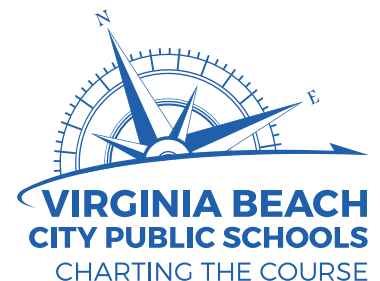


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2020



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



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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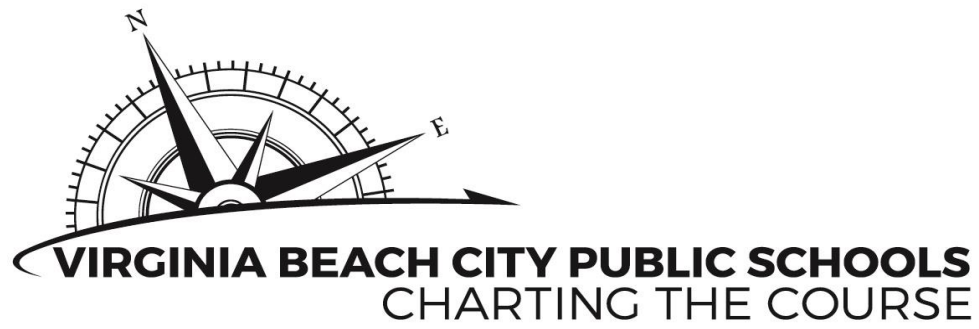
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**School Board of the City of Virginia Beach, Virginia
Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020**

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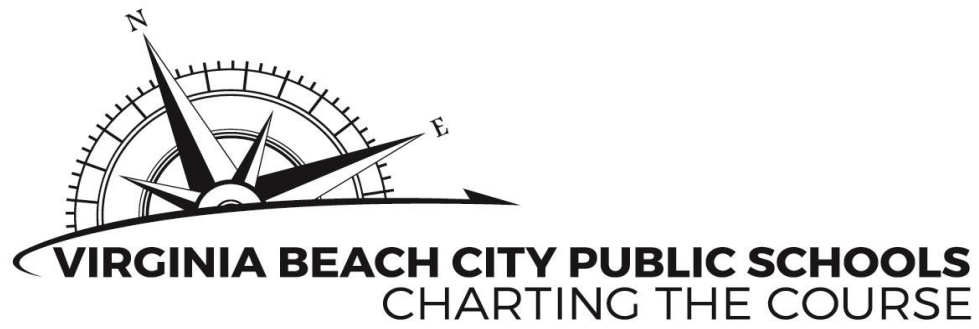
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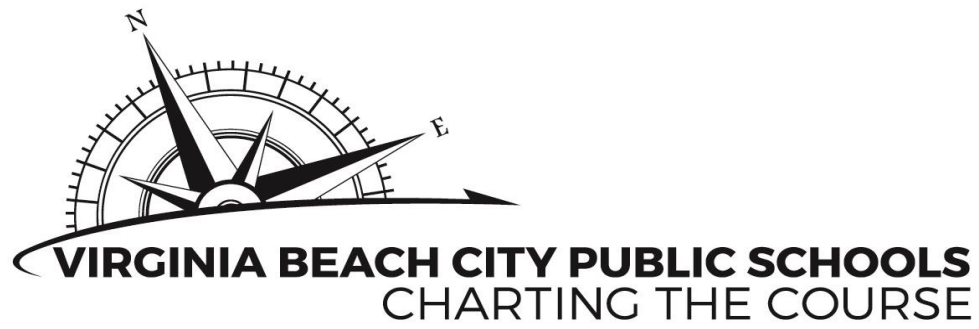
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INTRODUCTORY SECTION



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VIRGINIA BEACH CITY PUBLIC SCHOOLS

CHARTING THE COURSE

Aaron C. Spence, Ed.D.
Superintendent

November 23, 2020

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

We are pleased to submit to you the Comprehensive Annual Financial Report of the School Board of the City of Virginia Beach, Virginia (the School Board) for the fiscal year ended June 30, 2020. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Governmental Activities and various funds of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities have been included.

The Comprehensive Annual Financial Report is divided into four sections:

Introductory Section – includes this Transmittal Letter, reproductions of the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) financial reporting certificate awards, the School Board members (June 30, 2020), and an Organizational Chart (June 30, 2020).

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

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

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

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. This Transmittal Letter is designed to complement MD&A and should be read in conjunction with it. The School Board's MD&A is presented immediately following the Independent Auditors' Report.

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

THE REPORTING ENTITY AND ORGANIZATION

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

In March 2020, the United States was impacted and began its response to the novel Coronavirus pandemic, COVID-19. VBCPS faced extraordinary challenges with the governor-mandated closure of all schools in Virginia. The School Board proved its resiliency and adaptability. The School Board developed a new approach to delivering instruction, innovative plans to address achievement gaps, and the process to transition from in-person learning to virtual learning to ensure the division remained committed to supporting the academic progress of all students.

The School Board exercised strong fiscal management measures at the onset of COVID -19 to ensure the School Board's financial condition remains strong despite the ongoing uncertainty surrounding COVID-19's impact on student enrollment and federal, state, and local funding. The School Board is also receiving federal Coronavirus Act Relief and Economic Stimulus (CARES) funds in Fiscal Year 2021 to assist the School Board in its ongoing response efforts.

The School Board serves Virginia Beach, the most populated city in the Commonwealth of Virginia, with over 450,000 residents. A dynamic community strengthened by a diverse mix of industry, attractions, and people. With 38 miles of beaches and 79 miles of scenic waterways, this vibrant East Coast city is situated on the coast of the Atlantic Ocean adjacent to the Chesapeake Bay, and is 146 air miles from Washington, D.C. The City oversees Virginia Beach City Public Schools (VBCPS), the fourth largest school system in Virginia, with a Fiscal Year 2020 enrollment of just over 66,000 students and more than 10,000 employees. VBCPS has experienced small declines in enrollment over the past 5 years. There was a slight increase in enrollment for Fiscal Year 2020; however, with the impact of COVID-19, the 2021 school year began with a decline in enrollment of almost 3000 students. Enrollment projections anticipate a return of students who were lost in School Year 2021 over the next two years, as COVID-19 related remediations are realized and put in place.

Virginia Beach City Public Schools (VBCPS) has modernized or replaced twelve school facilities, representing a capital investment of \$457 million dollars over the past 10 years. Current construction progress on the following three schools is as follows:

- A \$26 million modernization of John B. Dey Elementary School completed in the summer of 2020.
- A \$32.5 million replacement of Thoroughgood Elementary School completed in the summer of 2020.
- A \$78 million replacement of Princess Anne Middle School estimated to be completed in 2021.

With these three schools, 34 of the VBCPS' oldest facilities have been modernized or replaced in the past two decades; a capital investment of approximately three quarters of a billion dollars.

Virginia Beach is well known as a resort community. Its diversification, however, has been the underlying strength of the city's economy. Major components of the city's economic base include the following: advanced manufacturing, information technology, professional services, biomedical, retail, agriculture; the military community consisting of three bases; and the omnipresent resort and convention trade. The largest employment sector in Virginia Beach is the government sector, which is composed of federal, civilian, military, state, and local governments. The City has been designated as America's "Best Large City to Live In," by WalletHub, "In the Top 10 of Mid-Sized Cities with Best Economic Growth Potential" by Business Facilities and "the most technologically advanced city of its size in America" by The Center for Digital Government.

For Fiscal Year 2020, a total of \$2.5 million of Economic Development Investment Program (EDIP) funds were approved for 14 projects, which are intended to leverage more than \$119.7 million in private investment (ratio of \$47 private investment to \$1 public investment) and the creation/retention of 2,892 jobs in the city. In response to the impacts of the coronavirus pandemic on small businesses, City Council has authorized the use of existing EDIP funds totaling \$1.5 million in Fiscal Year 2020 for a Small Business Emergency Assistance Program. This program will provide grants up to \$10,000 to small businesses (fewer than 250 employees) for assistance with rent, utilities, taxes and other business expenses related to the coronavirus pandemic. Also, for Fiscal Year 2021, City Council provided an additional \$1 million of tax relief for small businesses through the Small Business Emergency Assistance Program.

Town Center of Virginia Beach is the heart of a mixed-use, "main street" style development within the city's emerging Central Business District and the home of major entertainment, cultural, business and retail activities. Town Center spans 25 acres and 17 city blocks in the Pembroke area of the city, bounded by Virginia Beach Boulevard, Constitution Drive, Columbus Street and Independence Boulevard. The complex is projected to ultimately include more than 1,000,000 square feet of Class "A" office space and more than 830,000 square feet of multi-level upscale retail space. It currently includes a business class hotel and conference center, luxury apartments and condominiums, performing arts theater, fine dining, specialty shops and free structured parking. Recent growth of the project has encouraged many high-end international retailers to move to Town Center, including Anthropologie, Lululemon Athletica, Free People, and West Elm. The newest phase of Town Center includes 33,000 square feet of new retail space anchored by Pottery Barn and Williams Sonoma, a 17,000 square foot experimental

theater, a 5,000 square foot restaurant, public plaza, and 131 new apartments, which opened in fall 2018.

Spinoff projects due to the success of Town Center include, a 120-room Residence Inn by Marriott hotel, which was completed in spring 2019; a \$26.3 million 92,000-square-foot, 127-room Hyatt Place hotel located across from Pembroke Mall, which opened summer 2019; and a \$19 million, 14-story, 120-room Hampton Inn by Hilton that is currently under development. Wegmans, a family-owned regional supermarket chain, opened its first Hampton Roads location in the Town Center/Central Business District area of Virginia Beach in late April 2019, which was attended by an estimated 24,200 shoppers, placing the 130,000 square-foot store in the top three openings in recent years (see article in *The Virginian Pilot* May 16, 2019). The Central Business District will be home to two business accelerators: Virginia Beach Hive (VBH)-Incubator-Stabilization-Acceleration and Bio Accelerator for supporting innovation and entrepreneurship.

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

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

MAREA and BRUSA, the newest and fastest ultra-high-speed transatlantic fiber optic telecommunication cables in the world, connect Virginia Beach to Brazil and Europe through a 24,000-sf cable landing station operated by Telxius, the infrastructure arm of a Spanish telecom company: Telefónica. One additional subsea cable, Dunant, owned by Google, will connect Virginia Beach to Europe in late 2020. In an increasingly connected world, these cables are key assets for global communications in terms of low latency, resiliency, reliability, flexibility and greater capacity. Multiple carrier-neutral data centers already exist in Virginia Beach and the development of new facilities will most likely grow as the ecosystem expands. PointOne, a hyperscale data center developer headquartered in Alberta, Canada, is constructing two 31,000-square-foot facilities that will house edge computing data centers, a cable landing station for future subsea cables and an international internet business exchange. The investment will total \$80 million. NxtVn announced plans to build a 170,000-square-foot data center later in 2020.

Other economic development initiatives underway in Virginia Beach include the emergence of the offshore wind energy industry, expansion of advanced manufacturing through business-

ready sites and expansion of business development/incubator programs as follows:

Offshore Wind Energy Projects

- Avangrid Renewables and its affiliate Kitty Hawk Wind LLC.: Development of 2.5-gigawatt, \$5-8 billion Kitty Hawk offshore wind energy with two substations in Virginia Beach. Avangrid had recently secured an option from the City to acquire 20 acres in Princess Anne Commons and from the Virginia Beach Development Authority to acquire 30 acres in Corporate Landing Business Park to locate the substations. Local investment is estimated to be \$60 million to \$310 million and create 11,500 jobs regionally.
- Coastal Virginia Offshore Wind-Dominion Energy: Development of two 6-megawatt turbines on 2,135-acre site which lies 27-miles off the coast of Virginia Beach, generating about 12-megawatts to power 3,000 homes later in 2020. Project's capital cost is \$300 million, and the major participants are Ørsted for the offshore installation and L.E. Meyers for the onshore installation. Project ground-breaking occurred July 1, 2019. In June 2020, Dominion Energy announced the successful installation of two turbines.

Business Ready Sites Program

Virginia Beach is working closely with Hampton Roads Economic Development Alliance and Virginia Economic Development Partnership (VEDP) through VEDP Business Ready Sites Program. The program has two components: (i) site characterization to ascertain and designate a site's level of development and (ii) site development to further develop the sites. The VBDA has also applied for a GO Virginia Grant to complete Phases 2, 3 and 4 of infrastructure work for another 80 acres. This effort will assist in promoting the availability of shovel-ready sites to prospective businesses.

BIO Accelerator

The City is leasing 5,706 square-feet of space for the VaBeach Bio Accelerator, a new space at Convergence Center II. The space will be available to both small companies and winners of the VABeachBio Innovation Challenge — an incubator program for life sciences startups. Industry experts will nurture these companies and help them grow in the hopes that they will create new jobs and provide breakthroughs in medicine. It is anticipated that the Bio Accelerator will open in January 2021.

Virginia Beach HIVE

The new Virginia Beach Hive (VBH), located in Town Center, will serve as a business incubator to develop business competitiveness, jobs creation, investment opportunities, infrastructural improvements, global inclusion and participation within the Hampton Roads community. Moreover, partnerships and collaboration are the core of the center's approach to supporting innovation and entrepreneurship in Virginia Beach. The center will offer

resources, educational opportunities and municipal support which is the backbone for the business community.

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

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

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

MAJOR INITIATIVES

With the COVID-19 pandemic, VBCPS received the support of thousands of teachers and staff who devised solutions to ensure all students learned and achieved during unprecedented times in public education.

Focusing on the health and safety of students and staff, the 2020-2021 academic year started with all students fully online, but the division's Fall 2020 Plan featured a phased return to in-person learning, which put the health and safety of students and staff first.

In addition to continued academic achievement, VBCPS is exploring new ways to demonstrate a commitment to equity in how services are delivered within programs.

For the 12th consecutive year, VBCPS reached record levels with respect to the On-Time Graduation (OTG) rate, which stands at 94.2% for the 2020 cohort year, and the lowest recorded dropout rate of 2.9%. VBCPS also outperformed Virginia's rates of 92.3% for OTG and 5.1% for dropouts.

The closure of Virginia Schools in the spring of 2020 due to COVID-19 resulted in the Virginia Department of Education's decision to exercise the waiver of annual accreditation provided by the General Assembly. Schools will retain their same accreditation until at least 2022. 2019 marked the third consecutive year where all 82 of the division's testing schools earned

accreditation from the Virginia Department of Education. Waiving annual accreditation for a second year will allow schools to focus on assessing the impact of the shut down on students, academically and on social and emotional well-being.

In recognition of these achievements, the Virginia Board of Education awarded nine 2020 Highest Achievement Exemplar Awards to elementary schools division wide, more than any other school division in the state.

VBCPS continues to innovate in ways to reduce its environmental impact. For the second year in a row, VBCPS has been designated a Virginia Environmental Excellence Program Sustainability Partner by the Virginia Department of Environmental Quality. VBCPS is the only school division in the state to earn this distinction.

VBCPS also continues to thrive in the arts. For the 11th consecutive year, VBCPS was named one of the Best Communities for Music Education by the National Association of Music Merchants (NAMM) Foundation for outstanding commitment to music education. Less than 5% of school districts across the nation earn this prestigious award.

VBCPS students continue to be recognized for their leadership skills. For the third consecutive year, all VBCPS comprehensive high schools earned the National Gold Council of Excellence Award from the National Association of Student Councils. This award recognizes student councils for their records of leadership, service and activities that improve the school and community. VBCPS represented more than 50% of the schools in Virginia on the list of awardees.

Equity came into special focus this year during the necessary shift to online learning. Meals were offered to all students without charge at 36 school sites and five neighborhood locations, maintaining safety guidelines, under a drive-by pickup model. By September 2020, more than 1 million meals had been distributed to our students.

This effort built on the continued work to ensure all students have their basic needs met. In March 2020, VBCPS was a first-place winner of the National School Board Association's Magna Award for removing barriers for students through JumpStart, a partnership between local nonprofit AidNow and the division's school social work services. JumpStart is typically held each August for approximately 500 students identified as homeless and marginalized to receive much-needed supplies and services.

Following national events that brought racism into sharper focus, VBCPS hosted online forums and pursued deeper programmatic changes to ensure all community members felt heard. "As a school division committed to equity, we are honored to provide a space to enable this necessary, crucial and courageous conversation," VBCPS Superintendent Dr. Aaron Spence said

before one forum. “This is not the time to be silent. It is not enough to condemn racism and injustice. We must do the work to disrupt it entirely. Our children’s future depends upon it.”

In September 2020, the VBCPS School Board adopted an educational equity policy that acknowledges the work needed to address inequities within the division. The policy lays a general framework for how VBCPS will make changes in the classroom, in communications and from the School Board to work toward this goal.

Part of that effort included ensuring all students had access to the technological resources needed for online learning. A new portal, www.vbcpsupport.com, answered how-to questions, offered troubleshooting and provided Chromebook information. In addition, to meet the needs of students and staff without access to internet services, the division purchased and distributed more than 500 hotspots, and enabled Wi-Fi in 13 school parking lots with additional outdoor wireless locations continuing to be added to all school locations. In total, the Department of Technology supported more than 82,000 users across 120,000 devices.

While the outlook for 2020-2021 remains uncertain due to COVID-19, a solid foundation for continued educational excellence has been laid with the *Compass to 2020* strategic plan, with its emphasis on transforming the student learning experience into more personalized opportunities, and an investment in 1:1 digital learning that has become fundamental in the way VBCPS operates as a school division. *Compass to 2025* features an ongoing commitment to addressing the academic and social emotional needs of students and adds specific focus areas for equity work. This framework combined with the division's core value of innovation - reflected in the behavioral imperative to "be open to change" - means that VBCPS remains ready to ensure all students are connected to learning and are achieving at the highest levels.

FINANCIAL INFORMATION

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School Board are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The School Board maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for the General Fund and the Special Revenue funds. In addition, certain controls are exercised administratively on the

General Fund (e.g., budget units, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue funds (e.g., federal and state grants, and the appropriations related thereto). The School Board also maintains an encumbrance accounting system as one method of maintaining budgetary control. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are reappropriated as part of the following fiscal year's operating budget.

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

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

Long-term financial planning includes a five-year forecast submission to the City establishing underlying assumptions about expected costs, revenues, position turnover, inflation, and enrollment as well as evaluating the budget impact of post-employment benefits, the risk management program, and assessing the fiscal impact of the capital improvement program on the school division's operations. With over 50 percent of General Fund revenue derived from the City appropriation, assumptions regarding the City's revenue growth play a major role in forecast results and the budget development process. In addition, nearly 85 percent of the School Board's Operating budget is tied to personnel and assumptions related to salary increases, rise in healthcare costs and the impact of pension costs and other post-employment benefits are significant factors in future forecasting.

INDEPENDENT AUDIT

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

FINANCIAL REPORTING CERTIFICATE AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a governmental entity financial report. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A GFOA Certificate is the highest form of recognition awarded in the field of governmental financial reporting and is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine the School Board's eligibility for another certificate award.

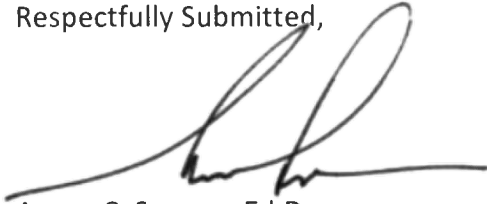
In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its CAFR for the fiscal year ended June 30, 2019. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. We believe that our current CAFR conforms also to the ASBO Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine the School Board's eligibility for another certificate award.

ACKNOWLEDGMENTS

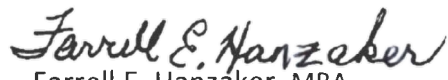
Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Office of Business Services. During the year, they rendered professional and knowledgeable financial services to and on behalf of the school division and maintained the financial records on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

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

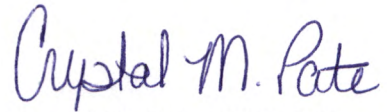
Respectfully Submitted,

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Aaron C. Spence, Ed.D.
Superintendent

A handwritten signature in black ink, appearing to read 'Farrell E. Hanzaker', in a cursive style.

Farrell E. Hanzaker, MBA
Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'Crystal M. Pate', in a cursive style.

Crystal M. Pate, MPA, CPA
Director of Business Services

**SCHOOL BOARD
OF THE
CITY OF VIRGINIA BEACH, VIRGINIA
June 30, 2020**



Carolyn T. Rye
Chair
District 5 - Lynnhaven



Kimberly A. Melynk
Vice Chair
District 7 - Princess Anne



Sharon R. Felton
District 6 - Beach



Dorothy M. Holtz
At-Large



Daniel D. Edwards
District 2 - Kempsville



Laura K. Hughes
At-Large



Jessica L. Owens
District 3 - Rose Hall



Beverly M. Anderson
At-Large



Victoria C. Manning
At-Large



Trenace B. Riggs
District 1 - Centerville



Carolyn D. Weems
District 4 - Bayside



Dr. Aaron C. Spence
Superintendent



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

School Board of the City of Virginia Beach

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



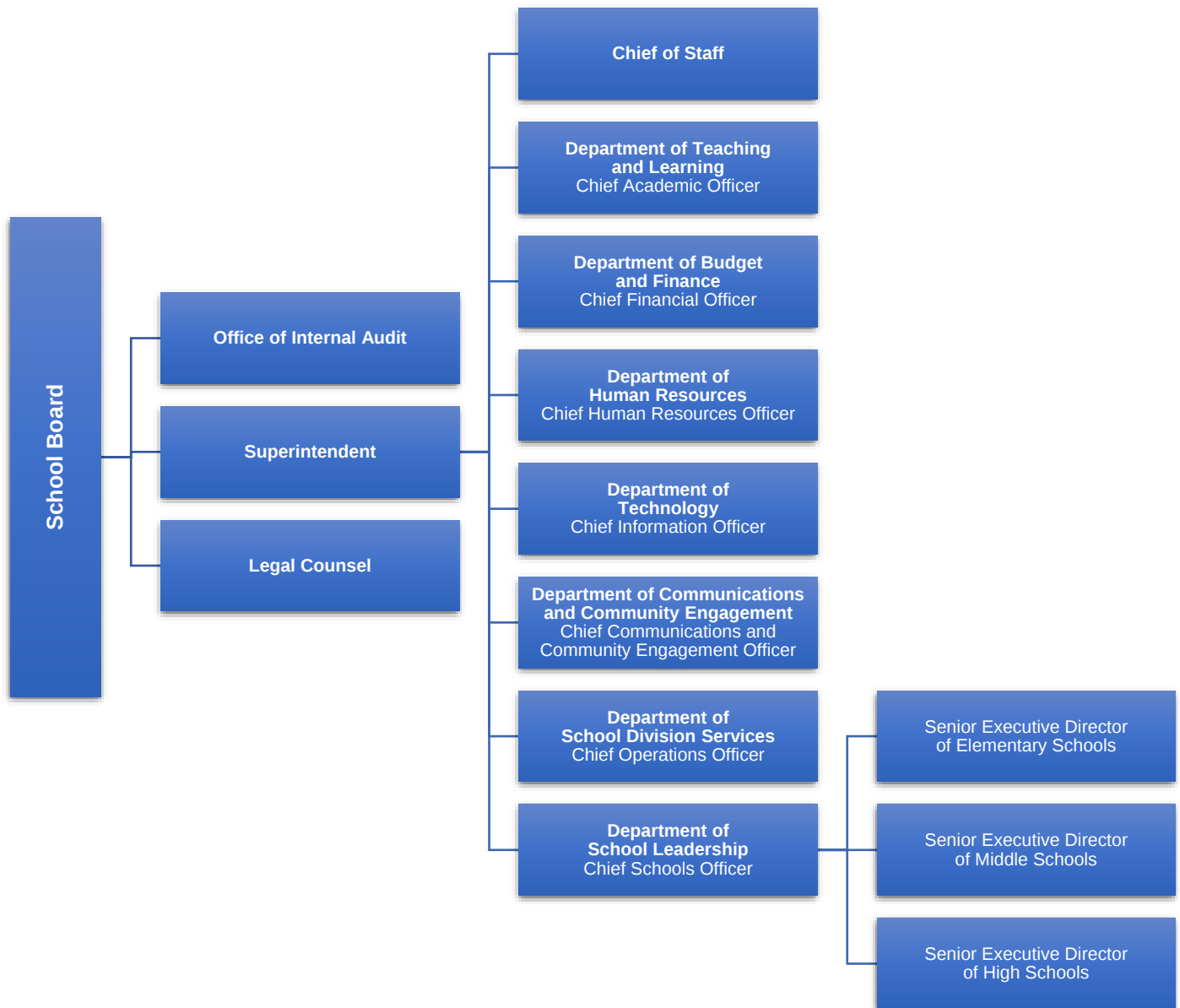
A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

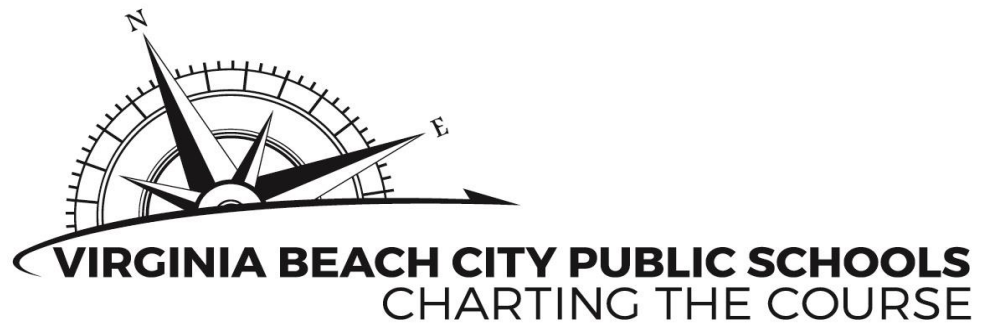
A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
Organizational Chart
June 30, 2020



FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the School Board
Virginia Beach, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia (the Board) (a component unit of the City of Virginia Beach, Virginia), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2020, and the respective changes in financial position and cash flows where applicable, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 supplementary data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents 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.

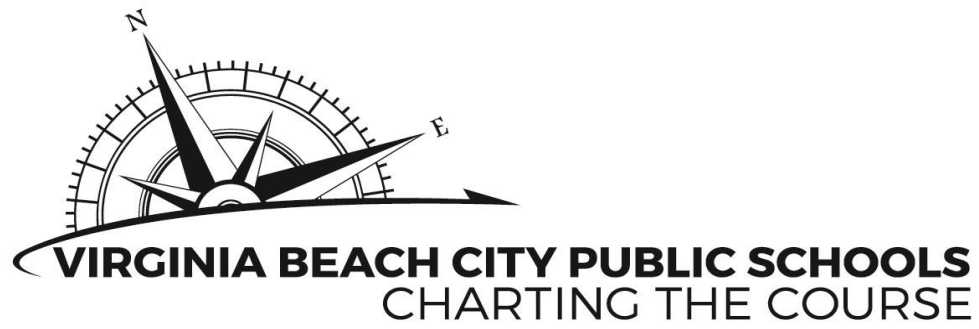
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020, on our consideration of the 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 result of that testing, and not to provide an opinion on internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of 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 Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Arlington, Virginia
November 24, 2020



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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the School Board of the City of Virginia Beach, Virginia (the School Board) for the fiscal year ended June 30, 2020. The MD&A should be read in conjunction with the information contained in the transmittal letter, which begins on page 1, and the financial statements and notes, which immediately follow the MD&A.

FINANCIAL HIGHLIGHTS

In March, the World Health Organization declared the spread of the novel coronavirus (COVID-19) a worldwide pandemic. In response, the Governor of the Commonwealth of Virginia issued an executive order that mandated the closure of certain non-essential businesses and closed all K-12 schools for the remainder of the academic year. The pandemic created widespread economic disruption. Due to the uncertain economic and financial impacts of closures related to the pandemic, VBCPS took action to deactivate all procurement cards, canceled or delayed all non-essential projects and limited purchases to essential items and/or services that were directly related to the emergency for the remainder of FY20. While there was a gradual re-opening of businesses over the summer which resulted in increased sales and meals tax revenues, the outlook for fall and winter remains unclear, so the full financial impacts of the pandemic remain unknown.

On a government-wide basis for governmental activities, the assets and deferred outflows of the School Board were less than its liabilities and deferred inflows by \$85,463,864 (net deficit) at June 30, 2020. Of this amount, \$551,914,392 is investment in capital assets, \$52,390,611 is restricted for capital projects, grants, cafeterias, and textbooks, and (\$689,768,867) is an unrestricted deficit. The deficit is due to net pension liability and net OPEB liability in the amounts \$678,825,000 and \$152,746,000 respectively.

On a government-wide basis for governmental activities, the School Board's revenues of \$985,726,201 exceeded expenses of \$934,488,801 by \$51,237,400.

The School Board's Governmental funds reported total fund balances of \$80,867,870 at June 30, 2020. Of this amount, \$1,403,549 is nonspendable (i.e., inventories and prepaid items), \$52,390,611 is restricted (e.g., capital projects bond proceeds, federal and state grantor agencies, cafeterias, textbook adoptions), \$12,577,383 is committed (e.g., capital projects contracts, communication towers/technology, vending, equipment replacement), and \$14,496,327 is assigned (e.g., instructional technology, athletics, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology).

In the General Fund, the School Board returned unexpended appropriations and excess revenue (reversion) for Fiscal Year 2020 to the City of Virginia Beach (City) in the amount of \$39,027,626, as required by the Code of Virginia, as amended. Based on the Revenue Sharing Formula between the

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

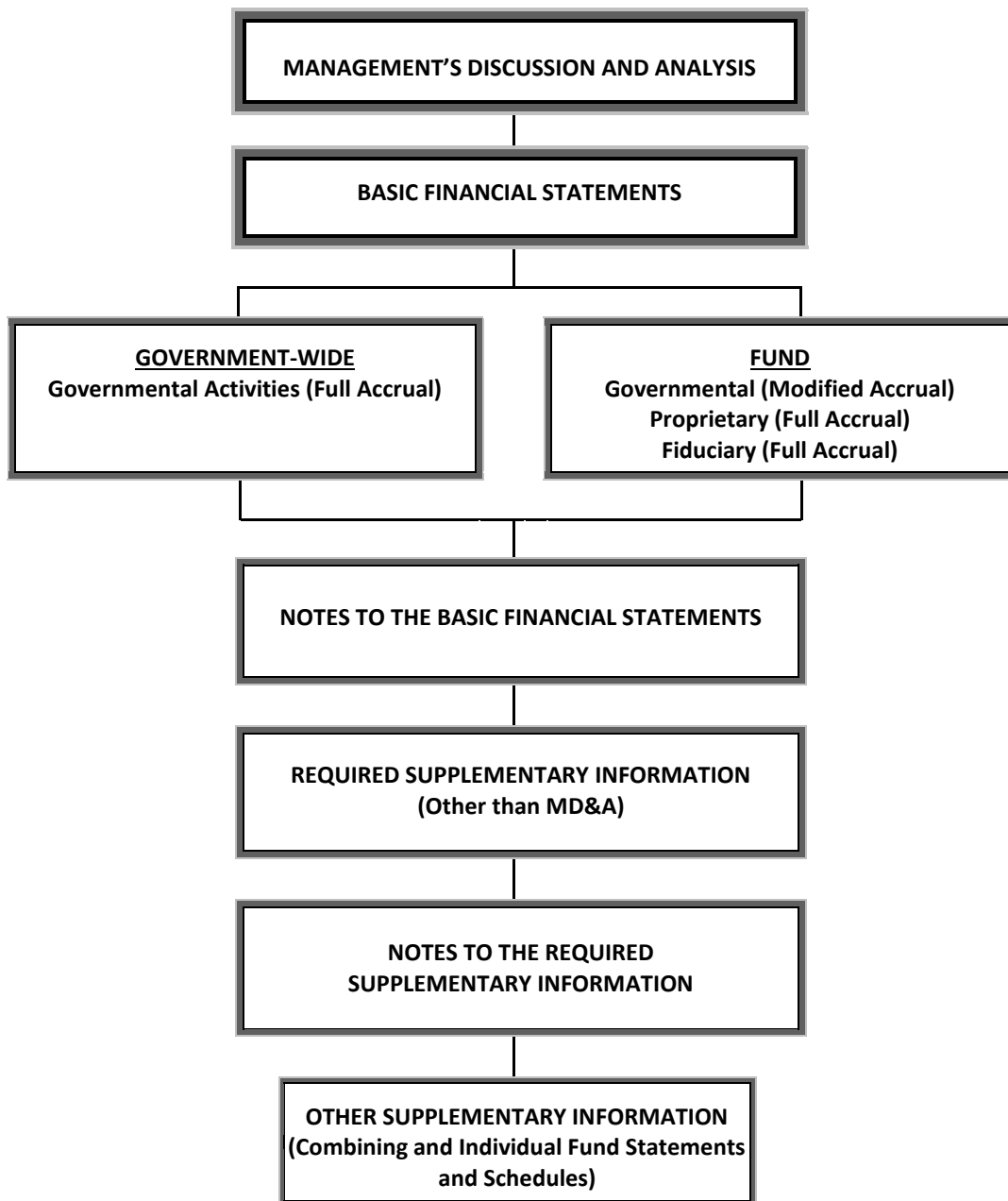
City and the School Board, the initial reversion amount available for re-appropriation in FY2021 will be reduced by \$2,724,349 due to certain city revenue streams coming in under budget for FY2020. The net reversion of \$36,303,277 is designated for use in Fiscal Year 2021 in the following manner; approximately \$17,800,000 and \$2,000,000 will be re-appropriated to the CIP and Risk Management funds, respectively; \$11,000,000 is to be re-appropriated for a one-time bonus for all full time equivalent (FTE) employees, and \$5,500,000 is to be re-appropriated to the School Reserve Special Revenue fund to cover possible revenue shortfalls in FY2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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

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

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

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

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

Proprietary Funds

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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

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

Fiduciary Funds

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

The School Board's Fiduciary funds are Agency and Trust funds. Agency funds are used to account for assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The Agency funds of the School Board are the Payroll Deductions, Fringe Benefits, and School Activity Accounts Funds and are presented in Schedule F-1 of this report. The Trust funds are for Other Postemployment Benefits (OPEB) and accounts for assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

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

Notes to the Basic Financial Statements
and the Required Supplementary Information

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

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

Other Information

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

Required supplementary information begins after the Notes to the Basic Financial Statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

As noted above, the combining statements for the Nonmajor Governmental funds are presented in Statements D-1 and D-2; the combining statements for the Internal Service funds are presented in Statements E-1 through E-3; and the combining statement for the Agency funds is presented in Schedule F-1 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$85,463,864 (net deficit) at June 30, 2020, as illustrated in the Summary of Net Position (with comparative amounts at June 30, 2019), as follows:

Summary of Net Position			
	2020	2019	Variance
Current Assets	\$ 273,390,591	\$ 195,942,921	\$ 77,447,670
Capital Assets	<u>551,914,392</u>	<u>593,456,835</u>	<u>(41,542,443)</u>
Total Assets	<u>\$ 825,304,983</u>	<u>\$ 789,399,756</u>	<u>\$ 35,905,227</u>
Deferred Outflows	<u>\$ 174,381,000</u>	<u>\$ 103,974,000</u>	<u>\$ 70,407,000</u>
Current Liabilities	\$ 118,203,236	\$ 143,566,784	\$ (25,363,548)
Net Pension Liability	678,825,000	609,201,000	69,624,000
Net OPEB Liability	152,746,000	168,666,000	(15,920,000)
Other Noncurrent Liabilities	<u>35,394,611</u>	<u>27,183,236</u>	<u>8,211,375</u>
Total Liabilities	<u>\$ 985,168,847</u>	<u>\$ 948,617,020</u>	<u>\$ 36,551,827</u>
Deferred Inflows	<u>\$ 99,981,000</u>	<u>\$ 81,458,000</u>	<u>\$ 18,523,000</u>
Net Position:			
Invested in Capital Assets	\$ 551,914,392	\$ 593,456,835	\$ (41,542,443)
Restricted for:			
Capital Projects	32,377,544	-	32,377,544
Grants	2,352,340	1,693,515	658,825
Cafeterias	9,787,357	13,099,712	(3,312,355)
Textbooks	7,873,370	6,929,607	943,763
Unrestricted (Deficit)	<u>(689,768,867)</u>	<u>(751,880,933)</u>	<u>62,112,066</u>
Total Net Position (Deficit)	<u><u>\$ (85,463,864)</u></u>	<u><u>\$ (136,701,264)</u></u>	<u><u>\$ 51,237,400</u></u>

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

An additional portion of the School Board's net position represents resources that are subject to external restrictions on their use. The \$689,768,867 unrestricted deficit reflects the effects of GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) and Statement No. 75

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

(Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions). At June 30, 2020 the net pension liability is \$678,825,000 and the net OPEB liability is \$152,746,000.

CHANGES IN NET POSITION

The School Board's revenues of \$985,726,201 exceeded expenses of \$934,488,801 by \$51,237,400 for Fiscal Year 2020. Changes in Net Position (with comparative amounts for the year ended June 30, 2019), is illustrated as follows:

Changes in Net Position			
	2020	2019	Variance
<u>Revenues</u>			
Program Revenues:			
Charges for Services	\$ 11,422,284	\$ 14,535,577	\$ (3,113,293)
Operating Grants	173,532,323	164,873,615	8,658,708
General Revenues:			
Local Government	528,069,094	402,681,270	125,387,824
State Basic Aid	176,893,073	178,656,354	(1,763,281)
State Sales Tax	79,610,836	76,320,888	3,289,948
Federal Impact Aid	13,724,963	13,180,576	544,387
Interest Earnings	1,467,641	948,952	518,689
Miscellaneous	828,322	928,664	(100,342)
Sale of Capital Assets	177,665	4,856,229	(4,678,564)
Total Revenues	<u>\$ 985,726,201</u>	<u>\$ 856,982,125</u>	<u>\$ 128,744,076</u>
<u>Expenses</u>			
Instruction	\$ 703,745,203	\$ 566,224,421	\$ 137,520,782
Admin, Attendance, & Health	24,107,377	23,307,229	800,148
Pupil Transportation	36,973,229	37,344,627	(371,398)
Operations and Maintenance	92,626,699	95,683,167	(3,056,468)
Cafeterias	29,492,968	28,573,857	919,111
Technology	47,543,325	47,195,554	347,771
Total Expenses	<u>\$ 934,488,801</u>	<u>\$ 798,328,855</u>	<u>\$ 136,159,946</u>
Change in Net Position	\$ 51,237,400	\$ 58,653,270	\$ (7,415,870)
Net Position (Deficit) -			
July 1	(136,701,264)	(195,354,534)	58,653,270
Net Position			
(Deficit) – June 30	<u>\$ (85,463,864)</u>	<u>\$ (136,701,264)</u>	<u>\$ 51,237,400</u>

Total revenue increased by \$128,744,076 (15.0%). This is a result of:

- An increase in local government revenue source of \$125,387,824 mainly due to increased bond sales by the City for capital projects; and

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

- Increase in State Sales Tax revenue of \$3,289,948.

