

# STAFFORD COUNTY Public Schools



*Inspire and empower  
all learners to thrive!*



## Annual Comprehensive Financial Report

(A Component Unit of  
Stafford County, Virginia)

**Fiscal Year 2021**  
(July 1, 2020 – June 30, 2021)



Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2021

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**2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2021  
(July 1, 2020 – June 30, 2021)

Prepared By:

Department of Financial Services

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**OUR VISION:**

**Stafford County Public Schools is a dynamic, goal-oriented learning community committed to preparing our students for success in further education, work, and citizenship.**

Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2021

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**Members of the Stafford County Board of Supervisors**

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Ms. Pamela Yeung, Garrisonville District – Vice-Chairman  
Ms. Monica Gary, Aquia District  
Ms. Meg Bohmke, Falmouth District  
Mr. Tom Coen, George Washington District  
Ms. Tinesha Allen, Griffis-Widewater District  
Mr. Darrell English, Hartwood District

**Members of the School Board**

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Ms. Susan Randall, George Washington District – Vice-Chair  
Ms. Maya Guy, Aquia District  
Dr. Sarah Chase, Falmouth District  
Ms. Maureen Siegmund, Garrisonville District  
Dr. Elizabeth Warner, Griffis-Widewater District  
Ms. Alyssa Halstead, Hartwood District

**Officials of Stafford County Public Schools**

Dr. Thomas W. Taylor, Superintendent  
Dr. Stanley B. Jones, Associate Superintendent of Instructional Services  
Mr. Chris R. Fulmer, Assistant Superintendent of Finance and Administration  
Dr. Thomas M. Nichols, Chief Academic Officer for High Schools and Safety & Security  
Dr. Andrew T. Grider, Chief Academic Officer for Middle Schools  
Ms. Carrie B. Neely, Chief Academic Officer for Elementary Schools  
Dr. Janis S. Streich, Executive Director of Learning and Organizational Development  
Dr. George C. Hummer, Executive Director of Student Services & Special Education  
Ms. Lisa F. Boatwright, Executive Director of Policy, Legal Services and Title IX  
Mr. John A. Anderson, Executive Director of Facilities and Maintenance  
Mr. Patrick J. Byrnett, Executive Director of Human Resources  
Mr. Jay E. Cooke, Executive Director of Technology

Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2021

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A Component Unit of Stafford County, Virginia  
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## **INTRODUCTORY SECTION**





## STAFFORD COUNTY PUBLIC SCHOOLS

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Chris R. Fulmer, CPA, CFE  
Assistant Superintendent of  
Finance & Administration

*The mission of Stafford County Public Schools is to "inspire and empower all learners to thrive."*

May 31, 2022

Members of the Stafford County School Board  
Stafford County Public Schools  
County of Stafford, Virginia

We hereby submit the Annual Comprehensive Financial Report (ACFR), formerly Comprehensive Annual Financial Report, of Stafford County Public Schools (SCPS, or the division) for the fiscal year ended June 30, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of SCPS. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities and funds of SCPS.

### **Overview of the Annual Comprehensive Financial Report**

This ACFR is divided into four sections: (1) Introductory, (2) Financial, (3) Statistical, and (4) Compliance. The Introductory section includes this Letter of Transmittal, plus a list of the School Board members and principal officials and the organizational chart for SCPS. The Financial section, prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and accompanying notes to the financial statements, and Required Supplementary Information (RSI).

In addition, the Financial section contains other supplementary information, including the combining financial statements. The MD&A is management's narrative overview and analysis of the basic financial statements, which should be read in conjunction with this Letter of Transmittal. The Statistical section contains selected financial and demographic information generally presented on a multi-year basis. The final section is the Compliance section, which includes information with respect to the Single Audit Act (see below).

### Independent Audit

SCPS' financial statements have been audited by the accounting firm of Cherry Bekaert LLP and earned an unmodified opinion. Cherry Bekaert LLP examined, on a test basis, documents supporting the amounts and disclosures in the financial statements, assessed the accounting principles used and significant estimates made by management, and evaluated the overall financial statement presentation. The Report of Independent Auditor is included as the first document in the Financial section of this report.

### Single Audit Act

SCPS is required to undergo an annual single audit in conformity with the provision of the U.S. Office of Management and Budget's (OMB) *Compliance Supplement* and Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Guidance*. Information related to this single audit, including a Schedule of Expenditures of Federal Awards, the Report of Independent Auditor on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, the Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, and a Schedule of Findings and Questioned Costs, are included in the compliance section of the ACFR.

## **Profile of the County of Stafford and Stafford County Public Schools**

### *The County of Stafford*

Historical sites as well as cultural and recreational opportunities abound for residents of the County of Stafford (Stafford County, or the county).

Located across the Rappahannock River from the City of Fredericksburg, Stafford County's rich history is evident in places like Ferry Farm, George Washington's boyhood home; Chatham, an 18th century manor house; and Belmont, artist Gari Melchers' estate and gallery. Because of its close proximity to the richness of historical Virginia, the cultural attributes of Washington, D.C., and the recreational opportunities of the Atlantic Ocean, Chesapeake Bay, and the Blue Ridge Mountains, Stafford is one of the most attractive counties in the state. It is a family-oriented suburban community with plenty of rural countryside.

An elected seven-member Board of Supervisors, representing the following districts, governs Stafford County: Aquia, Falmouth, Garrisonville, George Washington, Griffis-Widewater, Hartwood, and Rockhill. The Board of Supervisors has established the following priorities for the community: public safety, education, economic development, infrastructure, and service excellence, all encompassed by fiscal responsibility and reducing the tax burden. The 2020 census recorded Stafford County's population at 156,927, an increase of 21.7% from 10 years ago, the largest increase in the region. Stafford is located between the major commuting centers of Washington, D.C. and Richmond, Virginia.

### *Stafford County Public Schools*

The citizens of Stafford County expect and support a quality educational system. Our students regularly score at or above the state and national averages on standardized tests and earn awards at the regional, state, and national levels.

Programs and policies of Stafford County Public Schools (SCPS) are established by an elected seven-member School Board representing the same districts as the County's Board of Supervisors. The School Board itself has no power to levy and collect taxes, or to increase the budget. The County's Board of Supervisors appropriates all funds to SCPS for educational expenditures, plus levies taxes and issues debt on behalf of SCPS.

The School Board employs a superintendent of schools to administer the public school division. A full range of public educational services, including special education, vocational education, and gifted education, are provided to students from Pre-Kindergarten through 12th grade at 33 school sites. Several academic programs, including Advanced Placement, Dual Enrollment, International Baccalaureate World Schools, and a variety of Career and Technical Education programs are available to high school students. The school division also embraces the fine and performing arts as well as service learning opportunities across all grade levels.

### *Impact of the COVID-19 Global Pandemic*

The COVID-19 epidemic, later characterized as a global pandemic, triggered an abrupt halt to education as we have known it in Stafford County and across the United States. On March 13, 2020, Governor Ralph Northam announced that Virginia schools would be closed for two weeks in response to the spread of the virus. Effective March 23, 2020, Northam ordered all public schools to remain closed through the end of the academic year and by March 30, 2020, the Washington, D.C., Maryland, and Virginia (DMV) region issued formal "stay-at-home" orders.

Stafford County Public Schools' staff were immediately mobilized to mitigate the negative effects of an extended school closure by developing home learning activities and providing meals to students who rely on school breakfast and lunch programs. Moreover, enhanced cleaning and sanitizing protocols were enacted, consistent with Centers for Disease Control and Prevention (CDC) guidelines. Steps were taken to narrow the digital divide between students who had both technology hardware and internet access and those who did not. This included the purchase of Chromebooks and portable Wi-Fi hotspots. Equally important, SCPS has worked to keep the school community and all stakeholders informed and engaged at every point in the process; seeking not only to advise them of new and relevant information in a timely manner but also to secure information from them to aid our decision-making.



The 2021 school year saw a return to in person learning in Stafford County Public Schools, utilizing a hybrid model of both synchronous and asynchronous classes. Mask mandates and other mitigation strategies are maintained throughout the school division. SCPS -- like many other school divisions in our region, state and country -- has had to cope with a shortage of bus drivers, nutrition services workers, and substitute teachers. We have also seen the effects of learning loss on our student population. The school division has worked to create a personalized and flexible remediation and acceleration model, which provides students with additional time and opportunities to recover from learning loss due to the pandemic and academic difficulties. While we have no way to ascertain the long-term effects of the pandemic on the education system, we have sought to maintain effective teaching and learning practices, to provide the additional supports needed by special populations, and to continue to carry out our mission to inspire and empower all learners to thrive. The challenges are great. We continue to confront them with excellence and equity.

## **Economic Outlook**

### Median Household Income

Median household income in Stafford County in 2020 was estimated at \$110,120 (*Census Small Area Income and Poverty Estimates data*). This compares to the median household income in Virginia of \$79,154. The county's favorable income-to-cost balance vaults it up the "rich-county" ranks. By unadjusted median household income, Stafford ranks as only the 16th wealthiest county, but after accounting for living costs, Stafford jumps to second place among the richest counties in the U.S. (*Council for Community and Economic Research (C2ER)*).

Stafford County's highly educated workforce comprises residents as well as commuters from outside the county. In 2021, an estimated 39.9% of Stafford County residents held a Bachelor's degree or higher. (*U.S. Census QuickFacts - Stafford County, VA, July 1, 2021*)

### Composite Index

The Commonwealth of Virginia computes an index figure for each locality, known as the Composite Index of Local Ability-to-Pay (Composite Index or Index). The calculation for the Composite Index is very complex, as summarized in *Management's Discussion & Analysis*. The Composite Index determines how much the required local match contribution to state funding for the standards of quality (SOQ) programs, incentive programs, and the lottery-funded programs. The Composite Index increased from .3462 in the state biennium covering fiscal years 2019 and 2020 to .3470 in the state biennium covering fiscal years 2021 and 2022.

### Impact of State Funding

The Composite Index, as discussed above, attempts to bring equity across the State. State funds are disbursed based on this Index. As a locality acquires greater wealth, the State adjusts the Index upward, which reduces State funding and increases the locality's funding responsibility. While Virginia has been slow to recover from the recession, and is now also impacted by the Covid-19 pandemic, it is still widely regarded as an excellent state for business, an important component of a state's health and economic growth.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### Learning and Organizational Development Accomplishments

In light of the COVID Delta variant, students returned to school in August 2021 with health mitigation strategies in place. Learning and Organizational Development (LOD) was guided by leadership to support third-party vendor organization and delivery of a 6-12 virtual option and a K-5 virtual option for students and their parents. Structures were put in place along with processes to support learners enrolled in Virtual Virginia and K-12 Stride.

There was a continued investment and focus on improving multiple modes of instructional delivery for face-to-face and concurrent instruction, online professional learning, and school improvement processes during the 2020-2021 school year. Working closely with the Instructional Services team, and educational leaders from all of our schools, LOD accomplishments for 2020-21 are highlighted below:

Instructional Recovery: Processes and curriculum were examined and efforts are still underway to improve equitable teaching and learning processes and pedagogies. In addition, more in-depth professional learning to support instructional loss and new pedagogical approaches using the mobile, portable devices that students have to use as an

educational learning tool. There was a renewed investment on school growth and improvement processes during the 2020-2021 school year. Working closely with the Instructional Services team (Academic Chiefs), specific schools received more focused support on leadership, culture, and PLC and RtI processes

*RtI:* In-depth professional learning in RtI was expanded beyond middle schools to high schools and elementary schools. Embedded professional learning (instructional coaching) and direct PL support during the school year focused on tiered intervention and remediation and putting RtI policies and practices into action within the identified schools.

*Personalized learning expansion:* Since the school division now has a 1:1 device initiative, with video collaboration capabilities the need to shift the school division away from traditional teaching and learning approaches to digital, blended, adaptable, accessible instructional practices was apparent. Instructional processes were examined and efforts are still underway to expand the integration of student learning devices with blended learning, virtual teaching, and digital learning pedagogies.

#### Additional Accomplishments

##### *Programs*

- Implemented the state science, technology, engineering, and math (STEM) regional Advancing Computer Science Education (ASCE) grant focused on the promotion of computer science standards and resources for our teachers and students.
- Received CTE Innovation grant to expand CTE Cyber Security course offerings, develop career and academic pathways, and more certifications for students.
- Launched a dual language (DL) immersion program at Widewater ES and implemented professional learning for future kindergarten DL classrooms at WES.
- Designed and implemented skill-based, problem-based instructional design model for K-12 summer learning.
- Implemented a Teacher in Residence program with the National Museum of the Marine Corps in partnership with the Marine Heritage Foundation. The Teacher in Residence provides outreach programs, coordinates visits to the museum, and delivers professional learning.
- Implemented a work-based learning (WBL) program for all SCPS students to provide opportunities for internships, mentorships, service learning, clinicals, and school-based enterprise.

##### *Processes*

- Launched series of professional learning on PLCs and RtI to high school principals, APs, and teacher leaders. A second professional learning series was designed and launched for elementary principals and their instructional coaches.
- Designed secondary online courses for future secondary virtual learning options.
- Created a coaching model and competency model to define, measure, and support coaching throughout the division. The framework supports continuous improvement through goal setting, learning application, feedback, and reflection.

#### **Department of Student Services Accomplishments**

##### *VDOE Annual Performance Report*

The Virginia Department of Education (VDOE) designated SCPS as Meets Requirements (highest rating) for the 2019-2020 reporting year. The VDOE determines this rating based on whether the school division complies with State Performance Indicators. Areas monitored by VDOE include: compliance indicators for suspension and expulsion of students with disabilities, disproportionate representation of racial and ethnic groups in special education, timelines for eligibility, post-secondary goals for transition, correct and timely submission of data, and percentage of students with disabilities participating in statewide assessments and graduation. VDOE reports data on these indicators in August for the previous school year; data for 2020-2021 will be available in August 2022.

##### *Multi-Sensory Reading Training for Staff*

The Department of Student Services and Special Education continues to provide and expand on multi-sensory reading training for all buildings (K-12). The training takes place throughout the course of the year, and it provides teachers with tools and strategies to work more exclusively with students that have reading difficulties, to include

dyslexia. This program has expanded since last year, as we have trained more teachers to match the growing population of students who require this level of service and support.

#### Project SEARCH

We continue to host post-grad students at Mary Washington hospital and the program continues to be a success. This year we hosted seven post-graduate students through Project SEARCH. The program continues to provide an opportunity for three 10-week internships in a job setting for students with various disabilities. During the 2020-21 school year, SCPS partnered with Mary Washington Healthcare, the Department of Aging and Rehabilitative Services (DARS), and Rehabilitative Services and Vocational Placement (RSVP) to teach students a variety of job skills in the Mary Washington Healthcare hospital setting. This program will provide positive outcomes for all involved. Seven new students started their internship in September 2021, for the 2021 - 2022 school year.

#### Social Emotional Training

In an effort to provide building level staff with appropriate training to support the social emotional well-being of students, the Department of Student Services and Special Education moved forward with a supplemental program called Panorama last year. This program entails a survey that is given throughout the year to provide us with an overview of the social emotional well-being of our students, as well as lessons that teachers can utilize to target areas of improvement for their students. In addition, this year we added an intervention tracking portion of this program to help support our students' social emotional growth and tracking their progress throughout the year. Our building level Specialized Instructional Support Personnel have been trained and are working very closely with building level staff on the implementation of this new feature of Panorama.

#### Nursing

We continue to provide direct oversight to mitigating the pandemic due to the COVID-19 virus. We established health protocols that have remained in effect this entire school year, we conduct contact tracing for every positive case that happens in our buildings, and we hired contact tracers to help with contacting families to determine if their child was a direct contact to an identified positive case in the building. We also provided numerous trainings and supports for nurses and staff in an attempt to continue to keep our students and staff safe.

#### **Nutrition Services Accomplishments**

The SCPS Nutrition Services department is committed to enhancing student learning by providing high quality and nutritious meals with outstanding customer service. During the 2020-2021 school year, the department achieved success in the following areas:

- The School Nutrition department successfully operated multiple meal service models, including curbside pickup, classroom hot meals delivery, and bus meal distribution. Most notably, the nutrition staff performed these manifold services concurrently to meet the needs of hybrid, non-hybrid, and virtual students.
- In the 2020-2021 school year, the nutrition department served over 1,418,000 breakfasts and 1,496,000 lunches to students learning virtually, as well as those attending on campus learning.
- School Nutrition expanded the accessibility of student meals by operating evening curbside meal hours from 5:00 PM to 6:30 PM two nights per week.
- School Nutrition conducted its first ever meal distribution during the December 2020 holiday break. More than 60,000 student meals were provided.

#### **Human Resources Accomplishments**

##### Licensed Staffing

The Department of Human Resources (DHR) continued to focus on strong staffing in licensed, classified, and administrative positions for schools and departments. Licensed positions (including teachers as well as counselors, librarians, psychologists, social workers, and other related health service providers) remain a top priority based on the School Board's adopted budget priorities, which emphasized maintenance of elementary class sizes below state requirements, robust and diverse courses of study at the middle and high school levels, and added positions to address student social and emotional health. Despite experiencing higher turnover among licensed staff than in recent years, SCPS opened the 2021-22 school year with approximately 96 percent of licensed positions filled.

### *Pandemic Response*

DHR continued to move more onboarding operations online and increase automation of such processes to allow fast onboarding while upholding Covid-19 mitigation protocols. DHR also designed, administered, and refined a policy regarding Covid-19-related emergency leave, ensuring that employees directed to quarantine or isolate due to Covid-19 diagnosis or exposure, and who could not complete their duties remotely, would not need to use their own leave; though originally done in accordance with federal law, SCPS maintained this policy through the balance of FY21 to ensure staff safety and encourage transparency from staff when exposed.

DHR continued to administer an equitable process to evaluate staff for alternative work arrangements, including but not limited to remote assignments, to balance the legitimate health concerns of staff members and their household members with the need to continue staffing in a manner to operate schools. DHR then wound down this process in April 2021 when vaccination was widely available, shifting to an ADA-only model for approving remote work for instructional staff, while simultaneously developing a telework policy for the division that balanced operational needs with the performance and retention benefits of allowing partial telework for some staff.

### *Service Staff Compensation*

DHR, in collaboration with Financial Services, completed the final implementation stage of its FY19 compensation and classification review of service (classified) positions. After ensuring all employees were paid at least the pay grade minimum for their position in FY20, DHR developed a formula for calculating credited relevant experience which took direct comparable experience and relevant experience (internal and external) as well as education into account to enable decompression of each pay grade.

### *Substitute Staffing*

DHR also adopted an online onboarding process for all new substitute teachers to improve the speed of onboarding and consistency of training. DHR also piloted, then formalized, a new approach to substitute staffing that allocated each school a dedicated number of “daily building substitutes” who reported on each instructional day to fill any absence needed by the school. Schools reported stronger performance by these substitutes and higher satisfaction among contracted licensed staff about the service provided by substitutes in their absence; this practice did not substantially raise costs associated with substitute teachers.

## **Instructional Technology and Information Services Accomplishments**

The SCPS Technology Strategy positioned the Technology department to be able to quickly adapt to the changing demands of the pandemic.

### *Student and Family Technology Support*

SCPS has adjusted focus from distributing student devices to maintenance and sustainable support of student Chromebooks in our one device per student program. We have deployed outdoor WiFi access points in several neighborhoods in need and Wi-Fi hotspots were available as needed for families without Internet service. A Family Technology Support hotline continues to operate with phone and email support in English and Spanish.

### *Instructional Support Systems*

SCPS Technology built upon and improved key instructional systems deployed during the COVID-19 pandemic, ensuring learning systems such as Canvas and Google Workspace were equally functional for at-home, hybrid, and in-person instruction. Secondary student device upgrades have begun in order to provide 14” Chromebooks for a more capable experience when using advanced software titles such as Adobe Creative Cloud and the Autodesk suite.

In the continuing response to the pandemic, all classrooms were updated in the spring 2021 semester with high definition displays and audio visual camera systems for continuity of instruction whether students were in the classroom or quarantined at home. Teachers were provided professional, high performance laptops to better meet the needs of virtual classroom instruction.

### *Network Infrastructure*

Internet and network reliability was steadily improved through switch and router hardware upgrades, software updates, and configuration reviews. On-premises cloud computing infrastructure was deployed for the 2021-2022 school year,

providing greater capacity and performance of Desktop-as-a-Service offerings for students to use high performance software anywhere and at any time.

#### Information Systems

To improve responsiveness to our alumni, SCPS has completed digitizing high school graduate records and making them available online for easy access. SCPS Technology also expanded the capability of our data warehouse, centralizing the sharing of our data for a more efficient and consistent process. An [equity dashboard](#) is now available to the public to provide insight into key school performance areas and inform strategic decisions in support of all students. The dashboard is updated weekly for transparency and accountability.

#### **Financial Information**

SCPS continues its sound financial condition as demonstrated by the financial statements and schedules included in this report, operating within the resources available while achieving many of its program goals. Approximately 85% of the current operating costs are related to employee compensation and providing competitive salaries and benefits to attract and retain qualified staff. This remains a top priority for SCPS in the FY 2023 budget development process.

#### Other Post-Employment Benefits (OPEB) Trust Fund

SCPS established an irrevocable trust to invest funds to cover the OPEB liability for current and future retiree health benefit costs. In fiscal year 2021, a contribution was not authorized to be made to the OPEB Trust Fund. The market value of the trust fund investments at June 30, 2021 and 2020 was \$31,709,193 and \$24,401,301, respectively. The cost value of the trust fund investments at June 30, 2021 and 2020 was \$14,862,837 and \$14,877,243, respectively.

#### Internal Controls

The internal control system is designed to provide reasonable, but not absolute, assurance that SCPS' management objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control system should reduce to a relatively low level the risk that material errors or fraud may occur. Materiality is determined in relation to the financial statements taken as a whole. The internal control system should ensure that any material errors or fraud that occurs are detected in a timely manner by employees in the normal course of performing their job duties and responsibilities.

#### Budgetary Controls

SCPS' management maintains budgetary controls to ensure compliance with the annual appropriated budget adopted by the School Board. In accordance with state law, the advertised budget is submitted to the Board of Supervisors (BOS) for appropriation. The BOS determines the level of local funding appropriated to SCPS. Based on their appropriation, the School Board makes changes to its advertised budget and usually adopts the approved budget, as amended, by late April or early May, depending upon the timing of the Virginia General Assembly's adoption of the state budget.

Legal spending control is placed on the individual fund level with regard to the County appropriations. However, SCPS has established account level control over the budget with functional reporting. The Financial Services Department ensures that purchase orders and other procurement methods comply with legal purchasing requirements and sufficient budgeted funds are available for the purchases.

SCPS also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Expenditure commitments, including purchase orders and contracts, are encumbered to ensure funds have been reserved and will be available when the purchased goods or services are received and payment is due. Outstanding encumbrances are reported as a reservation of fund balance.

#### Risk Management

The risk management program endeavors to minimize or eliminate, when possible, risks that endanger the safety and environmental health of the students, staff, property and financial resources of SCPS. These objectives

are met by identifying risk exposures, measuring and analyzing them, and implementing appropriate procedures to mitigate them. The results are monitored and evaluated for effectiveness and revised, as necessary.

Liability risk is managed through insurance. SCPS' insurance policies include: property insurance, surety bonds, fiduciary insurance. SCPS makes available optional student health insurance for its families, including catastrophic medical insurance for participants in the Virginia High School League. The self-insurance program provides health benefits for active employees and retirees and workers' compensation benefits for active employees. SCPS also retains an insurance broker to render professional services, lead and participate in identifying and analyzing areas of concern and to provide assistance, ideas and solutions to reduce and control risk.

#### Cash Management


The County is the custodian of all the cash and investments of SCPS, except certain cash on hand, investments held for certain capital projects, and funds held in local student activity accounts. SCPS does not report a year-end cash balance as it is county policy to reclassify SCPS' year-end cash and equivalents balances as "Due from Primary Government". The Treasurer's Office has custodial and internal control responsibilities over SCPS' cash and cash equivalents, with the exception of SCPS' fiduciary funds, which is explained in Note 1, section F, of the financial statements.

#### **Acknowledgements**

We would like to express our sincere gratitude to all the members of the Financial Services Department who were involved in or assisted with the preparation of this report. Our dedicated finance and accounting staff has accomplished the major task of preparing this ACFR and remains committed to the ongoing goal of continuously improving our financial accountability to the citizens of the County of Stafford.

We would also like to thank the School Board for its leadership, oversight and support in conducting the financial affairs of SCPS in a responsible and progressive manner. Your steady support is vital to the financial health of the school division and the accomplishment of its mission.

Respectfully,



Thomas W. Taylor, Ed.D., M.B.A.  
Superintendent



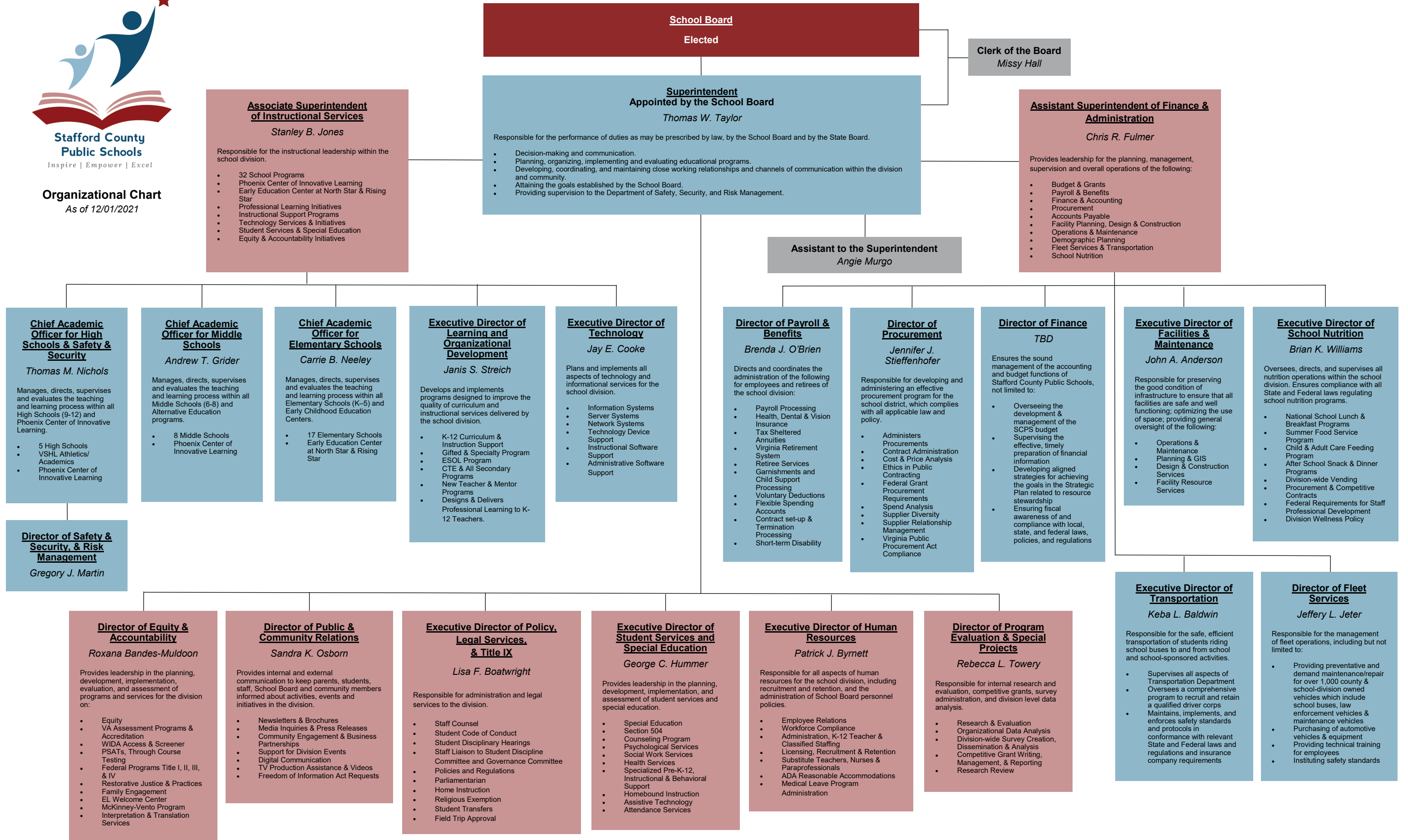
Chris R. Fulmer, CPA, CFE  
Asst. Superintendent of Finance & Administration





**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*

**Organizational Chart**  
*As of 12/01/2021*



## **FINANCIAL SECTION**

## **REPORT OF INDEPENDENT AUDITOR**

## Report of Independent Auditor

To the Honorable Members of the Stafford County School Board  
Stafford County Public Schools  
Stafford, Virginia

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

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

### Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the School Board adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, related net position and fund balances have been restated. Our opinions are not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.



