STAFFORD COUNTY
Public Schools

Inspire and empower all learners to thrive!





Comprehensive Annual Financial Report

(A Component Unit of
Stafford County, Virginia)



Fiscal Year 2020

(July 1, 2019 – June 30, 2020)

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
June 30, 2020

2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020
(July 1, 2019 – June 30, 2020)

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Stafford County
Public Schools

OUR VISION:

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

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
June 30, 2020

Members of the Stafford County Board of Supervisors
Ms. Meg Bohmke, Falmouth District – Chairman
Mr. Tom Coen, George Washington District – Vice-Chairman
Ms. Cindy Shelton - Aquia District
Mr. L. Mark Dudenhefer, Garrisonville District
Ms. Tinesha Allen, Griffis-Widewater District
Mr. Gary Snellings, Hartwood District
Ms. Crystal Vanuch, Rock Hill District

Members of the School Board
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Ms. Irene M. Hollerback, Aquia District – Vice-Chair
Dr. Sarah Chase, Falmouth District
Ms. R. Pamela Yeung, Garrisonville District
Ms. Susan Randall, George Washington District
Dr. Elizabeth Warner, Griffis-Widewater District
Ms. Patricia Healy, Rock Hill District

Officials of Stafford County Public Schools
Dr. Scott R. Kizner, Superintendent
Dr. Stanley B. Jones, Associate Superintendent of Instructional Services
Mr. Chris R. Fulmer, Assistant Superintendent of Finance and Administration
Mr. Thomas M. Nichols, Chief High School Officer
Dr. Andrew T. Grider, Chief Middle School Officer
Ms. Carrie B. Neely, Chief Elementary School Officer
Dr. Janis S. Streich, Executive Director of Learning and Organizational Development
Dr. George C. Hummer, Executive Director of Student Services & Special Education
Ms. Lisa F. Boatwright, Executive Director of Administrative and Legal Services
Mr. John A. Anderson, Executive Director of Facilities and Maintenance
Mr. Patrick J. Byrnett, Executive Director of Human Resources
Mr. Jay Cooke, Executive Director of Technology

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
June 30, 2020

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INTRODUCTORY SECTION

STAFFORD COUNTY PUBLIC SCHOOLS
Department of Financial Services
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Chris R. Fulmer, CPA, CFE
Assistant Superintendent of
Finance & Administration

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

March 30, 2021

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

We hereby submit the Comprehensive Annual Financial Report (CAFR) of Stafford County Public Schools (SCPS, or the division) for the fiscal year ended June 30, 2020. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of SCPS. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities and funds of SCPS.

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

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

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

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

Profile of the County of Stafford and Stafford County Public Schools

The County of Stafford

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

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

An elected seven-member Board of Supervisors, representing the following districts, governs Stafford County: Aquia, Falmouth, Garrisonville, George Washington, Griffis-Widewater, Hartwood, and Rockhill. The Board of Supervisors has established the following priorities for the community: public safety, education, economic development, infrastructure, and service excellence, all encompassed by fiscal responsibility and reducing the tax burden. With a 2018 population of 149,110, Stafford is now the third fastest growing county in the Commonwealth of Virginia, with populations over 25,000. Stafford is located between the major commuting centers of Washington, D.C. and Richmond, Virginia.

Stafford County Public Schools

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

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

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

Impact of the COVID-19 Global Pandemic

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

Stafford County Public Schools' staff were immediately mobilized to mitigate the negative effects of an extended school closure by developing home learning activities and providing meals to students who rely on school breakfast and lunch programs. Moreover, enhanced cleaning and sanitizing protocols were enacted, consistent with Centers for Disease Control and Prevention (CDC) guidelines. Steps were taken to narrow the digital divide between students who had both technology hardware and internet access and those who did not. This included the purchase of Chromebooks and portable Wi-Fi hotspots. Equally important, SCPS has worked to keep the school community and all stakeholders informed and engaged at every point in the process; seeking not only to advise them of new and relevant information in a timely manner but also to secure information from them to aid our decision-making. While we have no way to ascertain the long-term effects of the pandemic on the education

system, we have sought to maintain effective teaching and learning practices, to provide the additional supports needed by special populations, and to continue to carry out our mission to inspire and empower all learners to thrive. The challenges are great. We continue to confront them with excellence and equity.

Economic Outlook

Median Household Income

Median household income in Stafford County in 2018 was estimated at $108,421 *(Census Small Area Income and Poverty Estimates data),* the fifth highest household income in Virginia. This compares to the median household income in Virginia of $72,600.

Stafford County's highly educated workforce comprises residents as well as commuters from outside the county. In 2019, an estimated 51% of Stafford County's at-place workers held a two-year degree or higher, on par with Virginia where 52.1% of workers have this level of education. *(gostaffordva.com/demographics – Population Estimates, July 1, 2019)*

Composite Index

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

Impact of State Funding

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

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Learning and Organizational Development Accomplishments

There was a continued investment and focus on improving instructional programs, curriculum development and school improvement processes during the 2019-2020 school year. Working closely with the Instructional Services team, and educational leaders from all of our schools, 2019-2020 Learning and Organizational Development (LOD) accomplishments are highlighted below:

Professional Learning

PL Framework defined: Equity, Culturally Responsive pedagogies and processes, Response to Intervention (RtI)

Culturally Responsive Teaching practices were introduced to teacher leaders, coaches, and curriculum developers. Processes and curriculum were examined and efforts are still underway to improve equitable teaching and learning processes and pedagogies.

In-depth professional learning continued in Tiered instructional support in our middle schools and planning for high schools. Middle school leadership received personalized coaching on RtI, with specific strategies customized for their own cultures. New middle school electives were designed and materials developed during the school year. The school year ended with closures related to COVID-19.

Learning and teaching online became the focus of intense curriculum and instruction work and professional learning to respond to the needs of learners during closures and in preparation for a hybrid and virtual learning environment for the fall 2020.

Additional 2019-2020 professional learning accomplishments

- Received a state science, technology, engineering, and math (STEM) regional Advancing Computer Science Education (ASCE) grant focused on the promotion of computer science standards and resources for our teachers and students.
- Launched professional learning series to address rigor for secondary educators in interventions and teaching 4-core in the single block.
- SCPS teachers either received online learning, professional learning in-house or through Virtual Virginia to better prepare them for teaching online.

Teaching and Learning

The LOD team responded to multiple needs from all levels of the organization and in all curricular areas. In partnership and collaboration with other departments and educator teams representing all SCPS schools and programs, 2019-2020 SCPS Curriculum & Instructional accomplishments are highlighted below:

Curriculum/Content/Pedagogy/Processes

- Designed curriculum for a virtual summer school for K-12
- Designed K-12 online curriculum
- Designed Internet Cafe' resources & learning programs for vulnerable populations of students
- Procured and provided system-wide intervention resources for middle and high school environments
- Designed Teacher for Tomorrow program in partnership with Germanna Community College (GCC) and the University of Mary Washington
- Expanded dual enrollment offerings in partnership with GCC

Department of Student Services Accomplishments

VDOE Annual Performance Report

The Virginia Department of Education (VDOE) designated SCPS as Meets Requirements (highest rating) for the 2018-2019 reporting year. The VDOE determines this rating based on whether the school division complies with State Performance Indicators. Areas monitored by VDOE include: compliance indicators for suspension and expulsion of students with disabilities, disproportionate representation of racial and ethnic groups in special education, timelines for eligibility, post-secondary goals for transition, correct and timely submission of data, and percentage of students with disabilities participating in statewide assessments and graduation. VDOE reports data on these indicators in August for the previous school year; data for 2019-2020 will be available in August 2021.

Multi-Sensory Reading Training for Staff

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

Project SEARCH

In spite of the global pandemic, we still moved forward with providing a program for six post-graduate students through Project SEARCH. The program continues to provide an opportunity for three 10-week internships in a job setting for students with various disabilities. During the 2019-2020 school year, SCPS partnered with Mary Washington Healthcare, the Department of Aging and Rehabilitative Services (DARS), and Rehabilitative Services and Vocational Placement (RSVP) to teach students a variety of job skills in the Mary Washington Healthcare hospital setting. This program will provide positive outcomes for all involved. Eight new students started their internship in September 2020, for the 2020 - 2021 school year.

Social Emotional Training

In an effort to provide building level staff with appropriate training to support the social emotional well-being of students, the Department of Student Services and Special Education moved forward with a supplemental program called Panorama. This program entails a survey that is given throughout the year to provide us with an overview of the social emotional well-being of our students, as well as lessons that teachers can utilize to target areas of improvement for their students. Each site was provided with training to oversee the process in their building, and the

training focused on how to interpret the data, as well as how to implement strategies to support the overall well-being of their students. Psychologists, counselors, social workers, and other staff helped facilitate this training, as well as other staff through the Department of Student Services and Special Education.

Nutrition Services Accomplishments

The SCPS Nutrition Services department is committed to providing all students with access to nutritious and appealing meals. During the 2019-2020 school year, the department implemented several new federal programs.

- Implemented the Child and Adult Feeding Program (CACFP), a federally funded program, at Kate Waller Barrett Elementary. This new initiative provided 1,134 free dinners for students attending after school tutoring programs.
- Implemented the federally funded Summer Food Service Program (SFSP). The SFSP was launched in March 2020 and provided funding for 430,792 free meals to students during the COVID-19 pandemic.
- The Nutrition Services department developed and launched several creative meal distribution models, including curbside pickup and community bus meal distribution, to provide essential services to our most vulnerable students and families.

Human Resources Accomplishments

The Department of Human Resources (DHR) continued to pursue strong staffing in licensed, classified, and administrative positions for schools and departments. In accordance with the Staffing Standards Plan adopted in March 2016, as well as School Board-adopted priorities for FY20, that call for smaller class sizes in elementary grades and greater staffing for certain special education programs required by state regulation, DHR emphasized recruitment of teachers and paraprofessionals for primary grades (K-2), as well as teachers and paraprofessionals of special education classrooms. Before the beginning of the 2020-21 school year (slightly after the end of FY20), over 97% of licensed positions, and all school-based administrative positions, were filled in the division.

In response to the pandemic, DHR also invested in moving more operations online. DHR shifted all recruitment initiatives online, launching an online interview system for candidates and participating in over 20 virtual job fairs. DHR also moved all contract renewal processes online, creating a faster and more easily verified process than in prior years that can be maintained post-pandemic. DHR made similar adjustments to its processing steps for new hires, speeding the time from selection to hire. Finally, DHR researched and designed an equitable process to evaluate staff for alternative work arrangements, including but not limited to remote assignments, to balance the legitimate health concerns of staff members and their household members with the need to continue staffing in a manner to operate schools.

DHR also completed the second implementation stage of its FY19 compensation and classification review. That review found that the majority of staff in classified positions were compensated at levels at the lower end of market-competitive pay. In FY19, positions were reclassified into modified pay grades to reflect the market study, and salaries for staff whose salaries fell below the minimum of the new pay grades for their position received an increase in salary to make up at least 50% of the gap between their FY19 compensation and said pay grade minimum. In FY20, SCPS completed its commitment to upgrade these salaries to the market minimum; as a result, all staff are now at least at the minimum of their classified pay grade. Additionally, DHR migrated all other classified positions onto the Uniform Salary Scale, creating a single compensation structure for non-licensed staff.

Instructional Technology and Information Services Accomplishments

The SCPS Technology Strategic Plan positioned the Technology department to be able to quickly adapt to the changing demands of the pandemic. The following accomplishments align with the SCPS Technology Strategy.

Student and Family Technology Support
SCPS increased the number of Chromebooks to one device per student in order to support online instruction for all students. Public Wi-Fi access points at all schools and Wi-Fi hotspots were available as needed by families. A Family Technology Support hotline continues to operate with phone and email support.

Instructional Support Systems
In coordination with Learning and Organizational Development, Technology built the Canvas Learning Management System. In combination with the Google G Suite for Education platform, these systems provided the foundation of all instruction during the pandemic. To support Career and Technical Education courses, virtual desktop infrastructure was deployed to provide on-demand access to resource-intensive software applications using basic student devices at home.

Network Infrastructure
SCPS Technology continued to improve the security of our network systems with upgrades to firewall and internet content filters. Network capacity among the schools and the connections to the internet have been increased. Wireless access within all schools continues to be improved.

Information Systems
Online transcripts for alumni became a reality this year as SCPS began using an online student record request solution from ScribOrder. The system generates a small revenue to offset the cost of digitizing records. SCPS Technology also began implementation of a data warehouse and an equity dashboard to provide insight into key areas to inform strategic decisions to support all students.

Financial Information

SCPS continues its sound financial condition as demonstrated by the financial statements and schedules included in this report, operating within the resources available while achieving many of its program goals. Approximately 84% of the current operating costs are related to employee compensation and providing competitive salaries and benefits to attract and retain qualified staff. This remains a top priority for SCPS in the FY 2022 budget development process.

Other Post-Employment Benefits (OPEB) Trust Fund
SCPS established an irrevocable trust to invest funds to cover the OPEB liability for current and future retiree health benefit costs. In fiscal year 2020, a contribution was not authorized to be made to the OPEB Trust Fund. The market value of the trust fund investments at June 30, 2020 and 2019 was $24,401,301 and $23,702,883, respectively. The cost value of the trust fund investments at June 30, 2020 and 2019 was $14,877,243 and $14,893,472, respectively.

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

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

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

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

Risk Management

The risk management program endeavors to minimize or eliminate, when possible, risks that endanger the safety and environmental health of the students, staff, property and financial resources of SCPS. These objectives are met by identifying risk exposures, measuring and analyzing them, and implementing appropriate procedures to mitigate them. The results are monitored and evaluated for effectiveness and revised, as necessary.

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

Cash Management

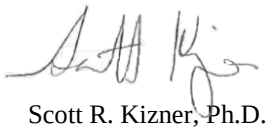
The County is the custodian of all the cash and investments of SCPS, except certain cash on hand, investments held for certain capital projects, and funds held in local student activity accounts. SCPS does not report a year-end cash balance as it is county policy to reclassify SCPS' year-end cash and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

Acknowledgements

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

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

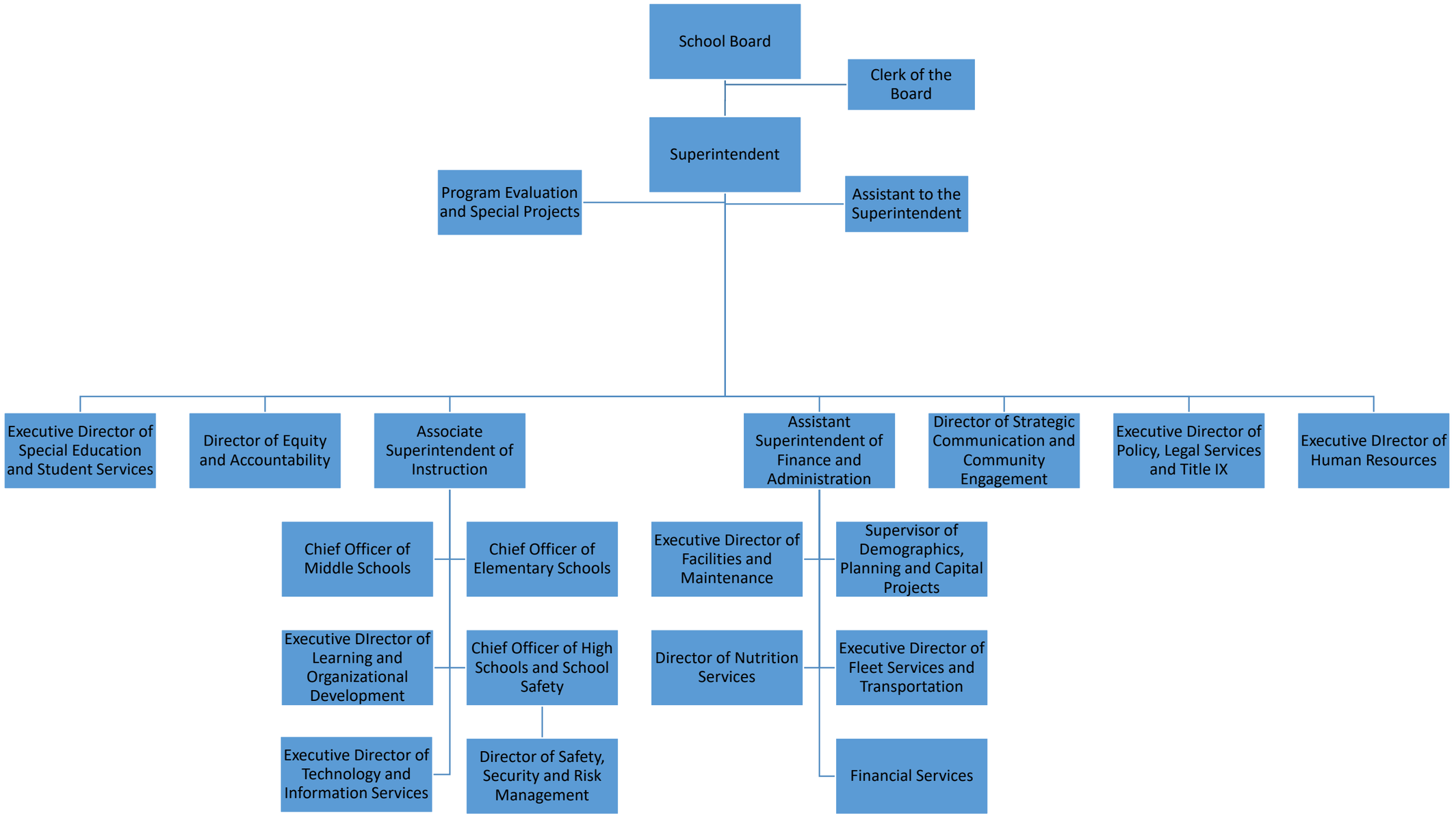
Respectfully,



Scott R. Kizner, Ph.D.
Superintendent



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


School Board
Clerk of the Board
Superintendent
Program Evaluation and Special Projects
Assistant to the Superintendent
Executive Director of Special Education and Student Services
Director of Equity and Accountability
Associate Superintendent of Instruction
Assistant Superintendent of Finance and Administration
Director of Strategic Communication and Community Engagement
Executive Director of Policy, Legal Services and Title IX
Executive DIrector of Human Resources
Chief Officer of Middle Schools
Chief Officer of Elementary Schools
Executive DIrector of Learning and Organizational Development
Chief Officer of High Schools and School Safety
Executive Director of Technology and Information Services
Director of Safety, Security and Risk Management
Executive Director of Facilities and Maintenance
Supervisor of Demographics, Planning and Capital Projects
Director of Nutrition Services
Executive Director of Fleet Services and Transportation
Financial Services

4/9/2019

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITOR

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stafford County School Board (the "School Board"), a component unit of Stafford County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
March 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Stafford County Public Schools (SCPS), we offer readers an overview and analysis of financial activities for the fiscal year ended June 30, 2020. This section of the Comprehensive Annual Financial Report (CAFR) presents Management's Discussion and Analysis (MD&A) of the overall financial performance of SCPS during the fiscal year ended June 30, 2020. Readers are encouraged to consider this information in conjunction with SCPS' transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding and use of the basic financial statements.