Total expenses increased by \$136,159,946 (17.1%). This is a net result of:

- An increase in Instruction expenses of \$137,520,782 due to the net book value increase of the school buildings transferred to the City under the "tenancy in common" (Note 4B); a 3% raise for employees and an increase in compensated absences; and
- A decrease in Operations and Maintenance expenses of \$3,056,468 due to COVID-19 related delay of various projects and lower utility cost due to the governor-mandated closing of school in March 2020; and
- An increase in Cafeterias expenses of \$919,111 due to meal distribution offered to all students without charge at school and community sites during the governor-mandated closing of school

Governmental Activities

The following illustration presents the cost of the governmental activities: Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; and Technology during Fiscal Years 2020 and 2019. The illustration also shows each activity's net cost (total cost less charges for services, operating grants, and capital grants). The net cost shows the financial impact that is placed on the School Board's general revenue sources (local government, federal and state aid, interest earnings, and other nonspecific revenue sources).

Total and Net Cost of Governmental Activities				
	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
<u>Expenses</u>				
Instruction	\$ 703,745,203	\$ 554,351,369	\$566,224,421	\$ 429,426,757
Admin, Attendance, & Health	24,107,377	24,107,377	23,307,229	23,306,544
Pupil Transportation	36,973,229	36,338,272	37,344,627	37,130,272
Operations and Maintenance	92,626,699	92,344,888	95,683,167	95,244,190
Cafeterias	29,492,968	3,263,560	28,573,857	(1,905,413)
Technology	47,543,325	39,128,728	47,195,554	35,717,313
Total Expenses	<u>\$ 934,488,801</u>	<u>\$ 749,534,194</u>	<u>\$ 798,328,855</u>	<u>\$ 618,919,663</u>

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of June 30, 2020, the School Board's governmental funds reported combined fund balances of \$80,867,870, an increase of \$74,808,247 in comparison with the prior fiscal year. Of the total amount of the combined fund balances, \$1,403,549 is nonspendable (i.e., inventories and prepaid items), \$52,390,611 is restricted (e.g., capital projects bond proceeds, federal and state grantor agencies, cafeterias, textbook adoptions), \$12,577,383 is committed (e.g., capital projects, communication towers/technology, vending, equipment replacement), and \$14,496,327 is assigned (e.g., instructional technology, athletics, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology).

General Fund

The General Fund is the general operating fund of the School Board that is used to account for all of the financial resources, except those required to be accounted for in another fund. At June 30, 2020, the fund balance of the General Fund was \$15,110,460. Of this amount, \$614,133 is nonspendable (i.e., prepaid items) and \$14,496,327 is assigned (e.g., instructional technology, athletics, Green Run Collegiate, instruction, administration, attendance, and health, pupil transportation, operations and maintenance, technology).

General Fund Budget Amendment

<u>Amount</u>	<u>Purpose</u>
\$ 12,939,905	There was a supplemental budget amendment, other than for encumbrances, during fiscal year 2020. The General Fund budget amendment (e.g. full-day kindergarten, school buses, interactive white boards, white fleet replacement, and technology infrastructure) was funded through an increase in revenue from the local government.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 10,431,132 – FY 2019 Outstanding Encumbrances Appropriated
 12,939,905 – Budget Amendment (See above)
(1,217,901) – Revenue Reduction – Meals Tax Suspension Resolution
\$ 22,153,136 – Original Budget to Final Budget Difference (including the Other Financing
 Uses budget)

General Fund Final Budget to Actual Expenditures Variance Reconciliation

The following table presents a summary comparison of the General Fund's final budget compared to actual expenditures by type. The variance includes \$13,374,641 of outstanding encumbrances at June 30, 2020.

	Final Budget	Actual	Variance from Final Budget	%
<u>Expenditures</u>				
Salaries and Benefits	\$674,147,327	\$654,549,428	\$19,597,899	2.91%
Purchased Services	56,746,496	49,685,906	7,060,590	12.44%
Other	24,816,112	20,398,441	4,417,671	17.80%
Materials and Supplies	42,475,845	31,590,709	10,885,136	25.63%
Capital Outlay	10,195,668	6,407,393	3,788,275	37.16%
Total Expenditures	<u>\$ 808,381,448</u>	<u>\$ 762,631,877</u>	<u>\$ 45,749,571</u>	<u>5.66%</u>

As noted earlier, in response to the COVID-19 outbreak, the Governor of Virginia mandated schools to close in March 2020. Purchases were restricted to essential pandemic related response for the final three and a half months of FY20. This accounts for the majority of the remaining available balances in all categories. Other factors include:

- Lower than expected expenditures for salaries and benefits due to vacancies and lapsed salaries; and reduced use of substitutes and tutors;
- Lower than expected expenditures for purchased services due to reduced contractual services of \$2.3 million in the aggregate for all other budget units; variance includes \$4.7 million in carryover and other commitments;
- Lower than expected expenditures of other charges due to reduction of \$3.5 million in utilities usage and \$665 thousand due to suspension of all travel

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

- Lower than expected expenditures of materials and supplies due to a reduction of \$3.2 million in instructional supplies; \$3.6 million in computer software, controlled assets, and computer supplies; and \$2.1 million in vehicle fuel and supplies
- Lower than expected expenditures of capital outlay due to the delay in capital outlay expenditures as a result of economic uncertainty due to COVID-19

Transfers:

\$ 657,449 – Final Budget to Actual Expenditures Variance

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

Special Revenue Funds

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

Major Funds:

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

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

Nonmajor Funds:

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

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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

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

School Grants Fund: During Fiscal Year 2020, revenues and other financing sources totaled \$43,520,381 and expenditures totaled \$42,861,556. This resulted in an increase in the fund balance of \$658,825, due to a net increase in local match requirements. The remaining fund balance will be used for the required local match of Commonwealth of Virginia approved FY 2020 grant proceeds to be disbursed in FY 2021.

School Cafeterias Fund: During Fiscal Year 2020, revenues totaled \$26,585,389 and expenditures totaled \$29,623,223. This resulted in a decrease in the fund balance of \$3,037,834. The remaining fund balance will be used to help support operations during the continuing COVID-19 pandemic. Expansion of the Scratch Cooking Initiative will continue once the full financial impact of COVID-19 is known.

Nonmajor Special Revenue Funds: During Fiscal Year 2020, revenues totaled \$5,017,851 and expenditures totaled \$3,848,328. This resulted in a combined increase in the fund balances of all nonmajor Special Revenue funds of \$1,169,523. The School Textbooks, Communication Towers/Technology, and School Equipment funds had an increase in fund balance while the School Vending Operations Fund incurred a decrease in fund balance. The remaining fund balances of these nonmajor Special Revenue funds will be used in the future for technology purposes, equipment replacements and other appropriate needs.

Proprietary Funds – Internal Service Funds

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

During Fiscal Year 2020, total revenues including nonoperating revenues amounted to \$160,510,872. Expenses totaled \$136,001,314. This resulted in an increase in net position of \$24,509,558 due to a favorable claims experience during the plan year creating a positive impact on the School Health Insurance Fund Net Position balance.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Capital Projects Fund (Major Fund)

During Fiscal Year 2020, revenues including other financing sources totaled \$144,666,435 and expenditures totaled \$71,952,970. This resulted in an increase in the fund balance of \$72,713,465 due to increased bond sales by the City.

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

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

John B. Dey Elementary School Modernization	Renovations/Replacements-HVAC Systems
Princess Anne Middle School Replacement	Renovations/Replacements-Reroofing
Thoroughgood Elementary School Replacement	Energy Performance Contracts
Plaza Annex Addition	

CAPITAL ASSETS

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on-behalf of” debt for any school property which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property equal to the total outstanding principal balance of the applicable “on-behalf of” debt at June 30, 2020. The below illustration reflects capital assets remaining with the School Board (net of those that have been transferred between the School Board and the City as the outstanding principal balance changes).

The School Board’s investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$551,914,392 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements other than buildings, machinery/equipment and vehicles. The total decrease in the School Board’s investment in capital assets for the current fiscal year was 7.00%, as follows:

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Capital Assets (net of accumulated depreciation) As of June 30, 2020 and 2019			
	2020	2019	Percentage Change
Land	\$ 38,968,372	\$ 38,968,372	0%
Construction in Progress	91,935,123	65,245,069	40.91%
Buildings and Improvements	375,670,166	443,332,759	(15.26)%
Machinery/Equipment and Vehicles	<u>45,340,731</u>	<u>45,910,635</u>	(1.24)%
Total Capital Assets (net)	<u>\$ 551,914,392</u>	<u>\$ 593,456,835</u>	(7.00)%

The increase in Construction in Progress is mainly due to the Thoroughgood Elementary School and Princess Anne Middle School Replacement projects.

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

ECONOMIC FACTORS

The unemployment rate for Virginia Beach continues to be below the Metropolitan Statistical Area (MSA) and U.S. rates and is also below the Commonwealth of Virginia (state) rate. Average annual unemployment rates for 2019 were 2.8% for Virginia Beach, 3.1% for the MSA, 2.8% for Virginia, and 3.7% for the U.S. Unemployment rates declined in 2019 compared with 2018 for the City, the region, the State and the Nation. There has been a steady decline in the unemployment rate in Virginia Beach since 2010 (U.S. Department of Labor, Bureau of Labor Statistics).

The average number of Virginia Beach residents employed in 2019 was 228,226 from an average labor force of 234,164. This reflects a slight increase over 2018 in average employment (225,561) and average labor force (231,358) of 1.2% and 1.0%, respectively (U.S. Department of Labor, Bureau of Labor Statistics).

Based on the most recent data available, the per capita personal income for 2018 was \$58,308 for Virginia Beach, \$50,619 for the MSA, \$57,799 for Virginia, and \$54,446 for the U.S. Over the five year period 2013-2018, the per capita personal income for Virginia Beach increased an average of 3.8% per year (U.S. Department of Commerce, Bureau of Economic Analysis). Also, the median household income continued to increase for Virginia Beach in 2019 at \$79,054 compared with

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

\$77,059 in 2018. Median household income for the City has increased an average of 3.9% per year since 2013 (U.S. Census Bureau, 2019 American Community Survey).

Factors Influencing Future Budgets

- COVID related impacts on revenue streams
- Decline in student enrollment
- Global and national economic conditions
- Employee health care costs
- Employee postemployment benefits
- Inadequate state and federal aid
- Unfunded state and federal mandates
- Competitive salaries and pay raises
- Various magnet schools and academies
- Expansion of Pre-Kindergarten

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments (Notes 1K1 and 6)	\$ 245,659,477
Accounts Receivable	2,801,998
Due from Commonwealth (Note 2A)	12,109,361
Due from Federal Government (Note 2B)	11,110,574
Inventories (Note 1F)	788,610
Prepaid Items (Note 1K5)	920,571
Total Current Assets	<u>\$ 273,390,591</u>
Noncurrent Assets:	
Capital Assets (Note 4):	
Land	\$ 38,968,372
Buildings, Improvements, Machinery, Equipment, and Vehicles (net of accumulated depreciation)	421,010,897
Construction in Progress	91,935,123
Total Noncurrent Assets	<u>\$ 551,914,392</u>
TOTAL ASSETS	<u>\$ 825,304,983</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 8)	
Deferred Outflows from Pensions	\$ 141,173,000
Deferred Outflows from OPEB	<u>33,208,000</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 174,381,000</u>
LIABILITIES	
Current Liabilities:	
Salaries Payable (Note 7C)	\$ 62,542,911
Vouchers and Accounts Payable	24,916,264
Deposits Payable	75,000
Due to Commonwealth	6,840
Due to Federal Government	87,914
Unearned Revenue (Note 3)	10,937,355
Long-term Liabilities (Note 5A)	19,636,952
Total Current Liabilities	<u>\$ 118,203,236</u>
Noncurrent Liabilities:	
Net Pension Liability (Notes 5A and 8)	678,825,000
Net OPEB Liability (Notes 5A and 8)	152,746,000
Other Long-term Liabilities (Notes 1H, 5A and 9)	<u>35,394,611</u>
TOTAL LIABILITIES	<u>\$ 985,168,847</u>
DEFERRED INFLOWS OF RESOURCES (Note 8)	
Deferred Inflows from Pensions	\$ 74,887,000
Deferred Inflows from OPEB	<u>25,094,000</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 99,981,000</u>
NET POSITION (DEFICIT) (Note 1J)	
Investment in Capital Assets	\$ 551,914,392
Restricted for: (Note 10D)	
Capital Projects	32,377,544
Grants	2,352,340
Cafeterias	9,787,357
Textbooks	7,873,370
Unrestricted (Deficit)	<u>(689,768,867)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (85,463,864)</u>

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expenses) Revenues and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
	Expenses			
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction	\$ 703,745,203	\$ 1,540,097	\$ 147,853,737	\$ (554,351,369)
Administration, Attendance, & Health	24,107,377	-	-	(24,107,377)
Pupil Transportation	36,973,229	634,957	-	(36,338,272)
Operations and Maintenance	92,626,699	281,549	262	(92,344,888)
Cafeterias	29,492,968	7,371,901	18,857,507	(3,263,560)
Technology	47,543,325	1,593,780	6,820,817	(39,128,728)
Total Governmental Activities	<u>\$ 934,488,801</u>	<u>\$ 11,422,284</u>	<u>\$ 173,532,323</u>	<u>\$ (749,534,194)</u>

General Revenues:

Local Sources:

Local Government	\$ 528,069,094
Miscellaneous	828,322
Sale of Capital Assets	177,665

Federal and State Aid not Restricted
to Specific Purposes:

State Basic Aid	176,893,073
State Sales Tax	79,610,836
Federal Impact Aid	13,724,963

Interest Earnings	<u>1,467,641</u>
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Total General Revenues	<u>\$ 800,771,594</u>
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Change in Net Position	\$ 51,237,400
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Total Net Position - July 1	<u>(136,701,264)</u>
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Total Net Position (Deficit) - June 30	<u>\$ (85,463,864)</u>
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The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments (Notes 1K1 and 6)	\$ 63,129,056	\$ -	\$ 11,497,968	\$ 55,042,484	\$ 12,281,240	\$ 141,950,748
Accounts Receivable	232,921	154,243	5,880	-	-	393,044
Due from Other Funds (Note 10B)	3,224,906	-	-	-	-	3,224,906
Due from Commonwealth (Note 2A)	10,854,007	1,255,354	-	-	-	12,109,361
Due from Federal Government (Note 2B)	79,270	9,982,279	1,049,025	-	-	11,110,574
Inventories (Note 1F)	-	-	788,610	-	-	788,610
Prepaid Items (Note 1K5)	614,133	-	806	-	-	614,939
TOTAL ASSETS	\$ 78,134,293	\$ 11,391,876	\$ 13,342,289	\$ 55,042,484	\$ 12,281,240	\$ 170,192,182
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries Payable (Note 7C)	\$ 58,008,333	\$ 3,270,740	\$ 1,227,279	\$ 36,283	\$ -	\$ 62,542,635
Vouchers and Accounts Payable	4,800,010	752,484	783,259	14,208,582	87,648	20,631,983
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds (Note 10B)	-	3,224,906	-	-	-	3,224,906
Due to City of Virginia Beach	-	-	-	-	-	-
Due to Commonwealth	-	6,840	-	-	-	6,840
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue (Note 3)	215,490	1,784,566	754,978	-	-	2,755,034
TOTAL LIABILITIES	\$ 63,023,833	\$ 9,039,536	\$ 2,765,516	\$ 14,332,779	\$ 162,648	\$ 89,324,312
Fund Balances: (Notes 11 and 10D)						
Nonspendable	\$ 614,133	\$ -	\$ 789,416	\$ -	\$ -	\$ 1,403,549
Restricted	-	2,352,340	9,787,357	32,377,544	7,873,370	52,390,611
Committed	-	-	-	8,332,161	4,245,222	12,577,383
Assigned	14,496,327	-	-	-	-	14,496,327
TOTAL FUND BALANCES	\$ 15,110,460	\$ 2,352,340	\$ 10,576,773	\$ 40,709,705	\$ 12,118,592	\$ 80,867,870
TOTAL LIABILITIES AND FUND BALANCES	\$ 78,134,293	\$ 11,391,876	\$ 13,342,289	\$ 55,042,484	\$ 12,281,240	\$ 170,192,182

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

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

Total Fund Balances - Governmental Funds (this exhibit)	\$ 80,867,870
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

	Cost of Capital Assets	\$ 1,015,245,495	
	less: Accumulated Depreciation	<u>463,331,103</u>	551,914,392

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

	Compensated Absences		(38,968,412)
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Internal Service Funds are used to account for the risk management and health insurance programs; and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

	Total Assets	\$ 106,423,315	
	less: Total Liabilities	<u>28,530,029</u>	77,893,286
	Total Net Position		

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. Pensions are not reported in the governmental funds (Note 8).

	Net Pension Liability	\$ (678,825,000)	
	Deferred Outflows of Resources	141,173,000	
	Deferred Inflows of Resources	<u>(74,887,000)</u>	(612,539,000)

Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for OPEB was implemented in Fiscal Year 2018. OPEB is not reported in the governmental funds (Note 8).

	Net OPEB Liability	\$ (152,746,000)	
	Deferred Outflows of Resources	33,208,000	
	Deferred Inflows of Resources	<u>(25,094,000)</u>	<u>(144,632,000)</u>

Total Net Position of Governmental Activities in the Statement of Net Position (Exhibit A-1)	\$ <u><u>(85,463,864)</u></u>
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The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Use of Money and						
Property	\$ 281,549	\$ -	\$ 324,311	\$ 434,540	\$ 869,009	\$ 1,909,409
Charges for Services	1,081,961	-	6,890,554	-	129,432	8,101,947
Miscellaneous	3,174,023	376,845	513,017	-	19,852	4,083,737
From Local Government	383,837,199	-	-	144,231,895	-	528,069,094
From Commonwealth	364,713,404	9,261,215	729,167	-	3,999,558	378,703,344
From Federal Government	16,671,591	29,881,074	18,128,340	-	-	64,681,005
Total Revenues	<u>\$ 769,759,727</u>	<u>\$ 39,519,134</u>	<u>\$ 26,585,389</u>	<u>\$ 144,666,435</u>	<u>\$ 5,017,851</u>	<u>\$ 985,548,536</u>
EXPENDITURES						
Current:						
Instruction	\$ 573,394,750	\$ 39,661,604	\$ -	\$ 601,333	\$ 1,180,460	\$ 614,838,147
Administration, Attendance, & Health	24,526,915	-	-	-	-	24,526,915
Pupil Transportation	37,039,105	-	-	-	-	37,039,105
Operations and Maintenance	87,816,421	-	-	5,020,997	-	92,837,418
Cafeterias	-	-	29,191,803	-	-	29,191,803
Technology	39,854,686	3,199,952	431,420	152,101	2,667,868	46,306,027
Capital Outlay	-	-	-	66,178,539	-	66,178,539
Total Expenditures	<u>\$ 762,631,877</u>	<u>\$ 42,861,556</u>	<u>\$ 29,623,223</u>	<u>\$ 71,952,970</u>	<u>\$ 3,848,328</u>	<u>\$ 910,917,954</u>
EXCESS (DEFICIENCY) OF						
REVENUES OVER (UNDER)						
EXPENDITURES	<u>\$ 7,127,850</u>	<u>\$ (3,342,422)</u>	<u>\$ (3,037,834)</u>	<u>\$ 72,713,465</u>	<u>\$ 1,169,523</u>	<u>\$ 74,630,582</u>
OTHER FINANCING SOURCES						
(USES)						
Transfers In (Note 10A)	\$ -	\$ 4,001,247	\$ -	\$ -	\$ -	\$ 4,001,247
Transfers Out (Note 10A)	(4,001,247)	-	-	-	-	(4,001,247)
Sale of Capital Assets	177,665	-	-	-	-	177,665
Total Other Financing Sources (Uses)	<u>\$ (3,823,582)</u>	<u>\$ 4,001,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,665</u>
NET CHANGES IN						
FUND BALANCES	<u>\$ 3,304,268</u>	<u>\$ 658,825</u>	<u>\$ (3,037,834)</u>	<u>\$ 72,713,465</u>	<u>\$ 1,169,523</u>	<u>\$ 74,808,247</u>
FUND BALANCES - JULY 1	<u>11,806,192</u>	<u>1,693,515</u>	<u>13,614,607</u>	<u>(32,003,760)</u>	<u>10,949,069</u>	<u>6,059,623</u>
FUND BALANCES - JUNE 30	<u><u>\$ 15,110,460</u></u>	<u><u>\$ 2,352,340</u></u>	<u><u>\$ 10,576,773</u></u>	<u><u>\$ 40,709,705</u></u>	<u><u>\$ 12,118,592</u></u>	<u><u>\$ 80,867,870</u></u>

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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

Net Changes in Fund Balances - Governmental Funds (this exhibit) \$ 74,808,247

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

50,125,858

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

Leave Used	\$ 7,440,773	
Leave Earned	<u>(12,158,735)</u>	(4,717,962)

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

Risk Management	\$ 404,217	
Health Insurance	<u>24,105,341</u>	24,509,558

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf of" debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf of" debt at June 30, 2020. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(91,668,301)

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. This amount is the Pension Expense and Deferred Outflow (pension contributions paid) for the fiscal year (Note 8).

Pension Expense	\$ (69,624,000)	
Deferred Inflow	1,117,000	
Deferred Outflow	<u>65,952,000</u>	(2,555,000)

Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for OPEB was implemented in Fiscal Year 2018. This amount is the OPEB Expense and Deferred Outflow (OPEB contributions paid) for the fiscal year (Note 8).

OPEB Expense	\$ 15,920,000	
Deferred Inflow	(19,640,000)	
Deferred Outflow	<u>4,455,000</u>	<u>735,000</u>

Change in Net Position of governmental activities in the Statement of Activities (Exhibit A-2) \$ 51,237,400

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash and Investments (Notes 1K1 and 6)	\$ 103,708,729
Accounts Receivable	2,408,954
Prepaid Items (Note 1K5)	<u>305,632</u>
TOTAL ASSETS	<u>\$ 106,423,315</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	\$ 276
Vouchers and	
Accounts Payable	4,284,281
Unearned Revenue (Note 3)	8,182,321
Estimated Claims and	
Judgments (due within one year)	
(Notes 5A and 9)	<u>12,047,363</u>
Total Current Liabilities	<u>\$ 24,514,241</u>
Noncurrent Liabilities:	
Estimated Claims and	
Judgments (due in more than one year)	
(Notes 5A and 9)	<u>4,015,788</u>
TOTAL LIABILITIES	<u>\$ 28,530,029</u>
 <u>NET POSITION</u>	
Unrestricted	<u>\$ 77,893,286</u>
TOTAL NET POSITION	<u><u>\$ 77,893,286</u></u>

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities: Internal Service Funds
<u>OPERATING REVENUES</u>	
Charges for Services	\$ 158,592,635
Miscellaneous Revenue	58,405
Total Operating Revenue	<u>\$ 158,651,040</u>
<u>OPERATING EXPENSES</u>	
Personnel Services	\$ 752,003
Fringe Benefits	266,589
Purchased Services	2,250,687
Other Charges (Note 1K2)	132,732,035
Total Operating Expenses	<u>\$ 136,001,314</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 22,649,726</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	\$ 1,859,832
Total Nonoperating Revenues (Expenses)	<u>\$ 1,859,832</u>
<u>CHANGES IN NET POSITION</u>	<u>\$ 24,509,558</u>
<u>TOTAL NET POSITION - JULY 1</u>	<u>53,383,728</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 77,893,286</u></u>

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities: Internal Service Funds
<u>CASH FLOWS FROM OPERATING</u>	
<u>ACTIVITIES:</u>	
Receipts from Users	\$ 158,333,081
Payments to Vendors for Goods/Services	(137,718,771)
Payments to Employees for Services	(1,020,232)
Net Cash Provided By Operating Activities	<u>\$ 19,594,078</u>
<u>CASH FLOWS FROM INVESTING</u>	
<u>ACTIVITIES:</u>	
Interest Received on Investments	<u>1,859,832</u>
<u>NET INCREASE IN</u>	
<u>CASH AND INVESTMENTS</u>	\$ 21,453,910
<u>CASH AND INVESTMENTS,</u>	
<u>BEGINNING OF YEAR</u>	<u>82,254,819</u>
<u>CASH AND INVESTMENTS,</u>	
<u>END OF YEAR</u>	<u>\$ 103,708,729</u>
<u>RECONCILIATION OF OPERATING</u>	
<u>INCOME TO NET CASH</u>	
<u>PROVIDED BY OPERATING</u>	
<u>ACTIVITIES:</u>	
Operating Income	<u>\$ 22,649,726</u>
Adjustments to Reconcile Operating	
Income to Net Cash Provided	
(Used) by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ (509,597)
Prepaid Items	11,432
Increase (Decrease) in Liabilities	
Salaries Payable	(1,640)
Vouchers and Accounts Payable	(783,470)
Unearned Revenue	191,638
Estimated Claims and Judgments	<u>(1,964,011)</u>
Total Adjustments	<u>\$ (3,055,648)</u>
Net Cash Provided By Operating Activities	<u>\$ 19,594,078</u>

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

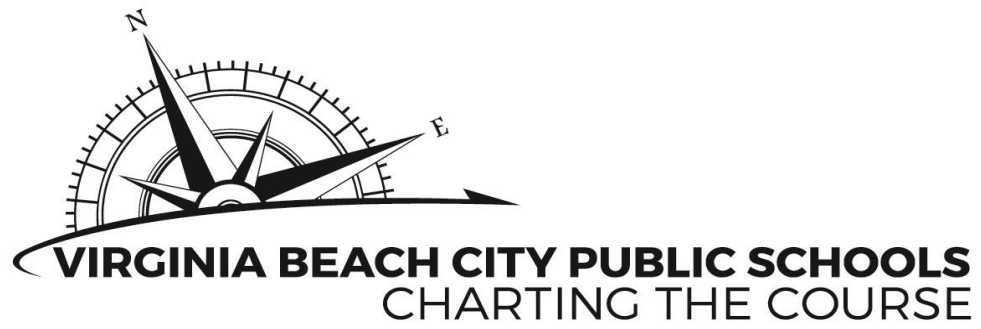
	Other Postemployment Benefits Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and Investments (Notes 1K1 and 6)	\$ -	\$ 20,406,736
Fixed Income	7,086,066	-
Stocks	19,908,473	-
Real Estate	2,362,022	-
Alternative Investments	4,386,612	-
Accounts Receivable	-	585
Prepaid	-	14,148
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 33,743,173</u>	<u>\$ 20,421,469</u>
<u>LIABILITIES</u>		
Vouchers and Accounts Payable	\$ -	\$ 20,421,469
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 20,421,469</u>
<u>NET PENSION</u>		
Net Position Restricted for Postemployment Benefits		
Other than Pensions	<u>\$ 33,743,173</u>	

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefits Trust Fund
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 6,950,743
Investment Earnings:	
Increase in the Fair Value of Investments	\$ 997,100
Total Additions	\$ 7,947,843
<u>DEDUCTIONS</u>	
Benefits	\$ 5,945,243
Administrative Expenses	27,508
Total Deductions	\$ 5,972,751
Change in Net Position	\$ 1,975,092
Net Position at Beginning of Year	31,768,081
Net Position at End of Year	\$ 33,743,173

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



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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Government-Wide and Fund Financial Statements

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

The basic financial statements and required supplementary information include both the government-wide (based upon the School Board as a whole) financial statements (i.e., Statement of Net Position and Statement of Activities) and fund financial statements. While the previous reporting model emphasized fund types (i.e., the total of all funds of a particular fund type), the reporting model emphasizes either the School Board as a whole or a major individual fund (within the basic financial statements and required supplementary information).

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

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Fund financial statements are provided for governmental funds, proprietary funds (i.e., internal service funds), and fiduciary funds (i.e., agency funds). By definition, the assets of the fiduciary funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government; therefore, these funds are excluded from the government-wide financial statements. Furthermore, the internal service funds have been incorporated into the governmental activities column in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School Board reports the following major governmental funds:

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

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

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

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

Additionally, the School Board reports the following fund types:

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

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Fiduciary Funds - are used to account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary Funds are Agency Funds (Payroll Deductions, Fringe Benefits, and School Activity Funds) and the Other Postemployment Benefit Trust Fund for Retiree Health Benefits. The Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The Other Postemployment Benefit Trust Fund accounts for assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

B. Financial Reporting Entity

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

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

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

C. Capital Assets

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

D. Basis of Accounting and Measurement Focus

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

The Agency funds are used to account for the assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities).

The modified accrual basis of accounting is used by all governmental fund types and the full accrual basis of accounting is used by the agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

to be used to pay liabilities of the current period (for the most part, revenues are considered available, if they are collected within 90 days of the end of the fiscal year). Expenditures are recorded when the related fund liability is incurred, if measurable.

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

- Commonwealth of Virginia
- State Sales Taxes
- Federal Government

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

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

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

E. Encumbrances

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

F. Inventories

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

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

G. Deferred Outflows and Inflows of Resources

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

H. Accrued Compensated Leave

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

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

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

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

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

I. Fund Balance

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

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

Restricted - The restricted fund balance classification is used when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the School Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School Board can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

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

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

J. Net Position

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

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

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

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

K. Miscellaneous

1. Cash and Investments

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

2. Proprietary Funds' Other Charges

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

3. Statement of Cash Flows

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

4. Long-Term Obligations

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

5. Prepaid Items

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

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6. Debt Service

The School Board has debt service payments on debt incurred by the City “on behalf of” the School Board (see Note 4B for related information). However, information on the School Board and City debt service payments and outstanding debt as a whole are presented in the City’s Comprehensive Annual Financial Report.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

M. Pensions

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

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

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

N. Other Postemployment Benefits

1. Retiree Health Benefits

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

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2. Teacher Employee Health Insurance Credit Program

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

3. Group Life Insurance

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

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

The Virginia Retirement System (VRS) Teacher Employee and Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Teacher Employee and Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee and Political Subdivision Employee Virginia Local Disability Program OPEB, and the Teacher Employee and Political Subdivision Employee OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee and

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Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Teacher Employee and Political Subdivision Employee Virginia Local Disability 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.

O. Pronouncements Issued but not Yet Effective

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

GASB STATEMENT NO.	GASB ACCOUNTING STANDARD	EFFECTIVE FISCAL YEAR
84	Fiduciary Activities	2021
87	Leases	2022

2. RECEIVABLES

A. Due from Commonwealth

The following revenues were due from the Commonwealth of Virginia at June 30, 2020:

State Share Sales Tax	\$ 5,966,070
Special Education – Regional Program	4,887,937
Technology Initiative	270,217
Dual Enrollment - TCC	513,189
Juvenile Detention Center	297,349
Other Grants, Entitlements, and Shared Revenues	<u>174,599</u>
Total Due From Commonwealth (Exhibit A-3 and A-1)	<u><u>\$ 12,109,361</u></u>

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B. Due from Federal Government

The following revenues were due from various federal agencies at June 30, 2020:

Adult Basic Education	\$ 83,846
Carl Perkins	768,543
DoDEA MCASP GRIT	292,544
McKinney Homeless	30,588
National School Meal Program	207,258
NJROTC	79,270
Preschool Incentive	121,961
Startalk	67,555
Summer Feeding Program	841,767
Title I	4,801,505
Title II	436,371
Title III	20,800
Title IV	514,904
Title VI-B	2,843,662
Total Due From Federal Gvt (Exhibit A-3 and A-1)	<u>\$ 11,110,574</u>

3. UNEARNED REVENUE

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue consists of the following as of June 30, 2020:

General Fund – Summer School Tuition	\$ 215,490
School Grants Fund – Early Reading Intervention, Algebra Readiness, VA Initiative At Risk Four Year Old, 2Revolutions , and other grants	1,784,566
Other Governmental Funds – School Cafeterias – Charges for Services	754,978
Total Unearned Revenue – Governmental Funds (Exhibit A-3)	<u>\$ 2,755,034</u>
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-5)	8,182,321
Total Unearned Revenue – Governmental Activities (Exhibit A-1)	<u>\$ 10,937,355</u>

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4. CAPITAL ASSETS

A. Summary of Changes in Capital Assets

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 38,968,372	\$ -	\$ -	\$ 38,968,372
Construction in Progress	65,245,069	55,139,145	28,449,091	91,935,123
Total Capital Assets Not Being Depreciated	<u>\$104,213,441</u>	<u>\$ 55,139,145</u>	<u>\$ 28,449,091</u>	<u>\$130,903,495</u>
Capital Assets Being Depreciated:				
Buildings	\$761,011,176	\$ 35,890,883	\$ 114,007,479	\$682,894,580
Improvements Other Than Buildings	65,923,256	2,995,501	-	68,918,757
Machinery/Equipment and Vehicles	128,868,349	7,870,068	4,209,754	132,528,663
Total Capital Assets Being Depreciated	<u>\$955,802,781</u>	<u>\$ 46,756,452</u>	<u>\$ 118,217,233</u>	<u>\$884,342,000</u>
Less Accumulated Depreciation for:				
Buildings	\$336,478,420	\$ 21,932,828	\$ 31,537,168	\$326,874,080
Improvements Other Than Buildings	47,123,253	2,145,838	-	49,269,091
Machinery/Equipment and Vehicles	82,957,714	8,270,457	4,040,239	87,187,932
Total Accumulated Depreciation	<u>\$466,559,387</u>	<u>\$ 32,349,123</u>	<u>\$ 35,577,407</u>	<u>\$463,331,103</u>
Total Capital Assets Being Depreciated, Net	<u>\$489,243,394</u>	<u>\$ 14,407,329</u>	<u>\$ 82,639,826</u>	<u>\$421,010,897</u>
Governmental Activities Capital Assets, Net	<u>\$593,456,835</u>	<u>\$ 69,546,474</u>	<u>\$ 111,088,917</u>	<u>\$551,914,392</u>

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

Section 15.2-1800.1 of the *Code of Virginia*, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on behalf of” debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable “on behalf of” debt at June 30, 2020, as follows:

School Buildings reported by the City	\$ 431,630,447
Less: Accumulated Depreciation	<u>72,245,811</u>
Net Book Value reported by the City	<u>\$ 359,384,636</u>

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C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

Instruction	\$ 23,724,383
Admin, Attendance, & Health	2,596
Pupil Transportation	4,205,797
Operations and Maintenance	725,032
Cafeterias	719,765
Technology	<u>2,971,550</u>
 Total Depreciation Expense	 <u><u>\$ 32,349,123</u></u>

Note: Approximately \$9 million of the depreciation expense is on buildings owned by the School Board and reported by the City, and the net accumulated depreciation change/transfer on buildings owned by the School Board and previously reported by the City as a result of the Tenancy in Common provisions disclosed in Note 4B.

5. LONG-TERM LIABILITIES

A. Summary of Changes in Long-Term Liabilities

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Accrued Compensated Leave (Note 5B)	\$ 34,250,450	\$ 12,158,735	\$ 7,440,773	\$ 38,968,412	\$ 7,589,589
Estimated Claims and Judgments (Notes 9A and 9C)	18,027,162	132,732,000	134,696,011	16,063,151	12,047,363
Net Pension Liability (Note 8A)	609,201,000	220,045,000	150,421,000	678,825,000	-
Net OPEB Liability (Note 8B-F)	<u>168,666,000</u>	<u>37,916,000</u>	<u>53,836,000</u>	<u>152,746,000</u>	<u>-</u>
 Long-Term Liabilities	 <u><u>\$ 830,144,612</u></u>	 <u><u>\$ 402,851,735</u></u>	 <u><u>\$ 346,393,784</u></u>	 <u><u>\$ 886,602,563</u></u>	 <u><u>\$19,636,952</u></u>

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

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B. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2020:

<u>Compensated Leave</u>	
Annual	\$ 13,368,095
Sick	19,603,797
Personal	<u>5,996,520</u>
Total	<u><u>\$ 38,968,412</u></u>

6. DEPOSITS AND INVESTMENTS

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

A. Deposits

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

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

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

As of June 30, 2020, the City had the following recurring investments. Except for the investments in the State Non-Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

	June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Weighted Average Maturities (in months)
Investments at Fair Value:					
Money Market funds	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	0.01
Commercial Paper	74,810,883	-	74,810,883	-	0.15
U. S. Government Securities	120,118,472	-	120,118,472	-	0.12
	<u>\$ 204,929,355</u>	<u>\$ -</u>	<u>\$ 204,929,355</u>	<u>\$ -</u>	
Investments Measured at other than Fair Value:					
Certificates of Deposits	\$ 65,248,934				0.13
State Non Arbitrage Program – SNAP	112,755,946				0.12
State Treasurer's Local Government Pool (LGIP)	292,000,000				0.30
Virginia Investment Pool (VIP)	11,071,845				0.01
Virginia Investment Pool (VIP) - Liquidity Pool	288,654,264				0.30
Total Fair Value	<u>\$ 769,730,989</u>				
Total Investments	<u>\$ 974,660,344</u>				
Portfolio Weighted Average Maturity					<u>0.23</u>

Reconciliation of total deposits and investments at June 30, 2020:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 800,436,249	\$ 245,659,477	\$ 1,046,095,726
Restricted Cash and Cash Equivalents	181,424,870	-	181,424,870
Fiduciary Funds	261,195	20,406,736	20,667,931
Total	<u>\$ 982,122,314</u>	<u>\$ 266,066,213</u>	<u>\$ 1,248,188,527</u>
Less: Cash on Deposit			(273,528,183)
Total Market Value of Investments at June 30, 2020			<u>\$ 974,660,344</u>

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In addition to the above cash and investments reported on the government-wide financial statements the carrying values as of June 30, 2020 of the City and School Board OPEB Trust Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VML/VACo Polled OPEB Trust) was \$45,460,681 and 33,743,173, respectively.