Tysons Corner, Virginia  
May 31, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## INTRODUCTION

As management of Stafford County Public Schools (SCPS), we offer readers an overview and analysis of financial activities as of and for the fiscal year ended June 30, 2021. This section of the Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the overall financial performance of SCPS during the fiscal year ended June 30, 2021. Readers are encouraged to consider this information in conjunction with SCPS' transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding and use of the basic financial statements.

## FINANCIAL HIGHLIGHTS

SCPS' total net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) on a government-wide basis was \$48.7 million at June 30, 2021, representing a decrease of \$34.3 million, or 41.3%, from the total net position of \$83.1 million, at June 30, 2020. The decrease was due to a decrease in net investment in capital assets of \$6.9 million, restricted net position of \$10.8 million, and unrestricted net position (deficit) of \$16.7 million. Restricted cash decreased by \$4.7 million due to fewer construction projects being underway, in anticipation of the building of the sixth high school. Capital assets (net) decreased by \$8.1 million due to depreciation expense being in excess of new construction spending.

For fiscal year 2021, SCPS' governmental activities expenses of \$406.2 million exceeded program revenues (charges for services plus grants and contributions) of \$110.0 million by \$296.2 million. This deficit is a \$43.0 million increase from the \$253.2 million deficit for fiscal year 2020. Additionally, general revenues, unreserved funds available for all educational purposes including contributions from the County and general contributions from the state and federal governments, increased by \$14.4 million, or 5.8%, from \$247.4 million in fiscal year 2020 to \$261.8 million in fiscal year 2021.

SCPS' General Fund (otherwise referred to as the Operating Fund) reported a fund balance of \$16.8 million as of June 30, 2021. This represents an increase of \$7.5 million, or 80.6%, as compared to the June 30, 2020 fund balance of \$9.3 million.

## OVERVIEW OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

According to accounting principles generally accepted in the United States of America (GAAP), state and local governments are encouraged to prepare an ACFR "covering all funds and activities of the primary government and providing an overview of all discretely presented component units of a reporting entity – including an Introductory section, MD&A, basic financial statements, required supplementary information (other than the MD&A), combining and individual fund statements, schedules, narrative explanations, and a statistical section." GAAP further identifies a set of basic financial statements and Required Supplementary Information (RSI) disclosures, and the minimum required contents of a governmental entity's financial report, which are as follows:

- MD&A as RSI
- Basic Financial Statements
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- RSI other than MD&A

The ACFR includes four major sections: (1) Introductory, (2) Financial, (3) Statistical, and (4) Compliance.

**Introductory section:** The introductory section includes a table of contents, a letter of transmittal, a list of principal officials and an organization chart. This introductory section is unaudited.

**Financial section:** The financial section includes the auditor's report, MD&A, the basic financial statements (i.e., government-wide, fund and accompanying notes), RSI, and other supplementary information (i.e., combining financial statements and supporting schedules).

## OVERVIEW OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (Continued)

**Statistical section:** The purpose of this section is to provide historical and trend data to help the reader of the financial statements better understand, review, and analyze the overall viability and economic status of the governmental entity. This section presents tables with 10-year historical information on financial trends, revenue capacity, debt capacity, demographic and economic information, and operating data. This section is unaudited.

GAAP requires the content of the statistical section to include five categories: (1) financial trend information, (2) revenue capacity information, (3) debt capacity information, (4) demographic and economic information, and (5) operating information. Sources and assumptions must be described for all statistical information presented. Other information is permissible as long as it supports the goal of improving a user's basic understanding and analysis of the governmental entity's economic condition.

**Compliance section:** The final section is the compliance section, which includes information with respect to the Single Audit Act (discussed in the Transmittal Letter) as well as the following two auditor's reports: (1) 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* and (2) Report of Independent Auditor on Compliance for the Major Federal Programs and Report on Internal Control Over Compliance required by the Uniform Guidance. The Schedule of Expenditures of Federal Awards, along with the related note disclosures, is also included in this section.

## THE BASIC FINANCIAL STATEMENTS

There are two types of financial statement presentations, the government-wide financial statements (for SCPS as a whole), and the fund financial statements (for each SCPS fund). The government-wide financial statements provide both long-term and short-term information about SCPS' overall financial status on an economic resources focus. The remaining statements are fund financial statements that focus on current financial resources and individual parts of SCPS' operations in greater depth and detail than the government-wide financial statements.

Also included in the financial statements are notes that explain some of the information in the financial statements and provide more detailed financial data and explanations. Following the financial statements is a section of RSI that further explains and supports the information in the financial statements.

The following chart summarizes the major features of SCPS' financial statements and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

## THE BASIC FINANCIAL STATEMENTS (Continued)

The major features of SCPS' government-wide financial statements and fund financial statements are as follows:

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire school division	Activities of school system not fiduciary or proprietary, such as Operating Fund, Capital Projects Fund, Food and Nutrition Services Fund, Grants Fund, and Activity Funds	Activities of school system operating similar to private businesses, such as Fleet Services Fund, Health Benefits Fund and Workers' Compensation Fund	Activities of school system with an agent or trustee overseeing resources, such as OPEB Trust Fund and Employee Flexible Spending Custodial Fund
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statements of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow/outflow information	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	Revenues when cash is received during or soon after year-end; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	All revenues earned and expenses incurred during year, regardless of when cash is received or paid

## FINANCIAL ANALYSIS OF SCPS AS A WHOLE

Following is a discussion of the major financial highlights in SCPS' government-wide financial statements.

### Net Position

Total net position at June 30, 2021, decreased by \$34.3 million, or 41.3%, over June 30, 2020. Current assets decreased by \$3.8 million, or 3.7%, from 2020 to 2021. Restricted assets decreased by \$4.7 million, or 55.5%, from 2020 to 2021 due to fewer construction projects being underway, in anticipation of the building of the sixth high school. Capital assets decreased by \$8.1 million, or 1.7%, due to depreciation expense being in excess of new construction spending. Restricted net position decreased by \$10.8 million, or 45.0%, due to fewer construction projects being underway, in anticipation of the building of the sixth high school.

The following table provides a summary of SCPS' net position as of June 30, 2021 and 2020.

Summary of Net Position				
As of June 30, 2021 and 2020				
(In thousands of dollars)				
	Governmental Activities			
	(Restated)*			
	2021	2020	Change	% Change
<b>Assets:</b>				
Current assets	\$ 98,870	\$ 102,652	\$ (3,782)	(3.7) %
Noncurrent assets:				
Restricted assets	3,743	8,411	(4,668)	(55.5) %
Capital assets	459,802	467,884	(8,082)	(1.7) %
Total assets	562,415	578,947	(16,532)	(2.9) %
<b>Deferred outflows of resources:</b>				
Pension deferrals	76,745	55,620	21,125	38.0 %
OPEB deferrals	58,903	27,629	31,274	113.2 %
Total deferred outflows of resources	135,648	83,249	52,399	62.9 %
<b>Liabilities:</b>				
Current liabilities	51,852	50,980	872	1.7 %
Noncurrent liabilities	17,095	17,404	(309)	(1.8) %
Net OPEB liability	234,127	208,578	25,549	12.2 %
Net pension liability	284,499	250,897	33,602	13.4 %
Total liabilities	587,573	527,859	59,714	11.3 %
<b>Deferred inflows of resources:</b>				
Pension deferrals	18,618	26,050	(7,432)	(28.5) %
OPEB deferrals	43,134	25,207	17,927	71.1 %
Total deferred inflows of resources	61,752	51,257	10,495	20.5 %
<b>Net position:</b>				
Net investment in capital assets	447,723	454,577	(6,854)	(1.5) %
Restricted	13,224	24,040	(10,816)	(45.0) %
Unrestricted (deficit)	(412,209)	(395,537)	(16,672)	4.2 %
<b>Total net position</b>	<b>\$ 48,738</b>	<b>\$ 83,080</b>	<b>\$ (34,342)</b>	<b>(41.3) %</b>

\* FY 2020 restated for a change in accounting principle due to the implementation of GASB 84 Fiduciary Activities.

FINANCIAL ANALYSIS OF SCPS AS A WHOLE (Continued)

Changes in Net Position

Revenue increased by a net of \$16.4 million, or 4.6%. The increase in revenue primarily consists of increases in operating grants and contributions of \$19.3 million, including an increase of \$8.9 million related to federal waivers providing free meals for all students, \$7.0 million in Virginia Department of Education No Loss Funding, and \$5.3 million from the federal Coronavirus Relief Fund. Program expenses increased by \$44.9 million, or 12.4%, which consists primarily of increases of \$22.5 million for instruction and \$11.5 million for technology. The following table summarizes SCPS' changes in net position for the fiscal years ended June 30, 2021 and 2020.

Summary of Changes in Net Position  
For the Fiscal Years Ended June 30, 2021 and 2020  
(In thousands of dollars)

	Governmental Activities			
	(Restated)*			
	2021	2020	Change	% Change
<b>Revenues:</b>				
<i>Program revenues</i>				
Charges for services	\$ 10,253	\$ 16,676	\$ (6,423)	(38.5) %
Operating grants and contributions	90,811	71,543	19,268	26.9 %
Capital grants and contributions	8,926	19,797	(10,871)	(54.9) %
<i>General revenues</i>				
Sales tax	35,996	32,849	3,147	9.6 %
Basic aid	95,555	89,494	6,061	6.8 %
Payments from Stafford County	129,904	124,601	5,303	4.3 %
Investment earnings	14	217	(203)	(93.5) %
Gain on capital asset disposal and other sales	31	22	9	40.9 %
Miscellaneous	331	241	90	37.3 %
<b>Total revenues</b>	<b>371,821</b>	<b>355,440</b>	<b>16,381</b>	<b>4.6 %</b>
<b>Expenses:</b>				
Education:				
Instruction	247,545	225,069	22,476	10.0 %
Administration, attendance and health	48,096	47,011	1,085	2.3 %
Pupil transportation	15,584	16,249	(665)	(4.1) %
Operation and maintenance	25,997	22,257	3,740	16.8 %
Food and nutrition services	11,320	11,709	(389)	(3.3) %
Facilities	28,432	21,224	7,208	34.0 %
Technology	28,967	17,516	11,451	65.4 %
Interest and fiscal charges	222	182	40	22.0 %
<b>Total expenses</b>	<b>406,163</b>	<b>361,217</b>	<b>44,946</b>	<b>12.4 %</b>
<b>Change in net position</b>	<b>(34,342)</b>	<b>(5,777)</b>	<b>(28,565)</b>	<b>494.5 %</b>
<b>Net position, beginning, restated</b>	<b>83,080</b>	<b>85,646</b>	<b>(2,566)</b>	<b>(3.0) %</b>
<b>Cumulative effect of change in accounting principle</b>	<b>-</b>	<b>3,211</b>		
<b>Net position, ending, restated</b>	<b>\$ 48,738</b>	<b>\$ 83,080</b>	<b>\$ (34,342)</b>	<b>(41.3) %</b>

\* FY 2020 restated for a change in accounting principle due to the implementation of GASB 84 Fiduciary Activities.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**June 30, 2021**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

It is the duty of each division's Superintendent to prepare and submit to the School Board a recommended budget with the estimated funding needed during the next fiscal year to support the division. The School Board, after a public hearing to receive the views of the public, shall submit to the Board of Supervisors an approved budget, with the estimated funding needed during the next fiscal year to support the public schools of the division, by April 1.

The estimate shall set up the amount needed by each major classification prescribed by the Board of Education and such other headings or items as may be necessary. The Board of Supervisors must approve the School Board's budget and the School Board must adopt the approved budget by May 1 of each year or within 30 days after the close of the General Assembly, whichever is later.

Below is a summary of the SCPS operating fund budget for the fiscal year ended June 30, 2021:

<b>Operating Fund Budget Summary</b>				
For the fiscal year ended June 30, 2021				
(In thousands of dollars)				
<b>Operating Activity Category</b>	<b>Operating Budget</b>		<b>Actual</b>	<b>Variance from Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Total revenues	\$ 322,099	\$ 330,638	\$ 326,751	\$ (3,887)
Total expenditures	(323,099)	(342,517)	(323,263)	(19,254)
Transfers from other funds	-	3,975	3,975	-
Net change in fund balance	\$ (1,000)	\$ (7,904)	\$ 7,463	\$ (15,367)

**CAPITAL ASSETS**

Below is a summary of SCPS' net capital assets as of June 30, 2021 and 2020, respectively. Additional information on capital assets can be found in Note 7 to the financial statements.

<b>Net Capital Assets Summary</b>				
As of June 30, 2021 and 2020				
(In thousands of dollars)				
<b>Capital Asset Category</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>% Change</b>
Land & land improvements	\$ 106,177	\$ 106,893	\$ (716)	(0.67) %
Construction in progress	16,804	15,239	1,565	10.27 %
Building & building improvements	583,486	577,291	6,195	1.07 %
Furniture, fixtures & equipment	16,799	15,596	1,203	7.71 %
Vehicles	27,825	26,507	1,318	4.97 %
Software	2,138	2,299	(161)	(7.00) %
Technology infrastructure	4,357	4,345	12	0.28 %
Water treatment system	1,320	1,320	-	- %
Less: accumulated depreciation and amortization	(299,104)	(281,606)	(17,498)	6.21 %
Total net capital assets	\$ 459,802	\$ 467,884	\$ (8,082)	(1.73) %



## **CAPITAL ASSETS (Continued)**

Major capital asset transactions occurring during fiscal year 2021 included the following:

- Title to the original Moncure Elementary School was transferred to Stafford County. The school was rebuilt on a new site, and opened to students in August 2019. Net assets disposed of due to the property transfer totaled \$1.1 million.
- Nineteen buses were disposed of, and fifteen were purchased. Air conditioning was added to 88 buses.
- Energy conservation measures were completed at 25 schools and other support buildings. Nine additional facilities will be completed in fiscal year 2022.

Depreciation and amortization expense for 2021 was \$24.3 million.

## **COMPOSITE INDEX**

The Commonwealth of Virginia (the “state”) computes an index figure for each locality, known as the Composite Index of Local Ability-to-Pay (Composite Index). It is comprised of three components:

- ✓ The first component is an index of wealth per student (based on average daily membership)
- ✓ The second component is an index of the wealth per capita (based on population)
- ✓ The third component is the local nominal share of the costs of the Standards of Quality

The sum of the first component and the second component is multiplied by the third component, which is set at .45 each year. The Composite Index, as developed by the state, is designed to create equity across the state. State funds are disbursed based on the Composite Index. As a locality acquires greater wealth, the Composite Index increases, which reduces state funding and increases a locality’s funding responsibility, which is the case in Stafford County.

The Composite Index increased from 0.3462 in the state biennium covering fiscal years 2019 and 2020 to 0.3470 in the state biennium covering fiscal years 2021 and 2022.

## **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

Since adopting the fiscal year 2022 budget, some factors have surfaced that may affect SCPS’ financial operations:

- On April 20, 2021, the Board of Supervisors adopted and approved fiscal year 2022 County budgets, in resolution R21-102. The County’s fiscal year 2022 budget adopted by the Board of Supervisors included a local operating transfer to the school division of \$133.0 million.
- SCPS experienced continued growth in the student population for fiscal years 2010 through 2020, which increases the Commonwealth revenues received by SCPS, as the majority of Commonwealth revenues are driven by the average daily student membership. The extent of this growth in revenue is mitigated by required increases in expenditures to accommodate the additional students. The 2020-2021 school year saw a drop in enrollment due to the COVID-19 global pandemic. More families chose to homeschool their children, enroll them in private school, or delay kindergarten registration for an additional year. For the 2021-2022 school year, SCPS saw enrollment increase and exceed the levels of 2019-2020. SCPS was one of very few divisions in the state that saw enrollment exceed pre-pandemic levels, which is a sign of the growth in Stafford County.
- Providing competitive salaries continues to put pressure on SCPS’ resources as contiguous northern neighboring counties have historically exceeded SCPS teacher and service employee salaries. While SCPS has seen improvements in the pay scales recently, scarce resources continue to inhibit the division’s ability to achieve its target for all levels. The fiscal year 2022 budget’s investment in the teacher salary scale is a positive sign with increases ranging from 5 percent to 9.4 percent.
- SCPS continues to experience growing student populations in English for Speakers of Other Languages (ESOL), autism, and children who qualify for free or reduced lunch. These special populations add additional expenses beyond the general educational requirements.

**CONTACTING SCPS MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, parents and guardians, and creditors with a general overview of SCPS' finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact Chris R. Fulmer, CPA, CFE, Assistant Superintendent of Finance & Administration, Stafford County Public Schools, 31 Stafford Avenue, Stafford, VA 22554, by email at [fulmercr@staffordschools.net](mailto:fulmercr@staffordschools.net) or by telephone at 540-658-6000.

## **BASIC FINANCIAL STATEMENTS**

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

**Exhibit A**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 40,332,148
Accounts receivable	11,511,847
Due from Primary Government	46,286,272
Prepaid expenses	39,904
Inventory	699,666
Restricted cash and cash equivalents	3,742,856
Capital assets:	
Land	37,998,129
Land improvements	68,178,732
Construction in progress	16,803,509
Buildings and building improvements	583,486,268
Water treatment system	1,319,841
Furniture, fixtures and equipment	16,799,206
Technology infrastructure	4,357,274
Software	2,137,891
Vehicles	27,825,137
Less: accumulated depreciation and amortization	(299,104,122)
Total capital assets	459,801,865
Total assets	562,414,558
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	76,745,392
OPEB deferrals	58,902,648
Total deferred outflows of resources	135,648,040
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	5,419,005
Accrued salaries and benefits	36,403,346
Contract retainage	712,215
Current portion of accrued insurance claims	7,120,044
Current portion of long-term debt	1,694,433
Unearned revenues	502,460
Noncurrent portion of accrued insurance claims	242,094
Noncurrent portion of long-term debt	16,853,384
Net OPEB liability	234,126,821
Net pension liability	284,498,871
Total liabilities	587,572,673
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	18,618,303
OPEB deferrals	43,133,704
Total deferred inflows of resources	61,752,007
<b>NET POSITION</b>	
Net investment in capital assets	447,722,989
Restricted for:	
Capital Projects	6,227,611
School Nutrition	6,757,079
Grants	208,571
Endowment	26,576
Scholarship	3,672
Unrestricted (deficit)	(412,208,580)
Total net position	\$ 48,737,918

*The accompanying notes are an integral part of these financial statements.*

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2021

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Education:					
Instruction	\$247,545,191	\$ 3,044,585	\$ 79,966,118	\$ -	\$ (164,534,488)
Administration, attendance and health	48,095,916	5,529,732	-	-	(42,566,184)
Pupil transportation	15,584,291	626,065	-	-	(14,958,226)
Operation and maintenance	25,997,000	130,315	-	-	(25,866,685)
Food and nutrition services	11,319,848	188,339	10,844,840	-	(286,669)
Facilities	28,432,024	317,491	-	8,925,945	(19,188,588)
Technology	28,966,660	416,074	-	-	(28,550,586)
Interest and fiscal charges	221,600	-	-	-	(221,600)
Total governmental activities	<u>\$406,162,530</u>	<u>\$ 10,252,601</u>	<u>\$ 90,810,958</u>	<u>\$ 8,925,945</u>	<u>(296,173,026)</u>
<b>General revenues:</b>					
Sales tax					35,995,826
Basic aid					95,555,516
Payments from Stafford County					129,903,890
Investment earnings					14,153
Gain on capital asset disposals and other sales					31,086
Miscellaneous					330,828
Total general revenues					<u>261,831,299</u>
Change in net position					<u>(34,341,727)</u>
Net position, beginning - July 1, 2020, as restated (Note 18)					<u>83,079,645</u>
Net position, ending - June 30, 2021					<u>\$ 48,737,918</u>

The accompanying notes are an integral part of these financial statements.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

**Exhibit C**

	Operating Fund	Capital Projects Fund	Food and Nutrition Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 2,000	\$ 3,758,003	\$ 6,023,393	\$ 3,151,875	\$ 12,935,271
Restricted cash and investments	-	3,712,608	-	30,248	3,742,856
Accounts receivable	226,073	-	16,725	-	242,798
Intergovernmental receivables:					
Federal Government	163,414	-	1,946,925	4,298,588	6,408,927
Commonwealth of Virginia	4,775,013	-	-	84,319	4,859,332
Due from Primary Government	46,214,190	-	-	-	46,214,190
Due from other funds	4,075,588	-	-	-	4,075,588
Deposits	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	-	464,965	-	464,965
Total assets	<u>\$ 55,456,278</u>	<u>\$ 7,470,611</u>	<u>\$ 8,452,008</u>	<u>\$ 7,565,030</u>	<u>\$ 78,943,927</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 3,244,415	\$ 526,410	\$ 148,900	\$ 144,268	\$ 4,063,993
Accrued salaries and benefits	35,435,147	6,694	788,223	-	36,230,064
Contract retainage	2,319	709,896	-	-	712,215
Unearned revenues	-	-	292,841	209,619	502,460
Due to other funds	-	-	-	4,075,588	4,075,588
Total liabilities	<u>38,681,881</u>	<u>1,243,000</u>	<u>1,229,964</u>	<u>4,429,475</u>	<u>45,584,320</u>
Fund balance:					
Nonspendable:					
Inventory	-	-	464,965	-	464,965
Total nonspendable	<u>-</u>	<u>-</u>	<u>464,965</u>	<u>-</u>	<u>464,965</u>
Restricted:					
Capital projects	-	6,227,611	-	-	6,227,611
Food and nutrition services	-	-	6,757,079	-	6,757,079
Grants	-	-	-	208,571	208,571
Endowment	-	-	-	26,576	26,576
Scholarship	-	-	-	3,672	3,672
Total restricted	<u>-</u>	<u>6,227,611</u>	<u>6,757,079</u>	<u>238,819</u>	<u>13,223,509</u>
Assigned:					
Operating	16,774,397	-	-	-	16,774,397
School Activity	-	-	-	2,885,579	2,885,579
Fiduciary Services	-	-	-	11,157	11,157
Total assigned	<u>16,774,397</u>	<u>-</u>	<u>-</u>	<u>2,896,736</u>	<u>19,671,133</u>
Total fund balance	<u>16,774,397</u>	<u>6,227,611</u>	<u>7,222,044</u>	<u>3,135,555</u>	<u>33,359,607</u>
Total liabilities and fund balance	<u>\$ 55,456,278</u>	<u>\$ 7,470,611</u>	<u>\$ 8,452,008</u>	<u>\$ 7,565,030</u>	<u>\$ 78,943,927</u>

*The accompanying notes are an integral part of these financial statements.*



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2021**

**Exhibit C-1**

Fund balance - total governmental funds	\$	33,359,607
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Amounts reported for governmental activities in the Statement of Net Position are different due to:

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

Governmental capital assets	\$ 754,948,659	
Less accumulated depreciation and amortization	(296,713,348)	
Net capital assets		458,235,311

Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.		134,820,574
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Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Assets	29,310,908	
Deferred outflows of resources	827,466	
Liabilities	(12,706,464)	
Deferred inflows of resources	(415,963)	
Net position		17,015,947

Long-term liabilities consist of two capital leases, a note payable and compensated absences that are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Capital leases	(10,406,569)	
Compensated absences	(7,458,361)	
Note payable	(480,000)	
Net OPEB liability	(232,662,538)	
Net pension liability	(282,350,009)	
Total		(533,357,477)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.		(61,336,044)
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Net position of governmental activities	\$	<u>48,737,918</u>
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*The accompanying notes are an integral part of these financial statements.*

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2021

Exhibit D

	Operating Fund	Capital Projects Fund	Food and Nutrition Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental:					
Stafford County	\$ 129,903,890	\$ 8,925,945	\$ -	\$ -	\$ 138,829,835
Commonwealth of Virginia	191,336,058	-	139,247	444,670	191,919,975
Federal Government	2,745,272	-	10,705,593	16,991,460	30,442,325
Total intergovernmental revenues	323,985,220	8,925,945	10,844,840	17,436,130	361,192,135
Charges for services:					
Tuition and fees	614,469	-	-	1,582,220	2,196,689
Food sales	-	-	23,345	-	23,345
Recovered costs	1,992,222	-	164,994	-	2,157,216
Miscellaneous	158,858	-	1,461	321,152	481,471
Use of money and property	-	6,348	-	45	6,393
Total revenues	326,750,769	8,932,293	11,034,640	19,339,547	366,057,249
<b>EXPENDITURES</b>					
Current:					
Education:					
Instruction	240,617,919	-	-	13,380,811	253,998,730
Administration, attendance and health	14,973,234	-	-	59,893	15,033,127
Pupil transportation	13,861,311	-	-	-	13,861,311
Operation and maintenance	25,926,319	-	-	-	25,926,319
Food and nutrition services	56,495	-	11,359,862	-	11,416,357
Facilities	372,755	-	-	-	372,755
Technology	22,186,397	-	158,426	5,424,789	27,769,612
Capital outlay	4,091,604	19,803,416	22,780	659,792	24,577,592
Debt service:					
Principal	956,875	-	-	-	956,875
Interest and fiscal charges	219,952	-	-	-	219,952
Total expenditures	323,262,861	19,803,416	11,541,068	19,525,285	374,132,630
Excess (deficiency) of revenues over (under) expenditures	3,487,908	(10,871,123)	(506,428)	(185,738)	(8,075,381)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	3,975,000	-	150,000	-	4,125,000
Total other financing sources	3,975,000	-	150,000	-	4,125,000
Change in fund balance	7,462,908	(10,871,123)	(356,428)	(185,738)	(3,950,381)
Fund balance, beginning - July 1, 2020, as restated (Note 18)	9,311,489	17,098,734	7,578,472	3,321,293	37,309,988
Fund balance, ending - June 30, 2021	\$ 16,774,397	\$ 6,227,611	\$ 7,222,044	\$ 3,135,555	\$ 33,359,607

The accompanying notes are an integral part of these financial statements.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2021**

**Exhibit D-1**

Net change in fund balance - total governmental funds \$ (3,950,381)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for acquisition of capital assets	\$ 17,276,756	
Less: Depreciation and amortization expense	(24,160,917)	
Deficiency of capital outlay under depreciation and amortization		(6,884,161)

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals and donations) is to decrease net position. (1,170,172)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.

