CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Financial Statements

Fiscal Year Ended June 30, 2022

(With Report of Independent Auditor Thereon)

Prepared by
Department of Accounting
Dr. Jared A. Cotton
Superintendent of Schools

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

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FINANCIAL SECTION

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Honorable Members of the School Board
Chesapeake Public Schools
City of Chesapeake, 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 Chesapeake Public Schools (the "School Board"), a component unit of the City of Chesapeake, Virginia, as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2022, and the respective changes in financial position 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 (the "Specifications"). Our responsibilities under those standards and specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 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.

Auditor's 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 auditor's 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 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, 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 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 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 the management's discussion and analysis and the schedules of required supplementary information, 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.

Management has elected to omit the Management's Discussion and Analysis that accounting principles generally accepted in the United Statement of America requires 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 Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School Board's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 13, 2022

Basic Financial Statements

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Exhibit I

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Statement of Net Position – Governmental Activities

June 30, 2022

Assets and Deferred Outflows of Resources

Assets:		
Cash and temporary investments (note 2)	$	84,656,651
Accounts receivable		1,427,743
Due from federal government		50,683,184
Due from Commonwealth of Virginia		15,305,784
Inventory		2,864,100
Restricted cash and temporary investments (note 2)		18,373,239
Prepaid expenses		51,019
Lease receivables		514,081
Right to use leased assets, net (notes 3 and 5)		13,227,077
Capital assets, net (notes 3 and 5)		369,479,348
Net OPEB asset (notes 5 and 9)		83,224
Total assets		556,665,450
Deferred Outflows of Resources (note 4):		
Deferred outflows of resources - pension		94,366,169
Deferred outflows of resources - OPEB		39,626,662
Total deferred outflows of resources		133,992,831
Total assets and deferred outflows of resources	$	690,658,281

Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)

Liabilities:		
Accounts payable to vendors	$	6,134,547
Accrued payroll		48,880,661
Health claims payable (note 8)		6,434,136
Noncurrent liabilities (note 5):		
Due within one year		6,385,707
Due in more than one year		73,292,818
Net OPEB liability (notes 5 and 9)		230,953,402
Net pension liability (notes 5 and 6)		232,441,162
Total liabilities		604,522,433
Deferred Inflows of Resources (note 4):		
Deferred inflows of resources - pension		178,656,985
Deferred inflows of resources - OPEB		36,656,466
Deferred inflows of resources - leases		510,480
Total deferred inflows of resources		215,823,931
Net position (deficit):		
Net investment in capital assets		348,754,971
Restricted for other purposes		95,965,496
Unrestricted (deficit)		(574,408,550)
Total net position (deficit)		(129,688,083)
Total liabilities, deferred inflows, and net position (deficit)	$	690,658,281

See accompanying notes to the basic financial statements.

Exhibit II

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Statement of Activities – Governmental Activities

Year Ended June 30, 2022

Functions/Programs		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position
Governmental activities:							
Administration	$	10,310,553	344,320	—	—		(9,966,233)
Instruction		420,789,876	13,812,768	138,898,959	—		(268,078,149)
Attendance and health services		8,755,814	316,586	—	—		(8,439,228)
Pupil transportation		32,438,845	941,541	—	—		(31,497,304)
Operations and maintenance		50,629,762	1,978,607	—	—		(48,651,155)
School facilities services		1,436,719	29,219	—	—		(1,407,500)
School technology services		23,646,282	431,904	—	—		(23,214,378)
School nutrition services		14,637,480	7,749	25,577,625	—		10,947,894
Interest on long-term liabilities		312,758	—	—	—		(312,758)
Payment to Primary Government							
for returning interest income		51,197	—	—	—		(51,197)
for use of technology		65,368	—	—	—		(65,368)
Total	$	563,074,654	17,862,694	164,476,584	—		(380,735,376)
General revenues:							
Interest							69,116
Grants and contributions not restricted to specific programs							202,347,789
Payment from Primary Government							302,924,093
Miscellaneous							10,392,103
Total							515,733,101
Change in net position							134,997,725
Net position (deficit) at beginning of year							(264,685,808)
Net position (deficit) at end of year						$	(129,688,083)

See accompanying notes to the basic financial statements.

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CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Balance Sheet – Governmental Funds

June 30, 2022

Assets	General	Schools' Nutrition Services	School Textbook	Capital Projects	Total Governmental Funds
Assets:					
Cash and temporary investments (note 2)	$ 56,771,484	13,994,312	13,890,855	—	84,656,651
Receivables	1,424,566	1,372	1,805	—	1,427,743
Due from federal government	46,129,222	4,553,962	—	—	50,683,184
Due from Commonwealth of Virginia	15,305,784	—	—	—	15,305,784
Lease receivables	514,081	—	—	—	514,081
Inventory	1,987,874	876,226	—	—	2,864,100
Restricted cash and temporary investments (note 2)	—	—	—	18,373,239	18,373,239
Total assets	$ 122,133,011	19,425,872	13,892,660	18,373,239	173,824,782
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued expenses	$ 52,399,623	462,299	—	2,020,954	54,882,876
Health claims payable (note 8)	6,434,136	—	—	—	6,434,136
Due to other funds	—	—	—	—	—
Total liabilities	58,833,759	462,299	—	2,020,954	61,317,012
Deferred inflows of resources:					
Unavailable revenues - sales taxes	5,114,880	—	—	—	5,114,880
Unavailable revenues due to timing - federal	88,927	—	—	—	88,927
Deferred inflows of resources - leases	510,480	—	—	—	510,480
Total deferred inflows of resources	5,714,287	—	—	—	5,714,287
Fund balances:					
Nonspendable:					
Prepaid Insurance	—	—	—	—	—
Inventory	1,987,874	876,226	—	—	2,864,100
Restricted:					
Capital projects	—	—	—	16,352,285	16,352,285
School nutrition services	—	18,087,347	—	—	18,087,347
School textbook	—	—	13,892,660	—	13,892,660
Future health, dental, workers' compensation	33,534,789	—	—	—	33,534,789
Technology	1,738,937	—	—	—	1,738,937
Transportation	366,676	—	—	—	366,676
Instruction	11,992,802	—	—	—	11,992,802
Assigned to:					
Instruction	7,521,409	—	—	—	7,521,409
Unassigned	442,478	—	—	—	442,478
Total fund balances	57,584,965	18,963,573	13,892,660	16,352,285	106,793,483
Total liabilities, deferred inflows of resources, and fund balances	$ 122,133,011	$ 19,425,872	$ 13,892,660	$ 18,373,239	

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position:	
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	369,479,348
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	13,227,077
Long-term liabilities are not reported as liabilities in the governmental funds.	(79,678,525)
Net OPEB liabilities and assets are not reported as liabilities in the governmental funds.	(230,870,178)
Deferred outflows of resources related to pension and OPEB are not reported as deferred outflows of resources in the governmental funds.	133,992,831
Net pension liabilities are not reported in the governmental funds.	(232,441,162)
Deferred inflows of resources related to pension and OPEB are not reported as deferred inflows of resources in the governmental funds.	(215,313,451)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(81,313)
Deferred inflows of resources related to certain sales taxes and federal revenue are not available to pay current period expenditures and, therefore, are reported as unavailable in the governmental funds.	5,203,807
Net position (deficit) of governmental activities	$ (129,688,083)

See accompanying notes to the basic financial statements.

Exhibit IV

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2022

	General	Schools' Nutrition Services	School Textbook	Capital Projects	Total Governmental Funds
Revenues:					
Intergovernmental:					
From City of Chesapeake	$ 223,865,895	—	—	—	223,865,895
From Commonwealth of Virginia	290,191,747	410,434	2,761,136	—	293,363,317
From Federal government	47,056,493	23,820,363	—	—	70,876,856
Donated commodities from Federal government	—	1,346,828	—	—	1,346,828
Total intergovernmental	561,114,135	25,577,625	2,761,136	—	589,452,896
Charges for services	17,854,945	7,749	—	—	17,862,694
Interest	41,857	7,660	6,524	13,075	69,116
Miscellaneous	10,525,657	38,796	4,984	—	10,569,437
Total revenues	589,536,594	25,631,830	2,772,644	13,075	617,954,143
Expenditures:					
Education:					
Administration	11,074,719	—	—	—	11,074,719
Instruction	450,630,792	—	—	—	450,630,792
Attendance and health services	9,399,812	—	—	—	9,399,812
Pupil transportation	43,362,972	—	—	—	43,362,972
Operations and maintenance	51,731,331	—	—	—	51,731,331
School facilities services	1,496,115	—	—	—	1,496,115
School technology services	24,516,239	—	—	—	24,516,239
Total education	592,211,980	—	—	—	592,211,980
School nutrition services	—	14,973,600	—	—	14,973,600
Debt service					
Retirement of principal	5,310,757	—	—	—	5,310,757
Interest	369,652	—	—	—	369,652
Payment to Primary Government –					
return of interest income	38,122	—	—	13,075	51,197
use of technology fee	65,368	—	—	—	65,368
Capital outlay	7,511,860	—	—	34,740,724	42,252,584
Total expenditures	605,507,739	14,973,600	—	34,753,799	655,235,138
Excess (deficiency) of revenues over (under) expenditures	(15,971,145)	10,658,230	2,772,644	(34,740,724)	(37,280,995)
Other financing sources (uses):					
Leases issued	14,159,900	—	—	—	14,159,900
Notes payable	7,511,860	—	—	—	7,511,860
Payment from Primary Government for capital outlay	—	—	—	79,058,198	79,058,198
Total other financing sources	21,671,760	—	—	79,058,198	100,729,958
Net change in fund balances	5,700,615	10,658,230	2,772,644	44,317,474	63,448,963
Fund balances at beginning of year	51,941,469	8,451,511	11,120,016	(27,965,189)	43,547,807
Decrease in reserve for inventory	(57,119)	(146,168)	—	—	(203,287)
Fund balances at end of year	$ 57,584,965	18,963,573	13,892,660	16,352,285	106,793,483

continued

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2022

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities:	
Net change in fund balance (from previous page)	$ 63,448,963
Adjustments for the Statement of Activities:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation expense in the current period.	37,180,221
Right to use leased assests used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	13,227,077
In the Statement of Activities, the loss on the sale of equipment is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the equipment sold.	(51,458)
Some capital assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. Leases are not revenues in the Statement of Activities.	(14,159,900)
Some capital assets acquired this year were financed with notes payable. The amount financed by the notes are reported in the governmental funds as a source of financing. Notes payable are not revenues in the Statement of Activities.	(7,511,860)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the Statement of Activities.	5,310,757
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is paid. In the Statement of Activities, however, interest expense is recognized as the interest accrues.	(75,438)
Some sales taxes and revenues will not be received for several months after the fiscal year ends, they are reported as unavailable revenue in the governmental funds.	1,237,372
Change in reserve for inventory from governmental funds is included in expenditures in the Statement of Activities.	(203,287)
Changes in net OPEB liability and related deferred outflows and inflows are reported only in the Statement of Activities.	(2,944,970)
Changes in net pension liability and related deferred outflows and inflows of resources are reported only in the Statement of Activities.	41,960,333
In the Statement of Activities, certain operating expenses are measured by the liabilities incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences liabilities incurred exceeded the amount used by $2,308,126 and self-insurance amount paid exceeded claims incurred by $111,959.	(2,420,085)
Change in net position of governmental activities	$ 134,997,725

See accompanying notes to the basic financial statements.

Exhibit V

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Statement of Fiduciary Net Position – Fiduciary Funds

June 30, 2022

		Schools' OPEB Trust Fund
Assets		
Assets:		
Investments		4,354,302
Total assets	$	4,354,302
Net Position		
Net position:		
Net position restricted for other postemployment benefits		4,354,302
Total net position	$	4,354,302

See accompanying notes to the basic financial statements.

