THE SCHOOL BOARD OF THE CITY OF PETERSBURG

(A Component Unit of the City of Petersburg, Virginia)

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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(A Component Unit of the City of Petersburg, Virginia)

Financial Report
Year Ended June 30, 2021

TABLE OF CONTENTS

		Page
Independent Auditors' Report		1-3
Basic Financial Statements:		
Government-wide Financial Statements:		
Exhibit 1	Statement of Net Position	4
Exhibit 2	Statement of Activities	5
Fund Financial Statements:		
Exhibit 3	Balance Sheet–Governmental Funds	6
Exhibit 4	Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	7
Exhibit 5	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities–Governmental Funds	8
Exhibit 6	Statement of Fiduciary Net Position–Fiduciary Funds	9
Exhibit 7	Statement of Changes in Fiduciary Net Position–Fiduciary Funds	10
Notes to Financial Statements		11-65
Required Supplementary Information:		
Exhibit 8	Schedule of Revenues, Expenditures and Changes in Fund Balance–Budget and Actual–General Fund	66
Exhibit 9	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios –Component Unit School Board (nonprofessional)	67-68
Exhibit 10	Schedule of Employer's Proportionate Share of Net Pension Liability–Teacher Retirement Plan	69
Exhibit 11	Schedule of Employer Contributions–Pension Plans	70
Exhibit 12	Notes to Required Supplementary Information–Pension Plans	71
Exhibit 13	Schedule of Boards Share of Net OPEB liability–Group Life Insurance (GLI) Plan	72
Exhibit 14	Schedule of Employer Contributions–Group Life Insurance (GLI) Plan	73

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA

(A Component Unit of the City of Petersburg, Virginia)

Financial Report
Year Ended June 30, 2021

TABLE OF CONTENTS

		Page
Required Supplementary Information: (Continued)		
Exhibit 15	Notes to Required Supplementary Information–Group Life Insurance (GLI) Plan	74
Exhibit 16	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	75
Exhibit 17	Notes to Required Supplementary Information–School OPEB Plan	76
Exhibit 18	Schedule of School Board's Share of Net OPEB Liability–Teacher Employee Health Insurance Credit (HIC) Plan	77
Exhibit 19	Schedule of Employer Contributions–Teacher Employee Health Insurance Credit (HIC) Plan	78
Exhibit 20	Notes to Required Supplementary Information–Teacher Employee Health Insurance Credit (HIC) Plan	79
Exhibit 21	Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios–Health Insurance Credit (HIC) Plan	80
Exhibit 22	Schedule of Employer Contributions – Health Insurance Credit (HIC) Plan	81
Exhibit 23	Notes to Required Supplementary Information – Health Insurance Credit (HIC) Plan	82
Other Supplementary Information:		
Exhibit 24	Schedule of Revenues, Expenditures and Changes in Fund Balance–Budget and Actual–Special Revenue Fund	83
Supporting Schedule:		
Schedule 1	Governmental Funds—Schedule of Revenues–Budget and Actual	84-85
Compliance		
	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	86-87

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA

(A Component Unit of the City of Petersburg, Virginia)

BOARD MEMBERS

Kenneth L. Pritchett, Chairman
Steven L. Pierce, Vice-Chairman

Scott Adrian T. Dance, Sr.
Lois A. Long
Atiba Muse
Bernard J. Lundy, Jr

ADMINISTRATIVE/FISCAL OFFICERS

Dr. Maria Pitre-Martin, Superintendent of Schools

Deborah Holloway, Director of Business & Finance

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2021, the School Board adopted new accounting guidance, GASB Statement Nos. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 16 to the financial statements, in 2021, the School Board restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding progress on pages 66 and 67-82, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to schedules of funding progress 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 schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board of City of Petersburg, Virginia’s financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

Other Matters: (Continued)

Supplementary Information: (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022 on our consideration of the School Board of City of Petersburg, Virginia'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 School Board of City of Petersburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board of the City of Petersburg, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 1, 2022

- Basic Financial Statements -

Government-wide Financial Statements

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 1**
(A Component Unit of the City of Petersburg, Virginia)

Statement of Net Position
At June 30, 2021

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 7,595,344
Receivables (net of allowance for uncollectibles):	
Accounts receivable	23,536
Due from other governments	3,116,032
Prepaid items	37,500
Inventory	120,932
Total Current Assets	$ 10,893,344
Noncurrent Assets:	
Capital assets (net of accumulated depreciation):	
Land	$ 5,000
Land improvements	46,276
Buildings and improvements	4,976,954
Vehicles	1,060,928
Equipment	614,732
Construction in progress	314,456
Total Noncurrent Assets	$ 7,018,346
Total Assets	$ 17,911,690
Deferred Outflows of Resources:	
Pension deferrals	$ 11,106,303
OPEB deferrals	1,097,643
Total Deferred Outflows of Resources	$ 12,203,946
Total Assets and Deferred Outflows of Resources	$ 30,115,636
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 621,626
Accrued liabilities	4,514,754
Due to primary government - General Fund	1,230,994
Unearned revenues	426,026
Long-term obligations - current portion	85,251
Total Current Liabilities	$ 6,878,651
Noncurrent Liabilities:	
Long-term obligations - net of current portion	$ 50,718,316
Total Liabilities	$ 57,596,967
Deferred Inflows of Resources:	
Pension deferrals	$ 3,760,186
OPEB deferrals	638,962
Total Deferred Inflows of Resources	$ 4,399,148
NET POSITION	
Investment in capital assets	$ 7,018,346
Unrestricted	(38,898,825)
Total Net Position	$ (31,880,479)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 30,115,636

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

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 2**
(A Component Unit of the City of Petersburg, Virginia)

Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental activities:					
Education:					
Instructional	$ 43,096,415	$ 23,354	$ 14,963,695	$ -	$ (28,109,366)
Administration, attendance, and health	4,005,972	-	4,005,972	-	-
Operation and maintenance	5,637,331	-	5,637,331	-	-
Pupil transportation	1,586,241	-	1,586,241	-	-
Technology	3,194,411	-	3,194,411	-	-
Food service	1,558,145	10,205	1,767,576	-	219,636
Total Governmental Activities	$ 59,078,515	$ 33,559	$ 31,155,226	$ -	$ (27,889,730)
General revenues:					
City contribution to the school board					$ 7,976,100
Unrestricted revenues from use of money and property					24,429
Grants and contributions not restricted to specific programs					19,429,180
Miscellaneous - Other					1,360,861
Total general revenues					$ 28,790,570
Change in net position					$ 900,840
Net position - beginning, as restated					(32,781,319)
Net position - ending					$ (31,880,479)