Principal repayments:		
Energy performance capital lease	566,167	
ERP capital lease	315,708	
Note payable	75,000	
		956,875

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 the governmental funds.

Compensated absences	(689,650)	
OPEB expense	(12,113,103)	
Pension expense	(4,995,274)	
		(17,798,027)

Internal service funds are used by management to charge the costs of vehicle maintenance and employee benefits to individual funds. The net expense is reported with governmental funds.

Total revenues	30,167,549	
Total expenses	(35,663,410)	
		(5,495,861)

Change in net position of governmental activities	\$ (34,341,727)
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*The accompanying notes are an integral part of these financial statements.*

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**

**Exhibit E**

	<b>Governmental Activities - Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 27,396,877
Accounts receivable	790
Accounts receivable - due from Primary Government	72,082
Prepaid expenses	39,904
Inventory	234,701
Capital assets:	
Land	37,357
Land improvements	1,268,429
Construction in progress	244,769
Buildings and building improvements	1,867,382
Furniture, fixtures and equipment	357,892
Software	78,725
Vehicles	102,774
Less: accumulated depreciation and amortization	(2,390,774)
Total capital assets	<u>1,566,554</u>
Total assets	<u>29,310,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	407,330
OPEB deferrals	420,136
Total deferred outflows of resources	<u>827,466</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,355,012
Accrued salaries and benefits	173,282
Current portion of accrued insurance claims	7,120,044
Current portion of capital lease	33,953
Current portion of compensated absences	12,957
Noncurrent portion of accrued insurance claims	242,094
Noncurrent portion of compensated absences	155,977
Net OPEB liability	1,464,283
Net pension liability	2,148,862
Total liabilities	<u>12,706,464</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	57,664
OPEB deferrals	358,299
Total deferred inflows of resources	<u>415,963</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,472,901
Unrestricted	15,543,046
Total net position	<u>\$ 17,015,947</u>

*The accompanying notes are an integral part of these financial statements.*

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2021

Exhibit F

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for services	\$ 34,253,702
<b>Operating expenses:</b>	
Personnel services	2,155,187
Contractual services	32,250,703
Materials and supplies	1,079,359
Utilities	19,304
Telecommunications	13,046
Depreciation and amortization	144,163
Total operating expenses	<u>35,661,762</u>
Operating loss	<u>(1,408,060)</u>
<b>Nonoperating revenues (expenses):</b>	
Interest and investment revenue	7,761
Interest expense	(1,648)
Vehicle and other sales	31,086
Total nonoperating revenues, net	<u>37,199</u>
Loss before transfers	(1,370,861)
Transfers to other funds, net	<u>(4,125,000)</u>
Change in net position	(5,495,861)
Net position, beginning - July 1, 2020	22,511,808
Net position, ending - June 30, 2021	<u><u>\$ 17,015,947</u></u>

*The accompanying notes are an integral part of these financial statements.*

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2021**

**Exhibit G**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 34,189,177
Payments to suppliers	(32,505,001)
Payments to employees	(2,010,771)
Net cash used in operating activities	<u>(326,595)</u>
<b>Cash flows from noncapital and related financing activities:</b>	
Transfers to other funds, net	(4,125,000)
Net cash used in noncapital and related financing activities	<u>(4,125,000)</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from vehicle and supply sales	31,087
Principal paid on capital lease	(33,020)
Interest paid on capital lease	(1,648)
Acquisition and construction of capital assets	(116,625)
Net cash used in capital and related financing activities	<u>(120,206)</u>
<b>Cash flows from investing activities:</b>	
Interest earned on investments	7,761
Net cash provided by investing activities	<u>7,761</u>
Net decrease in cash and cash equivalents	(4,564,040)
Cash and cash equivalents, beginning - July 1, 2020	31,960,917
Cash and cash equivalents, ending - June 30, 2021	<u>\$ 27,396,877</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (1,408,060)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	144,163
Changes in assets and liabilities:	
Increase in accounts receivable	(64,525)
Decrease in inventory	7,546
Increase in prepaid expenses	(22,230)
Increase in deferred outflows of resources	(376,910)
Increase in accounts payable and accrued expenses	893,399
Decrease in compensated absences	(14,807)
Increase in net OPEB liability	184,735
Increase in net pension liability	263,342
Increase in deferred inflows of resources	66,752
Total adjustments	<u>1,081,465</u>
Net cash used in operating activities	<u>\$ (326,595)</u>

*The accompanying notes are an integral part of these financial statements.*

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2021

Exhibit H

	OPEB Trust Fund	Custodial Fund Employee Flexible Spending Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 369,536
Pooled investment funds	31,709,193	-
Total assets	<u>\$ 31,709,193</u>	<u>\$ 369,536</u>
<b>NET POSITION</b>		
Restricted for OPEB	\$ 31,709,193	\$ -
Restricted for individuals	-	369,536
Total net position	<u>\$ 31,709,193</u>	<u>\$ 369,536</u>

*The accompanying notes are an integral part of these financial statements.*

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS - TRUST AND CUSTODIAL FUNDS**  
**For the Fiscal Year Ended June 30, 2021**

**Exhibit I**

	<b>OPEB Trust Fund</b>	<b>Custodial Fund Employee Flexible Spending Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Contributions from employees	\$ -	\$ 678,784
Total contributions	-	678,784
Investment earnings:		
Net increase in fair value of investments	7,334,667	-
Interest, dividends, and other		
Total investment earnings	7,334,667	-
Less investment expense	26,775	-
Net investment earnings	7,307,892	-
Total additions	7,307,892	678,784
<b>DEDUCTIONS</b>		
Benefits paid to employees	-	641,669
Total deductions	-	641,669
Net increase in fiduciary net position	7,307,892	37,115
Net position, beginning - July 1, 2020	24,401,301	332,421
Net position, ending - June 30, 2021	\$ 31,709,193	\$ 369,536

*The accompanying notes are an integral part of these financial statements.*



## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Stafford County Public Schools (SCPS or “the division”) is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*, and provides elementary and secondary education for the County of Stafford (County). The seven voting members of the School Board of Stafford County Public Schools (School Board) are elected by the citizens of the County to serve 4-year terms. Each of the County’s seven districts has a School Board member who represents its constituents. The School Board is responsible for setting the educational policies of SCPS and appoints a superintendent to implement the School Board’s policies and serve as the chief administrative officer of the division, providing leadership and direct management of the division in accordance with policies adopted by the School Board.

**A. THE FINANCIAL REPORTING ENTITY**

A financial reporting entity is comprised of the Primary Government, component units and other organizations that are included to ensure the basic financial statements are not misleading. The Primary Government for SCPS includes all funds and departments that are not legally separate from SCPS. SCPS is not financially accountable for any legally separate organizations; therefore, it has no component units. However, because SCPS is fiscally dependent on the County and SCPS’ operations are funded by payments from the County’s general fund, SCPS is considered a component unit of the County. Other significant determining factors also include: the County approves SCPS’ budget, the County funds any deficits, and the County issues and contracts debt to finance capital projects for SCPS. Also, SCPS provides services, which primarily benefit the citizens of the County.

The accompanying financial statements presented for SCPS conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB), which is the standard setting body for establishing governmental accounting and financial reporting principles.

**B. FUND ACCOUNTING**

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

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of SCPS are financed. The acquisition, use and balances of SCPS’ expendable financial resources and the related liabilities are accounted for through these funds. SCPS has three major governmental funds and five non-major governmental funds as follows:

**Major Governmental Funds**

- **General Fund (hereafter referred to as the Operating Fund)** – SCPS’ primary fund to account for and report the assets, liabilities, fund balance, revenues and expenditures associated with SCPS’ operations, including financial resources not required to be accounted for and reported in another fund.
- **Capital Projects Fund** – accounts for and reports the assets, liabilities, fund balance, revenues and expenditures that are restricted, committed or assigned to SCPS’ capital projects, including the acquisition, construction and equipping of new schools and the renovation, improvement and repairing of existing schools.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. FUND ACCOUNTING (Continued)**

- **Food and Nutrition Services Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with the provision of food and nutrition services within SCPS' school cafeterias.

**Non-major Governmental Funds**

- **Grants Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with grants received and used by SCPS to supplement operations.
- **School Activity Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with the various activities conducted at the individual school sites in connection with student athletics, classes, clubs, and various fundraising activities and private donations. In addition, each school also has a faculty activity fund. SCPS is liable if any school is unable to meet its obligations with respect to these funds.
- **Division Wide Activity Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with certain activities conducted on a division-wide level, in connection with private donations and sales tax collections. SCPS is liable for any obligation this fund is unable to meet.
- **Endowment Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with endowment programs administered by SCPS.
- **Scholarship Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with scholarship programs administered by SCPS.

The Food and Nutrition Services Fund and all of the Non-major Governmental Funds are special revenue funds used to account for and report proceeds of specific revenue sources, other than major capital projects, in which expenditures are restricted or committed for a specific purpose.

**PROPRIETARY FUNDS**

Proprietary funds are used to account for activities similar to those often engaged in by profit-seeking businesses. These funds account for the provision of services to other funds of SCPS and the County on a cost-reimbursement basis. Operating revenues include charges for services and operating expenses include the cost of services.

**Enterprise Funds**

This type of proprietary fund accounts for services provided to the general public on a user-charge basis. SCPS does not have any enterprise funds.

**Internal Service Funds**

Activities that produce goods or services to be provided to other departments or other governmental units on a cost-reimbursement basis are accounted for by internal service funds. SCPS has three internal service funds:

- **Fleet Services Fund** – accounts for the assets, liabilities, net position, deferred outflows and inflows of resources, revenues and expenses associated with the provision of vehicle maintenance services on a cost reimbursement basis to the departments and agencies of the County and SCPS.
- **Health Benefits Fund** – accounts for the assets, liabilities, net position, revenues and expenses associated with the provision of health benefits to the enrolled employees and retirees of SCPS under a comprehensive health benefits self-insurance program.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. FUND ACCOUNTING (Continued)**

- **Workers' Compensation Fund** – accounts for the assets, liabilities, net position, revenues and expenses associated with the administration of the workers' compensation self-insurance program and the provision of workers' compensation benefits to the injured employees of SCPS.

***FIDUCIARY FUNDS***

Fiduciary funds are used to account for assets held by a government acting as a trustee or agent for entities external to the governmental unit: individuals, organizations, other governmental units, or other funds. There are four types of fiduciary funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Fiduciary funds are not included in the government-wide financial statements. SCPS has one other employee benefit trust fund and one custodial fund as follows:

- **OPEB Trust Fund** – accounts for the assets, liabilities, fiduciary net position and changes in fiduciary net position (additions and deductions) associated with the investment of funds contributed into an irrevocable trust and used to cover current and future retiree health benefit costs.
- **Employee Flexible Spending Fund** – accounts for the assets, liabilities, fiduciary net position and changes in fiduciary net position (additions and deductions) associated with the employee flexible spending program.

**C. BASIS OF FINANCIAL STATEMENT PRESENTATION**

GAAP has established the accounting requirements and reporting model to be used in the annual financial reports of state and local governments. The reporting model was developed to make the Annual Comprehensive Financial Report (ACFR) easier to understand and more useful to the people who use governmental financial information to make decisions.

The basic financial statements consist of the government-wide statements, including the Statement of Net Position and the Statement of Activities; fund financial statements, which provide more detailed financial information; and notes to the basic financial statements which provide detailed narrative information.

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The government-wide statements (the Statement of Net Position and the Statement of Activities) present financial information about SCPS as a whole. These statements include the financial activity of the SCPS Primary Government, except the fiduciary funds. In accordance with GAAP reporting requirements, activities are reported in these statements as either governmental or business-type. SCPS does not have any business-type activities.

The Statement of Net Position presents the overall financial condition of SCPS at fiscal year-end. Presence and size of the net position is an indication of SCPS' ability to cover its costs and continue to provide services in the future.

The Statement of Activities reports the expenses and revenues of SCPS in a format that focuses on the cost of SCPS' major functions, while net revenue or expenses indicate whether a function is self-supporting or relies on general revenue funding sources. Direct expenses are those that are clearly identifiable to particular functions. Program revenues include: (1) charges for services (e.g., tuition and fees); (2) operating grants and contributions; and (3) capital grants and contributions. Revenues not directly related to a program are reported as general revenues, including SCPS' portion of property tax revenues received from the County and other unrestricted amounts received from the Commonwealth of Virginia and the federal government. SCPS does not allocate indirect expenses.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)**

***FUND FINANCIAL STATEMENTS***

In order to provide budgetary controls and maintain legal compliance, SCPS records transactions in separate funds rendering a more detailed level. SCPS' Operating Fund, Capital Projects Fund, and Food and Nutrition Services Fund are all deemed to be major governmental funds; therefore, they are separately reported in the governmental fund statements. SCPS also reports five non-major governmental funds. The three internal service funds are presented in the proprietary fund statements. There are two fiduciary funds, including one trust fund and one custodial fund, presented in the fiduciary fund statements.

**D. MEASUREMENT FOCUS**

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The government-wide financial statements are presented using an economic resources measurement focus. All assets and liabilities are shown in the Statement of Net Position, which includes capital assets (i.e., land, buildings, improvements, and other capital assets) as well as long-term liabilities (i.e., capital lease obligations, compensated absences, accrued insurance claims, and OPEB liability).

Presented by the Statement of Activities is the degree to which expenses are offset by program revenues for a specific program or function of SCPS. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Grants and contributions from the County, the Commonwealth of Virginia, and the federal government, which are not restricted for specific purposes, are presented as general revenues. Revenue from the use of money is also presented as general revenues.

***FUND FINANCIAL STATEMENTS***

**Governmental Funds**

All governmental funds are accounted for using a current financial resources measurement focus, whereby only current assets and current liabilities are included in the Balance Sheet. The operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources. Since governmental fund statements are presented on a different measurement focus than government-wide statements, a reconciliation of the total fund balance to net position is presented which briefly explains the adjustments made to reconcile the governmental activities reflected in the governmental fund financial statements to the government-wide statements.

**Proprietary Funds**

All proprietary funds are accounted for using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund equity (i.e., net position) is segregated into unrestricted and net investment in capital assets. The proprietary fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The operating revenue is charges for services; the cost to provide these services is reported as operating expenses. Non-operating revenue is generated from financing and investing type activities.

**Fiduciary Funds**

The fiduciary funds are accounted for using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Fiduciary Net Position. A liability to the beneficiaries of a fiduciary activity is recognized in a fiduciary fund when an event has occurred that compels the agency to disburse fiduciary resources. Liabilities other than those to beneficiaries are recognized in accordance with existing accounting standards using the economic resources measurement focus. The Statement of Changes in Fiduciary Net Position reports additions to and deductions from the fiduciary funds, disaggregated by source or type.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. BASIS OF ACCOUNTING**

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

***REVENUES***

In the government-wide financial statements and in the proprietary and fiduciary funds financial statements, revenue is recorded on the accrual basis, i.e., when earned. In the governmental funds, revenue is recorded on the modified accrual basis, that is, revenue is recorded in the fiscal year in which resources are measurable and available, i.e., expected to be collected by fiscal year end or soon enough thereafter to be used to pay current liabilities. SCPS uses the period 60 days after fiscal year end for its funds availability criteria. Non-exchange transactions, in which SCPS either gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. These revenues are recognized in the fiscal year in which all eligibility requirements have been satisfied. The effect of inter-fund revenue has been eliminated from the government-wide statements.

In the fund financial statements, SCPS' primary revenues are unrestricted payments from the County and the Commonwealth of Virginia. These are considered general revenue and are recognized on the modified accrual basis. Revenue from general-purpose grants is recognized as general revenues in the period to which the grant applies. Special purpose revenue (i.e., federal, state, and other grants) is recognized as program revenue when earned. Revenue for the school lunch program is recognized as program revenue at the time the meals are provided. Operating revenue in the proprietary funds is revenue that is earned from charges for services provided to other departments on a cost-reimbursement basis. The non-operating revenue of these funds does not require a good or service to be delivered. The primary sources for non-operating revenue are interest income, vehicle sales, and other sales.

***EXPENDITURES/EXPENSES***

On the accrual basis of accounting, expenses are recorded when incurred. On the modified accrual basis of accounting, decreases in net financial resources are reported as expenditures rather than expenses. Expenditures are reported in the fiscal year when the related fund liability is incurred, except certain general long-term obligations, such as compensated absences and pension obligations, which are recognized only to the extent they have matured. Depreciation and amortization, which are allocations of cost, are not recorded in the governmental funds.

The operating expenses in the proprietary funds are those costs that relate directly to providing goods and services to the other departments, within the school district, on a cost-reimbursement basis. For services which extend over more than one fiscal period, such as insurance, the change in the actuarially determined insurance liability from one year to the next is reported as an operating expense. Any costs incurred as a result of financing and investing activities are reported as non-operating expenses.

**F. CASH AND CASH EQUIVALENTS**

Cash on deposit with the Treasurer's Office at the County represents the majority of SCPS' available cash throughout the fiscal year. At the close of the fiscal year, substantially all available cash in the Operating Fund is reclassified to Due from Primary Government and represents cash available to pay existing liabilities at year-end, primarily accrued payroll. The Treasurer's Office has custodial and internal control responsibilities for SCPS' cash including monthly bank reconciliations.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. CASH AND CASH EQUIVALENTS (Continued)**

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 County. In order to maximize investment returns, cash and cash equivalents are maintained in a fully insured or collateralized investment pool administered by the Treasurer's Office of the County. At June 30, 2021, all of the County's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedure for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

**RESTRICTED CASH**

The Capital Projects Fund restricted cash and investments represent proceeds from school bonds held by the Commonwealth of Virginia State Non-Arbitrage Program (SNAP), as well as capital lease proceeds held in escrow by Bank of America. The Endowment Fund and Scholarship Fund also report restricted cash and investments, which were received subject to donor restrictions on disbursements.

**G. DEPOSITS AND INVESTMENTS**

Cash resources of the individual funds, excluding cash held with fiscal agents in the Capital Projects Fund and Fiduciary Funds, are combined in accordance with County policy to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of municipal bonds, corporate notes and bonds, and obligations of the federal government which are recorded at fair value. Income from pooled cash and investments is retained by the County. The fair value of investments is based on quoted market prices and no investments are valued at cost. All investments in external investment pools are reported at fair value.

**H. INVENTORIES**

The Food and Nutrition Services Fund (a major governmental special revenue fund) carries its inventory on a cost basis (first-in, first-out), which is not in excess of market value. This inventory consists of food service supplies and perishable and non-perishable food products.

The Fleet Services Fund (a proprietary fund that is an internal service fund) carries its inventory on a cost basis (first-in, first-out), which is not in excess of market value. The inventory consists of parts, materials, and supplies for repair and maintenance of SCPS and County vehicles, primarily school buses, police cars, and fire trucks.

The consumption method of accounting for inventory is used in the government-wide statements, as well as in the governmental and internal service funds. Under this method, inventory items are comprised of expendable supplies and are expensed as consumed. In the governmental funds, the inventory of the Food and Nutrition Services Fund, which consists of perishable and non-perishable food products, is considered non-spendable fund balance. The Internal Service Fund inventory is comprised of expendable supplies held for consumption.



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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. CAPITAL ASSETS**

Capital assets are reported in the government-wide financial statements and proprietary fund statements and include property, plant, equipment, and infrastructure assets with a cost of \$5,000 or more. Depreciation and amortization is recorded on capital assets in the government-wide statements and proprietary fund statements using the straight-line method. Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their acquisition value on the date of the donation. Maintenance, repairs and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation and amortization, if applicable, are eliminated from the respective accounts and any resulting gain or loss is recorded in the results of operations.

Assets acquired through capital lease agreements are recorded at the present value of the minimum lease payments, as stated in the lease's amortization schedule. The interest expense incurred during the construction is capitalized.

All reported capital assets except land and construction in progress are depreciated or amortized. Accumulated depreciation and amortization is recorded as a reduction to capital assets. The straight-line depreciation or amortization method is used over the following estimated useful lives:

Land improvements	5 – 20 years
Buildings and building improvements	5 – 50 years
Water treatment system	15 – 20 years
Furniture, fixtures and equipment	5 – 20 years
Vehicles	8 – 15 years
Software	5 – 15 years
Technology infrastructure	20 years

**J. COMPENSATED ABSENCES**

SCPS employees accumulate vacation time and sick leave depending upon their length of service and whether they are VRS Legacy or Hybrid members. SCPS has established accumulated leave balance thresholds for vacation leave. For VRS Legacy employees, excess vacation days above the allowed carry-over are converted to sick leave days. There is no threshold on accumulated sick leave for Legacy employees. Excess vacation days are converted to sick leave days for VRS Hybrid employees until the sick leave threshold of 60 days has been reached. If the employee has excess vacation days and a sick leave balance of 60 days the excess vacation days are forfeited. Vacation leave up to the established threshold and a portion of sick leave time is payable upon termination of employment.

The current and long-term portions of the governmental funds' accumulated vacation, personal and sick leave are recorded as liabilities in the government-wide financial statements only. Current and long-term compensated absences liabilities for proprietary funds are recorded in the government-wide and proprietary fund financial statements.

**K. PENSIONS**

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. The VRS Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS Plans and the additions to/deduction from the VRS Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, 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.



**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

***RETIREE HEALTH INSURANCE***

The SCPS postemployment medical plan (the plan) is a single-employer defined benefit health care plan which provides health insurance to retired employees. The fiduciary net position of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the plan fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***HEALTH INSURANCE CREDIT PROGRAM***

The Health Insurance Credit (HIC) Program for non-professional employees is a multiple-employer, agent defined benefit plan; whereas for professional employees it is a multi-employer, cost sharing plan. The HIC Program provides a credit toward the cost of health insurance coverage for retired employees of participating employers. The HIC Program 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. For purposes of measuring the net HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC Program OPEB, and the HIC Program OPEB expense, information about the fiduciary net position of the VRS HIC Program; and the additions to/deductions from the VRS HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

***GROUP LIFE INSURANCE***

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

**M. ACCRUED LIABILITIES AND LONG-TERM DEBT**

All payables, accrued liabilities and long-term debt amounts are reported in the government-wide financial statements and the proprietary fund financial statements. Accounts payable and accrued liabilities expected to be paid from current financial resources are reported as current liabilities in each applicable fund. Long-term debt is segregated between amounts due within one year (current) and amounts due beyond one year (non-current).

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until that time. Items related to the SCPS' retirement and OPEB plans qualify for reporting in this category, including contributions to the plans subsequent to the actuarial measurement date, net differences between projected and actual earnings on plan investments, changes in proportionate share, changes in assumptions, and differences between expected and actual experience. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the measurement date, and investment gains/losses are amortized over five years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Items related to the SCPS' retirement and OPEB plans qualify for reporting in this category, including net differences between projected and actual earnings on plan investments, changes in proportionate share, changes in assumptions, and differences between expected and actual experience. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the measurement date, and investment gains/losses are amortized over five years.

Deferred outflows of resources and deferred inflows of resources are reported in the government-wide Statement of Net Position and the proprietary funds' Statement of Net Position. These are explained in more detail in separate notes to the financial statements.

**O. NET POSITION**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources in the government-wide and proprietary funds' financial statements. The net position of SCPS falls into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The first category represents the portion of net position related to capital assets, net of accumulated depreciation and amortization, capital asset related accounts payable and retainage payable, and the outstanding capital lease obligations and note payable to the County incurred to acquire these assets (see Notes 6 and 7). The second category represents the portion restricted by external parties and/or transactions. The unrestricted portion is reported in the third category.

By law, the SCPS does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of capital assets. That responsibility lies with the local governing body that issues the debt on behalf of SCPS. However, the *Code of Virginia* requires SCPS to hold title to the capital assets (buildings and equipment) due to its responsibility for maintenance and insurance.

In the Statement of Net Position, this scenario presents a dilemma for the County and SCPS. Debt issued on behalf of SCPS is reported along with the County debt as a liability of the Primary Government, thereby reducing the net position of the Primary Government. The corresponding capital assets are reported as assets of SCPS (title holder), the component unit, thereby increasing the net position of SCPS.

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with a school division whenever the locality incurs a financial obligation which is payable over more than one fiscal year for the acquisition of any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. The legislation allows local governments to elect not to acquire a tenancy in common by adopting a resolution to that effect.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. NET POSITION (Continued)**

The County concluded that while joint tenancy would resolve a deficit in the Primary Government's net position, the continual computation process that would be required to allocate principal, interest, asset additions and depreciation and amortization between the County and SCPS would be cumbersome and not provide any added benefit to the financial statements. Therefore, the Board of Supervisors of the County adopted a resolution declining tenancy in common for current and future financial obligations.

**P. ENCUMBRANCES**

SCPS uses encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of funds are reported as restricted, committed, assigned or unassigned fund balance. Encumbrances represent the estimated amount of expenditures resulting when open purchase orders and unfinished contracts and commitments are completed in the subsequent fiscal year. The encumbrances for the Capital Projects Fund do not lapse until the projects are completed and are reported as restricted or committed fund balance at year-end. Funding for all other encumbrances lapse at year-end and require re-appropriation by the County. These are shown as restricted or assigned fund balance to indicate they are not available for other financing purposes.