Exhibit V-A

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

Year Ended June 30, 2022

		Schools' OPEB Trust Fund
Additions		
Contributions:		
Employer contributions	$	4,944,112
Plan member contributions		3,395,186
Total contributions		8,339,298
Net investment income:		
Net unrealized loss		(442,995)
Total investment (loss)		(442,995)
Total additions		7,896,303
Deductions		
Benefits		8,339,298
Administrative expenses		5,658
Total deductions		8,344,956
Change in net position		(448,653)
Net position at beginning of year		4,802,955
Net position at end of year	$	4,354,302

See accompanying notes to the basic financial statements.

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Notes to the Basic Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

The accounting policies of Chesapeake Public Schools (CPS) conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

(a) The Financial Reporting Entity

As defined by U.S. GAAP, the financial reporting entity of the City of Chesapeake, Virginia (the City) consists of the City as the Primary Government, as well as its component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. CPS is considered a component unit of the City and, accordingly, the financial position and results of operations are reflected in the basic financial statements included in the Annual Comprehensive Financial Report of the City. CPS has no component units for financial reporting purposes.

(b) Basis of Presentation

CPS' basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about CPS as a whole. These statements are reflected on a full accrual, economic resources basis, which incorporates long-term assets as well as long-term liabilities.

The Statement of Net Position presents the financial condition of the governmental activities of CPS at year-end. CPS does not have any business-type activities. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of CPS' governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, identifiable to a particular function. Expenses are grouped in the following categories: administration, instruction, attendance and health services, pupil transportation, operations and maintenance, school facilities services, school technology services, and school nutrition services. Program revenues include charges paid by the recipient of the goods or services offered by the program or from grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Charges for services include adult education, summer school tuition, cafeteria sales, and printing services. Revenues not classified as program revenues are presented as general revenues of CPS. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of CPS. CPS does not allocate indirect expenses. When both restricted and unrestricted resources are available for use, it is CPS' policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements: During the year, CPS segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements present financial information of CPS at this more detailed level. The focus of governmental fund financial statements is on major funds, each displayed in a separate column. CPS has identified all its governmental funds as major.

The accounts of CPS are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, deferred inflows of resources, liabilities, fund balances, revenues, and expenditures. The fund statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. The acquisition, use, and balances of CPS' expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is based upon the determination of changes in financial position, rather than upon net income determination.

CPS reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of CPS. It is used to account for all financial resources except those required to be accounted for in another fund.

Schools' Nutrition Services Fund – Used to account for the operation of the Schools' cafeterias.

School Textbook Fund – Used to account for the operation of the School Textbook program.

Capital Projects Fund – Used to account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of the school plant (other than those financed by the other funds or the City).

Additionally, CPS reports the following fiduciary fund:

Schools' OPEB Trust Fund – The Schools' Other Postemployment Benefits (OPEB) Trust Fund accounts for assets held by CPS in a trustee capacity that are accumulated to fund other postemployment benefit obligations of the Schools using the economic resources measurement focus.

CPS Fiduciary funds are not included in the government-wide financial statements.

(c) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the basic financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. CPS considers collections within 45 days of year-end as available. Expenditures, other than principal and interest on long-term debt, net pension liability, OPEB, compensated absences, and claims payable, which are recorded when due, are recorded when the related fund liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to CPS; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

Under the accrual basis of accounting, revenues are recognized when earned. Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Expenses are recognized at the time they are incurred.

(d) Encumbrances

Encumbrances outstanding at year-end represent the estimated amount of the expenditures required to complete contracts, purchase orders, and commitments in process at year-end. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

(e) Deposits and Temporary Investments

Deposits and temporary investments are pooled with the deposits and temporary investments of the City. Income from the investment of pooled deposits is allocated by the City to the various funds and entities based on the percentage of deposits and temporary investments of each fund to total pooled deposits and temporary investments. Investments that are held for more than one year to maturity are stated at fair value while investments that are held for less than one year to maturity are stated at amortized cost, which approximates fair value.

(f) Receivables and Due From Other Governments

Amounts due from the Commonwealth of Virginia include May and June sales tax, receivables from state entitlements, and reimbursement of grants expenditures. Amounts due from the federal government are for reimbursement of grants expenditures. Receivables consist primarily of amounts due from students and other customers of CPS.

(g) Lease Receivables

As of June 30, 2022, CPS is the lessor of three cell tower sites and had lease receivables of $514,081. These leases have discount rates ranging from .37%-.84% with annual payments extending out to 2027. All amounts should be collected within one year. Deferred inflows of resources related to these leases were $510,480 at June 30, 2022.

(h) Inventories

All inventories are reported using the weighted average cost inventory method. Reported inventories are accounted for under the consumption method as expenditures when consumed, rather than when purchased.

(i) Capital Assets

General capital assets have been acquired for general school purposes. Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent CPS' capitalization threshold is met.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at acquisition value on the date received. CPS maintains a capitalization threshold of $5,000 for individual equipment, improvements, and buildings. Land and textbooks are capitalized regardless of value. CPS has no infrastructure assets.

Under Virginia law, certain property maintained by CPS is subject to tenancy in common with the City, if the City incurred a financial obligation for the property, which is payable over more than one fiscal year. CPS and the City have agreed that such property will be carried on the City's financial statements until the outstanding debt is repaid. At June 30, 2022, the City holds capital assets related to school property with a net book value of $187,015,644.

Depreciation is recorded on general capital assets on a government-wide basis. All reported capital assets, except land, are depreciated. Depreciation is computed using the straight-line method with full month convention over the following useful lives:

Buildings	50 years
Improvements	20 years
Furniture and equipment	5–20 years
Textbooks	5 years

(j) Right to Use Leased Asset

The Schools has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. CPS has items arising from pension and OPEB, which qualify for reporting in this category, in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources, representing an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. CPS has items which qualify for reporting in this category arising from its lease receivable. Deferred Inflows recorded related to leases receivable are recorded at the initiation of the lease in the amount equal to the initial recording of the lease receivable. The deferred inflow is amortized on a straight-line basis over the term of the lease.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources, representing an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. CPS has items which qualify for reporting in this category arising from the modified accrual basis of accounting, pension and OPEB. Accordingly, unavailable revenues are reported in the governmental funds' Balance Sheet related to unavailable revenues from sales taxes and Federal sources and is deferred and recognized as an inflow of resources in the period that the amount becomes available. The other items, deferred inflows related to pension and OPEB, are reported in the Statement of Net Position.

Amounts reported as deferred outflows of resources related to pension and OPEB resulting from CPS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred inflows and outflows of resources will be amortized according to the actuarial amortization calculation. See Note 4, Note 6, and Note 9 for further details.

(l) Vacation and Sick Pay

Employees are granted vacation and sick pay in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at their most current rate of pay. The cost of accumulated vacation is accrued as a liability as the benefits are earned by employees if attributable to services already rendered and compensation through paid time off or some other means is probable.

Sick leave liability is accrued as the benefits are earned by employees if it is probable CPS will compensate the employees for the benefits through cash payments conditioned upon the employees' termination or retirement. The liability is an estimate based on CPS' past experience of making termination and retirement payments.

(m) Fund Balance Items

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

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

Restricted - The restricted classification is used when constraints are placed on the use of resources either externally by creditors, grantors, contributors, laws, and regulations or through enabling legislation.

Committed - The committed classification includes amounts that can be used only for the specific purposes determined by formal action (resolution) of the School Board – the highest level of authority and requires a similar formal action to remove the commitment.

Assigned - The assigned classification is intended to be used by the School Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not committed, restricted, or non-spendable. In the General Fund, assigned amounts represent intended uses established by the School Board or a School Board official delegated that authority by an appropriate action such as a resolution.

Unassigned - The unassigned classification is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

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

(n) Net Position

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

Net Investment in Capital Assets - The invested in capital assets component presents the net position that comprise the capital assets, including leased assets (net of accumulated depreciation and amortization), less related debt.

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

Unrestricted Net Position (Deficit) - The unrestricted net position component consists of all other net position that does not meet the “net investment in capital assets” or “restricted” definitions.

(o) Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it, that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. 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 the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All interfund balances, which are short term in nature, result from the time lag between the dates that reimbursable expenditures occur and payments between funds are made.

(p) Use of Estimates

Management of the School Board has made a number of estimates and assumptions relating to the reporting of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. GAAP. Actual results could differ from these estimates.

(2) Deposits and Temporary Investments

Deposits and temporary investments (except for the Fiduciary Fund and Student Activity Fund) pertaining to CPS of $79,815,649 pooled and invested with the deposits and temporary investments of the City. Student Activity Fund cash balances are held in separate bank accounts maintained by the individual schools and accounted for $4,841,002 of the total cash and temporary investments reported in the Statement of Net Position for $84,656,651. Because CPS' deposits and temporary investments are pooled with the deposits and investments of the City, information to categorize investments for CPS only, by the level of risk assumed, is unavailable for disclosure. However, the following provides information for pooled deposits and investments for the City as a whole.

(a) City Deposits

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia, or covered by the Federal Deposit Insurance Corporation (FDIC) depository insurance. The carrying value of pooled deposits, as of June 30, 2022, is $119,616,153 (including petty cash of $45,124 and cash in the special welfare fiduciary fund of $98,957.

(b) City Investments

Statutes, as well as the City investment policy, authorize the City to invest in obligations of the United States or agencies thereof, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, certain certificates of deposits and time deposits, and the State Treasurer's Local Government Investment Pool (LGIP). Money market accounts and mutual funds with underlying securities, which are within parameters described above, are also allowable as well as investment of funds in deposits. Though not authorized by the City's investment policy, statutes do allow the following investments: 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, obligations of any state of the United States, obligations of any city, county, town, or district situated in any one of the states of the United States, and certificates representing ownership of either treasury bond principal at maturity or its coupons for accrued periods.

Fair Value Measurements:

The Pool categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP, which recognizes a three-tiered fair value hierarchy, as follows:

Level 1 - Investments reflect prices quoted in active markets identical assets;

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs that are not considered to be active; and

Level 3 - Investments reflect prices based upon unobservable sources.

Investments with a maturity of one year or less are measured at amortized cost and investments with a maturity of one year or more are measured at fair value.

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Investments of the City by fair value level and amortized cost are shown below:

Investments by Fair Value Level (Market Approach: maturity >1 yr)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Other Observable Inputs (Level 2)**	**Total**
Debt Securities:			
U.S. Treasury Notes	$ 1,833,429	-	1,833,429
Commercial Paper Discount-Amortizing	-	34,946,196	34,946,196
Federal Agency Coupon Securities	-	8,197,056	8,197,056
Certificates of Deposit	-	10,208,119	10,208,119
Total investments by fair value level (a)	$ 1,833,429	53,351,371	55,184,800
Investments measured at Amortized Cost (Book Value: maturity <1 yr)			
Money Market Fund			$ 836,141,298
Federal Agency Coupon Securities			2,615,604
U.S. Treasury Bills			409,988
Taxable Municipal Bonds			50,151
Total investments at amortized cost (b)			839,217,041
Total Pool and Directed Investments (a+b)			$ 894,401,841

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented within this footnote are the specifically identified investment ratings as of June 30, 2022.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. All deposits of the City are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-400 et seq. of the Code of Virginia or covered by the FDIC.

Custodial Credit Risk – Investments

Investment custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments. The City's investment policy requires securities be purchased only from brokerage firms/institutions with offices that are under the Commonwealth of Virginia's supervision and located in the Commonwealth of Virginia. The City holds no investments that are at risk.

Concentrations of Credit Risk

The City's investment policy requires that its portfolio be diversified with not more than 5% of the value of the portfolio invested in securities of any single issuer, excluding securities of the U.S. Government or agency thereof, government-sponsored corporation securities, or fully insured and/or collateralized certificates of deposit.