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

- Basic Financial Statements -

Fund Financial Statements

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 3**
(A Component Unit of the City of Petersburg, Virginia)

Balance Sheet - Governmental Funds
At June 30, 2021

	Governmental Funds				
		Nonmajor			
	General	Special Revenue	Capital Projects	Activities Fund	Total
ASSETS:					
Cash and cash equivalents	$ 6,806,200	$ 483,600	$ 107,675	$ 197,869	$ 7,595,344
Receivables (net of allowance for uncollectibles):					
Accounts receivable	23,536	-	-	-	23,536
Due from other governmental units	3,023,749	92,283	-	-	3,116,032
Due from other funds	-	1,429,624	255,539	-	1,685,163
Due from primary government - Capital Projects	3,070,486	-	-	-	3,070,486
Prepaid items	37,500	-	-	-	37,500
Inventory	36,658	84,274	-	-	120,932
Total assets	$ 12,998,129	$ 2,089,781	$ 363,214	$ 197,869	$ 15,648,993
LIABILITIES:					
Accounts payable	$ 611,352	$ 10,274	$ -	$ -	$ 621,626
Accrued liabilities	4,514,754	-	-	-	4,514,754
Due to primary government - General Fund	4,301,480	-	-		4,301,480
Due to other funds	1,685,163	-	-	-	1,685,163
Unearned revenue	426,026	-	-	-	426,026
Total liabilities	$ 11,538,775	$ 10,274	$ -	$ -	$ 11,549,049
FUND BALANCES:					
Nonspendable:					
Inventory and prepaid items	$ 74,158	$ 84,274	$ -	$ -	$ 158,432
Restricted:					
Private instruction grants/contributions	407,509	-	-	-	407,509
Committed:					
Instruction	977,687	-	-	-	977,687
Capital projects	-	-	363,214	-	363,214
Assigned:					
School lunch program	-	1,995,233	-	-	1,995,233
Activities fund	-	-	-	197,869	197,869
Total fund balances	$ 1,459,354	$ 2,079,507	$ 363,214	$ 197,869	$ 4,099,944
Total liabilities and fund balances	$ 12,998,129	$ 2,089,781	$ 363,214	$ 197,869	$ 15,648,993

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:		
Fund balances above	$	$ 4,099,944
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the School Board as a whole.		7,018,346
Items related to the measurement of the net pension, group life insurance OPEB, and health insurance OPEB liabilities are considered deferred outflows and will be amortized and recognized as expenses in future periods		
Deferred outflows related to:		
Pension items		11,106,303
OPEB items		1,097,643
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:		
Compensated absences		(852,508)
Net pension liability		(42,394,379)
Net OPEB obligation		(7,556,680)
Items related to the measurement of the net pension, group life insurance OPEB, and health insurance OPEB liabilities are considered deferred outflows and will be amortized and recognized as expenses in future periods		
Deferred inflows related to:		
Pension items		(3,760,186)
OPEB items		(638,962)
Net position of general government activities		$ (31,880,479)

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

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 4**
(A Component Unit of the City of Petersburg, Virginia)

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2021

	Governmental Funds				
		Nonmajor			
	General	Special Revenue	Capital Projects	Activities Fund	Total
Revenues:					
Revenue from use of money and property	$ 24,385	$ 44	$ -	$ -	$ 24,429
Charges for services	23,354	10,205	-	-	33,559
Miscellaneous	1,159,114	96,825	-	104,922	1,360,861
Intergovernmental:					
Local government	7,976,100	-	-	-	7,976,100
Commonwealth	37,502,790	44,471	-	-	37,547,261
Federal	11,314,040	1,723,105	-	-	13,037,145
Total revenues	$ 57,999,783	$ 1,874,650	$ -	104,922	$ 59,979,355
Expenditures:					
Current:					
Instructional	$ 42,087,384	$ -	$ -	129,562	$ 42,216,946
Administration, attendance, and health	4,080,621	-	-	-	4,080,621
Pupil transportation	1,945,948	-	-	-	1,945,948
Operation and maintenance	5,815,560	-	-	-	5,815,560
Food service	-	1,859,237	-	-	1,859,237
Technology	3,140,122	-	-	-	3,140,122
Capital projects	148,960	-	-	-	148,960
Total expenditures	$ 57,218,595	$ 1,859,237	$ -	129,562	$ 59,207,394
Excess (deficiency) of revenues over (under) expenditures	781,188	15,413	-	(24,640)	771,961
Net change in fund balances	$ 781,188	$ 15,413	$ -	(24,640)	$ 771,961
Fund balances at beginning of year, as restated	678,166	2,064,094	363,214	222,509	3,327,983
Fund balances at end of year	$ 1,459,354	$ 2,079,507	$ 363,214	197,869	$ 4,099,944

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

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 5**

(A Component Unit of the City of Petersburg, Virginia)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2021

		Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ 771,961
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 1,150,565	
Depreciation expense	(679,232)	471,333
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows related to:		
Pension items		1,608,581
OPEB items		74,411
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in deferred outflows related to:		
Pension items	$ 2,984,240	
OPEB items	186,344	
Change in compensated absences	8,931	
Change in net pension liability	(4,834,908)	
Change in Net OPEB liabilities	(370,053)	(2,025,446)
Change in net position of governmental activities		$ 900,840

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA
(A Component Unit of the City of Petersburg, Virginia)

Exhibit 6

Statement of Fiduciary Net Position - Fiduciary Funds
At June 30, 2021

	Scholarship Private-Purpose Trust Fund	Custodial Fund Vocational Work Experience Fund
ASSETS:		
Cash and cash equivalents	$ 952,626	$ 57,541
Total assets	$ 952,626	$ 57,541
NET POSITION:		
Restricted - Scholarships	$ 952,626	$ -
Restricted - Vocational work experience	-	57,541
Total net position	$ 952,626	$ 57,541
Total liabilities and net position	$ 952,626	$ 57,541

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

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 7**

(A Component Unit of the City of Petersburg, Virginia)

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended June 30, 2021

	Scholarship Private-Purpose Trust Fund	Custodial Fund Vocational Work Experience Fund
Additions:		
Contributions	$ 5,756	$ -
Interest Income	(3,147)	-
Total additions	$ 2,609	$ -
Deductions:		
Scholarships awarded	$ 12,500	$ -
Total deductions	$ 12,500	$ -
Change in net position	$ (9,891)	$ -
Net position - beginning of the year, as restated	962,517	57,541
Net position - end of the year	$ 952,626	$ 57,541

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

Note 1—Summary of Significant Accounting Policies:

The School Board of the City of Petersburg, Virginia (the "School Board") was established in 1868 to provide educational opportunities to the residents of the City of Petersburg (the "City"). The accounting principles of the School Board conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

A. Financial Reporting Entity

The School Board is a component unit of the City of Petersburg, Virginia and, accordingly, the financial position and results of operations of the School Board are presented in the financial statements included in the Comprehensive Annual Financial Report of the City. All members of the School Board were elected. The majority of the School Board's funding is provided by annual appropriations from the Commonwealth of Virginia with the City being the second major source of funding. The City Council approves the School Board's operating budget but is prohibited from exercising any control over specific expenditures.