**Q. USE OF ESTIMATES**

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

**R. STEWARDSHIP, COMPLIANCE, AND ACCOUNTING**

SCPS follows these procedures in establishing the budgetary data reflected in the financial statements:

1. SCPS' Superintendent prepares an annual budget that is presented to the School Board. The School Board then reviews and requests changes be made or approves the Superintendent's Budget and presents it to the Board of Supervisors of the County.
2. Prior to April 1, the County Administrator submits a proposed budget (operating and capital) to the Board of Supervisors of the County for the fiscal year commencing the following July 1. The budget includes proposed obligations and the means of financing them. The budget embodies estimates of specific amounts of revenue.
3. Public hearings are conducted by the Board of Supervisors of the County to obtain taxpayer and citizen comments.
4. Prior to June 30, the County's budget, which includes SCPS as a component unit, is legally enacted through passage of a resolution by the Board of Supervisors of the County. The School Board then adopts the budget approved by the County and the following individual fund budgets are legally adopted:

**Stafford County Public Schools' Budgets**

***Governmental Funds:***

Operating Fund  
Capital Projects Fund  
Food and Nutrition Services Fund  
Grants Fund

***Proprietary Funds – Internal Service Funds:***

Fleet Services Fund  
Health Benefits Fund  
Workers' Compensation Fund

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. STEWARDSHIP, COMPLIANCE, AND ACCOUNTING (Continued)**

Budgets are adopted on a basis consistent with GAAP. The budget for the proprietary funds serves as a guide and not as legally binding limitations. Although legal restrictions on expenditures are established at the departmental level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets. For the year ended June 30, 2021, there were no expenditures in excess of budgetary appropriations.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, comparing actual revenue and expenditures with budgeted amounts as originally adopted, and as amended by the Board of Supervisors through June 30, 2021. Individual amendments were not material in relation to the original appropriations.

**S. FUND BALANCES**

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 prepaid expenses) 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, and
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the operating fund.

When fund balance resources are available for a specific purpose in more than one classification, it is SCPS' 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 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 the adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

**Note 2. DEPOSITS AND INVESTMENTS**

**DEPOSITS**

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

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**Note 2. DEPOSITS AND INVESTMENTS (Continued)**

**DEPOSITS (Continued)**

Deposits of the School and Division Wide Activity Funds are made at federally-insured banking institutions generally based on their proximity and convenience to the specific school sites, and are not managed as public funds by the County Treasurer, or in accordance with the Virginia Security for Public Deposits Act. Prior to fiscal year 2021 and the implementation of GASB Statement No. 84 *Fiduciary Activities*, these funds were reported as fiduciary activities and excluded from the cash of the reporting entity. However, the School and Division Wide Activity Funds are now required to be reported as governmental funds, and included in the reporting entity. The amount of cash managed in this alternative manner totaled \$2,942,256 as of June 30, 2021.

**INVESTMENTS**

Statutes authorize local governments and other public bodies 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 and certain corporate notes, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the SNAP.

The County Treasurer has invested the proceeds of VPSA bonds in the SNAP Fund (the Fund) to ensure compliance with certain arbitrage requirements of the *Internal Revenue Code of 1986*, as amended. The Fund is a professionally managed money market fund, which provides Virginia issuers of tax-exempt borrowings investment management, accounting and arbitrage rebate calculation services. The Fund invests in qualifying obligations and securities as permitted by Virginia statutes. The reported value of the position in the SNAP external investment pool is measured at amortized cost and the same as the value of the pool's shares, \$1 per share.

The School Board also invests in the LGIP. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The reported value of the position of the LGIP is measured at amortized cost and the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share.

The School Board has the following recurring reported value measurements as of June 30, 2021:

Investment Type	Valuation Method	Reported Value
LGIP	Amortized Cost	\$ 5,096,622
Money Market Mutual Fund	Amortized Cost	208,991
SNAP	Amortized Cost	3,503,617
Total		<u>\$ 8,809,230</u>

**CUSTODIAL CREDIT RISK**

The School Board's investment securities at June 30, 2021, were held by the School Board or in the School Board's name by the County's custodial banks.

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**Note 2. DEPOSITS AND INVESTMENTS (Continued)**

***CREDIT RISK OF DEBT SECURITIES***

Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the County's debt investments as of June 30, 2021, and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

Investment Type	AAAm
LGIP	5,096,622
Money Market Mutual Fund	208,991
SNAP	3,503,617
Total	<u>\$ 8,809,230</u>

As of June 30, 2021, all investments were in compliance with the State Statutes administering investments of Public Funds. All investments are rated by Standard & Poor's and/or Moody's. Ratings must comply with the investment policy prior to any purchase.

***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. In accordance with GAAP, if certain investments in any single issuer represent 5% of total investments, except U.S. government guaranteed obligations, there must be a disclosure for the amount and issuer. At June 30, 2021, the School Board did not have any investments exceeding 5% of the total investment.

***INTEREST RATE RISK***

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Due to market conditions, the County's investment policy generally sets a 5-year maximum maturity from the date of purchase. Additionally, the County requires 25% of the liquid funds be invested in over-night funds while the remaining 75% be invested in no longer than 180 days. Furthermore, the core funds are to have a final maturity of no longer than 5 years and a duration requirement not exceeding 3 years to manage portfolio volatility. The County establishes these guidelines to minimize investment risk in the portfolio.

***EXTERNAL INVESTMENT POOLS***

The School Board categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The fair value of the positions in the external investment pools (LGIP and the VACo/VML Pooled OPEB Trust) are the same as the value of the pool shares. As these pools are not SEC-registered, regulatory oversight of the pools rests with the Virginia State Treasury.

Investment Type	Fair Value	Less than 1 Year
LGIP	\$ 5,096,622	\$ 5,096,622
Money Market Mutual Funds	208,991	208,991
SNAP	3,503,617	3,503,617
Total	<u>\$ 8,809,230</u>	<u>\$ 8,809,230</u>



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**Note 2. DEPOSITS AND INVESTMENTS (Continued)**

***EXTERNAL INVESTMENT POOLS (Continued)***

LGIP, SNAP, and VACo/VML Pooled OPEB Trust funds are not publicly traded on an open market and significant information about the underlying assets are unknown to the School Board. Therefore, the School Board records these funds at net asset value, which represents fair value based on observable data such as ongoing redemption and/or subscription activity. There are no features associated with the LGIP, SNAP, and VACo/VML Pooled OPEB Trust funds that management believes requires an adjustment to the net asset value.

**OPEB TRUST FUNDS**

As of June 30, 2021, the carrying value of the OPEB Trust Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust) and their respective credit rating was as follows:

	Reported Value	Credit Rating
Investment in pooled funds	\$ 31,709,193	Not Rated

The Stafford County Public Schools' OPEB trust fund participates in the Virginia Pooled OPEB Trust. The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials participating in the Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The reported value of the pool is measured at amortized cost and can be redeemed on demand for use against qualified OPEB benefit costs. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking. Investment decisions are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of the purpose of the Fund, market and economic conditions, and generally prevailing prudent investment practices. In addition, they oversee adherence to the investment policy.

The Board of Trustees reviews, monitors, and evaluates the performance of the investments and investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street Suite 1100, Richmond, Virginia 23219.

**Note 3. DUE FROM STAFFORD COUNTY (PRIMARY GOVERNMENT)**

The receivable due from Stafford County at June 30, 2021, represents SCPS' ending cash balance, excluding the balance reported as "Pooled cash and investments", which was reclassified and reported at year-end as "Due from Primary Government" in the Operating Fund.

**Note 4. DUE FROM COMMONWEALTH OF VIRGINIA AND FEDERAL GOVERNMENT**

Significant amounts of intergovernmental receivables due from other governments at June 30, 2021, were as follows:

<i>Intergovernmental Receivables:</i>	Governmental Funds – Operating Fund	Governmental Funds – Grants Fund	Governmental Funds – Food and Nutrition Services Fund	Governmental Funds Total
Commonwealth of Virginia	\$ 4,775,013	\$ 84,319	\$ -	\$ 4,859,332
Federal Government	163,414	4,298,588	1,946,925	6,408,927
Total	\$ 4,938,427	\$ 4,382,907	\$ 1,946,925	\$ 11,268,259

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**Note 4. DUE FROM COMMONWEALTH OF VIRGINIA AND FEDERAL GOVERNMENT (Continued)**

The receivable from the Commonwealth of Virginia in the Operating Fund is attributed to state sales taxes due to the school system. The Virginia Retail Sales and Use Tax Act requires one and one-eighth cents out of every five cents collected in State Sales Tax be distributed to school divisions based on school-age population. The amount due from the Commonwealth of Virginia in the Grants Fund is primarily attributed to the Jails – New Special Ed Regulation.

Amounts due from the federal government in the Operating Fund are attributed to the U.S. Department of Defense Junior Reserve Officers' Training Corps (JROTC) reimbursements and Medicaid reimbursements. Amounts due from the federal government in the Food and Nutrition Services Fund are attributed solely to the Summer Food Service Program. The Grants Fund federal receivable primarily consists of Title I and Title II Part A programs that enhance the instruction for disadvantaged children, the Head Start program, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

SCPS' receivables are considered fully collectible and, therefore, an allowance for uncollectible accounts does not apply to these receivables.

**Note 5. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term liability activity of SCPS for the year ended June 30, 2021:

	Amounts Payable at July 1, 2020	Increases	Decreases	Amounts Payable at June 30, 2021	Amounts Due within One Year
Capital Leases	\$ 11,355,417	\$ -	\$ 914,895	\$ 10,440,522	\$ 986,498
Note Payable	555,000	-	75,000	480,000	80,000
Compensated Absences	6,952,452	1,338,929	664,086	7,627,295	627,935
Net OPEB Liability	208,577,776	94,876,466	69,327,421	234,126,821	-
Net Pension Liability	250,897,304	108,450,213	74,848,646	284,498,871	-
Total	\$ 478,337,949	\$ 204,665,608	\$ 145,830,048	\$ 537,173,509	\$ 1,694,433

On July 8, 2010, SCPS received the proceeds of a note from the County in the amount of \$1,305,000. The note is related to a bond the County received from the Virginia Public School Authority. It is a principal only note with an annual payment due June 30th each year for 17 years, with the final payment coming due in 2027. The payment schedule is as follows:

Fiscal year ending June 30:	Amount
2022	\$ 80,000
2023	80,000
2024	80,000
2025	80,000
2026	80,000
2027	80,000
Total future payments	\$ 480,000



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**Note 6. CAPITAL LEASE OBLIGATIONS**

In October 2019, SCPS executed an Energy Performance Contract, including improvements to building envelopes, lighting, and irrigation systems, that will result in energy conservation and operational efficiencies. The cost of implementing these improvements will be paid for from realized energy savings. The project was financed using a Master Equipment Lease/Purchase Agreement and qualifies as a capital lease for accounting purposes. The total amount financed was \$10,650,651, of which \$10,084,484 was outstanding as of June 30, 2021. For the year ended June 30, 2021, interest expense from the Energy Performance capital lease obligation totaled \$205,819.

In May 2015, SCPS executed a contract for the purchase of an enterprise resource planning (ERP) system. The financing for this project was funded by a Master Equipment Lease/Purchase Agreement and qualifies as a capital lease for accounting purposes. The total amount financed was \$2,125,000, of which \$322,085 was outstanding as of June 30, 2021. For the year ended June 30, 2021, interest expense from the ERP capital lease obligation totaled \$10,184.

In August 2012, the School Board entered into a lease agreement with the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia to finance the purchase of three Steril Koni Eco 60-13 Heavy Duty In-ground Axle Engaging Lifts installed at Fleet Services. The financing for this project was structured as a Tax-exempt Lease/Purchase Agreement and qualifies as a capital lease for accounting purposes. The total amount financed was \$300,500, including capitalized interest of \$500, of which \$33,953 is outstanding as of June 30, 2021. For the year ended June 30, 2021, interest expense from the capital lease obligation totaled \$1,648.

The maturities of future minimum lease payments and the net present value of the capitalized lease obligation as of June 30, 2021 are as follows:

Fiscal year ending June 30:	Amount
2022	\$ 1,191,624
2023	830,006
2024	830,006
2025	830,006
2026	830,006
2027-2031	4,150,030
2032-2035	3,320,024
Total future minimum lease payments	11,981,702
Less: interest included in total future minimum lease payments	(1,541,180)
Net present value of capitalized lease obligations	<u>\$ 10,440,522</u>

Assets acquired under capital leases at June 30, 2021, are summarized below:

	Amount
Construction in progress	\$ 4,925,221
Software	1,413,062
Buildings & building improvements	5,893,878
Total assets, at cost	12,232,161
Accumulated depreciation	(608,979)
Total assets, net	<u>\$ 11,623,182</u>

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**Note 7. CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Re-classifications	Balance June 30, 2021
<u>Capital assets not being depreciated or amortized:</u>					
Land	\$ 38,009,215	\$ 21,122	\$ (32,208)	\$ -	\$ 37,998,129
Construction in progress	15,238,875	6,717,914	-	(5,153,280)	16,803,509
Total capital assets not being depreciated or amortized	53,248,090	6,739,036	(32,208)	(5,153,280)	54,801,638
<u>Capital assets being depreciated or amortized</u>					
Land improvements	68,884,153	97,781	(803,202)	-	68,178,732
Buildings & building improvements	577,291,340	5,765,698	(4,724,050)	5,153,280	583,486,268
Furniture, fixtures & equipment	15,595,475	2,102,382	(898,651)	-	16,799,206
Vehicles	26,506,475	2,684,526	(1,365,864)	-	27,825,137
Software	2,299,106	-	(161,215)	-	2,137,891
Technology infrastructure	4,345,100	12,174	-	-	4,357,274
Water treatment system	1,319,841	-	-	-	1,319,841
Total capital assets being depreciated or amortized	696,241,490	10,662,561	(7,952,982)	5,153,280	704,104,349
<u>Less accumulated depreciation or amortization for:</u>					
Land improvements	(33,882,881)	(3,431,459)	407,791	-	(36,906,549)
Buildings & building improvements	(221,996,458)	(17,444,291)	4,050,832	-	(235,389,917)
Furniture, fixtures & equipment	(8,960,135)	(1,301,412)	853,625	-	(9,407,922)
Vehicles	(13,776,083)	(1,733,536)	1,333,340	-	(14,176,279)
Software	(1,107,186)	(104,372)	161,215	-	(1,050,343)
Technology infrastructure	(1,308,278)	(217,741)	-	-	(1,526,019)
Water treatment system	(574,820)	(72,273)	-	-	(647,093)
Total accumulated depreciation or amortization	(281,605,841)	(24,305,084)	6,806,803	-	(299,104,122)
Total capital assets being depreciated or amortized, net	414,635,649	(13,642,523)	(1,146,179)	5,153,280	405,000,227
<b>Total capital assets, net</b>	<b>\$ 467,883,739</b>	<b>\$ (6,903,487)</b>	<b>\$ (1,178,387)</b>	<b>\$ -</b>	<b>\$ 459,801,865</b>

Governmental activities capital assets, net of accumulated depreciation at June 30, 2021, are comprised of the following:

	Amount
General capital assets, net	\$ 458,235,311
Internal Service Funds capital assets, net	1,566,554
Total capital assets, net	<u>\$ 459,801,865</u>

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**Note 7. CAPITAL ASSETS (Continued)**

Depreciation and amortization expense was allocated to the government-wide functions as follows:

	Amount
Instruction	\$ 536,378
Administration, attendance and health	169,830
Pupil transportation	1,899,668
Operation and maintenance	325,287
Food and nutrition services	189,459
Facilities	20,174,445
Technology	1,010,017
Total depreciation and amortization expense	<u>\$ 24,305,084</u>

**Note 8. CONSTRUCTION COMMITMENTS**

At June 30, 2021, SCPS had contractual commitments for significant construction projects of \$2.0 million in the Capital Projects Fund and \$1.0 million in the Operating Fund.

**Note 9. RELATED PARTIES**

With the exception of the County, which funds a large portion of the SCPS budget and is the custodian of the majority of SCPS' cash and cash equivalents, the school system has no significant related parties.

**Note 10. DEBT SERVICE**

The *Code of Virginia* prohibits SCPS from having borrowing or taxing authority. The County issues and services the general obligation debt to finance the purchase or construction of school facilities. The debt is not secured by the assets purchased or constructed but by the full faith and credit and taxing authority of the County. Since SCPS is not obligated to repay principal or interest on any general obligation debt incurred on SCPS' behalf, the debt is recorded in the County's government-wide financial statements.

**Note 11. RISK MANAGEMENT**

SCPS 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 for which SCPS carries commercial insurance through VACoRP. Settled claims from these risks have not exceeded commercial coverage for the past three years.

SCPS is a member of the Virginia Municipal League Programs (VML or Association) for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing. Each Association member jointly and severally agrees to assume, pay and discharge any liability. SCPS pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The total estimated workers' compensation insurance claims payable as of June 30, 2021 was \$1,027,238, of which \$785,144 was estimated to be current claims payable.

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**Note 11. RISK MANAGEMENT (Continued)**

The change in the workers' compensation claims liability balance during the past two years is as follows:

	<i>Fiscal Year Ended:</i>	June 30, 2021	June 30, 2020
Unpaid claims, beginning of fiscal year	\$	560,966	\$ 608,693
Incurred claims (including IBNR)		1,587,319	634,075
Claims payments		(1,121,047)	(681,802)
Unpaid claims, end of fiscal year	\$	1,027,238	\$ 560,966

SCPS carries commercial insurance for all risks of loss, except for workers' compensation. Like the County, SCPS participates in the Virginia Risk Sharing Association, sponsored by VML. Settled claims have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year.

Beginning in fiscal year 2002, SCPS revised its health insurance plan to fully retain the associated risk. The risk financing is accounted for in the Health Benefits Fund. Premiums are paid for all full-time employees of SCPS to a claims administrator who processes all claims.

Liabilities are reported when it is possible that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include any amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering recent settlement trends including frequency and amount of payouts. The change in the health insurance claims liability balance during the past two years is as follows:

	<i>Fiscal Year Ended:</i>	June 30, 2021	June 30, 2020
Unpaid claims, beginning of fiscal year	\$	5,965,900	\$ 5,544,900
Incurred claims (including IBNR)		29,257,863	30,712,879
Claims payments		(28,888,863)	(30,291,879)
Unpaid claims, end of fiscal year	\$	6,334,900	\$ 5,965,900

**Note 12. LITIGATION AND CONTINGENT LIABILITIES**

SCPS is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. It is the opinion of SCPS' management, based on advice from legal counsel, that any losses incurred as a result of claims existing as of June 30, 2021, will not be material to the financial statements.

Federal programs in which the School Board participates were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While matters of noncompliance may be disclosed by our audit, the grantors may also subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would likely be immaterial.

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**Note 13. PENSION PLAN**

**A. PLAN DESCRIPTION**

**Name of Plan:** Virginia Retirement System (VRS)  
**Identification of Plan:** Agent (“Non-professional”) and Cost-Sharing (“Professional”) Multiple-Employer Pension Plan  
**Administering Entity:** Virginia Retirement System (System)

All full-time, salaried permanent employees of public school divisions and employees of participating employers are automatically covered by the VRS plans upon employment. These plans are 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.

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

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit, and average final compensation at retirement using a formula.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit, and average final compensation at retirement using a formula.	<b>About Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> <li>▪ The defined benefit is based on a member’s age, service credit, and average final compensation at retirement using a formula.</li> <li>▪ The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

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

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

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

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Vesting</b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>  Same as Plan 1.</p>	<p><b>Vesting</b>  <i>Defined Benefit Component:</i>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component:</i>  Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>▪ After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>▪ After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> </ul>



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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
		<i>Defined Contribution Component (Continued):</i> After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
		Distributions not required, except as governed by law.
<b>Calculating the Benefit</b> The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <i>Defined Benefit Component:</i> See definition under Plan 1.
		<i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.	<b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	<b>Service Retirement Multiplier</b> <i>Defined Benefit Component:</i> The retirement multiplier for the defined benefit component is 1.00%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
		<i>Defined Contribution Component:</i> Not applicable.

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>Normal Retirement Age</b> Age 65.	<b>Normal Retirement Age</b> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> Same as Plan 2.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equals 90.	<b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equals 90.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> Age 60 with at least five years (60 months) of service credit.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

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

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b> <i>Exceptions to COLA Effective Dates:</i> <ul style="list-style-type: none"> <li>▪ The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>▪ The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul> <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p> <p><b>Disability Coverage</b>  For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.</p>	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b> <i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b> <i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.
	<p><b>Disability Coverage</b>  For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.</p>	<p><b>Disability Coverage</b>  Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <i>Defined Contribution Component:</i> Not applicable.

**School Board Non-Professional**

**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:

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	200
Inactive members:	
Vested inactive members	37
Non-vested inactive members	135
Long-term disabled members	0
Inactive members active elsewhere in VRS	52
Total inactive members	224
Active members	303
Total covered employees	727

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**Note 13. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

***Contributions***

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

**School Board Non-Professional**

The School Board's non-professional contractually required employer contribution rate for the year ended June 30, 2021, was 6.33% 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 for the non-professional plan were \$602,974 and \$452,601 for the years ended June 30, 2021 and 2020, respectively.

**School Board Professional**

The School Board's professional contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$29,239,068 and \$25,676,323 for the years ended June 30, 2021 and 2020, respectively.

**B. NET PENSION LIABILITY**

**School Board Non-Professional**

For the School Board's non-professional plan, the net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. The School Board's non-professional plan net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

**School Board Professional**

At June 30, 2021, the School Board reported a liability for the professional plan of \$281,210,583 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 Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 1.93237% as compared to 1.90174% at June 30, 2019.

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**Note 13. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (Continued)**

**Actuarial Assumptions – School Board Non-Professional Plan**

The total pension liability for non-professionals in the School Board's retirement plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
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 market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates:	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.

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):	Update 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:	Increase rate from 14% to 15%
– Discount Rate:	Decrease rate from 7% to 6.75%

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**Note 13. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (Continued)**

**Actuarial Assumptions – School Board Professional Plan**

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

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

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

**Mortality Rates:**

- Pre-retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
- Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

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

- Mortality Rates (Pre-retirement, post-retirement healthy, and disabled): Update to a more current mortality table – RP-2014 projected to 2020
- Retirement Rates: Lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal Rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability Rates: Adjusted rates to better match experience
- Salary Scale: No change
- Discount Rate: Decrease rate from 7% to 6.75%



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**Note 13. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (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 estimates 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	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.14%</u>

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

**Discount Rate – School Board Non-Professional Plan**

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; political subdivisions were also provided with an opportunity to use an alternate 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. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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**Note 13. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (Continued)**

**Discount Rate – School Board Professional Plan**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, school divisions are assumed to 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.

**Net Pension Liability – School Board Professional Plan**

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

	Amount
Total Pension Liability	\$ 51,001,855,000
Plan Fiduciary Net Position	36,449,229,000
Employers' Net Pension Liability	<u>\$ 14,552,626,000</u>
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 GAAP in the System's notes to the financial statements and required supplementary information.

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**Note 13. PENSION PLAN (Continued)**

**C. CHANGES IN THE NET PENSION LIABILITY**

**School Board Non-Professional**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 30,732,300	\$ 30,114,787	\$ 617,513
Changes for the Year:			
Service cost	827,459	-	827,459
Interest	2,023,480	-	2,023,480
Difference between expected and actual experience	1,284,546	-	1,284,546
Contributions – employer	-	451,488	(451,488)
Contributions – employee	-	461,700	(461,700)
Net investment income	-	571,869	(571,869)
Benefit payments, including refunds of employee contributions	(1,509,641)	(1,509,641)	-
Administrative expense	-	(19,669)	19,669
Other changes	-	(678)	678
Net changes	2,625,844	(44,931)	2,670,775
Balances at June 30, 2020	\$ 33,358,144	\$ 30,069,856	\$ 3,288,288

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional net pension liability	\$7,154,409	\$3,288,288	\$51,998
School Board's professional net pension liability	\$412,599,081	\$281,210,583	\$172,535,685

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan (non-professional plan) and the VRS Teacher Retirement Plan (professional 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 <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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**Note 13. PENSION PLAN (Continued)**

**D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

**School Board Non-Professional**

For the year ended June 30, 2021, the School Board recognized pension expense of \$1,038,076 related to its non-professional plan. At June 30, 2021, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 833,828	\$ 154,500
Changes of assumptions	314,433	-
Net difference between projected and actual earnings on plan investments	903,406	-
Employer contributions subsequent to the measurement date	542,312	-
Total	<u>\$ 2,593,979</u>	<u>\$ 154,500</u>

The \$542,312 reported as deferred outflows of resources related to pensions resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2022	\$ 609,444
2023	693,784
2024	305,925
2025	288,014
	<u>\$ 1,897,167</u>

**School Board Professional**

For the year ended June 30, 2021, the School Board recognized pension expense related to the professional plan of \$32,139,227. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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**Note 13. PENSION PLAN (Continued)**

**D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,483,275
Changes of assumptions	19,196,149	-
Net difference between projected and actual earnings on plan investments	21,389,179	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,955,393	1,980,528
Employer contributions subsequent to the measurement date	27,610,692	-
Total	<u>\$ 74,151,413</u>	<u>\$ 18,463,803</u>

The \$27,610,692 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

Fiscal year ending June 30:	Amount
2022	\$ 1,509,735
2023	8,268,171
2024	10,222,033
2025	8,239,127
2026	(162,148)
	<u>\$ 28,076,918</u>

**Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN**

**A. PLAN DESCRIPTION**

SCPS' postemployment medical plan (the plan) is a single-employer defined benefit health care plan that offers health insurance for retired employees. The School Board administers the plan, which has no separate financial report.

***Provided Benefits***

Plan participants are eligible for coverage based upon the following, in accordance with the eligibility provisions of the VRS retirement plan:

- Normal retirement at age 65 with 5 years of service
- Normal retirement at age 50 with 30 years of service
- Early retirement at age 50 with 10 years of service
- Early retirement at age 55 with 5 years of service

In addition, plan participants are also eligible to receive a HIC based upon retirement at age 50 for up to a minimum of 10 years and a maximum of 30 years of service, with the employer contribution (subsidy) percentages ranging from 15% to 100%. The HIC represents a subsidy of postemployment health care premiums for retirees, which is applied only to individual medical coverage. Retirees may elect to continue spousal and/or dependent coverage upon retirement, but they must pay the entire cost of that coverage.

The employer's subsidized portion of the participants' benefit is determined after any credit given to the retiree from the VRS. For inactive participants, the VRS subsidy amount paid to retirees is used. For active participants, the HIC provided by VRS is determined by multiplying the participants' years of service (up to a maximum of 30 years) by \$1.50 for non-professional employees and \$4.00 for professional employees.