The City has investments in U.S. Government securities valued at \$120.1 million (Level 2 inputs). These investments are classified in Level 2 at the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the City's custodian bank.

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

The remaining investments are measured in accordance with existing GASB standards and at amortized costs totaled \$769.7 million at June 30, 2020. Investments within the SNAP Investment Pool are held there to meet the debt service reserve requirements of the bond covenants and therefore cannot be withdrawn for any other purpose. Investments within the Local Government Investment Pool (LGIP) have no restrictions on withdrawals and can be obtained upon demand. Investments in the Virginia Investment Pool (VIP) fall within two primary funds, 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool. The 1-3 High Quality Bond Fund redemptions are available twice a month and participants are required to provide 5 days' notice. Redemptions greater than \$5 million are requested to be submitted 60 days in advance and if the redemption is greater than 10% of the portfolio's net asset value without the 60 days' notice, the redemption can be executed over time. The Stable NAV Liquidity Pool has no restrictions on withdrawals and funds are available the same day.

B. Interest Rate Risk

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

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

The City assumes all investments will be held until maturity or until called at their par value. However, an investment may be sold at an earlier date to meet certain obligations or if the

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

C. Credit Risk

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

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

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

The City's rated debt investments as of June 30, 2020 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 292,000,000	\$ -
U. S. Government Securities	120,118,472	-
State Non Arbitrage Program (SNAP)	112,755,946	-
Commercial Paper	74,810,883	-

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

At June 30, 2020, investments in bankers' acceptance instruments and U.S. Government Securities are recorded at fair value. All other investments are reported utilizing amortized cost due to maturity dates less than one year.

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

7. COMMITMENTS AND CONTINGENCIES

A. Litigation

The School Board, as of June 30, 2020, is a named defendant in various lawsuits. The School Board is vigorously defending all cases and expects no losses will be incurred which would have a material effect on the School Board's financial position.

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

C. Salaries Payable

The outstanding Salaries Payable amount represents salaries due (in July and August 2020) to school employees (e.g., teachers) who have opted to be paid over a twelve-month period; and salaries that are due (e.g., for services rendered in June 2020 and not paid until July 2020) to substitutes, part-time employees, and other school personnel.

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D. Construction Projects

The School Board has active construction projects and related contractual commitments as of June 30, 2020, as follows:

<u>Construction in Progress</u>	<u>Commitments</u>
\$91,935,123	\$36,669,111

E. Encumbrances

The School Board has encumbrances such as purchase orders, contracts, and other commitments for the expenditure of monies for goods and/or services not received as of June 30, 2020. These outstanding encumbrances (listed below) do not constitute expenditures until expended or accrued as liabilities and, therefore, are not reflected in the accompanying financial statements.

<u>Fund</u>	<u>Amount of Encumbrances</u>
General	\$ 13,374,641
Capital Projects	36,669,111
Other Governmental	3,316,126
Total	<u><u>\$ 53,359,878</u></u>

F. COVID-19

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

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

A. Virginia Retirement System

1. Plan Description

All full-time, salaried permanent (professional) employees of Virginia Beach City Public Schools (VBCPS) are automatically covered by the VRS Teacher Retirement Plan, upon employment. All full-time, salaried permanent (non-professional) employees of VBCPS are automatically covered by the VRS Political Subdivision Retirement Plan, upon employment. These plans are administered by the Virginia Retirement System (the System or VRS) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they

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

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

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<u>Plan 1</u> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula.	<u>Plan 2</u> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula.	<u>Hybrid Retirement Plan</u> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
		from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<u>Eligible Members</u> 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 <u>Hybrid Opt-In Election</u> 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. 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	<u>Eligible Members</u> 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. <u>Hybrid Opt-In Election</u> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	<u>Eligible Members</u> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • School division employees • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees 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

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
Hybrid Retirement Plan and remain as Plan 1 or ORP.		Plan 1 or Plan 2 (as applicable) or ORP.
<u>Retirement Contributions</u> 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.	<u>Retirement Contributions</u> Same as Plan 1.	<u>Retirement Contributions</u> 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.
<u>Creditable Service</u> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service 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.	<u>Creditable Service</u> Same as Plan 1.	<u>Creditable Service</u> <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in

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

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
		Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50 % vested and may withdraw 50 % of employer contributions. • After three years, a member is 75 % vested and may withdraw 75 % of employer contributions. • 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.
<u>Calculating the Benefit</u> The basic benefit is calculated based on a formula using the member's average final compensation, a plan multiplier, and total service credit at retirement. An early retirement reduction factor is applied to the basic benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional	<u>Calculating the Benefit</u> See definition under Plan 1.	<u>Calculating the Benefit</u> <u>Defined Benefit Component:</u> See definition under Plan 1 <u>Defined Contribution Component:</u> 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.

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

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<u>Earliest Unreduced Retirement Eligibility</u> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	<u>Earliest Unreduced Retirement Eligibility</u> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.	<u>Earliest Unreduced Retirement Eligibility</u> <u>Defined Benefit Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<u>Earliest Reduced Retirement Eligibility</u> Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	<u>Earliest Reduced Retirement Eligibility</u> Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.	<u>Earliest Reduced Retirement Eligibility</u> <u>Defined Benefit Component:</u> Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<u>Cost-of-Living Adjustment (COLA) in Retirement</u> The Cost-of-Living Adjustment (COLA) matches the first 3%	<u>Cost-of-Living Adjustment (COLA) in Retirement</u> The Cost-of-Living Adjustment (COLA) matches the first 2%	<u>Cost-of-Living Adjustment (COLA) in Retirement</u> <u>Defined Benefit Component:</u> Same as Plan 2.

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increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4 %) up to a maximum COLA of 5 %. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, 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 creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment	increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as Plan 1. <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.	<u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2. <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
<u>Disability Coverage</u> 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.	<u>Disability Coverage</u> 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.	<u>Disability Coverage</u> Employees of school divisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. 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.
<u>Purchase of Prior Service</u> 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 creditable service in their plan. Prior creditable	<u>Purchase of Prior Service</u> Same as Plan 1.	<u>Purchase of Prior Service</u> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service.

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PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
service 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.		<u>Defined Contribution Component:</u> Not applicable.

2. Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following nonprofessional employees (non-teacher) were covered by the benefit terms of the pension plan:

<u>Nonprofessional Employees (non-teacher):</u>	
Inactive Members or Their Beneficiaries	
Currently Receiving Benefits	1,643
Inactive Members:	
Vested Inactive Members	296
Non-Vested Inactive Members	834
LTD	6
Active Elsewhere in VRS	393
Total Inactive Members	1,529
Active Members	2,018
Total Covered Employees	5,190

3. Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. For the Professional Plan (Teacher Retirement Plan), each school division's contractually required contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the School Board of the City of Virginia Beach, Virginia were \$65,059,491 and \$63,710,358 for the years ended June 30, 2020 and June 30, 2019, respectively.

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For the Nonprofessional (non-teacher) employees. The School Board of the City of Virginia Beach, Virginia contractually required employer contribution rate for the year ended June 30, 2020 was 6.73% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. When combined with employee contributions, this rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board of the City of Virginia Beach, Virginia were \$2,928,810 and \$2,885,329 for the years ended June 30, 2020 and June 30, 2019, respectively.

4. Net Pension Liability

At June 30, 2020, the School Board of the City of Virginia Beach, Virginia reported a net pension liability of \$657,816,258 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The School Board of the City of Virginia Beach, Virginia's proportion of the net pension liability was based on the School Board of the City of Virginia Beach, Virginia's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board of the City of Virginia Beach, Virginia's proportion was 4.99839% as compared to 5.07577% at June 30, 2018.

The net pension liability is calculated separately for each system and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 67, less that employer's fiduciary net position. As of June 30, 2019, net pension liability amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	<u>36,522,769</u>
Employers' Net Pension Liability (Asset)	<u><u>\$ 13,160,567</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

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For the School Board of the City of Virginia Beach, Virginia's Nonprofessional (non-teacher) Retirement Plan, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019. At June 30, 2020, the school division reported a net pension liability of \$21,008,282 for the Nonprofessional (non-teacher) Retirement Plan.

5. Pension Expense

For the year ended June 30, 2020, the School Board of the City of Virginia Beach, Virginia recognized pension expense of \$64,181,055 for the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2020, the School Board of the City of Virginia Beach, Virginia recognized pension expense of \$6,674,553 for the Nonprofessional (non-teacher) Retirement Plan.

6. Deferred Outflows/Inflows of Resources

At June 30, 2020, for the Teacher Retirement Plan (Professional), the School Board of the City of Virginia Beach, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 42,123,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	14,444,000
Change in Assumptions	65,139,000	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	365,000	13,872,000
Employer Contributions Subsequent to the Measurement Date	65,059,491	-
Total	<u>\$ 130,563,491</u>	<u>\$ 70,439,000</u>

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\$65,059,491 reported as deferred outflows of resources related to pensions resulting from the School Board of the City of Virginia Beach Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30	Deferred Amounts
2021	\$ (4,520,000)
2022	(16,679,000)
2023	2,935,000
2024	8,888,000
2025	4,441,000
	<u>\$ (4,935,000)</u>

In addition, at June 30, 2020, for the Nonprofessional (non-teacher) Retirement Plan, the School Board of the City of Virginia Beach, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,290,000	\$ 28,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,568,000	4,420,000
Change in Assumptions	3,823,000	-
Employer Contributions Subsequent to the Measurement Date	2,928,810	-
Total	<u>\$ 10,609,810</u>	<u>\$ 4,448,000</u>

\$2,928,810 reported as deferred outflows of resources related to pensions resulting from the School Board of the City of Virginia Beach, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Fiscal Year Ended June 30	Deferred Amounts
2021	\$ 3,321,000
2022	(190,000)
2023	(37,000)
2024	139,000
2025	-
	<u>\$ 3,233,000</u>

7. Actuarial Assumptions

Professional/Teacher Retirement Plan

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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 are as follows:

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

Nonprofessional (non-teacher) Retirement Plan

The total pension liability for Nonprofessional Retirement Plan (non-teacher) was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

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payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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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 are as follows:

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

8. Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.63%</u>

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**The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.*

9. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Professional/Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. 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, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
School Division's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 990,300,000	\$ 657,816,528	\$ 382,915,000

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
School Division's Net Pension Liability (Asset) for the NonProfessional (non-teacher) Retirement Plan	\$ 49,044,000	\$ 21,008,282	\$ (1,551,000)

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

	Virginia Retirement System		
	Professional Plan	Nonprofessional Plan	Combined Totals
Net Pension Liability	\$ 657,817,000	\$ 21,008,000	\$ 678,825,000
Pension Expense	\$ 64,181,000	\$ 6,675,000	\$ 70,856,000
Deferred Outflows of Resources:			
Differences in Expected and Actual Experience	\$ -	\$ 1,290,000	\$ 1,290,000
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	2,568,000	2,568,000
Change in Assumptions	65,139,000	3,823,000	68,962,000
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	365,000	-	365,000
Employer Contributions Subsequent to the Measurement Date	65,059,000	2,929,000	67,988,000
Total Deferred Outflows of Resources	<u>\$ 130,563,000</u>	<u>\$ 10,610,000</u>	<u>\$ 141,173,000</u>
Deferred Inflows of Resources:			
Differences in Expected and Actual Experience	\$ 42,123,000	\$ 28,000	\$ 42,151,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	14,444,000	4,420,000	18,864,000
Change in Assumptions	-	-	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	13,872,000	-	13,872,000
Total Deferred Inflows of Resources	<u>\$ 70,439,000</u>	<u>\$ 4,448,000</u>	<u>\$ 74,887,000</u>

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

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance - July 1, 2018	\$ 226,914,559	\$ 214,623,616	\$ 12,290,943
Changes for the fiscal year:			
Service Cost	\$ 3,788,974		\$ 3,788,974
Interest	15,432,954		15,432,954
Diff between Expected/Actual Experience	2,127,992		2,127,992
Assumption Changes	6,306,405		6,306,405
Contribution - Employer	-	\$ 2,880,916	(2,880,916)
Contribution - Employee	-	2,161,296	(2,161,296)
Net Investment Income	-	14,049,158	(14,049,158)
Benefit Payments	(12,468,334)	(12,468,334)	-
Refunds of contributions	(419,254)	(419,254)	-
Administrative Expenses	-	(143,574)	143,574
Other Changes	-	(8,810)	8,810
Net Changes	\$ 14,768,737	\$ 6,051,398	\$ 8,717,339
Balance - June 30, 2019	\$ 241,683,296	\$ 220,675,014	\$ 21,008,282

13. Pension Plan Fiduciary Net Position – Teacher Retirement Plan

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position or the VRS Political Subdivision Retirement Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/pdf/publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Other Postemployment Benefits – Retiree Health Benefits

1. Plan Description

The City and School Board Other Postemployment Benefit (OPEB) Plans are each a single-employer, defined benefit plan, administered by the City and School Board in accordance with State and City statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers

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and other employees. In connection with this employment, the School Board has established certain plans to provide post-employment benefits other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible dependents.

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

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

2. Plan Membership

The membership as of January 1, 2020 includes:

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

3. Benefits Provided

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

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4. Contributions

Contribution requirements of the City, School Board, and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2020, the School Board's OPEB cost of \$5,945,243 exceeded its actuarially determined employer contribution of \$5,704,500 by \$240,743. Plan members from each organization contributed \$3,075, \$2,103, and \$1,459 for the POS Premier, POS Standard, and POS Basic plans respectively, annually for retiree-only point of service coverage. The School Board retirees with coverage for their spouses contributed \$10,284, \$8,019, and \$6,519 for the POS Premier, POS Standard, and POS Basic plans, respectively, annually until Medicare eligibility. The School Board has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. Rates are calculated by an actuary with the City and School Board health care consultant and finalized by the Benefits Executive Committee, comprised of City and School executive leadership.

5. Investments Policy, Target Allocation, Rate of Return

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

The best estimate range for the long-term expected rate of return is determined by taking the annual average long-term future inflation and real return components including the anticipated effects of return volatility and correlation among various asset classes. The data used in the assessment of reasonability were Milliman's investment consulting practice December 31, 2019 capital market assumptions (real returns) and the 2019 Social Security Trustees Report (inflation).

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Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
Core Fixed Income	21.00%	1.56%	1.47%
Large Cap US Equities	26.00%	4.33%	3.23%
Small Cap US Equities	10.00%	5.64%	3.82%
Global Equities	5.00%	5.27%	4.01%
Developed Foreign Equities	13.00%	5.94%	4.45%
Emerging Market Equities	5.00%	8.03%	5.28%
Hedge Funds/Absolute Return	10.00%	2.88%	2.40%
Real Estate (REITS)	7.00%	3.84%	3.13%
Commodities	3.00%	2.83%	1.27%
Total	<u>100.00%</u>		
Assumed Inflation		2.60%	2.60%
Portfolio Real Mean Return		4.10%	3.53%
Portfolio Nominal Mean Return		6.70%	6.22%
Portfolio Standard Deviation			10.53%
Long-Term Expected Rate of Return			6.50%

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 3.04%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

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6. Net OPEB Liability

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

Net OPEB Liability	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Total OPEB Liability	\$ 99,814,583	\$ 82,719,596
Fiduciary Net Position	<u>(31,768,081)</u>	<u>(33,743,173)</u>
Net OPEB Liability	\$ 68,046,502	\$ 48,976,423
Fiduciary Net Position as a % of Total OPEB Liability	31.83%	40.79%
Covered Employee Payroll	\$ 444,517,100	\$ 466,464,228
Net OPEB Liability as a % of Covered Payroll	15.31%	10.50%

7. Actuarial Methods and Assumptions

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

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

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

8. Discount Rate

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

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Discount Rate	6.50%	6.50%
Long-Term Expected Rate of Return, Net of Investment Expense	6.50%	6.50%
Municipal Bond Rate	N/A	N/A

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

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9. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	\$ 99,814,583	\$ 31,768,081	\$ 68,046,502
Changes for the year:			
Service Cost	\$ 2,566,620		\$ 2,566,620
Interest on Total OPEB Liability	6,616,759		6,616,759
Changes of Benefit Terms	-		-
Effect of Economic/Demographic Gains or (Losses)	2,340,909		2,340,909
Effect of Assumption Changes or Inputs	(22,674,032)		(22,674,032)
Employer Contributions	-	\$ 6,950,743	(6,950,743)
Net Investment Income		2,096,210	(2,096,210)
Investment Gains or Losses		(1,099,110)	1,099,110
Benefit Payments	(5,945,243)	(5,945,243)	-
Administrative Expenses		(27,508)	27,508
Net Change in Total OPEB Liability	\$ (17,094,987)	\$ 1,975,092	\$(19,070,079)
Balance at June 20, 2020	\$ 82,719,596	\$ 33,743,173	\$ 48,976,423

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

For the years ended June 30, 2019 and June 30, 2020, the School Board recognized OPEB expense of \$10,419,370 and \$8,167,925 respectively.

OPEB Expense	June 30, 2019	June 30, 2020
Service Cost	\$ 2,429,766	\$ 2,566,620
Interest on Total OPEB Liability	6,508,729	6,616,759
Effect of Plan Changes	-	-
Administrative Expenses	26,592	27,508
Member Contributions	-	-
Expected Investment Return net of Investment Expenses	(2,126,862)	(2,096,210)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of Economic/Demographic Gains or Losses	191,818	508,157
Recognition of Assumption Changes or Inputs	3,378,611	314,553
Recognition of Investment Gains or Losses	10,716	230,538
OPEB Expense	\$ 10,419,370	\$ 8,167,925

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At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 2,849,389	\$ -
Changes in Assumptions	14,528,024	19,609,974
Net Difference between Projected and Actual Earnings	1,046,519	-
Total	<u>\$ 18,423,932</u>	<u>\$ 19,609,974</u>

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

Fiscal Year Ending June 30:	
2021	\$ 1,053,248
2022	1,053,247
2023	1,188,332
2024	1,042,532
2025	(1,676,592)
Thereafter*	(3,846,809)
	<u>\$ (1,186,042)</u>

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

11. Sensitivity Analysis

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

	1.00% Decrease 5.50%	Discount Rate 6.50%	1.00% Increase 7.50%
Total OPEB Liability	\$ 89,009,308	\$ 82,719,596	\$ 76,913,208
Fiduciary Net Position	(33,743,173)	(33,743,173)	(33,743,173)
Net OPEB Liability	<u>\$ 55,266,135</u>	<u>\$ 48,976,423</u>	<u>\$ 43,170,035</u>

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

	1.00% Decrease	Current Trend Rate	1.00% Increase
Total OPEB Liability	\$ 75,134,013	\$ 82,719,596	\$ 91,476,826
Fiduciary Net Position	(33,743,173)	(33,743,173)	(33,743,173)
Net OPEB Liability	\$ 41,390,840	\$ 48,976,423	\$ 57,733,653

C. Other Postemployment Benefits – Teacher Employee Health Insurance Credit Program

1. Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. 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 health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

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TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
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Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • <u>At Retirement</u> – For Teacher and other professional school employees who retire with at least 15 years of service, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
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Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

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2. Plan Membership

The membership as of June 30, 2019 includes:

Active Plan Members	151,585
Inactive Members or their Beneficiaries currently receiving benefits	66,332
Inactive Members entitled to but not yet receiving benefits	<u>2,340</u>
	<u>220,257</u>

3. Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 of The City of Virginia Beach, Virginia to the VRS Teacher Employee Health Insurance Credit Program were \$5,148,298 and \$4,996,970 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the School Board of the City of Virginia Beach, Virginia reported a liability of \$65,030,846 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The School Board of the City of Virginia Beach, Virginia's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the School Board of the City of Virginia Beach, Virginia's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2019 relative to the total

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of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board of the City of Virginia Beach, Virginia's proportion of the VRS Teacher Employee Health Insurance Credit Program was 4.96761% as compared to 5.04954% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$5,088,410. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the School Board of the City of Virginia Beach, Virginia reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 368,341
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	4,106	-
Change in assumptions	1,513,569	451,875
Changes in proportionate share	-	1,499,783
Employer contributions subsequent to the measurement date	5,148,298	-
Total	<u>\$ 6,665,973</u>	<u>\$ 2,319,999</u>

\$5,148,298 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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Year ended June 30

FY 2021	\$ (202,091)
FY 2022	(202,157)
FY 2023	(173,659)
FY 2024	(183,197)
FY 2025	(116,558)
Thereafter	<u>75,338</u>
	<u><u>\$ (802,324)</u></u>

5. Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates – Teachers

Pre-Retirement:

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

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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, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

6. Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,438,114
Plan Fiduciary Net Position	<u>129,016</u>
Teacher Employee net HIC OPEB Liability	<u>\$ 1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.97%

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

7. Long-Term Expected Rate of Return

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

AssetClass (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS-Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
Inflation			2.50%
*Expected arithmetic nominal return			7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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8. Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rates. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan	\$ 72,780,573	\$ 65,030,846	\$ 58,447,463
Net HIC OPEB Liability			

10. Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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D. Other Postemployment Benefits – Group Life Insurance

1. Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.

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

Reduction in benefit Amounts

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

2. Plan Membership

The membership as of June 30, 2019 includes:

Active Plan Members	367,903
Inactive Members or their Beneficiaries currently receiving benefits	185,605
	<u>553,508</u>

3. Contributions

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

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for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity for Professionals (Teachers) was \$2,257,910 and \$2,189,610 for the years ended June 30, 2020 and June 30, 2019, respectively. Contribution to the Group Life Insurance Program from the entity for Nonprofessionals was \$250,065 and \$241,899 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the entities reported a liability for Professionals (Teachers) of \$34,714,957 and for Nonprofessionals of \$3,831,723 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion for Professionals (Teachers) was 2.13333% and for Nonprofessionals .23547% as compared to 2.15565% for Professionals (Teachers) and .23729% for Nonprofessionals at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$674,749 for Professionals (Teachers) and \$67,629 for Nonprofessionals. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the Professional (Teacher) GLI OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,308,752	\$ 450,283
Net difference between projected and actual earnings on Teacher GLI OPEB plan investments	-	713,072
Change in assumptions	2,191,700	1,046,809
Changes in proportionate share	-	600,622
Employer contributions subsequent to the measurement date	2,257,910	-
Total	<u>\$ 6,758,362</u>	<u>\$ 2,810,786</u>

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the Nonprofessional GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 254,833	\$ 49,702
Net difference between projected and actual earnings on Teacher GLI OPEB plan investments	-	78,707
Change in assumptions	241,913	115,543
Changes in proportionate share	-	88,749
Employer contributions subsequent to the measurement date	250,065	-
Total	<u>\$ 746,811</u>	<u>\$ 332,701</u>

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\$2,257,910 and \$250,065 reported as deferred outflows of resources related to the Professional (Teacher) and Nonprofessional GLI OPEB, respectively, resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Professional (Teacher) and Nonprofessional GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30 - Professional (Teacher)		Year ended June 30 - Nonprofessional	
FY 2021	\$ (4,653)	FY 2021	\$ (7,361)
FY 2022	(4,625)	FY 2022	(7,358)
FY 2023	297,387	FY 2023	25,977
FY 2024	583,400	FY 2024	61,096
FY 2025	637,798	FY 2025	71,250
Thereafter	<u>180,359</u>	Thereafter	<u>20,441</u>
	<u>\$ 1,689,666</u>		<u>\$ 164,045</u>

5. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

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conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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 July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

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, 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:

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

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

Pre-Retirement:

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

Post-Retirement:

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

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

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

6. Net GLI OPEB Liability

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

	<u>Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	<u>1,762,972</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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

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

7. Long-Term Expected Rate of Return

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

AssetClass (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS-Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
Inflation			2.50%
*Expected arithmetic nominal return			7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

8. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates

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adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
Employer's proportionate share of the Professional (Teacher)			
Group Life Insurance Program	\$ 45,605,844	\$ 34,714,957	\$ 25,882,751
Net OPEB Liability			
Employer's proportionate share of the Nonprofessional			
Group Life Insurance Program	\$ 5,033,824	\$ 3,831,723	\$ 2,856,853
Net OPEB Liability			

10. Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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E. Other Postemployment Benefits – Virginia Local Disability Program

1. Plan Description

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

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

TEACHER EMPLOYEE AND POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
Eligible Employees The Teacher Employee and Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS. • Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
Benefit Amounts The Teacher Employee and Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

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Short-Term Disability –

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

Long-Term Disability –

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

Virginia Local Disability Program Notes:

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

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2. Plan Membership

Virginia Local Disability Program - Teachers

The plan membership as of June 30, 2019 includes:

Active Plan Members	9,332
Inactive Members or their Beneficiaries currently receiving benefits	<u>6</u>
	<u>9,338</u>

Virginia Local Disability Program - Political Subdivisions

The plan membership as of June 30, 2019 includes:

Active Plan Members	7,915
Inactive Members or their Beneficiaries currently receiving benefits	<u>25</u>
	<u>7,940</u>

3. Contributions

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions and political subdivisions by the Virginia General Assembly. Each school division's and political subdivision's contractually required employer contribution rate for the year ended June 30, 2020 was 0.41% and 0.72%, respectively, of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program or the VRS Political Subdivision Employee Virginia Local, respectively. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Virginia Local Disability Program were \$423,008 and \$333,074 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the political subdivision to the VRS Political Subdivision Employee Virginia Local Disability Program were \$122,065 and \$102,908 for the years ended June 30, 2020 and June 30, 2019, respectively.

4. Teacher Employee and Political Subdivision Virginia Local Disability Program OPEB Liabilities, Teacher Employee and Political Subdivision Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee and Political Subdivision Virginia Local Disability Program OPEB

At June 30, 2020, the school division reported a liability of \$98,486 for its proportionate share of the VRS Teacher Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee Virginia Local Disability Program OPEB liability used to

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calculate the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee Virginia Local Disability Program was 16.94127% as compared to 16.82241% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee Virginia Local Disability Program OPEB expense of \$297,847. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Virginia Local Disability Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,884
Net difference between projected and actual earnings on Teacher VLDP OPEB plan investments	380	-
Change in assumptions	16,814	-
Changes in proportion	816	-
Employer contributions subsequent to the measurement date	423,008	-
Total	<u>\$ 441,018</u>	<u>\$ 11,884</u>

\$423,008 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year

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ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

Year ended June 30

FY 2021	\$	539
FY 2022		539
FY 2023		285
FY 2024		116
FY 2025		275
Thereafter		4,372
		<u>\$ 6,126</u>

In addition, at June 30, 2020, the political subdivision reported a liability of \$93,686 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2019 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 4.62460% as compared to 4.93874% at June 30, 2018.

For the year ended June 30, 2020, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$109,618. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,990	\$ 2,881
Net difference between projected and actual earnings on Teacher VLDP OPEB plan investments	321	-
Change in assumptions	2,685	3,585
Changes in proportion	-	2,421
Employer contributions subsequent to the measurement date	122,065	-
Total	<u>\$ 172,061</u>	<u>\$ 8,887</u>

\$122,065 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

Year ended June 30

FY 2021	\$ 8,550
FY 2022	8,488
FY 2023	8,438
FY 2024	8,537
FY 2025	8,179
Thereafter	<u>(1,083)</u>
	<u>\$ 41,109</u>

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5. Actuarial Assumptions

Teacher Employee Virginia Local Disability Program

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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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:

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

Political Subdivision Employee Virginia Local Disability Program

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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 are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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:

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

6. Net VLDP OPEB Liability

Teacher Employee Virginia Local Disability Program

The net OPEB liability (NOL) for the Teacher Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the

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associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Teacher Employee VLDP OPEB Plan
Total Teacher Employee VLDP OPEB Liability	\$2,241
Plan Fiduciary Net Position	<u>1,661</u>
Teacher Employee net VLDP OPEB Liability (Asset)	<u>\$ 580</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	74.12%

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

Political Subdivision Employee Virginia Local Disability Program

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Political Subdivision Employee VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$ 3,989
Plan Fiduciary Net Position	<u>1,962</u>
Political Subdivision net VLDP OPEB Liability (Asset)	<u>\$ 2,027</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	49.19%

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

7. Long-Term Expected Rate of Return

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

AssetClass (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS-Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
Inflation			2.50%
*Expected arithmetic nominal return			7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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8. Discount Rate

The discount rate used to measure the total Teacher Employee VLDP OPEB and the Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB and the Political Subdivision Employee VLDP OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability and the total Political Subdivision Employee VLDP OPEB liability.

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

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

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
School division's proportionate share of the VRS Teacher Employee VLDP OPEB Plan Net VLDP OPEB Liability	\$ 144,677	\$ 98,486	\$ 58,589
Political Subdivision's proportionate share of the VRS Political Subdivision VLDP OPEB Plan Net VLDP OPEB Liability	\$ 107,739	\$ 93,686	\$ 81,397

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10. VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Virginia Local Disability Program's Fiduciary Net Position and the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	OPEB Trust	Virginia Retirement System			
	Retiree Health	Teacher Employee HIC	Group Life Insurance	Virginia Local Disability Program	Combined Totals
Net OPEB Liability	\$ 48,976,423	\$ 65,030,846	\$ 38,546,680	\$ 192,172	\$ 152,746,121
OPEB Expense	\$ 8,167,925	\$ 5,088,410	\$ 742,378	\$ 407,465	\$ 14,406,178
Deferred Outflows of Resources:					
Differences in Expected and Actual Experience	\$ 2,849,389	\$ -	\$ 2,563,585	\$ 46,990	\$ 5,459,964
Net Differences between Projected and Actual Earnings on Investments	1,046,519	4,106	-	701	1,051,326
Change in Assumptions	14,528,024	1,513,569	2,433,613	19,499	18,494,705
Changes in Proportionate Share Employer Contributions Subsequent to the Measurement Date	-	-	-	816	816
Total Deferred Outflows of Resources	\$ 18,423,932	\$ 6,665,973	\$ 7,505,173	\$ 613,079	\$ 33,208,157
Deferred Inflows of Resources:					
Differences in Expected and Actual Experience	\$ -	\$ 368,341	\$ 499,985	\$ 14,765	\$ 883,091
Net Difference between Projected and Actual Earnings on Investments	-	-	791,779	-	791,779
Change in Assumptions	19,609,974	451,875	1,162,352	3,585	21,227,786
Changes in Proportionate Share	-	1,499,783	689,371	2,421	2,191,575
Total Deferred Inflows of Resources	\$ 19,609,974	\$ 2,319,999	\$ 3,143,487	\$ 20,771	\$ 25,094,231

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9. RISK MANAGEMENT AND HEALTH CARE BENEFITS

A. School Self-Insurance Program

The School Board is self-insured for a portion of its risks. The self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence (includes unnamed windstorm and earthquake damage) and 1% of the total insured value of the damaged covered property when such loss or damage results from a named windstorm (minimum deductible – \$250,000 per occurrence); Boiler and Machinery Breakdown coverage is \$10,000 per occurrence; School Leaders Liability (including general liability and errors and omissions) coverage is \$350,000 per occurrence; Crime (Employee Dishonesty) coverage is \$2,500 per occurrence; Environmental Impairment is \$25,000 and Cyber Liability coverage has a \$50,000 self-insured retention. Automobile Liability retention (engine on) is \$450,000 per occurrence; Automobile Physical Damage retention (engine off) is \$60,000 per occurrence; and the Excess Workers' Compensation self-insured retention is \$750,000 per claim.

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

Claims processing and payments for all insurance claims are made through commercial carriers and third-party administrators. The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2020 is \$7,808,151 (undiscounted), as follows:

Fiscal Year	Beginning-of-Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2017-18	\$ 7,367,000	\$ 5,828,000	\$5,224,000	\$7,971,000
2018-19	\$ 7,971,000	\$ 7,550,000	\$6,924,000	\$8,597,000
2019-20	\$ 8,597,000	\$ 5,931,000	\$6,719,849	\$7,808,151

B. Surety Bonds

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

C. Self-Insured Health Care Benefits Program

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

Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2020 is \$8,255,000 (undiscounted), as follows:

<u>Fiscal Year</u>	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2017-18	\$ 7,324,000	\$ 134,456,000	\$ 132,452,000	\$ 9,328,000
2018-19	\$ 9,328,000	\$ 142,338,000	\$ 142,235,838	\$ 9,430,162
2019-20	\$ 9,430,162	\$ 126,801,000	\$ 127,976,162	\$ 8,255,000

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

A. Interfund Transfers

The following are the School Board's interfund transfers in and transfers out that occurred during fiscal year 2020:

<u>Fund</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 4,001,247
School Grants - Special Revenue	4,001,247	-
Total per Exhibit A-4	<u>\$ 4,001,247</u>	<u>\$ 4,001,247</u>

Purpose: Operational support during Fiscal Year 2019-20

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

B. Interfund Receivables and Payables

The following are the School Board's interfund receivables and payables as of June 30, 2020:

<u>Fund</u>	Interfund Receivables (Due from Other Funds)	Interfund Payables (Due to Other Funds)
General Fund	\$ 3,224,906	\$ -
School Grants -		
Special Revenue	-	3,224,906
Total per Exhibit A-3	<u>\$ 3,224,906</u>	<u>\$ 3,224,906</u>

Purpose: Eliminate School Grants fund negative cash balance at June 30, 2020
(expected to be repaid within one year)

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

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

Capital Outlay:	
Capital Projects Fund	\$ 66,178,539
General Fund	6,391,679
Grants Special Revenue Fund	205,831
School Cafeterias Special Revenue Fund	670,457
Total Capital Outlay	<u>\$ 73,446,506</u>
Less:	
Depreciation Expense	\$(32,349,123)
Depreciation Expense and Accumulated	
Depreciation change/transfer related to	
the Tenancy in Common by the City on	
certain School Buildings (Notes 4B&C)	9,238,566
Loss on Disposals	(210,091)
Total Depreciation Expense and Other	<u>\$(23,320,648)</u>
Total Amount by which Capital	
Outlay Exceeded Depreciation	
Expense and Other (Exhibit A-4)	<u>\$ 50,125,858</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

D. Fund Balance Classifications

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

	General	School Grants	School Cafeterias	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<u>Nonspendable</u>						
Inventories and Prepays Items	\$ 614,133	\$ -	\$ 789,416	\$ -	\$ -	\$ 1,403,549
<u>Restricted</u>						
Federal And State Grantor Agencies	\$ -	\$ 2,352,340	\$ -	\$ -	\$ -	\$ 2,352,340
Capital Projects						
Bond Proceeds Balance	-	-	-	32,377,544	-	32,377,544
State DOE/Textbooks	-	-	-	-	7,873,370	7,873,370
USDA/Cafeterias Charges	-	-	9,787,357	-	-	9,787,357
Total Restricted	\$ -	\$ 2,352,340	\$ 9,787,357	\$ 32,377,544	\$ 7,873,370	\$ 52,390,611
<u>Committed</u>						
Capital Projects Contracts	\$ -	\$ -	\$ -	\$ 8,332,161	\$ -	\$ 8,332,161
Communication Towers/ Technology	-	-	-	-	3,038,868	3,038,868
Vending Operations/ School Allocations	-	-	-	-	61,772	61,772
Equipment Replacement	-	-	-	-	1,144,582	1,144,582
Total Committed	\$ -	\$ -	\$ -	\$ 8,332,161	\$ 4,245,222	\$ 12,577,383
<u>Assigned</u>						
Instructional Technology	\$ 1,121,687	\$ -	\$ -	\$ -	\$ -	\$ 1,121,687
School Athletics	7,418	-	-	-	-	7,418
Instruction Category	716,941	-	-	-	-	716,941
Administration, Attendance and Health Category	3,270	-	-	-	-	3,270
Pupil Transportation Category	4,355,559	-	-	-	-	4,355,559
Operations and Maintenance Category	5,917,192	-	-	-	-	5,917,192
Technology Category	2,374,260	-	-	-	-	2,374,260
Total Assigned	\$ 14,496,327	\$ -	\$ -	\$ -	\$ -	\$ 14,496,327
Total Fund Balances	\$ 15,110,460	\$ 2,352,340	\$ 10,576,773	\$ 40,709,705	\$ 12,118,592	\$ 80,867,870

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

SCHOOL GRANTS SPECIAL REVENUE FUND

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

SCHOOL CAFETERIAS SPECIAL REVENUE FUND

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE MEASUREMENT DATES OF JUNE 30, 2019, 2018, 2017, 2016, 2015 AND 2014
PROFESSIONAL EMPLOYEES
JUNE 30, 2020

Professional/Teacher Retirement Plan

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

Notes to Schedule:

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
NONPROFESSIONAL EMPLOYEES
FOR THE YEAR ENDED JUNE 30, 2020

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

Notes to Schedule:

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
PROFESSIONAL EMPLOYEES
JUNE 30, 2020

Professional Employees

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a % of Covered Employee Payroll (b) / (d)
June 30, 2020	\$ 65,059,491	\$ 65,059,491	\$ -	\$ 414,920,223	15.68%
June 30, 2019	\$ 63,710,358	\$ 63,710,358	\$ -	\$ 406,316,058	15.68%
June 30, 2018	\$ 65,402,518	\$ 65,402,518	\$ -	\$ 400,750,722	16.32%
June 30, 2017	\$ 57,698,763	\$ 57,698,763	\$ -	\$ 393,579,555	14.66%
June 30, 2016	\$ 54,463,409	\$ 54,463,409	\$ -	\$ 387,364,218	14.06%
June 30, 2015	\$ 55,858,551	\$ 55,858,551	\$ -	\$ 385,231,385	14.50%
June 30, 2014	\$ 43,992,831	\$ 43,992,831	\$ -	\$ 377,297,007	11.66%
June 30, 2013	\$ 44,228,510	\$ -	\$ -	\$ 379,318,265	-
June 30, 2012	\$ 23,959,120	\$ -	\$ -	\$ 378,501,098	-
June 30, 2011	\$ 15,177,733	\$ -	\$ -	\$ 386,201,856	-

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
NONPROFESSIONAL EMPLOYEES
JUNE 30, 2020

	(a)	(b)	(c)	(d)	(e)
	Contractually	Contributions	Contribution	Employer's	Contributions
	Required	in Relation to	Deficiency	Covered	as a % of
	Contributions	Contractually	(Excess)	Employee	Covered
Date		Required	(a) - (b)	Payroll	Employee
		Contributions			Payroll
					(b) / (d)
June 30, 2020	\$ 2,928,810	\$ 2,928,810	\$ -	\$ 43,518,726	6.73%
June 30, 2019	\$ 2,885,329	\$ 2,885,329	\$ -	\$ 42,872,651	6.73%
June 30, 2018	\$ 2,969,741	\$ 2,969,741	\$ -	\$ 42,303,998	7.02%
June 30, 2017	\$ 2,956,311	\$ 2,956,311	\$ -	\$ 42,112,697	7.02%
June 30, 2016	\$ 3,857,605	\$ 3,857,605	\$ -	\$ 42,344,732	9.11%
June 30, 2015	\$ 3,732,422	\$ 3,732,422	\$ -	\$ 40,970,605	9.11%
June 30, 2014	\$ 3,645,565	\$ 3,645,565	\$ -	\$ 40,017,176	9.11%
June 30, 2013	\$ 3,671,537	\$ -	\$ -	\$ 40,302,269	-
June 30, 2012	\$ 2,495,274	\$ -	\$ -	\$ 39,860,613	-
June 30, 2011	\$ 2,426,088	\$ -	\$ -	\$ 38,755,403	-

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2020

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

Notes to Schedule:

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

This schedule is presented using the optional format of combining the required schedules in GASB 74 paragraphs 36a and 36b.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH
SCHEDULE OF ANNUAL CONTRIBUTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2020

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution*	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a % of Covered Payroll
2011	\$ 8,881,900	\$ 8,881,900	\$ -	\$ 432,476,800	2.05%
2012	\$ 7,721,500	\$ 7,721,500	\$ -	\$ 409,662,700	1.88%
2013	\$ 7,858,100	\$ 7,858,100	\$ -	\$ 409,662,700	1.92%
2014	\$ 5,700,900	\$ 5,700,900	\$ -	\$ 421,065,100	1.35%
2015	\$ 5,832,200	\$ 5,832,200	\$ -	\$ 421,065,100	1.39%
2016	\$ 4,462,800	\$ 5,748,000	\$ (1,285,200)	\$ 426,884,300	1.35%
2017	\$ 4,542,400	\$ 5,661,700	\$ (1,119,300)	\$ 426,884,300	1.33%
2018	\$ 7,369,400	\$ 7,369,400	\$ -	\$ 444,517,100	1.66%
2019	\$ 7,656,200	\$ 6,650,700	\$ 1,005,500	\$ 444,517,100	1.50%
2020	\$ 5,704,500	\$ 6,950,743	\$ (1,246,243)	\$ 466,464,228	1.49%

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH
SCHEDULE OF ANNUAL CONTRIBUTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2020

Valuation Timing:

Actuarial valuations for OPEB funding purposes are performed biennially as of January 1.