The City held no investments by any one issuer that represented over 5.0% of the City's total investments other than U.S. Treasury securities, mutual funds and external investment pools.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits U.S. Treasury and U.S. Agency securities to maturities of less than five years; guaranteed investment contracts to maturities of less than 30 years; bankers' acceptances to maturities of less than 180 days; commercial paper to maturities of less than 270 days; and corporate notes to maturities of less than five years.

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements. These debt agreements limit U.S. Agency securities to maturities of less than five years and guaranteed investment contracts to maturities of less than 30 years.

The City assumes all investments will be held until maturity or until called at their par value. However, an investment may be sold at an earlier date to meet certain obligations or if the investment's credit quality drops. This makes the City's investments sensitive to market rate fluctuations. To mitigate the impact of market rate fluctuations, the City maintains enough liquidity to meet its short-term needs with a smaller portion invested in long-term government-sponsored organizations and high-quality corporate notes.

Foreign Currency Risk

The City's OPEB Trust invests in U.S. dollars denominated through mutual funds that may invest in international stocks, bonds, and other assets. Although the assets of the funds are all held in U.S. dollars, the market value of the assets may fluctuate in part due to changes in foreign currency exchange rates.

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The total deposits and investments carried by the City are summarized below:

Pooled deposits	$	119,616,157
Restricted deposits		1,000,000
Investments		981,297,839
Restricted cash and investments		87,557,518
School's student activity fund deposits		4,841,002
Other component units		3,869,706
Total City deposits and investments	$	1,198,182,222

Investments by type and rating at year-end are shown below:

		Amount	Rating	Weighted Average Maturity
Investments:				
Bank Money Market Accounts	$	10,701,418	**AAA**	-
Caprin Money Market Mutual Fund - First American Government		26,573	**AAA**	-
Commercial Paper		34,634,775	**AAA**	4.6
Municipal Bonds - Taxable		50,012	**AAA**	2.1
Local Government Investment Pool		784,050,950	**AAA**	-
Virginia State Non-Arbitrage Program		41,362,357	**AAA**	-
OPEB - Irrevocable Trust at Local Government Investment Pool		226	**AAA**	-
U.S. Government - Sponsored Coupon Securities		10,781,931	**AA+**	20.0
U.S. Treasury Coupon Securities		2,242,449	**N/A**	17.5
Total Investments		883,850,691		
Restricted Investments:				
Money market deposit		1,452,990	**Unrated**	-
Wells Fargo Advantage Heritage - Money Mkt Institutional (VML)		210	**AAA**	-
U.S. Government-sponsored discount securities		1,026,053	**N/A**	105.1
PFM - SNAP (Virginia State Non-Arbitrage Program)		67,603,491	**AAA**	-
PFM - SNAP First Americ Treas Oblig Fd - CI D - Toll Road Bonds		17,474,774	**AAA**	-
Total Restricted Investments		87,557,518		
Total Investments and Restricted Investments		971,408,209		
Portfolio weighted average maturity				149.5
Irrevocable Trust:				
OPEB - Diversified Portfolio		97,447,148	**Various**	
Total		97,447,148		
Total Investments, Restricted Investments, and Irrevocable Trust	$	1,068,855,357		

		Investments	Restricted Investments	Irrevocable Trust	Total
Investment totals by rating:					
AAA	$	870,826,311	85,078,475	-	955,904,786
AA+		10,781,931	-	-	10,781,931
Unrated		-	1,452,990	-	1,452,990
Various		-	-	97,447,148	97,447,148
Not Applicable		2,242,449	1,026,053	-	3,268,502
Total	$	883,850,691	87,557,518	97,447,148	1,068,855,357

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(c) Cash and Investments of Fiduciary Fund

As of June 30, 2022, the cash and investments of the Fiduciary Fund is as follows:

Mutual Funds	$ 4,354,302

(3) Capital Assets, Net

A summary of changes in capital assets follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land and land improvements	$ 18,304,610	3,065,000	-	21,369,610
Construction in progress	36,258,703	31,199,918	55,481,098	11,977,523
Total capital assets not being depreciated	54,563,313	34,264,918	55,481,098	33,347,133
Other capital assets:				
Buildings	289,535,775	52,416,098	-	341,951,873
Building improvements	6,848,285	-	-	6,848,285
Furniture and equipment	80,865,223	13,851,561	7,814,028	86,902,756
Textbooks	7,254,436	4,040,596	7,221	11,287,811
Total other capital assets	384,503,719	70,308,255	7,821,249	446,990,725
Less accumulated depreciation for:				
Buildings	46,982,489	5,785,099	-	52,767,588
Building improvements	4,823,537	220,730	-	5,044,267
Furniture and equipment	53,530,022	4,455,138	7,762,570	50,222,590
Textbooks	1,380,399	1,450,887	7,221	2,824,065
Total accumulated depreciation	106,716,447	11,911,854	7,769,791	110,858,510
Other capital assets, net	277,787,272	58,396,401	51,458	336,132,215
Total	$ 332,350,585	92,661,319	55,532,556	369,479,348

Depreciation expense was charged to governmental functions for the year ended June 30, 2022 as follows:

Instruction	$	8,102,278
Administration		2,000
Attendance and health services		15,486
Pupil transportation		3,298,223
Operations and maintenance		404,975
School technology services		16,922
School Nutrition Services		71,970
	$	11,911,854

At June 30, 2022, the Schools had contractual commitments of approximately $7.9 million for work remaining to be performed under capital projects.

Right to Use Leased Assets

The Schools has recorded right to use leased assets. The assets are right to use assets for leased vehicles. The related leases are discussed in the Lease Obligations subsection below. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Schools for the year ended June 30, 2022 was as follows:

		Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Lease Assets					
Vehicle	$	-	14,159,900	-	14,159,900
		-	14,159,900	-	14,159,900
Less: Accumulated Amortization					
Vehicle		-	(932,823)	-	(932,823)
		-	(932,823)	-	(932,823)
Total Lease Assets, net	$	13,227,077	13,227,077	-	13,227,077

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(4) Reconciliation of Deferred Outflows and Inflows of Resources: Related to Pension and OPEB

The Schools had the following deferred outflows and inflows of resources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
VRS pension related - professional	$	86,624,884	163,100,741
VRS pension related - non-professional		7,741,285	15,556,244
Deferrals related to pension	$	94,366,169	178,656,985
School sponsored OPEB plan related	$	29,882,342	28,939,581
VRS GLI OPEB related - professional		4,068,287	5,525,937
VRS GLI OPEB related - non-professional		322,690	592,888
VRS HIC OPEB related - professional		4,577,009	1,453,385
VRS HIC OPEB related - non-professional		249,388	14,172
VRS VLDP OPEB related - professional		451,544	88,728
VRS VLDP OPEB related - non-professional		75,402	41,775
Deferrals related to OPEB	$	39,626,662	36,656,466

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for CPS for the year ended June 30, 2022 follows:

		Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due in One Year
Compensated absences	$	42,739,612	24,098,225	(21,790,099)	45,047,738	1,074,950
Net OPEB liability		250,589,121	39,626,662	(59,345,605)	230,870,178	-
Net pension liability		446,678,440	94,366,169	(308,603,447)	232,441,162	-
Claims liability - workers' compensation		2,588,328	1,004,484	(892,525)	2,700,287	-
Lease liability		-	14,159,900	(1,619,090)	12,540,810	1,387,686
Notes payable		15,569,497	7,511,860	(3,691,667)	19,389,690	3,923,071
	$	758,164,998	180,767,300	(395,942,433)	542,989,865	6,385,707

Long-term liabilities are normally paid from the General Fund.

CPS has notes payable collateralized by certain equipment that expire over the next nine years. The present value of future minimum notes payable payments as of June 30, 2022 is as follows:

Maturity Analysis		Principal	Interest	Total Payments
Year Ending 2023	$	3,923,071	346,168	4,269,239
Year Ending 2024		3,015,975	285,056	3,301,031
Year Ending 2025		2,951,782	227,975	3,179,757
Year Ending 2026		2,704,500	174,559	2,879,059
Year Ending 2027		2,241,578	123,373	2,364,951
Thereafter		4,552,784	169,088	4,721,872
Total Future Payments	$	19,389,690	1,326,219	20,715,909

Lease Obligations

The Schools has entered into agreements to lease certain vehicles and office equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The Schools has entered into three leases with discount rates ranging from 0.76%-2.28% with total annual payments ranging from $436k to $1.158m extending out to 2031. As a result of these leases, the Schools has recorded a right to use asset with a net book value of $13,227,077 at June 30, 2022.

The future minimum lease payments under the leases and the net present value of the future minimum lease payments are as follows for the fiscal years ending June 30:

Maturity Analysis		Principal	Interest	Total Payments
Year Ending 2023	$	1,387,686	231,404	1,619,090
Year Ending 2024		1,413,822	205,268	1,619,090
Year Ending 2025		1,440,469	178,620	1,619,090
Year Ending 2026		1,467,638	151,451	1,619,090
Year Ending 2027		1,495,339	123,750	1,619,090
4 Years Ending 2031		5,335,856	218,378	5,554,234
Total Future Payments	$	12,540,810	1,108,871	13,649,681

(6) Retirement Plans

Virginia Retirement System

The Virginia Retirement System (VRS or the System) Teacher Employee Retirement Plan is a multiple employer, cost sharing plan. The VRS Political Subdivision Retirement Plan is a multi-employer agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS Professional and Non-professional Retirement Plans and the additions to/deductions from the VRS Professional and Non-professional Retirement Plans net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Plan Description

All full-time, salaried permanent professional employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan, a cost-sharing multiple-employer defined benefit plan, upon employment. All full-time, salaried permanent non-professional employees (non-teacher) are automatically covered by the VRS Political Subdivision Retirement Plan, an agent multiple-employer defined benefit plan. These plans are administered by 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 are paying 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.

Within the VRS Plans, the System administers three different benefit structures for CPS employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are presented in the following table:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. Th retirement benefit is based on member's age, service credit an average final compensation a retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund. **Hybrid Opt-In Election** VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service credit** Same as Plan 1.	**Service credit** **<u>Defined Benefit Component</u>:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one factors used to determine their eligibility for retire-mint and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **<u>Defined Contributions Component</u>:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make	**Vesting** Same as Plan 1.	**Vesting** **<u>Defined Benefit Component</u>:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **<u>Defined Contributions Component</u>:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. •A member is 100% vested and may withdraw 100% of employer contributions', after four or more years. Distributions not required, except as governed by law.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee. **Service Retirement Multiplier** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. **Service Retirement Multiplier** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan. **Service Retirement Multiplier** **Defined Benefit Component:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Defined Contribution Component:** Not applicable.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** **<u>Defined Benefit Component</u>:** Same as Plan 2. **<u>Defined Contribution Component</u>:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component</u>:** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. **<u>Defined Contribution Component</u>:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of service credit.	**Earliest Reduced Retirement Eligibility** **<u>Defined Benefit Component</u>:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit. **<u>Defined Contribution Component</u>:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

<table>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID
RETIREMENT PLAN</th></tr>
<tr>
<td>Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
<u>Eligibility</u>:
For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.
For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
<u>Exceptions to COLA Effective Dates:</u>
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
• The member retires on disability.
• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement
The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
<u>Eligibility</u>:
Same as Plan 1.
<u>Exceptions to COLA Effective Dates</u>:
Same as Plan 1.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement
<u>Defined Benefit Component</u>:
Same as Plan 2.
<u>Defined Contribution Component</u>:
Not applicable.
<u>Eligibility</u>:
Same as Plan 1 and Plan 2.
<u>Exceptions to COLA Effective Dates</u>:
Same as Plan 1 and Plan 2.</td>
</tr>
</table>

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<table>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID
RETIREMENT PLAN</th></tr>
<tr><td>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</td><td></td><td></td></tr>
<tr><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</td><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</td><td>Disability Coverage
Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for nonwork-related disability benefits.</td></tr>
<tr><td>Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</td><td>Purchase of Prior Service
Same as Plan 1.</td><td>Purchase of Prior Service
<u>Defined Benefit Component</u>:
Same as Plan 1, with the following exceptions:
• Hybrid Retirement Plan members are ineligible for ported service.
• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.
<u>Defined Contribution Component</u>:
Not applicable.</td></tr>
</table>

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following non-professional employees (non-teacher) were covered by the benefit terms of the pension plan:

		Number
Inactive members or their beneficiaries currently receiving benefits		799
Inactive members not currently receiving benefits:		
Vested inactive members	135	
Non-vested inactive members	321	
LTD	3	
Inactive members active elsewhere in VRS	174	
Total inactive members currently not receiving benefits		633
Active members		999
Total covered employees		2,431

Contributions

The contribution requirement for active Professional employees is governed by Section 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 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by CPS were $43,406,526 and $41,069,791 for the years ended June 30, 2022 and 2021, respectively.