**Disability Benefits**

The VRS disability eligibility is the date of hire for a participant, which is the same eligibility SCPS requires. Disability participants receive the same subsidy percentage as a retiree, except there is no age 50 requirement to receive the employer subsidy. The employer's subsidized portion of the participants' benefit is determined after any credit given to the retiree from the VRS.

**Survivor Benefits**

Surviving spouses of participants with dependent coverage can stay on the plan, but receive no subsidy from SCPS.

**Medicare Coverage Options**

Pre-Medicare retirees may continue to remain in one of the three options for medical and prescription drug coverage offered to active participants. Once the participant is Medicare eligible they can continue with the Medicare carve-out plan, which is offered secondarily to Medicare.

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

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**Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

***Membership***

At January 1, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	633
Active employees	<u>3,895</u>
Total	<u>4,528</u>

***Contributions***

The School Board establishes employer contribution rates for plan participants as part of the annual budget process. The School Board also determines whether to partially or fully fund the plan during the annual budget process. Funding for these benefits is currently made on a pay-as-you-go basis. Contributions from the School Board to program were \$2,693,946 and \$3,147,826 for the years ended June 30, 2021 and June 30, 2020, respectively.

The contribution requirements of plan members are established and may be amended by the School Board. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System.

**B. NET OPEB LIABILITY**

The School Board's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2020, and rolled forward to the measurement date of June 30, 2020.

**Actuarial Methods and Assumptions**

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

- Discount rate 2.57%
- Inflation 2.5%
- Medical Trend Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions

The Society of Actuaries (SOA) recently published the first public plans mortality study. The study analyzed general employees, public safety and teachers experience separately. The mortality assumption was updated to that recommended by the SOA study for teacher employees and the most recently released mortality improvement (MP2019) scale. Other assumptions were those used by VRS to value the School Board - Professional Pension Plan (see Note 13).

**Discount Rate**

The discount rate on the measurement date of June 30, 2020, was 2.57%. The estimated future benefit payment stream was discounted based on an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 7.00% for years when the projected benefit payouts are expected to be funded. A long-term expected rate of return on assets of 7.00% and a long-term expected rate of return on internal fund rate of 2.45% as of June 30, 2020, was used in the calculations.

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**Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**C. INVESTMENT POLICY**

The School Board's assets are invested in the VACo/VML Pooled OPEB Trust – Portfolio I. Listed below are the target allocation and expected returns:

<b>VACo/VML Pooled OPEB Trust - Portfolio I</b>	<b>Target Asset Allocation</b>	<b>LT Arithmetic Average Nominal Return</b>	<b>LT Arithmetic Average Real Return</b>	<b>LT Arithmetic Weighted Average Real Return</b>
Core Bonds	7.00%	5.33%	2.58%	0.18%
Core Plus	14.00%	5.61%	2.86%	0.40%
Liquid Absolute Return	4.00%	6.01%	3.26%	0.13%
U.S. Large Cap Equity	26.00%	9.90%	7.15%	1.86%
U.S. Small Cap Equity	10.00%	11.19%	8.44%	0.84%
International Developed Equity	13.00%	10.69%	7.94%	1.03%
Emerging Market Equity	5.00%	11.84%	9.09%	0.45%
Long/Short Equity	6.00%	8.47%	5.72%	0.34%
Private Equity	5.00%	13.15%	10.40%	0.52%
Core Real Estate	10.00%	9.41%	6.66%	0.67%
<b>Total</b>	<b>100.00%</b>			<b>6.42%</b>
			Inflation	<b>2.75%</b>
		Expected arithmetic nominal return		<b>9.17%</b>

**Concentrations**

For the OPEB Medical plan, the Trust does not hold investments in any one organization that represent five percent or more of the OPEB Trust's Fiduciary Net Position.

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 30.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



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**Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**D. CHANGES IN THE NET OPEB LIABILITY**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2019	\$ 192,888,437	\$ 23,702,883	\$ 169,185,554
Changes for the Year:			
Service cost	10,991,667	-	10,991,667
Interest	6,224,135	-	6,224,135
Difference between expected and actual experience	(25,542,345)	-	(25,542,345)
Change in assumptions	36,573,341	-	36,573,341
Contributions – employer	-	3,147,826	(3,147,826)
Net investment income	-	698,418	(698,418)
Benefit payments	(3,147,826)	(3,147,826)	-
Net changes	25,098,972	698,418	24,400,554
Balances at June 30, 2020	\$ 217,987,409	\$ 24,401,301	\$ 193,586,108

Funded status 11.19%

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Total and Net OPEB liabilities, using the discount rate of 2.57%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (1.57%) or one percentage point higher (3.57%) than the current rate:

	1% Decrease (1.57%)	Discount Rate (2.57%)	1% Increase (3.57%)
Total OPEB Liability	\$270,938,575	\$217,987,409	\$177,791,050
Net OPEB Liability	\$246,537,274	\$193,586,108	\$153,389,749

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the Total and Net OPEB liabilities, using the ultimate health care cost trend rate of 4.00%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a ultimate health care cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Medical Trend (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$171,365,420	\$217,987,409	\$282,704,958
Net OPEB Liability	\$146,964,119	\$193,586,108	\$258,303,657

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**Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**E. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

For the year ended June 30, 2021, the School Board recognized OPEB expense of \$15,138,003. The School Board also reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 384,962	\$ 28,141,565
Changes of assumptions	46,208,570	13,669,854
Net difference between projected and actual earnings on plan investments	692,955	-
Employer contributions subsequent to the measurement date	2,693,946	-
Total	<u>\$ 49,980,433</u>	<u>\$ 41,811,419</u>

The \$2,693,946 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The OPEB plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

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

Fiscal year ending June 30:	Amount
2022	\$ (418,599)
2023	(204,649)
2024	(102,755)
2025	(216,778)
2026	(408,930)
Thereafter	6,826,779
	<u>\$ 5,475,068</u>

**F. ADDITIONAL OPEB MEDICAL PLAN DATA**

The following additional disclosures are presented in conformity with the requirements of GAAP, using a Plan measurement date of June 30, 2021. For purposes of these disclosures, the School Board's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2020, and rolled forward to the measurement date of June 30, 2021.

**Membership**

At January 1, 2020 membership consisted of:

Retirees and beneficiaries currently receiving benefits	633
Active employees	<u>3,895</u>
Total	<u>4,528</u>

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**Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)**

**Net OPEB Liability**

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

	Amount
Total OPEB Liability	\$ 265,538,299
Plan Fiduciary Net Position	(31,709,193)
Net OPEB Liability	<u>\$ 233,829,106</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.94%

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2020	<u>\$ 217,987,409</u>	<u>\$ 24,401,301</u>	<u>\$ 193,586,108</u>
Changes for the Year:			
Service cost	14,411,622	-	14,411,622
Interest	5,562,925	-	5,562,925
Difference between expected and actual experience	(368,444)	-	(368,444)
Change in assumptions	30,638,733	-	30,638,733
Contributions – employer	-	2,693,946	(2,693,946)
Net investment income	-	7,307,892	(7,307,892)
Benefit payments	(2,693,946)	(2,693,946)	-
Net changes	<u>47,550,890</u>	<u>7,307,892</u>	<u>40,242,998</u>
Balances at June 30, 2021	<u>\$ 265,538,299</u>	<u>\$ 31,709,193</u>	<u>\$ 233,829,106</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Total and Net OPEB liabilities, using the discount rate of 2.00%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (1.00%) or one percentage point higher (3.00%) than the current rate:

	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$332,876,182	\$265,538,299	\$214,782,065
Net OPEB Liability	\$301,166,989	\$233,829,106	\$183,072,872

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**Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the Total and Net OPEB liabilities, using the ultimate health care cost trend rate of 4.00%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a ultimate health care cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Medical Trend (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$204,445,707	\$265,538,299	\$351,925,074
Net OPEB Liability	\$172,736,514	\$233,829,106	\$320,215,881

**Note 15. HEALTH INSURANCE CREDIT (HIC) OPEB PLAN**

**A. PLAN DESCRIPTION**

All full-time, salaried permanent employees are automatically covered by the VRS HIC Program upon employment. This plan is 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 HIC Program OPEB, including eligibility, coverage and benefits is set out below.

***Eligible Employees***

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

***Benefit Amount***

**School Board Non-Professional**

The School Board Non-Professional HIC Plan provides the following benefits for eligible employees:

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

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**Note 15. HEALTH INSURANCE CREDIT (HIC) OPEB PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

**School Board Professional**

The School Board Professional HIC Plan provides the following benefits for eligible employees:

- At Retirement – For teachers and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For teachers and other professional school employees who retire on disability or go on long-term disability under 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 Program Notes:*

For both the School Board Non-Professional and Professional Plans, the monthly HIC benefit cannot exceed the individual premium amount. Also, 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***

**School Board Non-Professional**

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	56
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	56
Active members	303
Total covered employees	359

***Contributions***

**School Board Non-Professional**

The contribution requirement 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 by the Virginia General Assembly. The School Board's Non-Professional Plan contractually required employer contribution rate for the year ended June 30, 2021, was 0.25% 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's Non-Professional Plan to the HIC Program were \$23,815 and \$21,576 for the years ended June 30, 2021, and June 30, 2020, respectively.

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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

**School Board Professional**

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided by the Virginia General Assembly. The School Board's Professional Plan contractually required employer contribution rate for the year ended June 30, 2021, was 1.21% 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's Professional Plan to the HIC Program were \$2,128,770 and \$2,064,460 for the years ended June 30, 2021, and June 30, 2020, respectively.

**B. NET HIC OPEB LIABILITY**

The School Board's non-professional plan 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.

At June 30, 2021, the School Board reported a liability for the professional plan of \$25,600,615 for its proportionate share of the HIC Program Net OPEB Liability. The Net HIC Program OPEB Liability was measured as of June 30, 2020, and the total HIC Program OPEB liability used to calculate the Net HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the Net HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the HIC Program OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 1.96246% as compared to 1.91992% at June 30, 2019.

**Actuarial Assumptions – School Board Non-Professional Plan**

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

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of plan investment expenses, including inflation*

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

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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Non-Professional Plan (Continued)**

Mortality Rates:

- 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 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% to 15%
- Discount Rate: Decreased rate from 7.00% to 6.75%

**Actuarial Assumptions – School Board Professional Plan**

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

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation*

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

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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Professional Plan (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 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 retirement rates at older ages and changed final retirement from 70 to 75
- Withdrawal Rates: Adjusted termination rates to better fit experience at each year age and service through 9 years of service
- Disability Rates: Adjusted disability rates to better match experience
- Salary Scale: No change
- Discount Rate: Decreased discount rate from 7.00% to 6.75%



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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (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	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.14%</u>

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

**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 and 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 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, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible 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.

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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (Continued)**

**Net HIC OPEB Liability - School Board Professional Plan**

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

	Amount
Total HIC OPEB Liability	\$ 1,448,676,000
Plan Fiduciary Net Position	144,160,000
Net HIC OPEB Liability	<u>\$ 1,304,516,000</u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	9.95%

The total 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 HIC OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

**C. CHANGES IN THE NET HIC OPEB LIABILITY**

**School Board Non-Professional**

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability
Balances at June 30, 2019	\$ 414,452	\$ 280,230	\$ 134,222
Changes for the year:			
Service cost	11,137	-	11,137
Interest	26,976	-	26,976
Changes in benefit terms	12,387		12,387
Difference between expected and actual experience	10,585	-	10,585
Contributions – employer	-	21,577	(21,577)
Net investment income	-	5,531	(5,531)
Benefit payments	(29,614)	(29,614)	-
Administrative expense	-	(525)	525
Other changes	-	(3)	3
Net changes	<u>31,471</u>	<u>(3,034)</u>	<u>34,505</u>
Balances at June 30, 2020	<u>\$ 445,923</u>	<u>\$ 277,196</u>	<u>\$ 168,727</u>

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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**C. CHANGES IN THE NET HIC OPEB LIABILITY (Continued)**

**Sensitivity of the Net HIC OPEB Liability to Changes in the Discount Rate**

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional HIC OPEB liability	\$215,996	\$168,727	\$127,212
School Board's professional HIC OPEB liability	\$28,657,219	\$25,600,615	\$23,002,723

**HIC OPEB Plan Data**

Detailed information about the HIC programs' Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

**D. HIC PROGRAM EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO HIC PROGRAM OPEB**

**School Board Non-Professional**

For the year ended June 30, 2021, the School Board recognized HIC OPEB expense related to its non-professional plan of \$33,831. At June 30, 2021, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,314	\$ 7,952
Changes of assumptions	6,723	2,976
Net difference between projected and actual earnings on plan investments	9,170	-
Employer contributions subsequent to the measurement date	23,815	-
Total	<u>\$ 53,022</u>	<u>\$ 10,928</u>

The \$23,815 reported as deferred outflows of resources related to the HIC OPEB plan resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB liability in the year ending June 30, 2022.

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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**D. HIC PROGRAM EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO HIC PROGRAM OPEB (Continued)**

**School Board Non-Professional (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB plan for the School Board's non-professional plan will be recognized in HIC OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2022	\$ 1,428
2023	3,529
2024	4,968
2025	7,119
2026	1,235
	<u>\$ 18,279</u>

**School Board Professional**

For the year ended June 30, 2021, the School Board recognized HIC OPEB expense related to the professional plan of \$2,246,296. Since there was a change in proportionate share between measurement dates, a portion of the HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 341,886
Changes of assumptions	506,088	139,874
Changes in proportionate share	953,716	229,390
Net difference between projected and actual earnings on plan investments	113,452	-
Employer contributions subsequent to the measurement date	2,128,770	-
Total	<u>\$ 3,702,026</u>	<u>\$ 711,150</u>

The \$2,128,770 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the HIC OPEB liability in the year ending June 30, 2022.

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**Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**D. HIC PROGRAM EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO HIC PROGRAM OPEB (Continued)**

**School Board Professional (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB for the School Board's professional plan will be recognized in HIC OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2022	\$ 149,771
2023	161,016
2024	157,248
2025	143,509
2026	129,848
Thereafter	120,714
	<u>\$ 862,106</u>

**Note 16. GROUP LIFE INSURANCE PLAN**

**A. PLAN DESCRIPTION**

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by 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 Program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for the GLI Program OPEB, including eligibility, coverage and benefits is set out below:

**Eligible Employees**

The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

**Benefit Amounts**

The benefits payable under the GLI Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

**Reduction in Benefit Amounts**

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit 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.

***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. The School Board has elected to pay both the employee and employer components. 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.

**School Board Non-Professional**

Contributions to the GLI Program from the School Board for the non-professional plan were \$127,726 and \$128,537 for the years ended June 30, 2021, and June 30, 2020, respectively.

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**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

**School Board Professional**

Contributions to the GLI Program from the School Board for the professional plan were \$2,359,665 and \$2,257,808 for the years ended June 30, 2021 and June 30, 2020, respectively.

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY**

At June 30, 2021, the School Board reported a liability for the non-professional plan of \$795,701 and for the professional plan of \$13,975,670 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the Net GLI OPEB Liability was based on the School Board's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion for the non-professional plan was 0.04768% as compared to 0.04575% at June 30, 2019. At June 30, 2020, the School Board's proportion for the professional plan was 0.83745% as compared to 0.82223% at June 30, 2019.

**Actuarial Assumptions – School Board Non-Professional**

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

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

**Mortality Rates:**

- 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.

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**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Non-Professional (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 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 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% to 15%
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

**Actuarial Assumptions – School Board Professional**

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

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

**Mortality Rates:**

– Pre-retirement:	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
– Post-retirement:	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.



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**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Professional (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 retirement rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Adjusted disability rates to better match experience
– Salary Scale:	No change
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

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**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on 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	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.14%</u>

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

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the School Board for the GLI OPEB was subject to the portion of the VRS Board-certified rates that were 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.

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**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**Net GLI OPEB Liability**

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

	Amount
Total GLI OPEB Liability	\$ 3,523,937,000
Plan Fiduciary Net Position	1,855,102,000
Employers' Net GLI OPEB Liability	<u>\$ 1,668,835,000</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

**C. CHANGES IN THE NET GROUP LIFE INSURANCE 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 School Board's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the School Board's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of the non-professional net GLI OPEB liability	\$1,046,010	\$795,701	\$592,426
School Board's proportionate share of the professional net GLI OPEB liability	\$18,372,091	\$13,975,670	\$10,405,364

**GLI OPEB Plan Data**

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <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.

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**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**D. GLI OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE GROUP LIFE INSURANCE PROGRAM OPEB**

**School Board Non-Professional**

For the year ended June 30, 2021, the School Board recognized GLI OPEB expense related to its non-professional plan of \$35,558. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to its non-professional GLI OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,037	\$ 7,146
Changes of assumptions	39,794	16,615
Changes in proportion	24,625	1,409
Net difference between projected and actual earnings on plan investments	23,902	-
Employer contributions subsequent to the measurement date	127,726	-
Total	<u>\$ 267,084</u>	<u>\$ 25,170</u>

The \$127,726 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the 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:

Fiscal year ending June 30:	Amount
2022	\$ 17,200
2023	23,950
2024	30,111
2025	30,384
2026	11,011
Thereafter	1,532
	<u>\$ 114,188</u>

**School Board Professional**

For the year ended June 30, 2021, the School Board recognized GLI OPEB expense related to its professional plan of \$643,159. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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**Note 16. GROUP LIFE INSURANCE PLAN (Continued)**

**D. GLI OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE GROUP LIFE INSURANCE PROGRAM OPEB (Continued)**

**School Board Professional (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 896,410	\$ 125,525
Changes of assumptions	698,944	291,820
Changes in proportion	525,247	157,692
Net difference between projected and actual earnings on plan investments	419,817	-
Employer contributions subsequent to the measurement date	2,359,665	-
Total	<u>\$ 4,900,083</u>	<u>\$ 575,037</u>

The \$2,359,665 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the 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:

Fiscal year ending June 30:	Amount
2022	\$ 320,713
2023	439,271
2024	511,142
2025	515,145
2026	162,623
Thereafter	16,487
	<u>\$ 1,965,381</u>

**Note 17. DEFICIT IN NET POSITION**

The Fleet Services and Workers' Compensation Funds had deficit net position balances of \$374,025 and \$189,556, respectively, as of June 30, 2021.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

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**Note 18. PRIOR PERIOD RESTATEMENT**

The School Board previously reported the activities of the School Activity Fund, Division Wide Activity Fund, Endowment Fund, and Scholarship Fund as fiduciary funds. As of July 1, 2020, with the implementation of GASB Statement No. 84 "Fiduciary Activities," these funds were determined to meet the criteria for reporting as special revenue funds. Accordingly, the newly classified special revenue funds report the following restated beginning balances, equal to the restatement of net current assets and current liabilities previously reported in agency funds:

	Amount
School Activity Fund	\$ 3,113,408
Division Wide Activity Fund	64,534
Endowment Fund	29,531
Scholarship Fund	3,672
Total Restatement	<u>\$ 3,211,145</u>

	Nonmajor Governmental Funds
Fund Balance as reported June 30, 2020	\$ 110,148
Prior period adjustment – implementation of GASB 84	3,211,145
Fund Balance as restated June 30, 2020	<u>\$ 3,321,293</u>

	Governmental Activities
Net Position as reported June 30, 2020	\$ 79,868,500
Prior period adjustment – implementation of GASB 84	3,211,145
Net Position as restated June 30, 2020	<u>\$ 83,079,645</u>

**Note 19. PENDING ACCOUNTING STANDARDS OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

As of June 30, 2021, the GASB had issued statements not yet implemented by SCPS. The statements which might impact SCPS are as follows:

GASB Statement No. 87, "Leases," will increase the usefulness of the School Board's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" (SBITAs) defines a SBITA and provides guidance on how to record and disclose accounting transactions when a subscription meets that definition. Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

Management has not determined the effects these new Statements may have on prospective financial statements.

**Note 20. SUBSEQUENT EVENTS**

The School Board has evaluated subsequent events through May 31, 2022, the date on which the financial statements were available to be issued.

On August 17, 2021, the Stafford County Board of Supervisors approved a resolution appropriating \$9,000,000 of the Health Benefits Fund Balance to transfer to the OPEB Trust Fund.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**Exhibit J**

**Operating Fund**

**For the Fiscal Year Ended June 30, 2021**

	<b>Budget</b>			<b>Variance from</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Stafford County	\$ 128,557,606	\$ 134,689,310	\$ 129,903,890	\$ (4,785,420)
Commonwealth of Virginia	186,699,142	190,097,397	191,336,058	1,238,661
Federal Government	2,550,000	2,550,000	2,745,272	195,272
Total intergovernmental revenues	317,806,748	327,336,707	323,985,220	(3,351,487)
Charges for services:				
Tuition and fees	785,000	785,000	614,469	(170,531)
Recovered costs	3,412,501	2,416,056	1,992,222	(423,834)
Miscellaneous	95,000	100,250	158,858	58,608
Total revenues	322,099,249	330,638,013	326,750,769	(3,887,244)
<b>EXPENDITURES</b>				
Current:				
Education:				
Instruction	242,029,762	243,138,810	240,617,919	2,520,891
Administration, attendance and	19,369,704	15,784,163	14,973,234	810,929
Pupil transportation	16,828,451	15,960,509	13,861,311	2,099,198
Operation and maintenance	23,582,978	30,463,877	25,926,319	4,537,558
Food and nutrition services	248,420	248,420	56,495	191,925
Facilities	397,000	1,033,929	372,755	661,174
Technology	17,373,279	23,540,768	22,186,397	1,354,371
Capital outlay	2,032,700	11,110,012	4,091,604	7,018,408
Debt service:				
Principal	390,708	956,875	956,875	-
Interest and fiscal charges	846,247	280,080	219,952	60,128
Total expenditures	323,099,249	342,517,443	323,262,861	19,254,582
Excess (deficiency) of revenues over (under) expenditures	(1,000,000)	(11,879,430)	3,487,908	15,367,338
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	-	3,975,000	3,975,000	-
Change in fund balance	<u>\$ (1,000,000)</u>	<u>\$ (7,904,430)</u>	<u>7,462,908</u>	<u>\$ 15,367,338</u>
Fund balance, beginning - July 1, 2020			<u>9,311,489</u>	
Fund balance, ending - June 30, 2021			<u>\$ 16,774,397</u>	



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Food and Nutrition Services Fund**  
**For the Fiscal Year Ended June 30, 2021**

**Exhibit K**

	<b>Budget</b>			<b>Variance from</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Commonwealth of Virginia	\$ 239,400	\$ 239,400	\$ 139,247	\$ (100,153)
Federal Government	7,126,200	7,126,200	10,705,593	3,579,393
Total intergovernmental revenues	7,365,600	7,365,600	10,844,840	3,479,240
Charges for services:				
Food Sales	6,879,341	6,879,341	23,345	(6,855,996)
Recovered costs	100,000	100,000	164,994	64,994
Miscellaneous	-	-	1,461	1,461
Total revenues	14,344,941	14,344,941	11,034,640	(3,310,301)
<b>EXPENDITURES</b>				
Current operating:				
Food and nutrition services	13,777,428	14,358,105	11,359,862	2,998,243
Technology	631,513	632,361	158,426	473,935
Capital outlay	1,100,000	1,100,000	22,780	1,077,220
Total expenditures	15,508,941	16,090,467	11,541,068	4,549,399
Deficiency of revenues under expenditures	(1,164,000)	(1,745,526)	(506,428)	1,239,098
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	64,000	214,000	150,000	(64,000)
Net change in fund balance	<u>\$ (1,100,000)</u>	<u>\$ (1,531,526)</u>	<u>(356,428)</u>	<u>\$ 1,175,098</u>
Fund balance, beginning - July 1, 2020			<u>7,578,472</u>	
Fund balance, ending - June 30, 2021			<u>\$ 7,222,044</u>	



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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL**  
**NET PENSION LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM**

	2021	2020	As of June 30,		
			2019	2018	2017
Total Pension Liability					
Service cost	\$ 827,459	\$ 794,341	\$ 792,512	\$ 811,596	\$ 853,719
Interest	2,023,480	1,976,360	1,942,465	1,893,932	1,856,844
Differences between expected and actual experience	1,284,546	(295,951)	(743,289)	(466,649)	(868,215)
Changes of assumptions	-	861,271	-	(230,348)	-
Benefit payments, including refunds of employee contributions	(1,509,641)	(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)
<b>Net change in total pension liability</b>	<b>2,625,844</b>	<b>1,661,163</b>	<b>651,590</b>	<b>718,214</b>	<b>507,625</b>
Total pension liability - beginning	30,732,300	29,071,137	28,419,547	27,701,333	27,193,708
Total pension liability - ending (a)	<u>\$33,358,144</u>	<u>\$30,732,300</u>	<u>\$29,071,137</u>	<u>\$28,419,547</u>	<u>\$27,701,333</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 451,488	\$ 421,836	\$ 509,433	\$ 505,800	\$ 687,268
Contributions - employee	461,700	422,790	415,354	409,474	406,077
Net investment income	571,869	1,914,248	2,018,373	3,015,642	436,457
Benefit payments, including refunds of employee contributions	(1,509,641)	(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)
Administrative expense	(19,669)	(19,286)	(17,438)	(17,420)	(15,244)
Other changes	(678)	(1,202)	(1,803)	(2,684)	(182)
<b>Net change in plan fiduciary net position</b>	<b>(44,931)</b>	<b>1,063,528</b>	<b>1,583,821</b>	<b>2,620,495</b>	<b>179,653</b>
Plan fiduciary net position - beginning	30,114,787	29,051,259	27,467,438	24,846,943	24,667,290
Plan fiduciary net position - ending (b)	<u>\$30,069,856</u>	<u>\$30,114,787</u>	<u>\$29,051,259</u>	<u>\$27,467,438</u>	<u>\$24,846,943</u>
School Board non-professional net pension liability - ending (a) - (b)	<u>\$ 3,288,288</u>	<u>\$ 617,513</u>	<u>\$ 19,878</u>	<u>\$ 952,109</u>	<u>\$ 2,854,390</u>
Plan fiduciary net position as a percentage of the total pension liability	90.14%	97.99%	99.93%	96.65%	89.70%
Employer's covered payroll	\$ 9,807,469	\$ 8,944,315	\$ 8,704,683	\$ 8,450,346	\$ 8,163,550
School Board's non-professional net pension liability as a percentage of covered payroll	33.53%	6.90%	0.23%	11.27%	34.97%

**Notes to Schedule:**

- (1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, 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:
  - a. Updated to a more current mortality table - RP-2014 projected to 2020
  - b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
  - c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
  - d. Lowered disability rates
  - e. No change to the salary scale
  - f. Increased line of duty disability rate from 14% to 15%
  - g. Decreased discount rate from 7% to 6.75%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