The most recent valuation was performed as of January 1, 2020.

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Amortization Period	26 Years Remaining as of January 1, 2020
Asset Valuation Method	Five-year asset smoothing; Actuarial value of assets will equal market value for applicable year less amounts deferred through the recognition over five years of the annual difference between actual and expected market value of assets.
Inflation	2.50%
Salary Increases	Inflation rate of 2.50%; productivity component 1.00%; and a variable merit component that is dependent on years of service.
Discount Rate	6.50%
Age Related Claims Costs	Age related medical claims cost assumptions for retirees based on recent retiree claims experience. Based on retiree population size and claim patterns during calendar years 2017 through 2019, assigned full credibility to calendar year 2019 retiree and dependent claims.
Healthcare Cost Trend Rates	Assumption changed from 6.50% in 2018, 5.80% in 2019, 5.10% in 2020, then grading to an ultimate rate of 4.10% in 2082 to 6.70% in 2020, 5.90% in 2021, 5.10% in 2022, then grading to an ultimate rate of 4.10% in 2074. These healthcare trend rates are consistent with information from the Getzen Trend Model, Milliman's Healthcare Cost Guidelines and actuarial judgment.
Retirement Age	VRS Plan 1: 65 and VRS Plans 2/Hybrid: Normal Social Security Retirement Age
Mortality Rates	Based on the RP-2014 Employee Mortality Table for Males or Females as appropriate, with adjustments for mortality improvements based on Scale BB
Disability Rates	20% of disabilities are assumed to be service-related.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS
JUNE 30, 2020

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

Notes to Schedule:

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

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

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

Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2019 is the third year for this presentation, there are only three years available. However, additional years will be included as they become available.

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

Group Life Insurance Program - Teachers

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

Group Life Insurance Program - Political Subdivision

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

Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2019 is the third year for this presentation, there are only three years available. However, additional years will be included as they become available.

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

Virginia Local Disability Program - Teachers

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

Virginia Local Disability Program - Political Subdivision

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

Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2019 is the third year for this presentation, there are only three years available. However, additional years will be included as they become available.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
LAST TEN FISCAL YEARS
JUNE 30, 2020

Health Insurance Credit Program HIC

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2020	\$ 5,148,298	\$ 5,148,298	\$ -	\$ 427,749,309	1.20%
2019	\$ 4,996,970	\$ 4,996,970	\$ -	\$ 416,667,852	1.20%
2018	\$ 5,023,021	\$ 5,023,021	\$ -	\$ 408,375,692	1.23%
2017	\$ 4,914,862	\$ 4,435,363	\$ 479,499	\$ 399,582,254	1.11%
2016	\$ 4,609,056	\$ 4,140,339	\$ 468,717	\$ 390,598,006	1.06%
2015	\$ 4,556,498	\$ 4,093,125	\$ 463,373	\$ 386,143,862	1.06%
2014	\$ 4,417,613	\$ 4,191,068	\$ 226,545	\$ 377,573,722	1.11%
2013	\$ 4,440,741	\$ 4,213,011	\$ 227,730	\$ 379,550,508	1.11%
2012	\$ 4,075,643	\$ 2,264,246	\$ 1,811,397	\$ 377,374,381	0.60%
2011	\$ 4,150,250	\$ 2,305,695	\$ 1,844,555	\$ 384,282,424	0.60%

Notes to Schedule:

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

Changes of assumptions: The actuarial assumptions used in the June 30, 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:

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
LAST TEN FISCAL YEARS
JUNE 30, 2020

Group Life Insurance Program - Teacher

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2020	\$ 2,257,910	\$ 2,257,910	\$ -	\$ 429,568,184	0.52%
2019	\$ 2,189,610	\$ 2,189,610	\$ -	\$ 418,203,923	0.52%
2018	\$ 2,131,438	\$ 2,131,438	\$ -	\$ 409,891,865	0.52%
2017	\$ 2,087,447	\$ 2,087,447	\$ -	\$ 401,432,134	0.52%
2016	\$ 2,079,432	\$ 1,883,259	\$ 196,173	\$ 392,345,632	0.48%
2015	\$ 2,053,604	\$ 1,859,868	\$ 193,736	\$ 387,472,533	0.48%
2014	\$ 2,011,839	\$ 1,822,043	\$ 189,796	\$ 379,592,250	0.48%
2013	\$ 2,020,542	\$ 1,829,925	\$ 190,617	\$ 381,234,424	0.48%
2012	\$ 1,670,960	\$ 1,063,338	\$ 607,622	\$ 379,763,714	0.28%
2011	\$ 1,702,047	\$ 1,083,121	\$ 618,926	\$ 386,828,969	0.28%

Group Life Insurance Program - Political Subdivision

Fiscal Year Ending June 30	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2020	\$ 250,065	\$ 250,065	\$ -	\$ 47,915,825	0.52%
2019	\$ 241,899	\$ 241,899	\$ -	\$ 46,160,454	0.52%
2018	\$ 234,625	\$ 234,625	\$ -	\$ 45,120,109	0.52%
2017	\$ 230,517	\$ 230,517	\$ -	\$ 44,330,131	0.52%
2016	\$ 231,831	\$ 209,960	\$ 21,871	\$ 43,741,730	0.48%
2015	\$ 221,058	\$ 200,204	\$ 20,854	\$ 41,709,123	0.48%
2014	\$ 214,578	\$ 194,335	\$ 20,243	\$ 40,486,356	0.48%
2013	\$ 214,874	\$ 194,603	\$ 20,271	\$ 40,542,262	0.48%
2012	\$ 177,366	\$ 112,869	\$ 64,497	\$ 40,310,446	0.28%
2011	\$ 180,009	\$ 114,551	\$ 65,458	\$ 40,911,148	0.28%

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
LAST TEN FISCAL YEARS
JUNE 30, 2020**

Notes to Schedule:

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

Changes of assumptions: The actuarial assumptions used in the June 30, 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:

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH
JUNE 30, 2020**

Virginia Local Disability Program - Teacher

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

Virginia Local Disability Program - Political Subdivision

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

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
LAST TEN FISCAL YEARS
JUNE 30, 2020**

Notes to Schedule:

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

Changes of assumptions: The actuarial assumptions used in the June 30, 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:

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- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No change to salary scale
- Decreased discount rate from 7.00% to 6.75%

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance	2019 Actual
REVENUES					
<u>From Use of Money and Property</u>					
Rents	\$ 450,000	\$ 450,000	\$ 281,549	\$ (168,451)	\$ 432,731
<u>Charges for Services</u>					
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,081,961	\$ (399,139)	\$ 1,398,011
<u>Miscellaneous Revenue</u>					
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 664,457	\$ 652,457	\$ 80,583
Donations	-	-	562	562	15,908
Miscellaneous	224,703	224,703	206,669	(18,034)	204,187
Indirect Costs	600,000	600,000	674,450	74,450	722,660
Athletics	504,000	504,000	534,523	30,523	490,513
Instructional Technology	-	-	408,286	408,286	291,971
Lost, Damaged, Stolen Technology	-	-	50,119	50,119	75,513
SECEP CIP	-	-	-	-	673,247
Stop Arm Enforcement	250,000	250,000	634,957	384,957	214,355
Total Miscellaneous Revenue	\$ 1,590,703	\$ 1,590,703	\$ 3,174,023	\$ 1,583,320	\$ 2,768,937
<u>From Local Government</u>					
City - General Fund	\$ 404,607,283	\$ 416,329,287	\$ 377,301,661	\$ (39,027,626)	\$ 381,274,731
City - School Reserve Fund	5,800,000	5,800,000	5,800,000	-	6,800,000
City for Consolidated Benefits Office	735,538	735,538	735,538	-	735,538
Total From Local Government	\$ 411,142,821	\$ 422,864,825	\$ 383,837,199	\$ (39,027,626)	\$ 388,810,269
<u>From Commonwealth</u>					
Basic Aid	\$ 177,592,419	\$ 177,592,419	\$ 176,893,073	\$ (699,346)	\$ 178,656,354
Reimbursement-Social Security	10,635,633	10,635,633	10,645,361	9,728	10,586,360
Reimbursement-Retirement	23,414,266	23,414,266	23,435,684	21,418	23,353,430
Reimbursement-Life Insurance	714,334	714,334	714,987	653	713,687
Remedial Education	4,603,483	4,603,483	4,607,694	4,211	4,599,317
Remedial Education-Summer School	270,315	270,315	210,448	(59,867)	264,206
Special Education	18,731,413	18,731,413	18,748,547	17,134	18,714,464
Special Education-Regional Program	9,228,646	9,228,646	10,185,744	957,098	9,417,315
Special Education-Homebound	116,073	116,073	117,042	969	115,495
Special Education-Foster Children	-	-	225,849	225,849	205,295
Foster Home Children	420,617	420,617	194,047	(226,570)	158,217
Vocational	1,904,889	1,904,889	1,906,632	1,743	1,903,166
Vocational-Occupational/Tech	319,681	319,681	218,032	(101,649)	209,246
Vocational-Adult Education	-	-	22,198	22,198	39,981
Sales Tax	78,981,847	78,981,847	79,610,836	628,989	76,320,888
Class Size Initiative	5,029,898	5,029,898	5,067,089	37,191	5,064,339
At-Risk Initiative	3,786,117	3,786,117	3,789,305	3,188	3,461,264
English as a Second Language	1,017,426	1,017,426	1,089,527	72,101	858,002
Supplemental Lottery per Pupil Alloc	14,463,966	14,463,966	14,538,465	74,499	14,438,288
Salary Supplement	10,592,101	10,592,101	10,506,769	(85,332)	-
Gifted and Talented Aid	1,984,260	1,984,260	1,986,075	1,815	1,982,464
Virtual Virginia Advance Placement	-	-	-	-	15,470
Total From Commonwealth	\$ 363,807,384	\$ 363,807,384	\$ 364,713,404	\$ 906,020	\$ 351,077,248
<u>From Federal Government</u>					
Public Law 874	\$ 8,935,191	\$ 8,935,191	\$ 8,683,860	\$ (251,331)	\$ 9,225,889
Public Law 874-Special Education	-	-	1,014,141	1,014,141	1,822,927
Dept of the Navy-NJROTC	100,000	100,000	319,312	219,312	317,492
Department of Defense	1,500,000	1,500,000	2,018,064	518,064	1,461,231
Dept of Defense-Special Education	-	-	2,008,898	2,008,898	670,529
Medicaid Reimbursement	1,664,809	1,664,809	2,323,090	658,281	2,189,979

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

(continued)					
	Original Budget	Final Budget	Actual	Variance	2019 Actual
Medicaid Reimbursement-Transportation	\$ -	\$ -	\$ 304,006	\$ 304,006	\$ 273,255
Other Federal Funds	-	-	220	220	30
Total From Federal Government	\$ 12,200,000	\$ 12,200,000	\$ 16,671,591	\$ 4,471,591	\$ 15,961,332
Total Revenues	\$ 790,672,008	\$ 802,394,012	\$ 769,759,727	\$ (32,634,285)	\$ 760,448,528
EXPENDITURES					
<u>Instruction</u>					
Elementary Classroom	\$ 156,040,321	\$ 158,747,368	\$ 155,180,389	\$ 3,566,979	\$ 145,979,822
Senior High Classroom	80,186,896	80,325,824	79,255,373	1,070,451	78,659,715
Technical and Career Education	19,708,105	19,598,836	17,092,502	2,506,334	16,901,712
Gifted Education and Academy Programs	14,773,157	14,722,100	14,280,738	441,362	14,167,856
Special Education	99,168,492	99,176,460	96,819,691	2,356,769	94,363,459
Summer School	1,920,986	1,920,986	1,563,384	357,602	1,944,786
General Adult Education	2,015,812	2,015,377	1,904,567	110,810	1,873,235
Alternative Education - Renaissance	7,333,782	7,333,782	6,353,241	980,541	6,412,088
Student Activities	3,735,454	3,782,637	3,611,101	171,536	3,505,577
Student Athletics	5,227,274	5,789,408	4,457,491	1,331,917	5,303,813
Office/Principal - Elementary	27,080,861	27,072,520	26,413,386	659,134	26,264,347
Office/Principal - Senior High	12,544,247	12,558,443	11,954,284	604,159	11,988,648
Office/Principal - Tech & Career	694,852	699,038	667,171	31,867	656,246
Guidance Services	18,990,715	18,908,587	18,302,886	605,701	17,916,328
Social Work Services	4,249,824	4,331,952	4,298,918	33,034	4,553,745
Media & Communications	2,205,587	2,205,577	1,997,405	208,172	2,591,698
Instructional Support	13,168,430	13,308,475	12,693,484	614,991	12,896,475
Instructional Professional Growth & Innovation	1,298,766	1,298,766	1,071,108	227,658	1,021,072
Opportunity & Achievement	88,765	88,765	39,769	48,996	42,749
Special Education Support	3,745,574	3,745,574	3,528,557	217,017	3,629,589
Gifted Educ & Academy Programs Support	2,499,756	2,510,801	2,354,435	156,366	2,290,030
Media Services Support	13,499,975	13,494,636	13,135,821	358,815	12,233,828
Planning Innovation & Accountability	2,337,965	2,341,560	1,636,290	705,270	1,964,243
Middle School Classroom	61,792,419	61,924,195	59,972,855	1,951,340	60,404,147
Remedial Education	8,531,423	8,516,423	8,232,135	284,288	8,469,344
Office/Principal - Middle Schools	11,406,191	11,473,213	11,313,689	159,524	11,081,092
Homebound Services	415,461	415,461	307,160	108,301	319,438
Technical and Career Ed Support	990,961	990,961	957,375	33,586	935,641
Student Leadership	1,493,156	1,493,156	1,491,825	1,331	1,436,487
Psychological Services	5,174,416	5,541,556	5,513,350	28,206	4,620,928
Audiological Services	507,711	507,161	505,156	2,005	505,713
School Leadership	2,097,840	2,067,200	1,839,751	227,449	1,729,305
Alternative Education	1,461,583	1,466,457	1,368,200	98,257	1,325,356
Green Run Collegiate Public Charter	3,554,645	3,552,291	3,281,263	271,028	3,136,045
Total Instruction	\$ 589,941,402	\$ 593,925,546	\$ 573,394,750	\$ 20,530,796	\$ 561,124,557
<u>Admin, Attendance, & Health</u>					
Board, Legal, & Governmental	\$ 1,217,344	\$ 1,224,244	\$ 1,158,503	\$ 65,741	\$ 1,157,350
Office of the Superintendent	1,146,791	1,146,791	1,056,291	90,500	1,034,417
Department of Budget & Finance	5,145,200	5,141,847	4,798,368	343,479	4,870,574
Department of Human Resources	5,500,752	5,474,873	5,133,198	341,675	5,044,656
Internal Audit	461,375	470,775	469,864	911	438,798
Purchasing	1,154,897	1,157,897	1,066,194	91,703	1,106,787
Professional Growth & Innovation	902,719	918,320	816,969	101,351	804,266
Consolidated Benefits Office	2,465,725	2,516,406	2,079,030	437,376	2,065,127
Health Services	8,216,785	8,222,618	7,948,498	274,120	7,799,731
Total Admin, Attendance, & Health	\$ 26,211,588	\$ 26,273,771	\$ 24,526,915	\$ 1,746,856	\$ 24,321,706
<u>Pupil Transportation</u>					
Management	\$ 2,667,275	\$ 2,759,275	\$ 2,739,543	\$ 19,732	\$ 2,610,317
Vehicle Operation	22,572,457	25,788,221	21,402,449	4,385,772	23,432,253
Vehicle Operation - Special Education	6,845,179	6,732,752	6,031,435	701,317	7,169,128

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

(continued)					
	Original Budget	Final Budget	Actual	Variance	2019 Actual
Vehicle Maintenance	\$ 3,800,405	\$ 3,712,949	\$ 3,530,916	\$ 182,033	\$ 3,460,096
Monitoring Services	3,614,782	3,412,459	3,173,006	239,453	3,416,422
Green Run Collegiate Public Charter	321,578	321,578	161,756	159,822	207,823
Total Pupil Transportation	<u>\$ 39,821,676</u>	<u>\$ 42,727,234</u>	<u>\$ 37,039,105</u>	<u>\$ 5,688,129</u>	<u>\$ 40,296,039</u>
<u>Operations and Maintenance</u>					
School Division Services	\$ 416,312	\$ 425,206	\$ 329,484	\$ 95,722	\$ 676,601
Facilities and Maintenance Services	47,279,035	51,475,610	44,376,521	7,099,089	44,653,134
Distribution Services	2,008,406	2,024,221	1,827,245	196,976	1,775,750
Grounds Services	4,571,314	4,951,314	4,571,314	380,000	4,442,908
Custodial Services	28,582,830	28,510,057	25,878,632	2,631,425	26,147,814
Safe Schools	8,154,554	8,324,802	8,151,041	173,761	7,097,006
Vehicle Services	1,614,370	2,806,531	1,641,031	1,165,500	2,178,038
Telecommunications	1,056,491	1,191,491	1,040,974	150,517	1,071,371
Green Run Collegiate Public Charter	-	200	179	21	-
Total Operations & Maintenance	<u>\$ 93,683,312</u>	<u>\$ 99,709,432</u>	<u>\$ 87,816,421</u>	<u>\$ 11,893,011</u>	<u>\$ 88,042,622</u>
<u>Technology</u>					
Instruction	\$ 18,388,335	\$ 25,118,855	\$ 21,226,091	\$ 3,892,764	\$ 21,750,271
Admin, Attendance & Health	1,704,397	1,878,583	1,690,542	188,041	1,631,895
Pupil Transportation	463,876	799,285	756,585	42,700	551,990
Operations and Maintenance	16,104,697	17,900,088	16,155,404	1,744,684	13,847,342
Green Run Collegiate Public Charter	37,715	48,654	26,064	22,590	20,668
Total Technology	<u>\$ 36,699,020</u>	<u>\$ 45,745,465</u>	<u>\$ 39,854,686</u>	<u>\$ 5,890,779</u>	<u>\$ 37,802,166</u>
Total Expenditures	<u>\$ 786,356,998</u>	<u>\$ 808,381,448</u>	<u>\$ 762,631,877</u>	<u>\$ 45,749,571</u>	<u>\$ 751,587,090</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>\$ 4,315,010</u>	<u>\$ (5,987,436)</u>	<u>\$ 7,127,850</u>	<u>\$ 13,115,286</u>	<u>\$ 8,861,438</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	\$ (4,530,010)	\$ (4,658,696)	\$ (4,001,247)	\$ 657,449	\$ (5,798,609)
Sale of Capital Assets	15,000	15,000	177,665	162,665	224,992
Total Other Financing Sources (Uses)	<u>\$ (4,515,010)</u>	<u>\$ (4,643,696)</u>	<u>\$ (3,823,582)</u>	<u>\$ 820,114</u>	<u>\$ (5,573,617)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (200,000)</u>	<u>\$ (10,631,132)</u>	<u>\$ 3,304,268</u>	<u>\$ 13,935,400</u>	<u>\$ 3,287,821</u>
<u>FUND BALANCE - JULY 1</u>	<u>11,806,192</u>	<u>11,806,192</u>	<u>11,806,192</u>	<u>-</u>	<u>8,518,371</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 11,606,192</u>	<u>\$ 1,175,060</u>	<u>\$ 15,110,460</u>	<u>\$ 13,935,400</u>	<u>\$ 11,806,192</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
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	Original Budget	Final Budget	Actual	Variance	2019 Actual
REVENUES					
Miscellaneous	\$ 1,071,964	\$ 781,259	\$ 376,845	\$ (404,414)	\$ 448,847
From Commonwealth	14,415,392	15,461,629	9,261,215	(6,200,414)	9,366,836
From Federal Government	39,399,955	39,975,592	29,881,074	(10,094,518)	32,111,852
Contingency	7,200,000	4,048,933	-	(4,048,933)	-
Total Revenues	\$ 62,087,311	\$ 60,267,413	\$ 39,519,134	\$ (20,748,279)	\$ 41,927,535
EXPENDITURES					
Instruction					
2 Revolutions	\$ -	\$ 187,000	\$ -	\$ 187,000	\$ -
Adult Education & Family Literacy Act FY18	-	-	-	-	4,968
Adult Education & Family Literacy Act FY19	-	10,810	10,810	-	321,573
Adult Education & Family Literacy Act FY20	321,573	310,406	310,406	-	-
Advancing Computer Science Education FY20	-	115,085	-	115,085	-
Algebra Readiness FY18	-	-	-	-	407,642
Algebra Readiness FY19	283,591	365,159	365,159	-	542,641
Algebra Readiness FY20	1,040,915	1,046,197	362,603	683,594	-
Asia Society Confucius Classroom Network FY13	-	991	-	991	1,099
Assessment for Learning Project FY16	-	13,042	-	13,042	19,760
Career & Tech Ed Innov Prg Equip Alloc FY19	-	-	-	-	37,500
Career & Tech Special Equip Alloc FY20	62,205	61,602	61,602	-	-
Career & Tech Ed State Equip Alloc FY19	-	-	-	-	13,066
Career & Tech Ed State Equip Alloc FY20	-	78,673	78,673	-	-
Career Switcher Program Mentor Reimb. FY18	-	-	-	-	3,800
Career Switcher Program Mentor Reimb. FY19	-	450	450	-	18,550
Career Switcher Program Mentor Reimb. FY20	28,200	16,000	16,000	-	-
C. Perkins Career & Tech. Act FY18	-	-	-	-	96,476
C. Perkins Career & Tech. Act FY19	-	22,896	22,896	-	516,443
C. Perkins Career & Tech. Act FY20	668,977	451,211	401,593	49,618	-
Champions Together IDEA FY19	-	4,000	4,000	-	-
Champions Together IDEA FY20	-	4,000	-	4,000	-
DoDEA MCASP Operation GRIT FY18	-	-	-	-	32,934
DoDEA MCASP Operation GRIT FY19	42,627	77,996	77,941	55	314,174
DoDEA MCASP Operation GRIT FY20	263,000	262,912	209,410	53,502	-
DoDEA Special Education FY18	-	-	-	-	69,482
Dual Enrollment - TCC FY19	-	-	-	-	902,962
Dual Enrollment - TCC FY20	693,021	1,012,859	1,011,849	1,010	-
Early Childhood ED Leaders Comm. Of Learning	-	1,000	1,000	-	-
Early Reading Intervention FY18	-	-	-	-	887,890
Early Reading Intervention FY19	451,738	1,012,552	1,012,552	-	853,319
Early Reading Intervention FY20	1,806,845	2,104,336	740,140	1,364,196	-
General Adult Education FY19	-	-	-	-	30,993
General Adult Education FY20	30,993	30,993	30,993	-	-
GO Open VA FY20	-	10,000	1,292	8,708	-
Green Run Collegiate Charter Support FY19	-	477	477	-	901
Green Run Collegiate Charter Support FY20	-	12,500	2,572	9,928	-
Hampton Roads Community Foundation FY20	-	30,000	30,000	-	-
Hampton Roads Workforce Coun STEM ALC FY19	-	-	-	-	77,704
Hampton Roads Workforce Coun STEM ALC FY20	115,000	141,136	95,459	45,677	-
Hampton Roads Workforce Coun STEM ISY FY19	-	-	-	-	120,087
Hampton Roads Workforce Coun STEM ISY FY20	154,718	117,618	38,750	78,868	-
Hampton Roads Workforce Coun STEM OSY FY19	-	-	-	-	99,729
Hampton Roads Workforce Coun STEM OSY FY20	160,000	140,416	74,629	65,787	-
IDEA Co-Teaching Initiative Three Oaks FY19 Pt1	-	-	-	-	8,000
IDEA Co-Teaching Initiative Three Oaks FY19 Pt2	-	-	-	-	3,750
IDEA Co-Teaching Initiative Three Oaks FY20	-	3,750	3,750	-	-
Inclusion Leadership Support-Salem HS FY13	-	-	-	-	457
Inclusion Project Mini-Grant FY18	-	-	-	-	900
Industry Certification Examinations FY19	-	-	-	-	17,196
Industry Certification Examinations FY20	96,092	-	-	-	-

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(continued)

	Original Budget	Final Budget	Actual	Variance	2019 Actual
Industry Certification Examinations STEM H FY19	\$ -	\$ -	\$ -	\$ -	\$ 6,483
Innovation Challenge FY19	-	-	-	-	20,500
ISAEF FY19	-	-	-	-	56,747
ISAEF FY20	49,309	56,817	53,668	3,149	-
Jail Education Program FY19	-	-	-	-	123,218
Jail Education Program FY19 LQ	134,752	137,001	120,979	16,022	42,063
Jail Education Program FY20	-	183,256	36,039	147,217	-
Juvenile Detention Center FY19	-	-	-	-	759,228
Juvenile Detention Center FY19 LQ	775,951	832,957	809,491	23,466	265,675
Juvenile Detention Center FY20	-	606,143	296,595	309,548	-
McKinney Homeless FY17	-	-	-	-	13,101
McKinney Homeless FY18	-	-	-	-	64,738
McKinney Homeless FY19	37,534	45,667	45,667	-	26,219
McKinney Homeless FY20	71,711	70,616	57,869	12,747	-
MyCAA - ALC Courses FY20	-	1,248	1,248	-	-
MyCAA - LPN Program FY19	-	-	-	-	2,000
MyCAA - LPN Program FY20	-	2,405	2,405	-	-
Nat'l Board Certified Teachers Stipend FY19	-	-	-	-	377,500
Nat'l Board Certified Teachers Stipend FY20	300,000	392,500	392,500	-	-
Nat'l Math & Science Initiative (NMSI) FY19	-	-	-	-	112,049
Nat'l Math & Science Initiative (NMSI) FY20	641,964	118,579	118,485	94	-
Network Improvement Community (NIC)	-	2,500	-	2,500	14,250
New Teacher Mentor FY19	-	-	-	-	42,303
New Teacher Mentor FY20	34,768	45,713	45,713	-	-
NJROTC FY19	-	-	-	-	39,590
NJROTC FY20	-	38,562	38,562	-	-
NNSY 2018 Summer STEM Camp	-	-	-	-	10,000
NNSY 2019 Summer STEM Camp	-	3,006	3,006	-	2,009
ODU Research Fdn Cyber Sec Internships FY19	-	1,500	1,500	-	1,500
Positive Behavior Interventions & Support FY18	-	-	-	-	2,047
Positive Behavior Interventions & Support FY19	-	11,179	11,179	-	17,357
Positive Behavior Interventions & Support FY20	-	32,803	13,428	19,375	-
Post 9/11 GI Bill FY19	-	-	-	-	2,996
Praxis Assistance FY19	-	-	-	-	156
Preschool Incentive FY18	-	-	-	-	119,575
Preschool Incentive FY19	196,818	196,820	196,820	-	298,398
Preschool Incentive FY20	504,202	503,700	237,883	265,817	-
Project Graduation FY18	-	737	737	-	9,374
Project Graduation FY19	5,383	3,768	-	3,768	-
Project Graduation FY20	5,383	5,383	-	5,383	-
Project Hope - City Wide SCA FY14	-	2,454	-	2,454	420
Race to GED FY19	-	-	-	-	62,053
Race to GED FY20	66,168	59,655	59,655	-	-
Region II Superintendents Escrow	-	-	-	-	685
School Security Equipment FY19	-	9	9	-	24,305
School Security Equipment FY20	16,754	15,108	15,108	-	-
School Security Officer FY19	-	525	525	-	12,268
Start on Success (SOS) FY19	-	-	-	-	4,780
Start on Success (SOS) FY20	-	12,500	2,063	10,437	-
Startalk Elementary Chinese Academy FY18	-	-	-	-	63,899
Startalk Elementary Chinese Academy FY19	73,615	70,444	67,423	3,021	19,229
Startalk Elementary Chinese Academy FY20	89,304	89,304	-	89,304	-
STEM Competition Team Initiative FY20	-	10,000	1,239	8,761	-
STEM Teacher Recruitment/Retention FY19	-	-	-	-	12,000
STEM Teacher Recruitment/Retention FY20	-	7,000	7,000	-	-
Technology Initiative FY17	-	-	-	-	1,473
Technology Initiative FY18	-	-	-	-	7,102
Title I Part A FY17	-	-	-	-	1,567
Title I Part A FY18	51,200	75	75	-	2,725,276
Title I Part A FY19	2,206,639	2,086,198	1,652,559	433,639	9,285,980
Title I Part A FY20	11,439,456	11,343,259	8,553,623	2,789,636	-
Title I Part D Subpart 1 FY18	-	-	-	-	13,111

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(continued)

	Original Budget	Final Budget	Actual	Variance	2019 Actual
Title I Part D Subpart 1 FY19	\$ 27,502	\$ 15,398	\$ 15,398	\$ -	\$ 40,484
Title I Part D Subpart 1 FY20	68,023	20,000	5,277	14,723	-
Title I Part D Subpart 2 FY17	-	-	-	-	44,941
Title I Part D Subpart 2 FY18	26,070	61,560	61,560	-	194,597
Title I Part D Subpart 2 FY19	221,407	217,176	142,145	75,031	-
Title I Part D Subpart 2 FY20	221,407	168,161	-	168,161	-
Title II Part A FY17	-	-	-	-	18,820
Title II Part A FY18	9,823	12,096	12,096	-	50,408
Title II Part A FY19	133,257	157,055	144,683	12,372	1,426,148
Title II Part A FY20	1,583,202	1,613,719	1,225,642	388,077	-
Title III Part A Language Acquisition FY18	-	-	-	-	78,522
Title III Part A Language Acquisition FY19	70,032	77,888	77,888	-	40,602
Title III Part A Language Acquisition FY20	118,351	142,341	48,517	93,824	-
Title IV Part A FY18	14,429	16,714	16,714	-	149,223
Title IV Part A FY19	598,176	641,093	536,333	104,760	118,006
Title IV Part A FY20	612,931	823,675	11,032	812,643	-
Title IV Part B 21st CCLC-GRC FY17	-	-	-	-	24,165
Title IV Part B 21st CCLC-Lynn ES FY18	-	-	-	-	8,123
Title IV Part B 21st CCLC-Lynn ES FY19	6,945	12,240	9,636	2,604	83,420
Title IV Pell FY19	-	-	-	-	30,643
Title IV Pell FY20	-	55,303	55,303	-	-
Title VI B FY18	-	-	-	-	2,026,156
Title VI B FY19	3,155,107	3,277,188	3,277,188	-	11,484,998
Title VI B FY20	14,762,186	14,768,570	10,774,381	3,994,189	-
VA Initiative-At Risk Four-Year Olds FY18	-	-	-	-	405,584
VA Initiative-At Risk Four-Year Olds FY19	562,484	593,958	593,958	-	4,232,780
VA Initiative-At Risk Four-Year Olds FY20	4,826,738	4,826,738	4,218,213	608,525	-
VBEF School + Community Super Grant JDC FY20	-	18,803	18,803	-	-
Virginia Middle School Teacher Corps FY19	-	-	-	-	5,000
Virginia Middle School Teacher Corps FY20	-	5,000	5,000	-	-
VPI+ FY20	569,340	569,340	536,097	33,243	-
VPI+ Preschool Expansion FY18	-	-	-	-	79,736
VPI+ Preschool Expansion FY19	-	67,681	67,681	-	669,750
Workplace Readiness Skills Comm Exam FY19	-	-	-	-	16,194
Workplace Readiness Skills Comm Exam FY20	16,194	-	-	-	-
Contingency	7,200,000	4,048,933	-	4,048,933	-
Total Instruction	\$ 57,724,010	\$ 56,846,088	\$ 39,661,604	\$ 17,184,484	\$ 41,295,520

Technology

2 Revolutions	\$ -	\$ 8,000	\$ -	\$ 8,000	\$ -
Adult Education & Family Literacy Act FY20	-	3,688	3,688	-	-
Advancing Computer Science Education FY20	-	33,593	-	33,593	-
Algebra Readiness FY19	-	140,000	140,000	-	-
Algebra Readiness FY20	-	3,590	-	3,590	-
Career & Tech Special Equip Alloc FY19	-	-	-	-	62,205
Career & Tech Ed State Equip Alloc FY19	-	-	-	-	66,375
Career & Tech Ed State Equip Alloc FY20	79,442	-	-	-	-
C. Perkins Career & Tech. Act FY18	-	-	-	-	43,944
C. Perkins Career & Tech. Act FY19	-	59,892	59,892	-	287,759
C. Perkins Career & Tech. Act FY20	218,012	487,493	353,397	134,096	-
C. Perkins Reserve Fund FY20	-	13,552	13,552	-	-
COPS School Violence Prevention FY19	515,000	515,000	515,000	-	-
DoDEA MCASP Operation GRIT FY18	-	-	-	-	31
DoDEA MCASP Operation GRIT FY19	-	5,112	5,167	(55)	3,523
DoDEA MCASP Operation GRIT FY20	-	88	26	62	-
DoDEA Special Education FY18	-	-	-	-	16,494
Early Reading Initiative FY18	-	-	-	-	13,805
Early Reading Initiative FY19	23,778	48,473	48,473	-	965
Early Reading Initiative FY20	95,095	95,095	-	95,095	-