B. Individual Component Unit Disclosures

Blended Component Unit - The School Board has no blended component units to be included for the fiscal year ended June 30, 2021.

Discretely Presented Component Unit - The School Board has no discretely presented component units to be included for the fiscal year ended June 30, 2021.

C. Other Related Organizations

Included in the School Board's Financial Report

None

Excluded from the School Board's Financial Report

None

D. Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Financial Statement Presentation: (Continued)

Government-wide and Fund Financial Statements: (Continued)

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, and a comparison of final budget and actual results.

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related plan revenues, operating and capital grants, and contributions. The plan revenues must be directly associated with the function.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The School Board's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

In the fund financial statements, financial transactions and accounts of the School Board are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The School Board reports the following major governmental fund:

General Fund - The General Fund is the primary operating fund of the School Board. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from state and federal distributions and contributions from the City of Petersburg, Virginia.

The School Board reports the following nonmajor funds:

Special Revenue Fund – The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Special Revenue Fund consists of the School Food Service Fund.

Capital Projects Fund – The Capital Projects Fund accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds (Trust and Custodial) - Fiduciary Funds are used to account for assets held by the School Board in a trustee capacity or as custodian for individuals, private organizations, other governmental units and/or other funds. These funds include the Scholarship Private-Purpose Trust Fund, and the Vocational Work Experience Fund. These funds are accounted for on the accrual basis of accounting. Fiduciary Funds are prepared using the economic resources measurement focus.

F. Budgets and Budgetary Accounting

The budgetary data reflected in the financial statements was established by the School Board using the following procedures, which comply with legal requirements:

i. On or before April 1, the School Board submits to the City Council of the City of Petersburg proposed operating budgets for the General Fund. The operating budgets include proposed expenditures and the means of financing them.

ii. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. An appropriation ordinance must be adopted by the City Council prior to May 1 or as soon thereafter as is practicable.

Note 1—Summary of Significant Accounting Policies: (Continued)

F. Budgets and Budgetary Accounting: (Continued)

The School Board and Superintendent are authorized to make transfers between functions and budgetary line items, respectively. However, City Council must approve any budget revisions at the fund level once the appropriation ordinance has been adopted. The legal level of budgetary control for the General Fund is the fund level or the level at which management cannot make transfers or over-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. Adopted budgets may be amended or superseded by actions of City Council. Appropriations, except for encumbrances and committed fund balances, lapse at year end. Encumbrances and reserved fund balances outstanding at year end are reappropriated in the succeeding year.

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

H. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

I. Inventory

Inventory in the General Fund and Special Revenue Funds (School Food Service Fund) is stated at cost (which is determined using the first-in first-out method). The inventory consists of expendable items held for consumption and is recorded as an expenditure when used (consumption method). Donated inventory is valued at prices determined by the United States Department of Agriculture.

Note 1—Summary of Significant Accounting Policies: (Continued)

J. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	20-40
Vehicles	3-5
Office and computer equipment	5
Buses	12

K. Accrued Liabilities

Teachers may elect to have their salaries paid over twelve months although they are earned during the ten-month school year. Salaries that are earned but unpaid at June 30 are included in accrued liabilities.

L. Unearned Revenue

Revenue from grants is recognized when the related expenditure is made. Amounts received for various grant plans for which expenditures have not been made are recorded as unearned revenue.

M. Compensated Absences

School Board employees are granted vacation and sick pay in varying amounts. In the event of termination, other than retirement, School Board employees are reimbursed for accumulated vacation days based on years of service and are not reimbursed for accumulated sick leave. Upon retirement, School Board employees are reimbursed for accumulated vacation days and accumulated sick leave.

For Governmental Funds, the cost of accumulated vacation and sick leave expected to be paid in the next twelve months is recorded as a fund liability and amounts expected to be paid after twelve months are recorded in the Government-wide Financial Statements.

Note 1—Summary of Significant Accounting Policies: (Continued)

N. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities.

O. Interfund Transactions

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds have been eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the Primary Government. Amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the government wide financial statements, except for net residual amounts due between governmental and business-type activities, which are presented as internal balances.

In the government-wide financial statements, resource flows between the Primary Government and the discretely presented Component Unit are reported as if they were external transactions.

P. Reversion of Unused Appropriation to City of Petersburg

Since General Fund appropriations, except for encumbrances and restrictions of fund balance, lapse at year-end, any unused appropriation reverts to the City of Petersburg in the following year.

Q. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

Note 1—Summary of Significant Accounting Policies: (Continued)

R. Deferred Outflows/Inflows of Resources: (Continued)

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

S. Pensions

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 School Board's Retirement Plan and the additions to/deductions from the School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, and Teacher HIC Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Note 1—Summary of Significant Accounting Policies: (Continued)

U. Net Position: (Continued)

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

V. Fund Equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

Note 1—Summary of Significant Accounting Policies: (Continued)

V. Fund Equity: (Continued)

Held in Trust for Scholarships and Vocational Work Experience - The equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as the following represents the detail of amounts held for scholarships and restricted for trust corpus by individual scholarship:

	Held in Trust for Scholarships and Vocational Work Experience
PHS Scholarship Fund	$ 952,626
Other Funds	57,541
Total cash and cash equivalents	$ 1,010,167

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Investor's Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The School Board's rated debt investments as of June 30, 2021 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

Rated Debt Investment Values

	Fair Quality Ratings		
	AAAm	AA+	A-
Governmental Activities:			
LGIP	$ 112,356	$ -	$ -
Fiduciary Funds:			
LGIP	$ 59,987	$ -	$ -
Total Fiduciary Funds	$ 59,987	$ -	$ -
Total	$ 172,343	$ -	$ -

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2021, there is no portion of the School Board's portfolio, excluding the LGIP that exceed 5% of the total portfolio. At present the School Board does not have a policy related to custodial credit risk.

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk

The School Board does not have a policy regarding interest rate risk.