As of June 30,		
2016	2015	
		Total Pension Liability
\$ 917,801	\$ 931,365	Service cost
1,773,289	1,679,630	Interest
(171,518)	-	Differences between expected and actual experience
-	-	Changes of assumptions
(1,317,128)	(1,228,897)	Benefit payments, including refunds of employee contributions
1,202,444	1,382,098	<b>Net change in total pension liability</b>
25,991,264	24,609,166	Total pension liability - beginning
\$27,193,708	\$25,991,264	Total pension liability - ending (a)
		Plan Fiduciary Net Position
\$ 700,475	\$ 828,505	Contributions - employer
412,685	433,951	Contributions - employee
1,081,570	3,247,485	Net investment income
(1,317,128)	(1,228,897)	Benefit payments, including refunds of employee contributions
(14,788)	(17,281)	Administrative expense
(227)	171	Other changes
862,587	3,263,934	<b>Net change in plan fiduciary net position</b>
23,804,703	20,540,769	Plan fiduciary net position - beginning
\$24,667,290	\$23,804,703	Plan fiduciary net position - ending (b)
<b>\$ 2,526,418</b>	<b>\$ 2,186,561</b>	School Board non-professional net pension liability - ending (a) - (b)
90.71%	91.59%	Plan fiduciary net position as a percentage of the total pension liability
\$ 8,451,460	\$ 8,577,515	Employer's covered payroll
29.89%	25.49%	School Board's non-professional net pension liability as a percentage of covered payroll

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD SHARE OF NET PENSION LIABILITY  
PROFESSIONAL - VIRGINIA RETIREMENT SYSTEM

	2021	2020	As of June 30, 2019	2018	2017
Employer's proportion of the net pension liability	1.93237%	1.90174%	1.88423%	1.91638%	1.88465%
Employer's proportionate share of the net pension liability	\$281,210,583	\$250,279,791	\$221,585,000	\$235,676,000	\$264,117,000
Employer's covered payroll	\$172,044,450	\$161,000,993	\$153,228,530	\$148,882,433	\$143,696,984
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	163.45%	155.45%	144.61%	158.30%	183.80%
Plan fiduciary net position as a percentage of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%

**Notes to Schedule:**

- (1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, 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:
  - a. Updated to a more current mortality table - RP-2014 projected to 2020
  - b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
  - c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
  - d. Adjusted disability rates to better match experience
  - e. No change to the salary scale
  - f. Decreased discount rate from 7% to 6.75%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

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As of June 30,		
2016	2015	
1.87703%	1.96028%	Employer's proportion of the net pension liability
\$236,250,000	\$236,893,000	Employer's proportionate share of the net pension liability
\$139,553,875	\$143,355,995	Employer's covered payroll
169.29%	165.25%	Employer's proportionate share of the net pension liability as a percentage of its covered payroll
70.68%	70.88%	Plan fiduciary net position as a percentage of the total pension liability

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS**  
**NON-PROFESSIONAL - VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year Ended				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution (CRC)	\$ 602,974	\$ 505,085	\$ 460,764	\$ 541,431	\$ 525,614
Contributions in relation to the CRC	602,974	505,085	460,764	541,431	525,614
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 9,525,656	\$ 9,807,469	\$ 8,944,315	\$ 8,704,683	\$ 8,450,346
Contributions as a percentage of covered payroll	6.33%	5.15%	5.15%	6.22%	6.22%

**Notes to Schedule:**

- (1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (2) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

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Fiscal Year Ended			
June 30, 2016	June 30, 2015	June 30, 2014	
\$ 1,099,630	\$ 825,400	\$ 828,505	Contractually required contribution (CRC)
<u>1,099,630</u>	<u>825,400</u>	<u>828,505</u>	Contributions in relation to the CRC
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Contribution deficiency (excess)
\$ 8,163,550	\$ 8,451,460	\$ 8,577,515	Employer's covered payroll
13.47%	9.77%	9.66%	Contributions as a percentage of covered payroll



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS**  
**PROFESSIONAL - VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year Ended				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution (CRC)	\$ 29,239,068	\$ 26,976,570	\$ 24,354,767	\$ 24,089,529	\$ 21,806,528
Contributions in relation to the CRC	29,239,068	26,976,570	24,354,767	24,089,529	21,806,528
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 175,927,006	\$ 172,044,450	\$ 161,000,993	\$ 153,228,530	\$ 148,882,433
Contributions as a percentage of covered payroll	16.62%	15.68%	15.13%	15.72%	14.65%

**Notes to Schedule:**

- (1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (2) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

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Fiscal Year Ended			
June 30, 2016	June 30, 2015	June 30, 2014	
\$ 20,203,796	\$ 20,235,599	\$ 16,715,309	Contractually required contribution (CRC)
20,203,796	20,235,599	16,715,309	Contributions in relation to the CRC
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Contribution deficiency (excess)
\$ 143,696,984	\$ 139,553,875	\$ 143,355,995	Employer's covered payroll
14.06%	14.50%	11.66%	Contributions as a percentage of covered payroll

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF CHANGES IN THE SCHOOL BOARD  
NET MEDICAL PLAN OPEB LIABILITY AND RELATED RATIOS

Exhibit P

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Total Medical Plan OPEB Liability					
Service cost	\$ 14,411,622	\$ 10,991,667	\$ 9,102,769	\$ 8,503,360	\$ 9,898,436
Interest	5,562,925	6,224,135	6,050,643	5,698,104	4,889,280
Differences between expected and actual experience	(368,444)	(25,542,345)	494,952	(3,477,196)	(5,614,431)
Changes of assumptions	30,638,733	36,573,341	17,612,914	(4,390,470)	(19,337,174)
Benefit payments	(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
<b>Net change in total Medical Plan OPEB liability</b>	<b>47,550,890</b>	<b>25,098,972</b>	<b>30,309,570</b>	<b>3,675,076</b>	<b>(11,561,871)</b>
Total Medical Plan OPEB liability - beginning	217,987,409	192,888,437	162,578,867	158,903,791	170,465,662
Total Medical Plan OPEB liability - ending (a)	<u>\$ 265,538,299</u>	<u>\$ 217,987,409</u>	<u>\$ 192,888,437</u>	<u>\$ 162,578,867</u>	<u>\$ 158,903,791</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 2,693,946	\$ 3,147,826	\$ 2,951,708	\$ 2,658,722	\$ 1,397,982
Net investment income	7,307,892	698,418	1,017,835	1,960,214	2,355,594
Benefit payments	(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
<b>Net change in plan fiduciary net position</b>	<b>7,307,892</b>	<b>698,418</b>	<b>1,017,835</b>	<b>1,960,214</b>	<b>2,355,594</b>
Plan fiduciary net position - beginning	24,401,301	23,702,883	22,685,048	20,724,834	18,369,240
Plan fiduciary net position - ending (b)	<u>\$ 31,709,193</u>	<u>\$ 24,401,301</u>	<u>\$ 23,702,883</u>	<u>\$ 22,685,048</u>	<u>\$ 20,724,834</u>
School Board net Medical Plan OPEB liability - ending (a) - (b)	<u>\$ 233,829,106</u>	<u>\$ 193,586,108</u>	<u>\$ 169,185,554</u>	<u>\$ 139,893,819</u>	<u>\$ 138,178,957</u>
Plan fiduciary net position as a percentage of the total Medical Plan OPEB liability	11.94%	11.19%	12.29%	13.95%	13.04%
Employer's covered-employee payroll	\$ 185,452,662	\$ 181,851,919	\$ 169,945,308	\$ 161,933,213	\$ 151,834,911
School Board's net Medical Plan OPEB liability as a percentage of covered-employee payroll	126.09%	106.45%	99.55%	86.39%	91.01%

**Notes to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.
- (2) The OPEB medical plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF INVESTMENT RETURNS  
OTHER POSTEMPLOYMENT BENEFITS MEDICAL PLAN

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Exhibit Q

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Annual money-weighted rate of return, net of investment expense	30.07%	3.01%	4.67%	9.52%

**Notes to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL**  
**NET HIC OPEB LIABILITY AND RELATED RATIOS**

**Exhibit R**

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Total HIC OPEB Liability				
Service cost	\$ 11,137	\$ 10,467	\$ 10,258	\$ 10,954
Interest	26,976	26,120	26,440	25,945
Changes of benefit terms	12,387	-	-	-
Changes of assumptions	-	10,145	-	(8,780)
Difference between expected and actual experience	10,585	6,939	(15,854)	-
Benefit payments	(29,614)	(24,731)	(26,099)	(16,000)
<b>Net change in total HIC OPEB liability</b>	<b>31,471</b>	<b>28,940</b>	<b>(5,255)</b>	<b>12,119</b>
Total HIC OPEB liability - beginning	414,452	385,512	390,767	378,648
Total HIC OPEB liability - ending (a)	<u>\$ 445,923</u>	<u>\$ 414,452</u>	<u>\$ 385,512</u>	<u>\$ 390,767</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 21,577	\$ 19,683	\$ 19,152	\$ 18,590
Net investment income	5,531	17,081	18,142	26,654
Benefit payments	(29,614)	(24,731)	(26,099)	(16,000)
Administrative expense	(525)	(370)	(421)	(435)
Other changes	(3)	(20)	(1,340)	1,340
<b>Net change in plan fiduciary net position</b>	<b>(3,034)</b>	<b>11,643</b>	<b>9,434</b>	<b>30,149</b>
Plan fiduciary net position - beginning	280,230	268,587	259,153	229,004
Plan fiduciary net position - ending (b)	<u>\$ 277,196</u>	<u>\$ 280,230</u>	<u>\$ 268,587</u>	<u>\$ 259,153</u>
School Board non-professional net HIC OPEB liability - ending (a) - (b)	<u>\$ 168,727</u>	<u>\$ 134,222</u>	<u>\$ 116,925</u>	<u>\$ 131,614</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	62.16%	67.61%	69.67%	66.32%
Employer's covered payroll	\$ 9,807,469	\$ 8,946,867	\$ 8,704,683	\$ 8,450,387
School Board's non-professional net HIC OPEB liability as a percentage of covered payroll	1.72%	1.50%	1.34%	1.56%

**Notes to Schedule:**

- (1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, 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:
  - a. Updated to a more current mortality table - RP-2014 projected to 2020
  - b. Lowered retirement rates at older ages and extended final retirement age from 70 to 75
  - c. Adjusted withdrawal rates to better fit experience at each age and service year
  - d. Lowered disability rates
  - e. No change to the salary scale
  - f. Increased line of duty disability rate from 14% to 15%
  - g. Decreased discount rate from 7.00% to 6.75%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD SHARE OF NET OPEB LIABILITY  
PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM

Exhibit S

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net HIC OPEB liability	1.96246%	1.91992%	1.89482%	1.92437%
Employer's proportionate share of the net HIC OPEB liability	\$ 25,600,615	\$ 25,134,000	\$ 24,058,000	\$ 24,413,000
Employer's covered payroll	\$ 172,044,450	\$ 161,036,564	\$ 153,241,128	\$ 151,871,436
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.95%	8.97%	8.08%	7.04%

**Notes to Schedule:**

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- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, 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:
  - a. Updated to a more current mortality table - RP-2014 projected to 2020
  - b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
  - c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
  - d. Adjusted disability rates to better match experience
  - e. No change to the salary scale
  - f. Decreased discount rate from 7.00% to 6.75%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS**  
**NON-PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM**

**Exhibit T**

	Fiscal Year Ended				
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution (CRC)	\$ 18,590	\$ 19,150	\$ 19,607	\$ 21,576	\$ 23,815
Contributions in relation to the CRC	18,590	19,150	19,607	21,576	23,815
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,450,387	\$ 8,704,683	\$ 8,946,867	\$ 9,807,469	\$ 9,525,657
Contributions as a percentage of covered payroll	0.22%	0.22%	0.22%	0.22%	0.25%

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STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM

Exhibit U

	Fiscal Year Ended				
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution (CRC)	\$ 1,685,773	\$ 1,884,866	\$ 1,928,014	\$ 2,064,460	\$ 2,128,770
Contributions in relation to the CRC	1,685,773	1,884,866	1,928,014	2,064,460	2,128,770
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 151,871,436	\$ 153,241,128	\$ 161,036,564	\$ 172,044,450	\$ 175,927,006
Contributions as a percentage of covered payroll	1.11%	1.23%	1.20%	1.20%	1.21%

**Notes to Schedule:**

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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD SHARE OF NET OPEB LIABILITY**  
**NON-PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM**

**Exhibit V**

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net GLI OPEB liability	0.04768%	0.04575%	0.04588%	0.04586%
Employer's proportionate share of the net GLI OPEB liability	\$ 795,701	\$ 744,000	\$ 696,000	\$ 690,000
Employer's covered payroll	\$ 9,811,944	\$ 8,968,209	\$ 8,724,051	\$ 8,459,382
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.64%	52.00%	51.22%	48.86%

**Notes to Schedule:**

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- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, 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:
  - a. Updated to a more current mortality table - RP-2014 projected to 2020
  - b. Lowered retirement rates at older ages and extended final retirement age from 70 to 75
  - c. Adjusted withdrawal rates to better fit experience at each age and service year
  - d. Lowered disability rates
  - e. No change to the salary scale
  - f. Increased line of duty disability rate from 14% to 15%
  - g. Decreased discount rate from 7.00% to 6.75%
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STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD SHARE OF NET OPEB LIABILITY  
PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Exhibit W

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net GLI OPEB liability	0.83745%	0.82223%	0.80662%	0.82442%
Employer's proportionate share of the net GLI OPEB liability	\$ 13,975,670	\$ 13,380,000	\$ 12,250,000	\$ 12,406,000
Employer's covered payroll	\$ 172,350,914	\$ 161,184,289	\$ 153,377,599	\$ 152,067,324
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.64%	52.00%	51.22%	48.86%

**Notes to Schedule:**

- (1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, 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:
  - a. Updated to a more current mortality table - RP-2014 projected to 2020
  - b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
  - c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
  - d. Adjusted disability rates to better match experience
  - e. No change to the salary scale
  - f. Decreased discount rate from 7.00% to 6.75%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
NON-PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Exhibit X

	Fiscal Year Ended				
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution (CRC)	\$ 43,989	\$ 45,365	\$ 46,635	\$ 51,022	\$ 51,472
Contributions in relation to the CRC	43,989	45,365	46,635	51,022	51,472
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,459,382	\$ 8,724,051	\$ 8,968,209	\$ 9,811,944	\$ 9,531,893
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%	0.54%

**Notes to Schedule:**

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STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Exhibit Y

	Fiscal Year Ended				
	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution (CRC)	\$ 790,750	\$ 797,564	\$ 838,158	\$ 896,225	\$ 950,915
Contributions in relation to the CRC	790,750	797,564	838,158	896,225	950,915
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 152,067,324	\$ 153,377,599	\$ 161,184,289	\$ 172,350,914	\$ 176,095,376
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%	0.54%

**Notes to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

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## **OTHER SUPPLEMENTARY INFORMATION**

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2021

Exhibit Z

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Grants Fund	School Activity Fund	Division Wide Activity Fund	Endowment Fund	Scholarship Fund	
<b>ASSETS</b>						
Pooled cash and investments	\$ 209,619	\$ 2,931,099	\$ 11,157	\$ -	\$ -	\$ 3,151,875
Restricted cash and investments	-	-	-	26,576	3,672	30,248
Intergovernmental receivables:						
Federal Government	4,298,588	-	-	-	-	4,298,588
Commonwealth of Virginia	84,319	-	-	-	-	84,319
Total assets	<u>\$ 4,592,526</u>	<u>\$ 2,931,099</u>	<u>\$ 11,157</u>	<u>\$ 26,576</u>	<u>\$ 3,672</u>	<u>\$ 7,565,030</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 144,268	\$ -	\$ -	\$ -	\$ -	\$ 144,268
Unearned revenues	209,619	-	-	-	-	209,619
Due to other funds	4,030,068	45,520	-	-	-	4,075,588
Total liabilities	<u>4,383,955</u>	<u>45,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,429,475</u>
Fund balance:						
Restricted:						
Grants	208,571	-	-	-	-	208,571
Endowment	-	-	-	26,576	-	26,576
Scholarship	-	-	-	-	3,672	3,672
Total restricted	<u>208,571</u>	<u>-</u>	<u>-</u>	<u>26,576</u>	<u>3,672</u>	<u>238,819</u>
Assigned:						
School Activity	-	2,885,579	-	-	-	2,885,579
Division Wide Activity	-	-	11,157	-	-	11,157
Total assigned	<u>-</u>	<u>2,885,579</u>	<u>11,157</u>	<u>-</u>	<u>-</u>	<u>2,896,736</u>
Total fund balance	<u>208,571</u>	<u>2,885,579</u>	<u>11,157</u>	<u>26,576</u>	<u>3,672</u>	<u>3,135,555</u>
Total liabilities and fund balance	<u>\$ 4,592,526</u>	<u>\$ 2,931,099</u>	<u>\$ 11,157</u>	<u>\$ 26,576</u>	<u>\$ 3,672</u>	<u>\$ 7,565,030</u>

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2021

Exhibit AA

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Grants Fund	School Activity Fund	Division Wide Activity Fund	Endowment Fund	Scholarship Fund	
<b>REVENUES</b>						
Intergovernmental:						
Commonwealth of Virginia	\$ 444,670	\$ -	\$ -	\$ -	\$ -	\$ 444,670
Federal Government	16,991,460	-	-	-	-	16,991,460
Total intergovernmental revenues	17,436,130	-	-	-	-	17,436,130
Charges for services:						
Tuition and fees	-	1,582,220	-	-	-	1,582,220
Miscellaneous	314,636	-	6,516	-	-	321,152
Use of money and property	-	-	-	45	-	45
Total revenues	17,750,766	1,582,220	6,516	45	-	19,339,547
<b>EXPENDITURES</b>						
Current:						
Education:						
Instruction	11,567,762	1,810,049	-	3,000	-	13,380,811
Administration, attendance and health	-	-	59,893	-	-	59,893
Technology	5,424,789	-	-	-	-	5,424,789
Capital outlay	659,792	-	-	-	-	659,792
Total expenditures	17,652,343	1,810,049	59,893	3,000	-	19,525,285
Excess (deficiency) of revenues over (under) expenditures	98,423	(227,829)	(53,377)	(2,955)	-	(185,738)
Change in fund balance	98,423	(227,829)	(53,377)	(2,955)	-	(185,738)
Fund balance, beginning - July 1, 2020, as restated (Note 18)	110,148	3,113,408	64,534	29,531	3,672	3,321,293
Fund balance, ending - June 30, 2021	\$ 208,571	\$ 2,885,579	\$ 11,157	\$ 26,576	\$ 3,672	\$ 3,135,555

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**

**Exhibit AB**

	<b>Internal Service Funds</b>			
	<b>Fleet Services Fund</b>	<b>Health Benefits Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Proprietary Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,380,283	\$ 25,149,565	\$ 867,029	\$ 27,396,877
Accounts receivable	790	-	-	790
Accounts receivable - due from Primary Government	72,082	-	-	72,082
Prepaid expenses	39,904	-	-	39,904
Inventory	234,701	-	-	234,701
Capital assets:				
Land	37,357	-	-	37,357
Land improvements	1,268,429	-	-	1,268,429
Construction in progress	244,769	-	-	244,769
Buildings and building improvements	1,867,382	-	-	1,867,382
Furniture, fixtures and equipment	357,892	-	-	357,892
Software	78,725	-	-	78,725
Vehicles	102,774	-	-	102,774
Less accumulated depreciation and amortization	(2,390,774)	-	-	(2,390,774)
Total capital assets	1,566,554	-	-	1,566,554
Total assets	3,294,314	25,149,565	867,029	29,310,908
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	407,330	-	-	407,330
OPEB deferrals	420,136	-	-	420,136
Total deferred outflows of resources	827,466	-	-	827,466
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	107,872	1,225,141	21,999	1,355,012
Accrued salaries and benefits	155,938	9,996	7,348	173,282
Current portion of accrued insurance claims	-	6,334,900	785,144	7,120,044
Current portion of capital lease	33,953	-	-	33,953
Current portion of compensated absences	12,957	-	-	12,957
Noncurrent portion of accrued insurance claims	-	-	242,094	242,094
Noncurrent portion of compensated absences	155,977	-	-	155,977
Net OPEB liability	1,464,283	-	-	1,464,283
Net pension liability	2,148,862	-	-	2,148,862
Total liabilities	4,079,842	7,570,037	1,056,585	12,706,464
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	57,664	-	-	57,664
OPEB deferrals	358,299	-	-	358,299
Total deferred inflows of resources	415,963	-	-	415,963
<b>NET POSITION</b>				
Net investment in capital assets	1,472,901	-	-	1,472,901
Unrestricted (deficit)	(1,846,926)	17,579,528	(189,556)	15,543,046
Total net position (deficit)	\$ (374,025)	\$ 17,579,528	\$ (189,556)	\$ 17,015,947



STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2021

Exhibit AC

	Internal Service Funds			Total
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	Proprietary Funds
<b>Operating revenues:</b>				
Charges for services	\$ 2,847,429	\$ 30,809,045	\$ 597,228	\$ 34,253,702
<b>Operating expenses:</b>				
Personnel services	1,860,409	198,230	96,548	2,155,187
Contractual services	37,267	31,092,389	1,121,047	32,250,703
Materials and supplies	1,079,359	-	-	1,079,359
Utilities	19,304	-	-	19,304
Telecommunications	13,046	-	-	13,046
Depreciation and amortization	144,163	-	-	144,163
Total operating expenses	3,153,548	31,290,619	1,217,595	35,661,762
Operating loss	(306,119)	(481,574)	(620,367)	(1,408,060)
<b>Nonoperating revenues (expenses):</b>				
Interest and investment revenue	-	7,761	-	7,761
Interest expense	(1,648)	-	-	(1,648)
Vehicle and other sales	31,086	-	-	31,086
Total nonoperating revenues, net	29,438	7,761	-	37,199
Loss before transfers	(276,681)	(473,813)	(620,367)	(1,370,861)
Net transfers (to) from other funds	25,000	(4,150,000)	-	(4,125,000)
Change in net position	(251,681)	(4,623,813)	(620,367)	(5,495,861)
Net position, beginning - July 1, 2020	(122,344)	22,203,341	430,811	22,511,808
Net position (deficit), ending - June 30, 2021	\$ (374,025)	\$ 17,579,528	\$ (189,556)	\$ 17,015,947

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2021**

**Exhibit AD**

	<b>Internal Service Funds</b>			<b>Total</b>
	<b>Fleet Services Fund</b>	<b>Health Benefits Fund</b>	<b>Workers' Compensation Fund</b>	<b>Proprietary Funds</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 2,774,800	\$ 30,817,149	\$ 597,228	\$ 34,189,177
Payments to suppliers	(1,088,107)	(30,710,053)	(706,841)	(32,505,001)
Payments to employees	(1,717,131)	(197,159)	(96,481)	(2,010,771)
Net cash used in operating activities	(30,438)	(90,063)	(206,094)	(326,595)
<b>Cash flows from noncapital financing activities:</b>				
Transfers (to) from other funds, net	25,000	(4,150,000)	-	(4,125,000)
Net cash provided by (used in) noncapital financing activities	25,000	(4,150,000)	-	(4,125,000)
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from vehicle and supply sales	31,087	-	-	31,087
Principal paid on capital lease	(33,020)	-	-	(33,020)
Interest paid on capital lease	(1,648)	-	-	(1,648)
Acquisition and construction of capital assets	(116,625)	-	-	(116,625)
Net cash used in capital and related financing activities	(120,206)	-	-	(120,206)
<b>Cash flows from investing activities:</b>				
Interest earned on investments	-	7,761	-	7,761
Net cash provided by investing activities	-	7,761	-	7,761
Net decrease in cash and cash equivalents	(125,644)	(4,232,302)	(206,094)	(4,564,040)
Cash and cash equivalents, beginning - July 1, 2020	1,505,927	29,381,867	1,073,123	31,960,917
Cash and cash equivalents, ending - June 30, 2021	\$ 1,380,283	\$ 25,149,565	\$ 867,029	\$ 27,396,877
<b>Reconciliation of operating loss to net cash used in operating activities:</b>				
Operating loss	\$ (306,119)	\$ (481,574)	\$ (620,367)	\$ (1,408,060)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and amortization expense	144,163	-	-	144,163
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(72,629)	8,104	-	(64,525)
Decrease in inventory	7,546	-	-	7,546
Increase in prepaid expenses	(22,230)	-	-	(22,230)
Increase in deferred outflows of resources	(376,910)	-	-	(376,910)
Increase in accounts payable and accrued expenses	95,719	383,407	414,273	893,399
Decrease in compensated absences	(14,807)	-	-	(14,807)
Increase in net OPEB liability	184,735	-	-	184,735
Increase in net pension liability	263,342	-	-	263,342
Increase in deferred inflows of resources	66,752	-	-	66,752
Total adjustments	275,681	391,511	414,273	1,081,465
Net cash used in operating activities	\$ (30,438)	\$ (90,063)	\$ (206,094)	\$ (326,595)

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## STATISTICAL SECTION

Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2021

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The statistical section of the ACFR presents detailed information as a context for understanding what the financial information presented in the basic financial statements, notes to the basic financial statements, and required and other supplementary information means regarding the overall financial health of SCPS. It includes financial trends, demographic information, and operating indicators and data for the division.

No information on revenue capacity is presented, since SCPS has no taxing authority. SCPS is primarily fiscally dependent on appropriations from the Commonwealth of Virginia and the County of Stafford. Similarly, no information on debt capacity is presented, since SCPS has no debt issuance authority. The debt carried by SCPS is in the form of capital leases, entered into for an enterprise resource planning system, energy performance improvements, and Fleet Services lift equipment.

The following information included in this statistical section is unaudited.

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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**NET POSITION BY COMPONENT**  
**Fiscal Years 2012 - 2021**  
**(Accrual Basis of Accounting)**

	<b>June 30,</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>NET ASSETS/NET POSITION</b>					
Investment in capital assets, net of related debt	\$ 377,833,302	\$ -	\$ -	\$ -	\$ -
Net investment in capital assets	-	383,728,660	402,418,884	433,631,721	438,932,856
Restricted	17,548,128	21,973,458	49,239,175	21,465,238	12,861,062
Unrestricted (deficit)	<u>(5,832,921)</u>	<u>5,638,327</u>	<u>(21,932,140)</u>	<u>(258,123,522)</u>	<u>(242,911,240)</u>
<b>Total net assets</b>	<u>\$ 389,548,509</u>	N/A	N/A	N/A	N/A
<b>Total net position</b>	N/A	<u>\$ 411,340,445</u>	<u>\$ 429,725,919</u>	<u>\$ 196,973,437</u>	<u>\$ 208,882,678</u>

**NOTE:** SCPS implemented GASB Statement 63 in fiscal year 2013, which changed descriptions and definitions. "Net Assets" is now "Net Position" and "Invested in capital assets, net of related debt" is now "Net investment in capital assets". The new statement also changed how these amounts are calculated.