In addition, for the Non-professional (non-teacher) employees, CPS' contractually required contribution rate for the year ended June 30, 2022 was 10.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by CPS were $2,075,319 and $2,034,734 and for the years ended June 30, 2022 and 2021, respectively.

Net Pension Liability

At June 30, 2022, CPS reported a net pension liability of $225,579,307 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. CPS' proportion of the net pension liability was based on the CPS' 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, CPS' proportion was 2.90579% as compared to 2.91539% at June 30, 2020.

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In addition, CPS' net pension liability for the Non-professional (non-teacher) Retirement Plan was measured as of June 30, 2021. The total pension liability used to calculate the net pension 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. At June 30, 2022, CPS reported a liability of $6,861,855 for the Non-professional (non-teacher) Retirement Plan.

Pension Expense

For the year ended June 30, 2022, CPS recognized pension expense of $3,922,981 for the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2022, CPS recognized pension expense of $1,467,855 for the Non-professional (non-teacher) Retirement Plan.

Deferred Outflows/Inflows of Resources

At June 30, 2022, for the Teacher Retirement Plan (Professional), CPS 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	$	-	19,213,480
Net difference between projeced and actual earnings on pension pland investments		-	142,154,043
Changes in proportion and differences between employer contributions and proportionate share of contributions		3,697,454	1,733,218
Changes in assumptions		39,520,904	-
Employer contributions subsequent to the measurement date		43,406,526	-
Total	$	86,624,884	163,100,741

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$43,406,526 reported as deferred outflows of resources related to pensions resulting from CPS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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 as follows:

Fiscal Years Ended June 30,		Deferred Amounts
2023	$	(27,362,027)
2024		(24,660,896)
2025		(27,914,784)
2026		(39,980,803)
2027		36,127
Total	$	(119,882,383)

In addition, at June 30, 2022, for the Non-professional (non-teacher) Retirement Plan, CPS 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	$	608,861	592,131
Net difference between projected and actual earnings on pension plan investments		2,777,529	14,964,113
Changes in assumptions		2,279,576	-
Employer costs subsequent to the measurement date		2,075,319	-
Total	$	7,741,285	15,556,244

$2,075,319 reported as deferred outflows of resources related to pensions resulting from CPS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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 as follows:

Fiscal Years Ended June 30,		Deferred Amounts
2023	$	(1,229,388)
2024		(2,100,758)
2025		(2,836,839)
2026		(3,723,293)
Total	$	(9,890,278)

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, 2021.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, 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.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year 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 are as follows:

- Mortality rates (Pre-retirement, post-retirement healthy, and disabled) were updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates were adjusted 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 were adjusted to better fit experience at each year age and service through 9 years of service.
- There were no changes to the disability rates.
- There were no changes to the salary scale.

Professional (Teacher) Retirement Plan

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, 2021.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality Rates:

Mortality rates: 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; 110 % of rates for males and females set forward 2 years.

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 are as follows:

- Mortality rates (pre-retirement, post-retirement healthy, and disabled) were updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Retirement rates were adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
- Withdrawal rates were adjusted to better fit experience at each year age and service through 9 years of service.
- There were no changes to disability rates.
- There were no changes to the salary scale.
- There were no changes to the discount rate.

Non-professional (non-teacher) Retirement Plan

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation *

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

Mortality rates: 15% of deaths are assumed to be service related.

Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 or older project with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older project with scale BB to 2020; males set forward 3 years, females 1.0% increase compounded from ages 70 to 90.

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

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

- Mortality rates (pre-retirement, post-retirement healthy, and disabled) were updated to a more current mortality table – RP-2014 projected to 2020.
- Lowered rates at older ages and changed final retirement from 70 to 75.
- Withdrawal rates were adjusted to better fit experience at each year age and service through 9 years of service.
- Disability rates were lowered.
- There were no changes to the salary scale.
- Discount rate was decreased from 7.00% to 6.75%.

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)	Target 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	6.00%	3.29%	0.20%
PIPS	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. The 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%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Professional/Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
CPS' proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	$ 435,355,849	225,579,307	53,010,083

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
CPS' Net Pension Liability (Asset)	$ 20,830,256	6,861,855	(4,821,883)

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Changes in Net Pension Liability – Non-professional (non-teacher) Retirement Plan

		Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance - June 30, 2020	$	114,079,696	91,667,064	22,412,632
Changes for the fiscal year:				
Service cost		1,932,319	-	1,932,319
Interest		7,486,062	-	7,486,062
Changes of assumptions		3,644,591	-	3,644,591
Difference between expected and actual experience		(946,700)	-	(946,700)
Contributions - employer		-	2,041,421	(2,041,421)
Contributions - employee		-	996,104	(996,104)
Net investment income		-	24,690,149	(24,690,149)
Benefit payments, including refunds of employee contributions		(6,350,150)	(6,350,150)	-
Administrative expenses		-	(62,944)	62,944
Other changes		-	2,319	(2,319)
Net changes		5,766,122	21,316,899	(15,550,777)
Balance - June 30, 2021	$	119,845,818	112,983,963	6,861,855

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 (ACFR). A copy of the 2021 VRS ACFR 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.

(7) Contingent Liabilities

(a) Litigation

Various claims and lawsuits are pending against CPS. In the opinion of legal counsel, resolution of these cases would not involve a significant liability to CPS.

(b) Federal Award Programs

CPS participates in a number of federal award programs. Although CPS was audited in accordance with the provisions of Uniform Guidance in conjunction with the audit of the City, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Based on prior experience, CPS' management believes such disallowances, if any, will not be significant.

(c) Encumbrances

CPS has outstanding purchase orders representing goods or services not received as of June 30, 2022. These amounts are encumbrances of fiscal year 2021-2022 budgeted funds and are not reflected in the accompanying financial statements. The encumbrances are as follows:

Fund	Amount
General	$ 9,896,255
Capital Projects	7,867,771
Total Encumbrances	$ 17,764,026

(8) Self-Insurance

CPS is self-insured for its workers' compensation, health, and dental insurance through the General Fund. The health insurance program became self-insured during the fiscal year ended June 30, 2009. Expenditures are charged to the various departments at amounts that approximate what third-party insurers would have charged. Workers' compensation has an $800,000 limit per claim. Health insurance has a specific stop loss limit of $300,000 per member covering both medical and drug expenses. Dental care has a cap at 120% of expected claims as calculated by the third-party administrator. Commercial insurance is purchased to cover other types of losses including property and casualty damage, personal and real property damage, and personal liability. The insurance coverage is substantially the same as in prior fiscal years. Claims processing and payments for the workers' compensation, medical, and dental claims are made through a third-party administrator. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years. CPS uses the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. Amounts due in future years on claims as of June 30, 2021 are recognized as a long-term liability in the Statement of Net Position. Changes in the claims payable amount during the fiscal years ended June 30, 2022 and 2021 were as follows:

		Balance July 1	Additions	Deletions	Balance June 30
Workers' Compensation Claims					
2022 - 2021	$	2,588,328	1,004,484	892,525	2,700,287
2021 - 2020	$	2,557,500	850,202	819,374	2,588,328
Health Claims Payable					
2022 - 2021	$	6,457,915	70,319,745	70,343,524	6,434,136
2021 - 2020	$	5,762,649	68,803,468	68,108,202	6,457,915

(9) Other Postemployment Benefits

(a) School Sponsored OPEB Plans

Plan Description

CPS' Pre-Medicare and Post-Medicare Medical Plans are single-employer defined benefit plans that provide medical and dental insurance benefits to eligible retirees and their dependents. CPS' administrative policies and regulations outline the benefits provided and criteria for eligibility. City Ordinance established the CPS Other Postemployment Benefits (OPEB) Trust for the purpose of accumulating and investing assets to fund other postemployment benefits obligations. CPS, in accordance with this election, has agreed to become part of the Virginia Pooled OPEB Trust Fund (the Trust). Amounts contributed to the Trust by CPS are irrevocable and must be used solely to discharge CPS' obligations for other postemployment benefits and pay for reasonable expenses of the Trust. The OPEB Trust is included as a fiduciary fund in CPS' financial statements.

Membership and Eligibility

Plan membership as of July 1, 2021 consisted of 5,386 active service participants and 1,337 retirees and beneficiaries currently receiving benefits.

Any full-time eligible employee of CPS is eligible to participate in the plan. Access to the plan is allowed if the employee or former employee:

a) Is/was eligible to retire under the Virginia Retirement System pension plan.
b) Is/was covered under the CPS active medical plan for a period of at least 2 years prior to retirement.
c) Elects to receive retiree medical coverage under this plan upon retiring prior to Medicare.

CPS also requires participants hired prior to July 1, 2012 to have at least 10 years of service with CPS as of their date of retirement and participants hired on or after July 1, 2012 to have at least 20 years of service with CPS as of their date of retirement to receive a benefit from the plan.

Benefits Provided

CPS provides a flat dollar subsidy to eligible employees. The full subsidy for Pre-Medicare retirees is $11,400 per year and the subsidy for Medicare eligible retirees is $2,400 per year. Eligible participants receive a portion of this dollar subsidy based on their date of hire and years of service with VRS and CPS.

Non-professional employees are also eligible to receive $2.50 per year of VRS service when certain conditions are met. VRS will provide a benefit of $1.50 per year of service capped at 30 years. CPS will pay the remaining $2.50 per month per year of service, plus $4 per year of service exceeding 30 years. Surviving spouses are not eligible to receive a flat dollar subsidy from CPS but are allowed to continue coverage under the Medicare Advantage plan if they are over 65. Deferred retirements are not allowed to elect coverage at the time of retirement.

Contributions

The contribution requirements of plan members and CPS are established and may be amended by CPS. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the School Board. For fiscal year 2022, CPS contributed $4,944,112 to the plan to pay for current premiums (59% of total premiums). Plan members receiving benefits contributed $3,395,186 or 41% of the total premiums, through their required monthly contributions. Costs to administer current benefits are paid from the General Fund.

Investments

The Trust's Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board established and maintains investment policies and objectives. Within this framework, the Board monitors and evaluates investment managers, bank custodian, and other parties to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective of the Trust is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and secondarily, principal protection. The adopted asset policy as of June 30, 2022 was as follows:

Asset Class	Target Allocation
Domestic Equity	31.0%
International Equity	13.0%
Emerging Markets Equity	5.0%
Long/Short Equity	6.0%
Private Equity	10.0%
Fixed Income	20.0%
Real Estate	15.0%
Total	100.0%

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense was 6.85%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Method and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Discount Rate	1.92%

Mortality rates were based on the RP 2014 Total Dataset Mortality Table, Fully Generational, projected using Scale MP-2014.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

The Entry Age Normal cost method was used for the OPEB plan valuation. There were not additional postemployment increases assumed. The amortization period is closed and equal to 29 years as of June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 1.92% at June 30, 2021 and 3.69% at June 30, 2022. The projection of cash flows used to determine the discount rate assumed CPS' contribution will be made on a pay-as-you-go basis. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate used to determine the liabilities is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (GASB 74 Disclosure)

The following presents the net OPEB liability of CPS', as well as what CPS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate.