FINANCIAL HIGHLIGHTS

SCPS' total net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) on a government-wide basis was $79.9 million at June 30, 2020, representing a decrease of $5.7 million, or 6.7%, from the total net position of $85.6 million, at June 30, 2019. The decrease was due to a decrease in net investment in capital assets of $12.9 million and unrestricted net position (deficit) of $4.0 million; offset by an increase in restricted net position of $11.1 million. Restricted cash increased by $2.3 million due to a capital lease entered into for making energy efficiency improvements to buildings. Current liabilities decreased by $8.8 million in fiscal year 2020 over fiscal year 2019 primarily from a decrease in accrued salaries and benefits related to payroll timing. Accounts payable also decreased by $3.8 million. Noncurrent liabilities (other than for pensions and other postemployment benefits (OPEB)) increased by $10.5 million in fiscal year 2020 over fiscal year 2019 due to a capital lease entered into for making energy efficiency improvements to buildings.

For fiscal year 2020, SCPS' governmental activities expenses of $361.2 million exceeded program revenues (charges for services plus grants and contributions) of $108.0 million by $253.2 million. This deficit is a $23.8 million increase from the $229.4 million deficit for fiscal year 2019. Additionally, general revenues, unreserved funds available for all educational purposes including contributions from the County and general contributions from the state and federal governments, increased by $10.7 million, or 4.5%, from $236.7 million in fiscal year 2019 to $247.4 million in fiscal year 2020.

SCPS' General Fund (otherwise referred to as the Operating Fund) reported a fund balance of $9.3 million as of June 30, 2020. This represents an increase of $2.6 million, or 39.0%, as compared to the June 30, 2019 fund balance of $6.7 million.

OVERVIEW OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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

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

OVERVIEW OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (Continued)

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

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

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

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

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

THE BASIC FINANCIAL STATEMENTS

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

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

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

THE BASIC FINANCIAL STATEMENTS (Continued)

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

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire school division	Activities of school system not fiduciary or proprietary, such as Operating Fund, Capital Projects Fund, Food and Nutrition Services Fund and Grants Fund	Activities of school system operating similar to private businesses, such as Fleet Services Fund, Health Benefits Fund and Workers' Compensation Fund	Activities of school system with an agent or trustee overseeing resources, such as OPEB Trust Fund, Scholarship and Endowment Trust Funds, School Activity Agency Funds, Employee Flexible Spending Agency Fund, Fiduciary Services Fund and Stafford Education Foundation Fund
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statements of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Agency Fund – cash basis of accounting Trust Fund – accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	Agency Fund – does not contain capital assets nor liabilities Trust Fund – all financial assets and liabilities, short-term and long-term
Type of inflow/outflow information	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	Revenues when cash is received during or soon after year-end; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	Agency Fund – all receipts as received and disbursements as paid Trust Fund – all revenues earned and expenses incurred during year

FINANCIAL ANALYSIS OF SCPS AS A WHOLE

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

Net Position

Total net position at June 30, 2020, decreased by $5.8 million, or 6.7%, over June 30, 2019. Current assets increased by $0.9 million, or 0.9%, from 2019 to 2020. Restricted assets increased by $2.3 million, or 36.7%, from 2019 to 2020 due to a capital lease entered into for making energy efficiency improvements to buildings. Capital assets decreased by $1.3 million, or 0.3%, due capital asset additions being slightly less than depreciation expense. Current liabilities decreased by $8.8 million, or 14.8%, due primarily to a decrease in accrued salaries and benefits of $6.1 million related to payroll timing. Accounts payable also decreased by $3.8 million. Noncurrent liabilities (excluding OPEB and pension) increased by $10.5 million due to a capital lease entered into for making energy efficiency improvements to buildings. Restricted net positon increased by $11.1 million, or 85.7%, due to funding received for various Capital Fund projects that had not been expended as of June 30, 2020.

The following table provides a summary of SCPS' net position as of June 30, 2020 and 2019.

Summary of Net Position
As of June 30, 2020 and 2019
(In thousands of dollars)

	Governmental Activities			
	2020	2019	Change	% Change
Assets:				
Current assets	$ 99,441	$ 98,535	$ 906	0.9 %
Noncurrent assets:				
Restricted assets	8,411	6,154	2,257	36.7 %
Capital assets	467,884	469,157	(1,273)	(0.3) %
Total assets	575,736	573,846	1,890	0.3 %
Deferred outflows of resources:				
Pension deferrals	55,620	30,827	24,793	80.4 %
OPEB deferrals	27,629	7,312	20,317	277.9 %
Total deferred outflows of resources	83,249	38,139	45,110	118.3 %
Liabilities:				
Current liabilities	50,980	59,807	(8,827)	(14.8) %
Noncurrent liabilities	17,404	6,873	10,531	153.2 %
Net OPEB liability	208,578	177,015	31,563	17.8 %
Net pension liability	250,897	221,605	29,292	13.2 %
Total liabilities	527,859	465,300	62,559	13.4 %
Deferred inflows of resources:				
Pension deferrals	26,050	31,444	(5,394)	(17.2) %
OPEB deferrals	25,207	29,595	(4,388)	(14.8) %
Total deferred inflows of resources	51,257	61,039	(9,782)	(16.0) %
Net position:				
Net investment in capital assets	454,577	467,481	(12,904)	(2.8) %
Restricted	24,040	12,946	11,094	85.7 %
Unrestricted (deficit)	(398,748)	(394,781)	(3,967)	1.0 %
Total net position	$ 79,869	$ 85,646	$ (5,777)	(6.7) %

FINANCIAL ANALYSIS OF SCPS AS A WHOLE (Continued)

Changes in Net Position

Revenue increased by a net of $20.9 million, or 6.3%. The increase in revenue primarily consists of increases in operating grants and contributions of $7.9 million, including the Virginia Department of Education Compensation Supplement of $5.1 million, and unrestricted grants and contributions from Stafford County of $7.8 million. Program expenses increased by $34.0 million, or 10.4%, which consists primarily of increases of $24.5 million for instruction and $5.8 million for administration, attendance, and health. The following table summarizes SCPS' changes in net position for the fiscal years ended June 30, 2020 and 2019.

Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019
(In thousands of dollars)

	Governmental Activities			
	2020	2019	Change	% Change
Revenues:				
Program revenues				
Charges for services	$ 16,676	$ 17,973	$ (1,297)	(7.2) %
Operating grants and contributions	71,543	63,676	7,867	12.4 %
Capital grants and contributions	19,797	16,169	3,628	22.4 %
General revenues				
Sales tax	32,849	30,167	2,682	8.9 %
Basic aid	89,494	89,114	380	0.4 %
Payments from Stafford County	124,601	116,796	7,805	6.7 %
Investment earnings	217	292	(75)	(25.7) %
Gain on capital asset disposal and other sales	22	29	(7)	(24.1) %
Miscellaneous	241	281	(40)	(14.2) %
Total revenues	355,440	334,497	20,943	6.3 %
Expenses:				
Education:				
Instruction	225,069	200,598	24,471	12.2 %
Administration, attendance and health	47,011	41,179	5,832	14.2 %
Pupil transportation	16,249	14,909	1,340	9.0 %
Operation and maintenance	22,257	22,493	(236)	(1.0) %
Food and nutrition services	11,709	11,633	76	0.7 %
Facilities	21,224	20,764	460	2.2 %
Technology	17,516	15,598	1,918	12.3 %
Interest and fiscal charges	182	30	152	506.7 %
Total expenses	361,217	327,204	34,013	10.4 %
Change in net position	(5,777)	7,293	(13,070)	(179.2) %
Net position, beginning	85,646	78,353	7,293	9.3 %
Net position, ending	$ 79,869	$ 85,646	$ (5,777)	(6.7) %

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Below is a summary of the SCPS operating fund budget for the fiscal year ended June 30, 2020:

Operating Fund Budget Summary
For the fiscal year ended June 30, 2020
(In thousands of dollars)

Operating Activity Category	Operating Budget Original	Operating Budget Final	Actual	Variance from Final Budget Over (Under)
Total revenues	$ 305,382	$ 308,740	$ 303,025	$ (5,715)
Total expenditures	(305,382)	(315,004)	(300,415)	(14,589)
Net change in fund balance	$ -	$ (6,264)	$ 2,610	$ (8,874)

CAPITAL ASSETS

Below is a summary of SCPS' net capital assets as of June 30, 2020 and 2019, respectively. Additional information on capital assets can be found in Note 7 to the financial statements.

Net Capital Assets Summary
As of June 30, 2020 and 2019
(In thousands of dollars)

Capital Asset Category	2020	2019	Change	% Change
Land & land improvements	$ 106,893	$ 99,109	$ 7,784	7.85 %
Construction in progress	15,239	42,948	(27,709)	(64.52) %
Building & building improvements	577,291	539,103	38,188	7.08 %
Furniture, fixtures & equipment	15,596	14,464	1,132	7.83 %
Vehicles	26,507	25,365	1,142	4.50 %
Software	2,299	2,299	-	- %
Technology infrastructure	4,345	4,197	148	3.53 %
Water treatment system	1,320	1,320	-	- %
Less: accumulated depreciation and amortization	(281,606)	(259,648)	(21,958)	8.46 %
Total net capital assets	$ 467,884	$ 469,157	$ (1,273)	(0.27) %

CAPITAL ASSETS (Continued)

The major transactions comprising the change in net capital assets were as follows:

Land and land improvements increased primarily due to the rebuild of Moncure Elementary School ($4.4 million) and the purchase of the North Star Early Childhood Education Center ($3.0 million).

Construction in progress decreased significantly due to the completion of the rebuild of Moncure Elementary School ($30.4 million) and completion of the renovation of the North Star Early Childhood Education Center ($9.0 million). Completed projects totaling $41.6 million were reclassified from construction in progress to various other categories. These completions were offset by increases in construction in progress for building energy improvements ($8.8 million) and renovations at Ferry Farm Elementary School ($3.5 million).

Building improvements increased primarily due to the following completed projects: rebuild of Moncure Elementary School ($27.1 million), completion of the renovation of the North Star Early Childhood Education Center ($6.6 million), replacement of the mechanical system at Rockhill Elementary School ($2.3 million), and repair interior finishes at Garrisonville Elementary School ($1.2 million).

Furniture, fixtures, and equipment increased primarily due to the installation of new kitchen equipment for the rebuild of Moncure Elementary School ($0.3 million) and North Star Early Childhood Education Center ($0.2 million), and new computer equipment ($0.6 million).

Vehicles increased primarily due to the purchase of 19 new buses for student transportation ($2.1 million), offset by the disposal of 17 buses ($1.1 million)

Depreciation and amortization expense for 2020 was $23.3 million.

COMPOSITE INDEX

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Since adopting the fiscal year 2021 budget, some factors have surfaced that may affect SCPS' financial operations:

- On May 5, 2020, the Board of Supervisors adopted and approved fiscal year 2021 County budgets, in resolution R20-44. The County's fiscal year 2021 budget adopted by the Board of Supervisors included a local operating transfer to the school division of $128.4 million. The County appropriates 75% of the local operating transfer and the remaining funds are held back and will not be available to the division until appropriated by the Board of Supervisors pending a mid-year review, subject to the results of the fiscal year 2020 annual audit.

- After the great recession, growth in the student population for SCPS returned for fiscal years 2010 through 2020, which increases the Commonwealth revenues received by SCPS, as the majority of Commonwealth revenues are driven by the average daily student membership. The extent of this growth in revenue is mitigated by required increases in expenditures to accommodate the additional students. The 2020-2021 school year saw a drop in enrollment due to the COVID-19 global pandemic. More families chose to homeschool their children, enroll them in private school, or delay kindergarten registration for an additional year. As the nation and SCPS moves back to a full in-person instructional model, it is expected that the students will return and growth will continue.

- It is not yet known what the final financial impact of the COVID-19 global pandemic will be for SCPS. The fiscal year 2021 budget includes a $3.0 million contingency intended to offset any potential impact of reduced state revenues. The division has received federal funding, passed through from the State and County, which has helped to reduce the financial burden of responding to the pandemic. Using this funding, SCPS has purchased additional supplies needed to implement a virtual learning environment and to implement health mitigation strategies. However, the funding is not allowed to offset lost revenues.

- Providing competitive salaries continues to put pressure on SCPS' resources as contiguous neighboring counties have historically exceeded SCPS teacher and service employee salaries. While SCPS has seen improvements in the pay scales recently, scarce resources continue to inhibit the division's ability to achieve its target for all levels.

- SCPS continues to experience growing student populations in English for Speakers of Other Languages (ESOL), autism, and children who qualify for free or reduced lunch. These special populations add additional expenses beyond the general educational requirements.