Note: Amounts have been updated to reflect net assets reported were through fiscal year 2012; net position has been reported since fiscal year 2013.  
N/A = Not applicable

Table S-1

June 30,					
2017	2018	2019	2020	2021	
					<b>NET ASSETS/NET POSITION</b>
\$ -	\$ -	\$ -	\$ -	\$ -	Investment in capital assets, net of related debt
446,017,755	448,764,864	467,480,838	454,576,954	447,722,989	Net investment in capital assets
25,086,466	23,153,543	12,945,965	24,039,301	13,223,509	Restricted
(254,876,621)	(392,841,614)	(394,780,952)	(398,747,755)	(412,208,580)	Unrestricted (deficit)
N/A	N/A	N/A	N/A	N/A	<b>Total net assets</b>
<u>\$ 216,227,600</u>	<u>\$ 79,076,793</u>	<u>\$ 85,645,851</u>	<u>\$ 79,868,500</u>	<u>\$ 48,737,918</u>	<b>Total net position</b>

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
CHANGES IN NET POSITION BY COMPONENT  
Fiscal Years 2012 - 2021  
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
<b>Expenses</b>					
Governmental activities	\$ 287,665,251	\$ 290,728,443	\$ 293,901,842	\$ 285,238,534	\$ 300,625,771
<b>Program revenues</b>					
Charges for services	16,404,687	17,987,309	18,232,507	18,902,311	18,372,613
Grants and contributions	73,208,380	81,370,952	82,741,613	76,415,692	72,638,754
<b>Total program revenues</b>	<u>89,613,067</u>	<u>99,358,261</u>	<u>100,974,120</u>	<u>95,318,003</u>	<u>91,011,367</u>
<b>Net expenses</b>	<u>(198,052,184)</u>	<u>(191,370,182)</u>	<u>(192,927,722)</u>	<u>(189,920,531)</u>	<u>(209,614,404)</u>
<b>General revenues</b>					
Sales Tax and Basic Aid	100,375,990	102,845,402	102,485,508	107,949,304	109,421,075
Payment from Stafford County	98,599,339	108,625,975	108,414,728	103,735,323	111,658,395
Investment earnings	33,339	53,507	51,177	42,190	71,599
Gain on capital asset disposals and other sales	40,600	1,069,605	117,222	133,484	115,058
Miscellaneous	419,151	567,629	244,561	276,331	257,518
<b>Total general revenues</b>	<u>199,468,419</u>	<u>213,162,118</u>	<u>211,313,196</u>	<u>212,136,632</u>	<u>221,523,645</u>
<b>Change in net position</b>	<u>\$ 1,416,235</u>	<u>\$ 21,791,936</u>	<u>\$ 18,385,474</u>	<u>\$ 22,216,101</u>	<u>\$ 11,909,241</u>

Table S-2

For the Fiscal Year Ended June 30,					
2017	2018	2019	2020	2021	
<u>\$ 317,291,665</u>	<u>\$ 321,825,800</u>	<u>\$ 327,204,425</u>	<u>\$ 361,218,027</u>	<u>\$ 406,162,530</u>	<b>Expenses</b>
					Governmental activities
					<b>Program revenues</b>
18,061,718	18,722,670	17,973,053	16,675,763	10,252,601	Charges for services
81,463,016	81,336,350	79,845,624	91,339,965	99,736,903	Grants and contributions
<u>99,524,734</u>	<u>100,059,020</u>	<u>97,818,677</u>	<u>108,015,728</u>	<u>109,989,504</u>	<b>Total program revenues</b>
<u>(217,766,931)</u>	<u>(221,766,780)</u>	<u>(229,385,748)</u>	<u>(253,202,299)</u>	<u>(296,173,026)</u>	<b>Net expenses</b>
					<b>General revenues</b>
112,615,106	112,912,819	119,280,695	122,343,356	131,551,342	Sales Tax and Basic Aid
112,072,289	116,440,953	116,796,434	124,601,178	129,903,890	Payment from Stafford County
90,762	339,742	291,944	217,423	14,153	Investment earnings
					Gain on capital asset disposals and other sales
64,697	24,671	28,506	22,223	31,086	Miscellaneous
<u>269,000</u>	<u>272,184</u>	<u>280,767</u>	<u>240,768</u>	<u>330,828</u>	
<u>225,111,854</u>	<u>229,990,369</u>	<u>236,678,346</u>	<u>247,424,948</u>	<u>261,831,299</u>	<b>Total general revenues</b>
<u>\$ 7,344,923</u>	<u>\$ 8,223,589</u>	<u>\$ 7,292,598</u>	<u>\$ (5,777,351)</u>	<u>\$ (34,341,727)</u>	<b>Change in net position</b>



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Fiscal Years 2012 - 2021**  
**(Modified Accrual Basis of Accounting)**

	June 30,				
<b>Operating Fund:</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Nonspendable	\$ 490,227	\$ 525,298	\$ 659,455	\$ 444,506	\$ 577,597
Restricted	-	-	-	-	-
Committed	4,757,640	7,318,523	2,465,667	3,091,085	-
Assigned	544,058	-	-	-	-
Unassigned	(2,816,334)	(2,329,257)	2,961,531	5,213,871	12,794,590
Fund balance - operating fund	<u>2,975,591</u>	<u>5,514,564</u>	<u>6,086,653</u>	<u>8,749,462</u>	<u>13,372,187</u>
<b>All Other Governmental Funds:</b>					
Nonspendable:					
Food and Nutrition Services Fund	<u>238,566</u>	<u>341,770</u>	<u>297,730</u>	<u>240,566</u>	<u>260,626</u>
	<u>238,566</u>	<u>341,770</u>	<u>297,730</u>	<u>240,566</u>	<u>260,626</u>
Restricted:					
Capital Projects Fund	14,990,608	19,823,101	46,626,075	18,204,234	8,997,231
Food and Nutrition Services Fund	2,395,383	2,109,164	2,508,113	3,141,740	3,797,665
Grants Fund	40,328	41,193	104,987	119,264	66,166
Endowment Fund	-	-	-	-	-
Scholarship Fund	-	-	-	-	-
	<u>17,426,319</u>	<u>21,973,458</u>	<u>49,239,175</u>	<u>21,465,238</u>	<u>12,861,062</u>
Committed:					
Capital Projects Fund	<u>2,126,770</u>	<u>13,584,453</u>	<u>(10,966,533)</u>	-	<u>2,985,882</u>
	<u>2,126,770</u>	<u>13,584,453</u>	<u>(10,966,533)</u>	-	<u>2,985,882</u>
Assigned:					
School Activity Fund	-	-	-	-	-
Division Wide Activity Fund	-	-	-	-	-
	-	-	-	-	-
Fund balance - other governmental funds	<u>19,791,655</u>	<u>35,899,681</u>	<u>38,570,372</u>	<u>21,705,804</u>	<u>16,107,570</u>
Fund balance - total governmental funds	<u>\$ 22,767,246</u>	<u>\$ 41,414,245</u>	<u>\$ 44,657,025</u>	<u>\$ 30,455,266</u>	<u>\$ 29,479,757</u>

Table S-3

June 30,					
2017	2018	2019	2020	2021	Operating Fund:
\$ 569,714	\$ 723,540	\$ -	\$ -	\$ -	Nonspendable
-	-	-	-	-	Restricted
144,043	211,584	-	-	-	Committed
-	9,069,955	6,701,074	9,311,489	16,774,397	Assigned
10,792,575	-	-	-	-	Unassigned
<u>11,506,332</u>	<u>10,005,079</u>	<u>6,701,074</u>	<u>9,311,489</u>	<u>16,774,397</u>	Fund balance - operating fund
					<b>All Other Governmental Funds:</b>
					Nonspendable:
282,149	465,648	589,964	748,053	464,965	Food and Nutrition Services Fund
<u>282,149</u>	<u>465,648</u>	<u>589,964</u>	<u>748,053</u>	<u>464,965</u>	
					Restricted:
20,065,206	17,237,097	5,911,621	17,098,734	6,227,611	Capital Projects Fund
4,850,254	5,771,134	6,916,437	6,830,419	6,757,079	Food and Nutrition Services Fund
171,006	145,312	117,907	110,148	208,571	Grants Fund
-	-	-	-	26,576	Endowment Fund
-	-	-	-	3,672	Scholarship Fund
<u>25,086,466</u>	<u>23,153,543</u>	<u>12,945,965</u>	<u>24,039,301</u>	<u>13,223,509</u>	
					Committed:
-	6,311,023	-	-	-	Capital Projects Fund
-	<u>6,311,023</u>	-	-	-	
					Assigned:
-	-	-	-	2,885,579	School Activity Fund
-	-	-	-	11,157	Division Wide Activity Fund
-	-	-	-	<u>2,896,736</u>	
<u>25,368,615</u>	<u>29,930,214</u>	<u>13,535,929</u>	<u>24,787,354</u>	<u>16,585,210</u>	Fund balance - other governmental funds
<u>\$ 36,874,947</u>	<u>\$ 39,935,293</u>	<u>\$ 20,237,003</u>	<u>\$ 34,098,843</u>	<u>\$ 33,359,607</u>	Fund balance - total governmental funds

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Fiscal Years 2012 - 2021**  
**(Modified Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
<b>REVENUES:</b>					
Intergovernmental:					
Stafford County	\$ 123,180,386	\$ 142,676,306	\$ 141,522,936	\$ 131,198,166	\$ 133,899,547
Commonwealth of Virginia	126,557,871	133,476,749	135,588,828	139,495,094	142,268,097
Federal Government	22,445,452	16,689,274	16,530,085	17,407,059	17,550,580
Total intergovernmental revenues	272,183,709	292,842,329	293,641,849	288,100,319	293,718,224
Charges for services:					
Tuition and fees	721,180	911,220	759,633	867,202	752,941
Food sales	7,231,445	6,681,246	6,640,211	6,684,272	6,754,639
Recovered costs	1,180,368	1,767,641	2,059,853	2,082,884	2,374,395
Miscellaneous	419,151	587,600	286,236	280,754	329,978
Use of money and property	26,157	45,810	46,322	36,892	56,296
Total revenues	281,762,010	302,835,846	303,434,104	298,052,323	303,986,473
<b>EXPENDITURES:</b>					
Current:					
Education:					
Instruction	187,321,574	191,433,956	190,904,984	190,794,453	196,107,491
Administration, attendance and health	10,062,051	10,422,301	10,587,435	10,448,126	10,743,059
Pupil transportation	13,335,894	13,419,206	13,591,390	12,923,044	12,463,033
Operation and maintenance	20,688,827	21,315,872	20,731,939	19,888,292	20,578,357
Food and nutrition services	11,908,144	12,054,783	11,517,146	11,724,692	12,077,813
Facilities	182,034	198,990	111,512	100,323	161,377
Technology	13,887,167	15,129,827	15,320,646	15,021,211	16,878,885
Capital outlay	21,150,304	22,907,317	36,172,121	52,277,196	34,604,747
Debt service:					
Principal	380,132	393,292	407,020	421,339	721,941
Interest and fiscal charges	81,776	71,631	68,147	49,701	68,115
Total expenditures	278,997,903	287,347,175	299,412,340	313,648,377	304,404,818
Excess (deficiency) of revenues over (under) expenditures	2,764,107	15,488,671	4,021,764	(15,596,054)	(418,345)
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of land	-	1,000,000	-	-	-
Proceeds from capital lease	-	-	-	2,125,000	-
Transfers from other funds	-	2,361,672	200,000	1,302,000	318,630
Transfers to other funds	(500,000)	(203,343)	(978,985)	(2,032,707)	(875,794)
Total other financing sources (uses), net	(500,000)	3,158,329	(778,985)	1,394,293	(557,164)
<b>Change in fund balance</b>	<b>\$ 2,264,107</b>	<b>\$ 18,647,000</b>	<b>\$ 3,242,779</b>	<b>\$ (14,201,761)</b>	<b>\$ (975,509)</b>

Table S-4

For the Fiscal Year Ended June 30,					
2017	2018	2019	2020	2021	
					<b>REVENUES:</b>
\$ 138,999,308	\$ 134,942,282	\$ 132,965,915	\$ 144,398,390	\$ 138,829,835	Intergovernmental:
148,896,372	156,289,875	164,043,554	173,787,902	191,919,975	Stafford County
18,254,731	19,457,965	18,913,284	20,098,207	30,442,325	Commonwealth of Virginia
					Federal Government
306,150,411	310,690,122	315,922,753	338,284,499	361,192,135	Total intergovernmental revenues
					Charges for services:
868,492	783,138	772,915	680,915	2,196,689	Tuition and fees
6,762,593	6,587,698	6,709,453	5,301,519	23,345	Food sales
2,514,639	3,880,297	3,697,437	2,220,419	2,157,216	Recovered costs
454,147	360,930	369,834	382,322	481,471	Miscellaneous
54,853	268,578	174,164	136,329	6,393	Use of money and property
316,805,135	322,570,763	327,646,556	347,006,003	366,057,249	Total revenues
					<b>EXPENDITURES:</b>
					Current:
					Education:
206,214,135	217,564,851	224,587,714	238,472,922	253,998,730	Instruction
11,407,604	11,698,247	12,242,038	13,508,505	15,033,127	Administration, attendance and health
12,810,665	13,874,003	14,734,707	15,400,249	13,861,311	Pupil transportation
21,543,418	21,944,518	23,032,559	22,633,360	25,926,319	Operation and maintenance
12,047,774	12,204,242	12,391,388	12,148,378	11,416,357	Food and nutrition services
163,332	600,213	344,084	159,458	372,755	Facilities
15,717,051	15,373,331	15,779,881	17,128,328	27,769,612	Technology
28,145,272	25,278,935	42,525,570	23,779,245	24,577,592	Capital outlay
					Debt service:
743,293	372,323	378,329	384,456	956,875	Principal
46,703	33,204	26,900	179,913	219,952	Interest and fiscal charges
308,839,247	318,943,867	346,043,170	343,794,814	374,132,630	Total expenditures
					Excess (deficiency) of revenues over
7,965,888	3,626,896	(18,396,614)	3,211,189	(8,075,381)	(under) expenditures
					<b>OTHER FINANCING SOURCES (USES):</b>
-	-	-	-	-	Proceeds from sale of land
-	-	-	10,650,651	-	Proceeds from capital lease
-	-	-	-	4,125,000	Transfers from other funds
(570,698)	(566,550)	(578,136)	-	-	Transfers to other funds
(570,698)	(566,550)	(578,136)	10,650,651	4,125,000	Total other financing sources
					(uses), net
\$ 7,395,190	\$ 3,060,346	\$ (18,974,750)	\$ 13,861,840	\$ (3,950,381)	<b>Change in fund balance</b>

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**GENERAL INFORMATION**  
**June 30, 2021**

**Table S-5**

Stafford County			
<b>Independent county:</b>		September 27, 1664	
<b>Form of government:</b>		Traditional Board of Supervisors	
<b>Area - square miles:</b>		277 square miles	
Stafford County Public Schools			
<b>Number of Schools:</b>		Fall Membership: (1)	
Early childhood centers	2	Elementary schools	11,895
Elementary schools	17	Middle schools	7,116
Middle schools	8	High schools	9,887
High schools	5	Total	<u>28,898</u>
Alternative schools	<u>1</u>		
	<u>33</u>		
<b>Employees:</b>		<b>FY 2021</b>	
Licensed Instructional	2,257		
Other Employees	<u>1,741</u>		
	<u>3,998</u>		

(1) Fall membership is defined as the number of students enrolled in public school on September 30.

Source: VDOE Fall Membership Build-A-Table



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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION**  
**Fiscal Years 2012 - 2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Employees:</b>					
Licensed Instructional	2,168	2,174	2,139	2,116	2,304
Other Employees	1,537	1,541	1,486	1,428	1,449
Total	<u>3,705</u>	<u>3,715</u>	<u>3,625</u>	<u>3,544</u>	<u>3,753</u>

*Source: Superintendent's Annual Report*

**Table S-6**

<b>Fiscal Year</b>					<b>Employees:</b> Licensed Instructional Other Employees Total
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	
2,480	2,403	2,352	2,337	2,257	
1,402	1,864	1,511	1,675	1,741	
<u>3,882</u>	<u>4,267</u>	<u>3,863</u>	<u>4,012</u>	<u>3,998</u>	



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**NUMBER OF SCHOOLS IN THE DIVISION**  
**Fiscal Years 2012 - 2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Number of Schools:</b>					
Elementary Schools	17	17	17	17	17
Middle Schools	8	8	8	8	8
High Schools	5	5	5	5	5
Total	30	30	30	30	30

**Source:** SCPS Website - Our Schools

**Table S-7**

<b>Fiscal Year</b>					
<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	
17	17	17	17	17	Number of Schools:
8	8	8	8	8	Elementary Schools
5	5	5	5	5	Middle Schools
30	30	30	30	30	High Schools
					Total

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**DIVISION-WIDE ENROLLMENT**  
**Fiscal Years 2012 - 2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Student Membership:</b>					
September 30 membership	26,815	26,972	26,944	27,218	27,510
Average daily membership as of March 31	26,773	26,904	26,901	27,197	27,519
End-of-year membership	26,681	26,803	26,925	27,218	27,474
Students enrolled in special education programs	2,412	2,559	2,392	2,532	2,653
English Language Learners	1,192	1,121	1,183	1,251	1,352
Students enrolled in grades K-3	5,505	7,526	7,532	7,761	7,822

*Sources: Superintendent's Annual Report; December 1 Special Education Child Count; Synergy Student Information System (ELLs); and VDOE Fall Membership Reports*

Table S-8

Fiscal Year					
2017	2018	2019	2020	2021	
28,005	28,793	28,793	29,494	28,898	<b>Student Membership:</b>
28,017	28,487	28,852	29,364	28,700	September 30 membership
28,786	28,576	28,869	29,505	28,562	Average daily membership as of March 31
2,964	3,303	3,322	3,791	3,890	End-of-year membership
					Students enrolled in special education programs
1,380	1,735	1,734	1,726	1,985	English Language Learners
7,916	8,018	8,018	8,204	7,644	Students enrolled in grades K-3

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**VARIOUS OPERATING INDICATORS**  
**Fiscal Years 2012 - 2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Operating Statistics:</b>					
Average per pupil expenditures	\$ 9,752	\$ 9,971	\$ 9,285	\$ 8,255	\$ 9,514
Average classroom teacher salary	\$ 51,465	\$ 50,864	\$ 52,080	\$ 52,716	\$ 54,490
Composite index <b>(1)</b>	0.3362	0.3305	0.3305	0.3412	0.3412

**(1)** The composite index uses various factors to measure the County's wealth. The higher the index, the less money the County receives (per pupil) from the Commonwealth.

**Source: Superintendent's Annual Report**

Table S-9

Fiscal Year					
2017	2018	2019	2020	2021	
\$ 9,961	\$ 9,561	\$ 9,937	\$ 10,217	\$ 11,024	Operating Statistics:
\$ 56,462	\$ 52,618	\$ 55,463	\$ 58,385	\$ 58,954	Average per pupil expenditures
0.3445	0.3462	0.3462	0.3470	0.3470	Average classroom teacher salary
					Composite index (1)

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**TRANSPORTATION OPERATING INDICATORS**  
**Fiscal Years 2012 - 2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Transportation Statistics:</b>					
Average Ridership (Regular)	19,991	18,893	16,489	17,048	15,664
Average Ridership (Special Needs)	626	566	561	726	697
Average Ridership (Head Start)	300	353	350	350	300
Buses Operated Daily (Regular)	143	150	138	140	137
Buses Operated Daily (Special Needs)	63	70	71	71	57
Buses Operated Daily (Head Start)	11	11	10	10	10
Special Trip Assignments	4,477	4,048	3,926	3,864	3,976
Miles Traveled (Regular)	1,529,964	1,269,012	1,421,050	1,465,231	1,686,888
Miles Traveled (Special Needs)	716,207	839,917	860,773	865,854	1,103,008

\* The 2020 averages are based on ridership through March 13, 2020, after which Stafford County Public Schools was subject to the Governor's mandatory school closure due to the Covid-19 Pandemic

*Source: Department of Transportation Services, Stafford County Public Schools*

Table S-10

Fiscal Year					
2017	2018	2019	2020*	2021	
17,069	17,089	17,016	18,087	10,166	Average Ridership (Regular)
732	799	786	780	804	Average Ridership (Special Needs)
350	350	300	350	271	Average Ridership (Head Start)
139	139	134	142	134	Buses Operated Daily (Regular)
67	69	68	71	48	Buses Operated Daily (Special Needs)
11	12	12	12	12	Buses Operated Daily (Head Start)
4,217	3,771	4,210	3,050	777	Special Trip Assignments
1,649,558	1,473,182	1,420,849	1,086,813	1,299,520	Miles Traveled (Regular)
1,291,239	1,007,595	986,505	788,190	543,520	Miles Traveled (Special Needs)



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FOOD AND NUTRITION SERVICES OPERATING INDICATORS**  
**Fiscal Years 2012 - 2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>School Nutrition Program (SNP)</b>					
<b>Statistics:</b>					
September 30 Membership	26,815	26,972	26,944	27,173	27,510
Eligible for Free Lunch	5,933	5,993	6,135	6,439	7,222
<b>Percentage</b>	<b>22.13%</b>	<b>22.22%</b>	<b>22.77%</b>	<b>23.70%</b>	<b>26.25%</b>
Eligible for Reduced Price Lunch	1,520	1,520	1,552	1,608	1,711
<b>Percentage</b>	<b>5.67%</b>	<b>5.64%</b>	<b>5.76%</b>	<b>5.92%</b>	<b>6.22%</b>
Eligible for Free and Reduced Price Lunch - Total	7,453	7,513	7,687	8,047	8,933
<b>Percentage</b>	<b>27.79%</b>	<b>27.85%</b>	<b>28.53%</b>	<b>29.61%</b>	<b>32.47%</b>
High School Lunch Prices	\$ 2.40	\$ 2.40	\$ 2.65	\$ 2.75	\$ 2.80
Middle School Lunch Prices	\$ 2.40	\$ 2.40	\$ 2.55	\$ 2.65	\$ 2.70
Elementary School Lunch Prices	\$ 2.30	\$ 2.30	\$ 2.45	\$ 2.55	\$ 2.60

*Source: Department of Food and Nutrition Services, Stafford County Public Schools*

Table S-11

Fiscal Year					School Nutrition Program (SNP) Statistics:
2017	2018	2019	2020	2021	
28,005	29,025	29,825	29,276	28,898	September 30 Membership
8,035	8,376	8,746	9,494	8,598	Eligible for Free Lunch
28.69%	28.86%	29.32%	32.43%	29.75%	<b>Percentage</b>
1,617	1,560	1,456	1,470	591	Eligible for Reduced Price Lunch
5.77%	5.37%	4.88%	5.02%	2.05%	<b>Percentage</b>
9,652	9,936	10,202	10,964	9,189	Eligible for Free and Reduced Price Lunch - Total
34.47%	34.23%	34.21%	37.45%	31.80%	<b>Percentage</b>
\$ 2.90	\$ 3.00	\$ 3.10	\$ 3.10	\$ 3.10	High School Lunch Prices
\$ 2.80	\$ 2.90	\$ 3.00	\$ 3.00	\$ 3.00	Middle School Lunch Prices
\$ 2.70	\$ 2.80	\$ 2.90	\$ 2.90	\$ 2.90	Elementary School Lunch Prices

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
FLEET SERVICES OPERATING INDICATORS  
Fiscal Years 2012 - 2021

	Fiscal Year									
	2012	2013	2014	2015	2016			2017		
					Average	Average		Average	Average	
					Active	Age	Mileage	Active	Age	Mileage
Fleet Vehicles Serviced by Fleet Services:										
Stafford County Public Schools Fleet Vehicles:										
Buses:										
Mainstream	233	236	223	195	192	8.25	14,709	195	7.50	12,921
Special Needs	62	64	68	67	68	6.82	21,283	66	7.30	17,501
Activity Buses	5	5	5	5	5	4.20	23,982	5	5.20	22,085
Less: Salvaged (1)	(6)	(18)	(27)	(15)	(20)			(8)		
Subtotal Buses	294	287	269	252	245			258		
Other School Vehicles:										
Administration	2	2	2	2	2	6.50	9,555	-	-	-
Driver's Education	13	13	11	12	13	4.50	7,307	13	3.61	5,770
Fleet Services	7	7	6	6	6	7.16	3,276	6	8.60	4,276
Head Start	6	6	6	6	6	10.60	537	6	12.33	4,543
Maintenance	51	53	43	45	45	8.90	6,803	58	10.00	5,675
Food and Nutritional Services	1	1	1	1	1	11.00	6,803	1	12.00	1,743
Planning & Construction	4	4	4	4	4	10.00	6,803	4	11.00	6,642
Technology	1	1	1	1	1	6.00	6,803	1	7.00	1,993
Security	7	7	7	7	7	9.87	6,803	7	10.00	1,576
Transportation	8	8	8	7	8	7.62	6,803	8	9.00	1,906
Subtotal Other Vehicles	100	102	89	91	93			104		
Total Stafford County Public Schools Fleet Vehicles	394	389	358	343	338			362		
County of Stafford Fleet Vehicles:										
Fire & Rescue	154	166	169	172	178	11.34	4,318	170	11.97	4,950
Sheriff	223	222	241	221	227	6.01	9,137	259	5.84	9,847
Utilities	105	108	117	120	120	8.38	7,002	134	8.19	10,715
Other	142	145	139	153	157	9.04	4,920	139	11.13	N/A
Total County of Stafford Fleet Vehicles	624	641	666	666	682			702		
Total Fleet Vehicles	1,018	1,030	1,024	1,009	1,020			1,064		
Other Vehicles Serviced by Fleet Services:										
Airport Authority Fleet Vehicles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vocational Foundation Fleet Vehicles	1	1	1	1	1	21	N/A	0	0	N/A
Total Other Vehicles	1	1	1	1	1			0		

(1) To be sold at auction

N/A - Not available.