		1.00% Decrease (2.69%)	Current Discount Rate (3.69%)	1.00% Increase (4.69%)
Net OPEB Liability	$	164,000,836	146,521,574	131,691,353

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (GASB 75 Disclosure)

The following presents the net OPEB liability of CPS', as well as what CPS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower .92%) or one percentage point higher (1.92%) than the current discount rate.

		1.00% Decrease (.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Net OPEB Liability	$	199,736,789	175,923,818	156,027,318

In FY 2014, CPS changed its OPEB policy to incorporate flat dollar employer contributions and those amounts will not be increased in the future. Therefore, no annual healthcare cost trend rates were used in the actuarial valuation.

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Net OPEB Liability of CPS (GASB 74 Disclosure)

The components of the net OPEB liability as of June 30, 2021 are as follows:

Total OPEB liability	$ 150,875,876
Plan fiduciary net position	4,354,302
CPS' net OPEB liability	$ 146,521,574
Plan fiduciary net position as a percentage of the total OPEB liability	2.89%

Net OPEB Liability of the Schools (GASB 75 Disclosure)

CPS' net OPEB liability was measured as of June 30, 2020. The components of the net OPEB liability are as follows:

Total OPEB liability	$ 180,726,773
Plan fiduciary net position	4,802,955
CPS' net OPEB liability	$ 175,923,818
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance - July 1, 2020	$ 191,874,497	3,696,581	188,177,916
Changes for the fiscal year:			
Service cost	6,181,037	-	6,181,037
Interest	4,601,350	-	4,601,350
Difference between expected and actual experience	(24,972,132)	-	(24,972,132)
Contributions - employer	-	4,868,389	(4,868,389)
Changes in assumptions	7,910,410	-	7,910,410
Net investment income	-	1,106,374	(1,106,374)
Benefit payments	(4,868,389)	(4,868,389)	-
Net changes	(11,147,724)	1,106,374	(12,254,098)
Balance - June 30, 2021	$ 180,726,773	4,802,955	175,923,818

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

For the year ended June 30, 2022, CPS recognized OPEB expense of $9,296,123. At June 30, 2022, CPS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	2,263,134	24,219,389
Net difference between projected and actual earnings on OPEB plan investments		-	571,050
Changes of assumptions		22,675,096	4,149,142
Employer costs subsequent to the measurement date		4,944,112	-
Total	$	29,882,342	28,939,581

$4,944,112, reported as deferred outflows of resources related to the CPS OPEB Plan resulting from the CPS' contributions subsequent to the measurement date, will be recognized as a reduction of the CPS OPEB Plan liability in the fiscal year ending June 30, 2023. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Fiscal Years Ended June 30,		Deferred Amounts
2023	$	(1,195,533)
2024		(1,180,177)
2025		912,854
2026		1,280,256
2027		446,675
Thereafter		(4,265,426)
Total	$	(4,001,351)

(b) VRS OPEB Programs

CPS participates in a cost-sharing multiple employer Group Life Insurance Program (GLIP), a Political Subdivision Employee, and a Teacher Employee Health Insurance Credit Program (HICP), a Political Subdivision Employee, and a Teacher Employee Virginia Local Disability Program (VDLP) offered by VRS. CPS also participates in a multiple-employer, agent defined benefit plan: Political Subdivision HICP.

VRS issues a publicly available annual report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org or by writing to VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

The actuarial assumptions and long-term expected rate of return are the same for the VRS OPEB programs. As such, the presentation of the actuarial assumptions and long-term expected rate of return are combined hereafter. Specific information for the OPEB plans will be presented after this section.

Actuarial Assumptions

The total VRS OPEB program liabilities were 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	2.5%
Salary increases, including inflation –	
Teachers	3.5% – 5.95%
Locality – General employees	3.5% – 5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Teachers

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

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

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

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

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

Post-Retirement: Pub-210 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for female set forward 1 year.

Post-Disablement: Pub-10 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.

The actuarial assumptions used in the June 30, 2020 valuations for both professional and non-professional employees 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 in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public 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 through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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)	Target 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	6.00%	3.29%	0.20%
PIPS	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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Virginia Retirement System – Group Life Insurance Program

Plan Description

All full-time, salaried permanent teachers and employees of participating political subdivisions are automatically covered by the GLIP upon employment. This plan is administered by VRS.

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

The specific information for the GLIP, including eligibility, coverage, and benefits is presented in the table below:

GLIP PLAN PROVISIONS
Eligible Employees GLIP was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. 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 member contributions and accrued interest.
Benefit Amounts The benefits payable under GLIP have several components. • **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under GLIP are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLIP. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,722 as of June 30, 2022.

Contributions

The contribution requirements for GLIP are governed by Section 51.1-506 and Section 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 GLIP 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 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 GLIP from CPS for non-professional employees were $118,111 and $115,793 for the years ended June 30, 2022 and 2021, respectively. Contributions to GLIP from CPS for professional employees were $1,463,804 and $1,376,761 for the years ended June 30, 2022 and 2021, respectively.

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

At June 30, 2022, CPS reported a liability of $1,209,212 for its proportionate share of the Net GLI OPEB Liability for non-professional employees. At June 30, 2021, CPS reported a liability of $14,377,354 for its proportionate share of the Net GLI OPEB Liability for professional employees. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to GLIP 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, CPS' proportion was .10789% as compared to .10386% at June 30, 2020 for non-professional employees. At June 30, 2021, CPS' proportion was 1.23488% as compared to 1.22781% at June 30, 2020 for professional employees.

For the year ended June 30, 2022, CPS recognized GLI OPEB expense of $9,562 for non-professional employees. For the year ended June 30, 2022, CPS recognized GLI OPEB expense of $626,316 for professional employees. 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.

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At June 30, 2022, CPS reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB for non-professional employees from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	137,915	9,214
Net difference between projected and actual on OPEB plan investments		-	288,613
Changes of assumptions		66,664	165,446
Changes in proportionate share		-	129,615
Employer costs subsequent to the measurement date		118,111	-
Total	$	322,690	592,888

$118,111, 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 for non-professional employees. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLIP will be recognized in the GLI OPEB expense in future reporting periods as follows:

Fiscal Years Ending June 30,		Deferred Amounts
2023	$	(99,548)
2024		(84,273)
2025		(73,173)
2026		(104,181)
2027		(27,134)
Total	$	(388,309)

At June 30, 2022, CPS reported deferred outflows of resources and deferred inflows of resources related to GLIP for professional employees from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	1,639,788	109,547
Net difference between projected and actual on OPEB plan investments		-	3,431,566
Changes of assumptions		792,620	1,967,129
Changes in proportionate share		172,075	17,695
Employer costs subsequent to the measurement date		1,463,804	-
Total	$	4,068,287	5,525,937

$1,463,804, 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 for professional employees. 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:

Fiscal Years Ending June 30,		**Deferred Amounts**
2023	$	(670,983)
2024		(523,416)
2025		(521,520)
2026		(1,026,528)
2027		(179,007)
Total	$	(2,921,454)

Net GLI OPEB Liability

The net GLI OPEB liability represents the program's total OPEB liability, less the associated fiduciary net position. As of June 30, 2021, the net GLI OPEB liability is as follows:

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employer's Net GLI OPEB Liability	$	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.

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Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for GLIP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. 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 CPS' proportionate share of the net GLI OPEB liabilities for non-professional and professional employees using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
CPS' proportionate share of net GLI OPEB liability - non-professional employees	$ 1,766,702	1,209,212	759,013

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
CPS' proportionate share of net GLI OPEB liability - professional employees	$ 21,005,836	14,377,354	9,024,555

Virginia Retirement System – Teacher Employee Health Insurance Credit Program

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the HICP. All full time salaried permanent employees of participating political subdivisions, of which CPS participates are covered by the VRS Political Subdivision HICP. This plan is administered by VRS. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit (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 HICP, including eligibility, coverage, and benefits is presented in the table below:

HICP PLAN PROVISIONS
Eligible Employees HICP was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of public school divisions covered under VRS.

Benefit Amounts
 	
HICP provides the following benefits for eligible employees:
 	
• **At Retirement** – 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.
• **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:
  o $4.00 per month, multiplied by twice the amount of service credit, or
  o $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Benefit Amounts – Teacher Employee (Professional) The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **At Retirement** – 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. • **Disability Retirement** – For employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is $45.00 per month.

HICP 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 year of service credit to qualify for the HIC as a retiree.
- No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.

Employees Covered by Benefit Terms

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

Active members	1,405

Contributions

Non-professional - The contribution requirement for active employees is governed by Section 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 .93% of covered employee compensation for employees in HICP. 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 CPS to the HICP were $201,372 and $197,417 for the years ended June 30, 2022 and 2021, respectively.

Professional - The contribution requirement for active employees is governed by Section 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, 2021 was 1.21% of covered employee compensation for employees in HICP. 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 CPS to the HICP were $3,272,149 and $3,074,717 for the years ended June 30, 2022 and 2021, respectively.

HICP OPEB Liabilities, HICP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HICP

Non-professional - At June 30, 2022, CPS reported a liability of $2,562,866 for its proportionate share of the HICP net OPEB Liability. The net HICP OPEB Liability was measured as of June 30, 2021 and the total HICP OPEB liability used to calculate the net HICP OPEB Liability was determined by an actuarial valuation as of that date.

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Notes to the Basic Financial Statements

June 30, 2022

For the year ended June 30, 2022, CPS recognized HICP OPEB expense of $209,706. At June 30, 2022, CPS reported deferred outflows of resources related to the VRS HICP OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$	-	14,172
Changes of assumptions		48,016	-
Employer costs subsequent to the measurement date		201,372	-
Total	$	249,388	14,172

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VRS HICP OPEB will be recognized in the VRS HICP OPEB expense in future reporting periods as follows:

Fiscal Years Ending June 30,		HICP - Non-Professional Deferred Amounts
2023	$	9,983
2024		9,983
2025		9,983
2026		3,895
Total	$	33,844

$201,372 reported as deferred outflows of resources related to the HICP OPEB resulting from CPS' contributions subsequent to the measurement date will be recognized as a reduction of the net HICP OPEB Liability in the fiscal year ending June 30, 2023.

Professional - At June 30, 2022, CPS reported a liability of $36,880,152 for its proportionate share of the HICP net OPEB Liability. The net HICP OPEB Liability was measured as of June 30, 202 and the total HICP OPEB liability used to calculate the net HICP OPEB Liability was determined by an actuarial valuation as of that date. CPS' proportion of the net HICP OPEB Liability was based on CPS' actuarially determined employer contributions to the HICP 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, CPS' proportion of HICP was 2.87325% as compared to 2.87581% at June 30, 2020.

For the year ended June 30, 2022, CPS recognized VRS HICP OPEB expense of $2,982,070. Since there was a change in proportionate share between June 30, 2020 and June 30, 2021, a portion of the VRS HICP net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, CPS reported deferred outflows of resources related to the VRS HICP OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	-	643,556
Net difference between projected and actual earnings on OPEB plan investments		-	485,823
Changes of assumptions		996,938	148,219
Changes in proportionate share		307,922	175,787
Employer costs subsequent to the measurement date		3,272,149	-
Total	$	4,577,009	1,453,385

$3,272,149 reported as deferred outflows of resources related to HICP resulting from CPS' contributions subsequent to the measurement date, will be recognized as a reduction of the net HICP 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 HICP will be recognized in HICP OPEB expense in future reporting periods as follows:

Fiscal Years Ending June 30,		Deferred Amounts
2023	$	(66,645)
2024		(72,162)
2025		(52,515)
2026		(47,082)
2027		66,570
Thereafter		23,309
Total	$	(148,525)

Professional Net HICP OPEB Liability

The net HICP OPEB liability represents the program's total OPEB liability determined in accordance with U.S. GAAP, less the associated fiduciary net position. As of June 30, 2021, the net HICP OPEB liability is as follows:

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

The total HICP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements.