CONTACTING SCPS MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit A**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 51,921,184
Accounts receivable	9,276,622
Due from Primary Government	37,235,236
Prepaid expenses	17,674
Inventory	990,300
Restricted cash and cash equivalents	8,410,995
Capital assets:	
Land	38,009,215
Land improvements	68,884,153
Construction in progress	15,238,875
Buildings and building improvements	577,291,340
Water treatment system	1,319,841
Furniture, fixtures and equipment	15,595,475
Technology infrastructure	4,345,100
Software	2,299,106
Vehicles	26,506,475
Less: accumulated depreciation and amortization	(281,605,841)
Total capital assets	467,883,739
Total assets	575,735,750
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	55,620,023
OPEB deferrals	27,629,385
Total deferred outflows of resources	83,249,408
LIABILITIES	
Current liabilities:	
Accounts payable	5,923,975
Accrued salaries and benefits	34,883,841
Contract retainage	1,650,297
Current portion of accrued insurance claims	6,411,225
Current portion of long-term debt	1,574,955
Unearned revenues	536,037
Noncurrent portion of accrued insurance claims	115,641
Noncurrent portion of long-term debt	17,287,914
Net OPEB liability	208,577,776
Net pension liability	250,897,304
Total liabilities	527,858,965
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	26,050,234
OPEB deferrals	25,207,459
Total deferred inflows of resources	51,257,693
NET POSITION	
Net investment in capital assets	454,576,954
Restricted for:	
Capital Projects	17,098,734
School Nutrition	6,830,419
Grants	110,148
Unrestricted (deficit)	(398,747,755)
Total net position	$ 79,868,500

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit B**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses), Revenues and Changes in Net Position
Governmental activities:					
Education:					
Instruction	$225,069,039	$ 1,398,038	$ 64,549,930	$ -	$ (159,121,071)
Administration, attendance and health	47,011,135	8,160,569	-	-	(38,850,566)
Pupil transportation	16,249,378	879,581	-	-	(15,369,797)
Operation and maintenance	22,257,404	303,101	-	-	(21,954,303)
Food and nutrition services	11,709,198	5,301,519	6,992,823	-	585,144
Facilities	21,223,748	289,984	-	19,797,212	(1,136,552)
Technology	17,515,657	342,971	-	-	(17,172,686)
Interest and fiscal charges	182,468	-	-	-	(182,468)
Total governmental activities	$361,218,027	$ 16,675,763	$ 71,542,753	$ 19,797,212	(253,202,299)
	General revenues:				
	Sales tax				32,849,126
	Basic aid				89,494,230
	Payments from Stafford County				124,601,178
	Investment earnings				217,423
	Gain on capital asset disposals and other sales				22,223
	Miscellaneous				240,768
	Total general revenues				247,424,948
	Change in net position				(5,777,351)
	Net position, beginning - July 1, 2019				85,645,851
	Net position, ending - June 30, 2020				$ 79,868,500

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit C**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

			Special Revenue Funds		
				Nonmajor Governmental Fund	
	Operating Fund	Capital Projects Fund	Food and Nutrition Services Fund	Grants Fund	Total Governmental Funds
ASSETS					
Pooled cash and investments	$ 2,000	$ 12,282,482	$ 7,438,606	$ 237,179	$ 19,960,267
Restricted cash and investments	-	8,410,995	-	-	8,410,995
Accounts receivable	364,107	21,014	23,475	-	408,596
Intergovernmental receivables:					
Federal Government	93,993	-	584,962	3,921,626	4,600,581
Commonwealth of Virginia	4,148,608	-	-	110,490	4,259,098
Due from Primary Government	37,235,236	-	-	-	37,235,236
Due from other funds	3,759,877	-	-	-	3,759,877
Inventory	-	-	748,053	-	748,053
Total assets	$ 45,603,821	$ 20,714,491	$ 8,795,096	$ 4,269,295	$ 79,382,703
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 2,409,724	$ 1,961,365	$ 72,606	$ 162,091	$ 4,605,786
Accrued salaries and benefits	33,882,608	4,095	845,160	-	34,731,863
Contract retainage	-	1,650,297	-	-	1,650,297
Unearned revenues	-	-	298,858	237,179	536,037
Due to other funds	-	-	-	3,759,877	3,759,877
Total liabilities	36,292,332	3,615,757	1,216,624	4,159,147	45,283,860
Fund balance:					
Nonspendable:					
Inventory	-	-	748,053	-	748,053
Total nonspendable	-	-	748,053	-	748,053
Restricted:					
Capital projects	-	17,098,734	-	-	17,098,734
Food and nutrition services	-	-	6,830,419	-	6,830,419
Grants	-	-	-	110,148	110,148
Total restricted	-	17,098,734	6,830,419	110,148	24,039,301
Assigned:					
Operating	9,311,489	-	-	-	9,311,489
Total assigned	9,311,489	-	-	-	9,311,489
Total fund balance	9,311,489	17,098,734	7,578,472	110,148	34,098,843
Total liabilities and fund balance	$ 45,603,821	$ 20,714,491	$ 8,795,096	$ 4,269,295	$ 79,382,703

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit C-1**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020

Fund balance - total governmental funds		$ 34,098,843
Amounts reported for governmental activities in the Statement of Net Position are different due to:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Governmental capital assets	$ 745,648,877	
Less accumulated depreciation and amortization	(279,359,231)	
Net capital assets		466,289,646
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.		82,798,852
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
Assets	33,823,278	
Deferred outflows of resources	450,556	
Liabilities	(11,412,815)	
Deferred inflows of resources	(349,211)	
Net position		22,511,808
Long-term liabilities consist of two capital leases, a note payable and compensated absences that are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Capital leases	(11,288,444)	
Compensated absences	(6,768,711)	
Note payable	(555,000)	
Net OPEB liability	(207,298,228)	
Net pension liability	(249,011,784)	
Total		(474,922,167)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.		(50,908,482)
Net position of governmental activities		$ 79,868,500

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit D**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

			Special Revenue Funds		
				Nonmajor Governmental Fund	
	Operating Fund	Capital Projects Fund	Food and Nutrition Services Fund	Grants Fund	Total Governmental Funds
REVENUES					
Intergovernmental:					
Stafford County	$ 124,601,178	$ 19,797,212	$ -	$ -	$ 144,398,390
Commonwealth of Virginia	173,088,573	-	231,192	468,137	173,787,902
Federal Government	2,383,680	-	6,761,631	10,952,896	20,098,207
Total intergovernmental revenues	300,073,431	19,797,212	6,992,823	11,421,033	338,284,499
Charges for services:					
Tuition and fees	680,915	-	-	-	680,915
Food sales	-	-	5,301,519	-	5,301,519
Recovered costs	2,129,058	91,361	-	-	2,220,419
Miscellaneous	141,554	-	4,851	235,917	382,322
Use of money and property	-	136,329	-	-	136,329
Total revenues	303,024,958	20,024,902	12,299,193	11,656,950	347,006,003
EXPENDITURES					
Current:					
Education:					
Instruction	227,152,010	-	-	11,320,912	238,472,922
Administration, attendance and health	13,508,505	-	-	-	13,508,505
Pupil transportation	15,400,249	-	-	-	15,400,249
Operation and maintenance	22,633,360	-	-	-	22,633,360
Food and nutrition services	209,128	-	11,939,250	-	12,148,378
Facilities	159,458	-	-	-	159,458
Technology	16,705,650	-	155,856	266,822	17,128,328
Capital outlay	4,081,814	19,488,440	132,016	76,975	23,779,245
Debt service:					
Principal	384,456	-	-	-	384,456
Interest and fiscal charges	179,913	-	-	-	179,913
Total expenditures	300,414,543	19,488,440	12,227,122	11,664,709	343,794,814
Excess (deficiency) of revenues over (under) expenditures	2,610,415	536,462	72,071	(7,759)	3,211,189
OTHER FINANCING USES					
Proceeds from capital lease	-	10,650,651	-	-	10,650,651
Total other financing uses	-	10,650,651	-	-	10,650,651
Change in fund balance	2,610,415	11,187,113	72,071	(7,759)	13,861,840
Fund balance, beginning - July 1, 2019	6,701,074	5,911,621	7,506,401	117,907	20,237,003
Fund balance, ending - June 30, 2020	$ 9,311,489	$ 17,098,734	$ 7,578,472	$ 110,148	$ 34,098,843

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit D-1**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Net change in fund balance - total governmental funds		$ 13,861,840
Amounts reported for governmental activities in the Statement of Activities are different due to:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Expenditures for acquisition of capital assets	$ 21,985,201	
Less: Depreciation and amortization expense	(23,128,021)	
Deficiency of capital outlay under depreciation and amortization		(1,142,820)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals and donations) is to decrease net position.		(92,167)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.		
Principal repayments:		
Capital lease	309,456	
Note payable	75,000	
		384,456
Debt proceeds are revenue in the governmental funds, but proceeds increase the long term liabilities in the Statement of Net Assets		
Capital lease proceeds		(10,650,651)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	(861,954)	
OPEB expense	(6,802,760)	
Pension expense	854,297	
		(6,810,417)
Internal service funds are used by management to charge the costs of vehicle maintenance and employee benefits to individual funds. The net expense is reported with governmental funds.		
Total revenues	35,634,867	
Total expenses	(36,962,459)	
		(1,327,592)
Change in net position of governmental activities		$ (5,777,351)

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit E**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	$ 31,960,917
Accounts receivable	8,347
Prepaid expenses	17,674
Inventory	242,247
Capital assets:	
Land	37,357
Land improvements	1,268,429
Construction in progress	244,769
Buildings and building improvements	1,867,382
Furniture, fixtures and equipment	241,267
Software	78,725
Vehicles	102,774
Less: accumulated depreciation and amortization	(2,246,610)
Total capital assets	1,594,093
Total assets	33,823,278
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	254,150
OPEB deferrals	196,406
Total deferred outflows of resources	450,556
LIABILITIES	
Current liabilities:	
Accounts payable	1,318,189
Accrued salaries and benefits	151,978
Current portion of accrued insurance claims	6,411,225
Current portion of capital lease	33,020
Current portion of compensated absences	9,319
Noncurrent portion of accrued insurance claims	115,641
Noncurrent portion of capital lease	33,953
Noncurrent portion of compensated absences	174,422
Net OPEB liability	1,279,548
Net pension liability	1,885,520
Total liabilities	11,412,815
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	118,833
OPEB deferrals	230,378
Total deferred inflows of resources	349,211
NET POSITION	
Net investment in capital assets	1,527,120
Unrestricted	20,984,688
Total net position	$ 22,511,808

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit F**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 35,531,551
Operating expenses:	
Personnel services	2,170,531
Contractual services	32,945,752
Materials and supplies	1,621,802
Utilities	19,524
Telecommunications	50,332
Depreciation and amortization	147,630
Total operating expenses	36,955,571
Operating loss	(1,424,020)
Nonoperating revenues (expenses):	
Interest and investment revenue	81,093
Interest expense	(2,555)
Loss on disposal of capital assets	(4,333)
Vehicle and other sales	22,223
Total nonoperating revenues, net	96,428
Change in net position	(1,327,592)
Net position, beginning - July 1, 2019	23,839,400
Net position, ending - June 30, 2020	$ 22,511,808

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit G**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Receipts from customers	$ 35,799,462
Payments to suppliers	(34,618,027)
Payments to employees	(2,071,377)
Net cash used in operating activities	(889,942)
Cash flows from capital and related financing activities:	
Proceeds from vehicle and supply sales	22,223
Principal paid on capital lease	(32,114)
Interest paid on capital lease	(2,555)
Acquisition and construction of capital assets	(113,517)
Net cash used in capital and related financing activities	(125,963)
Cash flows from investing activities:	
Interest earned on investments	81,093
Net cash provided by investing activities	81,093
Net decrease in cash and cash equivalents	(934,812)
Cash and cash equivalents, beginning - July 1, 2019	32,895,729
Cash and cash equivalents, ending - June 30, 2020	$ 31,960,917
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (1,424,020)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	147,630
Changes in assets and liabilities:	
Decrease in accounts receivable and due from other funds	267,911
Decrease in inventory	18,138
Increase in prepaid expenses	(17,674)
Increase in deferred outflows of resources	(222,399)
Increase in accounts payable and accrued expenses	67,458
Increase in compensated absences	35,581
Increase in net pension liability	61,610
Decrease in deferred inflows of resources	(74,291)
Increase in net OPEB liability	250,114
Total adjustments	534,078
Net cash used in operating activities	$ (889,942)

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit H**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - TRUST AND AGENCY FUNDS
June 30, 2020

	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	$ -	$ -	$ 3,639,626
Restricted investments	24,401,301	33,202	-
Total assets	$ 24,401,301	$ 33,202	$ 3,639,626
LIABILITIES			
Reserved for future expenditures	$ -	$ -	$ 3,639,626
Total liabilities	-	-	$ 3,639,626
NET POSITION			
Restricted for OPEB	24,401,301	-	
Restricted for scholarships	-	3,672	
Restricted for endowment	-	29,530	
Total restricted net position	$ 24,401,301	$ 33,202	

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit I**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - TRUST FUNDS
For the Fiscal Year Ended June 30, 2020

	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Investment earnings:		
Investment interest income	$ -	$ 499
Investment gains, net	724,627	-
Total investment earnings	724,627	499
Less investment expense	26,209	-
Net investment earnings	698,418	499
Total additions	698,418	499
Change in net position	698,418	499
Restricted net position, beginning - July 1, 2019	23,702,883	32,703
Restricted net position, ending - June 30, 2020	$ 24,401,301	$ 33,202

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of SCPS' significant accounting policies:

A. THE FINANCIAL REPORTING ENTITY

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

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

B. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

Major Governmental Funds

- **General Fund (hereafter referred to as the Operating Fund):** The Operating Fund is SCPS' primary fund to account for and report the assets, liabilities, fund balance, revenues and expenditures associated with SCPS' operations, including financial resources not required to be accounted for and reported in another fund.

- **Capital Projects Fund:** This fund accounts for and reports the assets, liabilities, fund balance, revenues and expenditures that are restricted, committed or assigned to SCPS' capital projects, including the acquisition, construction and equipping of new schools and the renovation, improvement and repairing of existing schools.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

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

Non-major Governmental Funds

- **Grants Fund:** The Grants Fund accounts for the assets, liabilities, fund balance, revenues and expenditures associated with grants received and used by SCPS to supplement operations.

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

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

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

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

- ***Fleet Services Fund*** – accounts for the assets, liabilities, net position, deferred outflows and inflows of resources, revenues and expenses associated with the provision of vehicle maintenance services on a cost reimbursement basis to the departments and agencies of the County and SCPS.

- ***Health Benefits Fund*** – accounts for the assets, liabilities, net position, revenues and expenses associated with the provision of health benefits to the enrolled employees and retirees of SCPS under a comprehensive health benefits self-insurance program.

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

- ***Scholarship Trust Fund*** – accounts for the assets, liabilities, net position and changes in net position (additions and deletions) associated with scholarship programs administered by SCPS.

- ***Endowment Trust Fund*** – accounts for the assets, liabilities, net position and changes in net position (additions and deletions) associated with endowment programs administered by SCPS.

- ***School Activity Funds*** – account for the cash, cash receipts and cash disbursements associated with the various activities conducted at the individual school sites in connection with student athletics, classes, clubs, and various fundraising activities and private donations. In addition, each school also has a faculty activity fund. SCPS is liable if any school is unable to meet its obligations with respect to these funds.

- ***Fiduciary Services Fund*** – accounts for the cash, cash receipts and cash disbursements associated with certain activities conducted on a division-wide level, in connection with private donations and sales tax collections. SCPS is liable for any obligation this fund is unable to meet.

- ***Employee Flexible Spending Fund*** – accounts for the cash, cash receipts and cash disbursements associated with the employee flexible spending program, which includes medical expense reimbursements and dependent care reimbursements.

- ***Stafford Education Foundation Fund*** – accounts for the cash, cash receipts and cash disbursements associated with the Stafford Education Foundation (Foundation). SCPS, as the fiduciary agent, provides accounting support for the Foundation.

C. BASIS OF FINANCIAL STATEMENT PRESENTATION

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

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

portion of property tax revenues received from the County and other unrestricted amounts received from the Commonwealth of Virginia and the federal government. SCPS does not allocate indirect expenses.

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

FUND FINANCIAL STATEMENTS

In order to provide budgetary controls and maintain legal compliance, SCPS records transactions in separate funds rendering a more detailed level. SCPS' Operating Fund, Capital Projects Fund, and Food and Nutrition Services Fund are all deemed to be major governmental funds; therefore, they are separately reported in the governmental fund statements. The Grants Fund is identified as a nonmajor governmental fund. The internal service funds are presented in the proprietary fund statements; SCPS has three internal service funds. There are seven fiduciary funds, made up of three trust funds and four agency funds. The trust funds include (1) the OPEB (Other Postemployment Benefits) Trust Fund, an irrevocable trust, and involves the measurement of OPEB plan operations; (2) the Scholarship Trust Fund, a fund involved in the collection of donations for the distribution of scholarships to students; and (3) the Endowment Trust Fund, a fund involved in the collection of donations used for investment purposes and whose earnings are then distributed as scholarships. The agency funds include (1) School Activity Funds (one at each of the 30 schools); (2) Fiduciary Services Fund, (3) Employee Flexible Spending Fund and (4) Stafford Education Foundation Fund. Agency funds do not involve the measurement of operations.

D. MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

Governmental Funds

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS (Continued)

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

Fiduciary Funds
The agency fiduciary fund has no measurement focus and reports only assets and related liabilities to SCPS student groups and employees. The trust fiduciary funds are accounted for on the economic resources measurement focus.

E. BASIS OF ACCOUNTING

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF ACCOUNTING (Continued)

EXPENDITURES/EXPENSES

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

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

F. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. In order to maximize investment returns, cash and cash equivalents are maintained in a fully insured or collateralized investment pool administered by the Treasurer's Office of the County. At June 30, 2020, all of the County's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedure for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

RESTRICTED CASH

The Capital Projects Fund restricted cash and investments represent proceeds from school bonds held by the Commonwealth of Virginia State Non-Arbitrage Program (SNAP), as well as capital lease proceeds held in escrow by Bank of America.

G. DEPOSITS AND INVESTMENTS

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. INVENTORIES

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

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

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

I. CAPITAL ASSETS

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES

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

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

K. PENSIONS

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

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

RETIREE HEALTH INSURANCE

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

HEALTH INSURANCE CREDIT PROGRAM

The Health Insurance Credit (HIC) Program for non-professional employees is a multiple-employer, agent defined benefit plan; whereas for professional employees it is a multi-employer, cost sharing plan. The HIC Program provides a credit toward the cost of health insurance coverage for retired employees of participating employers. The HIC Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC Program OPEB, and the HIC Program OPEB expense, information about the fiduciary net position of the VRS HIC Program; and the additions to/deductions from the VRS HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

GROUP LIFE INSURANCE

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

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. NET POSITION

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

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

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

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

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

P. ENCUMBRANCES

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

Q. USE OF ESTIMATES

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. STEWARDSHIP, COMPLIANCE, AND ACCOUNTING

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

1. SCPS' Superintendent prepares an annual budget that is presented to the School Board. The School Board then reviews and requests changes be made or approves the Superintendent's Budget and presents it to the Board of Supervisors of the County.

