,319	8.11%	52.64%
2019	0.0459%	745,264	8,989,832	8.29%	52.00%
2018	0.0461%	700,000	8,771,160	7.98%	51.22%
2017	0.0475%	715,000	8,755,005	8.17%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Exhibit 23

City of Radford, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
School Board (nonprofessional)					
2022	$ 1,835	$ 1,835	$ -	$ 339,736	0.54%
2021	1,910	1,910	-	353,654	0.54%
2020	1,917	1,917	-	366,279	0.52%
2019	1,833	1,833	-	352,523	0.52%
2018	1,821	1,821	-	350,188	0.52%
2017	1,828	1,828	-	351,501	0.52%
2016	1,539	1,539	-	320,523	0.48%
2015	1,556	1,556	-	324,192	0.48%
2014	1,930	1,930	-	402,124	0.48%
2013	1,917	1,917	-	399,375	0.48%
School Board (professional)					
2022	$ 54,391	$ 54,391	$ -	$ 10,072,399	0.54%
2021	48,354	48,354	-	8,954,414	0.54%
2020	47,897	47,897	-	9,213,319	0.52%
2019	46,747	46,747	-	8,989,832	0.52%
2018	45,609	45,609	-	8,771,160	0.52%
2017	45,556	45,556	-	8,755,005	0.52%
2016	39,593	39,593	-	7,575,596	0.52%
2015	39,100	39,100	-	7,961,811	0.49%
2014	38,201	38,201	-	7,957,553	0.48%
2013	39,110	39,110	-	8,005,146	0.49%

City of Radford, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City of Radford, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.1013%	$ 1,299,614	$ 8,954,414	14.51%	13.15%
2020	0.1051%	1,370,526	9,213,319	14.88%	9.95%
2019	0.1072%	1,403,090	8,989,832	15.61%	8.97%
2018	0.1085%	1,377,000	8,771,160	15.70%	8.08%
2017	0.1109%	1,407,000	8,755,005	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Exhibit 26

City of Radford, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 121,876	$ 121,876	$ -	$ 10,072,399	1.21%
2021	108,349	108,349	-	8,954,414	1.21%
2020	110,530	110,530	-	9,213,319	1.20%
2019	107,878	107,878	-	8,989,832	1.20%
2018	107,886	107,886	-	8,771,160	1.23%
2017	97,181	97,181	-	8,755,005	1.11%
2016	87,083	87,083	-	7,575,596	1.15%
2015	86,041	86,041	-	7,961,811	1.08%
2014	88,340	88,340	-	7,957,553	1.11%
2013	89,213	89,213	-	8,005,146	1.11%

City of Radford, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit 28

City of Radford, Virginia
Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	$ 1,063	$ -
Interest	2,403	-
Changes of assumptions	908	-
Benefit payments	-	35,594
Net change in total HIC OPEB liability	$ 4,374	$ 35,594
Total HIC OPEB Liability - beginning	35,594	-
Total HIC OPEB Liability - ending (a)	$ 39,968	$ 35,594
Plan fiduciary net position		
Contributions - employer	$ 3,572	$ -
Net investment income	527	-
Administrator charges	(16)	-
Net change in plan fiduciary net position	$ 4,083	$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	$ 4,083	$ -
School Board's net HIC OPEB liability - ending (a) - (b)	35,885	35,594
Plan fiduciary net position as a percentage of the total HIC OPEB liability	111.38%	100.00%
Covered payroll	353,654	-
School Board's net HIC OPEB liability as a percentage of covered payroll	10.15%	0.00%

Schedule is intended to show information for 10 years. Fiscal year 2021 was the first year the School Board participated in the nonprofessional Health Insurance Credit plan.

Exhibit 29

City of Radford, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2021 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 3,431	$ 3,431	$ -	$ 339,736	1.01%
2021	3,572	3,572	-	353,654	1.01%

Schedule is intended to show information for 10 years. Fiscal year 2021 was the first year the School Board participated in the nonprofessional Health Insurance Credit plan.

City of Radford, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COMPLIANCE SECTION

Independent Auditors' Report 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*

To the Honorable Members of the
Radford City School Board
Radford, 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 Radford City School Board, a component unit of the City of Radford, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Radford City School Board's basic financial statements and have issued our report thereon dated January 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Radford City 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 Radford City School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Radford City 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Radford City 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*.

Radford City School Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Radford City School Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Radford City School Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Robinson, Farmer, Cox Associates
Blacksburg, Virginia
January 30, 2023

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Radford City School Board's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Radford City School Board's major federal programs for the year ended June 30, 2022. The Radford City School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Radford City School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Radford City School Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Radford City School Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Radford City School Board's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Radford City School Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Radford City School Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Radford City School Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Radford City School Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Radford City School Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Radford City School Board's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. the Radford City School Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 30, 2023