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)
Notes to the Basic Financial Statements
June 30, 2022

Non-professional – Changes in Net HIC OPEB Liability

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balance - July 1, 2020	$ 2,516,734	-	2,516,734
Changes for the fiscal year:			
Service cost	35,611	-	35,611
Interest	169,879	-	169,879
Assumption changes	61,542	-	61,542
Contributions - employer	-	197,418	(197,418)
Net investment income	-	24,349	(24,349)
Administrative expenses	-	(867)	867
Net changes	267,032	220,900	46,132
Balance - June 30, 2021	$ 2,783,766	220,900	2,562,866

Discount Rate

The discount rate used to measure the total HICP 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 each school division for HICP will be subject to the portion of the VRS Board-certified rates that is funded by the Virginia General Assembly.

From July 1, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HICP 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 HICP OPEB liability.

Sensitivity of CPS' Proportionate Share of the Net HICP OPEB Liability to Changes in the Discount Rate

The following presents CPS' proportionate share of the VRS Teacher Employee HICP (Professional) OPEB liability and the Political Subdivision HICP (Non-professional) OPEB liability using the discount rate of 6.75%, as well as what CPS' proportionate share of the net HICP 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:

	Decrease (5.75%)	Discount Rate (6.75%)	Increase (7.75%)
CPS' professional employee proportionate share of net HICP OPEB liability	$ 41,516,828	36,880,152	32,956,417

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
CPS' non-professional employee proportionate share of net HICP OPEB liability	$ 2,841,322	2,562,866	2,324,671

<u>Virginia Retirement System – Virginia Local Disability Program</u>

Plan Description

All full-time, salaried permanent teachers and general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by VLDP. This plan is administered by VRS. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through VLDP.

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

VLDP PLAN PROVISIONS
Eligible Employees VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Political subdivision (non-professional) - Full-time general employees, including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits, of public political subdivisions covered under VRS. • Teachers (professional) - Teachers and other full-time permanent salaried employees of public school divisions covered under VRS.
Benefit Amounts VLDP provides the following benefits for eligible employees: <u>**Short-Term Disability**</u> – • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. <u>**Long-Term Disability**</u> – • VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. • Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
VLDP Notes: • Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. • VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

Non-professional - The contribution requirement for active Hybrid employees is governed by Section 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2022 was 0.83% of covered employee compensation for employees in VLDP. 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 were $64,038 and $57,858 for the years ended June 30, 2022 and 2021, respectively.

Professional - The contribution requirement for active Hybrid employees is governed by Section 51.1-1178(C) 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 0.47% of covered employee compensation for employees in VLDP. 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 were $376,036 and $294,965 for the years ended June 30, 2022 and 2021, respectively.

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB

Non-professional - At June 30, 2022, CPS reported an asset of $17,565 for its proportionate share of the net VLDP OPEB Liability. The net VLDP OPEB Liability was measured as of June 30, 2021 and the total VLDP OPEB liability used to calculate the net VLDP OPEB Liability was determined by an actuarial valuation as of that date. CPS' proportion of the net VLDP OPEB Liability was based on the CPS' actuarially determined employer contributions to the VLDP 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, 2022, CPS' proportion of the VLDP was 1.73527% as compared to 1.78686% at June 30, 2020 for non-professional employees.

For the year ended June 30, 2021, CPS recognized VLDP OPEB expense of $48,009. Since there was a change in proportionate share between June 30, 2020 and June 30, 2021, a portion of the VLDP net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, CPS reported deferred outflows of resources and deferred inflows of resources related to VLDP from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	10,435	26,317
Net difference between projected and actual earnings on OPEB plan investments		-	9,801
Changes of assumptions		596	4,764
Changes in proportionate share		333	893
Employer costs subsequent to the measurement date		64,038	-
Total	$	75,402	41,775

$64,038, reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from CPS' contributions subsequent to the measurement date, will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

Fiscal Years Ending June 30,		Deferred Amounts
2022	$	(4,171)
2023		(4,137)
2024		(4,297)
2025		(8,266)
2026		(2,864)
Thereafter		(6,676)
Total	$	(30,411)

Professional - At June 30, 2022, CPS reported an asset of $65,659 for its proportionate share of the net VLDP OPEB Liability. The net VLDP OPEB Liability was measured as of June 30, 2021 and the total VLDP OPEB liability used to calculate the net VLDP OPEB Liability was determined by an actuarial valuation as of that date. CPS' proportion of the net VLDP OPEB Liability was based on CPS' actuarially determined employer contributions to the VLDP 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, CPS' proportion of VLDP was 9.3264% as compared to 8.79621% at June 30, 2020 for professional employees.

For the year ended June 30, 2022, CPS recognized VLDP OPEB expense of $221,895. Since there was a change in proportionate share between June 30, 2020 and June 30, 2021, a portion of the net VLDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, CPS reported deferred outflows of resources and deferred inflows of resources related to VLDP from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$	32,830	36,488
Net difference between projected and actual on OPEB plan investments		-	52,240
Changes of assumptions		35,637	-
Changes in proportionate share		7,041	-
Employer costs subsequent to the measurement date		376,036	-
Total	$	451,544	88,728

$376,036 reported as deferred outflows of resources related to VLDP resulting from CPS' contributions subsequent to the measurement date, will be recognized as a reduction of the net VLDP 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 VLDP will be recognized in VLDP OPEB expense in future reporting periods as follows:

Fiscal Years Ending June 30,		**Deferred Amounts**
2023	$	(9,557)
2024		(9,619)
2025		(9,532)
2026		(11,539)
2027		2,998
Thereafter		24,029
Total	$	(13,220)

Net Political Subdivision Employee VLDP OPEB Liability

The net VLDP OPEB liabilities represent the program's total OPEB liability, less the associated fiduciary net position. As of June 30, 2020, net VLDP OPEB liabilities are as follows (amounts expressed in thousands):

		Political Subdivision Employee VLDP OPEB Plan	**Teacher Employee VLDP OPEB Plan**
Total Political Subdivision VLDP OPEB Liability	$	5,156	4,884
Plan Fiduciary Net Position		6,166	5,590
Political Subdivision Net VLDP OPEB Liability	$	(1,010)	(706)
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		119.59%	114.46%

The total VLDP OPEB liabilities are calculated by the System's actuary, and the plan's fiduciary net positions are reported in the System's financial statements.

Discount Rate

The discount rate used to measure the total VLDP OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by Schools for VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2021 forward, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plans' fiduciary net positions were 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 VLDP OPEB liabilities.

Sensitivity of CPS' Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net VLDP OPEB liabilities using the discount rate of 6.75%, as well as what the net VLDP OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
CPS' proportionate share of net VLDP OPEB asset - non-professional	$ (9,409)	(17,565)	(24,639)

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
CPS' proportionate share of net VLDP OPEB asset - professional	$ (9,854)	(65,659)	(114,718)

Required Supplementary Information
Other Than Management's Discussion and Analysis
(Unaudited)

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CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

General Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues:				
Intergovernmental:				
City of Chesapeake	$ 226,479,073	226,479,073	223,865,895	(2,613,178)
Commonwealth of Virginia	289,911,662	291,192,194	290,191,747	(1,000,447)
Federal government	106,016,784	108,729,766	47,056,493	(61,673,273)
Charges for services	2,330,800	2,330,800	17,854,945	15,524,145
Interest	—	—	41,857	41,857
Miscellaneous	19,629,135	15,635,621	10,525,657	(5,109,964)
Total revenues	644,367,454	644,367,454	589,536,594	(54,830,860)
Expenditures:				
Education:				
Administration	11,124,955	11,400,493	11,074,719	(325,774)
Instruction	530,705,219	529,234,244	450,630,792	(78,603,452)
Attendance and health services	10,825,890	9,120,890	9,399,812	278,922
Pupil transportation	41,540,535	42,875,535	43,362,972	487,437
Operations and maintenance	49,064,095	53,080,835	51,731,331	(1,349,504)
School facilities services	2,944,755	4,884,755	1,496,115	(3,388,640)
School technology services	26,554,655	25,230,450	24,516,239	(714,211)
Total education	672,760,104	675,827,202	592,211,980	(83,615,222)
Debt service:				
Principal	2,726,194	2,726,194	5,310,757	(2,584,563)
Interest	369,408	369,408	369,652	(244)
Total debt service	3,095,602	3,095,602	5,680,409	(2,584,807)
Payment to Primary Government –				
return of interest income	—	—	38,122	38,122
use of technology fee	—	—	65,368	65,368
Capital outlay	—	—	7,511,860	7,511,860
Total expenditures	675,855,706	678,922,804	605,507,739	(78,584,679)
Total revenues over (under) expenditures	$ (31,488,252)	(34,555,350)	(15,971,145)	18,584,205
Other financing sources (uses):				
Proceeds from leases			14,159,900	
Notes payable			7,511,860	
Total other financing sources (uses)			21,671,760	
Total revenues and other financing sources over expenditures			5,700,615	
Fund balance at beginning of year			51,941,469	
Increase in reserve for inventory			(57,119)	
Fund balance at end of year			$ 57,584,965	

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

School Nutrition Services Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Year Ended June 30, 2022

		Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues:					
Intergovernmental:					
Commonwealth of Virginia	$	—	—	410,434	410,434
Federal government		13,451,813	15,951,813	23,820,363	7,868,550
Charges for services		—	—	7,749	7,749
Interest		35,505	35,505	7,660	(27,845)
Miscellaneous		18,480	18,480	38,796	20,316
Total revenues		13,505,798	16,005,798	24,285,002	8,279,204
Expenditures:					
Operating costs:					
Purchases for resale		3,815,000	4,553,000	5,581,017	1,028,017
Food service salaries and fringe benefits		6,597,975	6,597,975	5,506,159	(1,091,816)
General and administrative		2,379,623	4,346,623	2,267,647	(2,078,976)
Other repairs and supplies		296,200	304,200	162,768	(141,432)
Capital outlay		398,000	185,000	107,506	(77,494)
Other expenditures		19,000	19,000	1,675	(17,325)
Total expenditures		13,505,798	16,005,798	13,626,772	(2,379,026)
Revenues over (under) expenditures	$	—	—	10,658,230	10,658,230
Fund balance at beginning of year				8,451,511	
Increase in reserve for inventory				(146,168)	
Fund balance at end of year				$ 18,963,573	

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

School Textbook Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual

Year Ended June 30, 2022

		Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues:					
Intergovernmental:					
Commonwealth of Virginia	$	2,745,592	2,745,592	2,761,136	15,544
Interest		15,000	15,000	6,524	(8,476)
Miscellaneous		15,000	15,000	4,984	(10,016)
Total revenues		2,775,592	2,775,592	2,772,644	(2,948)
Expenditures:					
Instruction:					
Textbooks		2,775,592	2,775,592	—	(2,775,592)
Expendable workbooks		—	—	—	—
Total expenditures		2,775,592	2,775,592	—	(2,775,592)
Other financing sources:					
Payment from Primary Government for textbooks		—	—	—	—
Total other financing sources		—	—	—	—
Revenues and other financing source over (under) expenditures	$	—	—	2,772,644	2,772,644
Fund balance at beginning of year				11,120,016	
Fund balance at end of year				$ 13,892,660	