2. Prior to April 1, the County Administrator submits a proposed budget (operating and capital) to the Board of Supervisors of the County for the fiscal year commencing the following July 1. The budget includes proposed obligations and the means of financing them. The budget embodies estimates of specific amounts of revenue.

3. Public hearings are conducted by the Board of Supervisors of the County to obtain taxpayer and citizen comments.

4. Prior to June 30, the County's budget, which includes SCPS as a component unit, is legally enacted through passage of a resolution by the Board of Supervisors of the County. The School Board then adopts the budget approved by the County and the following individual fund budgets are legally adopted:

Stafford County Public Schools' Budgets

Governmental Funds:

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

Proprietary Funds – Internal Service Funds:

Fleet Services Fund
Health Benefits Fund
Workers' Compensation Fund

Budgets are adopted on a basis consistent with GAAP. The budget for the proprietary funds serves as a guide and not as legally binding limitations. Although legal restrictions on expenditures are established at the departmental level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets. For the year ended June 30, 2020, there were no expenditures in excess of budgetary appropriations.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, comparing actual revenue and expenditures with budgeted amounts as originally adopted, and as amended by the Board of Supervisors through June 30, 2020. Individual amendments were not material in relation to the original appropriations.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. FUND BALANCES

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaid expenses) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, and
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the operating fund.

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

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the School Board through the adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

Note 2. DEPOSITS AND INVESTMENTS

DEPOSITS

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

INVESTMENTS

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, SNAP, and the State Treasurer's Local Government Investment Pool (LGIP).

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

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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

The School Board has the following recurring reported value measurements as of June 30, 2020:

Investment Type	Valuation Method		Reported Value
LGIP	Amortized Cost	$	5,088,816
SNAP	Amortized Cost		6,120,989
Money Market Mutual Fund	Amortized Cost		2,290,006
Total		$	13,499,811

CUSTODIAL CREDIT RISK

The School Board's investment securities at June 30, 2020, were held by the School Board or in the School Board's name by the County's custodial banks.

CREDIT RISK OF DEBT SECURITIES

Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the County's debt investments as of June 30, 2020, and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

Investment Type		AAAm
LGIP		5,088,816
SNAP		6,120,989
Money Market Mutual Fund		2,290,006
Total	$	13,499,811

As of June 30, 2020, all investments were in compliance with the State Statutes administering investments of Public Funds. All investments are rated by Standard & Poor's and/or Moody's. Ratings must comply with the investment policy prior to any purchase.

EXTERNAL INVESTMENT POOLS

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

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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

Investment Type	Fair Value	Less than 1 Year
LGIP	$ 5,088,816	$ 5,088,816
SNAP	6,120,989	6,120,989
Money Market Mutual Funds	2,290,006	2,290,006
Total	$ 13,499,811	$ 13,499,811

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

OPEB TRUST FUNDS

As of June 30, 2020, the carrying value of the OPEB Trust Fund's deposits and investments held by the Virginia Pooled OPEB Trust and their respective credit rating was as follows:

	Reported Value	Credit Rating
Investment in pooled funds	$ 24,401,301	Not Rated

The Stafford County Public Schools' OPEB trust fund participates in the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials participating in the Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The reported value of the pool is measured at amortized cost and can be redeemed on demand for use against qualified OPEB benefit costs. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5.0 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the purpose of the Fund, market and economic conditions, and generally prevailing prudent investment practices. In addition, they will oversee adherence to the investment policy.

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

Note 3. DUE FROM STAFFORD COUNTY (PRIMARY GOVERNMENT)

The receivable due from Stafford County at June 30, 2020, represents SCPS' ending cash balance, excluding the balance reported as "Pooled cash and investments", which was reclassified and reported at year-end as "Due from Primary Government" in the Operating Fund.

Note 4. DUE FROM COMMONWEALTH OF VIRGINIA AND FEDERAL GOVERNMENT

Significant amounts of intergovernmental receivables due from other governments at June 30, 2020 were as follows:

Intergovernmental Receivables:	Governmental Funds – Operating Fund	Governmental Funds – Grants Fund	Governmental Funds – Food and Nutrition Services Fund	Governmental Funds Total
Commonwealth of Virginia	$ 4,148,608	$ 110,490	$ -	$ 4,259,098
Federal Government	93,993	3,921,626	584,962	4,600,581
Total	$ 4,242,601	$ 4,032,116	$ 584,962	$ 8,859,679

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

Amounts due from the federal government in the Operating Fund are attributed to the U.S. Department of Defense and Medicaid reimbursements. Amounts due from the federal government in the Food and Nutrition Services Fund are attributed solely to the Summer Food Service Program. The Grants Fund federal receivable primarily consists of Title 1 and Title II Part A programs that enhance the instruction for disadvantaged children, the Head Start program, and the CARES Act.

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

Note 5. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term liability activity of SCPS for the year ended June 30, 2020:

	Amounts Payable at July 1, 2019	Increases	Decreases	Amounts Payable at June 30, 2020	Amounts Due within One Year
Capital Leases	$ 1,046,336	$ 10,650,651	$ 341,570	$ 11,355,417	$ 914,895
Note Payable	630,000	-	75,000	555,000	75,000
Compensated Absences	6,054,917	1,490,995	593,460	6,952,452	585,060
Net OPEB Liability	177,014,744	63,860,184	32,297,152	208,577,776	-
Net Pension Liability	221,604,878	87,123,870	57,831,444	250,897,304	-
Total	$ 406,350,875	$ 163,125,700	$ 91,138,626	$ 478,337,949	$ 1,574,955

Note 5. CHANGES IN LONG-TERM DEBT (Continued)

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

Fiscal year ending June 30:	Amount
2021	$ 75,000
2022	80,000
2023	80,000
2024	80,000
2025	80,000
2026-2027	160,000
Total future payments	$ 555,000

Note 6. CAPITAL LEASE OBLIGATIONS

In October 2019, SCPS executed an Energy Performance Contract, including improvements to building envelopes, lighting, and irrigation systems, that will result in energy conservation and operational efficiencies. The cost of implementing these improvements will be paid for from realized energy savings. The project was financed using a Master Equipment Lease/Purchase Agreement and qualifies as a capital lease for accounting purposes. The total amount financed was $10,650,651. The entire amount was outstanding as of June 30, 2020.

For the year ended June 30, 2020, interest expense from the Energy Performance capital lease obligation totaled $159,369.

In May 2015, SCPS executed a contract for the purchase of an enterprise resource planning (ERP) system. The financing for this project was funded by a Master Equipment Lease/Purchase Agreement and qualifies as a capital lease for accounting purposes. The total amount financed was $2,125,000, of which $637,793 was outstanding as of June 30, 2020.

For the year ended June 30, 2020, interest expense from the ERP capital lease obligation totaled $16,456.

The maturities of future minimum lease payments and the net present value of capitalized lease obligations as of June 30, 2020, are as follows:

Fiscal year ending June 30:	Amount
2021	$ 1,156,955
2022	1,156,955
2023	830,006
2024	830,006
2025	830,006
2026-2030	4,150,030
2031-2035	4,150,030
Total future minimum lease payments	13,103,988
Less: interest included in total future minimum lease payments	(1,815,544)
Net present value of capitalized lease obligations	$ 11,288,444

Note 6. CAPITAL LEASE OBLIGATIONS (Continued)

In August 2012, the School Board entered into a lease agreement with the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia to finance the purchase of three Steril Koni Eco 60-13 Heavy Duty In-ground Axle Engaging Lifts installed at Fleet Services.

The financing for this project was structured as a Tax-exempt Lease/Purchase Agreement and qualifies as a capital lease for accounting purposes. The total amount financed was $300,500, including capitalized interest of $500, of which $66,973 is outstanding as of June 30, 2020.

For the year ended June 30, 2020, interest expense from the capital lease obligation totaled $2,555.

The maturities of future minimum lease payments and the net present value of the capitalized lease obligation as of June 30, 2020 are as follows:

Fiscal year ending June 30:	Amount
2021	$ 34,668
2022	34,669
Total future minimum lease payments	69,337
Less: interest included in total future minimum lease payments	(2,364)
Net present value of capitalized lease obligations	$ 66,973

Assets acquired under capital leases at June 30, 2020, are summarized below:

	Amount
Construction in progress	$ 8,835,673
Software	1,413,062
Buildings & building improvements	329,793
Total assets, at cost	10,578,528
Accumulated depreciation	(359,183)
Total assets, net	$ 10,219,347

Note 7. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Re-classifications	Balance June 30, 2020
Capital assets not being depreciated or amortized:					
Land	$ 34,000,628	$ 1,190	$ -	$ 4,007,397	$ 38,009,215
Construction in progress	42,948,101	13,992,645	(67,424)	(41,634,447)	15,238,875
Total capital assets not being depreciated or amortized	76,948,729	13,993,835	(67,424)	(37,627,050)	53,248,090
Capital assets being depreciated or amortized					
Land improvements	65,108,854	878,553	-	2,896,746	68,884,153
Buildings & building improvements	539,103,274	4,023,352	-	34,164,714	577,291,340
Furniture, fixtures & equipment	14,463,918	797,402	(142,709)	476,864	15,595,475
Vehicles	25,364,618	2,345,820	(1,203,963)	-	26,506,475
Software	2,299,106	-	-	-	2,299,106
Technology infrastructure	4,196,620	59,754	-	88,726	4,345,100
Water treatment system	1,319,841	-	-	-	1,319,841
Total capital assets being depreciated or amortized	651,856,231	8,104,881	(1,346,672)	37,627,050	696,241,490
Less accumulated depreciation or amortization for:					
Land improvements	(30,488,720)	(3,394,161)	-	-	(33,882,881)
Buildings & building improvements	(205,321,767)	(16,674,691)	-	-	(221,996,458)
Furniture, fixtures & equipment	(7,933,477)	(1,165,035)	138,377	-	(8,960,135)
Vehicles	(13,306,153)	(1,649,149)	1,179,219	-	(13,776,083)
Software	(1,001,047)	(106,139)	-	-	(1,107,186)
Technology infrastructure	(1,094,554)	(213,724)	-	-	(1,308,278)
Water treatment system	(502,068)	(72,752)	-	-	(574,820)
Total accumulated depreciation or amortization	(259,647,786)	(23,275,651)	1,317,596	-	(281,605,841)
Total capital assets being depreciated or amortized, net	392,208,445	(15,170,770)	(29,076)	37,627,050	414,635,649
Total capital assets, net	$ 469,157,174	$ (1,176,935)	$ (96,500)	$ -	$ 467,883,739

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

	Amount
Instruction	$ 540,565
Administration, attendance and health	170,119
Pupil transportation	1,815,100
Operation and maintenance	382,237
Food and nutrition services	176,531
Facilities	19,310,000
Technology	881,099
Total depreciation and amortization expense	$ 23,275,651

Note 8. CONSTRUCTION COMMITMENTS

At June 30, 2020, SCPS had contractual commitments for significant construction projects of $10.8 million in the Capital Projects Fund.

Note 9. RELATED PARTIES

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

Note 10. DEBT SERVICE

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

Note 11. RISK MANAGEMENT

SCPS is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which SCPS carries commercial insurance through VACoRP. Settled claims from these risks have not exceeded commercial coverage for the past three years.

SCPS is a member of the Virginia Municipal League Programs (VML or Association) for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing. Each Association member jointly and severally agrees to assume, pay and discharge any liability. SCPS pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The total estimated workers' compensation insurance claims payable as of June 30, 2020 was $560,966, of which $445,325 was estimated to be current claims payable. The change in the workers' compensation claims liability balance during the past two years is as follows:

Fiscal Year Ended:	June 30, 2020	June 30, 2019
Unpaid claims, beginning of fiscal year	$ 608,693	$ 661,500
Incurred claims (including IBNR)	634,075	576,842
Claims payments	(681,802)	(629,649)
Unpaid claims, end of fiscal year	$ 560,966	$ 608,693

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

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

Note 11. RISK MANAGEMENT (Continued)

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

Fiscal Year Ended:	June 30, 2020	June 30, 2019
Unpaid claims, beginning of fiscal year	$ 5,544,900	$ 5,237,900
Incurred claims (including IBNR)	30,712,879	27,797,700
Claims payments	(30,291,879)	(27,490,700)
Unpaid claims, end of fiscal year	$ 5,965,900	$ 5,544,900

Note 12. LITIGATION AND CONTINGENT LIABILITIES

SCPS is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. It is the opinion of SCPS' management, based on advice from legal counsel, that any losses incurred as a result of claims existing as of June 30, 2020 will not be material to the financial statements.

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

Note 13. PENSION PLAN

A. PLAN DESCRIPTION

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

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

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

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. ▪ The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. ▪ The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		About the Hybrid Retirement Plan (Continued) ▪ In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: ▪ School division employees ▪ Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
Hybrid Opt-In Election 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.	*Hybrid Opt-In Election* Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	***Non-Eligible Members** 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
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	
Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

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

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. *Defined Contribution Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. ▪ After two years, a member is 50% vested and may withdraw 50% of employer contributions. ▪ After three years, a member is 75% vested and may withdraw 75% of employer contributions.

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

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

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

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

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility:* For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. *Exceptions to COLA Effective Dates:* 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.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility:* Same as Plan 1 and Plan 2.

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued) *Exceptions to COLA Effective Dates:* ▪ The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. ▪ 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.	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)** *Exceptions to COLA Effective Dates:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)** *Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased, or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.	**Disability Coverage** Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides 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.

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exceptions: ▪ Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

School Board Non-Professional

Employees Covered by Benefit Terms

As of the June 30, 2018, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	189
Inactive members:	
Vested inactive members	32
Non-vested inactive members	113
Inactive members active elsewhere in VRS	53
Total inactive members	198
Active members	316
Total covered employees	703

Note 13. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Contributions

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

School Board Non-Professional

The School Board's non-professional contractually required employer contribution rate for the year ended June 30, 2020, was 5.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were $452,601 and $429,340 for the years ended June 30, 2020 and 2019, respectively.

School Board Professional

The School Board's professional 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. Contributions to the pension plan from the School Board for the professional plan were $25,676,323 and $24,354,767 for the years ended June 30, 2020 and 2019, respectively.

B. NET PENSION LIABILITY

School Board Non-Professional

For the School Board's non-professional plan, the net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. The School Board's non-professional plan net pension liability was measured as of June 30, 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.

School Board Professional

At June 30, 2020, the School Board reported a liability for the professional plan of $250,279,791 for its proportionate share of the Net Pension Liability. 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 as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportion was 1.90174% as compared to 1.88423% at June 30, 2018.

Note 13. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

Actuarial Assumptions – School Board Non-Professional Plan

The total pension liability for non-professionals in the School Board's retirement plan was based on an actuarial valuation as of June 30, 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 %
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 of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 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):	Update to a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Lowered rates
– Salary Scale:	No change
– Line of Duty Disability:	Increase rate from 14% to 15%
– Discount Rate:	Decrease rate from 7% to 6.75%

Note 13. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

Actuarial Assumptions – School Board Professional Plan

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 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%
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 of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates:

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

The actuarial assumptions used in the June 30, 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):	Update to a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Adjusted rates to better match experience
– Salary Scale:	No change
– Discount Rate:	Decrease rate from 7% to 6.75%

Note 13. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	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 Stategies	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.

Discount Rate – School Board Non-Professional Plan

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 13. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

Discount Rate – School Board Professional Plan

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

Net Pension Liability – School Board Professional Plan

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GAAP, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Amount
Total Pension Liability	$ 49,683,336,000
Plan Fiduciary Net Position	36,522,769,000
Employers' Net Pension Liability	$ 13,160,567,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

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

Note 13. PENSION PLAN (Continued)

C. CHANGES IN THE NET PENSION LIABILITY

School Board Non-Professional

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2018	$ 29,071,137	$ 29,051,259	$ 19,878
Changes for the Year:			
Service cost	794,341	-	794,341
Interest	1,976,360	-	1,976,360
Changes of assumptions	861,271	-	861,271
Difference between expected and actual experience	(295,951)	-	(295,951)
Contributions – employer	-	421,836	(421,836)
Contributions – employee	-	422,790	(422,790)
Net investment income	-	1,914,248	(1,914,248)
Benefit payments, including refunds of employee contributions	(1,674,858)	(1,674,858)	-
Administrative expense	-	(19,286)	19,286
Other changes	-	(1,202)	1,202
Net changes	1,661,163	1,063,528	597,635
Balances at June 30, 2019	$ 30,732,300	$ 30,114,787	$ 617,513

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional net pension liability (asset)	$4.351,625	$617,513	($2,368,708)
School Board's professional net pension liability	$376,779,815	$250,279,791	$145,687,701

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan and the VRS Teacher Retirement Plan is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at **http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf**, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500

Note 13. PENSION PLAN (Continued)

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

School Board Non-Professional

For the year ended June 30, 2020, the School Board recognized pension expense of $55,263 related to its non-professional plan. At June 30, 2020, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 507,145
Changes of assumptions	587,852	13,040
Net difference between projected and actual earnings on plan investments	-	254,687
Employer contributions subsequent to the measurement date	452,601	-
Total	$ 1,040,453	$ 774,872

The $452,601 reported as deferred outflows of resources related to pensions resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2021.