Source: Fleet Services internal records

Table S-12A

Fiscal Year												Fleet Vehicles Serviced by Fleet Services:
2018			2019			2020			2021			
Average	Average		Average	Average		Average	Average		Average	Average		
Active	Age	Mileage	Active	Age	Mileage	Active	Age	Mileage	Active	Age	Mileage	
188	7.99	13,045	187	8.52	13,859	195	9.06	10,191	175	8.83	6,773	Stafford County Public Schools Fleet Vehicles:
67	7.14	18,635	66	7.50	18,499	72	8.41	12,748	75	8.34	8,491	Buses:
5	6.20	23,762	5	7.20	21,347	5	8.46	18,319	5	9.71	7,917	Mainstream
0			0			0			0			Special Needs
260			258			272			255			Activity Buses
												Less: Salvaged (1)
												Subtotal Buses
-	-	-	-	-	-	-	-	-	-	-	-	Other School Vehicles:
12	4.20	5,862	12	3.89	5,847	12	4.26	4,137	12	5.93	5,130	Administration
5	5.80	5,035	5	6.60	4,260	5	6.39	4,624	5	7.40	5,096	Driver's Education
7	11.40	1,981	5	10.54	1,634	6	9.76	1,128	5	7.64	4,264	Fleet Services
59	10.40	6,372	59	10.68	4,688	53	11.61	5,191	54	10.89	9,023	Head Start
2	7.00	1,399	2	9.11	1,033	3	1.66	741	3	2.90	3,877	Maintenance
4	12.00	6,491	4	13.28	3,817	4	14.32	5,613	3	15.28	8,730	Food and Nutritional Services
1	4.00	2,226	1	8.05	2,271	1	10.15	3,203	1	11.40	3,449	Planning & Construction
6	12.10	1,703	7	11.65	1,369	7	12.69	1,092	7	13.94	859	Technology
8	9.88	2,127	8	11.31	2,052	8	12.36	2,005	8	13.60	2,005	Security
104			103			99			98			Transportation
364			361			371			353			Subtotal Other Vehicles
												Total Stafford County Public Schools Fleet Vehicles
174	12.42	4,712	186	12.95	3,281	195	13.35	1,567	147	11.39	1,373	County of Stafford Fleet Vehicles:
275	5.66	9,497	262	5.56	7,896	259	5.73	9,526	341	5.73	7,235	Fire & Rescue
143	8.60	7,940	154	8.80	4,457	151	9.09	4,454	163	9.25	5,255	Sheriff
152	-	N/A	163	-	N/A	153	-	N/A	160	-	N/A	Utilities
744			765			758			811			Other
												Total County of Stafford Fleet Vehicles
1,108			1,126			1,129			1,164			Total Fleet Vehicles
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Other Vehicles Serviced by Fleet Services:
1	0	N/A	1	0	N/A	1	0	N/A	1	0	N/A	Airport Authority Fleet Vehicles
												Vocational Foundation Fleet Vehicles
1			1			1			1			Total Other Vehicles

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FLEET SERVICES OPERATING INDICATORS**  
**Fiscal Years 2012 - 2021**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>FLEET OPERATIONS</b>					
Work orders completed	6,101	5,593	5,638	5,254	5,402
Invoices processed	4,814	4,374	4,670	4,593	4,532
Parts transactions	93,302	95,663	90,926	83,703	80,917

	Fiscal Year					
	2016		2017		2018	
	<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>
<b>FLEET FUEL</b>						
Gallons Purchased	541,287	478,829	556,154	487,511	562,598	503,230
Cost	\$ 777,308	\$ 733,776	\$ 921,522	\$ 785,867	\$ 1,171,800	\$ 971,072

	Fiscal Year					
	2016		2017		2018	
	<u>Replacement</u>	<u>Additional</u>	<u>Replacement</u>	<u>Additional</u>	<u>Replacement</u>	<u>Additional</u>
<b>FLEET ACQUISITIONS</b>						
School Buses - Mainstream	-	20	23	-	7	-
- Special Needs	-	5	3	-	3	-
Other School Vehicles	3	-	3	-	6	-

	Fiscal Year					
	2016		2017		2018	
	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>
<b>FLEET SHOPS</b>						
Vehicles per Technician by Shop	36	124	36	128	36	148

Source: Fleet Services internal records

**NOTE:** In fiscal year 2007, SCPS issued its first stand-alone ACFR. Ten years of data are available, but only six years are presented.

Table S-12B

Fiscal Year					
2017	2018	2019	2020	2021	
5,220	5,475	5,452	4,276	4,492	<b>FLEET OPERATIONS</b>
4,443	4,266	4,055	3,222	2,804	Work orders completed
87,410	87,209	87,839	71,054	55,966	Invoices processed
					Parts transactions

Fiscal Year						
2019		2020		2021		
<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>	<b>FLEET FUEL</b>
560,577	512,084	438,096	500,696	498,532	304,905	Gallons Purchased
\$ 1,203,317	\$ 1,017,771	\$ 842,992	\$ 803,389	\$ 825,273	\$ 547,529	Cost

Fiscal Year						
2019		2020		2021		
<u>Replacement</u>	<u>Additional</u>	<u>Replacement</u>	<u>Additional</u>	<u>Replacement</u>	<u>Additional</u>	<b>FLEET ACQUISITIONS</b>
-	-	14	-	10	2	School Buses - Mainstream
7	-	5	-	20	-	- Special Needs
-	-	2	-		-	Other School Vehicles

Fiscal Year						
2019		2020		2021		
<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<b>FLEET SHOPS</b>
26	139	35	154	42	186	Vehicles per Technician by Shop

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**Technology and Information Services**  
**Fiscal Years 2012 - 2021**

	Fiscal Years				
	2012	2013	2014	2015	2016
<b>Technology Statistics:</b>					
Number of Sites Serviced (Schools and Support Offices)	34	34	34	34	34
<b>Computer Statistics:</b>					
Total Desktop Computers	7,141	7,141	7,270	7,326	7,457
Desktop Computers over 5 years old	139	65	138	174	5
Percentage of Desktop Computers over 5 years old	2%	1%	2%	2%	0%
Total MacBooks	3,825	3,825	3,245	3,135	3,161
MacBooks over 5 years old	108	187	600	110	465
Percentage of MacBooks over 5 years old	3%	5%	18%	4%	15%
Total Chromebooks	0	778	1,651	3,025	6,955
Chromebooks Reaching EOL	0	0	0	0	0
Percentage of Chromebooks Reaching EOL	0%	0%	0%	0%	0%
Total Windows Laptops					
Windows Laptops over 5 years old					
Percentage of Windows Laptops over 5 years old					
<b>Connectivity Statistics by Site</b>					
Number of Sites with Wireless LAN connection	34	34	34	34	34
Percentage of Sites with Wireless LAN connection	100%	100%	100%	100%	100%
Number of Sites with Fiber WAN connection	18	18	26	27	31
Percentage of Sites with Fiber WAN connection	53%	53%	76%	79%	91%
<b>Other Technology Statistics:</b>					
Number of Schools equipped with Projection Systems	30	30	30	30	30
Percentage of Schools equipped with Projection Systems	100%	100%	100%	100%	100%

*Source: Technology and Information Services Internal Records*

Table S-13

Fiscal Years					
2017	2018	2019	2020	2021	
34	35	36	36	36	<b>Technology Statistics:</b>
					Number of Sites Serviced (Schools and Support Offices)
					<b>Computer Statistics:</b>
7,449	7,534	6,668	6,730	5,971	Total Desktop Computers
993	554	442	4,842	5,191	Desktop Computers over 5 years old
13%	7%	7%	72%	87%	Percentage of Desktop Computers over 5 years old
2,696	2,246	1,534	1,534	412	Total MacBooks
290	604	210	1,474	402	MacBooks over 5 years old
11%	27%	14%	96%	98%	Percentage of MacBooks over 5 years old
13,867	14,751	17,206	24,950	44,121	Total Chromebooks
65	2,308	1,376	120	2466	Chromebooks Reaching EOL
0%	16%	8%	0%	6%	Percentage of Chromebooks Reaching EOL
	1,336	1,215	1,201	1,423	Total Windows Laptops
	600	746	789	529	Windows Laptops over 5 years old
	45%	61%	66%	37%	Percentage of Windows Laptops over 5 years old
					<b>Connectivity Statistics by Site</b>
34	35	36	36	36	Number of Sites with Wireless LAN connection
100%	100%	100%	100%	100%	Percentage of Sites with Wireless LAN connection
33	34	36	36	36	Number of Sites with Fiber WAN connection
97%	97%	100%	100%	100%	Percentage of Sites with Fiber WAN connection
					<b>Other Technology Statistics:</b>
30	32	33	33	33	Number of Schools equipped with Projection Systems
100%	100%	100%	100%	100%	Percentage of Schools equipped with Projection Systems



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**Property Data**  
**June 30, 2021**

**Table S-14**

	<u>Year of Construction</u>	<u>Year of Last Renovation</u>	<u>Building - Square Feet</u>	<u>Site - Acreage</u>
<b>High School Data</b>				
Brooke Point HS	1993	2016	281,637	52.82
Colonial Forge HS	1999	2016	268,091	62.90
Mountain View HS	2005	2017	271,439	95.35
North Stafford HS	1981	2003	304,096	88.50
Stafford Senior HS	2015	-	288,253	124.56
<b>Middle School Data</b>				
Edward Drew MS	1951	1998	98,913*	15.31
<i>*6,032 SF is designated to the Heather Empfield Day School</i>				
Dixon-Smith MS	2006	-	145,700	48.04
H. H. Poole MS	1995	1998	145,140	36.62
Rodney Thompson MS	2000	-	138,199	44.55
Stafford MS	1991	2007	136,677	37.45
Shirley Heim MS	2008	-	146,770	22.00
T.B. Gayle MS	2002	-	148,221	39.98
A.G. Wright MS and Garrisonville ES (combined campus)	1981	2018	195,099	50.20
<b>Elementary School Data</b>				
Anthony Burns ES	2006	-	88,300	38.57
K. W. Barrett ES	2002	-	87,800	20.51
Conway ES	2005	-	88,300	19.92
Falmouth ES	1967	2012	73,725	41.49
Ferry Farm ES	1957	1992	70,550	18.12
Grafton Village ES	1967	2014	81,384	12.16
Hartwood ES	1963	1993	61,068	29.60
Hampton Oaks ES	1992	1996	80,968	18.76
Margaret Brent ES	2004	-	87,800	22.80
Moncure ES	2019	-	105,900	27.00
Park Ridge ES	1990	1994	76,431	20.00
Rockhill ES	1989	1994	76,438	23.38
Rocky Run ES	2000	-	87,700	20.00
Stafford ES	1968	2013	74,317	15.87
Widewater ES	1988	1995	77,108	22.44
Winding Creek ES	1997	-	82,016	20.89
<b>Other Property</b>				
Alvin York Bandy Administration Building and and Professional Development Center	1998	2000	74,124	9.55
Gari Melchers Complex	1931	1990	156,934	29.87
Pupil Transportation (Included in Fleet Acreage)	2009	-	7,362	-
Fleet Services	1980	-	16,000	21.54
Support Services Building (Included in Fleet Acreage)	1998	-	25,650	-
Aimee Building (JROTC Office on Stafford Senior HS campus)	1981	-	2,304	-
North Star Early Education Center	2004	2019	39,000	21.15
<b>Land</b>				
Clift Farm Road	-	-	-	172.00
Armstrong Property	-	-	-	151.45

**Source: Facility Planning, Design & Construction Internal Records**



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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**Energy Management - Utilities Savings Data**  
**Calendar Years 2011 - 2020**

	Calendar Year				
	2011	2012	2013	2014	2015
<b>Utilities Summary of All Schools (by Year):</b>					
Thousand British Thermal Units (KBTU)	201,773,183	189,007,876	191,080,280	189,759,963	187,518,601
Square Footage	3,771,182	3,771,182	3,771,182	3,771,182	3,784,663
KBTU/Square Footage	53.50	50.12	50.67	50.32	49.55

**Utilities Summary by School Level (in KBTU):**

	2020		
	Actual	Historical	Savings
<b>Elementary Schools:</b>			
Electric	45,388,216	51,641,258	6,253,042
Gas	20,939,019	20,326,765	(612,254)
Oil	-	1,582,487	1,582,487
Propane	66,902	212,124	145,222
Subtotal	66,394,137	73,762,634	7,368,497
<b>Middle Schools:</b>			
Electric	27,174,110	33,147,237	5,973,127
Gas	14,059,278	9,148,266	(4,911,012)
Oil	1,499,757	3,278,855	1,779,098
Propane	20,461	61,075	40,614
Subtotal	42,753,606	45,635,433	2,881,827
<b>High Schools</b>			
Electric	37,265,779	50,812,632	13,546,853
Gas	14,597,415	12,398,131	(2,199,284)
Oil	2,886,960	7,335,025	4,448,065
Propane	238,194	106,604	(131,590)
Subtotal	54,988,348	70,652,392	15,664,044
<b>Total</b>	<b>164,136,091</b>	<b>190,050,459</b>	<b>25,914,368</b>

Percentage of Savings 13.60%  
Dollar Savings \$853,686

Source: Facility Planning, Design & Construction Internal Records

Table S-15

Calendar Year					Utilities Summary of All Schools (by Year):
2016	2017	2018	2019	2020	
182,780,846	184,526,886	184,152,617	154,602,113	164,136,091	Thousand British Thermal Units (KBTU)
3,840,542	3,840,542	3,840,542	3,870,344	3,946,658	Square Footage
47.59	48.05	47.95	39.95	41.58	KBTU/Square Footage

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**AVERAGE SAT SCORES**  
**Fiscal Years 2012 - 2021**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Average SAT Scores:</b>					
Math	505	509	511	519	513
Writing	489	490	493	492	486
Critical Reading	514	514	519	522	520

**Source: College Board (2020) SAT Suite Assessments Annual Report**

\* The 2020 data represent the average scores for the Commonwealth of Virginia, not Stafford County.

NLG = No Longer Given

**Table S-16**

2017	2018	2019	2020*	2021	<b>Average SAT Scores:</b> Mathematics Evidence- Based Reading and Writing Critical Reading
521	541	546	549	542	
542	560	564	567	565	
NLG	NLG	NLG	NLG	NLG	

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2012 - 2021**

**Table S-17A**

<b>Grade</b>	<b>Location</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>
<b>Reading</b>											
3	Division	88%	76%	70%	76%	75%	74%	73%	70%		59%
	State	88%	72%	69%	75%	76%	75%	72%	71%		61%
4	Division	88%	74%	72%	82%	77%	78%	77%	76%		67%
	State	88%	70%	70%	77%	77%	79%	76%	75%		68%
5	Division	89%	79%	76%	83%	83%	83%	80%	81%		67%
	State	89%	73%	73%	79%	81%	81%	80%	78%		66%
6	Division	90%	79%	76%	78%	80%	83%	83%	78%		68%
	State	89%	73%	73%	76%	77%	78%	80%	77%		69%
7	Division	92%	82%	83%	86%	85%	85%	84%	82%		67%
	State	88%	74%	76%	81%	82%	82%	81%	79%		71%
8	Division	92%	77%	74%	81%	81%	79%	81%	78%		66%
	State	89%	71%	70%	75%	75%	76%	77%	76%		69%
High School	Division	97%	93%	92%	92%	90%	90%	89%	86%		83%
	State	94%	89%	90%	89%	89%	87%	87%	86%		81%
<b>Writing</b>											
5	Division	90%	75%	74%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	87%	71%	71%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
8	Division	91%	74%	69%	76%	75%	74%	69%	64%		NR
	State	88%	70%	70%	72%	71%	73%	73%	70%		NR
High School	Division	95%	90%	85%	86%	86%	86%	85%	83%		NR
	State	93%	87%	84%	83%	83%	84%	84%	82%		NR

**NLG = No longer given**

**NR = Not Reported (Only federally required subjects were reported this year)**

\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.

With the above authorities, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.

Source: Virginia Department of Education School State Policy Waivers

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2012 - 2021**

**Table S-17B**

Grade	Location	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
<b>History</b>											
3	Division	89%	89%	88%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	87%	87%	86%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
4	Division	93%	96%	95%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	84%	81%	88%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
<b>History and Social Science (Alternative Assessment)</b>											
5	Division	93%	95%	95%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	84%	82%	86%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
6	Division	88%	83%	90%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	86%	84%	89%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
7	Division	96%	89%	96%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	88%	84%	89%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
High School	Division	92%	86%	92%	90%	90%	85%	74%	82%		NR
	State	84%	77%	86%	78%	85%	80%	83%	78%		NR
<b>Virginia and U.S. History</b>											
High School	Division	93%	91%	90%	91%	90%	90%	88%	79%		NR
	State	85%	86%	87%	87%	86%	86%	84%	68%		NR
<b>World History I</b>											
High School	Division	88%	92%	91%	89%	89%	90%	85%	81%		NR
	State	84%	84%	85%	85%	84%	85%	82%	80%		NR
<b>World History II</b>											
High School	Division	91%	90%	92%	91%	90%	90%	87%	85%		NR
	State	85%	85%	86%	87%	86%	87%	84%	82%		NR
<b>World Geography</b>											
High School	Division	99%	97%	99%	100%	99%	95%	99%	92%		NR
	State	85%	86%	86%	86%	86%	83%	82%	80%		NR
<b>Virginia Studies</b>											
Content Specific	Division	91%	90%	87%	89%	87%	85%	84%	80%		NR
	State	89%	87%	85%	87%	87%	87%	85%	81%		NR
<b>U.S. History 1865 to 1877</b>											
Content Specific	Division	82%	85%	79%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	81%	83%	81%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
<b>U.S. History 1877 to present</b>											
Content Specific	Division	86%	88%	84%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	84%	82%	81%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
<b>Civics and Economics</b>											
Content Specific	Division	84%	87%	83%	86%	87%	84%	83%	77%		NR
	State	84%	85%	83%	86%	87%	87%	86%	82%		NR

**NLG = No longer given**

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With the above authorities, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.

Source: Virginia Department of Education School State Policy Waivers



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2012 - 2021**

**Table S-17C**

<b>Grade</b>	<b>Location</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>
<b>Mathematics</b>											
3	Division	69%	69%	68%	78%	77%	74%	75%	81%		52%
	State	64%	65%	67%	74%	77%	75%	73%	82%		54%
4	Division	75%	79%	84%	85%	83%	81%	79%	85%		53%
	State	70%	74%	80%	84%	83%	81%	79%	83%		56%
5	Division	72%	76%	78%	84%	81%	83%	79%	85%		56%
	State	67%	69%	73%	79%	79%	79%	77%	81%		51%
6	Division	82%	83%	86%	90%	90%	88%	84%	78%		22%
	State	74%	77%	76%	83%	82%	82%	79%	78%		45%
7	Division	54%	75%	75%	79%	81%	79%	78%	86%		42%
	State	58%	61%	65%	72%	72%	71%	69%	78%		45%
8	Division	83%	68%	72%	79%	77%	76%	70%	73%		19%
	State	60%	61%	67%	74%	73%	74%	71%	77%		43%
<b>Algebra I</b>											
High School	Division	83%	87%	84%	85%	84%	84%	81%	87%		56%
	State	75%	76%	79%	82%	83%	82%	81%	86%		63%
<b>Geometry</b>											
High School	Division	77%	81%	82%	85%	82%	81%	81%	84%		79%
	State	74%	76%	77%	80%	80%	78%	77%	83%		73%
<b>Algebra II</b>											
High School	Division	72%	86%	91%	95%	92%	89%	91%	90%		76%
	State	69%	76%	82%	87%	89%	90%	89%	91%		78%

\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.

With the above authorities, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.

**Source: Virginia Department of Education School State Policy Waivers**

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2012 - 2021**

**Table S-17D**

<b>Grade</b>	<b>Location</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>
<b>Science</b>											
3	Division	92%	85%	85%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	90%	84%	83%	NLG	NLG	NLG	NLG	NLG	NLG	NLG
5	Division	88%	79%	75%	82%	81%	79%	78%	77%		44%
	State	88%	75%	73%	79%	81%	79%	79%	79%		50%
8	Division	96%	83%	79%	83%	83%	82%	77%	79%		55%
	State	92%	76%	74%	78%	79%	79%	78%	78%		58%
<b>Biology</b>											
High School	Division	95%	89%	88%	91%	90%	88%	86%	86%		69%
	State	92%	83%	83%	84%	84%	82%	82%	83%		66%
<b>Chemistry</b>											
High School	Division	96%	90%	90%	91%	87%	87%	86%	86%		35%
	State	93%	86%	87%	88%	88%	89%	89%	88%		52%
<b>Earth Science</b>											
High School	Division	96%	91%	88%	87%	87%	86%	83%	83%		62%
	State	90%	83%	83%	83%	84%	82%	81%	81%		67%

**NLG = No longer given**

**NR = Not Reported (Only federally required subjects were reported this year)**

\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.

With the above privileges, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.

**Source: Virginia Department of Education School State Policy Waivers**

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHOOL ACCREDITATION AND ADEQUATE YEARLY PROGRESS (AYP)**  
**OR FEDERAL ANNUAL MEASURABLE OBJECTIVES (FAMOs)**  
**Fiscal Years 2012 - 2021**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Division-wide Status:</b>					
Schools Fully Accredited	100%	100%	100%	97%	100%
Accreditation Waived					
Schools that Made AYP/AMO	37%	37%	47%	50%	37%
Division AYP/AMO	Did not make AYP	Did not make AYP	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO
Schools that Made FAMO	-	-	47%	50%	37%
Division FAMO	-	-	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO

\* FAMO/AYP/AMO were not calculated this year.

*\*\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.*

*With the above authorities, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.*

**Source: Virginia Department of Education School State Policy Waivers**

Table S-18

2017	2018	2019	2020**	2021**	
100%	100%	100%	**	**	<b>Division-wide Status:</b> Accredited
			100%	100%	Accreditation Waived
*	*	*	*	*	Schools that Made AYP/AMO
*	*	*	*	*	Division AYP/AMO
*	*	*	*	*	Schools that Made FAMO
*	*	*	*	*	Division FAMO

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## COMPLIANCE

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

To the Honorable Members of the Stafford County School Board  
Stafford County Public Schools  
Stafford County, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stafford County School Board (the "School Board"), a component unit of Stafford County, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated May 31, 2022. That report recognizes that the School Board restated certain fund balance and net position amounts due to the implementation of a new accounting standard, effective July 1, 2020.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cheryl Behrnt CP". The signature is written in a cursive style.

Tysons Corner, Virginia  
May 31, 2022

## **Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Honorable Members of the Stafford County School Board  
Stafford County Public Schools  
Stafford County, Virginia

### **Report on Compliance for Each Major Federal Program**

We have audited the Stafford County Public Schools' (the "School Board"), a component unit of Stafford County, Virginia, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2021. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

### ***Opinion on the Major Federal Programs***

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.



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

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

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

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia  
May 31, 2022

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2021**

<b>Federal Grantor/State Pass - Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Subrecipient</b>	<b>2021 Federal Expenditures</b>
Department of Agriculture:				
Direct Payments:				
Child Nutrition Cluster:				
Food Distribution	10.555	202020N85034	-	\$ 771,945
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
National School Lunch Program COVID19	10.555	202020N85034	-	3,259
Total National School Lunch Program			-	775,205
National School Breakfast Program	10.553	202020N85034	-	
National School Breakfast Program COVID19	10.553	202020N85034	-	1,789
Total National School Breakfast Program				1,789
Summer Food Service Program for Children	10.559	202121N10994	-	8,362,670
Summer Food Service Program for Children COVID19	10.559	202020N85034	-	1,565,929
Total Summer Food Service Program for Children				9,928,599
Total Child Nutrition Cluster			-	10,705,593
Child and Adult Care Food Program	10.558	202020N10994	-	390
Total Child and Adult Care Food Program				390
Total Department of Agriculture			-	10,705,983
Department of Defense:				
Direct Payments:				
JROTC	12.000	N/A	-	428,042
Total Department of Defense			-	428,042
Department of the Treasury				
Pass Through Payments From Commonwealth of Virginia				
Coronavirus Relief Fund COVID19	21.019	SLT0218		5,254,708
Total Department of the Treasury			-	5,254,708
Department of Education:				
Direct Payments:				
Impact Aid	84.041	N/A	-	1,178,175
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A200107	-	5,058,422
Special Education - Preschool Grants	84.173	H193A180112	-	78,429
Total Special Education Cluster			-	5,136,850
Title I Grants to Local Educational Agencies	84.010	S010A190046	-	2,036,876
Title IV Part A-Student Support and Academic Enrichment	84.424	S424A190048	-	69,146
Title IV Part B-21 Twenty-First Century Community Learning Center	84.287	S287C190047	-	97,304
Education for Homeless Children and Youth	84.196	S196A200048	-	35,000
Career and Technical Education - Basic Grants to States	84.048	V048A200046	-	245,547
Improving Teacher Quality State Grants	84.367	S367A180044	-	401,136
English Language Acquisition Grant	84.365	S365A190046	-	175,442
Governor's Emergency Education Relief (GEER) Fund COVID19	84.425C	S425D200008	-	385,622
Elementary and Secondary School Emergency Relief Fund COVID19	84.425D	S425D200008	-	316,313
Total Department of Education			-	10,077,410

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2021**

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Subrecipient	2021 Federal Expenditures
Department of Health and Human Services:				
Direct Payments:				
Head Start Program	93.600	N/A	-	2,622,254
Head Start Program COVID19	93.600	N/A	-	214,873
Total Head Start Program				2,837,127
Pass Through Payments From Commonwealth of Virginia:				
Department of Health and Human Services				
Temporary Assistance for Needy Families	93.558	2101VATANF		95,599
Department of Social Services:				
Medicaid Cluster:				
Medical Assistance Program	93.778	93.778/2012	-	1,043,456
Total Medicaid Cluster			-	1,043,456
Total Department of Health and Human Services			-	3,976,183
Total Expenditures of Federal Awards			-	\$ 30,442,325

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2021**

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Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of SCPS under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of SCPS, it is not intended to and does not present the financial position, changes in net position, or cash flows of SCPS.

Note 2 - Summary of Significant Accounting Policies

1. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.
3. The School Board has elected not to use the 10 percent de minimis indirect cost as allowed under the Uniform Guidance.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

School Operating Fund	\$ 2,745,272	
School Grants Fund	16,991,460	
School Food and Nutrition Services Fund	10,705,593	**
Total federal expenditures per basic financial statements	<u>\$ 30,442,325</u>	
 Total federal expenditures per the Schedule	 <u>\$ 30,442,325</u>	

\*\* Includes non-cash expenditures - value of donated commodities of \$771,945

**Stafford County Public Schools  
Schedule of Findings and Questioned Costs  
June 30, 2021**

**A. Summary of Auditor's Results**

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of the financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program and Cluster</u>
10.553-CL	Child Nutrition Cluster
93.778-CL	Medicaid Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.041	Impact Aid
84.010	Title I

10. Dollar threshold used to distinguish between type A and type B programs: **\$913,270**
11. Auditee qualified as low-risk auditee? **No**

**B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None

**C. Findings and Questioned Costs Relating to Federal Awards:**

None

**D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia, Laws, Regulations, Contracts and Grants:**

None

**E. Status of Prior Year Findings:**

None



**The mission of Stafford County Public Schools is to “inspire and empower all learners to thrive.”**