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

Year Ended June 30, 2022

Schools' Non-professional Employees:	**2022***	**2021***	**2020***	**2019***	**2018***	**2017***	**2016***	**2015***
Total pension liability								
Service cost	$ 1,932,319	1,968,095	1,907,133	1,999,505	2,097,124	2,136,694	2,148,602	2,157,963
Interest	7,486,062	7,136,628	6,993,180	6,796,198	6,711,839	6,531,345	6,232,246	5,971,479
Changes of assumptions	3,644,591	-	2,840,241	—	(1,036,291)	—	—	—
Difference between expected and actual experience	(946,700)	2,232,491	(7,036)	(213,340)	(1,139,936)	(1,148,254)	366,267	—
Benefit payments, including refunds of employee contributions	(6,350,150)	(5,970,683)	(5,845,861)	(5,690,801)	(5,164,407)	(4,718,205)	(4,230,322)	(4,578,086)
Net change in total pension liability	5,766,122	5,366,531	5,887,657	2,891,562	1,468,329	2,801,580	4,516,793	3,551,356
Total pension liability - beginning	114,079,696	108,713,165	102,825,508	99,933,946	98,465,617	95,664,037	91,147,244	87,595,888
Total pension liability - ending (a)	$ 119,845,818	114,079,696	108,713,165	102,825,508	99,933,946	98,465,617	95,664,037	91,147,244
Plan fiduciary net position								
Contributions - employer	$ 2,041,421	1,814,702	1,764,432	1,858,617	1,927,178	2,290,549	2,321,495	2,399,609
Contributions - employee	996,104	1,037,991	1,006,106	1,015,533	1,052,494	1,052,203	1,063,283	1,057,299
Net investment income	24,690,149	1,744,842	5,917,505	6,334,762	9,566,139	1,365,632	3,503,699	10,545,595
Benefit payments, including refunds of employee contributions	(6,350,150)	(5,970,683)	(5,845,861)	(5,690,801)	(5,164,407)	(4,718,205)	(4,230,322)	(4,578,086)
Administrative expense	(62,944)	(61,365)	(60,104)	(55,879)	(56,156)	(49,417)	(48,093)	(57,298)
Other	2,319	(2,145)	(3,717)	(5,606)	(8,489)	(582)	(743)	556
Net change in plan fiduciary net position	21,316,899	(1,436,658)	2,778,361	3,456,626	7,316,759	(59,820)	2,609,319	9,367,675
Plan fiduciary net position - beginning	91,667,064	93,103,722	90,325,361	86,868,735	79,551,976	79,611,796	77,002,477	67,634,802
Plan fiduciary net position - ending (b)	$ 112,983,963	91,667,064	93,103,722	90,325,361	86,868,735	79,551,976	79,611,796	77,002,477
CPS' net pension liability - ending (a) - (b)	$ 6,861,855	22,412,632	15,609,443	12,500,147	13,065,211	18,913,641	16,052,241	14,144,767
Plan fiduciary net position as a percentage of total pension liability	94.27%	80.35%	85.64%	87.84%	86.93%	80.79%	83.22%	84.48%
Covered payroll	$ 21,166,859	24,324,677	21,167,806	21,169,819	21,645,530	21,335,475	21,478,860	21,063,314
CPS' net pension liability as a percentage of covered payroll	32.42%	92.14%	73.74%	59.05%	60.36%	88.65%	74.74%	67.15%

Schedule is intended to show information for 10 years. Since 2022 is the eighth year for this presentation, only seven additional years of data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year-end.

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan

Year Ended June 30, 2022

Schools' Professional Employees:		**2022***	**2021***	**2020***	**2019***	**2018***	**2017***	**2016***	**2015***
Employer's Proportion of the Net Pension Liability		2.90579%	2.91539%	2.87783%	2.89014%	2.87861%	2.86078%	2.94792%	2.96080%
Employer's Proportionate Share of the Net Pension Liability	$	225,579,307	424,265,808	378,738,781	339,880,000	354,010,000	400,913,000	371,035,000	357,804,000
Employer's Covered Payroll	$	254,021,185	251,983,078	238,636,634	231,560,514	225,349,626	218,100,620	219,173,315	216,535,628
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll		88.80%	168.37%	158.71%	146.78%	157.09%	183.82%	169.29%	165.24%
Plan Fiduciary Net Position as a Percentage of the Total Penion Liability		85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2022 is the eighth year for this presentation, only seven additional years of data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year-end.

See accompanying note to required supplementary information and independent auditors' report.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer Contributions

Year Ended June 30, 2022

Schools' Professional Employees:

Date		Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$	43,406,526	43,406,526	—	269,598,368	16.1%
2021		41,069,791	41,069,791	—	254,021,185	16.2%
2020		38,607,353	38,607,353	—	251,983,078	15.3%
2019		36,815,952	36,815,952	—	238,636,634	15.4%
2018		37,345,663	37,345,663	—	231,560,514	16.1%
2017		32,815,991	32,815,991	—	225,349,626	14.6%
2016		30,557,558	30,557,558	—	218,100,620	14.0%
2015		31,725,142	31,725,142	—	219,173,315	14.5%
2014		25,246,663	25,246,663	—	216,535,628	11.7%

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, only eight additional years of data is available. However, additional years will be included as they become available.

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer Contributions

Year Ended June 30, 2022

Schools' Non-professional Employees:

Date	**Contractually Required Contribution (1)**	**Contribution in Relation to Contractually Required Contribution (2)**	**Contribution Deficiency (Excess) (3)**	**Employer's Covered Payroll (4)**	**Contributions as a % of Covered Payroll (5)**
2022	$ 2,075,319	2,075,319	—	21,642,086	9.6%
2021	2,034,734	2,034,734	—	21,166,859	9.6%
2020	1,811,015	1,811,015	—	24,324,677	7.4%
2019	1,763,262	1,763,262	—	21,167,806	8.3%
2018	1,867,510	1,867,510	—	21,169,819	8.8%
2017	1,936,293	1,936,293	—	21,645,530	8.9%
2016	2,290,138	2,290,138	—	21,335,475	10.7%
2015	2,321,931	2,321,931	—	21,478,860	10.8%
2014	2,399,609	2,399,609	—	21,063,314	11.4%

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, only eight additional years of data is available. However, additional years will be included as they become available.

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Changes in Net OPEB Liability and Related Ratios (Unaudited)

Years Ended June 30

		2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$	5,923,823	6,181,037	5,258,384	4,726,009	4,948,794	5,640,881
Interest		3,411,918	4,601,350	5,240,229	5,633,989	5,496,930	4,683,042
Change in benefit terms		-	-	(3,033,535)	-	-	-
Difference between expected and actual experience		(1,101,266)	(24,972,132)	3,168,388	(1,937,712)	(2,077,490)	(1,299,051)
Change in assumption		(33,141,260)	7,910,410	14,887,367	8,959,393	(698,818)	(13,473,773)
Benefit payments		(4,944,112)	(4,868,389)	(5,020,164)	(5,223,504)	(5,481,286)	(5,681,682)
Net change in total OPEB liability		(29,850,897)	(11,147,724)	20,500,669	12,158,175	2,188,130	(10,130,583)
Total OPEB liability - beginning		180,726,773	191,874,497	171,373,828	159,215,653	157,027,523	167,158,106
Total OPEB liability - ending	$	150,875,876	180,726,773	191,874,497	171,373,828	159,215,653	157,027,523
Plan Fiduciary Net Position							
Contributions - employer	$	4,944,112	4,868,389	5,020,164	5,223,504	5,481,286	5,681,682
Net investment income		(448,653)	1,106,374	105,287	153,792	296,635	354,865
Benefit payments		(4,944,112)	(4,868,389)	(5,020,164)	(5,223,504)	(5,481,286)	(5,681,682)
Net change in plan fiduciary net position		(448,653)	1,106,374	105,287	153,792	296,635	354,865
Plan fiduciary net position - beginning		4,802,955	3,696,581	3,591,294	3,437,502	3,140,867	2,786,002
Plan fiduciary net position - ending	$	4,354,302	4,802,955	3,696,581	3,591,294	3,437,502	3,140,867
Net OPEB liability	$	146,521,574	175,923,818	188,177,916	167,782,534	155,778,151	153,886,656
Plan fiduciary net position as a percentage of total OPEB liability		2.89%	2.66%	1.93%	2.10%	2.16%	2.00%
Covered payroll	$	291,240,455	275,188,044	276,307,755	259,804,440	252,730,333	246,995,156
Net OPEB liability as a percentage of of covered payroll		50.31%	63.93%	68.10%	64.58%	61.64%	62.30%

Schedule is intended to show information for ten years. Since 2022 is the sixth year for this presentation, only five additional years of data is available. However, additional years will be included as they become available.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program - Non-professional Employees (Unaudited)

Years Ended June 30

		2022*	2021*	2020*	2019*	2018*
Employer's proportion of the net GLI OPEB liability		0.10386%	0.10789%	0.10886%	0.11253%	0.11811%
Employer's proportionate share of the net GLI OPEB liability	$	1,209,212	1,800,507	1,771,442	1,709,000	1,777,000
Employer's covered payroll		21,443,236	22,203,675	21,340,312	21,396,564	21,784,960
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll		5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB Liability		67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for ten years. Since 2022 is the fifth year for this presentation, only four additional years of data is available. However, additional years will be included as they become available.

*The amounts presented have a measurement date of the previous fiscal year-end.

Exhibit XVI

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer's Share of Net OPEB Liability

Group Life Insurance Program - Professional Employees (Unaudited)

Years Ended June 30

		2022*	2021*	2020*	2019*	2018*
Employer's proportion of the net GLI OPEB liability		1.23488%	1.22781%	1.22286%	1.22258%	1.22538%
Employer's proportionate share of the net GLI OPEB liability	$	14,377,354	20,490,139	19,899,187	18,568,000	18,440,000
Employer's covered payroll	$	254,955,804	252,686,782	239,721,566	232,470,818	226,026,199
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll		5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB Liability		67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for ten years. Since 2022 is the fifth year for this presentation, only four additional years of data is available. However, additional years will be included as they become available.

*The amounts presented have a measurement date of the previous fiscal year-end.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer's Share of Net OPEB Liability

Health Insurance Credit Program - Professional Employees (Unaudited)

Years Ended June 30

		2022*	2021*	2020*	2019*	2018*
Employer's proportion of the net HIC OPEB Liability		2.87325%	2.87581%	2.84923%	2.86573%	2.85627%
Employer's proportionate share of the net HIC OPEB Liability	$	36,880,152	37,515,416	37,299,191	36,386,000	36,235,000
Employer's covered payroll	$	254,108,820	252,115,534	238,983,997	231,762,672	225,417,292
Employer's proportionate share of the net HIC OPEB Liability as a percentage of its covered payroll		14.51%	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB Liability		13.15%	9.95%	8.97%	8.08%	7.04%

Schedule is intended to show information for ten years. Since 2022 is the fifth year for this presentation, only four additional years of data is available. However, additional years will be included as they become available.

*The amounts presented have a measurement date of the previous fiscal year-end.

Exhibit XVIII

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer's Share of Net OPEB Liability

Virginia Local Disability Program - Non-professional Employees (Unaudited)

Years Ended June 30

		2022*	2021*	2020*	2019*	2018*
Employer's proportion of the net VLDP OPEB liability (asset)		1.73527%	1.78686%	1.82867%	1.75555%	1.77573%
Employer's proportionate share of the net VLDP OPEB liability (asset)	$	(17,565)	17,838	37,046	14,000	10,000
Employer's covered payroll	$	6,970,810	6,658,479	5,650,999	4,262,590	3,260,758
Employer's proportionate share of the net VLDP OPEB liability (asset) as a percentage of its covered payroll		-0.25%	0.27%	0.66%	0.33%	0.31%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability (asset)		119.59%	76.84%	49.19%	51.39%	38.40%

Schedule is intended to show information for ten years. Since 2022 is the fifth year for this presentation, only four additional years of data is available. However, additional years will be included as they become available.