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	Original Budget	Final Budget	Actual	Variance	2019 Actual
Green Run Collegiate Support FY19	\$ -	\$ 10,391	\$ 10,391	\$ -	\$ 731
Hampton Roads Workforce Coun STEM ALC FY19	-	-	-	-	1,122
Hampton Roads Workforce Coun STEM ISY FY19	-	-	-	-	264
Hampton Roads Workforce Coun STEM ISY FY20	282	-	-	-	-
Hampton Roads Workforce Coun STEM OSY FY19	-	-	-	-	1,170
Hampton Roads Workforce Coun STEM OSY FY20	-	720	720	-	-
Industry Certification Examinations FY19	-	-	-	-	78,896
Industry Certification Examinations FY20	-	95,139	95,139	-	-
Industry Certification Examinations STEM H FY19	-	-	-	-	19,751
Industry Certification Examinations STEM H FY20	-	25,973	25,973	-	-
Innovation Challenge FY19	-	-	-	-	2,500
ISAEP FY19	-	-	-	-	10,095
ISAEP FY20	13,560	10,275	10,275	-	-
Jail Education Program FY19	-	-	-	-	533
Jail Education Program FY19 LQ	900	990	990	-	210
Jail Education Program FY20	-	1,400	120	1,280	-
Juvenile Detention Center FY19	-	-	-	-	40,783
Juvenile Detention Center FY19 LQ	18,399	32,806	31,333	1,473	419
Juvenile Detention Center FY20	-	13,311	755	12,556	-
McKinney Homeless FY18	-	-	-	-	3,359
McKinney Homeless FY19	675	698	698	-	416
McKinney Homeless FY20	1,289	2,384	2,072	312	-
Nat'l Math & Science Initiative (NMSI) FY19	-	-	-	-	509
NNSY Summer 2019 STEM Camp	-	4,985	4,985	-	-
Positive Behavior Interventions & Support FY18	-	-	-	-	5,104
Positive Behavior Interventions & Support FY19	-	2,800	2,800	-	583
Positive Behavior Interventions & Support FY20	-	3,420	3,094	326	-
Praxis Assistance FY19	-	-	-	-	1,405
Preschool Incentive FY19	-	128	128	-	9,357
Preschool Incentive FY20	500	9,352	9,352	-	-
Project Graduation FY17	-	-	-	-	7,973
Project Graduation FY18	-	4,424	4,424	-	22,964
Project Graduation FY19	32,117	33,732	-	33,732	-
Project Graduation FY20	32,117	32,117	-	32,117	-
Race to GED FY19	-	-	-	-	6,500
Race to GED FY20	-	6,513	6,513	-	-
School Security Equipment FY19	-	1,730	1,730	-	90,271
School Security Equipment FY20	109,280	153,626	153,626	-	-
Startalk Elementary Chinese Academy FY18	-	-	-	-	124
Startalk Elementary Chinese Academy FY19	124	132	132	-	-
Startalk Elementary Chinese Academy FY20	503	503	-	503	-
Technology Initiative FY17	-	-	-	-	303,357
Technology Initiative FY18	750,000	707,058	704,877	2,181	1,904,240
Technology Initiative FY19	2,618,400	2,618,400	271,405	2,346,995	-
Technology Initiative FY20	2,618,400	2,618,400	-	2,618,400	-
Title I Part A FY17	-	-	-	-	65,303
Title I Part A FY18	-	3,570	3,570	-	913,336
Title I Part A FY19	309,500	484,000	483,987	13	63,936
Title I Part A FY20	475,242	575,143	97,029	478,114	-
Title I Part D Subpart 1 FY19	-	12,141	12,141	-	-
Title I Part D Subpart 2 FY18	4,500	26,450	26,450	-	1,120
Title I Part D Subpart 2 FY19	4,500	19,485	-	19,485	-
Title I Part D Subpart 2 FY20	4,500	-	-	-	-
Title IV Part A FY18	5,000	12,877	12,877	-	24,286
Title IV Part A FY19	62,028	69,078	52,657	16,421	29,775
Title IV Part A FY20	245,022	81,454	3,608	77,846	-
Title VIB FY18	-	-	-	-	683
VA Elearning Backpack Bayside FY18	-	-	-	-	7,061
VA Elearning Backpack Green Run FY18	-	-	-	-	196
VA Elearning Backpack Kempsville FY18	-	-	-	-	9,447

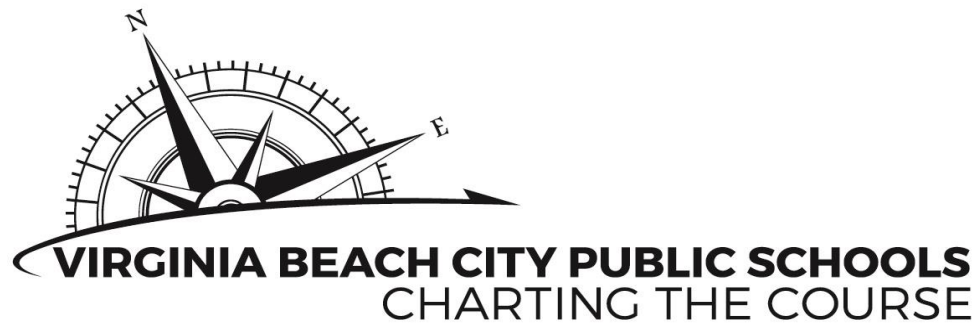
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	Original Budget	Final Budget	Actual	Variance	2019 Actual
VPI+ Preschool Expansion FY18	\$ -	\$ -	\$ -	\$ -	\$ 5,365
VPI+ Preschool Expansion FY19	-	10,872	10,872	-	39,904
Workplace Readiness Skills Comm Exam FY20	-	16,034	16,034	-	-
Total Technology	\$ 8,238,165	\$ 9,116,087	\$ 3,199,952	\$ 5,916,135	\$ 4,168,149
Total Expenditures	\$ 65,962,175	\$ 65,962,175	\$ 42,861,556	\$ 23,100,619	\$ 45,463,669
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>	\$ (3,874,864)	\$ (5,694,762)	\$ (3,342,422)	\$ 2,352,340	\$ (3,536,134)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	3,874,864	5,694,762	4,001,247	(1,693,515)	3,798,609
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ -	\$ 658,825	\$ 658,825	\$ 262,475
<u>FUND BALANCE - JULY 1</u>	1,693,515	1,693,515	1,693,515	-	1,431,040
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,693,515</u>	<u>\$ 1,693,515</u>	<u>\$ 2,352,340</u>	<u>\$ 658,825</u>	<u>\$ 1,693,515</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL CAFETERIAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance	2019 Actual
REVENUES					
From Use of Money and Property	\$ 75,000	\$ 75,000	\$ 324,311	\$ 249,311	\$ 231,849
Charges for Services	11,217,029	11,217,029	6,890,554	(4,326,475)	9,751,969
Miscellaneous	600,000	600,000	513,017	(86,983)	664,270
From Commonwealth	500,000	500,000	729,167	229,167	730,155
From Federal Government	20,671,443	20,671,443	18,128,340	(2,543,103)	19,342,875
Total Revenues	<u>\$ 33,063,472</u>	<u>\$ 33,063,472</u>	<u>\$ 26,585,389</u>	<u>\$ (6,478,083)</u>	<u>\$ 30,721,118</u>
EXPENDITURES					
<u>Cafeterias</u>					
Personnel Services	\$ 12,143,480	\$ 12,143,480	\$ 10,371,764	\$ 1,771,716	\$ 9,369,495
Fringe Benefits	5,331,963	5,331,963	3,779,170	1,552,793	3,612,322
Purchased Services	356,156	360,963	412,797	(51,834)	263,399
Other Charges	44,782	44,782	44,218	564	44,507
Materials and Supplies	16,178,801	16,178,801	13,423,097	2,755,704	15,162,204
Capital Outlay	1,292,683	1,377,717	1,160,757	216,960	707,800
Total Cafeterias	<u>\$ 35,347,865</u>	<u>\$ 35,437,706</u>	<u>\$ 29,191,803</u>	<u>\$ 6,245,903</u>	<u>\$ 29,159,727</u>
<u>Technology</u>					
Purchased Services	\$ 82,045	\$ 82,045	\$ 72,744	\$ 9,301	\$ 74,267
Materials and Supplies	124,194	130,444	348,976	(218,532)	163,389
Capital Outlay	-	9,700	9,700	-	-
Total Technology	<u>\$ 206,239</u>	<u>\$ 222,189</u>	<u>\$ 431,420</u>	<u>\$ (209,231)</u>	<u>\$ 237,656</u>
Total Expenditures	<u>\$ 35,554,104</u>	<u>\$ 35,659,895</u>	<u>\$ 29,623,223</u>	<u>\$ 6,036,672</u>	<u>\$ 29,397,383</u>
EXCESS (DEFICIENCY) OF					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ (2,490,632)</u>	<u>\$ (2,596,423)</u>	<u>\$ (3,037,834)</u>	<u>\$ (441,411)</u>	<u>\$ 1,323,735</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,490,632)</u>	<u>\$ (2,596,423)</u>	<u>\$ (3,037,834)</u>	<u>\$ (441,411)</u>	<u>\$ 1,323,735</u>
FUND BALANCE - JULY 1	<u>13,614,607</u>	<u>13,614,607</u>	<u>13,614,607</u>	<u>-</u>	<u>12,290,872</u>
FUND BALANCE - JUNE 30	<u>\$ 11,123,975</u>	<u>\$ 11,018,184</u>	<u>\$ 10,576,773</u>	<u>\$ (441,411)</u>	<u>\$ 13,614,607</u>



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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

A. Budget Information

The following presents the procedures followed by the School Board in establishing the budgetary data reflected in the financial statements and other budget information:

1. The Superintendent is required by Section 22.1-92 of the *Code of Virginia*, as amended, to prepare and submit to the City Council, with the approval of the School Board, the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the school division. Before the School Board gives final approval to its operating and capital improvement program budgets, the School Board is required to hold at least one public hearing.
2. The City Manager is required by the City Charter to present a proposed operating budget to the City Council, which includes the School Board's operating budget, at least 90 days before the beginning of each fiscal year, which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper fund balances. The necessary budget ordinances are also submitted at this time.
3. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment.
4. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
5. Annual budgets are legally adopted for the General and Special Revenue funds. The budgets for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The level of budgetary control (that is, the level at which appropriated budget expenditures cannot exceed the appropriated amount) for the General Fund and Special Revenue funds is established at the individual fund level.
6. Additional appropriations require one reading of the ordinance for approval by the School Board and the City Council, and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations, which exceed 1% of the total estimated revenues shown in the adopted City budget, require one reading by City Council for approval after a public hearing.
7. The Superintendent is authorized to transfer appropriations up to a maximum of \$250,000. Transfers in excess of \$250,000 require one reading by the School Board for approval.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

8. The accounting system is employed as a budgetary management control device to monitor the individual schools and departments. In addition, certain controls are exercised administratively on the General Fund (e.g., budget units, personnel positions, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue Funds (e.g., federal and state grants; and the appropriations related thereto).
9. Unexpended appropriations lapse (except for the School Capital Projects Fund) and are closed to the proper fund balances at the end of each fiscal year (June 30). However, the General Fund's fund balance (i.e., total assets (e.g., cash) less liabilities (e.g., salaries payable), outstanding encumbrances and prepaid items) is paid back (i.e., reverts) to the City (\$39,027,626 Fiscal Year 2020) before the aforementioned closing process. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.
10. Capital Projects for the School Board and City are budgeted separately from the Operating Budget. Since the School Board and City have hundreds of projects in its Capital Improvement Program and the City has an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects do not parallel the School Board's fiscal year. Upon approval by the School Board, the School Board's Capital Improvement Program appropriation requests are submitted to the City Council. The appropriations require one reading of the ordinance for approval after public hearings on the Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.

B. Budget Amendments

There was a supplemental budget amendment, other than for encumbrances, for \$12,939,905 for the General Fund during fiscal year 2020. The General Fund budget amendment was funded through an increase in revenue from the local government of \$4,859,000 for full-day kindergarten implementation; \$3,000,000 for interactive white board replacement; \$2,659,000 for school bus replacement; \$517,561 for white fleet vehicle replacement; \$380,000 for replacement equipment and vehicles for Grounds Services; \$341,000 for Edulog integrated transportation solution system; \$334,000 for interactive white boards replacement for Special

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Education Regional Program classrooms; \$210,000 for replacement stage curtains at six schools (safety concern); \$121,000 for additional vans to transport special needs students; \$80,000 for two-way radios; and \$438,344 for the Athletic Fund.

C. Pension and Other Employee Benefits

Multiple year trend information for the VRS Teacher Retirement Plan, the VRS Political Subdivision Retirement Plan, Other Post-Employment Benefit (OPEB) Trust Fund, VRS Teacher Employee Health Insurance Credit Program (HIC), VRS Group Life Insurance Program (GLI), VRS Teacher Employee Virginia Local Disability Program (VLDP), and VRS Political Subdivision Employee Virginia Local Disability Program (VLDP) is presented as required supplementary information. This information is intended to help users assess the funding status on a going concern basis, and the progress made in accumulating assets to pay benefits when due.

Additional information pertaining to the Pension and OPEB plans presented are located in note 8 of the Notes to the Basic Financial Statements.

D. VRS OPEB Plan Changes of Benefits and Funding Terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits.

E. VRS OPEB Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates are determined every two years. The last determination of the actuarial contribution rates was as of June 30, 2017 payable for the fiscal years 2018 and 2019. For the non-Political Subdivision plans the amortization period of the unfunded liability less the deferred contribution begins at 30 years on June 30, 2013 and will decrease by one each year until reaching 0 years. Each subsequent year, a new base will be added to the unfunded liability and will be amortized over a closed 20 year period. For the Political Subdivision plans the amortization period of the unfunded begins at 30 years on June 30, 2013 and will decrease by one each year until reaching 0 years. Each subsequent year, a new base will be added to the unfunded liability and will be amortized over a closed 20 year period.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

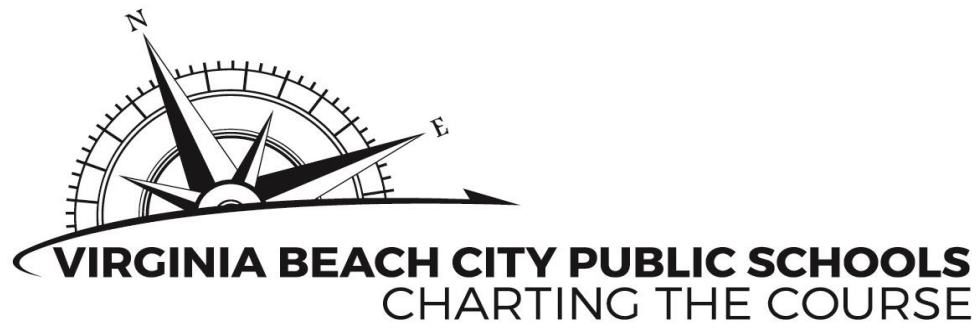
F. VRS OPEB Plan Changes of Assumptions

There have been no changes to the actuarial assumptions since the prior measurement date. The updated assumptions adopted based on the experience study for the period June 30, 2012 to June 30, 2016 were reflected for the June 30, 2017 measurement date.

The System is funded with fixed contribution rates for the state and with varying contributions for employees based on their job and personal elections. The Actuarially Determined Contributions in the *Schedule of Employer Contributions* are calculated as of the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions (from the July 1, 2017 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for fiscal year end 2017 in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years, 20 years, 19 years, 18 years, 17 years
Asset valuation method	5-year moving average
Price Inflation	2.50 percent
Salary increases, including price Inflation	Teachers: 3.50 to 5.95 percent Political Subdivisions: General Employees: 3.50 to 5.35 percent
Long-term Rate of Return net of Investment expense, including Price inflation	7.00 percent
Healthcare Cost Trend Rate	N/A



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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted or dedicated to be expended for specified purposes. The School Board has the following Special Revenue Funds:

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

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

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

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

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2020
with comparative totals for June 30, 2019

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals	
					2020	2019
ASSETS						
Cash and Investments	\$ 7,873,370	\$ 3,201,516	\$ 61,772	\$ 1,144,582	\$ 12,281,240	\$ 11,083,417
Accounts Receivable	-	-	-	-	-	34,685
Prepaid Items	-	-	-	-	-	100,000
TOTAL ASSETS	\$ 7,873,370	\$ 3,201,516	\$ 61,772	\$ 1,144,582	\$ 12,281,240	\$ 11,218,102
LIABILITIES AND FUND						
BALANCES						
Liabilities:						
Vouchers and						
Accounts Payable	\$ -	\$ 87,648	\$ -	\$ -	\$ 87,648	\$ 194,033
Deposits Payable	-	75,000	-	-	75,000	75,000
TOTAL LIABILITIES	\$ -	\$ 162,648	\$ -	\$ -	\$ 162,648	\$ 269,033
Fund Balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Restricted	7,873,370	-	-	-	7,873,370	6,929,607
Committed	-	3,038,868	61,772	1,144,582	4,245,222	3,919,462
TOTAL FUND						
BALANCES	\$ 7,873,370	\$ 3,038,868	\$ 61,772	\$ 1,144,582	\$ 12,118,592	\$ 10,949,069
TOTAL LIABILITIES						
AND FUND						
BALANCES	\$ 7,873,370	\$ 3,201,516	\$ 61,772	\$ 1,144,582	\$ 12,281,240	\$ 11,218,102

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
with comparative totals for the fiscal year ended June 30, 2019

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals	
					2020	2019
REVENUES						
From Use of Money and Property	\$ 144,464	\$ 698,576	\$ 783	\$ 25,186	\$ 869,009	\$ 746,368
Charges for Services	52	-	129,380	-	129,432	165,584
Miscellaneous	19,852	-	-	-	19,852	49,810
From Commonwealth	3,999,558	-	-	-	3,999,558	3,992,287
Total Revenues	<u>\$ 4,163,926</u>	<u>\$ 698,576</u>	<u>\$ 130,163</u>	<u>\$ 25,186</u>	<u>\$ 5,017,851</u>	<u>\$ 4,954,049</u>
EXPENDITURES						
Current:						
Instruction	\$ 1,030,660	\$ -	\$ 149,800	\$ -	\$ 1,180,460	\$ 1,361,207
Technology	2,289,503	378,365	-	-	2,667,868	4,449,320
Total Expenditures	<u>\$ 3,320,163</u>	<u>\$ 378,365</u>	<u>\$ 149,800</u>	<u>\$ -</u>	<u>\$ 3,848,328</u>	<u>\$ 5,810,527</u>
EXCESS (DEFICIENCY) OF						
REVENUES OVER (UNDER)						
EXPENDITURES	<u>\$ 843,763</u>	<u>\$ 320,211</u>	<u>\$ (19,637)</u>	<u>\$ 25,186</u>	<u>\$ 1,169,523</u>	<u>\$ (856,478)</u>
NET CHANGES IN						
FUND BALANCES	<u>\$ 843,763</u>	<u>\$ 320,211</u>	<u>\$ (19,637)</u>	<u>\$ 25,186</u>	<u>\$ 1,169,523</u>	<u>\$ (856,478)</u>
FUND BALANCES - JULY 1	<u>7,029,607</u>	<u>2,718,657</u>	<u>81,409</u>	<u>1,119,396</u>	<u>10,949,069</u>	<u>11,805,547</u>
FUND BALANCES - JUNE 30	<u><u>\$ 7,873,370</u></u>	<u><u>\$ 3,038,868</u></u>	<u><u>\$ 61,772</u></u>	<u><u>\$ 1,144,582</u></u>	<u><u>\$ 12,118,592</u></u>	<u><u>\$ 10,949,069</u></u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL TEXTBOOKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance	2019 Actual
REVENUES					
From Use of Money and Property	\$ 29,483	\$ 29,483	\$ 144,464	\$ 114,981	\$ 103,434
Charges for Services	-	-	52	52	14
Miscellaneous	27,000	27,000	19,852	(7,148)	49,810
From Commonwealth	3,995,902	3,995,902	3,999,558	3,656	3,992,287
Total Revenues	<u>\$ 4,052,385</u>	<u>\$ 4,052,385</u>	<u>\$ 4,163,926</u>	<u>\$ 111,541</u>	<u>\$ 4,145,545</u>
EXPENDITURES					
Instruction					
Personnel Services	\$ 93,977	\$ 93,977	\$ 97,153	\$ (3,176)	\$ 93,257
Fringe Benefits	30,110	30,110	40,264	(10,154)	37,066
Materials and Supplies	4,174,965	4,177,055	893,243	3,283,812	1,081,403
Total Instruction	<u>\$ 4,299,052</u>	<u>\$ 4,301,142</u>	<u>\$ 1,030,660</u>	<u>\$ 3,270,482</u>	<u>\$ 1,211,726</u>
Technology					
Purchased Services	\$ -	\$ -	\$ -	\$ -	\$ 334,965
Materials and Supplies	476,136	476,136	2,289,503	(1,813,367)	3,582,988
Total Technology	<u>\$ 476,136</u>	<u>\$ 476,136</u>	<u>\$ 2,289,503</u>	<u>\$ (1,813,367)</u>	<u>\$ 3,917,953</u>
Total Expenditures	<u>\$ 4,775,188</u>	<u>\$ 4,777,278</u>	<u>\$ 3,320,163</u>	<u>\$ 1,457,115</u>	<u>\$ 5,129,679</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ (722,803)</u>	<u>\$ (724,893)</u>	<u>\$ 843,763</u>	<u>\$ 1,568,656</u>	<u>\$ (984,134)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (722,803)</u>	<u>\$ (724,893)</u>	<u>\$ 843,763</u>	<u>\$ 1,568,656</u>	<u>\$ (984,134)</u>
FUND BALANCE - JULY 1	<u>7,029,607</u>	<u>7,029,607</u>	<u>7,029,607</u>	<u>-</u>	<u>8,013,741</u>
FUND BALANCE - JUNE 30	<u><u>\$ 6,306,804</u></u>	<u><u>\$ 6,304,714</u></u>	<u><u>\$ 7,873,370</u></u>	<u><u>\$ 1,568,656</u></u>	<u><u>\$ 7,029,607</u></u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL COMMUNICATION TOWERS/TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

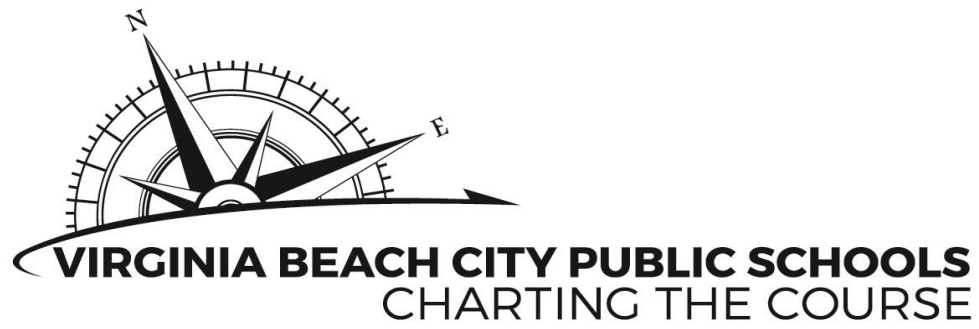
	Original Budget	Final Budget	Actual	Variance	2019 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 516,000	\$ 516,000	\$ 698,576	\$ 182,576	\$ 622,940
<u>EXPENDITURES</u>					
<u>Technology</u>					
Purchased Services	\$ -	\$ -	\$ 4,008	\$ (4,008)	\$ 3,315
Materials and Supplies	800,000	801,170	374,357	426,813	528,052
Total Expenditures	\$ 800,000	\$ 801,170	\$ 378,365	\$ 422,805	\$ 531,367
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (284,000)	\$ (285,170)	\$ 320,211	\$ 605,381	\$ 91,573
<u>NET CHANGE IN FUND BALANCE</u>	\$ (284,000)	\$ (285,170)	\$ 320,211	\$ 605,381	\$ -
<u>FUND BALANCE - JULY 1</u>	2,718,657	2,718,657	2,718,657	-	2,627,084
<u>FUND BALANCE - JUNE 30</u>	\$ 2,434,657	\$ 2,433,487	\$ 3,038,868	\$ 605,381	\$ 2,718,657

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL VENDING OPERATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance	2019 Actual
REVENUES					
From Use of Money and Property	\$ -	\$ -	\$ 783	\$ 783	\$ 334
Charges for Services	144,000	144,000	129,380	(14,620)	165,570
Total Revenues	<u>\$ 144,000</u>	<u>\$ 144,000</u>	<u>\$ 130,163</u>	<u>\$ (13,837)</u>	<u>\$ 165,904</u>
EXPENDITURES					
<u>Instruction</u>					
Purchased Services	\$ 360	\$ 200	\$ -	\$ 200	\$ -
Other Charges	144,280	144,280	149,800	(5,520)	149,085
Materials and Supplies	5,360	5,520	-	5,520	396
Total Expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 149,800</u>	<u>\$ 200</u>	<u>\$ 149,481</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	<u>\$ (19,637)</u>	<u>\$ (13,637)</u>	<u>\$ 16,423</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	<u>\$ (19,637)</u>	<u>\$ (13,637)</u>	<u>\$ 16,423</u>
FUND BALANCE - JULY 1	<u>81,409</u>	<u>81,409</u>	<u>81,409</u>	<u>-</u>	<u>64,986</u>
FUND BALANCE - JUNE 30	<u><u>\$ 75,409</u></u>	<u><u>\$ 75,409</u></u>	<u><u>\$ 61,772</u></u>	<u><u>\$ (13,637)</u></u>	<u><u>\$ 81,409</u></u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
with comparative actual amounts for the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance	2019 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ -	\$ -	\$ 25,186	\$ 25,186	\$ 19,660
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Materials and Supplies	\$ 80,000	\$ 80,000	\$ -	\$ 80,000	\$ -
Total Expenditures	\$ 80,000	\$ 80,000	\$ -	\$ 80,000	\$ -
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (80,000)	\$ (80,000)	\$ 25,186	\$ 105,186	\$ 19,660
<u>NET CHANGE IN FUND BALANCE</u>	\$ (80,000)	\$ (80,000)	\$ 25,186	\$ 105,186	\$ 19,660
<u>FUND BALANCE - JULY 1</u>	1,119,396	1,119,396	1,119,396	-	1,099,736
<u>FUND BALANCE - JUNE 30</u>	\$ 1,039,396	\$ 1,039,396	\$ 1,144,582	\$ 105,186	\$ 1,119,396



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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost reimbursement basis. The School Board has established Internal Service Funds for the following activities:

School Risk Management - provides insurance and the administration thereof for the School Board.

School Health Insurance - provides health insurance and the administration thereof for the School Board and City employees.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020
with comparative totals for June 30, 2019

	School Risk Management	School Health Insurance	Totals	
			2020	2019
<u>ASSETS</u>				
Current Assets:				
Cash and Investments	\$ 14,936,354	\$ 88,772,375	\$ 103,708,729	\$ 82,254,819
Accounts Receivable	5,298	2,403,656	2,408,954	1,899,357
Prepaid Items	305,632	-	305,632	317,064
	<u>15,247,284</u>	<u>91,176,031</u>	<u>106,423,315</u>	<u>84,471,240</u>
TOTAL ASSETS	<u>\$ 15,247,284</u>	<u>\$ 91,176,031</u>	<u>\$ 106,423,315</u>	<u>\$ 84,471,240</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Salaries Payable	\$ 136	\$ 140	\$ 276	\$ 1,916
Vouchers and				
Accounts Payable	211,956	4,072,325	4,284,281	5,067,751
Unearned Revenue	-	8,182,321	8,182,321	7,990,683
Estimated Claims and				
Judgments (due within				
one year)	5,856,113	6,191,250	12,047,363	13,520,372
Total Current Liabilities	<u>\$ 6,068,205</u>	<u>\$ 18,446,036</u>	<u>\$ 24,514,241</u>	<u>\$ 26,580,722</u>
Noncurrent Liabilities:				
Estimated Claims and				
Judgments (due in more				
than one year)	1,952,038	2,063,750	4,015,788	4,506,790
	<u>1,952,038</u>	<u>2,063,750</u>	<u>4,015,788</u>	<u>4,506,790</u>
TOTAL LIABILITIES	<u>\$ 8,020,243</u>	<u>\$ 20,509,786</u>	<u>\$ 28,530,029</u>	<u>\$ 31,087,512</u>
<u>NET POSITION</u>				
Unrestricted	<u>\$ 7,227,041</u>	<u>\$ 70,666,245</u>	<u>\$ 77,893,286</u>	<u>\$ 53,383,728</u>
TOTAL NET POSITION	<u><u>\$ 7,227,041</u></u>	<u><u>\$ 70,666,245</u></u>	<u><u>\$ 77,893,286</u></u>	<u><u>\$ 53,383,728</u></u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020
with comparative totals for the year ended June 30, 2019

	School Risk Management	School Health Insurance	Totals	
			2020	2019
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 6,805,724	\$ 151,786,911	\$ 158,592,635	\$ 157,168,067
Miscellaneous Revenue	58,405	-	58,405	714,907
Total Operating Revenues	<u>\$ 6,864,129</u>	<u>\$ 151,786,911</u>	<u>\$ 158,651,040</u>	<u>\$ 157,882,974</u>
<u>OPERATING EXPENSES</u>				
Personnel Services	\$ 324,101	\$ 427,902	\$ 752,003	\$ 669,742
Fringe Benefits	105,826	160,763	266,589	238,709
Purchased Services	482,244	1,768,443	2,250,687	1,744,539
Other Charges	5,930,631	126,801,404	132,732,035	149,888,037
Total Operating Expenses	<u>\$ 6,842,802</u>	<u>\$ 129,158,512</u>	<u>\$ 136,001,314</u>	<u>\$ 152,541,027</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ 21,327</u>	<u>\$ 22,628,399</u>	<u>\$ 22,649,726</u>	<u>\$ 5,341,947</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Transfers In-Operating Fund	\$	\$ -	\$ -	\$ 2,000,000
Interest Income	382,890	1,476,942	1,859,832	1,340,716
Total Nonoperating Revenues (Expenses)	<u>\$ 382,890</u>	<u>\$ 1,476,942</u>	<u>\$ 1,859,832</u>	<u>\$ 3,340,716</u>
<u>CHANGES IN NET POSITION</u>	<u>\$ 404,217</u>	<u>\$ 24,105,341</u>	<u>\$ 24,509,558</u>	<u>\$ 8,682,663</u>
<u>TOTAL NET POSITION - JULY 1</u>	<u>6,822,824</u>	<u>46,560,904</u>	<u>53,383,728</u>	<u>44,701,065</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u><u>\$ 7,227,041</u></u>	<u><u>\$ 70,666,245</u></u>	<u><u>\$ 77,893,286</u></u>	<u><u>\$ 53,383,728</u></u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
with comparative totals for the year ended June 30, 2019

	School Risk Management	School Health Insurance	Totals	
			2020	2019
<u>CASH FLOWS FROM OPERATING</u>				
<u>ACTIVITIES:</u>				
Receipts from Customers and Users	\$ 6,860,829	\$ 151,472,252	\$ 158,333,081	\$ 158,312,421
Payments to Vendors for Goods/Services	(7,315,748)	(130,403,023)	(137,718,771)	(151,867,387)
Payments to Employees for Services	(431,458)	(588,774)	(1,020,232)	(917,533)
Net Cash Provided (Used)				
By Operating Activities	<u>\$ (886,377)</u>	<u>\$ 20,480,455</u>	<u>\$ 19,594,078</u>	<u>\$ 5,527,501</u>
<u>CASH FLOWS FROM NONCAPITAL</u>				
<u>FINANCING ACTIVITIES:</u>				
Intragovernmental Receipts	-	-	-	2,000,000
<u>CASH FLOWS FROM INVESTING</u>				
<u>ACTIVITIES:</u>				
Interest Received on Investments	<u>382,890</u>	<u>1,476,942</u>	<u>1,859,832</u>	<u>1,340,716</u>
<u>NET INCREASE IN</u>				
<u>CASH AND INVESTMENTS</u>	\$ (503,487)	\$ 21,957,397	\$ 21,453,910	\$ 8,868,217
<u>CASH AND INVESTMENTS,</u>				
<u>BEGINNING OF YEAR</u>	<u>15,439,841</u>	<u>66,814,978</u>	<u>82,254,819</u>	<u>73,386,602</u>
<u>CASH AND INVESTMENTS,</u>				
<u>END OF YEAR</u>	<u>\$ 14,936,354</u>	<u>\$ 88,772,375</u>	<u>\$ 103,708,729</u>	<u>\$ 82,254,819</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED</u>				
<u>(USED) BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	<u>\$ 21,327</u>	<u>\$ 22,628,399</u>	<u>\$ 22,649,726</u>	<u>\$ 5,341,947</u>
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
(Used) by Operating Activities				
(Increase) Decrease in Assets				
Accounts Receivable	\$ (3,300)	\$ (506,297)	\$ (509,597)	\$ 302,259
Prepaid Items	11,432	-	11,432	(199,608)
Increase (Decrease) in Liabilities				
Salaries Payable	(1,531)	(109)	(1,640)	(9,082)
Vouchers and Accounts Payable	(125,456)	(658,014)	(783,470)	(763,365)
Unearned Revenue	-	191,638	191,638	127,188
Estimated Claims and Judgments	(788,849)	(1,175,162)	(1,964,011)	728,162
Total Adjustments	<u>\$ (907,704)</u>	<u>\$ (2,147,944)</u>	<u>\$ (3,055,648)</u>	<u>\$ 185,554</u>
Net Cash Provided (Used)				
By Operating Activities	<u>\$ (886,377)</u>	<u>\$ 20,480,455</u>	<u>\$ 19,594,078</u>	<u>\$ 5,527,501</u>

AGENCY FUNDS

The Agency Funds are used to account for the assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The School Board has the following Agency Funds:

Payroll Deductions - accounts for employee payroll deductions.

Fringe Benefits - accounts for the School Board contributions for certain fringe benefits (e.g., life insurance, retirement).

School Activity Accounts - accounts for the individual school activity accounts.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>PAYROLL DEDUCTIONS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 6,622,631	\$ 151,555,929	\$ 151,477,156	\$ 6,701,404
Accounts Receivable	91,832	-	91,247	585
Prepaid	-	14,148	-	14,148
TOTAL ASSETS	\$ 6,714,463	\$ 151,570,077	\$ 151,568,403	\$ 6,716,137
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 6,714,463	\$ 151,570,077	\$ 151,568,403	\$ 6,716,137
<u>FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 9,047,533	\$ 120,086,577	\$ 119,879,387	\$ 9,254,723
Accounts Receivable	205	-	205	-
TOTAL ASSETS	\$ 9,047,738	\$ 120,086,577	\$ 119,879,592	\$ 9,254,723
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 9,047,738	\$ 120,086,577	\$ 119,879,592	\$ 9,254,723
<u>SCHOOL ACTIVITY ACCOUNTS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 4,166,903	\$ 7,595,946	\$ 7,312,240	\$ 4,450,609
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 4,166,903	\$ 7,595,946	\$ 7,312,240	\$ 4,450,609
<u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Investments	\$ 19,837,067	\$ 279,238,452	\$ 278,668,783	\$ 20,406,736
Accounts Receivable	92,037	-	91,452	585
Prepaid	-	14,148	-	14,148
TOTAL ASSETS	\$ 19,929,104	\$ 279,252,600	\$ 278,760,235	\$ 20,421,469
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	\$ 19,929,104	\$ 279,252,600	\$ 278,760,235	\$ 20,421,469
TOTAL LIABILITIES	\$ 19,929,104	\$ 279,252,600	\$ 278,760,235	\$ 20,421,469

STATISTICAL SECTION

This part of the School Board of the City of Virginia Beach Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School Board's financial health. These tables are unaudited.

<u>Contents</u>	<u>Tables</u>
Financial Trends	1 – 10
These tables contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.	
Operating Information	11 – 24
These tables contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services the School Board provides and the activities it performs.	
Demographic and Economic Information	25 – 29
These tables offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.	
Revenue Capacity	30 – 33
These tables contain information to help the reader assess the factors affecting the City's ability to generate property taxes. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.	
Debt Capacity	34 – 35
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.	

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Report for the relevant year.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE NET POSITION BY COMPONENT
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
NET POSITION (DEFICIT)				
Invested in Capital Assets	\$ 449,745,865	\$ 484,947,961	\$ 503,613,147	\$ 492,959,880
Restricted for:				
Capital Projects	20,622,399	5,465,425	-	15,947,262
Grants	903,582	1,205,050	1,060,524	1,058,973
Cafeterias	2,702,932	3,402,900	3,825,795	4,556,868
Textbooks	22,042,950	17,964,543	16,044,853	16,247,585
Unrestricted (Deficit)	<u>78,081,876</u>	<u>25,924,228</u>	<u>4,805,735</u>	<u>(703,842,498)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ 574,099,604</u></u>	<u><u>\$ 538,910,107</u></u>	<u><u>\$ 529,350,054</u></u>	<u><u>\$ (173,071,930)</u></u>

Note: Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in fiscal year 2015. The July 1, 2014 Net Position amount was restated, as financial information for fiscal years prior to 2014 is not available.

Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for Postemployment Benefits other than Pensions was implemented in fiscal year 2018. The July 1, 2017 Net Position amount was restated, as financial information for fiscal years prior to 2017 is not available.

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 501,205,889	\$ 503,106,097	\$ 532,437,468	\$ 535,329,375	\$ 593,456,835	\$ 551,914,392
13,318,732	20,731,125	-	6,661,276	-	32,377,544
456,630	759,498	954,050	1,431,040	1,693,515	2,352,340
4,469,528	7,029,421	9,290,189	11,657,774	13,099,712	9,787,357
11,688,657	8,447,356	7,120,780	8,013,741	6,929,607	7,873,370
<u>(692,029,291)</u>	<u>(658,386,368)</u>	<u>(793,944,228)</u>	<u>(758,447,740)</u>	<u>(751,880,933)</u>	<u>(689,768,867)</u>
<u>\$ (160,889,855)</u>	<u>\$ (118,312,871)</u>	<u>\$ (244,141,741)</u>	<u>\$ (195,354,534)</u>	<u>\$ (136,701,264)</u>	<u>\$ (85,463,864)</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE CHANGES IN NET POSITION
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
Governmental Activities:				
Instruction	\$ 567,568,792	\$ 573,843,860	\$ 577,046,558	\$ 587,975,312
Admin, Attendance, & Health	18,401,916	19,526,549	20,504,499	20,499,059
Pupil Transportation	36,105,660	34,922,875	34,224,798	33,585,459
Operations and Maintenance	93,664,818	93,706,524	89,634,735	88,060,958
Cafeterias	26,113,779	27,294,432	26,525,914	28,720,848
Technology	44,830,758	47,835,843	36,593,114	36,119,783
Total Expenses	<u>\$ 786,685,723</u>	<u>\$ 797,130,083</u>	<u>\$ 784,529,618</u>	<u>\$ 794,961,419</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 3,185,029	\$ 3,212,855	\$ 2,530,353	\$ 2,841,159
Pupil Transportation	-	-	-	-
Operations and Maintenance	367,908	332,257	424,637	456,559
Cafeterias	13,276,414	12,772,266	12,195,744	12,047,776
Technology	438,046	447,530	829,946	620,441
Operating Grants and Contributions	146,074,200	149,600,791	134,612,328	143,414,642
Capital Grants and Contributions	9,710,467	1,812,470	-	-
Total Program Revenues	<u>\$ 173,052,064</u>	<u>\$ 168,178,169</u>	<u>\$ 150,593,008</u>	<u>\$ 159,380,577</u>
Net Expenses	<u>\$ (613,633,659)</u>	<u>\$ (628,951,914)</u>	<u>\$ (633,936,610)</u>	<u>\$ (635,580,842)</u>
General Revenues:				
Local Sources:				
Local Government	\$ 371,517,109	\$ 343,802,519	\$ 368,549,605	\$ 392,169,735
Miscellaneous	964,435	841,995	655,857	530,505
Federal and State Aid not Restricted to Specific Purposes:				
State Basic Aid	159,342,761	165,011,640	166,739,680	167,421,241
State Sales Tax	70,058,126	72,266,667	68,889,270	67,915,112
Federal Impact Aid	13,987,750	11,630,646	19,404,512	10,145,630
Interest Earnings	488,078	208,950	137,633	145,635
Total General Revenues	<u>\$ 616,358,259</u>	<u>\$ 593,762,417</u>	<u>\$ 624,376,557</u>	<u>\$ 638,327,858</u>
Change in Net Position	<u>\$ 2,724,600</u>	<u>\$ (35,189,497)</u>	<u>\$ (9,560,053)</u>	<u>\$ 2,747,016</u>

Note: Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in fiscal year 2015. The Change in Net Position for fiscal year 2015 reflects this implementation (net of the allocation of pension expense to the various governmental activities), as financial information for fiscal years prior to 2015 is not available.

Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for Postemployment Benefits other than Pensions was implemented in fiscal year 2018. The Change in Net Position for fiscal year 2018 reflects this implementation (net of the allocation of OPEB expense to the various governmental activities), as financial information for fiscal years prior to 2018 is not available.

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 573,574,157	\$ 568,912,291	\$ 556,632,508	\$ 606,761,992	\$ 566,224,421	\$ 703,745,203
20,641,696	20,989,423	22,840,163	22,901,450	23,307,229	24,107,377
33,364,815	30,739,249	32,950,076	35,690,694	37,344,627	36,973,229
88,194,131	86,966,670	91,477,591	91,293,238	95,683,167	92,626,699
27,720,826	26,288,628	27,285,112	27,773,627	28,573,857	29,492,968
38,168,996	38,714,083	43,036,289	45,753,930	47,195,554	47,543,325
<u>\$ 781,664,621</u>	<u>\$ 772,610,344</u>	<u>\$ 774,221,739</u>	<u>\$ 830,174,931</u>	<u>\$ 798,328,855</u>	<u>\$ 934,488,801</u>
\$ 2,735,642	\$ 2,696,121	\$ 1,814,028	\$ 2,062,220	\$ 1,983,371	\$ 1,540,097
-	-	-	-	214,355	634,957
597,144	628,300	452,171	499,341	432,731	281,549
10,591,205	11,266,046	10,911,183	10,620,849	10,406,240	7,371,901
625,937	485,887	1,240,136	1,142,166	1,498,880	1,593,780
141,961,728	142,463,184	146,611,635	164,134,388	164,873,615	173,532,323
-	-	-	-	-	-
<u>\$ 156,511,656</u>	<u>\$ 157,539,538</u>	<u>\$ 161,029,153</u>	<u>\$ 178,458,964</u>	<u>\$ 179,409,192</u>	<u>\$ 184,954,607</u>
<u>\$ (625,152,965)</u>	<u>\$ (615,070,806)</u>	<u>\$ (613,192,586)</u>	<u>\$ (651,715,967)</u>	<u>\$ (618,919,663)</u>	<u>\$ (749,534,194)</u>
\$ 378,687,744	\$ 403,461,767	\$ 369,406,287	\$ 437,309,444	\$ 402,681,270	\$ 528,069,094
842,365	399,783	450,772	649,331	5,784,893	1,005,987
175,008,994	172,363,914	178,909,703	178,412,666	178,656,354	176,893,073
70,376,559	72,382,607	73,084,563	74,264,875	76,320,888	79,610,836
12,314,580	8,886,385	11,264,563	9,452,678	13,180,576	13,724,963
104,798	153,334	245,828	414,180	948,952	1,467,641
<u>\$ 637,335,040</u>	<u>\$ 657,647,790</u>	<u>\$ 633,361,716</u>	<u>\$ 700,503,174</u>	<u>\$ 677,572,933</u>	<u>\$ 800,771,594</u>
<u>\$ 12,182,075</u>	<u>\$ 42,576,984</u>	<u>\$ 20,169,130</u>	<u>\$ 48,787,207</u>	<u>\$ 58,653,270</u>	<u>\$ 51,237,400</u>

Table 3

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Expenses	Instruction		Adminis- tration, Attendance & Health		Pupil Trans- portation		Operations and Maintenance		Cafeterias		Technology	
			%		%		%		%		%		%
2011	\$786,685,723	\$567,568,792	72.1	\$18,401,916	2.3	\$36,105,660	4.6	\$93,664,818	11.9	\$26,113,779	3.3	\$44,830,758	5.8
2012	797,130,083	573,843,860	72.0	19,526,549	2.4	34,922,875	4.4	93,706,524	11.8	27,294,432	3.4	47,835,843	6.0
2013	784,529,618	577,046,558	73.6	20,504,499	2.6	34,224,798	4.4	89,634,735	11.4	26,525,914	3.4	36,593,114	4.6
2014	794,961,419	587,975,312	74.0	20,499,059	2.6	33,585,459	4.2	88,060,958	11.1	28,720,848	3.6	36,119,783	4.5
2015	781,664,621	573,574,157	73.4	20,641,696	2.6	33,364,815	4.3	88,194,131	11.3	27,720,826	3.5	38,168,996	4.9
2016	772,610,344	568,912,291	73.6	20,989,423	2.7	30,739,249	4.0	86,966,670	11.3	26,288,628	3.4	38,714,083	5.0
2017	774,221,739	556,632,508	71.9	22,840,163	3.0	32,950,076	4.3	91,477,591	11.8	27,285,112	3.5	43,036,289	5.5
2018	830,174,931	606,761,992	73.1	22,901,450	2.8	35,690,694	4.3	91,293,238	11.0	27,773,627	3.3	45,753,930	5.5
2019	798,328,855	566,224,421	70.9	23,307,229	2.9	37,344,627	4.7	95,683,167	12.0	28,573,857	3.6	47,195,554	5.9
2020	934,488,801	703,745,203	75.3	24,107,377	2.6	36,973,229	4.0	92,626,699	9.9	29,492,968	3.2	47,543,325	5.0

Note: Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in fiscal year 2015. The Total Expenses for fiscal year 2015 reflects this implementation (net of the allocation of pension expense to the various governmental activities), as financial information for fiscal years prior to 2015 is not available.

Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for Postemployment Benefits other than Pensions was implemented in fiscal year 2018. The Change in Net Position for fiscal year 2018 reflects this implementation (net of the allocation of OPEB expense to the various governmental activities), as financial information for fiscal years prior to 2018 is not available.

Table 4

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Revenues	Program Revenues				General Revenues					
		Charges for Services*	%	Operating and Capital Grants and Contributions	%	Local Sources	%	Federal and State Aid**	%	Interest Earnings	%
2011	\$789,410,323	\$17,267,397	2.2	\$155,784,667	19.7	\$372,481,544	47.2	\$243,388,637	30.8	\$488,078	0.1
2012	761,940,586	16,764,908	2.2	151,413,261	19.9	344,644,514	45.2	248,908,953	32.7	208,950	0.0
2013	774,969,565	15,980,680	2.1	134,612,328	17.4	369,205,462	47.6	255,033,462	32.9	137,633	0.0
2014	797,708,435	15,965,935	2.0	143,414,642	18.0	392,700,240	49.2	245,481,983	30.8	145,635	0.0
2015	793,846,696	14,549,928	1.8	141,961,728	17.9	379,530,109	47.8	257,700,133	32.5	104,798	0.0
2016	815,187,328	15,076,354	1.8	142,463,184	17.5	403,861,550	49.5	253,632,906	31.1	153,334	0.1
2017	794,390,869	14,417,518	1.8	146,611,635	18.5	369,857,059	46.6	263,258,829	33.1	245,828	0.0
2018	878,962,138	14,324,576	1.6	164,134,388	18.7	437,958,775	49.8	262,130,219	29.8	414,180	0.1
2019	856,982,125	14,535,577	1.7	164,873,615	19.2	408,466,163	47.7	268,157,818	31.3	948,952	0.1
2020	985,726,201	11,422,284	1.2	173,532,323	17.6	529,075,081	53.7	270,228,872	27.4	1,467,641	0.1

* See Table 2 for Charges for Services categories

** Not restricted to specific programs

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
<i>Nonspendable</i>	\$ 600,039	\$ 357,968	\$ 511,177	\$ 761,330
<i>Assigned</i>	<u>31,918,365</u>	<u>11,626,203</u>	<u>5,651,929</u>	<u>6,588,302</u>
Total Fund Balance - General Fund	<u><u>\$ 32,518,404</u></u>	<u><u>\$ 11,984,171</u></u>	<u><u>\$ 6,163,106</u></u>	<u><u>\$ 7,349,632</u></u>
All Other Governmental Funds:				
<i>Nonspendable:</i>				
<i>Special Revenue Funds</i>	\$ 1,014,413	\$ 1,326,178	\$ 1,284,493	\$ 777,040
<i>Restricted:</i>				
<i>Special Revenue Funds</i>	25,649,464	22,218,911	20,777,535	21,863,426
<i>Capital Projects Funds</i>	20,622,399	5,465,425	-	15,947,262
<i>Committed:</i>				
<i>Special Revenue Funds</i>	4,549,561	4,600,173	4,837,677	4,527,805
<i>Capital Projects Funds</i>	23,487,476	9,055,815	6,839,100	3,298,600
<i>Unassigned:</i>				
<i>Capital Projects Funds</i>	<u>-</u>	<u>-</u>	<u>(3,403,665)</u>	<u>-</u>
Total Fund Balance - Other Governmental Funds	<u><u>\$ 75,323,313</u></u>	<u><u>\$ 42,666,502</u></u>	<u><u>\$ 30,335,140</u></u>	<u><u>\$ 46,414,133</u></u>

Table 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,095,915	\$ 844,003	\$ 1,078,381	\$ 645,312	\$ 661,659	\$ 614,133
9,667,446	8,392,352	8,735,155	7,873,059	11,144,533	14,496,327
<u>\$ 10,763,361</u>	<u>\$ 9,236,355</u>	<u>\$ 9,813,536</u>	<u>\$ 8,518,371</u>	<u>\$ 11,806,192</u>	<u>\$ 15,110,460</u>
\$ 489,714	\$ 1,734,207	\$ 638,339	\$ 633,098	\$ 614,895	\$ 789,416
16,614,815	16,236,275	17,365,019	21,102,555	21,722,834	20,013,067
13,318,732	20,731,125	-	6,661,276	-	32,377,544
4,177,903	4,295,854	4,029,283	3,791,806	3,919,462	4,245,222
437,953	528,628	-	5,204,160	-	8,332,161
-	-	(2,469,152)	-	(32,003,760)	-
<u>\$ 35,039,117</u>	<u>\$ 43,526,089</u>	<u>\$ 19,563,489</u>	<u>\$ 37,392,895</u>	<u>\$ (5,746,569)</u>	<u>\$ 65,757,410</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
<u>REVENUES</u>				
From Use of Money and Property	\$ 1,045,325	\$ 901,726	\$ 898,066	\$ 990,556
Charges for Services	15,173,514	14,540,665	13,760,887	13,586,261
Miscellaneous	2,080,042	2,317,353	2,150,879	2,411,989
From Local Government	371,517,109	343,802,519	368,549,605	392,169,735
From Commonwealth	309,842,580	315,182,365	318,519,061	326,629,536
From Federal Government	89,256,381	84,973,890	70,800,124	61,914,947
Total Revenues	<u>\$ 788,914,951</u>	<u>\$ 761,718,518</u>	<u>\$ 774,678,622</u>	<u>\$ 797,703,024</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	\$ 535,455,491	\$ 548,953,371	\$ 552,817,372	\$ 549,280,427
Admin, Attendance, & Health	18,279,083	19,064,917	20,158,024	20,265,565
Pupil Transportation	34,411,971	29,582,245	30,850,164	31,613,426
Operations and Maintenance	96,905,759	93,526,365	88,576,353	87,673,842
Cafeterias	25,899,229	26,474,564	26,139,487	28,369,866
Technology	43,577,282	45,877,615	36,174,823	35,732,637
Capital Outlay	56,384,860	57,152,553	38,405,769	27,507,153
Total Expenditures	<u>\$ 810,913,675</u>	<u>\$ 820,631,630</u>	<u>\$ 793,121,992</u>	<u>\$ 780,442,916</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>\$ (21,998,724)</u>	<u>\$ (58,913,112)</u>	<u>\$ (18,443,370)</u>	<u>\$ 17,260,108</u>
<u>OTHER FINANCING SOURCES</u>				
<u>(USES)</u>				
Transfers In	\$ 2,930,631	\$ 8,494,199	\$ 3,059,471	\$ 3,185,724
Transfers Out	(2,930,631)	(2,994,199)	(3,059,471)	(3,185,724)
Sale of Capital Assets	495,372	222,068	290,943	5,411
Total Other Financing Sources (Uses)	<u>\$ 495,372</u>	<u>\$ 5,722,068</u>	<u>\$ 290,943</u>	<u>\$ 5,411</u>
<u>NET CHANGE IN</u>				
<u>FUND BALANCES</u>	<u>\$ (21,503,352)</u>	<u>\$ (53,191,044)</u>	<u>\$ (18,152,427)</u>	<u>\$ 17,265,519</u>

Table 6

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,112,326	\$ 1,187,026	\$ 1,093,227	\$ 1,238,870	\$ 1,614,614	\$ 1,909,409
11,921,719	12,273,570	11,541,968	11,462,227	11,315,564	8,101,947
2,717,149	2,366,701	2,637,731	2,863,240	3,931,864	4,083,737
378,687,744	403,461,767	365,906,287	437,309,444	402,681,269	528,069,094
334,562,449	335,531,412	345,823,565	362,609,420	365,166,526	378,703,344
64,845,309	60,351,137	63,760,864	63,260,548	67,416,059	64,681,005
<u>\$ 793,846,696</u>	<u>\$ 815,171,613</u>	<u>\$ 790,763,642</u>	<u>\$ 878,743,749</u>	<u>\$ 852,125,896</u>	<u>\$ 985,548,536</u>
\$ 571,442,017	\$ 566,161,730	\$ 574,348,290	\$ 592,155,106	\$ 604,306,042	\$ 614,838,147
21,039,188	21,867,909	23,250,610	23,789,953	24,321,706	24,526,915
29,783,772	30,772,076	35,791,636	46,032,851	40,296,039	37,039,105
89,729,140	91,231,416	93,264,383	94,283,880	98,804,758	92,837,418
28,051,308	27,118,359	27,623,959	28,378,336	29,159,727	29,191,803
35,714,932	37,060,489	41,769,006	45,954,174	46,793,397	46,306,027
26,047,626	34,015,383	21,728,403	31,833,597	51,152,099	66,178,539
<u>\$ 801,807,983</u>	<u>\$ 808,227,362</u>	<u>\$ 817,776,287</u>	<u>\$ 862,427,897</u>	<u>\$ 894,833,768</u>	<u>\$ 910,917,954</u>
<u>\$ (7,961,287)</u>	<u>\$ 6,944,251</u>	<u>\$ (27,012,645)</u>	<u>\$ 16,315,852</u>	<u>\$ (42,707,872)</u>	<u>\$ 74,630,582</u>
\$ 3,146,753	\$ 3,213,930	\$ 3,323,272	\$ 3,653,090	\$ 3,798,609	\$ 4,001,247
(3,146,753)	(3,213,930)	(3,323,272)	(3,653,090)	(5,798,609)	(4,001,247)
-	15,715	3,627,226	218,389	4,856,229	177,665
<u>\$ -</u>	<u>\$ 15,715</u>	<u>\$ 3,627,226</u>	<u>\$ 218,389</u>	<u>\$ 2,856,229</u>	<u>\$ 177,665</u>
<u>\$ (7,961,287)</u>	<u>\$ 6,959,966</u>	<u>\$ (23,385,419)</u>	<u>\$ 16,534,241</u>	<u>\$ (39,851,643)</u>	<u>\$ 74,808,247</u>

Table 7

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION
Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Expenditures and Other Financing Uses	Instruction		Administration, Attendance, & Health		Pupil Transportation		Operations and Maintenance		Technology		Transfers	
			%		%		%		%		%		%
2011	\$ 663,255,264	\$ 483,132,547	72.8	\$ 18,279,083	2.8	\$ 33,859,385	5.1	\$ 86,228,344	13.0	\$ 38,825,274	5.9	\$ 2,930,631	0.4
2012	656,882,672	477,573,144	72.7	19,064,917	2.9	29,578,124	4.5	88,326,990	13.4	39,345,298	6.0	2,994,199	0.5
2013	675,262,669	506,336,353	75.0	20,158,024	3.0	30,850,164	4.6	85,225,055	12.6	29,633,602	4.4	3,059,471	0.4
2014	667,719,887	501,762,265	75.1	20,265,565	3.0	31,613,426	4.7	84,881,195	12.7	26,011,712	3.9	3,185,724	0.6
2015	687,695,797	521,306,637	75.8	21,039,188	3.1	29,783,772	4.3	85,027,241	12.4	27,392,206	4.0	3,146,753	0.4
2016	693,674,811	522,827,006	75.4	21,867,909	3.2	30,772,076	4.4	85,640,251	12.3	29,353,639	4.2	3,213,930	0.5
2017	710,946,618	531,207,956	74.7	23,250,610	3.3	35,791,636	5.0	85,737,273	12.1	31,635,871	4.4	3,323,272	0.5
2018	748,530,406	551,099,344	73.6	23,789,953	3.2	46,032,851	6.1	86,706,179	11.6	37,248,989	5.0	3,653,090	0.5
2019	757,385,699	561,124,557	74.1	24,321,706	3.2	40,296,039	5.3	88,042,622	11.6	37,802,166	5.0	5,798,609	0.8
2020	766,633,124	573,394,750	74.8	24,526,915	3.2	37,039,105	4.8	87,816,421	11.5	39,854,686	5.2	4,001,247	0.5

Note: This table represents financial data of the School Operating Fund.

Table 8

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND REVENUES BY SOURCE
Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Revenues	City of Virginia Beach	%	Commonwealth of Virginia	%	State Sales Tax	%	Federal Government	%	Other Revenues*	%
2011	\$ 657,614,497	\$ 328,999,336	50.0	\$ 231,079,376	35.1	\$ 70,058,126	10.7	\$ 23,150,301	3.5	\$ 4,327,358	0.7
2012	636,348,439	307,940,295	48.4	233,276,203	36.7	72,266,667	11.4	13,155,684	2.1	9,709,590	1.4
2013	669,441,604	337,975,782	50.5	238,513,521	35.6	68,889,270	10.3	20,486,105	3.1	3,576,926	0.5
2014	668,901,002	341,558,045	51.1	243,244,523	36.4	67,915,112	10.2	12,316,895	1.8	3,866,427	0.5
2015	691,109,526	352,191,199	51.0	250,173,015	36.2	70,376,559	10.2	14,290,941	2.1	4,077,812	0.5
2016	692,132,090	355,706,910	51.4	249,585,001	36.1	72,382,607	10.5	10,984,116	1.6	3,473,456	0.4
2017	711,396,573	361,314,303	50.8	260,283,753	36.6	73,084,563	10.3	13,464,377	1.9	3,249,577	0.4
2018	747,016,852	383,296,606	51.3	273,210,535	36.6	74,264,875	9.9	12,614,392	1.7	3,630,444	0.5
2019	760,448,528	388,810,269	51.1	274,756,360	36.1	76,320,888	10.0	15,961,332	2.1	4,599,679	0.7
2020	769,759,727	383,837,199	49.9	285,102,568	37.0	79,610,836	10.3	16,671,591	2.2	4,537,533	0.6

Note: This table represents financial data of the School Operating Fund.

* The Other Revenues column for Fiscal Year 2012 includes \$5,500,000 transferred from the Risk Management Internal Service Fund.

Other Financial Data			
Fiscal Year	June 30 Reversion to City	June 30 Fund Balance	Debt Service
2011	\$ 9,654,107	\$ 32,518,404	-
2012	15,954,726	11,984,171	\$ 44,337,710
2013	18,831,522	6,163,106	44,747,986
2014	15,554,787	7,349,632	42,537,774
2015	12,316,533	10,763,361	44,986,273
2016	15,583,197	9,236,355	44,115,909
2017	17,063,890	9,813,536	45,704,383
2018	22,881,964	8,518,371	42,173,255
2019	26,824,198	11,806,192	41,768,217
2020	39,027,626	15,110,460	42,933,085

Note: The above Other Financial Data presents the amount of cash that was necessary to revert to the City to yield a fund balance equal to the outstanding encumbrances and prepaid items at June 30 of each fiscal year. Beginning in FY 2012, Debt Service Payments (funded by the City) are presented.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
PER PUPIL FINANCIAL SUPPORT FOR EXPENDITURES BY MAJOR REVENUE SOURCE
Last Ten Fiscal Years (unaudited)

Fiscal Year	Local Revenues		State Revenues		State Sales Tax Revenues	
	Per Pupil	Per Pupil	Per Pupil	Per Pupil	Per Pupil	Per Pupil
		<i>State Average</i>		<i>State Average</i>		<i>State Average</i>
2011	\$5,166	\$5,371	\$3,469	\$3,375	\$1,009	\$928
2012	5,172	5,549	3,489	3,420	1,035	935
2013	5,237	5,776	3,600	3,652	991	954
2014	5,277	5,823	3,705	3,676	978	959
2015	5,392	5,949	3,828	3,798	1,016	1,004
2016	5,450	6,084	3,835	3,813	1,051	1,036
2017	5,563	6,249	3,986	3,997	1,063	1,055
2018	5,848	6,462	4,219	4,166	1,079	1,052
2019	5,920	6,642	4,235	4,280	1,115	1,108
2020	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the per pupil cost of operations of the Virginia Beach City Public Schools broken down by source of support. The per pupil amount for the Total Expenditures for Operations is the total expenditures of the Local Educational Agency (LEA) minus the amount for the Facilities Function (e.g., Capital Improvement Program), Debt Service, Non LEA Programs, and Capital Outlay Additions to yield Total Expenditures for Operations. The Total Expenditures for Operations include regular day school, school food services, summer school, adult education, athletics, textbooks, and other educational functions.

The aforementioned methodology and computations were developed by the Commonwealth of Virginia Department of Education (DOE). The assumption taken by the DOE is that the LEA would spend all of its State money received, all of the Sales Tax money received, and all of its Federal money received, before spending any of the local appropriations and other local receipts. Therefore, the Total Expenditures for Operations is the sum of the State portion, the Sales Tax portion, and the Federal portion, with the local portion (City appropriations and other local receipts) being the remainder after the others have been deducted.

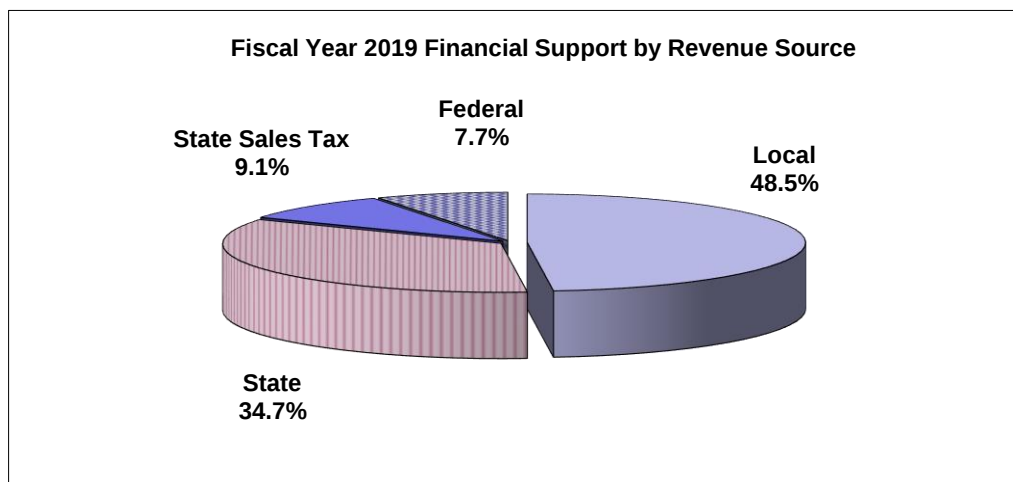
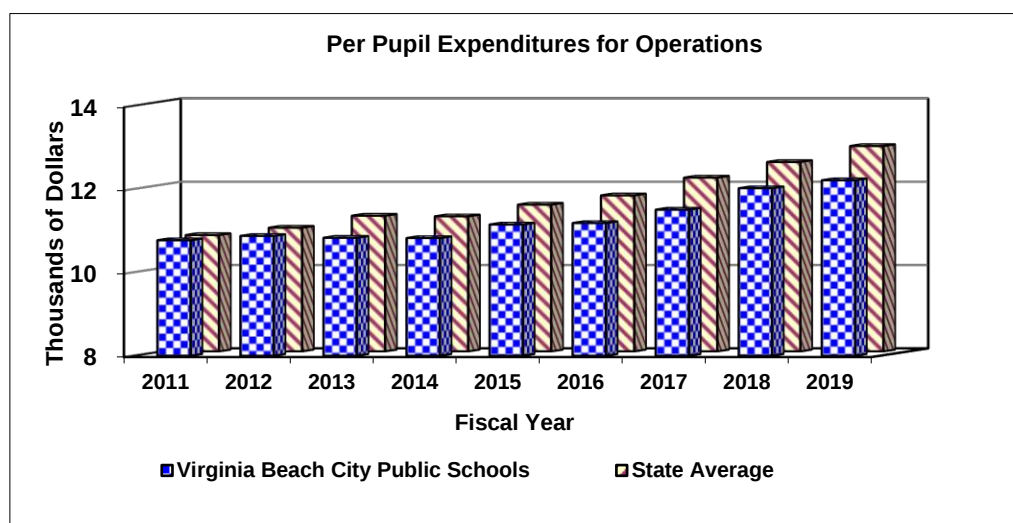
The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular LEA (plus a 1/8 of one percent increase allocation). The Federal portion includes all federal funds sent to the LEA directly from the Federal Government or through the State to the LEA minus an amount for additional capital outlay paid for by Federal funds. The local funds portion is equal to the Total Expenditures for Operations minus the amounts for State funds, State Sales Tax, and Federal funds.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

Table 9

Fiscal Year	Federal Revenues		Total Expenditures for Operations		ADM for Determining Cost Per Pupil
	Per Pupil	Per Pupil	Per Pupil	Per Pupil	
		State Average		State Average	
2011	\$1,128	\$1,119	\$10,772	\$10,793	69,458
2012	1,180	1,065	10,876	10,969	69,856
2013	1,004	875	10,832	11,257	69,512
2014	865	784	10,825	11,242	69,441
2015	914	772	11,150	11,523	69,242
2016	849	812	11,185	11,745	68,880
2017	895	871	11,507	12,172	68,738
2018	876	867	12,022	12,548	68,808
2019	943	901	12,213	12,931	68,436
2020	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMPOSITE INDEX OF LOCAL ABILITY-TO-PAY COSTS OF STANDARDS OF QUALITY
Last Ten Fiscal Years (unaudited)

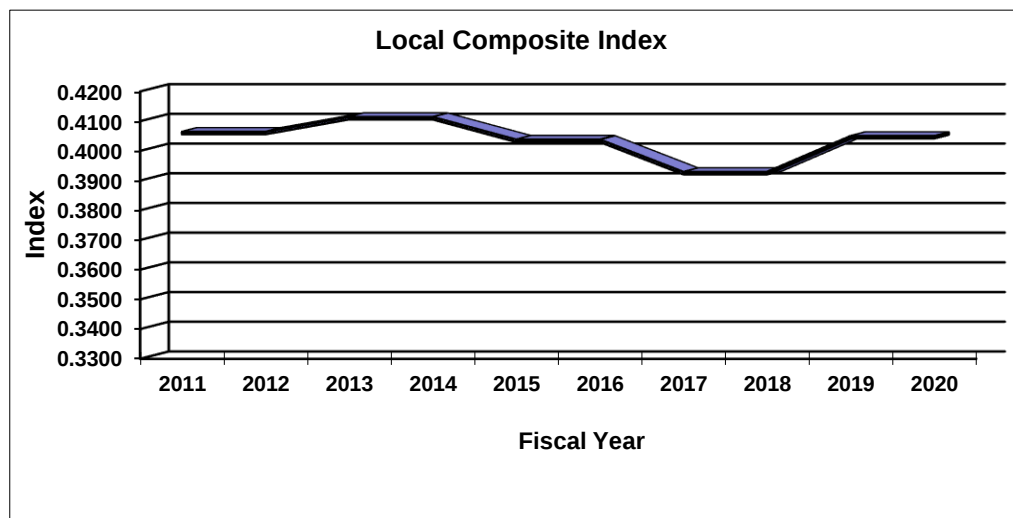
Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2011	2007	.4060	.4500
2012	2007	.4060	.4500
2013	2009	.4110	.4500
2014	2009	.4110	.4500
2015	2011	.4034	.4500
2016	2011	.4034	.4500
2017	2013	.3925	.4500
2018	2013	.3925	.4500
2019	2015	.4046	.4500
2020	2015	.4046	.4500

Note: The components used in the formula for calculating the school divisions' composite index (used to distribute basic aid, standards of quality, and various other state payments) are:

True Value of Real Property
Adjusted Gross Income
Taxable Retail Sales
March 31 ADM (year after base year)
Total Population

The Local Share of Standards of Quality (SOQ) Factor is multiplied by the original calculated local composite index of each school division. This factor provides the apportioned cost of the SOQ between the State and school divisions of average ability to pay as established by the Appropriations Act.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

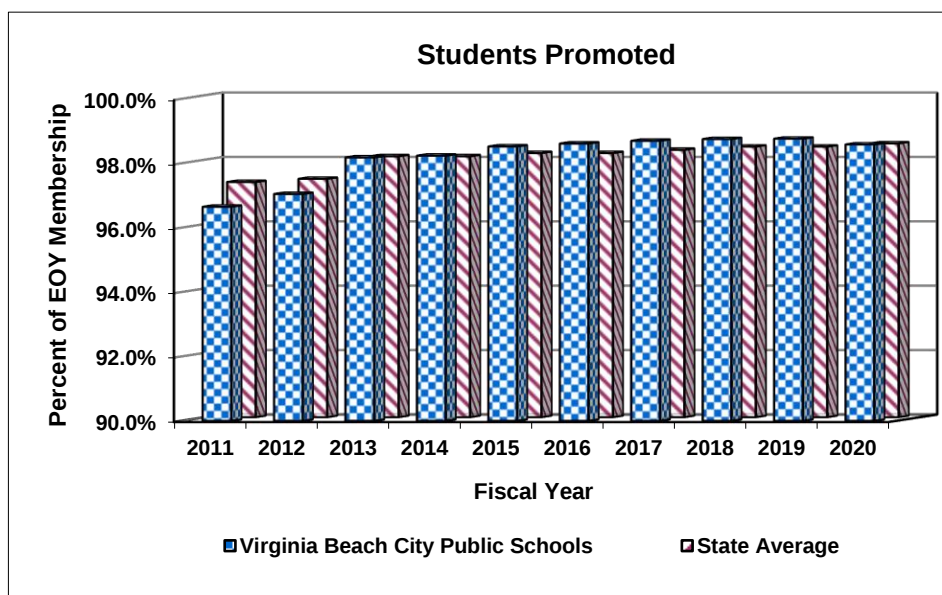


SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENTS PROMOTED
 Last Ten Fiscal Years (unaudited)

Fiscal Year	End-of-Year Membership	Number Promoted	Percent Promoted	Percent Promoted <i>State Average</i>
2011	68,935	66,624	96.6%	97.3%
2012	68,585	66,558	97.0%	97.4%
2013	69,105	67,847	98.2%	98.1%
2014	69,385	68,160	98.2%	98.1%
2015	68,934	67,914	98.5%	98.2%
2016	68,568	67,616	98.6%	98.2%
2017	67,868	66,983	98.7%	98.3%
2018	67,620	66,775	98.8%	98.4%
2019	67,181	66,349	98.8%	98.4%
2020	67,262	66,309	98.6%	98.5%

Note: This table represents the number of pupils promoted as a percentage of end of the year membership. Beginning in fiscal year 2014, the calculation was updated which employs the Virginia Department of Education longitudinal database. This calculation counts the students in the current fiscal year's fall enrollment that were in the same grade for the previous fiscal year's fall enrollment, instead of the students who were identified as retained by the school division on the last day of school. The data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT ATTENDANCE
Last Ten Fiscal Years (unaudited)

Fiscal Year	Number of Days Taught	Average Daily Membership			Average Daily Attendance		
		Elementary	Secondary	Total	Elementary	Secondary	Total
2011	183	42,184	27,337	69,521	40,433	26,011	66,444
2012	183	42,519	26,796	69,315	40,984	25,544	66,528
2013	183	42,481	26,509	68,990	40,767	25,164	65,931
2014	183	42,405	26,513	68,918	40,743	25,063	65,806
2015	183	42,122	26,564	68,686	40,512	25,224	65,736
2016	183	41,909	26,335	68,244	40,180	24,877	65,057
2017	180	41,430	26,072	67,502	39,617	24,625	64,242
2018	176	41,331	26,062	67,393	39,587	24,770	64,357
2019	177	41,157	25,787	66,944	39,344	24,419	63,763
2020	121	41,224	25,948	67,172	39,281	24,544	63,825

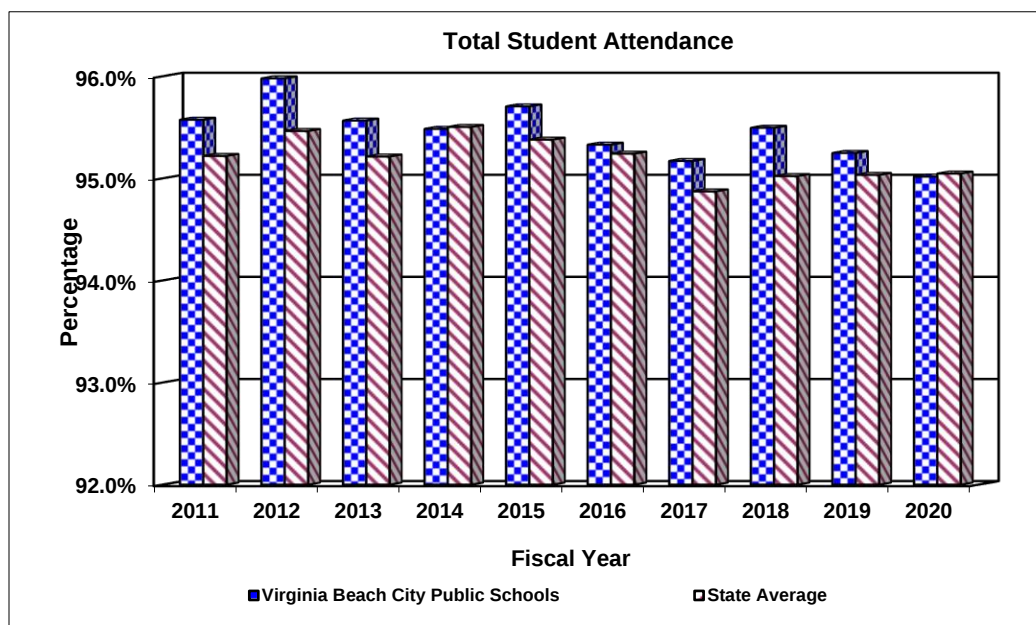
Note: This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing the sum of the days present and absent of all students when school is in session during a given period by the number of days school is in session during this period.

Due to COVID-19 in fiscal year 2020, schools were closed in March of 2020 and moved to all virtual learning resulting in a decrease in number of days taught.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

Table 12

Fiscal Year	Student Attendance Percent			Student Attendance Percent State Average		
	Elementary	Secondary	Local Average	Elementary	Secondary	State Average
2011	95.8%	95.1%	95.6%	95.8%	94.3%	95.2%
2012	96.4%	95.3%	96.0%	96.1%	94.4%	95.5%
2013	96.0%	94.9%	95.6%	95.7%	94.4%	95.2%
2014	96.1%	94.5%	95.5%	96.1%	94.6%	95.5%
2015	96.2%	95.0%	95.7%	95.9%	94.5%	95.4%
2016	95.9%	94.5%	95.3%	95.8%	94.4%	95.2%
2017	95.6%	94.4%	95.2%	95.4%	94.0%	94.9%
2018	95.8%	95.0%	95.5%	95.5%	94.2%	95.0%
2019	95.6%	94.7%	95.2%	95.4%	94.4%	95.0%
2020	95.3%	94.6%	95.0%	95.4%	94.5%	95.0%



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT DROPOUTS
 Last Ten Fiscal Years (unaudited)

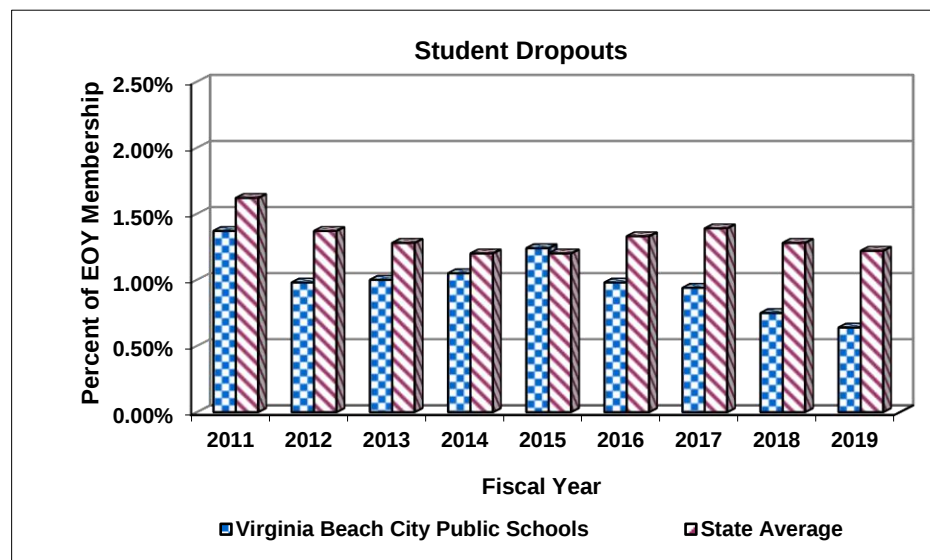
Fiscal Year	September 30 Membership (Grades 7-12)	Number of Dropouts	Percent	Percent <i>State Average</i>
2011	33,036	451	1.37%	1.62%
2012	32,524	319	0.98%	1.37%
2013	32,223	322	1.00%	1.28%
2014	32,213	337	1.05%	1.20%
2015	32,056	396	1.24%	1.20%
2016	31,839	313	0.98%	1.33%
2017	31,614	296	0.94%	1.39%
2018	31,630	237	0.75%	1.28%
2019	31,443	201	0.64%	1.22%
2020	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents a percentage of dropouts compared to membership in grades 7-12 and ungraded pupils ages 12 and older as reported to the Commonwealth of Virginia Department of Education by the school divisions. Dropouts are defined as pupils who withdraw from school for reasons other than promotion, transfer, death, or graduation, and do not enter another school during the school year. Also included are pupils who are in attendance on the last day of the school year who fail to return to school by October 31 of the following school year.