Radford City School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number			Federal Expenditures
Department of Agriculture:					
Pass Through Payments from:					
Virginia State Department of Agriculture:					
Child Nutrition Cluster:					
Food Distribution (Note C)	10.555	Not available	$ 76,829		
Virginia Department of Education:					
National School Lunch Program	10.555	40254/41106/41108	700,154	$ 776,983	
Summer Food Service Program for Children	10.559	60302/60303		29,587	
School Breakfast Program	10.553	40253/41110		235,768	
Total Child Nutrition Cluster					$ 1,042,338
COVID-19 Pandemic EBT Administrative Costs	10.649	86556			614
Total Department of Agriculture					$ 1,042,952
Department of Education:					
Pass Through Payments from:					
Virginia Department of Education:					
Title I Grants to Local Educational Agencies	84.010	42901			$ 375,097
Special Education Cluster (IDEA):					
Special Education - Grants to States	84.027	40287/43071/61110		$ 486,667	
Special Education - Preschool Grants	84.173	40287/62521		1,105	
Total Special Education Cluster (IDEA)					487,772
Career and Technical Education - Basic Grants to States	84.048	60031/600311005/610951003			32,075
Supporting Effective Instruction State Grant	84.367	61480			54,105
Twenty-First Century Community Learning Centers	84.287	60565			155,697
English Language Acquisition State Grants	84.365	Not available			6,469
Student Support and Academic Enrichment Program	84.424	60281			24,704
Education Stabilization Fund:					
COVID-19 Governor's Emergency Education Relief Fund	84.425C	70037		$ 18,018	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	50195/50185/60042		884,793	
COVID-19 American Rescue Plan-Emergency and Secondary School Emergency Relief	84.425U	50193/50189		741,393	1,644,204
Total Department of Education					$ 2,780,123
United State Department of Labor:					
Pass Through Payments from:					
Virginia Department of Education:					
WIOA Dislocated Worker Formula Grants	17.278	40280			$ 907
Total United States Department of Labor					$ 907
Total Expenditures of Federal Awards					$ 3,823,982

Notes to Schedule of Expenditures of Federal Awards

Note A -- Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Radford City School Board under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Radford City School Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Radford City School Board.

Note B -- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The School Board did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note C -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D -- Subrecipients

The School Board did not have any subrecipients for the year ended June 30, 2022.

Note E -- Outstanding Balance of Federal Loans

The School Board has not received any federal funding through loans.

Note F -- Relationship to the Financial Statements

Federal expenditures and revenues are reported in the School Board's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund-Intergovernmental	$ 24,031,268
Less: Contribution from the City of Radford, Virginia	(4,445,112)
Less: Revenue from the Commonwealth	(19,586,156)
School Grants Fund-Intergovernmental	3,239,635
Less: Revenue from the Commonwealth	(458,605)
Cafeteria Fund-Intergovernmental	1,050,196
Less: Revenue from the Commonwealth	(7,244)
School Textbook Fund-Intergovernmental	213,184
Less: Revenue from the Commonwealth	(213,184)
School Construction Fund-Intergovernmental	7,701,201
Less: Contribution from the City of Radford, Virginia	(7,701,201)
Total School Board	$ 3,823,982

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	Yes

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

Finding 2022-001
(Material Weakness)

Criteria:	The School Board should prepare monthly reconciliations of the self insurance fund to ensure amounts reported in the financial statements are materially correct.
Condition:	The School Board did not receive bank statements from the Health Fund's Fiduciary and therefore did not record all transactions of the fund.
Cause:	BPA is the fiduciary of Radford City School Board's self insurance accounts. BPA did not provide monthly statements to the School Board in order for the School Board to record all necessary transactions of the self insurance accounts during the fiscal year.
Effect:	The School Board self insurance fund did not include all transactions of the accounts during the fiscal year.
Recommendation:	The School Board should request monthly statements from BPA and should begin reconciling the self insurance fund monthly.
Management's Response:	Management concurs with the finding and will begin reconciling activity and balances on a monthly basis.

Section III - Federal Award Findings and Questioned Costs

Finding 2022-002

Program Title:	COVID-19 - Education Stabilization Fund
ALN:	84.425
Pass-through Entity:	Virginia Department of Education
Compliance Requirement:	Special Tests and Provisions
Finding Type:	Noncompliance
Criteria:	Construction contracts, in excess of $2,000 financed by federal assistance funds, shall include a provision that the contractor or subcontractor pay prevailing wage rates established by the Department of Labor (DOL). In addition, the contractor or subcontractor must submit to the nonfederal entity a copy of the payroll and a statement of compliance weekly.
Condition:	The construction contract did not include the provision that the contractor or subcontractor must pay prevailing wage rates established by the DOL nor did the School Board receive certified payrolls from the contractor.
Questioned Costs:	Unknown
Context:	The construction contract did not include the provision that the contractor or subcontractor must pay prevailing wage rates established by the DOL nor did the School Board receive certified payrolls from the contractor.
Effect:	Unable to determine if prevailing wage rates were paid on the construction contract.
Cause:	The federal program is fairly new and the compliance requirement was not known by School Board personnel. In addition, guidance from the federal government was not clearly provided by the State.
Recommendation:	Management should implement a process to review compliance requirements for all federal assistance funds grants to ensure that all compliance requirements have been met.
View of Responsible Officials:	Management will review its process for reviewing compliance requirements for all federal assistance funds.

There were no prior year audit findings.