*The amounts presented have a measurement date of the previous fiscal year-end.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer's Share of Net OPEB Liability

Virginia Local Disability Program - Professional Employees (Unaudited)

Years Ended June 30

		2022*	2021*	2020*	2019*	2018*
Employer's proportion of the net VLDP OPEB liability (asset)		9.32640%	8.79621%	8.22729%	7.69735%	7.09952%
Employer's proportionate share of the net VLDP OPEB liability (asset)	$	(65,659)	70,571	47,828	58,000	42,000
Employer's covered payroll	$	62,758,457	52,029,564	39,452,671	28,701,027	20,034,887
Employer's proportionate share of the net VLDP OPEB liability (asset) as a percentage of its covered payroll		-0.10%	0.14%	0.12%	0.20%	0.21%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability (asset)		114.46%	78.28%	74.12%	46.18%	31.96%

Schedule is intended to show information for ten years. Since 2022 is the fifth year for this presentation, only four additional years of data is available. However, additional years will be included as they become available.

*The amounts presented have a measurement date of the previous fiscal year-end.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer Contributions

Group Life Insurance Program - Non-professional Employees (Unaudited)

Year Ended June 30, 2022

Date	(a) Contractually Required Contributions	(b) Contribution in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Payroll	(e) Contributions as a Percentage of Covered Payroll (b) / (d)
June 30, 2022	$ 118,111	$ 118,111	$ —	$ 21,872,322	0.54%
June 30, 2021	115,793	115,793	—	21,443,236	0.54%
June 30, 2020	115,459	115,459	—	22,203,675	0.52%
June 30, 2019	110,970	110,970	—	21,340,312	0.52%
June 30, 2018	111,262	111,262	—	21,396,564	0.52%
June 30, 2017	113,282	113,282	—	21,784,960	0.52%
June 30, 2016	103,034	103,034	—	21,465,516	0.48%
June 30, 2015	103,674	103,674	—	21,598,712	0.48%
June 30, 2014	101,623	101,623	—	21,171,526	0.48%
June 30, 2013	99,691	99,691	—	20,769,037	0.48%

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 PUB2010 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 Plan1; set separate rates based on experience for Plan2/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

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer Contributions

Group Life Insurance Program - Professional Employees (Unaudited)

Year Ended June 30, 2022

Date	(a) Contractually Required Contributions	(b) Contribution in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Payroll	(e) Contributions as a Percentage of Covered Payroll (b) / (d)
June 30, 2022	$ 1,463,804	$ 1,463,804	$ —	$ 271,074,875	0.54%
June 30, 2021	1,376,761	1,376,761	—	254,955,804	0.54%
June 30, 2020	1,313,971	1,313,971	—	252,686,782	0.52%
June 30, 2019	1,246,552	1,246,552	—	239,721,566	0.52%
June 30, 2018	1,208,848	1,208,848	—	232,470,818	0.52%
June 30, 2017	1,175,336	1,175,336	—	226,026,199	0.52%
June 30, 2016	1,050,010	1,050,010	—	218,752,180	0.48%
June 30, 2015	1,054,829	1,054,829	—	219,756,069	0.48%
June 30, 2014	1,042,426	1,042,426	—	217,172,018	0.48%
June 30, 2013	1,017,673	1,017,673	—	212,015,129	0.48%

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 PUB2010 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 Plan1; set separate rates based on experience for Plan2/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

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)
Schedule of Employer Contributions
Health Insurance Credit Program - Non-professional Employees (Unaudited)

Year Ended June 30, 2022

Date	(a) Contractually Required Contributions	(b) Contribution in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Payroll	(e) Contributions as a Percentage of Covered Payroll (b) / (d)
June 30, 2022	$ 201,372	$ 201,372	$ —	$ 21,652,899	0.93%
June 30, 2021	197,417	197,417	—	21,227,603	0.93%

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 PUB2010 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 Plan1; set separate rates based on experience for Plan2/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

Exhibit XXIII

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer Contributions

Health Insurance Credit Program - Professional Employees (Unaudited)

Year Ended June 30, 2022

Date	**(a) Contractually Required Contributions**	**(b) Contribution in Relation to Contractually Required Contributions**	**(c) Contribution Deficiency (Excess) (a) - (b)**	**(d) Employer's Covered Payroll**	**(e) Contributions as a Percentage of Covered Payroll (b) / (d)**
June 30, 2022	$ 3,272,149	$ 3,272,149	$ —	$ 270,425,514	1.21%
June 30, 2021	3,074,717	3,074,717	—	254,108,820	1.21%
June 30, 2020	3,025,386	3,025,386	—	252,115,534	1.20%
June 30, 2019	2,867,808	2,867,808	—	238,983,997	1.20%
June 30, 2018	2,850,681	2,850,681	—	231,762,672	1.23%
June 30, 2017	2,502,132	2,502,132	—	225,417,292	1.11%
June 30, 2016	2,312,292	2,312,292	—	218,140,798	1.06%
June 30, 2015	2,323,261	2,323,261	—	219,175,551	1.06%
June 30, 2014	2,403,413	2,403,413	—	216,523,695	1.11%
June 30, 2013	2,344,904	2,344,904	—	211,252,620	1.11%

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 PUB2010 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 Plan1; set separate rates based on experience for Plan2/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

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer Contributions

Virginia Local Disability Program - Non-professional Employees (Unaudited)

Year Ended June 30, 2022

Date	(a) Contractually Required Contributions	(b) Contribution in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Payroll	(e) Contributions as a Percentage of Covered Payroll (b) / (d)
June 30, 2022	$ 64,038	$ 64,038	$ —	$ 7,715,418	0.83%
June 30, 2021	57,858	57,858	—	6,970,810	0.83%
June 30, 2020	47,941	47,941	—	6,658,479	0.72%
June 30, 2019	35,036	35,036	—	5,650,999	0.62%
June 30, 2018	25,576	25,576	—	4,262,590	0.60%
June 30, 2017	19,565	19,565	—	3,260,758	0.60%
June 30, 2016	13,986	13,986	—	2,330,961	0.60%
June 30, 2015	7,097	7,097	—	1,182,914	0.60%
June 30, 2014	947	947	—	157,884	0.60%

Schedule is intended to show information for ten years. Since 2022 is the ninth year of this program, only eight additional years of data is available. However, additional years will be included as they become available.

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

Changes of Assumptions: The actuarial assumptions used in the June 30, 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 PUB2010 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 Plan1; set separate rates based on experience for Plan2/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

Exhibit XXV

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Employer Contributions

Virginia Local Disability Program - Professional Employees (Unaudited)

Year Ended June 30, 2022

Date	(a) Contractually Required Contributions	(b) Contribution in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Payroll	(e) Contributions as a Percentage of Covered Payroll (b) / (d)
June 30, 2022	$ 376,036	$ 376,036	$ —	$ 80,007,589	0.47%
June 30, 2021	294,965	294,965	—	62,758,457	0.47%
June 30, 2020	213,321	213,321	—	52,029,564	0.41%
June 30, 2019	161,756	161,756	—	39,452,671	0.41%
June 30, 2018	88,973	88,973	—	28,701,027	0.31%
June 30, 2017	62,108	62,108	—	20,034,887	0.31%
June 30, 2016	30,785	30,785	—	10,615,473	0.29%
June 30, 2015	14,772	14,772	—	5,093,804	0.29%
June 30, 2014	366	366	—	126,071	0.29%

Schedule is intended to show information for ten years. Since 2022 is the ninth year of this program, only eight additional years of data is available. However, additional years will be included as they become available.

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

Changes of Assumptions: The actuarial assumptions used in the June 30, 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 PUB2010 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 Plan1; set separate rates based on experience for Plan2/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

Exhibit XXVI

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)
Schedule of Changes in the Employer's Net HIC OPEB
Liability and Related Ratios

Year Ended June 30, 2022

Schools' Non-professional Employees		**2022***	**2021***
Total HIC OPEB liability			
Service cost	$	35,611	-
Interest		169,879	-
Change of benefit terms		-	-
Change of assumpitons		61,542	2,516,734
Difference between expected and actual experience			-
Benefit payments			-
Net change in HIC OPEB liability		267,032	2,516,734
Total HIC OPEB liability - beginning		2,516,734	-
Total HIC OPEB liability - ending (a)	$	2,783,766	2,516,734
Plan fiduciary net position			
Contributions - employer	$	197,418	-
Net Investment Income		24,349	-
Benefit payments		(867)	-
Administrative expenses			-
Other			-
Net change in plan fiduciary net position		220,900	-
Plan fiduciary net position - beginning		-	-
Plan fiduciary net position - ending (b)	$	220,900	-
CPS' net HIC OPEBliability - ending (a) - (b)	$	2,562,866	2,516,734
Plan fiduciary net position as a percentage of total HIC OPEB liability		40.52%	31.58%
Covered payroll	$	21,227,603	21,554,429
CPS' net HIC OPEB liability as a percentage of covered payroll		12.07%	11.68%

Schedule is intended to show information for 10 years. Since 2022 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year-end.

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS

(Component Unit of the City of Chesapeake, Virginia)

Schedule of Investment Returns - Other Postemployment Benefits (unaudited)

Year Ended June 30, 2022

	2022	**2021**	**2020**	**2019**	**2018**	**2017**
Annual money-weighted rate of return, net of investment expense	7.18%	11.67%	5.90%	9.00%	9.52%	13.04%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, only five additional years of data is available. However, additional years will be included as they become available.

See accompanying note to required supplementary information and report of independent auditor.

CHESAPEAKE PUBLIC SCHOOLS
(Component Unit of the City of Chesapeake, Virginia)

Notes to the Required Supplementary Information
Year Ended June 30, 2022

Budgetary Data

The budgetary data reflected in the required supplementary information was established by CPS using the following procedures:

(a) CPS submits to the City Council a proposed operating budget for the General and Special Revenue Funds for the forthcoming fiscal year.

(b) The budget is legally enacted through passage of an ordinance by the City Council. The School Board then allocates the budget to the various functions.

(c) The School Board and Superintendent are authorized to make transfers between functions and budgetary line items, respectively. However, revisions that alter the total expenditures of CPS' operating budget must be approved by the City Council. The legal level of budgetary control for the General Fund and Special Revenue Funds is the fund level or the level at which management cannot make transfers or incur expenditures in excess of appropriations without the approval of the School Board. However, management control is exercised over the budget at the individual revenue and expenditure budgetary line item level.

The General Fund and the Special Revenue Funds have legally adopted annual budgets. The budgets are adopted on a budgetary basis, which differs from U.S. GAAP because revenues and expenditures of $1,346,828 resulting from donations of school nutrition commodities from the United States Department of Agriculture to School Nutrition Services Fund are not recognized for budgetary purposes.

Appropriations with outstanding commitments or encumbrances are re-appropriated in the following year.

The Capital Projects Fund budget is adopted on a project basis by the City Council upon the School Board's recommendation. Any unexpended funds at project completion are returned to the City.

Pension Plans – Teachers

Changes of benefit terms

There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2019 valuation includes Hybrid Retirement Plan members. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2019 based on the most recent experience study of the System for the four-year period ended June 30, 2016 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

- Update mortality table
- Adjustments to the rates of service retirement
- Adjustments in rates of withdrawals at each year through 9 years of service
- Adjustments in rates of disability to better match experience
- No changes to salary scale
- Decreased discount rate from 7.00% to 6.75%

Pension Plans – Non-professional Employees

Changes of benefit terms

There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2019 valuation includes Hybrid Retirement Plan. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2019 based on the most recent experience study of the System for the four-year period ended June 30, 2016 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Adjustments to the rates of service retirement
- Adjustments in rates of withdrawals at each year through 9 years of service
- No changes to salary scale
- Decreased discount rate from 7.00% to 6.75%

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

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of disability retirement
- No changes to salary scale
- Decreased discount rate from 7.00% to 6.75%

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the School Board
Chesapeake Public Schools
City of Chesapeake, Virginia

We have audited, 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 Audit 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 Chesapeake Public Schools (the "School Board"), as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 13, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Specifications for Audit of Counties, Cities, and Towns*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 13, 2022