The dropout percentage is calculated as the number of dropouts divided by the membership on September 30th of that school year. A dropout is an individual in grades 7-12 or ungraded (UG) (due to not successfully completing the Literacy Testing Program (LTP)) who was enrolled in school at some time during the previous school year and was not enrolled on October 1 of the current school year, or was not enrolled following exclusionary conditions: transfer to another public school district, private school, or state- or district-approved education program, temporary school-recognized absence due to suspension, illness, or death.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOLASTIC APTITUDE TEST (SAT) - MEAN SCORES
Last Ten Fiscal Years (unaudited)

	Mathematics - Mean Scores			Evidence-Based Reading and Writing (ERW) - Mean Scores **			Writing - Mean Scores *		
Fiscal Year	Virginia Beach	Virginia	National***	Virginia Beach	Virginia	National ***	Virginia Beach	Virginia	National
2011	504	509	514	501	512	497	482	495	489
2012	509	512	514	499	510	496	482	495	488
2013	509	514	514	505	516	496	487	498	488
2014	505	515	513	508	518	497	483	497	487
2015	504	516	511	507	518	495	484	499	484
2016	511	517	508	514	520	494	490	498	482
2017*	534	541	527	557	561	533	-	-	-
2018	545	547	520	563	563	529	-	-	-
2019	542	548	515	561	564	524	-	-	-
2020	539	546	523	562	564	528	-	-	-

Source: The College Board and the Department of Research, Evaluation, and Assessment (SAT I: Reasoning Test)

* In January 2016 the format of the SAT changed from a 3-section (Mathematics, Critical Reading, and Writing) to a 2-section (Mathematics and Evidence-based Reading and Writing (ERW)). The data for 2017 graduates was based on the newer 2-section format only and isn't comparable to previous years.

** Evidence-Based Reading and Writing (ERW) replaced Critical Reading in 2017. Stats prior to 2017 are for Critical Reading and Stats for 2017 and after are for ERW.

*** 2020 National Scores for Math and Evidence-Based Reading and Writing (ERW) are calculated on the Total Group, which includes all test takers regardless of school type. Prior years were calculated for public schools only. This was due to COVID-19.

Table 15

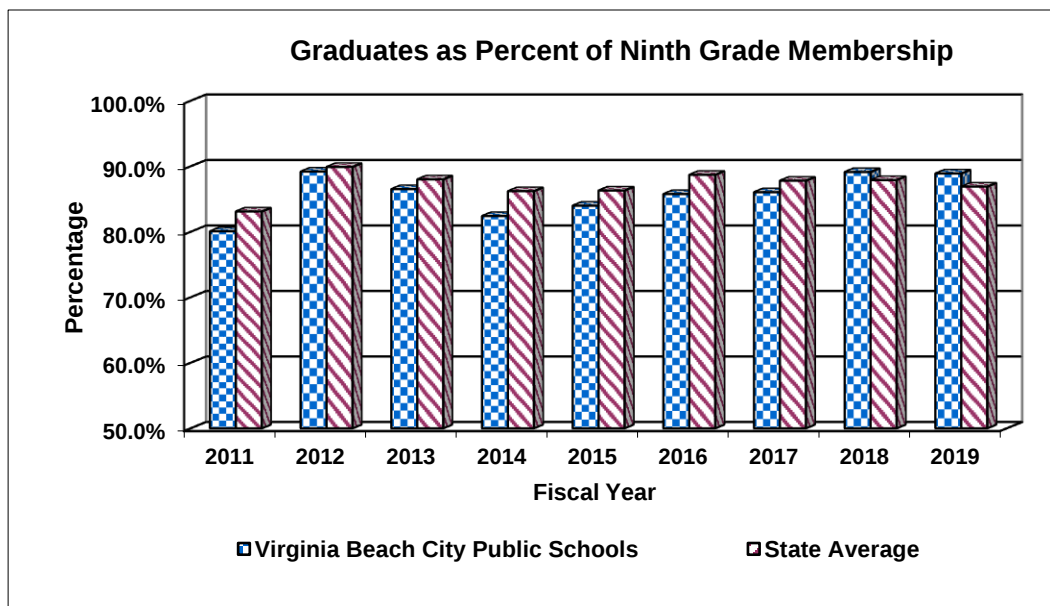
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES AS PERCENT OF NINTH GRADE MEMBERSHIP FOUR YEARS EARLIER
Last Ten Fiscal Years (unaudited)

Fiscal Year	Membership Ninth Grade Four Years Earlier	Standard Diploma	Advanced Studies Diploma	Modified/ Special/Other Diploma	Certificate of Program Completion/ GAD/GED/ ISAEP	Total Graduates and Completers	Percentage	Percentage State Average
2011	6,589	1,891	2,939	223	223	5,276	80.1%	83.1%
2012	5,939	1,878	2,949	191	279	5,297	89.2%	89.9%
2013	5,815	1,815	2,863	166	187	5,031	86.5%	88.0%
2014	6,079	1,852	2,830	194	133	5,009	82.4%	86.2%
2015	5,939	1,806	2,903	186	93	4,988	84.0%	86.3%
2016	5,815	1,831	2,857	186	113	4,987	85.8%	88.7%
2017	5,825	1,793	2,947	181	91	5,012	86.0%	87.8%
2018	5,887	1,884	3,066	203	94	5,247	89.1%	87.9%
2019	5,718	1,870	2,880	236	97	5,083	88.9%	86.9%
2020	-	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the number of graduates (includes the following summer) as a percentage of ninth grade membership four years earlier and the type of diploma awarded. No adjustments have been made to reflect the mobility of the population. This data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



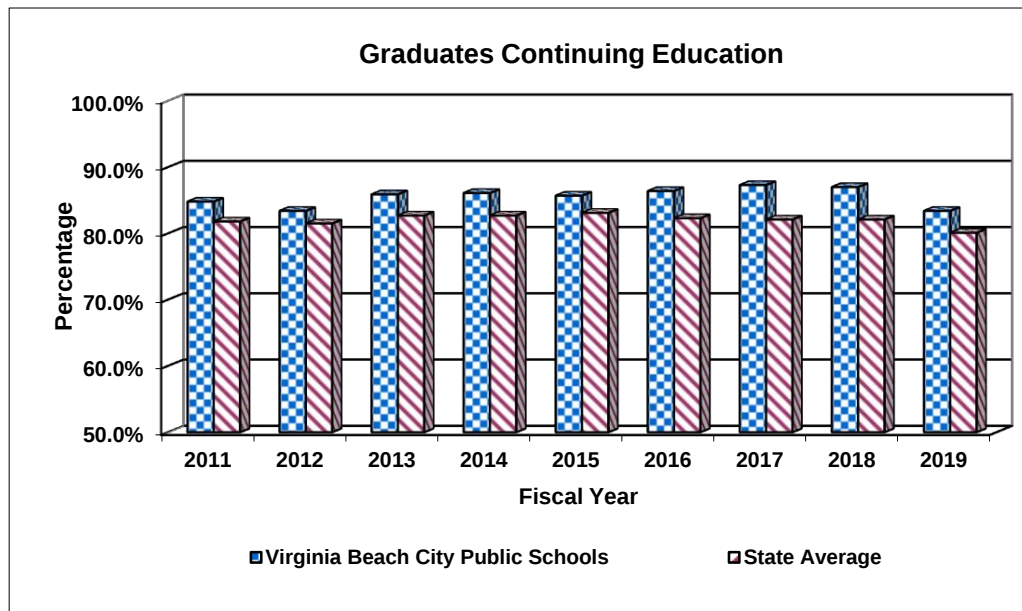
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES CONTINUING EDUCATION
 Last Ten Fiscal Years (unaudited)

Fiscal Year	Attending Two-year Colleges Percent	Attending Two-year Colleges State Average	Attending Four-year Colleges Percent	Attending Four-year Colleges State Average	Other Continuing Education Percent	Other Continuing Education State Average	Total Continuing Education Percent	Total Continuing Education State Average
2011	26.8%	30.6%	53.7%	47.2%	4.3%	4.0%	84.8%	81.8%
2012	29.2%	30.9%	50.5%	46.7%	3.7%	3.9%	83.4%	81.5%
2013	27.8%	31.4%	54.5%	47.2%	3.6%	4.1%	85.9%	82.7%
2014	29.2%	31.2%	52.8%	47.3%	4.1%	4.2%	86.1%	82.7%
2015	30.2%	30.5%	51.0%	48.6%	4.5%	4.0%	85.7%	83.1%
2016	33.3%	29.8%	48.4%	48.4%	4.7%	4.1%	86.4%	82.3%
2017	27.6%	28.7%	55.6%	49.4%	4.1%	4.0%	87.3%	82.1%
2018	27.0%	28.7%	55.8%	49.2%	4.2%	4.2%	87.0%	82.1%
2019	25.0%	26.8%	53.9%	48.8%	4.5%	4.5%	83.4%	80.1%
2020	-	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the percentage of graduates (includes the following summer) that pursued continuing education and the type of education pursued. Data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RATIO OF STUDENTS TO TEACHING/INSTRUCTIONAL PERSONNEL
Last Ten Fiscal Years (unaudited)

Fiscal Year	Elementary				Secondary		
	Elementary		Student/ Teacher Ratio	State Average	Secondary		Secondary Student/ Teacher Ratio
	Teaching Positions	End-of- Year Membership K-7			Teaching Positions	End-of- Year Membership 8-12	
2011	2,986	41,937	14.0	13.2	2,184	27,091	12.4
2012	2,923	42,251	14.5	13.2	2,069	26,357	12.7
2013	2,814	42,217	15.0	13.3	1,976	26,082	13.2
2014	2,714	42,156	15.5	13.2	1,924	26,088	13.6
2015	2,789	41,896	15.0	13.2	1,942	26,141	13.5
2016	2,897	41,668	14.4	13.1	2,003	25,926	12.9
2017	2,910	41,191	14.2	13.1	1,997	25,684	12.9
2018	2,963	41,106	13.9	13.1	1,988	25,700	12.9
2019	3,019	40,904	13.6	13.0	1,874	25,411	13.6
2020	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

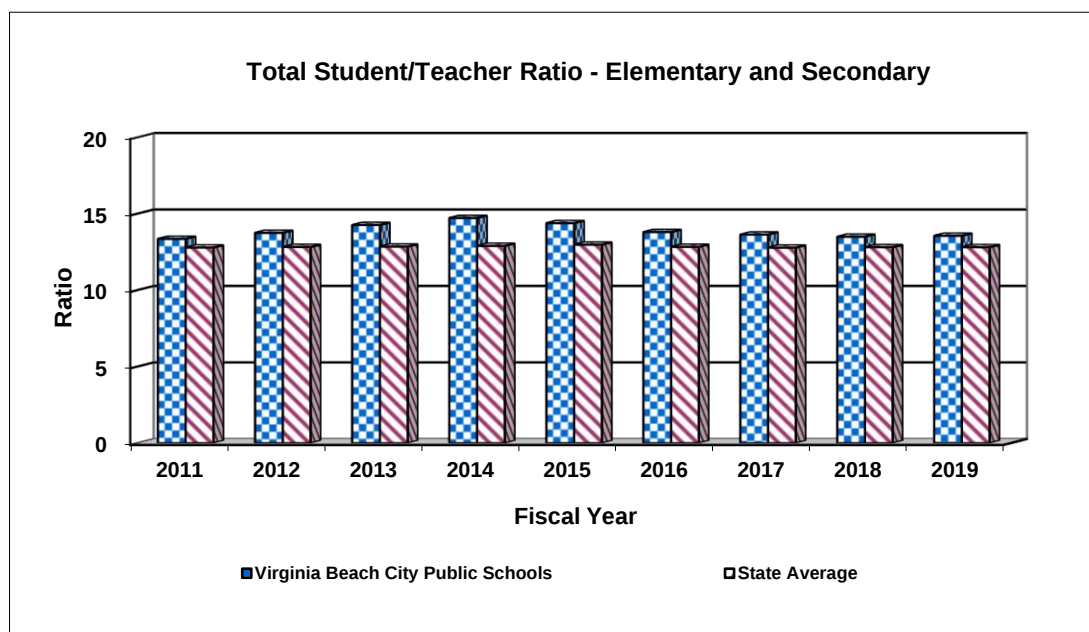
Note: This table represents student teacher ratios based on End-of-Year Average Daily Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

Table 17

Fiscal Year	Secondary Student/Teacher Ratio <i>State Average</i>	Total Student/Teacher Ratio	Total Student/Teacher Ratio <i>State Average</i>
2011	12.1	13.35	12.78
2012	12.2	13.74	12.82
2013	12.2	14.26	12.84
2014	12.4	14.71	12.90
2015	12.5	14.38	12.97
2016	12.5	13.79	12.83
2017	12.3	13.63	12.78
2018	12.4	13.49	12.80
2019	12.5	13.56	12.81
2020	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
PERSONNEL POSITIONS
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
<u>Full-Time Staff</u>				
Office/Admin/Managers	40	40	43	43
Principals	86	86	87	87
Assistant Principals	151	150	147	153
Elementary Classroom Teachers	2,087	2,101	2,068	2,108
Secondary Classroom Teachers	2,466	2,395	2,353	2,359
Other Classroom Teachers	339	334	316	318
Guidance	179	174	175	174
Psychological	79	83	75	75
Librarians/AV	105	105	106	106
Supervisory	77	82	83	90
Other Professionals	377	375	371	378
Teacher Aides	1,154	1,126	1,121	1,113
Technicians	112	108	111	111
Clerical/Secretarial	586	584	578	596
Service Workers	1,100	1,092	1,072	1,058
Skilled Crafts	231	238	234	234
Total Full-Time Staff	<u>9,169</u>	<u>9,073</u>	<u>8,940</u>	<u>9,003</u>
<u>Part-Time Staff</u>				
Professional/Instructional	201	193	170	153
Other	1,103	1,082	1,073	1,095
Total Part-Time Staff	<u>1,304</u>	<u>1,275</u>	<u>1,243</u>	<u>1,248</u>

Source: Department of Human Resources (EEO-5 Report)

- Not Available (data collection delayed due to COVID-19)

Table 18

Fiscal Year					
2015	2016	2017	2018	2019	2020
44	47	47	45	46	-
86	87	87	87	86	-
152	157	156	158	158	-
2,059	2,096	2,073	2,113	2,146	-
2,304	2,298	2,301	2,340	2,325	-
302	297	358	361	350	-
171	176	179	188	199	-
77	76	85	85	101	-
105	106	106	106	106	-
84	86	93	93	97	-
371	380	379	381	386	-
1,100	1,127	1,160	1,188	1,236	-
197	203	197	210	207	-
534	530	527	524	525	-
1,058	1,061	1,060	1,042	1,031	-
229	232	227	220	228	-
<u>8,873</u>	<u>8,959</u>	<u>9,035</u>	<u>9,141</u>	<u>9,227</u>	<u>-</u>
138	142	135	120	114	-
<u>1,079</u>	<u>1,050</u>	<u>1,030</u>	<u>997</u>	<u>1,047</u>	<u>-</u>
<u>1,217</u>	<u>1,192</u>	<u>1,165</u>	<u>1,117</u>	<u>1,161</u>	<u>-</u>

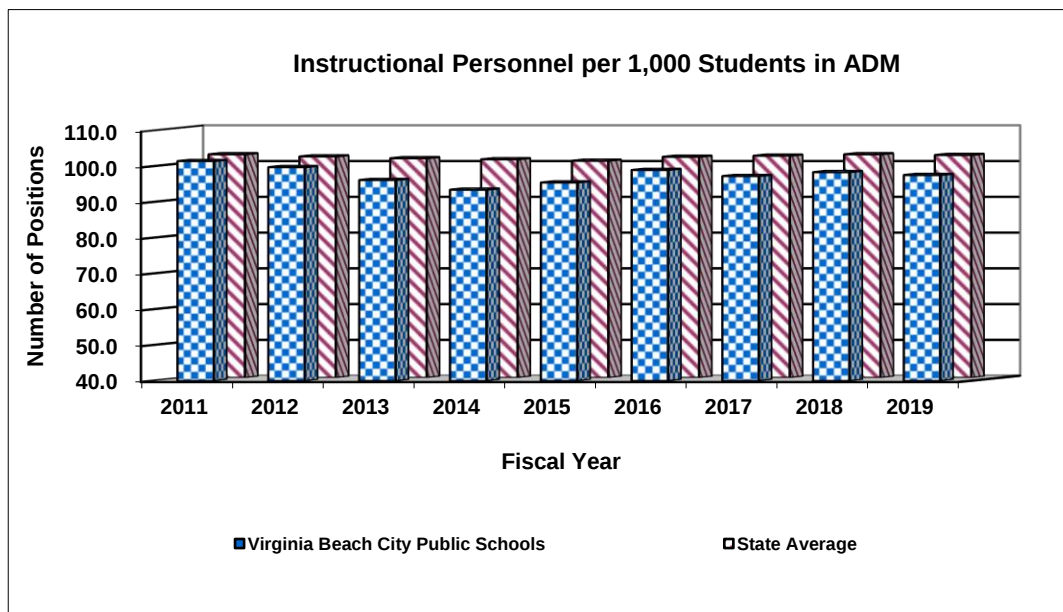
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM
Last Ten Fiscal Years (unaudited)

Fiscal Year	Number of Instructional Personnel Positions (End of Year)	Student Average Daily Membership (End of Year)	Instructional Personnel Per 1,000 Students	Instructional Personnel Per 1,000 Students State Average
2011	7,078	69,727	101.5	102.5
2012	6,909	69,203	99.8	101.9
2013	6,622	68,857	96.2	101.4
2014	6,433	68,806	93.5	101.1
2015	6,551	68,614	95.5	100.7
2016	6,758	68,265	99.0	101.8
2017	6,627	68,137	97.3	102.1
2018	6,716	68,271	98.4	102.5
2019	6,628	67,893	97.6	102.3
2020	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: The number of Instructional Personnel includes all teachers, teacher assistants, guidance counselors, librarians, principals, assistant principals, and divisionwide instructors based on positions reported by the school division. Divisionwide positions include Summer School, Adult Education, Pre-Kindergarten, and other non-regular day and non-LEA instructional positions. The Student Average Daily Membership is the end-of-year unadjusted average daily membership as reported to the Commonwealth of Virginia Department of Education by the school divisions (includes Pre-K through Post-graduate).

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL SALARIES
Last Ten Fiscal Years (unaudited)

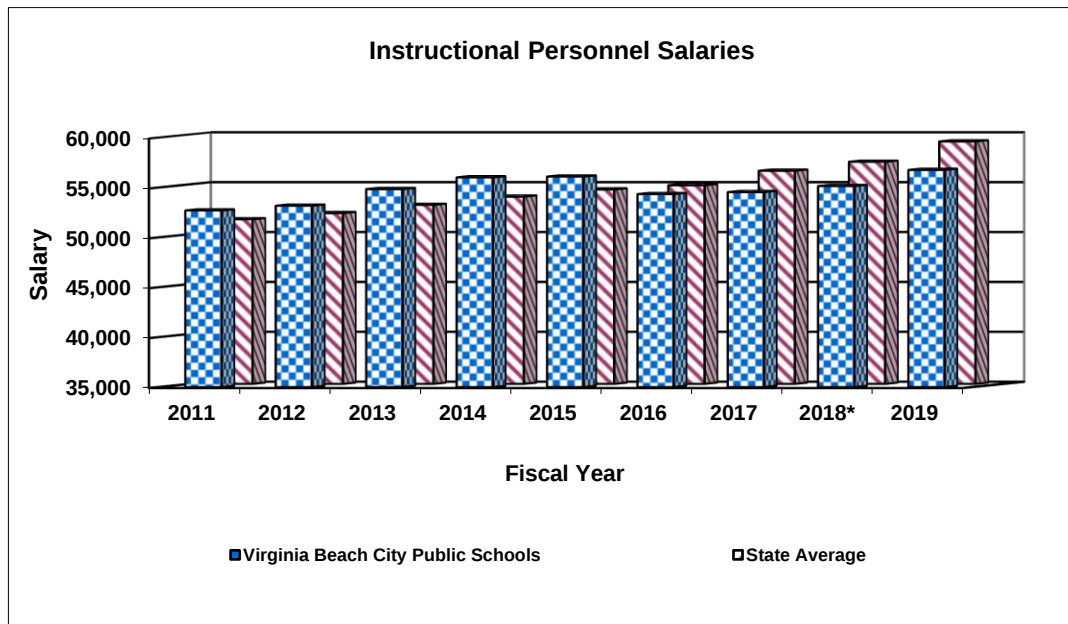
Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	State Average
2011	\$ 38,596	\$ 65,585	\$ 52,701	\$ 51,494
2012	38,597	65,914	53,172	52,115
2013	39,369	66,904	54,839	52,942
2014	40,624	69,835	56,018	53,767
2015	41,916	71,930	56,096	54,486
2016	43,559	75,294	54,342	54,910
2017	44,796	77,809	54,541	56,362
2018*	45,759	69,703	55,147	57,261
2019	47,017	70,646	56,766	59,301
2020	47,017	69,496	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: Instructional Personnel includes teachers, guidance counselors, librarians, and technology instructors.

* In 2018, the Instructional Pay Scale ends at 30+ years. In prior years, the Instructional Pay Scale ended at 37+ years.

Source: Department of Human Resources and Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
TEACHERS INFORMATION
Last Ten Fiscal Years (unaudited)

Fiscal Year	Number of Teachers				Average Teacher Age				Bachelors			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2011	2,509	1,200	1,566	249	44.5	45.6	45.5	46.7	1,189	563	774	117
2012	2,470	1,175	1,522	267	44.4	45.6	45.5	46.8	1,152	540	746	123
2013	2,448	1,171	1,450	278	44.2	45.3	45.7	46.5	1,114	534	705	127
2014	2,398	1,138	1,414	299	44.2	45.0	45.6	46.3	1,061	524	692	133
2015	2,395	1,170	1,409	310	43.9	45.1	45.4	46.0	1,047	531	685	134
2016	2,334	1,140	1,354	305	43.8	44.9	45.5	45.5	1,015	528	650	133
2017	2,351	1,148	1,345	318	43.4	44.2	45.4	45.4	1,029	522	635	124
2018	2,328	1,152	1,350	320	43.3	44.0	45.5	45.9	1,017	528	639	121
2019	2,354	1,166	1,381	322	42.9	43.9	44.9	45.8	999	537	634	101
2020	2,397	1,149	1,385	312	42.7	43.7	45.3	45.3	1,010	530	622	98

Source: Department of Human Resources

Table 21

Fiscal Year	Masters				Certificate Advance Studies				Doctorate			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2011	1,206	567	693	111	108	64	76	20	6	6	23	1
2012	1,201	570	686	124	109	60	65	17	8	5	25	3
2013	1,211	568	660	135	112	64	62	15	11	5	23	1
2014	1,211	565	648	149	116	54	59	15	10	2	19	2
2015	1,230	570	647	157	109	62	59	16	9	7	18	3
2016	1,203	551	631	151	107	53	53	17	9	8	20	4
2017	1,205	566	631	172	105	52	58	17	12	8	21	5
2018	1,194	557	636	173	104	58	52	19	13	9	23	7
2019	1,207	552	657	178	115	61	59	20	14	10	24	6
2020	1,242	546	656	173	110	54	75	19	15	12	21	6

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL CAFETERIAS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
Student Enrollment (October)				
in Meal Programs:				
Reduced	4,793	5,526	5,269	5,193
Free	16,185	17,918	17,531	20,307
Lunch Meals:				
Full	3,114,574	2,964,309	2,570,509	2,308,524
Reduced	664,741	727,425	655,024	648,134
Free	2,407,642	2,492,788	2,516,178	2,831,723
Breakfast Meals:				
Full	603,169	585,022	505,281	482,588
Reduced	257,782	274,128	251,116	250,159
Free	1,326,183	1,418,257	1,397,768	1,584,832
Lunch Price:				
Full:				
Elementary	\$2.15	\$2.20	\$2.30	\$2.40
Middle	\$2.15	\$2.20	\$2.30	\$2.40
High	\$2.15	\$2.20	\$2.30	\$2.40
Adult	\$3.00	\$3.75	\$3.75	\$3.75
Reduced	\$0.40	\$0.40	\$0.40	\$0.40
Summer Food Service Program (SFSP)				
Breakfast Meals	-	-	-	-
Lunch Meals	-	-	-	-
Child and Adult Care Food Program (CACFP)				
Supper Meals	-	-	-	-

Note: Emergency meals provided during the COVID-19 school closure were administered via SFSP and CACFP Federal programs for 2020. Prior year data provided as well.

Source: The Department of Administrative Support Services/Food Services

Table 22

Fiscal Year					
2015	2016	2017	2018	2019	2020
5,496	5,407	5,281	5,047	5,328	5,675
21,022	20,534	20,374	22,134	22,005	21,513
2,404,313	2,321,870	2,319,592	2,166,088	2,055,684	1,437,723
684,986	697,649	649,776	601,089	615,137	433,869
2,803,646	2,893,495	2,816,749	2,891,490	2,820,115	1,876,434
508,932	545,907	610,096	673,682	699,278	495,568
274,032	305,573	291,426	311,455	343,302	240,098
1,556,228	1,745,450	1,762,591	1,958,080	1,939,371	1,295,018
\$2.50	\$2.75	\$2.75	\$2.75	\$2.85	\$2.85
\$2.50	\$2.75	\$2.75	\$2.75	\$2.85	\$2.85
\$2.50	\$2.75	\$2.75	\$2.75	\$2.85	\$2.85
\$3.75	\$3.75	\$3.75	\$3.75	\$3.85	\$3.85
\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
-	1,866	21,455	37,358	30,537	579,517
-	2,163	17,316	22,853	25,666	583,590
-	-	104,699	113,801	109,188	192,558

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSETS INFORMATION BY GOVERNMENTAL ACTIVITIES
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
<u>Instruction:</u>				
Elementary Schools	55	55	55	55
Middle Schools *	13	13	13	13
High Schools	11	11	11	11
Auxiliary Schools/Centers **	7	7	7	7
Public Charter School	-	-	-	1
Portables	255	239	239	221
<u>Operations and Maintenance:</u>				
Vehicles	285	279	274	276
<u>Pupil Transportation:</u>				
Buses	785	767	761	786
Other Vehicles	39	43	42	53

Source: School Board Capital Assets Inventory Records

* Note: In FY15 Bayside Middle School took the 6th graders out of that location and put them into the Bayside Middle 6th Grade Campus, creating another Middle School. FY15 number for Middle Schools has been adjusted.

** Note: In FY17 Old Donation Center and Kemps Landing Magnet were combined into one Auxiliary Center and renamed Old Donation School to house Grades 2-8 Gifted Students.

Table 23

Fiscal Year					
2015	2016	2017	2018	2019	2020
55	55	55	55	55	55
14	14	14	14	14	14
11	11	11	11	11	11
7	7	6	6	6	6
1	1	1	1	1	1
209	149	132	114	114	57
276	272	291	291	308	321
785	791	802	817	809	805
57	60	39	51	51	53

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary Schools										
Alanton Elementary (Opened Sept 1966; Addition Sept 1995; Sept 2006)										
Square Feet	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049	74,049
Program Capacity	650	662	699	681	681	764	702	702	693	698
Enrollment	629	592	599	642	659	662	650	608	636	547
Arrowhead Elementary (Opened Sept 1964; Replaced Sept 2003)										
Square Feet	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480
Program Capacity	540	524	525	547	547	597	486	486	491	487
Enrollment	454	466	473	497	490	451	447	435	463	466
Bayside Elementary (Opened Sept 1941; Replaced Dec 2000)										
Square Feet	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428
Program Capacity	527	536	587	547	547	599	585	527	509	515
Enrollment	453	488	468	501	534	518	472	471	461	502
Birdneck Elementary (Opened Sept 1986)										
Square Feet	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250
Program Capacity	753	815	757	818	818	732	787	755	696	741
Enrollment	722	631	668	665	631	634	568	539	540	519
Brookwood Elementary (Opened Sept 1967; Replaced Sept 2007)										
Square Feet	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065	80,065
Program Capacity	689	647	661	626	631	586	617	590	590	556
Enrollment	710	784	715	701	746	720	641	644	625	580
Centerville Elementary (Opened Sept 1984)										
Square Feet	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082
Program Capacity	695	687	660	639	678	602	669	650	633	652
Enrollment	668	650	714	720	704	739	732	713	667	699
Christopher Farms Elementary (Opened Sept 1997)										
Square Feet	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740
Program Capacity	752	716	737	724	724	701	738	738	729	680
Enrollment	714	706	663	678	642	636	677	687	658	657
College Park Elementary (Opened Sept 1973; Gym Added Sept 1982; Replaced Sept 2011)										
Square Feet	58,743	94,861	94,861	94,861	94,861	94,861	94,861	94,861	94,861	94,861
Program Capacity	450	476	431	438	438	500	506	506	506	506
Enrollment	402	388	392	428	471	502	469	489	497	492
W. T. Cooke Elementary (Opened Sept 1913; Replaced Sept 1962; Gym Added Sept 1991; Replaced Sept 1999)										
Square Feet	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256
Program Capacity	587	575	581	536	536	673	570	545	540	540
Enrollment	660	687	545	586	558	501	513	510	504	488
Corporate Landing Elementary (Opened Sept 1993)										
Square Feet	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620
Program Capacity	642	698	655	642	642	598	585	590	558	549
Enrollment	543	570	545	523	452	437	426	411	416	412
Creeds Elementary (Opened Sept 1939; Gym Added Sept 1949; Modernized Sept 1969; Modernized Sept 2001)										
Square Feet	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285
Program Capacity	425	373	360	360	360	395	432	387	410	410
Enrollment	297	320	296	297	301	315	306	306	329	327

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
John B. Dey Elementary (Opened Sept 1956; Addition Sept 1959; Gym Addition Sept 1978; Addition Sept 1995; Gym Demolition and Modernization Addition July 2019)										
Square Feet	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	107,210
Program Capacity	821	838	860	860	860	756	815	815	815	828
Enrollment	817	849	842	868	826	834	815	812	783	778
Diamond Springs Elementary (Opened Sept 2007)										
Square Feet	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Program Capacity	482	512	550	519	519	537	581	527	515	508
Enrollment	475	559	562	558	566	587	535	522	487	490
Fairfield Elementary (Opened Sept 1976)										
Square Feet	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280
Program Capacity	526	547	503	526	526	561	558	594	594	581
Enrollment	499	491	474	506	520	513	517	548	547	578
Glenwood Elementary (Opened Sept 1990)										
Square Feet	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600
Program Capacity	1,024	1,036	993	1,001	1,001	945	1,053	1,004	891	972
Enrollment	900	867	880	877	884	898	896	920	937	919
Green Run Elementary (Opened Sept 1976; Addition Sept 2005)										
Square Feet	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275	58,275
Program Capacity	451	459	412	420	420	446	432	392	392	375
Enrollment	494	508	448	491	427	403	397	359	347	354
Hermitage Elementary (Opened Nov 1964; Addition Sept 1974; Gym Added Sept 1995; Replaced Mar 2005)										
Square Feet	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018
Program Capacity	637	663	633	640	640	641	698	698	693	662
Enrollment	622	620	641	656	635	645	678	651	638	619
Holland Elementary (Opened Sept 1967; Addition Sept 1995)										
Square Feet	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956
Program Capacity	480	503	526	503	503	558	596	635	635	581
Enrollment	527	537	536	532	536	524	523	581	556	547
Indian Lakes Elementary (Opened Sept 1979)										
Square Feet	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816
Program Capacity	529	598	569	526	526	546	563	644	621	657
Enrollment	528	567	537	527	534	539	577	571	599	599
Kempsville Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146
Program Capacity	542	558	563	586	586	513	482	486	509	464
Enrollment	457	475	490	455	472	454	429	428	440	427
Kempsville Meadows Elementary (Opened Sept 1959; Gym Added Sept 1990; Replaced Sept 2002)										
Square Feet	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239
Program Capacity	514	585	518	512	512	509	527	527	459	485
Enrollment	502	515	504	470	528	506	488	471	438	452
Kings Grant Elementary (Opened Sept 1960; Replaced Sept 1969; Addition Sept 1995)										
Square Feet	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043	72,043
Program Capacity	616	679	666	648	648	666	716	617	591	596
Enrollment	609	638	596	598	632	641	608	566	545	561

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kingston Elementary (Opened Sept 1965; Gym Added Sept 1989; Addition Sept 1997)										
Square Feet	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223
Program Capacity	581	566	591	641	641	624	648	648	608	563
Enrollment	521	555	572	574	551	531	517	520	538	530
Landstown Elementary (Opened Sept 1993)										
Square Feet	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634
Program Capacity	838	838	854	868	868	816	797	774	837	824
Enrollment	724	731	804	788	751	760	736	756	767	813
Linkhorn Park Elementary (Opened Sept 1955; Addition Sept 1967; Replaced Sept 1998; former bldg. used for administrative offices)										
Square Feet	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285
Program Capacity	747	762	719	728	728	689	682	662	662	576
Enrollment	798	789	772	753	732	685	634	607	530	551
Luxford Elementary (Opened Sept 1961; Gym Added Sept 1990; Replaced Sept 2002; former bldg. used for instructional purposes)										
Square Feet	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242
Program Capacity	536	495	495	506	506	567	548	548	548	544
Enrollment	522	476	497	524	531	537	516	514	492	490
Lynnhaven Elementary (Opened Sept 1963; Addition Sept 1968; Gym Added Sept 1990; Modernized Nov 2004)										
Square Feet	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670
Program Capacity	472	472	494	494	494	489	403	426	426	401
Enrollment	437	444	446	471	441	407	405	370	369	375
Malibu Elementary (Opened Sept 1962; Addition Sept 1968; Gym Added Sept 1989; Replaced Nov 2003)										
Square Feet	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182
Program Capacity	423	402	437	437	437	414	396	419	423	423
Enrollment	319	313	353	366	380	374	375	369	375	330
New Castle Elementary (Opened Sept 1999)										
Square Feet	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060
Program Capacity	847	846	831	853	853	824	869	869	801	779
Enrollment	793	783	802	771	796	763	784	777	735	789
Newtown Road Elementary (Opened Sept 1970; Addition Sept 1988; Replaced Sept 2007)										
Square Feet	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711	88,711
Program Capacity	466	436	436	482	482	497	514	483	483	511
Enrollment	470	467	460	517	524	511	554	509	514	461
North Landing Elementary (Opened Mar 1975; Gym Added Sept 1990)										
Square Feet	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280
Program Capacity	545	505	483	455	455	443	423	491	536	500
Enrollment	527	515	507	482	462	464	448	456	441	459
Ocean Lakes Elementary (Opened Sept 1989)										
Square Feet	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917
Program Capacity	647	607	658	649	649	626	657	680	626	626
Enrollment	516	570	574	568	552	533	538	526	555	564
Old Donation Center (Opened Sept. 1974; Addition Sept. 1995; Relocated to former Princess Anne MS Bldg with Kemps Landing Sept 2014; Relocated to new Building on Honeygrove Rd, Apr. 2017)										
Square Feet	59,827	59,827	59,827	59,827	57,774	57,774	57,774	52,881	52,881	52,881
Program Capacity	393	393	393	393	495	512	378	485	491	477
Enrollment	501	504	506	495	503	482	459	461	495	519

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Parkway Elementary (Opened Sept 1987)										
Square Feet	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840
Program Capacity	473	496	476	514	514	473	467	466	460	465
Enrollment	514	511	507	561	527	475	426	438	428	419
Pembroke Elementary (Opened Dec 1962; Addition Sept 1968; Addition Sept 1988; Modernized May 2005)										
Square Feet	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773
Program Capacity	680	663	626	617	617	534	567	612	648	621
Enrollment	528	533	514	486	476	477	494	497	494	474
Pembroke Meadows Elementary (Opened Sept 1969; Modernized Oct 2006)										
Square Feet	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926	75,926
Program Capacity	513	504	473	430	430	539	495	473	509	504
Enrollment	429	445	433	447	453	434	443	479	513	505
Point O'View Elementary (Opened Sept 1969; Addition Sept 1999)										
Square Feet	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219
Program Capacity	581	628	628	772	772	765	680	707	693	693
Enrollment	530	522	584	631	666	717	670	702	717	736
Princess Anne Elementary (Opened Sept 1956; Addition Sept 1969; Gym Added Sept 1990; Addition Sept 1996)										
Square Feet	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953
Program Capacity	635	659	585	586	586	563	612	657	657	707
Enrollment	529	511	498	502	519	531	569	573	621	658
Providence Elementary (Opened Sept 1981)										
Square Feet	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831
Program Capacity	554	590	572	617	617	648	576	608	576	576
Enrollment	534	516	559	585	559	551	552	550	539	561
Red Mill Elementary (Opened Sept 1989; Addition Sept 2006)										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	708	687	663	694	694	734	734	747	725	689
Enrollment	682	658	653	676	676	679	662	624	637	624
Rosemont Elementary (Opened Sept 1981)										
Square Feet	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667
Program Capacity	421	404	423	423	423	433	458	438	458	441
Enrollment	327	376	380	403	414	409	411	397	394	375
Rosemont Forest Elementary (Opened Jan 1987)										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	590	592	606	583	583	562	635	635	635	545
Enrollment	510	513	540	513	509	523	502	495	519	508
Salem Elementary (Opened Sept 1988)										
Square Feet	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890
Program Capacity	482	520	559	559	559	514	491	491	509	545
Enrollment	442	426	431	453	467	435	463	470	472	471
Seatack Elementary (Opened Mar 1952; Addition Sept 1955; Addition Sept 1959; Gym Added Sept 1968; Replaced Mar 2000)										
Square Feet	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375
Program Capacity	395	462	447	410	410	425	382	436	436	432
Enrollment	404	418	388	381	387	383	398	391	356	446