Investment Maturities (in years)

Investment Type	Fair Value	<1 Year	1-5 Years
Governmental Activities:			
LGIP	$ 112,356	$ 112,356	$ -
Fiduciary Funds:			
LGIP	59,987	59,987	-
Total Fiduciary Funds	$ 172,343	$ 172,343	$ -

Note 3—Due from Other Governmental Units:

Amounts due from other governments consist principally of cost reimbursements due from the Commonwealth of Virginia and from federal and state grants. Such amounts are generally received in the succeeding month. The following is a summary of amounts due from other governments at June 30, 2021:

	Federal	State	Total
General Fund:			
Head Start	$ 199,018	$ -	$ 199,018
Title I	500,626	-	500,626
Special Education Cluster	315,571	-	315,571
School Improvement Grants	388,009	-	388,009
COVID-19 - Education Stabilization Fund	533,648	-	533,648
Other federal funds	324,866	-	324,866
Other state funds	-	79,925	79,925
Sales Tax	-	682,086	682,086
General Fund Total	$ 2,261,738	$ 762,011	$ 3,023,749
Special Revenue Fund-School Food Service	92,283	-	92,283
Total	$ 2,354,021	$ 762,011	$ 3,116,032

Note 4—Capital Assets:

The following is a summary of changes in capital assets during the fiscal year.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
School Board:				
Capital assets, not being depreciated:				
Land	$ 5,000	$ -	$ -	$ 5,000
Construction in progress	-	314,456	-	314,456
Total capital assets not being depreciated	$ 5,000	$ 314,456	$ -	$ 319,456
Capital assets being depreciated:				
Land improvements	$ 218,848	$ -	$ -	$ 218,848
Buildings and improvements	12,836,994	109,521	-	12,946,515
Vehicles	4,100,141	393,351	-	4,493,492
Equipment	3,138,040	333,237	-	3,471,277
Total capital assets being depreciated	$ 20,294,023	$ 836,109	$ -	$ 21,130,132
Accumulated depreciation:				
Land improvements	$ 161,630	$ 10,942	$ -	$ 172,572
Buildings and improvements	7,615,544	354,017	-	7,969,561
Vehicles	3,242,193	190,371	-	3,432,564
Equipment	2,732,643	123,902	-	2,856,545
Total accumulated depreciation	$ 13,752,010	$ 679,232	$ -	$ 14,431,242
Total capital assets being depreciated, net	$ 6,542,013	$ 156,877	$ -	$ 6,698,890
School Board capital assets, net	$ 6,547,013	$ 471,333	$ -	$ 7,018,346

Per Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, the City has a “tenancy in common” with the School Board for any school property purchased with a financial obligation payable over more than one fiscal year. For financial reporting purposes, the legislation permits the City to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt.

Note 5—Long-term Obligations:

The following is a summary of changes in long-term obligations transactions for fiscal year ending June 30, 2021:

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Payable Within One Year
Compensated absences	$ 861,439	$ 77,213	$ 86,144	$ 852,508	$ 85,251
Net pension liability - non-professional	174,244	1,121,184	702,012	593,416	-
Net pension liability - professional	37,385,227	15,870,320	11,454,584	41,800,963	-
Net OPEB liability:					-
Net VRS Teacher HIC OPEB liability	3,735,117	697,633	655,523	3,777,227	-
Net VRS Non-professional HIC OPEB liability	-	262,182	-	262,182	
Net group life insurance OPEB liability	2,188,510	692,833	622,072	2,259,271	-
Net medical insurance OPEB liability	1,263,000	182,000	187,000	1,258,000	-
Total	$ 45,607,537	$ 18,903,365	$ 13,707,335	$ 50,803,567	$ 85,251

Note 6—Due To/ From Other Funds/Primary Government:

The following is a summary of due from the Primary Government at June 30, 2021:

Fund	Due to Primary Government
Due to/from Primary Government:	
General	$ 1,230,994
Total	$ 1,230,994

Interfund receivable and payable balances related to working capital loans at June 30, 2021 are presented below:

	Due from other funds	Due to other funds
Due to/from other funds:		
General	$ -	$ 1,685,163
Special Revenue	1,429,624	-
Capital Projects	255,539	-
Total	$ 1,685,163	$ 1,685,163

Note 7—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the City of Petersburg School Board are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

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

Note 7—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	115
Inactive members:	
Vested inactive members	9
Non-vested inactive members	35
Inactive members active elsewhere in VRS	27
Total inactive members	71
Active members	95
Total covered employees	281

Note 7—Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement

The School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 4.47% 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 employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board's nonprofessional employees were $98,637 and $110,962 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The School Board's (nonprofessional) net pension asset was measured as of June 30, 2020. The total pension liabilities used to calculate the net pension asset were determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions – General Employees

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

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair 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 GASB 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.

Note 7—Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates:

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

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

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

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

Actuarial Assumptions – General Employees

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 7—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 7—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	$ 13,443,106	$ 13,268,862	$ 174,244
Changes for the year:			
Service cost	$ 231,852	$ -	$ 231,852
Interest	880,173	-	880,173
Differences between expected and actual experience	(227,327)	-	(227,327)
Assumption changes	-	-	-
Contributions - employer	-	110,964	(110,964)
Contributions - employee	-	112,849	(112,849)
Net investment income	-	250,872	(250,872)
Benefit payments, including refunds	(807,003)	(807,003)	-
Administrative expenses	-	(8,867)	8,867
Other changes	-	(292)	292
Net changes	$ 77,695	$ (341,477)	$ 419,172
Balances at June 30, 2020	$ 13,520,801	$ 12,927,385	$ 593,416

Note 7—Pension Plan: (Continued)

Changes in Net Pension Liability

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board (nonprofessional) Net Pension Liability (Asset)	$ 1,953,475	$ 593,416	$ (567,275)

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

For the year ended June 30, 2021, the School Board (nonprofessional) recognized pension expense of $206,011. At June 30, 2021, the School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 131,281
Change in assumptions	43,174	-
Net difference between projected and actual earnings on pension plan investments	384,094	-
Employer contributions subsequent to the measurement date	98,637	-
Total	$ 525,905	$ 131,281

Note 7—Pension Plan: (Continued)

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

$98,637 reported as deferred outflows of resources related to pensions resulting from the School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	School Board (nonprofessional)
2022	$ (74,627)
2023	111,738
2024	133,920
2025	124,956
2026	-
Thereafter	-

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $4,067,302 and $3,816,873 for the years ended June 30, 2021 and June 30, 2020, respectively.