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

Fiscal year ending June 30:	Amount
2021	$ (98,309)
2022	(129,286)
2023	22,662
2024	17,913
	$ (187,020)

School Board Professional

For the year ended June 30, 2020, the School Board recognized pension expense related to the professional plan of $25,177,450. 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.

Note 13. PENSION PLAN (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 16,026,473
Changes of assumptions	24,783,567	-
Net difference between projected and actual earnings on plan investments	-	5,495,550
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,119,680	3,753,339
Employer contributions subsequent to the measurement date	25,676,323	-
Total	$ 54,579,570	$ 25,275,362

The $25,676,323 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2021.

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

Fiscal year ending June 30:	Amount
2021	$ (444,417)
2022	(4,439,214)
2023	2,205,784
2024	4,127,106
2025	2,178,626
	$ 3,627,885

Note 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN

A. PLAN DESCRIPTION

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

Provided Benefits

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

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

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

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

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

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

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

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

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

A. PLAN DESCRIPTION (Continued)

Membership

At July 1, 2018 membership consisted of:

Retirees and beneficiaries currently receiving benefits	555
Active employees	4,133
Total	4,688

Contributions

The School Board establishes employer contribution rates for plan participants as part of the annual budget process. The School Board also determines whether to partially or fully fund the plan during the annual budget process. Funding for these benefits is currently made on a pay-as-you-go basis. Contributions from the School Board to program were $3,147,826 and $1,845,771 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

B. NET OPEB LIABILITY

The School Board's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018, and rolled forward to the measurement date of June 30, 2019.

Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate 3.25%
- Inflation 2.3%
- Medical Trend Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions

Mortality rates were based on the RP-2000 Combined Mortality Table Scale AA to 2020, with pre-retirement males set back 3 years and females set back 5 years, and post-retirement males set back 2 years and females set back 3 years. Other assumptions were those used by VRS to value the School Board - Professional Pension Plan (see Note 13).

Discount Rate

The discount rate on the measurement date of June 30, 2019, was 3.25%. The estimated future benefit payment stream was discounted based on an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 7.00% for years when the projected benefit payouts are expected to be funded. A long-term expected rate of return on assets of 7.00% and a long-term expected rate of return on internal fund rate of 3.62% as of June 30, 2018, was used in the calculations.

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

C. INVESTMENT POLICY

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

VACo/VML Pooled OPEB Trust Portfolio I	Target Allocation	Expected LT Return (Nomial)	Expected LT Inflation	Expected LT Return (Real)
Total Equity	**65%**	**10.56%**	**2.75%**	**7.81%**
Large Cap Equity (Domestic)	26%	9.87%	2.75%	7.12%
Small Cap Equity (Domestic)	10%	11.18%	2.75%	8.43%
International Equity (Developed)	13%	10.90%	2.75%	8.15%
Emerging Markets	5%	12.24%	2.75%	9.49%
Private Equity	5%	13.19%	2.75%	10.44%
Long/Short Equity	6%	8.21%	2.75%	5.46%
Fixed Income	**25%**	**5.61%**	**2.75%**	**2.86%**
Core Bonds	7%	5.36%	2.75%	2.61%
Core Plus	14%	5.62%	2.75%	2.87%
Liquid Absolute Return	4%	6.00%	2.75%	3.25%
Real Assets	**10%**	**9.47%**	**2.75%**	**6.72%**
Real Estate	10%	9.47%	2.75%	6.72%

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

Rate of Return
For the year ended June 30, 2020 the annual money-weighted rate of return on investments, net of investment expense, was 3.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

D. CHANGES IN THE NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	$ 162,578,867	$ 22,685,048	$ 139,893,819
Changes for the Year:			
Service cost	9,102,769	-	9,102,769
Interest	6,050,643	-	6,050,643
Difference between expected and actual experience	494,952	-	494,952
Change in assumptions	17,612,914	-	17,612,914
Contributions – employer	-	2,951,708	(2,951,708)
Net investment income	-	1,017,835	(1,017,835)
Benefit payments	(2,951,708)	(2,951,708)	-
Net changes	30,309,570	1,017,835	29,291,735
Balances at June 30, 2019	$ 192,888,437	$ 23,702,883	$ 169,185,554
Funded status			12.29%

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

The following presents the Total and Net OPEB liabilities, using the discount rate of 3.25%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (2.25%) or one percentage point higher (4.25%) than the current rate:

	1% Decrease (2.25%)	Discount Rate (3.25%)	1% Increase (4.25%)
Total OPEB Liability	$235,614,163	$192,888,437	$159,718,644
Net OPEB Liability	$211,911,280	$169,185,554	$136,015,761

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

The following presents the Total and Net OPEB liabilities, using the ultimate health care cost trend rate of 3.94%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a ultimate health care cost trend rate that is one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current rate:

	1% Decrease (2.94%)	Medical Trend (3.94%)	1% Increase (4.94%)
Total OPEB Liability	$153,646,973	$192,888,437	$246,069,622
Net OPEB Liability	$129,944,090	$169,185,554	$222,366,739

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

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

For the year ended June 30, 2020, the School Board recognized OPEB expense of $11,729,038. The School Board also reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 439,957	$ 6,447,439
Changes of assumptions	15,655,924	16,306,259
Net difference between projected and actual earnings on plan investments	456,094	733,586
Employer contributions subsequent to the measurement date	3,147,826	-
Total	$ 19,699,801	$ 23,487,284

The $3,147,826 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The OPEB plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

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

Fiscal year ending June 30:	Amount
2021	$ (1,836,421)
2022	(1,836,423)
2023	(1,622,473)
2024	(1,520,579)
2025	(1,634,601)
Thereafter	1,515,188
	$ (6,935,309)

F. ADDITIONAL OPEB MEDICAL PLAN DATA

The following additional disclosures are presented in conformity with the requirements of GAAP, using a Plan measurement date of June 30, 2020. For purposes of these disclosures, the School Board's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018, and rolled forward to the measurement date of June 30, 2020.

Membership

At January 1, 2020 membership consisted of:

Retirees and beneficiaries currently receiving benefits	633
Active employees	3,895
Total	4,528

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

F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)

Net OPEB Liability

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

	Amount
Total OPEB Liability	$ 217,987,409
Plan Fiduciary Net Position	(24,401,301)
Net OPEB Liability	$ 193,586,108
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.19%

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2019	$ 192,888,437	$ 23,702,883	$ 169,185,554
Changes for the Year:			
Service cost	10,991,667	-	10,991,667
Interest	6,224,135	-	6,224,135
Difference between expected and actual experience	(25,542,345)	-	(25,542,345)
Change in assumptions	36,573,341	-	36,573,341
Contributions – employer	-	3,147,826	(3,147,826)
Net investment income	-	698,418	(698,418)
Benefit payments	(3,147,826)	(3,147,826)	-
Net changes	25,098,972	698,418	24,400,554
Balances at June 30, 2020	$ 217,987,409	$ 24,401,301	$ 193,586,108
Funded status			11.19%

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

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

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

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

F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)

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

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

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

Note 15. HEALTH INSURANCE CREDIT (HIC) OPEB PLAN

A. PLAN DESCRIPTION

All full-time, salaried permanent employees are automatically covered by the VRS HIC Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the HIC Program OPEB, including eligibility, coverage and benefits is set out below.

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

Benefit Amount

School Board Non-Professional

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

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

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

A. PLAN DESCRIPTION (Continued)

School Board Professional

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

- At Retirement – For teachers and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement - For teachers and other professional school employees who retire on disability or go on long-term disability under VLDP, the monthly benefit is either $4.00 per month multiplied by twice the amount of service credit, or $4.00 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes:
For both the School Board Non-Professional and Professional Plans, the monthly HIC benefit cannot exceed the individual premium amount. For the School Board Non-Professional Plan, employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

School Board Non-Professional

As of the June 30, 2018, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	50
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	50
Active members	316
Total covered employees	366

Contributions

School Board Non-Professional

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided by the Virginia General Assembly. The School Board's Non-Professional Plan contractually required employer contribution rate for the year ended June 30, 2020, was 0.22% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board's Non-Professional Plan to the HIC Program were $21,576 and $19,607 for the years ended June 30, 2020, and June 30, 2019, respectively.

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

School Board Professional

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided by the Virginia General Assembly. The School Board's Professional Plan contractually required employer contribution rate for the year ended June 30, 2020, was 1.20% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board's Professional Plan to the HIC Program were $2,064,460 and $1,928,014 for the years ended June 30, 2020, and June 30, 2019, respectively.

B. NET HIC OPEB LIABILITY

The School Board's non-professional plan net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

At June 30, 2020, the School Board reported a liability for the professional plan of $25,134,000 for its proportionate share of the Net HIC Program OPEB Liability. The Net HIC Program OPEB Liability was measured as of June 30, 2019, and the total HIC Program OPEB liability used to calculate the Net HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The School Board's proportion of the Net HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the HIC Program OPEB plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportion was 1.91992% as compared to 1.89482% at June 30, 2018.

Actuarial Assumptions – School Board Non-Professional Plan

The total HIC OPEB liability for non-professionals was based on an actuarial valuation as of June 30, 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 %
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

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

Mortality Rates:

– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates 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 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 July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

– Mortality Rates (Pre-retirement, post-retirement healthy, and disabled):	Updated to a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each age and service year
– Disability Rates:	Lowered disability rates
– Salary Scale:	No change
– Line of Duty Disability:	Increased rate from 14% to 15%
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

Actuarial Assumptions – School Board Professional Plan

The total HIC OPEB liability for professionals 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%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

Actuarial Assumptions – School Board Professional Plan (Continued)

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

The actuarial assumptions used in the June 30, 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 changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Adjusted disability rates to better match experience
– Salary Scale:	No change
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	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 Stategies	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.

Discount Rate

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

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

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

Net HIC OPEB Liability - School Board Professional Plan

The net OPEB liability (NOL) for the HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the HIC Program is as follows:

	Amount
Total HIC OPEB Liability	$ 1,438,114,000
Plan Fiduciary Net Position	129,016,000
Employers' Net HIC OPEB Liability	$ 1,309,098,000
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	8.97%

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

C. CHANGES IN THE NET HIC OPEB LIABILITY

School Board Non-Professional

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability
Balances at June 30, 2018	$ 385,512	$ 268,587	$ 116,925
Changes for the year:			
Service cost	10,467	-	10,467
Interest	26,120	-	26,120
Changes in assumptions	10,145	-	10,145
Difference between expected and actual experience	6,939	-	6,939
Contributions – employer	-	19,683	(19,683)
Net investment income	-	17,081	(17,081)
Benefit payments	(24,731)	(24,731)	-
Administrative expense	-	(370)	370
Other changes	-	(20)	20
Net changes	28,940	11,643	17,297
Balances at June 30, 2019	$ 414,452	$ 280,230	$ 134,222

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional HIC OPEB liability	$179,088	$134,222	$95,894
School Board's professional HIC OPEB liability	$28,128,794	$25,134,000	$22,589,223

HIC OPEB Plan Data

Detailed information about the HIC programs' Fiduciary Net Position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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

School Board Non-Professional

For the year ended June 30, 2020, the School Board recognized HIC OPEB expense related to its non-professional plan of $15,307. At June 30, 2020, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,769	$ 10,586
Changes of assumptions	8,434	4,427
Net difference between projected and actual earnings on plan investments	-	3,162
Employer contributions subsequent to the measurement date	21,576	-
Total	$ 35,779	$ 18,175

The $21,576 reported as deferred outflows of resources related to the HIC OPEB plan resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB liability in the year ending June 30, 2021.

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

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

School Board Non-Professional (Continued)

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

Fiscal year ending June 30:	Amount
2021	$ (3,059)
2022	(3,061)
2023	(960)
2024	479
2025	2,629
	$ (3,972)

School Board Professional

For the year ended June 30, 2020, the School Board recognized HIC OPEB expense related to the professional plan of $2,127,158. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 142,360
Changes of assumptions	584,976	174,644
Changes in proportionate share	586,866	279,695
Net difference between projected and actual earnings on plan investments	1,587	-
Employer contributions subsequent to the measurement date	2,064,460	-
Total	$ 3,237,889	$ 596,699

The $2,064,460 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the HIC OPEB liability in the year ending June 30, 2021.

Note 15. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

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

School Board Professional (Continued)

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

Fiscal year ending June 30:	Amount
2021	$ 82,445
2022	82,419
2023	93,433
2024	89,747
2025	75,753
Thereafter	152,933
	$ 576,730

Note 16. GROUP LIFE INSURANCE PLAN

A. PLAN DESCRIPTION

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

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

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

Eligible Employees

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

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

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

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Benefit Amounts

The benefits payable under the GLI Program have several components.

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

Reduction in Benefit Amounts

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

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

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

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% 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. The School Board has elected to pay both the employee and employer components. Each employer's contractually required employer contribution rate for the year ended June 30, 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

School Board Non-Professional

Contributions to the GLI Program from the School Board for the non-professional plan were $128,537 and $108,430 for the years ended June 30, 2020, and June 30, 2019, respectively.

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

School Board Professional

Contributions to the GLI Program from the School Board for the professional plan were $2,257,808 and $2,110,410 for the years ended June 30, 2020 and June 30, 2019, respectively.

B. NET GROUP LIFE INSURANCE OPEB LIABILITY

At June 30, 2020, the School Board reported a liability for the non-professional plan of $744,000 and for the professional plan of $13,380,000 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 performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The School Board's proportion of the Net GLI OPEB Liability was based on the School Board's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportion for the non-professional plan was 0.04575% as compared to 0.04588% at June 30, 2018. At June 30, 2019, the School Board's proportion for the professional plan was 0.82223% as compared to 0.80662% at June 30, 2018.

Actuarial Assumptions – School Board Non-Professional

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

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

Mortality Rates:

– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)

Actuarial Assumptions – School Board Non-Professional (Continued)

The actuarial assumptions used in the June 30, 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 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 from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each age and service year
– Disability Rates:	Lowered disability rates
– Salary Scale:	No change
– Line of Duty Disability:	Increased rate from 14% to 15%
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

Actuarial Assumptions – School Board Professional

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 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 %
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Mortality Rates:

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

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)

Actuarial Assumptions – School Board Professional (Continued)

The actuarial assumptions used in the June 30, 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 changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Adjusted disability rates to better match experience
– Salary Scale:	No change
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

The long-term expected rate of return on GLI 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 GLI System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	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 Stategies	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.

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Program are as follows:

	Amount
Total GLI OPEB Liability	$ 3,390,238,000
Plan Fiduciary Net Position	1,762,972,000
Employers' Net GLI OPEB Liability	$ 1,627,266,000
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

C. CHANGES IN THE NET GROUP LIFE INSURANCE OPEB LIABILITY

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of the non-professional net GLI OPEB liability	$978,000	$744,000	$555,000
School Board's proportionate share of the professional net GLI OPEB liability	$17,577,000	$13,380,000	$9,976,000

GLI OPEB Plan Data

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at http://www.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.

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

School Board Non-Professional

For the year ended June 30, 2020, the School Board recognized GLI OPEB expense related to its non-professional plan of $16,912. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

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

School Board Non-Professional (Continued)

At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to its non-professional GLI OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 49,512	$ 9,657
Changes of assumptions	47,002	22,449
Changes in proportion	-	1,734
Net difference between projected and actual earnings on plan investments	-	15,292
Employer contributions subsequent to the measurement date	128,537	-
Total	$ 225,051	$ 49,132

The $128,537 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2021	$ 2,342
2022	2,343
2023	8,819
2024	14,730
2025	14,993
Thereafter	4,155
	$ 47,382

School Board Professional

For the year ended June 30, 2020, the School Board recognized GLI OPEB expense related to its professional plan of $368,274. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 16. GROUP LIFE INSURANCE PLAN (Continued)

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

School Board Professional (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 892,143	$ 173,528
Changes of assumptions	844,727	403,462
Changes in proportion	436,187	204,346
Net difference between projected and actual earnings on plan investments	-	274,833
Employer contributions subsequent to the measurement date	2,257,808	-
Total	$ 4,430,865	$ 1,056,169

The $2,257,808 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2021	$ 106,418
2022	106,429
2023	222,830
2024	292,730
2025	296,644
Thereafter	89,514
	$ 1,114,565

Note 17. DEFICIT IN NET POSITION

The Fleet Services Fund had a deficit net position balance of $122,344 as of June 30, 2020.

Note 18. PENDING ACCOUNTING STANDARDS OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD

As of June 30, 2020, the GASB had issued statements not yet implemented by SCPS. The statements which might impact SCPS are as follows:

GASB Statement No. 84, "Fiduciary Activities," will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2019.

Note 18. PENDING ACCOUNTING STANDARDS OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (Continued)

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

GASB Statement No. 90, "Majority Equity Interests," revises and clarifies the guidance for reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. Statement No. 90 will be effective for fiscal years beginning after December 15, 2019.