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shelton Park Elementary (Opened Sept 1954; Addition Sept 1961; Gym Added Sept 1977; Modernized Jan 2001)										
Square Feet	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576
Program Capacity	418	437	437	410	410	428	414	482	468	437
Enrollment	383	394	369	399	373	372	355	349	356	360
Strawbridge Elementary (Opened Sept 1991)										
Square Feet	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948
Program Capacity	746	746	782	716	716	692	734	743	765	788
Enrollment	756	745	691	697	678	694	665	666	652	672
Tallwood Elementary (Opened Sept 1989; Addition Jan 2006)										
Square Feet	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988	69,988
Program Capacity	606	625	620	620	620	590	657	657	644	644
Enrollment	598	601	593	546	527	558	565	581	592	607
Thalia Elementary (Opened Sept 1956; Addition Sept 1963; Gym Added Sept 1989; Modernized Sept 2001)										
Square Feet	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550
Program Capacity	692	728	771	779	779	728	662	617	576	536
Enrollment	667	634	637	595	585	625	611	604	579	562
Thoroughgood Elementary (Opened Sept 1958; Gym Added Sept 1990; Modernized Sept 1995; Demolished Sept 2018-portables used in FY19,FY20)										
Square Feet	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	40,032	40,032
Program Capacity	598	604	646	613	713	627	666	648	680	747
Enrollment	630	662	698	710	734	708	700	677	618	681
Three Oaks Elementary (Opened Sept 2005)										
Square Feet	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210	92,210
Program Capacity	765	811	811	842	842	716	761	810	810	752
Enrollment	765	784	798	768	746	759	733	729	735	695
Trantwood Elementary (Opened Sept 1963; Addition Sept 1969; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040
Program Capacity	555	542	555	556	556	533	545	576	594	572
Enrollment	506	502	493	504	487	461	466	477	458	471
White Oaks Elementary (Opened Sept 1978)										
Square Feet	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333
Program Capacity	680	741	705	648	648	688	626	617	621	639
Enrollment	740	730	670	683	673	651	608	563	600	603
Bettie F. Williams Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Addition Sept 1995)										
Square Feet	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656
Program Capacity	513	518	518	518	518	487	531	531	531	572
Enrollment	437	436	404	431	418	463	476	476	525	466
Windsor Oaks Elementary (Opened Jul 1968; Replaced Sept 2009)										
Square Feet	88,340	88,340	88,340	88,340	88,340	88,340	88,340	88,340	88,340	88,340
Program Capacity	621	635	690	601	601	591	630	576	554	554
Enrollment	633	641	617	600	583	559	582	593	590	580
Windsor Woods Elementary (Opened Sept 1966; Gym Added Sept 1990; Replaced Sept 2007)										
Square Feet	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265	84,265
Program Capacity	429	459	437	463	463	433	473	473	437	396
Enrollment	403	392	376	362	385	357	343	332	342	353

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Woodstock Elementary (Opened Sept 1957; Addition Sept 1962; Gym Added Sept 1977; Replaced Nov 2002)										
Square Feet	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707
Program Capacity	735	723	687	687	687	752	765	671	689	675
Enrollment	663	688	676	736	718	688	699	677	702	693
<u>Middle Schools</u>										
Bayside Middle (Opened Sept 1969; Addition Sept 2004)										
Square Feet	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134
Program Capacity	1,070	1,046	1,176	1,112	892	960	918	918	929	979
Enrollment	977	1,006	996	992	657	649	659	672	722	745
Bayside 6th (Opened Sept 2014; Formerly Kemps Landing Magnet; 6th grade previously housed at Bayside Middle)										
Square Feet	-	-	-	-	56,516	56,516	56,516	56,516	56,516	56,516
Program Capacity	-	-	-	-	504	500	346	445	434	454
Enrollment	-	-	-	-	351	375	348	437	394	433
Brandon Middle (Opened Aug 1978)										
Square Feet	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586
Program Capacity	1,205	1,247	1,328	1,308	1,232	1,286	1,247	1,283	1,292	1,225
Enrollment	1,237	1,254	1,237	1,189	1,130	1,155	1,214	1,205	1,234	1,167
Corporate Landing Middle (Opened Sept 1997)										
Square Feet	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093
Program Capacity	1,370	1,370	1,436	1,408	1,432	1,538	1,620	1,625	1,517	1,322
Enrollment	1,328	1,347	1,307	1,294	1,285	1,268	1,237	1,224	1,208	1,170
Great Neck Middle (Opened Sept 1961; Addition Sept 1963; Replaced Jan 2012)										
Square Feet	126,034	219,370	219,370	219,370	219,370	219,370	219,370	219,370	219,370	219,370
Program Capacity	1,200	1,200	1,360	1,360	1,360	1,460	1,373	1,384	1,386	1,330
Enrollment	1,106	1,106	1,085	1,097	1,147	1,161	1,175	1,177	1,140	1,106
Independence Middle (Opened Sept 1974; Addition Sept 1996)										
Square Feet	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656
Program Capacity	1,216	1,290	1,332	1,276	1,312	1,370	1,215	1,148	1,247	1,181
Enrollment	1,234	1,278	1,244	1,289	1,280	1,269	1,192	1,217	1,274	1,281
Kemps Landing Magnet (Opened Sept. 1974; Addition Sept. 1995; Relocated to former Princess Anne Middle School Sept. 2014; Relocated to new Bldg on Honeygrove Rd. Apr. 2017)										
Square Feet	54,516	54,516	54,516	54,516	80,939	80,939	80,939	82,711	82,711	82,711
Program Capacity	600	600	600	672	672	666	567	675	750	807
Enrollment	596	577	594	595	595	627	688	720	760	772
Kempsville Middle (Opened Sept 1969)										
Square Feet	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287
Program Capacity	798	781	828	828	828	868	797	869	896	842
Enrollment	860	856	841	834	789	805	820	802	770	765
Landstown Middle (Opened Sept 1992)										
Square Feet	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Program Capacity	1,513	1,494	1,692	1,628	1,552	1,634	1,499	1,571	1,481	1,436
Enrollment	1,477	1,477	1,482	1,516	1,485	1,464	1,452	1,423	1,412	1,428

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Larkspur Middle (Opened Nov 1994)										
Square Feet	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264
Program Capacity	1,551	1,593	1,684	1,684	1,776	1,910	1,763	1,763	1,710	1,680
Enrollment	1,530	1,527	1,584	1,632	1,620	1,520	1,544	1,523	1,557	1,599
Lynnhaven Middle (Opened Sept 1974; Addition Sept 1995)										
Square Feet	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099
Program Capacity	1,205	1,116	1,138	1,092	1,160	1,250	1,071	1,250	1,259	1,250
Enrollment	1,213	1,131	1,060	962	866	863	896	912	898	956
Plaza Middle (Opened Sept 1969)										
Square Feet	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869
Program Capacity	1,033	1,073	1,172	1,172	1,165	1,129	1,053	1,179	1,197	1,059
Enrollment	1,073	1,066	1,083	1,095	1,066	1,083	1,062	1,090	1,088	1,035
Princess Anne Middle (Opened Sept 1962, Addition Sept 1967; Modernization Sept 1990; Addition Sept 1996; Relocated to former Floyd E. Kellam HS Bldg on Holland Road April 2014)										
Square Feet	135,592	135,592	135,592	135,592	222,571	222,571	222,571	222,571	222,571	222,571
Program Capacity	1,299	1,332	1,456	1,474	1,563	1,671	1,449	1,584	1,503	1,378
Enrollment	1,365	1,382	1,414	1,467	1,459	1,479	1,460	1,505	1,441	1,382
Salem Middle (Opened Sept 1988)										
Square Feet	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500
Program Capacity	999	999	1,072	1,044	1,016	1,070	1,031	1,031	1,040	1,064
Enrollment	1,042	1,057	1,026	1,009	1,034	1,044	1,041	1,023	1,058	1,076
Virginia Beach Middle (Opened Sept 1952; Addition Sept 1964; Gym Added Sept 1977; Modernized Sept 1993; Replaced Mar 2010)										
Square Feet	189,730	189,730	189,730	189,730	189,730	189,730	189,730	189,730	189,730	189,730
Program Capacity	847	923	968	968	968	1,040	923	954	896	817
Enrollment	740	767	899	917	873	839	835	865	801	739
High Schools										
Bayside High (Opened Sept 1964; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1995)										
Square Feet	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816
Program Capacity	1,708	1,895	1,895	1,895	1,905	1,912	1,827	1,827	1,859	2,056
Enrollment	1,860	1,803	1,803	1,801	1,824	1,825	1,799	1,868	1,842	1,852
Frank W. Cox High (Opened Sept 1961; Replaced Sept 1983)										
Square Feet	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744
Program Capacity	1,740	1,937	1,937	1,937	1,939	1,946	1,955	1,955	1,911	1,986
Enrollment	1,932	1,947	1,947	1,894	1,858	1,889	1,784	1,816	1,783	1,746
First Colonial High (Opened Sept 1966; Addition Sept 1968; Addition Sept 1996)										
Square Feet	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266
Program Capacity	1,601	1,808	1,808	1,818	1,810	1,813	1,919	1,811	1,883	1,874
Enrollment	1,947	1,908	1,908	1,993	2,004	1,923	1,873	1,804	1,828	1,807
Green Run High (Opened Sept 1979; Green Run Collegiate Public Charter School opened in Sept 2013 using part of this building.)										
Square Feet	235,721	235,721	235,721	225,221	225,221	225,221	225,221	225,221	225,221	225,221
Program Capacity	1,714	1,927	1,927	1,510	1,546	1,556	1,663	1,526	1,512	1,522
Enrollment	1,631	1,636	1,636	1,566	1,276	1,528	1,425	1,398	1,331	1,317

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Floyd E. Kellam High (Opened New Building on West Neck Road Jan 2014)										
Square Feet	222,571	222,571	222,571	336,410	349,350	349,350	349,350	349,350	349,350	349,350
Program Capacity	1,762	1,762	1,961	2,000	1,861	1,867	1,857	1,857	1,868	1,868
Enrollment	1,843	1,799	1,833	1,838	1,986	2,029	2,021	2,038	1,959	1,944
Kempsville High (Opened Sept 1966; Addition Sept 1968; Modernized Sept 1991; Addition Sept 1995)										
Square Feet	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665
Program Capacity	1,786	1,793	2,009	1,985	1,971	1,985	1,908	1,969	2,056	2,092
Enrollment	1,734	1,712	1,648	1,559	1,522	1,465	1,549	1,632	1,671	1,743
Landstown High (Opened Sept 2001; Addition Jan 2007)										
Square Feet	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924	308,924
Program Capacity	2,068	2,072	2,332	2,332	2,368	2,385	2,543	2,594	2,569	2,512
Enrollment	2,330	2,304	2,196	2,195	2,195	2,208	2,183	2,139	2,163	2,162
Ocean Lakes High (Opened Sept 1994; Addition Jan 2007)										
Square Feet	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525	330,525
Program Capacity	2,269	2,239	2,501	2,501	2,570	2,586	2,705	2,731	2,668	2,642
Enrollment	2,367	2,291	2,211	2,177	2,157	2,126	2,102	2,074	2,040	2,011
Princess Anne High (Opened Aug 1954; Modernized Sept 1987; Modernized (due to major fire damage) Jan 1997)										
Square Feet	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860
Program Capacity	1,534	1,539	1,652	1,675	1,704	1,737	1,945	1,917	1,880	1,835
Enrollment	1,934	1,842	1,850	1,822	1,780	1,800	1,833	1,779	1,751	1,732
Salem High (Opened Sept 1989)										
Square Feet	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889
Program Capacity	1,766	1,749	1,932	1,932	1,930	1,938	1,850	1,850	1,833	2,047
Enrollment	1,854	1,794	1,782	1,774	1,766	1,726	1,677	1,702	1,705	1,711
Tallwood High (Opened Sept 1992)										
Square Feet	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457
Program Capacity	2,028	2,020	2,237	2,237	2,219	2,233	2,168	2,352	2,376	2,392
Enrollment	2,095	1,981	1,950	1,931	1,942	1,956	1,938	1,946	1,839	1,853
Renaissance Academy - Middle/High Campuses (Opened Dec 2009)										
Square Feet	284,968	284,968	284,968	284,968	284,968	284,968	284,968	284,968	284,968	284,968
Program Capacity	1,435	1,215	1,232	1,226	1,236	1,197	1,191	1,231	1,231	1,119
Enrollment	558	634	616	556	510	438	429	379	428	399
Green Run Collegiate Public Charter School (Opened Sept 2013; located at Green Run High School)										
Square Feet	-	-	-	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Program Capacity	-	-	-	400	400	400	400	400	400	400
Enrollment	-	-	-	123	221	282	364	337	360	371

Note: Program Capacity is the maximum capacity of the school building for a particular school year and particular student population, taking into account the number of first seats in the building (without counting portables currently on site).

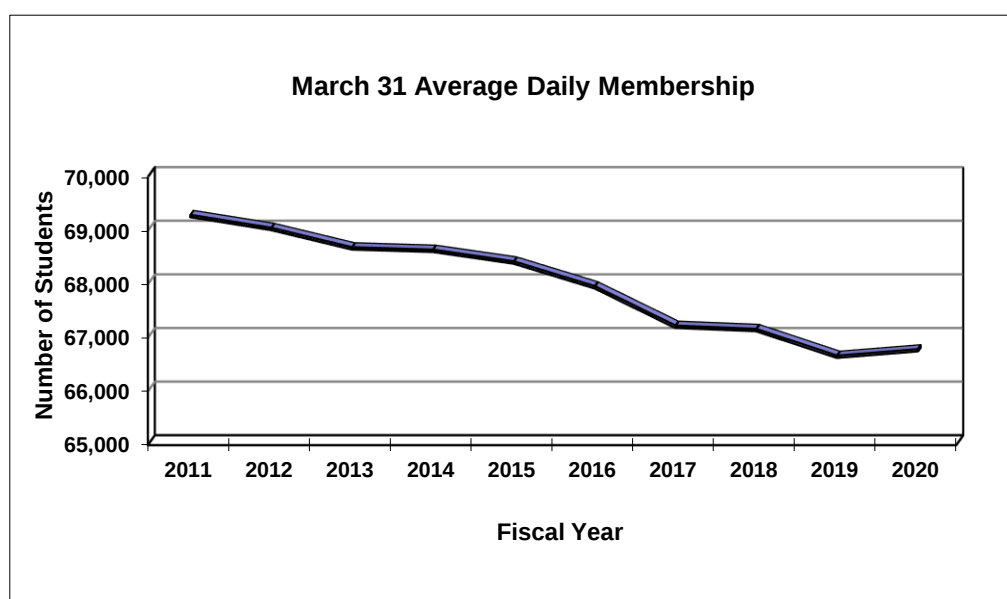
Source: The Department of School Division Services

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP
 Last Ten Fiscal Years (unaudited)

Fiscal Year	September 30 Membership	March 31 Average Daily Membership	End-of-Year Membership	Average Daily End-of-Year Membership
2011	69,959	69,219	68,935	69,521
2012	69,856	68,977	68,585	69,315
2013	68,138	68,614	68,511	68,990
2014	69,385	68,569	68,403	68,918
2015	68,934	68,351	68,188	68,686
2016	68,568	67,890	67,719	68,244
2017	67,868	67,152	67,059	67,502
2018	67,621	67,091	67,052	67,393
2019	67,181	66,593	66,599	66,944
2020	67,262	66,714	66,996	67,172

Note: This table represents membership data reported to the Commonwealth of Virginia Department of Education at different points during the year. The September 30 Membership is the sum of pupils present and absent on September 30 or the school day closest to September 30 (however, excludes pre-kindergarten pupils). The March 31 Average Daily Membership is the average daily membership for the first seven months of the school year. The End-of-Year Membership is the sum of the pupils present and absent on the last day of the school year. The Average Daily End-of-Year Membership is the average daily membership for the school year.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

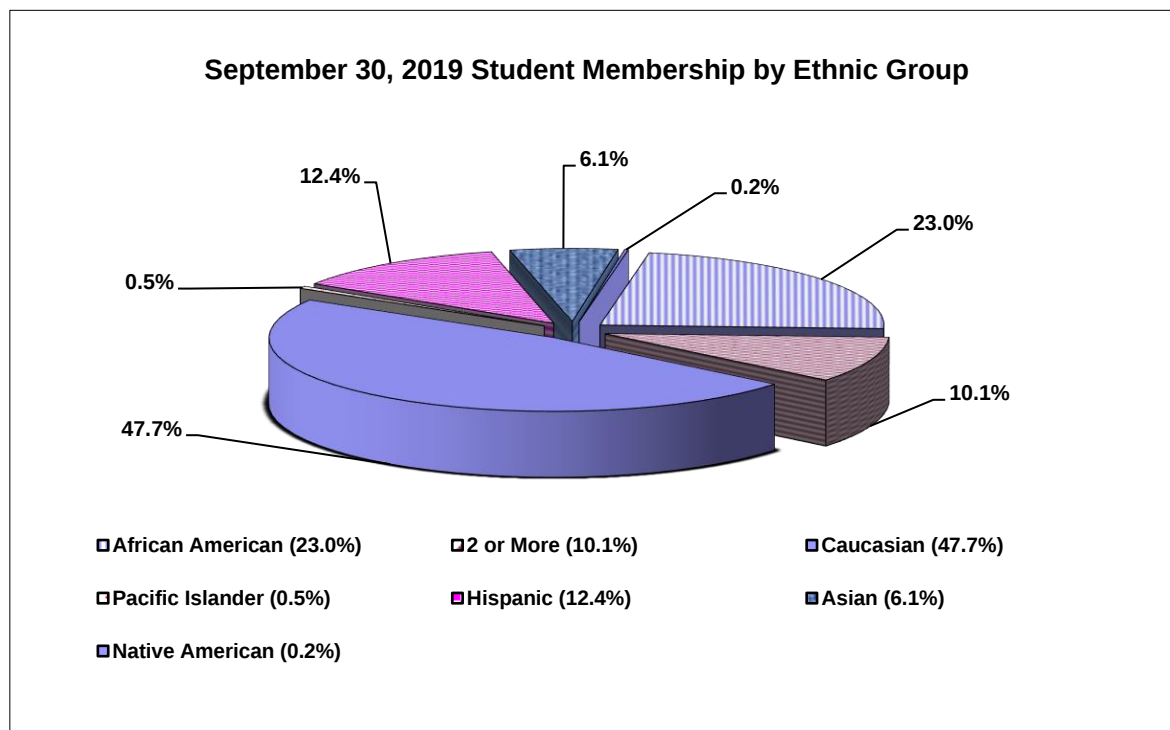


SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP BY ETHNIC GROUP
Last Ten Fiscal Years (unaudited)

Fiscal Year	African American	%	Caucasian	%	Hispanic	%	Asian	%	Pacific Islander	%	Native American	%	Unspecified or 2 or More	%
2011	17,679	24.8	37,667	52.9	6,303	8.9	3,931	5.5	338	0.5	257	0.4	5,034	7.0
2012	17,274	24.3	37,228	52.5	6,656	9.4	3,937	5.5	335	0.5	223	0.3	5,325	7.5
2013	16,898	24.0	36,439	51.8	6,961	9.9	3,911	5.6	337	0.5	216	0.3	5,530	7.9
2014	16,990	24.1	36,000	51.0	7,251	10.3	3,998	5.7	328	0.5	237	0.3	5,752	8.1
2015	16,886	24.1	35,428	50.5	7,389	10.5	3,947	5.6	331	0.5	203	0.3	5,937	8.5
2016	16,666	23.9	34,866	50.0	7,599	10.9	4,005	5.7	342	0.5	167	0.2	6,132	8.8
2017	16,543	23.9	34,144	49.4	7,664	11.1	4,051	5.9	340	0.5	157	0.2	6,186	9.0
2018	16,398	23.8	33,647	48.8	7,819	11.3	4,164	6.0	348	0.5	158	0.2	6,448	9.4
2019	16,146	23.5	33,083	48.2	8,035	11.7	4,153	6.1	346	0.5	160	0.2	6,701	9.8
2020	15,835	23.0	32,749	47.7	8,552	12.4	4,211	6.1	344	0.5	152	0.2	6,863	10.1

Note: This table is based on the September 30 student membership (includes pre-kindergarten pupils).

Source: Departments of Technology and School Administration



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2020 (unaudited)

Date of Incorporation	January 1, 1963
Form of Government	Council - Manager
Area - Square Miles	310
Land	259
Water	51
Culture and Recreation:	
Developed District Parks	8
Developed Community Parks	11
Developed Neighborhood Parks	167
Natural Parks	6
Other Park Areas	83
Acres in Developed Parks	3,676
Golf Courses (City Owned)	5
Recreation Centers	7
Population:	
Census 1970	172,106
Census 1980	262,199
Census 1990	393,069
Census 2000	425,257
Census 2010	437,994
Current Estimate	454,209

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Ago (unaudited)

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2020			2011		
City of Virginia Beach / Schools	17,899	7.71 %	1	18,114	8.52 %	1
Naval Air Station Oceana/Dam Neck*	5,850	2.52	2	-	-	-
Sentara Healthcare	5,200	2.24	3	4,600	2.16	2
Joint Expeditionary Base Little Creek/Ft. Story*	3,600	1.55	4	-	-	-
GEICO General Insurance company	2,700	1.16	5	2,300	1.08	4
Lynnhaven Mall*	2,600	1.12	6	-	-	-
Gold Key/PHR Hotels and Resorts	2,365	1.02	7	1,943	0.91	7
STIHL Inc	2,113	0.91	8	2,000	0.94	5
Amerigroup (Anthem)	1,850	0.80	9	1,850	0.87	8
Navy Exchange Service Command	1,550	0.67	10	2,000	0.94	6
SAIC	-	-	-	2,500	1.18	3
Christian Broadcasting Network, Inc.	-	-	-	1,000	0.47	9
LifeNet Health	-	-	-	500	0.24	10
Totals	<u>45,727</u>	<u>19.70 %</u>		<u>36,807</u>	<u>17.31 %</u>	

Source: City of Virginia Beach - Department of Finance, Department of Economic Development and Department of Budget and Management Services

*Note: Information is not available for 2011

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (unaudited)

Fiscal Year	Population*	Personal Income ** (thousands)	Per Capita Personal Income**	Median Age	Number of City Employees	Education Level in Years of Formal Schooling	Local Unemployment Rate
2011	441,246	\$ 20,612,666	\$ 46,579	34.9	7,481	14.0	6.0%
2012	447,489	21,677,217	48,709	34.7	7,477	13.8	5.5%
2013	449,628	21,616,547	48,280	35.0	7,477	13.9	5.6%
2014	451,672	22,768,537	50,719	35.7	7,669	13.9	5.5%
2015	453,500	23,933,638	53,130	35.9	7,560	14.0	4.4%
2016	453,628	24,188,253	53,616	35.9	7,370	13.9	3.8%
2017	454,448	25,076,837	55,731	36.4	7,087	13.9	3.8%
2018	453,410	26,249,674	58,308	36.4	7,255	13.9	2.8%
2019	452,643	-	-	36.4	7,332	13.9	2.7%
2020	454,209	-	-	36.9	7,410	14.0	8.2%

* Weldon Cooper Center for Public Service (except FY 2020 which is projected)

** Figures updated to reflect the latest data released by the Bureau of Economic Analysis on November 14, 2019

- Not Available

Source: City of Virginia Beach - Department of Finance and Department of Economic Development

The following sources were used by the City in compiling the above information:

Weldon Cooper Center for Public Service
 Virginia Employment Commission
 Bureau of Economic Analysis
 United States Census Bureau

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO (unaudited)

	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank		Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
	2020				2011		
Dominion Energy, Inc. *	\$ 645,615,537	1.09 %	1	\$	487,715,425	0.94 %	1
Armada Hoffer	532,344,000	0.90	2		318,436,000	0.61	2
Ramon W. Breeden, Jr.	377,876,100	0.64	3		234,437,638	0.45	6
A.D. & L.E. Fleder & J. M. & R.J. Caplan	334,168,300	0.56	4		-	-	-
E. C. & A. F. Ruffin & B. L. Thompson	286,455,900	0.48	5		265,167,300	0.51	4
Lynnhaven Mall LLC	284,071,300	0.48	6		283,277,900	0.55	3
Pembroke Square Associates LLC	215,983,400	0.36	7		182,616,100	0.35	8
Virginia Natural Gas	167,175,598	0.28	8		-	-	-
Franklin W. Taylor	166,994,200	0.28	9		-	-	-
Cheryl P. McLeskey	161,805,700	0.27	10		-	-	-
Verizon Virginia, Inc.	-	-	-		236,412,822	0.45	5
J.M., R.J.F., A.D. & L.E. Caplan	-	-	-		198,042,900	0.38	7
F. Wayne McLeskey, Jr.	-	-	-		140,327,424	0.27	9
Christian Broadcasting Assoc./Net, Inc.	-	-	-		138,896,300	0.27	10
Totals	<u>\$ 3,172,490,035</u>	<u>5.34 %</u>			<u>\$ 2,485,329,809</u>	<u>4.78 %</u>	

* Formerly Virginia Electric & Power Company

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, and
Commissioner of the Revenue

Table 31

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (unaudited)

Fiscal Year	Real Property		Personal Property		Public	Total Taxable Assessed Value	Estimated	Assessed
	Assessed Value		Assessed Value		Service		Actual	Value as a
	Residential	Commercial	Residential	Commercial	Assessed Value		Taxable Value	Percentage of Actual Value
2011	\$ 43,967,169,845	\$ 8,008,231,601	\$ 3,105,575,058	\$ 972,520,233	\$ 927,509,746	\$ 56,981,006,483	\$ 56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	3,225,216,284	1,079,909,616	938,327,087	55,751,475,813	55,751,475,813	100.0%
2013	40,815,993,416	8,036,001,242	3,306,948,272	942,744,260	929,843,170	54,031,530,360	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	3,362,985,338	971,033,585	889,050,800	53,960,683,913	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	3,446,918,395	1,122,915,183	875,496,571	56,022,609,329	56,022,609,329	100.0%
2016	43,302,214,028	8,714,160,476	3,552,544,174	1,029,515,444	895,479,945	57,493,914,067	57,493,914,067	100.0%
2017	45,017,777,981	8,822,768,056	3,612,948,282	1,079,435,074	945,094,380	59,478,023,773	59,478,023,773	100.0%
2018	46,426,321,920	9,094,379,313	3,662,270,285	1,124,495,564	983,607,868	61,291,074,950	61,291,074,950	100.0%
2019	47,819,472,210	9,479,885,409	4,465,618,146	1,181,448,770	1,020,179,772	63,966,604,307	63,966,604,307	100.0%
2020	49,373,623,875	9,975,795,660	4,570,825,950	1,410,040,850	1,046,921,797	66,377,208,132	66,377,208,132	100.0%

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, Commissioner of the Revenue, and City Adopted Resource Management Plan

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	523,586,269	504,769,073	96.4%	15,200,927	519,970,000	99.3%
2012	522,586,852	501,282,299	95.9%	15,894,160	517,176,459	99.0%
2013	536,618,666	516,542,429	96.3%	16,354,153	532,896,582	99.3%
2014	527,036,431	509,339,982	96.6%	16,067,605	525,407,587	99.7%
2015	558,420,893	537,056,367	96.2%	18,155,104	555,211,471	99.4%
2016	613,105,892	589,411,524	96.1%	18,210,834	607,622,358	99.1%
2017	634,993,466	609,085,906	95.9%	19,983,532	629,069,438	99.1%
2018	662,272,634	636,789,707	96.2%	20,206,339	656,996,046	99.2%
2019	688,073,333	638,348,095	92.8%	17,972,254	656,320,349	95.4%
2020	722,621,429	631,762,062	87.4%	-	631,762,062	87.4%

Note: Collections in subsequent years represent delinquent accounts collected during the course of any fiscal year subsequent to the fiscal year of the tax levy.

Source: City of Virginia Beach - Department of Finance

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - REVENUE RATES FOR REAL ESTATE AND PERSONAL PROPERTY
Last Ten Fiscal Years (unaudited)

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Additional Real Property Tax Rate Bayville Creek SSD	Additional Real Property Tax Rate Shadowlawn SSD	Personal Property Tax Rate
2011	\$ 0.8900	\$ 0.0600	\$ 0.4500	-	-	-	3.7000
2012	0.8900	0.0600	0.4500	\$ 0.1840	-	-	3.7000
2013	0.9500	0.0600	0.4500	0.1840	\$ 0.3630	-	3.7000
2014	0.9300	0.0600	0.4500	0.1840	0.3630	\$ 0.1594	3.7000
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000
2017	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	4.0000
2018	1.0025	0.0600	0.4500	0.1840	0.5690	0.1594	4.0000
2019	1.0175	0.0600	0.4500	0.1840	0.4720	0.1594	4.0000
2020	1.0175	0.0400	0.4500	0.1840	0.4720	0.1594	4.0000

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Chesapeake SSD	Additional Real Property Tax Rate Harbor Point SSD	Additional Real Property Tax Rate Gills Cove SSD	Additional Real Property Tax Rate Hurds Cove SSD	Additional Real Property Tax Rate Shilling Point
2011	\$ 0.8900	-	-	-	-	-
2012	0.8900	-	-	-	-	-
2013	0.9500	-	-	-	-	-
2014	0.9300	-	-	-	-	-
2015	0.9300	\$ 0.2913	\$ 0.0790	\$ 0.0630	-	-
2016	0.9900	0.2913	0.0790	0.0630	\$ 0.4380	-
2017	0.9900	0.2913	0.0790	0.0630	0.4380	-
2018	1.0025	0.2913	0.0790	0.0630	0.4380	-
2019	1.0175	0.2913	0.1200	0.0630	0.4380	-
2020	1.0175	0.2913	0.1200	0.0630	0.4380	\$ 0.4040

Notes: (1) The City is the only entity with local taxing authority within its boundaries.
(2) Real Property Tax Rate is applied to real estate such as land and buildings.
(3) Personal Property Tax Rate is applied to Personal Property such as automobiles and equipment
(4) The tax bases are mutually exclusive

Source: City of Virginia Beach - Department of Finance/City Adopted Resource Management Plan

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE
Last Ten Fiscal Years (unaudited)

Fiscal Year		General Obligation Bonds	State Literary Fund Loans	Appropriation Backed Debt*	Total	Percentage of Estimated Actual Full Value of Property	General Bonded Debt Per Capita***
2011	\$	669,514,476	\$ 5,507,046	\$ 323,367,500	\$ 998,389,022	1.8%	\$ 2,271
2012	**	727,803,047	4,750,000	363,387,004	1,095,940,051	2.0%	2,244
2013	**	686,766,362	4,125,000	362,131,112	1,053,022,474	1.9%	2,162
2014	**	720,118,515	3,500,000	383,138,178	1,106,756,693	2.0%	2,256
2015	**	716,612,342	2,875,000	405,353,486	1,124,840,828	2.0%	2,258
2016	**	721,310,401	2,250,000	373,133,427	1,096,693,828	1.9%	2,195
2017	**	655,854,925	1,875,000	360,528,148	1,018,258,073	1.7%	2,040
2018	**	664,558,868	1,500,000	360,314,441	1,026,373,309	1.7%	2,056
2019	**	600,663,013	1,125,000	321,622,445	923,410,458	1.4%	1,856
2020	**	649,974,113	750,000	467,349,531	1,118,073,644	1.7%	2,199

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

*Appropriation Backed Debt includes all Governmental Public Facility Revenue Bonds, Capital Leases, COPs, Williams Farm, and Business Type Virginia Beach Development Authority Debt.

**Fiscal Years 2012-2020 have been adjusted to reflect the related unamortized premium. Detailed premium information for prior fiscal years is not available and therefore not adjusted.

***Computation of Net Debt Per Capita is net of premiums and discounts.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (unaudited)

	Fiscal Year			
	2011	2012	2013	2014
Debt Limit	\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499
Total Net Debt Applicable to Limit	<u>713,387,034</u>	<u>716,177,198</u>	<u>685,988,698</u>	<u>712,384,323</u>
Legal Debt Margin	<u>\$ 4,576,904,085</u>	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>	<u>\$ 4,250,282,176</u>
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	13.48%	13.92%	13.78%	14.35%

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

Note: Under state law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. However, the City has established financial affordability indicators. The affordability indicators are as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$3,000.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

Table 35

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,145,277,575	\$ 5,291,185,445	\$ 5,478,360,985	\$ 5,650,206,962	\$ 5,831,703,750	\$ 6,039,301,442
697,079,775	697,520,721	641,749,326	646,061,132	590,409,579	629,730,209
<u>\$ 4,448,197,800</u>	<u>\$ 4,593,664,724</u>	<u>\$ 4,836,611,659</u>	<u>\$ 5,004,145,830</u>	<u>\$ 5,241,294,171</u>	<u>\$ 5,409,571,233</u>
13.55%	13.18%	11.71%	11.43%	10.12%	10.43%

Legal Debt Margin Calculation For Fiscal Year

2019 Assessed Value of Real Property

(Taxable):

Regular \$ 59,349,419,535

Public Service 1,043,594,888

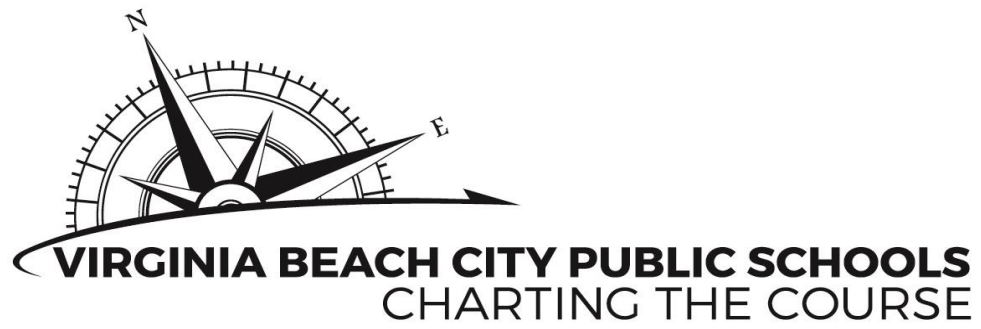
Total Assessed Value of Real Property	<u>\$ 60,393,014,423</u>
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Debt Limit (10% of Total Assessed Value)	\$ 6,039,301,442
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Debt Applicable to Limit:

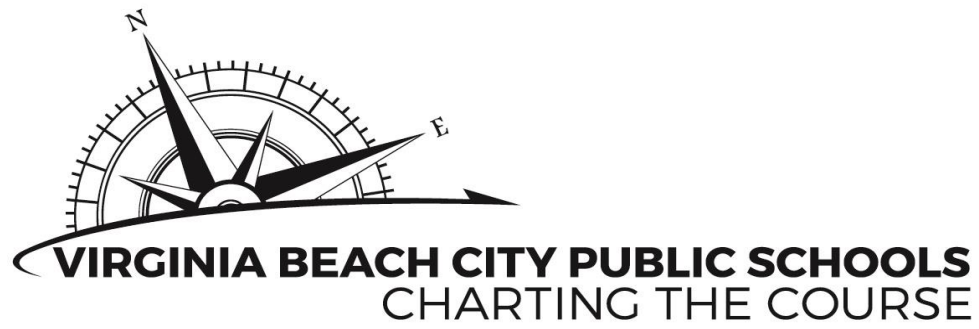
General Obligation Bonds 629,730,209

Legal Debt Margin	<u>\$ 5,409,571,233</u>
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COMPLIANCE SECTION



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia (the Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

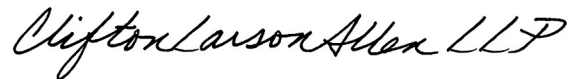
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
November 24, 2020

Aaron C. Spence, Ed.D., *Superintendent*
Virginia Beach City Public Schools
2512 George Mason Drive, Virginia Beach, VA 23456-0038

Produced by the Department of Communications and Community Engagement for the Department of Budget and Finance.
For further information, please call (757) 263-1033

Notice of Non-Discrimination Policy

Virginia Beach City Public Schools does not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation/gender identity, pregnancy, childbirth or related medical condition, disability, marital status, age, genetic information or veteran status in its programs and activities and provides equal access to the Boy Scouts and other designated youth groups. School Board policies and regulations (including, but not limited to, Policies 2-33, 4-4, 4-6, 4-43, 5-7, 5-19, 5-20, 5-44, 6-7, 7-48, 7-49, 7-57 and Regulations 4-4.1, 4-4.2, 4-6.1, 4-43.1, 5-44.1, 7-11.1, 7-17.1 and 7-57.1) provide equal access to courses, programs, counseling services, physical education and athletic, vocational education, instructional materials and extracurricular activities.

To seek resolution of grievances resulting from alleged discrimination or to report violations of these policies, please contact the Title VI/Title IX Coordinator/Director of Student Leadership at (757) 263-2020, 1413 Laskin Road, Virginia Beach, Virginia, 23451 (for student complaints) or the Section 504/ADA Coordinator/Chief Human Resources Officer at (757) 263-1133, 2512 George Mason Drive, Municipal Center, Building 6, Virginia Beach, Virginia, 23456 (for employees or other citizens). Concerns about the application of Section 504 of the Rehabilitation Act should be addressed to the Section 504 Coordinator/Director of Student Support Services at (757) 263-1980, 2512 George Mason Drive, Virginia Beach, Virginia, 23456 or the Section 504 Coordinator at the students school. For students who are eligible or suspected of being eligible for special education or related services under IDEA, please contact the Office of Programs for Exceptional Children at (757) 263-2400, Laskin Road Annex, 1413 Laskin Road, Virginia Beach, Virginia, 23451.

Alternative formats of this publication which may include taped, Braille, or large print materials are available upon request for individuals with disabilities. Call or write the Department of Budget and Finance, Virginia Beach City Public Schools, 2512 George Mason Drive, P.O. Box 6038, Virginia Beach, VA 23456-0038.
Telephone 263-1066 (voice); fax 263-1173; 263-1240 (TDD).

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November 2019