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

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

At June 30, 2021, the school division reported a liability of $41,800,963 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.28720% as compared to 0.28407% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of $4,199,037. 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.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,450,181
Change in assumptions	2,853,440	-
Net difference between projected and actual earnings on pension plan investments	3,179,426	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	480,230	1,178,724
Employer contributions subsequent to the measurement date	4,067,302	-
Total	$ 10,580,398	$ 3,628,905

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

$4,067,302 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30		
2022	$	(552,933)
2023		796,173
2024		1,490,581
2025		1,182,045
2026		(31,675)

Actuarial Assumptions

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

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

* Administrative expenses as a percent of the fair 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 GASB 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.

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

Mortality rates:

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

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employers' Net Pension Liability (Asset)	$ 14,552,626
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 61,331,401	$ 41,800,963	$ 25,646,822

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	$ 525,905	$ 131,281	$ 593,416	$ 206,011
School Board Professional	10,580,398	3,628,905	41,800,963	4,199,037
Totals	$ 11,106,303	$ 3,760,186	$ 42,394,379	$ 4,405,048

Note 8—Commitments and Contingencies:

Federal plans in which the School Board participates were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Pursuant to the provisions of this circular all major plans and certain other plans were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant plans to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant plan expenditures, if any, would be immaterial.

Note 9—Risk Management:

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School Board reports all of its risk management activities in its General Fund and pays all premiums from General Fund resources. The School Board maintains comprehensive property and casualty policies, commercial general liability policies, comprehensive liability vehicle fleet policies and coverages for errors and omissions, workers' compensation, employer's liability, health care and certain other risks with commercial insurance companies. All premiums are budgeted for and paid with General Fund resources. All unemployment and health care claims are paid through a third-party administrator through resources from the General Fund. There have been no reductions in insurance coverages from the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 10—Litigation:

At June 30, 2021, there were no matters of litigation involving the School Board which would materially affect the School Board's financial position should any court decisions on pending matters not be favorable to such entities.

Note 11–Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

Note 11−Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $14,329 and $12,882 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (nonprofessional); and $137,935 and $131,999 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (professional).

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

At June 30, 2021, liabilities of $200,928 and $2,058,343 were reported for School Board (nonprofessional) and School Board (professional), respectively, for the proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .01200% and .12330% as compared to .01189% and .12260% at June 30, 2019, for School Board (nonprofessional) and School Board (professional), respectively.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of $4,227 and $55,036 for School Board (nonprofessional) and School Board (professional), respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 11–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
School Board (nonprofessional)		
Differences between expected and actual experience	$ 12,888	$ 1,806
Net difference between projected and actual earnings on GLI OPEB program investments	6,036	-
Change in assumptions	10,049	4,195
Changes in proportion	1,914	13,425
Employer contributions subsequent to the measurement date	14,329	-
Total	$ 45,216	$ 19,426
School Board (professional)		
Differences between expected and actual experience	$ 132,024	$ 18,489
Net difference between projected and actual earnings on GLI OPEB program investments	61,831	-
Change in assumptions	102,941	42,979
Changes in proportion	31,660	84,916
Employer contributions subsequent to the measurement date	137,935	-
Total	$ 466,391	$ 146,384

Note 11−Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

$14,329 and $137,935, for School Board (nonprofessional) and School Board (professional), respectively, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	School Board (nonprofessional)	School Board (professional)
2022	$ (409)	$ 7,546
2023	1,296	25,008
2024	3,591	55,774
2025	5,191	72,075
2026	1,594	20,082
Thereafter	198	1,587

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Comprehensive Annual Financial Report.

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

*Administrative expenses as a percent of the fair 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 GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Note 11−Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Mortality Rates – Teachers

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

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

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

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

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

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

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

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

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

Note 11−Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,523,937
Plan Fiduciary Net Position		1,855,102
GL Net OPEB Liability (Asset)	$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 11−Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 11–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate: (Continued)

member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board (nonprofessional) proportionate share of the GLI Program Net OPEB Liability	264,135	200,928	149,598
School Board (professional) proportionate share of the GLI Program Net OPEB Liability	2,705,849	2,058,343	1,532,506

GLI Plan Fiduciary Net Position

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

Note 12–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Note 12–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were $309,078 and $304,614 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of $3,777,227 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was .28950% as compared to .28303% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of $278,079. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

Note 12–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 50,442
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	16,739	-
Change in assumptions	74,670	20,638
Change in proportion	68,999	167,072
Employer contributions subsequent to the measurement date	309,078	-
Total	$ 469,486	$ 238,152

$309,078 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	$ (31,252)
2023	(29,593)
2024	(30,149)
2025	(13,109)
2026	14,737
Thereafter	11,622

Note 12–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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 GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates – Teachers

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

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

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

Note 12–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	$	1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

Note 12–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

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

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

Note 12–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	4,228,212	3,777,227	3,393,923

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 13–Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

The School Board provides postemployment medical coverage for retired employees through a single-employer defined benefit plan. The School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

Benefits Provided

Employees who retire from the School Board with service eligible for VRS benefits (Plan 1 – Age 50 and 10 years of service or Age 55 and 5 years of service; Plan 2 – age 60 and 5 years of service; Hazardous duty – age 50 and 5 years of service) and who are participating in the medical coverage are eligible to elect post-retirement coverage. Retirees are eligible to remain on the medical plan with 100% of the premium paid by the retiree. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees' coverage ceases at eligibility for Medicare.

Plan Membership

At July 1, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	539
Total retirees and spouses with coverage	6
Total	545

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The School Board did not make any payments for OPEB and related benefits were not due during the year ended June 30, 2021.

Total OPEB Liability

The School Board's total OPEB liabilities were measured as of July 1, 2020. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2020.

Note 13–Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2020
Healthcare Cost Trend Rates	6.50% for FY2021, decreasing 0.25% per year to an
	ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	2.45%

Discount Rate

The discount rate has been set equal to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2020.

Changes in Total OPEB Liability

Changes in Net OPEB Liability

		School Board Total OPEB Liability
Balances at June 30, 2020	$	1,263,000
Changes for the year:		
Service cost		72,000
Interest		41,000
Differences between expected and actual experience		(110,000)
Changes in assumptions		69,000
Benefit payments		(77,000)
Net changes		(5,000)
Balances at June 30, 2021	$	1,258,000

Note 13–Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	Rate		
	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
	$ 1,364,000	$ 1,258,000	$ 1,159,000

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

The following presents the total OPEB liabilities of the School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate used of 6.50%:

	Rates		
	1% Decrease (5.50%)	Healthcare Cost Trend (6.50%)	1% Increase (7.50%)
	$ 1,113,000	$ 1,258,000	$ 1,429,000

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of $87,000. Deferred Outflows of Resources and Deferred Inflows of Resources were as follows:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 206,000
Changes in assumptions	90,000	29,000
Total	$ 90,000	$ 235,000

Note 13–Health Insurance (Single-employer Defined Benefit Plan): (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2022	$	(38,000)
2023		(38,000)
2024		(38,000)
2025		(20,000)
2026		(6,000)
Thereafter		(5,000)

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

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

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	-
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	-
Active members	95
Total covered employees	95

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 1.02% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were $26,550 and $0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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 GASB 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 the OPEB liabilities.