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

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

Note 19. SUBSEQUENT EVENTS

The School Board has evaluated subsequent events through March 30, 2021, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit J**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Operating Fund
For the Fiscal Year Ended June 30, 2020

	Budget			Variance from
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental:				
Stafford County	$ 126,984,764	$ 129,691,574	$ 124,601,178	$ (5,090,396)
Commonwealth of Virginia	172,215,404	172,523,196	173,088,573	565,377
Federal Government	2,153,000	2,153,000	2,383,680	230,680
Total intergovernmental revenues	301,353,168	304,367,770	300,073,431	(4,294,339)
Charges for services:				
Tuition and fees	800,000	800,000	680,915	(119,085)
Recovered costs	3,104,653	3,413,160	2,129,058	(1,284,102)
Miscellaneous	124,000	159,000	141,554	(17,446)
Total revenues	305,381,821	308,739,930	303,024,958	(5,714,972)
EXPENDITURES				
Current:				
Education:				
Instruction	231,842,132	232,985,734	227,152,010	5,833,724
Administration, attendance and	15,391,958	16,507,537	13,508,505	2,999,032
Pupil transportation	15,648,850	15,424,710	15,400,249	24,461
Operation and maintenance	23,300,356	24,781,698	22,633,360	2,148,338
Food and nutrition services	240,823	244,823	209,128	35,695
Facilities	235,774	521,390	159,458	361,932
Technology	16,254,390	18,268,436	16,705,650	1,562,786
Capital outlay	2,060,589	5,705,283	4,081,814	1,623,469
Debt service:				
Principal	378,329	384,456	384,456	-
Interest and fiscal charges	28,620	179,914	179,913	1
Total expenditures	305,381,821	315,003,981	300,414,543	14,589,438
Change in fund balance	$ -	$ (6,264,051)	2,610,415	$ 8,874,466
Fund balance, beginning - July 1, 2019			6,701,074	
Fund balance, ending - June 30, 2020			$ 9,311,489	

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

	As of June 30,					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	$ 794,341	$ 792,512	$ 811,596	$ 853,719	$ 917,801	$ 931,365
Interest	1,976,360	1,942,465	1,893,932	1,856,844	1,773,289	1,679,630
Differences between expected and actual experience	(295,951)	(743,289)	(466,649)	(868,215)	(171,518)	-
Changes of assumptions	861,271	-	(230,348)	-	-	-
Benefit payments, including refunds of employee contributions	(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)	(1,317,128)	(1,228,897)
Net change in total pension liability	1,661,163	651,590	718,214	507,625	1,202,444	1,382,098
Total pension liability - beginning	29,071,137	28,419,547	27,701,333	27,193,708	25,991,264	24,609,166
Total pension liability - ending (a)	$30,732,300	$29,071,137	$28,419,547	$27,701,333	$27,193,708	$25,991,264
Plan Fiduciary Net Position						
Contributions - employer	$ 421,836	$ 509,433	$ 505,800	$ 687,268	$ 700,475	$ 828,505
Contributions - employee	422,790	415,354	409,474	406,077	412,685	433,951
Net investment income	1,914,248	2,018,373	3,015,642	436,457	1,081,570	3,247,485
Benefit payments, including refunds of employee contributions	(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)	(1,317,128)	(1,228,897)
Administrative expense	(19,286)	(17,438)	(17,420)	(15,244)	(14,788)	(17,281)
Other changes	(1,202)	(1,803)	(2,684)	(182)	(227)	171
Net change in plan fiduciary net position	1,063,528	1,583,821	2,620,495	179,653	862,587	3,263,934
Plan fiduciary net position - beginning	29,051,259	27,467,438	24,846,943	24,667,290	23,804,703	20,540,769
Plan fiduciary net position - ending (b)	$30,114,787	$29,051,259	$27,467,438	$24,846,943	$24,667,290	$23,804,703
School Board non-professional net pension liability - ending (a) - (b)	$ 617,513	$ 19,878	$ 952,109	$ 2,854,390	$ 2,526,418	$ 2,186,561
Plan fiduciary net position as a percentage of the total pension liability	97.99%	99.93%	96.65%	89.70%	90.71%	91.59%
Employer's covered payroll	$ 8,944,315	$ 8,704,683	$ 8,450,346	$ 8,163,550	$ 8,451,460	$ 8,577,515
School Board's non-professional net pension liability as a percentage of covered payroll	6.90%	0.23%	11.27%	34.97%	29.89%	25.49%

Notes to Schedule:

(1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.

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

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

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
d. Lowered disability rates
e. No change to the salary scale
f. Increased line of duty diability rate from 14% to 15%
g. Decreased discount rate from 7% to 6.75%

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

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

	As of June 30,					
	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.90174%	1.88423%	1.91638%	1.88465%	1.87703%	1.96028%
Employer's proportionate share of the net pension liability	$ 250,279,791	$ 221,585,000	$ 235,676,000	$ 264,117,000	$ 236,250,000	$ 236,893,000
Employer's covered payroll	161,000,993	153,228,530	148,882,433	143,696,984	139,553,875	143,355,995
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	155.45%	144.61%	158.30%	183.80%	169.29%	165.25%
Plan fiduciary net position as a percentage of the total pension liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Notes to Schedule:

(1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.

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

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

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
d. Adjusted disability rates to better match experience
e. No change to the salary scale
f. Decreased discount rate from 7% to 6.75%

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

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

	Fiscal Year Ended				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution (CRC)	$ 505,085	$ 460,764	$ 541,431	$ 525,614	$ 1,099,630
Contributions in relation to the CRC	505,085	460,764	541,431	525,614	1,099,630
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 9,807,469	$ 8,944,315	$ 8,704,683	$ 8,450,346	$ 8,163,550
Contributions as a percentage of covered payroll	5.15%	5.15%	6.22%	6.22%	13.47%

Notes to Schedule:

(1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

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

Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	
$ 825,400	$ 828,505	Contractually required contribution (CRC)
825,400	828,505	Contributions in relation to the CRC
$ -	$ -	Contribution deficiency (excess)
$ 8,451,460	$ 8,577,515	Employer's covered payroll
9.77%	9.66%	Contributions as a percentage of covered payroll

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

	Fiscal Year Ended				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution (CRC)	$ 26,976,570	$ 24,354,767	$ 24,089,529	$ 21,806,528	$ 20,203,796
Contributions in relation to the CRC	26,976,570	24,354,767	24,089,529	21,806,528	20,203,796
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 172,044,450	$ 161,000,993	$ 153,228,530	$ 148,882,433	$ 143,696,984
Contributions as a percentage of covered payroll	15.68%	15.13%	15.72%	14.65%	14.06%

Notes to Schedule:

(1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

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

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

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

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

Notes to Schedule:

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

(2) The OPEB medical plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

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

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

Notes to Schedule:

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

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

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

Notes to Schedule:

(1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.

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

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

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and extended final retirement age from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each age and service year
d. Lowered disability rates
e. No change to the salary scale
f. Increased line of duty diability rate from 14% to 15%
g. Decreased discount rate from 7.00% to 6.75%

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

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

	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net HIC OPEB liability	1.91992%	1.89482%	1.92437%
Employer's proportionate share of the net HIC OPEB liability	$ 25,134,000	$ 24,058,000	$ 24,413,000
Employer's covered payroll	$ 161,036,564	$ 153,241,128	$ 151,871,436
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	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:

(1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.

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

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

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

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

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

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

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

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

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

Notes to Schedule:

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

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

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

Notes to Schedule:

(1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.

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

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

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and extended final retirement age from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each age and service year
d. Lowered disability rates
e. No change to the salary scale
f. Increased line of duty diability rate from 14% to 15%
g. Decreased discount rate from 7.00% to 6.75%

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

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

	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net GLI OPEB liability	0.82223%	0.80662%	0.82442%
Employer's proportionate share of the net GLI OPEB liability	$ 13,380,000	$ 12,250,000	$ 12,406,000
Employer's covered payroll	$ 161,184,289	$ 153,377,599	$ 152,067,324
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.30%	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:

(1) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.

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

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

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

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

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

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

Notes to Schedule:

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

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

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

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit Y**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Internal Service Funds			
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	Total Proprietary Funds
ASSETS				
Currrent assets:				
Cash and cash equivalents	$ 1,505,927	$ 29,381,867	$ 1,073,123	$ 31,960,917
Accounts receivable	243	8,104	-	8,347
Prepaid expenses	17,674	-	-	17,674
Inventory	242,247	-	-	242,247
Capital assets:				
Land	37,357	-	-	37,357
Land improvements	1,268,429	-	-	1,268,429
Construction in progress	244,769	-	-	244,769
Buildings and building improvements	1,867,382	-	-	1,867,382
Furniture, fixtures and equipment	241,267	-	-	241,267
Software	78,725	-	-	78,725
Vehicles	102,774	-	-	102,774
Less accumulated depreciation and amortization	(2,246,610)	-	-	(2,246,610)
Total capital assets	1,594,093	-	-	1,594,093
Total assets	3,360,184	29,389,971	1,073,123	33,823,278
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	254,150	-	-	254,150
OPEB deferrals	196,406	-	-	196,406
Total deferred outflows of resources	450,556	-	-	450,556
LIABILITIES				
Currrent liabilities:				
Accounts payable	32,319	1,211,805	74,065	1,318,189
Accrued salaries and benefits	135,772	8,925	7,281	151,978
Current portion of accrued insurance claims	-	5,965,900	445,325	6,411,225
Current portion of capital lease	33,020	-	-	33,020
Current portion of compensated absences	9,319	-	-	9,319
Noncurrent portion of accrued insurance claims	-	-	115,641	115,641
Noncurrent portion of capital lease	33,953	-	-	33,953
Noncurrent portion of compensated absences	174,422	-	-	174,422
Net OPEB liability	1,279,548	-	-	1,279,548
Net pension liability	1,885,520	-	-	1,885,520
Total liabilities	3,583,873	7,186,630	642,312	11,412,815
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	118,833	-	-	118,833
OPEB deferrals	230,378	-	-	230,378
Total deferred inflows of resources	349,211	-	-	349,211
NET POSITION				
Net investment in capital assets	1,527,120	-	-	1,527,120
Unrestricted (deficit)	(1,649,464)	22,203,341	430,811	20,984,688
Total net position (deficit)	$ (122,344)	$ 22,203,341	$ 430,811	$ 22,511,808

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit Z**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Internal Service Funds			
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	Total Proprietary Funds
Operating revenues:				
Charges for services	$ 3,521,663	$ 31,395,168	$ 614,720	$ 35,531,551
Operating expenses:				
Personnel services	1,893,812	181,946	94,773	2,170,531
Contractual services	24,881	32,286,796	634,075	32,945,752
Materials and supplies	1,621,802	-	-	1,621,802
Utilities	19,524	-	-	19,524
Telecommunications	50,332	-	-	50,332
Depreciation and amortization	147,630	-	-	147,630
Total operating expenses	3,757,981	32,468,742	728,848	36,955,571
Operating loss	(236,318)	(1,073,574)	(114,128)	(1,424,020)
Nonoperating revenues (expenses):				
Interest and investment revenue	-	81,093	-	81,093
Interest expense	(2,555)	-	-	(2,555)
Loss on disposal of capital assets	(4,333)	-	-	(4,333)
Vehicle and other sales	22,223	-	-	22,223
Total nonoperating revenues, net	15,335	81,093	-	96,428
Change in net position	(220,983)	(992,481)	(114,128)	(1,327,592)
Net position, beginning - July 1, 2019	98,639	23,195,822	544,939	23,839,400
Net position (deficit), ending - June 30, 2020	$ (122,344)	$ 22,203,341	$ 430,811	$ 22,511,808

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit AA**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Internal Service Funds			
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	Total Proprietary Funds
Cash flows from operating activities:				
Receipts from customers	$ 3,606,468	$ 31,578,274	$ 614,720	$ 35,799,462
Payments to suppliers	(1,762,006)	(32,212,894)	$ (643,127)	(34,618,027)
Payments to employees	(1,799,349)	(180,403)	$ (91,625)	(2,071,377)
Net cash provided by (used in) operating activities	45,113	(815,023)	$ (120,032)	(889,942)
Cash flows from capital and related financing activities:				
Proceeds from vehicle and supply sales	22,223	-	-	22,223
Principal paid on capital lease	(32,114)	-	-	(32,114)
Interest paid on capital lease	(2,555)	-	-	(2,555)
Acquisition and construction of capital assets	(113,517)	-	-	(113,517)
Net cash used in capital and related financing activities	(125,963)	-	-	(125,963)
Cash flows from investing activities:				
Interest earned on investments	-	81,093	-	81,093
Net cash provided by investing activities	-	81,093	-	81,093
Net decrease in cash and cash equivalents	(80,850)	(733,930)	(120,032)	(934,812)
Cash and cash equivalents, beginning - July 1, 2019	1,586,777	30,115,797	1,193,155	32,895,729
Cash and cash equivalents, ending - June 30, 2020	$ 1,505,927	$ 29,381,867	$ 1,073,123	$ 31,960,917
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	$ (236,318)	$ (1,073,574)	$ (114,128)	$ (1,424,020)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	147,630	-	-	147,630
Changes in assets and liabilities:				
Decrease in accounts receivable and due from other funds	84,805	183,106	-	267,911
Decrease in inventory	18,138	-	-	18,138
Increase in prepaid expenses	(17,674)	-	-	(17,674)
Increase in deferred outflows of resources	(222,399)	-	-	(222,399)
Increase (decrease) in accounts payable and accrued expenses	(2,083)	75,445	(5,904)	67,458
Increase in compensated absences	35,581	-	-	35,581
Increase in net pension liability	61,610	-	-	61,610
Decrease in deferred inflows of resources	(74,291)	-	-	(74,291)
Increase in net OPEB liability	250,114	-	-	250,114
Total adjustments	281,431	258,551	(5,904)	534,078
Net cash provided by (used in) operating activities	$ 45,113	$ (815,023)	$ (120,032)	$ (889,942)

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit BB**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSTION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	Scholarship Trust Fund	Endowment Trust Fund	Total Private Purpose Trust Funds
ASSETS			
Restricted investments	$ 3,672	$ 29,530	$ 33,202
NET POSITION			
Restricted for scholarships	3,672	-	3,672
Restricted for endowment	-	29,530	29,530
Total restricted net position	$ 3,672	$ 29,530	$ 33,202

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit CC**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2020

	Scholarship Trust Fund	Endowment Trust Fund	Total Private Purpose Trust Funds
ADDITIONS			
Investment earnings:			
Investment interest income	$ -	$ 499	$ 499
Total additions	-	499	499
Change in net position	-	499	499
Restricted net position, beginning - July 1, 2019	3,672	29,031	32,703
Restricted net position, ending - June 30, 2020	$ 3,672	$ 29,530	$ 33,202

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit DD**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2020

	School Activity Funds	Employee Flexible Spending Fund	Fiduciary Services Fund	Stafford Education Foundation	Total Agency Funds
ASSETS					
Cash and cash equivalents	$ 3,113,408	$ 332,421	$ 64,534	$ 129,263	$ 3,639,626
LIABILITIES					
Reserved for future expenditures	$ 3,113,408	$ 332,421	$ 64,534	$ 129,263	$ 3,639,626
Total liabilities	$ 3,113,408	$ 332,421	$ 64,534	$ 129,263	$ 3,639,626

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit EE**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - SCHOOL ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2020

	Agency Fund			
	School Activity Funds			
	Beginning Balance - July 1, 2019	Additions - Cash Receipts	Deductions - Cash Disbursements	Ending Balance - June 30, 2020
ASSETS				
Cash and cash equivalents	$ 3,264,208	$ 4,075,503	$ (4,226,303)	$ 3,113,408
LIABILITIES				
Reserved for future expenditures	$ 3,264,208	$ 4,075,503	$ (4,226,303)	$ 3,113,408

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit FF**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - EMPLOYEE FLEXIBLE SPENDING FUND
For the Fiscal Year Ended June 30, 2020

	Agency Fund			
	Employee Flexible Spending Fund			
	Beginning Balance - July 1, 2019	Additions - Cash Receipts	Deductions - Cash Disbursements	Ending Balance - June 30, 2020
ASSETS				
Cash and cash equivalents	$ 257,935	$ 735,608	$ (661,122)	$ 332,421
LIABILITIES				
Reserved for future expenditures	$ 257,935	$ 735,608	$ (661,122)	$ 332,421

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit GG**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - FIDUCIARY SERVICES FUND
For the Fiscal Year Ended June 30, 2020

	Agency Fund			
	Fiduciary Services Fund			
	Beginning Balance July 1, 2019	Additions - Cash Receipts	Deductions - Cash Disbursements	Ending Balance June 30, 2020
ASSETS				
Cash and cash equivalents	$ 12,542	$ 70,180	$ (18,188)	$ 64,534
LIABILITIES				
Reserved for future expenditures	$ 12,542	$ 70,180	$ (18,188)	$ 64,534

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit HH**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - STAFFORD EDUCATION FOUNDATION
For the Fiscal Year Ended June 30, 2020

	Agency Fund			
	Stafford Education Foundation			
	Beginning Balance July 1, 2019	Additions - Cash Receipts	Deductions - Cash Disbursements	Ending Balance June 30, 2020
ASSETS				
Cash and cash equivalents	$ 129,868	$ 43,021	$ (43,626)	$ 129,263
LIABILITIES				
Reserved for future expenditures	$ 129,868	$ 43,021	$ (43,626)	$ 129,263

STATISTICAL SECTION

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

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

The following information included in this statistical section is unaudited.