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	$ -	$ -	$ -
Changes for the year:			
Service cost	$ -	$ -	$ -
Interest	-	-	-
Benefit changes	262,182	-	262,182
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	$ 262,182	$ -	$ 262,182
Balances at June 30, 2020	$ 262,182	$ -	$ 262,182

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's Net HIC OPEB Liability	288,017	262,182	239,795

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of $262,182. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	-
Change in assumptions	-	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	26,550	-
Total	$ 26,550	$ -

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

$26,550 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15–Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 11)				
School Board Nonprofessional	$ 45,216	$ 19,426	$ 200,928	$ 4,227
School Board Professional	466,391	146,384	2,058,343	55,036
Teacher Health Insurance Credit Program (Note 12)	469,486	238,152	3,777,227	278,079
Health Insurance Credit Program (Note 14)	26,550	-	262,182	262,182
School Stand-Alone Plan (Note 13)	90,000	235,000	1,258,000	87,000
Totals	$ 1,097,643	$ 638,962	$ 7,556,680	$ 686,524

Note 16—Adoption of Accounting Principles:

The School Board implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	Net Position		Custodial Fund
	School Board	Activities Fund	Vocational Work Experience Fund
Net position/Fund Balance, beginning of year, as previously reported	$ (33,003,828)	$ -	$ -
Implementation of GASB 84	222,509	222,509	57,541
Net position, beginning of year, as restated	$ (32,781,319)	$ 222,509	$ 57,541

Note 17–Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No, 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Statement No. 92, *Omnibus 2021*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2021 to periods beginning after June 15, 2021.

Note 17–Upcoming Pronouncements: (Continued)

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

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

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

- Required Supplementary Information -

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 8**

(A Component Unit of the City of Petersburg, Virginia)

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	$ 38,000	$ 24,385	$ 24,385	$ -
Charges for services	53,500	23,355	23,354	(1)
Miscellaneous	513,043	1,658,526	1,159,114	(499,412)
Intergovernmental:				
Local government	10,000,000	10,522,495	7,976,100	(2,546,395)
Commonwealth	36,740,149	38,019,905	37,502,790	(517,115)
Federal	6,472,700	16,707,175	11,314,040	(5,393,135)
Total revenues	$ 53,817,392	$ 66,955,841	$ 57,999,783	$ (8,956,058)
Expenditures:				
Current:				
Instructional - operating	$ 33,109,778	32,474,424	$ 30,896,099	$ 1,578,325
Instructional - grants	7,796,622	14,230,202	11,191,285	3,038,917
Total instructional	$ 40,906,400	$ 46,704,626	$ 42,087,384	$ 4,617,242
Administration, attendance, and health	3,599,846	4,628,324	4,080,621	547,703
Pupil transportation	2,069,671	3,277,351	1,945,948	1,331,403
Operation and maintenance	5,367,129	8,525,534	5,815,560	2,709,974
Technology	1,874,346	3,794,144	3,140,122	654,022
Capital	-	333,035	148,960	184,075
Total expenditures	$ 53,817,392	$ 67,263,014	$ 57,218,595	$ 10,044,419
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (307,173)	$ 781,188	$ 1,088,361
Changes in fund balance	$ -	$ (307,173)	$ 781,188	$ 1,088,361
Fund balance at beginning of year	-	307,173	678,166	370,993
Fund balance at end of year	$ -	$ -	$ 1,459,354	$ 1,459,354

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	$ 231,852	$ 235,605	$ 233,311	$ 249,890
Interest	880,173	876,008	886,211	922,296
Differences between expected and actual experience	(227,327)	(87,126)	(397,640)	(737,240)
Changes in assumptions	-	321,710	-	(79,186)
Benefit payments, including refunds of employee contributions	(807,003)	(834,988)	(900,274)	(842,262)
Net change in total pension liability	$ 77,695	$ 511,209	$ (178,392)	$ (486,502)
Total pension liability - beginning	13,443,106	12,931,897	13,110,289	13,596,791
Total pension liability - ending (a)	$ 13,520,801	$ 13,443,106	$ 12,931,897	$ 13,110,289
Plan fiduciary net position				
Contributions - employer	$ 110,964	$ 107,458	$ 165,668	$ 174,066
Contributions - employee	112,849	107,479	110,054	114,458
Net investment income	250,872	846,758	922,842	1,423,260
Benefit payments, including refunds of employee contributions	(807,003)	(834,988)	(900,274)	(842,262)
Administrative expense	(8,867)	(8,830)	(8,326)	(8,600)
Other	(292)	(530)	(810)	(1,247)
Net change in plan fiduciary net position	$ (341,477)	$ 217,347	$ 289,154	$ 859,675
Plan fiduciary net position - beginning	13,268,862	13,051,515	12,762,361	11,902,686
Plan fiduciary net position - ending (b)	$ 12,927,385	$ 13,268,862	$ 13,051,515	$ 12,762,361
School Board's net pension liability (asset) - ending (a) - (b)	$ 593,416	$ 174,244	$ (119,618)	$ 347,928
Plan fiduciary net position as a percentage of the total pension liability	95.61%	98.70%	100.92%	97.35%
Covered payroll	$ 2,449,889	$ 2,309,044	$ 2,349,850	$ 2,388,726
School Board's net pension liability (asset) as a percentage of covered payroll	24.22%	7.55%	-5.09%	14.57%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2016	2015	2014
Total pension liability			
Service cost	$ 255,045	$ 249,377	$ 261,048
Interest	912,184	923,677	891,079
Differences between expected and actual experience	(97,645)	(485,111)	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,007,983)	(696,279)	(676,610)
Net change in total pension liability	$ 61,601	$ (8,336)	$ 475,517
Total pension liability - beginning	13,535,190	13,543,526	13,068,009
Total pension liability - ending (a)	$ 13,596,791	$ 13,535,190	$ 13,543,526
Plan fiduciary net position			
Contributions - employer	$ 293,038	$ 320,447	$ 241,417
Contributions - employee	114,949	127,092	116,401
Net investment income	199,295	545,900	1,658,880
Benefit payments, including refunds of employee contributions	(1,007,983)	(696,279)	(676,610)
Administrative expense	(7,841)	(7,604)	(9,126)
Other	(87)	(113)	87
Net change in plan fiduciary net position	$ (408,629)	$ 289,443	$ 1,331,049
Plan fiduciary net position - beginning	12,311,315	12,021,872	10,690,823
Plan fiduciary net position - ending (b)	$ 11,902,686	$ 12,311,315	$ 12,021,872
School Board's net pension liability (asset) - ending (a) - (b)	$ 1,694,105	$ 1,223,875	$ 1,521,654
Plan fiduciary net position as a percentage of the total pension liability	87.54%	90.96%	88.76%
Covered payroll	$ 2,406,152	$ 2,588,124	$ 2,334,546
School Board's net pension liability (asset) as a percentage of covered payroll	70.41%	47.29%	65.18%

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

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 10**

(A Component Unit of the City of Petersburg, Virginia)

Schedule of Employer's Proportionate Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.28720%	0.28407%	0.28226%	0.28518%	0.30989%	0.31348%	0.30341%
Employer's Proportionate Share of the Net Pension Liability	$ 41,800,963	$ 37,385,227	$ 33,194,000	$ 35,072,000	$ 43,429,000	$ 39,455,000	$ 36,667,000
Employer's Covered Payroll	$ 25,384,321	$ 23,931,578	$ 22,928,780	$ 25,759,417	$ 23,715,289	$ 24,767,178	$ 19,099,631
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	164.67%	156.22%	144.77%	136.15%	183.13%	159.30%	191.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 11**

(A Component Unit of the City of Petersburg, Virginia)

Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Component Unit School Board (nonprofessional)					
2021	$ 98,637	$ 98,637	$ -	$ 2,606,496	3.78%
2020	110,962	110,962	-	2,449,889	4.53%
2019	107,458	107,458	-	2,309,044	4.65%
2018	165,667	165,667	-	2,349,850	7.05%
2017	186,557	186,557	-	2,388,726	7.52%
2016	298,363	298,363	-	2,406,152	12.40%
2015	320,927	320,927	-	2,588,124	12.40%
2014	241,392	279,912	(38,520)	2,334,546	11.99%
2013	234,788	272,254	(37,466)	2,270,675	11.99%
2012	248,102	248,102	-	2,399,437	10.34%
Component Unit School Board (professional)					
2021	$ 4,067,302	$ 4,067,302	$ -	$ 25,543,599	15.92%
2020	3,816,873	3,816,873	-	25,384,321	15.04%
2019	3,640,493	3,640,493	-	23,931,578	15.21%
2018	3,645,274	3,645,274	-	22,928,780	15.90%
2017	3,621,774	3,621,774	-	25,759,417	14.06%
2016	4,246,282	4,246,282	-	23,715,289	17.91%
2015	3,355,420	3,355,420	-	24,767,178	13.55%
2014	2,588,000	2,588,000	-	19,099,631	11.66%
2013	2,538,468	2,538,468	-	18,734,081	11.66%
2012	1,387,658	1,387,658	-	10,241,018	6.33%

Current year contributions are from School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

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

Schedule of School Board's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Component Unit School Board (nonprofessional)					
2020	0.01200%	$ 200,928	$ 2,477,310	8.11%	52.64%
2019	0.01189%	193,482	2,331,415	8.30%	52.00%
2018	0.01236%	188,000	2,349,850	8.00%	51.22%
2017	0.01295%	195,000	2,388,726	8.16%	48.86%
Component Unit School Board (professional)					
2020	0.12330%	$ 2,058,343	$ 25,384,483	8.11%	52.64%
2019	0.12260%	1,995,028	24,032,933	8.30%	52.00%
2018	0.12055%	1,831,000	22,922,418	7.99%	51.22%
2017	0.12264%	1,846,000	22,620,832	8.16%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (nonprofessional)					
2021	$ 14,329	$ 14,329	$ -	$ 2,653,503	0.54%
2020	12,882	12,882	-	2,477,310	0.52%
2019	12,123	12,123	-	2,331,415	0.52%
2018	12,219	12,219	-	2,349,850	0.52%
2017	12,421	12,421	-	2,388,726	0.52%
2016	12,797	12,797	-	2,414,455	0.53%
2015	13,791	13,791	-	2,602,026	0.53%
2014	12,388	12,388	-	2,337,388	0.53%
2013	12,312	12,312	-	2,322,930	0.53%
2012	10,558	10,558	-	2,399,437	0.44%
Component Unit School Board (professional)					
2021	$ 137,935	$ 137,935	$ -	$ 25,543,599	0.54%
2020	131,999	131,999	-	25,384,483	0.52%
2019	124,971	124,971	-	24,032,933	0.52%
2018	120,138	120,138	-	22,922,418	0.52%
2017	117,628	117,628	-	22,620,832	0.52%
2016	126,261	126,261	-	23,822,835	0.53%
2015	123,801	123,801	-	23,358,694	0.53%
2014	118,084	118,084	-	22,279,940	0.53%
2013	118,353	118,353	-	22,330,681	0.53%
2012	98,753	98,753	-	22,443,801	0.44%

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

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
For the Measurement Dates Ending July 1, 2017 through July 1, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	$ 72,000	$ 64,000	$ 74,000	$ 72,000
Interest	41,000	45,000	47,000	44,000
Differences between expected and actual experience	(110,000)	(69,000)	(122,000)	-
Changes in assumptions	69,000	45,000	(56,000)	-
Benefit payments	(77,000)	-	(4,000)	(58,000)
Net change in total OPEB liability	$ (5,000)	$ 85,000	$ (61,000)	$ 58,000
Total OPEB liability - beginning	1,263,000	1,178,000	1,239,000	1,181,000
Total OPEB liability - ending	$ 1,258,000	$ 1,263,000	$ 1,178,000	$ 1,239,000
Covered-employee payroll	$ 25,504,000	$ 21,824,000	$ 21,824,000	$ 23,406,000
School's total OPEB liability (asset) as a percentage of covered-employee payroll	4.93%	5.79%	5.40%	5.29%

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

Notes to Required Supplementary Information - School OPEB Plan
For the Year Ended June 30, 2021

School Board:

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	6.50% for FY2021, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates for Active employees and healthy retirees were based on a RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety employees) and Females set back 3 years. Mortality rates for Disabled employees were based on a RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 and June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.28950%	$ 3,777,227	$ 25,384,483	14.88%	9.95%
2019	0.28303%	3,735,117	23,931,578	15.61%	8.97%
2018	0.28532%	3,594,000	22,889,385	15.70%	8.08%
2017	0.28568%	3,624,000	22,545,605	16.07%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 309,078	$ 309,078	$ -	$ 25,543,599	1.21%
2020	304,614	304,614	-	25,384,483	1.20%
2019	287,179	287,179	-	23,931,578	1.20%
2018	281,527	281,527	-	22,889,385	1.23%
2017	250,256	250,256	-	22,545,605	1.11%
2016	278,814	250,460	28,354	23,628,282	1.06%
2015	275,021	247,053	27,968	23,306,886	1.06%
2014	259,608	246,295	13,313	22,188,727	1.11%
2013	259,104	245,816	13,287	22,145,607	1.11%
2012	240,371	133,539	106,832	22,256,564	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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