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STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
NET POSITION BY COMPONENT
Fiscal Years 2011 - 2020
(Accrual Basis of Accounting)

	June 30,				
	2011	**2012**	**2013**	**2014**	**2015**
NET ASSETS/NET POSITION					
Investment in capital assets, net of related debt	$ 371,880,043	$ 377,833,302	$ -	$ -	$ -
Net investment in capital assets	-	-	383,728,660	402,418,884	433,631,721
Restricted	11,479,446	17,548,128	21,973,458	49,239,175	21,465,238
Unrestricted (deficit)	4,772,785	(5,832,921)	5,638,327	(21,932,140)	(258,123,522)
Total net assets	$ 388,132,274	$ 389,548,509	N/A	N/A	N/A
Total net position	N/A	N/A	$ 411,340,445	$ 429,725,919	$ 196,973,437

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

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

June 30,					
2016	2017	2018	2019	2020	
					NET ASSETS/NET POSITION
$ -	$ -	$ -	$ -	$ -	Investment in capital assets, net of related debt
438,932,856	446,017,755	448,764,864	467,480,838	454,576,954	Net investment in capital assets
12,861,062	25,086,466	23,153,543	12,945,965	24,039,301	Restricted
(242,911,240)	(254,876,621)	(392,841,614)	(394,780,952)	(398,747,755)	Unrestricted (deficit)
N/A	N/A	N/A	N/A	N/A	**Total net assets**
$ 208,882,678	$ 216,227,600	$ 79,076,793	$ 85,645,851	$ 79,868,500	**Total net position**

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
CHANGES IN NET POSITION BY COMPONENT
Fiscal Years 2011 - 2020
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities	$ 281,858,250	$ 287,665,251	$ 290,728,443	$ 293,901,842	$ 285,238,534
Program revenues					
Charges for services	17,282,725	16,404,687	17,987,309	18,232,507	18,902,311
Grants and contributions	64,321,646	73,208,380	81,370,952	82,741,613	76,415,692
Total program revenues	81,604,371	89,613,067	99,358,261	100,974,120	95,318,003
Net expenses	(200,253,879)	(198,052,184)	(191,370,182)	(192,927,722)	(189,920,531)
General revenues					
Sales Tax and Basic Aid	96,195,244	100,375,990	102,845,402	102,485,508	107,949,304
Payment from Stafford County	99,323,620	98,599,339	108,625,975	108,414,728	103,735,323
Investment earnings	22,090	33,339	53,507	51,177	42,190
Gain on capital asset disposals and other sales	80,567	40,600	1,069,605	117,222	133,484
Miscellaneous	332,453	419,151	567,629	244,561	276,331
Total general revenues	195,953,974	199,468,419	213,162,118	211,313,196	212,136,632
Change in net position	$ (4,299,905)	$ 1,416,235	$ 21,791,936	$ 18,385,474	$ 22,216,101

For the Fiscal Year Ended June 30,					
2016	2017	2018	2019	2020	
					Expenses
$ 300,625,771	$ 317,291,665	$ 321,825,800	$ 327,204,425	$ 361,218,027	Governmental activities
					Program revenues
18,372,613	18,061,718	18,722,670	17,973,053	16,675,763	Charges for services
72,638,754	81,463,016	81,336,350	79,845,624	91,339,965	Grants and contributions
91,011,367	99,524,734	100,059,020	97,818,677	108,015,728	**Total program revenues**
(209,614,404)	(217,766,931)	(221,766,780)	(229,385,748)	(253,202,299)	**Net expenses**
					General revenues
109,421,075	112,615,106	112,912,819	119,280,695	122,343,356	Sales Tax and Basic Aid
111,658,395	112,072,289	116,440,953	116,796,434	124,601,178	Payment from Stafford County
71,599	90,762	339,742	291,944	217,423	Investment earnings
115,058	64,697	24,671	28,506	22,223	Gain on capital asset disposals and other sales
257,518	269,000	272,184	280,767	240,768	Miscellaneous
221,523,645	225,111,854	229,990,369	236,678,346	247,424,948	**Total general revenues**
$ 11,909,241	$ 7,344,923	$ 8,223,589	$ 7,292,598	$ (5,777,351)	**Change in net position**

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS
Fiscal Years 2011 - 2020
(Modified Accrual Basis of Accounting)

	June 30,				
Operating Fund:	**2011**	**2012**	**2013**	**2014**	**2015**
Nonspendable	$ -	$ 490,227	$ 525,298	$ 659,455	$ 444,506
Restricted	960,510	-	-	-	-
Committed	-	4,757,640	7,318,523	2,465,667	3,091,085
Assigned	7,007,460	544,058	-	-	-
Unassigned	-	(2,816,334)	(2,329,257)	2,961,531	5,213,871
Fund balance - operating fund	7,967,970	2,975,591	5,514,564	6,086,653	8,749,462
All Other Governmental Funds:					
Nonspendable:					
Food and Nutrition Services Fund	234,485	238,566	341,770	297,730	240,566
	234,485	238,566	341,770	297,730	240,566
Restricted:					
Capital Projects Fund	8,168,063	14,990,608	19,823,101	46,626,075	18,204,234
Food and Nutrition Services Fund	2,273,740	2,395,383	2,109,164	2,508,113	3,141,740
Grants Fund	77,133	40,328	41,193	104,987	119,264
	10,518,936	17,426,319	21,973,458	49,239,175	21,465,238
Committed:					
Capital Projects Fund	1,781,748	2,126,770	13,584,453	(10,966,533)	-
	1,781,748	2,126,770	13,584,453	(10,966,533)	-
Fund balance - other governmental funds	12,535,169	19,791,655	35,899,681	38,570,372	21,705,804
Fund balance - total governmental funds	$ 20,503,139	$ 22,767,246	$ 41,414,245	$ 44,657,025	$ 30,455,266

June 30,					
2016	2017	2018	2019	2020	**Operating Fund:**
$ 577,597	$ 569,714	$ 723,540	$ -	$ -	Nonspendable
-	-	-	-	-	Restricted
-	144,043	211,584	-	-	Committed
-	-	9,069,955	6,701,074	9,311,489	Assigned
12,794,590	10,792,575	-	-	-	Unassigned
13,372,187	11,506,332	10,005,079	6,701,074	9,311,489	Fund balance - operating fund
					All Other Governmental Funds:
					Nonspendable:
260,626	282,149	465,648	589,964	748,053	Food and Nutrition Services Fund
260,626	282,149	465,648	589,964	748,053	
					Restricted:
8,997,231	20,065,206	17,237,097	5,911,621	17,098,734	Capital Projects Fund
3,797,665	4,850,254	5,771,134	6,916,437	6,830,419	Food and Nutrition Services Fund
66,166	171,006	145,312	117,907	110,148	Grants Fund
12,861,062	25,086,466	23,153,543	12,945,965	24,039,301	
					Committed:
2,985,882	-	6,311,023	-	-	Capital Projects Fund
2,985,882	-	6,311,023	-	-	
16,107,570	25,368,615	29,930,214	13,535,929	24,787,354	Fund balance - other governmental funds
$ 29,479,757	$ 36,874,947	$ 39,935,293	$ 20,237,003	$ 34,098,843	Fund balance - total governmental funds

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Fiscal Years 2011 - 2020
(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,				
	2011	**2012**	**2013**	**2014**	**2015**
REVENUES:					
Intergovernmental:					
Stafford County	$ 107,735,478	$ 123,180,386	$ 142,676,306	$ 141,522,936	$ 131,198,166
Commonwealth of Virginia	118,851,130	126,557,871	133,476,749	135,588,828	139,495,094
Federal Government	33,253,902	22,445,452	16,689,274	16,530,085	17,407,059
Total intergovernmental revenues	259,840,510	272,183,709	292,842,329	293,641,849	288,100,319
Charges for services:					
Tuition and fees	695,978	721,180	911,220	759,633	867,202
Food sales	7,316,875	7,231,445	6,681,246	6,640,211	6,684,272
Recovered costs	1,370,939	1,180,368	1,767,641	2,059,853	2,082,884
Miscellaneous	332,453	419,151	587,600	286,236	280,754
Use of money and property	12,329	26,157	45,810	46,322	36,892
Total revenues	269,569,084	281,762,010	302,835,846	303,434,104	298,052,323
EXPENDITURES:					
Current:					
Education:					
Instruction	181,073,501	187,321,574	191,433,956	190,904,984	190,794,453
Administration, attendance and health	9,688,371	10,062,051	10,422,301	10,587,435	10,448,126
Pupil transportation	12,706,286	13,335,894	13,419,206	13,591,390	12,923,044
Operation and maintenance	20,957,014	20,688,827	21,315,872	20,731,939	19,888,292
Food and nutrition services	11,162,148	11,908,144	12,054,783	11,517,146	11,724,692
Facilities	187,981	182,034	198,990	111,512	100,323
Technology	14,581,888	13,887,167	15,129,827	15,320,646	15,021,211
Capital outlay	11,518,149	21,150,304	22,907,317	36,172,121	52,277,196
Debt service:					
Principal	367,517	380,132	393,292	407,020	421,339
Interest and fiscal charges	102,347	81,776	71,631	68,147	49,701
Total expenditures	262,345,202	278,997,903	287,347,175	299,412,340	313,648,377
Excess (deficiency) of revenues over (under) expenditures	7,223,882	2,764,107	15,488,671	4,021,764	(15,596,054)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of land	-	-	1,000,000	-	-
Proceeds from capital lease	-	-	-	-	2,125,000
Transfers from other funds	1,958,212	-	2,361,672	200,000	1,302,000
Transfers to other funds	(1,958,212)	(500,000)	(203,343)	(978,985)	(2,032,707)
Loan from Stafford County	1,305,000	-	-	-	-
Total other financing sources (uses), net	1,305,000	(500,000)	3,158,329	(778,985)	1,394,293
Change in fund balance	$ 8,528,882	$ 2,264,107	$ 18,647,000	$ 3,242,779	$ (14,201,761)

For the Fiscal Year Ended June 30,					
2016	2017	2018	2019	2020	
					REVENUES:
					Intergovernmental:
$ 133,899,547	$ 138,999,308	$ 134,942,282	$ 132,965,915	$ 144,398,390	Stafford County
142,268,097	148,896,372	156,289,875	164,043,554	173,787,902	Commonwealth of Virginia
17,550,580	18,254,731	19,457,965	18,913,284	20,098,207	Federal Government
293,718,224	306,150,411	310,690,122	315,922,753	338,284,499	Total intergovernmental revenues
					Charges for services:
752,941	868,492	783,138	772,915	680,915	Tuition and fees
6,754,639	6,762,593	6,587,698	6,709,453	5,301,519	Food sales
2,374,395	2,514,639	3,880,297	3,697,437	2,220,419	Recovered costs
329,978	454,147	360,930	369,834	382,322	Miscellaneous
56,296	54,853	268,578	174,164	136,329	Use of money and property
303,986,473	316,805,135	322,570,763	327,646,556	347,006,003	Total revenues
					EXPENDITURES:
					Current:
					Education:
196,107,491	206,214,135	217,564,851	224,587,714	238,472,922	Instruction
10,743,059	11,407,604	11,698,247	12,242,038	13,508,505	Administration, attendance and health
12,463,033	12,810,665	13,874,003	14,734,707	15,400,249	Pupil transportation
20,578,357	21,543,418	21,944,518	23,032,559	22,633,360	Operation and maintenance
12,077,813	12,047,774	12,204,242	12,391,388	12,148,378	Food and nutrition services
161,377	163,332	600,213	344,084	159,458	Facilities
16,878,885	15,717,051	15,373,331	15,779,881	17,128,328	Technology
34,604,747	28,145,272	25,278,935	42,525,570	23,779,245	Capital outlay
					Debt service:
721,941	743,293	372,323	378,329	384,456	Principal
68,115	46,703	33,204	26,900	179,913	Interest and fiscal charges
304,404,818	308,839,247	318,943,867	346,043,170	343,794,814	Total expenditures
(418,345)	7,965,888	3,626,896	(18,396,614)	3,211,189	Excess (deficiency) of revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES):
-	-	-	-	-	Proceeds from sale of land
-	-	-	-	10,650,651	Proceeds from capital lease
318,630	-	-	-	-	Transfers from other funds
(875,794)	(570,698)	(566,550)	(578,136)	-	Transfers to other funds
-	-	-	-	-	Loan from Stafford County
(557,164)	(570,698)	(566,550)	(578,136)	10,650,651	Total other financing sources (uses), net
$ (975,509)	$ 7,395,190	$ 3,060,346	$ (18,974,750)	$ 13,861,840	**Change in fund balance**

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-5**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
GENERAL INFORMATION
June 30, 2020

Stafford County	
Independent county:	September 27, 1664
Form of government:	Traditional Board of Supervisors
Area - square miles:	277 square miles

Stafford County Public Schools

Number of Schools:	
Early childhood centers	2
Elementary schools	17
Middle schools	8
High schools	5
Alternative schools	1
	33

Fall Membership: **(1)**	
Elementary schools	12,633
Middle schools	7,167
High schools	9,694
Total	29,494

Employees:	**FY 2020**
Licensed Instructional	2,337
Other Employees	1,675
	4,012

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

Sources: County of Stafford website and Superintendent's Annual Report

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
Fiscal Years 2011 - 2020

	Fiscal Year				
	2011	2012	2013	2014	2015
Employees:					
Licensed Instructional	2,149	2,168	2,174	2,139	2,116
Other Employees	1,586	1,537	1,541	1,486	1,428
Total	3,735	3,705	3,715	3,625	3,544

Source: Superintendent's Annual Report

Table S-6

Fiscal Year					
2016	2017	2018	2019	2020	
					Employees:
2,304	2,480	2,403	2,352	2,337	Licensed Instructional
1,449	1,402	1,864	1,511	1,675	Other Employees
3,753	3,882	4,267	3,863	4,012	Total

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
NUMBER OF SCHOOLS IN THE DIVISION
Fiscal Years 2011 - 2020

	Fiscal Year				
	2011	**2012**	**2013**	**2014**	**2015**
Number of Schools:					
Elementary Schools	17	17	17	17	17
Middle Schools	8	8	8	8	8
High Schools	5	5	5	5	5
Total	30	30	30	30	30

Source: SCPS Website - Our Schools

Table S-7

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	
					Number of Schools:
17	17	17	17	17	Elementary Schools
8	8	8	8	8	Middle Schools
5	5	5	5	5	High Schools
30	30	30	30	30	Total

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
DIVISION-WIDE ENROLLMENT
Fiscal Years 2011 - 2020

	Fiscal Year				
	2011	2012	2013	2014	2015
Student Membership:					
September 30 membership	26,797	26,815	26,972	26,944	27,218
Average daily membership as of March 31	26,745	26,773	26,904	26,901	27,197
End-of-year membership	26,603	26,681	26,803	26,925	27,218
Students enrolled in special education programs	2,412	2,412	2,559	2,392	2,532
English Language Learners	1,160	1,192	1,121	1,183	1,251
Students enrolled in grades K-3	5,471	5,505	7,526	7,532	7,761

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

Table S-8

Fiscal Year					
2016	2017	2018	2019	2020	
					Student Membership:
27,510	28,005	28,793	28,793	29,494	September 30 membership
27,519	28,017	28,487	28,852	29,364	Average daily membership as of March 31
27,474	28,786	28,576	28,869	29,505	End-of-year membership
2,653	2,964	3,303	3,322	3,791	Students enrolled in special education programs
1,352	1,380	1,735	1,734	1,726	English Language Learners
7,822	7,916	8,018	8,018	8,204	Students enrolled in grades K-3

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
VARIOUS OPERATING INDICATORS
Fiscal Years 2011 - 2020

	Fiscal Year				
	2011	**2012**	**2013**	**2014**	**2015**
Operating Statistics:					
Average per pupil expenditures	$ 12,387	$ 9,752	$ 9,971	$ 9,285	$ 8,255
Average classroom teacher salary	$ 50,692	$ 51,465	$ 50,864	$ 52,080	$ 52,716
Composite index **(1)**	0.3362	0.3362	0.3305	0.3305	0.3412

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

Source: Superintendent's Annual Report

Table S-9

Fiscal Year 2016	2017	2018	2019	2020	
					Operating Statistics:
$ 9,514	$ 9,961	$ 9,561	$ 9,937	$ 10,217	Average per pupil expenditures
$ 54,490	$ 56,462	$ 52,618	$ 55,463	$ 58,385	Average classroom teacher salary
0.3412	0.3445	0.3462	0.3462	0.3470	Composite index **(1)**

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STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
TRANSPORTATION OPERATING INDICATORS
Fiscal Years 2011 - 2020