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

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 21**
(A Component Unit of the City of Petersburg, Virginia)

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

		2020
Total HIC OPEB Liability		
Service cost	$	-
Interest		-
Changes in benefit terms		262,182
Differences between expected and actual experience		
Changes of assumptions		
Benefit payments		
Net change in total HIC OPEB liability	$	262,182
Total HIC OPEB Liability - beginning		-
Total HIC OPEB Liability - ending (a)	$	262,182
Plan fiduciary net position		
Contributions - employer	$	-
Net investment income		-
Benefit payments		-
Administrator charges		-
Other		-
Net change in plan fiduciary net position	$	-
Plan fiduciary net position - beginning		-
Plan fiduciary net position - ending (b)	$	-
School Board's net HIC OPEB liability - ending (a) - (b)	$	262,182
Plan fiduciary net position as a percentage of the total HIC OPEB liability		0.00%
Covered payroll	$	-
School Board's net HIC OPEB liability as a percentage of covered payroll		N/A

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 22**
(A Component Unit of the City of Petersburg, Virginia)

Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2020 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 26,550	$ 26,550	$ -	$ 2,602,942	1.02%

Schedule is intended to show information for 10 years. Information prior to 2021 is not avaiable. Additional years will be added as they are available.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

- Other Supplementary Information -

THE SCHOOL BOARD OF THE CITY OF PETERSBURG, VIRGINIA **Exhibit 24**

(A Component Unit of the City of Petersburg, Virginia)

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from local sources				
Revenue from use of money	$ 54	$ 54	$ 44	$ (10)
Charges for services	170,817	170,817	10,205	(160,612)
Miscellaneous	900	45,974	96,825	851
Intergovernmental:				
Commonwealth	72,179	66,480	44,471	(22,009)
Federal	2,749,150	2,749,150	1,723,105	(1,026,045)
Total revenues	$ 2,993,100	$ 3,032,475	$ 1,874,650	$ (1,207,825)
Expenditures:				
Current:				
Food service	$ 2,993,100	$ 3,032,475	$ 1,859,237	$ 1,173,238
Total expenditures	$ 2,993,100	$ 3,032,475	$ 1,859,237	$ 1,173,238
Changes in fund balance	$ -	$ -	$ 15,413	$ (34,587)
Fund balance at beginning of year	-	-	2,064,094	2,064,094
Fund balance at end of year	$ -	$ -	$ 2,079,507	$ 2,029,507

Supporting Schedule

Governmental Funds
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
General Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	$ 38,000	$ 24,385	$ 24,385	$ -
Charges for services:				
Other fees	53,500	23,355	23,354	(1)
Miscellaneous:				
Other miscellaneous revenue	513,043	1,658,526	1,159,114	(499,412)
Total revenue from local sources	$ 604,543	$ 1,706,266	$ 1,206,853	$ (499,413)
Intergovernmental:				
Revenue from local governments:				
Contribution from City of Petersburg, Virginia	$ 10,000,000	$ 10,522,495	$ 7,976,100	$ (2,546,395)
Revenue from the Commonwealth:				
Categorical aid:				
Basic aid	$ 14,034,339	$ 14,062,080	$ 14,105,684	$ 43,604
Special education	1,502,071	1,502,282	1,502,282	-
Sales tax	4,971,203	5,064,258	5,323,496	259,238
Remedial education	1,493,536	1,493,747	1,493,747	-
Fringe benefits social security	927,415	927,546	927,546	-
Fringe benefits retirement	2,162,072	2,163,376	2,162,376	(1,000)
Fringe benefits group life	65,431	70,156	65,440	(4,716)
At risk	1,870,696	1,629,188	2,765,446	1,136,258
K-3 primary class size	1,910,249	1,786,640	1,786,640	-
Other state categorical aid	7,803,137	9,320,632	7,370,133	(1,950,499)
Total categorical aid	$ 36,740,149	$ 38,019,905	$ 37,502,790	$ (517,115)
Total revenue from the Commonwealth	$ 36,740,149	$ 38,019,905	$ 37,502,790	$ (517,115)
Revenue from the federal government:				
Categorical aid:				
Special education	$ 1,164,700	$ 1,575,089	$ 1,097,996	$ (477,093)
ROTC	47,000	54,168	54,168	-
Title I	3,100,000	3,818,310	3,337,576	(480,734)
Head start grant	1,175,000	1,193,445	1,098,037	(95,408)
Other categorical aid	986,000	10,066,163	5,726,263	(4,339,900)
Total categorical aid	$ 6,472,700	$ 16,707,175	$ 11,314,040	$ (5,393,135)
Total revenue from the federal government	$ 6,472,700	$ 16,707,175	$ 11,314,040	$ (5,393,135)
Total General Fund	$ 53,817,392	$ 66,955,841	$ 57,999,783	$ (8,956,058)

Governmental Funds
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Special Revenue Fund:				
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ 54	$ 54	$ 44	$ (10)
Charges for services:				
Charges for meals	170,817	170,817	10,205	(160,612)
Miscellaneous:				
Local grants	-	39,375	89,375	
Miscellaneous	900	6,599	7,450	851
Total revenue from local sources	$ 171,771	$ 216,845	$ 107,074	$ (159,771)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	$ 72,179	$ 66,480	$ 44,471	$ (22,009)
Revenue from the federal government:				
Categorical aid:				
Lunch and breakfast reimbursement	$ 2,595,650	$ 2,595,650	$ 1,562,957	$ (1,032,693)
Fresh fruits and vegetables	153,500	153,500	65,839	(87,661)
USDA commodities	-	-	94,309	94,309
Total revenue from the federal government	$ 2,749,150	$ 2,749,150	$ 1,723,105	$ (1,026,045)
Total School Food Service Fund	$ 2,993,100	$ 3,032,475	$ 1,874,650	$ (1,207,825)

- Compliance -

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the School Board of the City of Petersburg, Virginia, a component unit of the City of Petersburg, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Board of the City of Petersburg, Virginia's basic financial statements, and have issued our report dated November 1, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board of the City of Petersburg, Virginia'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 of the City of Petersburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board of the City of Petersburg, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board of the City of Petersburg, Virginia'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 School Board of the City of Petersburg, Virginia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 1, 2022