	Fiscal Year				
	2011	2012	2013	2014	2015
Transportation Statistics:					
Average Ridership (Regular)	20,007	19,991	18,893	16,489	17,048
Average Ridership (Special Needs)	650	626	566	561	726
Average Ridership (Head Start)	300	300	353	350	350
Buses Operated Daily (Regular)	159	143	150	138	140
Buses Operated Daily (Special Needs)	45	63	70	71	71
Buses Operated Daily (Head Start)	12	11	11	10	10
Special Trip Assignments	4,214	4,477	4,048	3,926	3,864
Miles Traveled (Regular)	2,118,744	1,529,964	1,269,012	1,421,050	1,465,231
Miles Traveled (Special Needs)	1,331,000	716,207	839,917	860,773	865,854

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

Source: Department of Transportation Services, Stafford County Public Schools

Table S-10

Fiscal Year					
2016	2017	2018	2019	2020*	
					Transportation Statistics:
15,664	17,069	17,089	17,016	18,087	Average Ridership (Regular)
697	732	799	786	780	Average Ridership (Special Needs)
300	350	350	300	350	Average Ridership (Head Start)
137	139	139	134	142	Buses Operated Daily (Regular)
57	67	69	68	71	Buses Operated Daily (Special Needs)
10	11	12	12	12	Buses Operated Daily (Head Start)
3,976	4,217	3,771	4,210	3,050	Special Trip Assignments
1,686,888	1,649,558	1,473,182	1,420,849	1,086,813	Miles Traveled (Regular)
1,103,008	1,291,239	1,007,595	986,505	788,190	Miles Traveled (Special Needs)

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FOOD AND NUTRITION SERVICES OPERATING INDICATORS
Fiscal Years 2011 - 2020

	Fiscal Year				
	2011	**2012**	**2013**	**2014**	**2015**
School Nutrition Program (SNP) Statistics:					
September 30 Membership	26,797	26,815	26,972	26,944	27,173
Eligible for Free Lunch	5,277	5,933	5,993	6,135	6,439
Percentage	*19.69%*	*22.13%*	*22.22%*	*22.77%*	*23.70%*
Eligible for Reduced Price Lunch	1,106	1,520	1,520	1,552	1,608
Percentage	*4.13%*	*5.67%*	*5.64%*	*5.76%*	*5.92%*
Eligible for Free and Reduced Price Lunch - Total	6,383	7,453	7,513	7,687	8,047
Percentage	*23.82%*	*27.79%*	*27.85%*	*28.53%*	*29.61%*
High School Lunch Prices	$ 2.25	$ 2.40	$ 2.40	$ 2.65	$ 2.75
Middle School Lunch Prices	$ 2.25	$ 2.40	$ 2.40	$ 2.55	$ 2.65
Elementary School Lunch Prices	$ 2.15	$ 2.30	$ 2.30	$ 2.45	$ 2.55

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

Table S-11

Fiscal Year 2016	2017	2018	2019	2020	
					School Nutrition Program (SNP) Statistics:
27,510	28,005	29,025	29,825	29,276	September 30 Membership
7,222	8,035	8,376	8,746	9,494	Eligible for Free Lunch
26.25%	*28.69%*	*28.86%*	*29.32%*	*32.43%*	***Percentage***
1,711	1,617	1,560	1,456	1,470	Eligible for Reduced Price Lunch
6.22%	*5.77%*	*5.37%*	*4.88%*	*5.02%*	***Percentage***
8,933	9,652	9,936	10,202	10,964	Eligible for Free and Reduced Price Lunch - Total
32.47%	*34.47%*	*34.23%*	*34.21%*	*37.45%*	***Percentage***
$ 2.80	$ 2.90	$ 3.00	$ 3.10	$ 3.10	High School Lunch Prices
$ 2.70	$ 2.80	$ 2.90	$ 3.00	$ 3.00	Middle School Lunch Prices
$ 2.60	$ 2.70	$ 2.80	$ 2.90	$ 2.90	Elementary School Lunch Prices

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FLEET SERVICES OPERATING INDICATORS
Fiscal Years 2011 - 2020

	Fiscal Year									
	2011	2012	2013	2014	2015			2016		
Fleet Vehicles Serviced by Fleet Services:					*Active*	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*
Stafford County Public Schools Fleet Vehicles:										
Buses:										
Mainstream	240	233	236	223	195	9.05	12,606	192	8.25	14,709
Special Needs	66	62	64	68	67	6.66	17,274	68	6.82	21,283
Activity Buses	5	5	5	5	5	3.20	22,632	5	4.20	23,982
Less: Salvaged **(1)**	(20)	(6)	(18)	(27)	(15)			(20)		
Subtotal Buses	291	294	287	269	252			245		
Other School Vehicles:										
Administration	2	2	2	2	2	6.00	10,464	2	6.50	9,555
Driver's Education	13	13	13	11	12	4.50	6,185	13	4.50	7,307
Fleet Services	7	7	7	6	6	7.16	3,276	6	7.16	3,276
Head Start	4	6	6	6	6	10.33	4,423	6	10.60	537
Maintenance	48	51	53	43	45	9.75	6,339	45	8.90	6,803
Food and Nutritional Services	1	1	1	1	1	10.00	1,409	1	11.00	6,803
Planning & Construction	4	4	4	4	4	9.00	5,243	4	10.00	6,803
Technology	1	1	1	1	1	5.00	1,813	1	6.00	6,803
Security	7	7	7	7	7	8.85	1,897	7	9.87	6,803
Transportation	8	8	8	8	7	8.00	2,908	8	7.62	6,803
Subtotal Other Vehicles	95	100	102	89	91			93		
Total Stafford County Public Schools Fleet Vehicles	386	394	389	358	343			338		
County of Stafford Fleet Vehicles:										
Fire & Rescue	151	154	166	169	172	11.34	N/A	178	11.34	4,318
Sheriff	232	223	222	241	221	6.01	6,930	227	6.01	9,137
Utilities	84	105	108	117	120	8.38	7,767	120	8.38	7,002
Other	145	142	145	139	153	8.02	N/A	157	9.04	4,920
Total County of Stafford Fleet Vehicles	612	624	641	666	666			682		
Total Fleet Vehicles	998	1,018	1,030	1,024	1,009			1,020		
Other Vehicles Serviced by Fleet Services:										
Airport Authority Fleet Vehicles	2	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Vocational Foundation Fleet Vehicles	1	1	1	1	1	20	**N/A**	1	21	**N/A**
Total Other Vehicles	3	1	1	1	1			1		

(1) *To be sold at auction*
N/A - Not available.

Source: Fleet Services internal records

Fiscal Year												
2017			2018			2019			2020			
Active	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*	**Fleet Vehicles Serviced by Fleet Services:**
												Stafford County Public Schools Fleet Vehicles:
												Buses:
195	7.50	12,921	188	7.99	13,045	187	8.52	13,859	195	9.06	10,191	Mainstream
66	7.30	17,501	67	7.14	18,635	66	7.50	18,499	72	8.41	12,748	Special Needs
5	5.20	22,085	5	6.20	23,762	5	7.20	21,347	5	8.46	18,319	Activity Buses
(8)			0			0			0			Less: Salvaged **(1)**
258			260			258			272			Subtotal Buses
												Other School Vehicles:
-	-	-	-	-	-	-	-	-	-	-	-	Administration
13	3.61	5,770	12	4.20	5,862	12	3.89	5,847	12	4.26	4,137	Driver's Education
6	8.60	4,276	5	5.80	5,035	5	6.60	4,260	5	6.39	4,624	Fleet Services
6	12.33	4,543	7	11.40	1,981	5	10.54	1,634	6	9.76	1,128	Head Start
58	10.00	5,675	59	10.40	6,372	59	10.68	4,688	53	11.61	5,191	Maintenance
1	12.00	1,743	2	7.00	1,399	2	9.11	1,033	3	1.66	741	Food and Nutritional Services
4	11.00	6,642	4	12.00	6,491	4	13.28	3,817	4	14.32	5,613	Planning & Construction
1	7.00	1,993	1	4.00	2,226	1	8.05	2,271	1	10.15	3,203	Technology
7	10.00	1,576	6	12.10	1,703	7	11.65	1,369	7	12.69	1,092	Security
8	9.00	1,906	8	9.88	2,127	8	11.31	2,052	8	12.36	2,005	Transportation
104			104			103			99			Subtotal Other Vehicles
362			364			361			371			Total Stafford County Public Schools Fleet Vehicles
												County of Stafford Fleet Vehicles:
170	11.97	4,950	174	12.42	4,712	186	12.95	3,281	195	13.35	1,567	Fire & Rescue
259	5.84	9,847	275	5.66	9,497	262	5.56	7,896	259	5.73	9,526	Sheriff
134	8.19	10,715	143	8.60	7,940	154	8.80	4,457	151	9.09	4,454	Utilities
139	11.13	N/A	152	-	N/A	163	-	N/A	153	-	N/A	Other
702			744			765			758			Total County of Stafford Fleet Vehicles
1,064			1,108			1,126			1,129			**Total Fleet Vehicles**
												Other Vehicles Serviced by Fleet Services:
N/A	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	Airport Authority Fleet Vehicles
0	0	**N/A**	1	0	**N/A**	1	0	**N/A**	1	0	**N/A**	Vocational Foundation Fleet Vehicles
0			1			1			1			**Total Other Vehicles**

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FLEET SERVICES OPERATING INDICATORS
Fiscal Years 2011 - 2020

	Fiscal Year				
	2011	2012	2013	2014	2015
FLEET OPERATIONS					
Work orders completed	6,390	6,101	5,593	5,638	5,254
Invoices processed	5,780	4,814	4,374	4,670	4,593
Parts transactions	20,147	93,302	95,663	90,926	83,703

	Fiscal Year					
	2015		2016		2017	
FLEET FUEL	Schools	County	Schools	County	Schools	County
Gallons Purchased	519,600	392,871	541,287	478,829	556,154	487,511
Cost	$ 1,171,087	$ 884,457	$ 777,308	$ 733,776	$ 921,522	$ 785,867

	Fiscal Year					
	2015		2016		2017	
FLEET ACQUISITIONS	Replacement	Additional	Replacement	Additional	Replacement	Additional
School Buses - Mainstream	13	-	-	20	23	-
- Special Needs	3	-	-	5	3	-
Other School Vehicles	10	-	3	-	3	-

	Fiscal Year					
	2015		2016		2017	
FLEET SHOPS	Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop
Vehicles per Technician by Shop	35	122	36	124	36	128

Source: Fleet Services internal records

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

Table S-12B

Fiscal Year 2016	2017	2018	2019	2020	
					FLEET OPERATIONS
5,402	5,220	5,475	5,452	4,276	Work orders completed
4,532	4,443	4,266	4,055	3,222	Invoices processed
80,917	87,410	87,209	87,839	71,054	Parts transactions

Fiscal Year 2018		2019		2020		
Schools	County	Schools	County	Schools	County	**FLEET FUEL**
562,598	503,230	560,577	512,084	438,096	500,696	Gallons Purchased
$ 1,171,800	$ 971,072	$ 1,203,317	$ 1,017,771	$ 842,992	$ 803,389	Cost

Fiscal Year 2018		2019		2020		
Replacement	Additional	Replacement	Additional	Replacement	Additional	**FLEET ACQUISITIONS**
7	-	-	-	14	-	School Buses - Mainstream
3	-	7	-	5	-	- Special Needs
6	-	-	-	2	-	Other School Vehicles

Fiscal Year 2018		2019		2020		
Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop	**FLEET SHOPS**
36	148	26	139	35	154	Vehicles per Technician by Shop

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-13**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
Technology and Information Services
Fiscal Years 2011 - 2020

	Fiscal Years				
	2011	2012	2013	2014	2015
Technology Statistics:					
Number of Sites Serviced (Schools and Support Offices)	34	34	34	34	34
Computer Statistics:					
Total Desktop Computers	7,077	7,141	7,141	7,270	7,326
Desktop Computers over 5 years old	819	139	65	138	174
Percentage of Desktop Computers over 5 years old	12%	2%	1%	2%	2%
Total MacBooks	3,731	3,825	3,825	3,245	3,135
MacBooks over 5 years old	731	108	187	600	110
Percentage of MacBooks over 5 years old	20%	3%	5%	18%	4%
Total Chromebooks	0	0	778	1,651	3,025
Chromebooks Reaching EOL	0	0	0	0	0
Percentage of Chromebooks Reaching EOL	0%	0%	0%	0%	0%
Total Windows Laptops	[redacted]				
Windows Laptops over 5 years old					
Percentage of Windows Laptops over 5 years old					
Connectivity Statistics by Site					
Number of Sites with Wireless LAN connection	34	34	34	34	34
Percentage of Sites with Wireless LAN connection	100%	100%	100%	100%	100%
Number of Sites with Fiber WAN connection	9	18	18	26	27
Percentage of Sites with Fiber WAN connection	26%	53%	53%	76%	79%
Other Technology Statistics:					
Number of Schools equipped with Projection Systems	3	30	30	30	30
Percentage of Schools equipped with Projection Systems	10%	100%	100%	100%	100%

Source: Technology and Information Services Internal Records

Table S-13

Fiscal Years 2016	2017	2018	2019	2020	
					Technology Statistics:
34	34	35	36	36	Number of Sites Serviced (Schools and Support Offices)
					Computer Statistics:
7,457	7,449	7,534	6,668	6,730	Total Desktop Computers
5	993	554	442	4,842	Desktop Computers over 5 years old
0%	13%	7%	7%	72%	Percentage of Desktop Computers over 5 years old
3,161	2,696	2,246	1,534	1,534	Total MacBooks
465	290	604	210	1,474	MacBooks over 5 years old
15%	11%	27%	14%	96%	Percentage of MacBooks over 5 years old
6,955	13,867	14,751	17,206	24,950	Total Chromebooks
0	65	2,308	1,376	120	Chromebooks Reaching EOL
0%	0%	16%	8%	0%	Percentage of Chromebooks Reaching EOL
[redacted]	[redacted]	1,336	1,215	1,201	Total Windows Laptops
		600	746	789	Windows Laptops over 5 years old
		45%	61%	66%	Percentage of Windows Laptops over 5 years old
					Connectivity Statistics by Site
34	34	35	36	36	Number of Sites with Wireless LAN connection
100%	100%	100%	100%	100%	Percentage of Sites with Wireless LAN connection
31	33	34	36	36	Number of Sites with Fiber WAN connection
91%	97%	97%	100%	100%	Percentage of Sites with Fiber WAN connection
					Other Technology Statistics:
30	30	32	33	33	Number of Schools equipped with Projection Systems
100%	100%	100%	100%	100%	Percentage of Schools equipped with Projection Systems

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-14**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
Property Data
June 30, 2020

	Year of Construction	Year of Last Renovation	Building - Square Feet	Site - Acreage
High School Data				
Brooke Point HS	1993	2016	281,637	52.82
Colonial Forge HS	1999	2016	268,091	62.90
Mountain View HS	2005	2017	271,439	95.35
North Stafford HS	1981	2003	304,096	88.50
Stafford Senior HS	2015	-	288,253	124.56
Middle School Data				
Edward Drew MS	1951	1998	98,913*	15.31
**6,032 SF is designated to the Heather Empfield Day School*				
Dixon-Smith MS	2006	-	145,700	48.04
H. H. Poole MS	1995	1998	145,140	36.62
Rodney Thompson MS	2000	-	138,199	44.55
Stafford MS	1991	2007	136,677	37.45
Shirley Heim MS	2008	-	146,770	22.00
T.B. Gayle MS	2002	-	148,221	39.98
A.G. Wright MS and Garrisonville ES (combined campus)	1981	2018	195,099	50.20
Elementary School Data				
Anthony Burns ES	2006	-	88,300	38.57
K. W. Barrett ES	2002	-	87,800	20.51
Conway ES	2005	-	88,300	19.92
Falmouth ES	1967	2012	73,725	41.49
Ferry Farm ES	1957	1992	70,550	18.12
Grafton Village ES	1967	2014	81,384	12.16
Hartwood ES	1963	1993	61,068	29.60
Hampton Oaks ES	1992	1996	80,968	18.76
Margaret Brent ES	2004	-	87,800	22.80
Moncure ES	2019	-	105,900	27.00
Park Ridge ES	1990	1994	76,431	20.00
Rockhill ES	1989	1994	76,438	23.38
Rocky Run ES	2000	-	87,700	20.00
Stafford ES	1968	2013	74,317	15.87
Widewater ES	1988	1995	77,108	22.44
Winding Creek ES	1997	-	82,016	20.89
Other Property				
Alvin York Bandy Administration Building and and Professional Development Center	1998	2000	74,124	9.55
Gari Melchers Complex	1931	1990	156,934	29.87
Pupil Transportation (Included in Fleet Acreage)	2009	-	7,362	-
Fleet Services	1980	-	16,000	21.54
Support Services Building (included in Fleet Acreage)	1998	-	25,650	-
Aimee Building (JROTC Office on Stafford Senior HS campus)	1981	-	2,304	-
North Star Early Education Center	2004	2019	39,000	21.15
Moncure ES (Old Site)	1966	1997	76,098	18.54
Land				
Clift Farm Road	-	-	-	172.00
Armstrong Property	-	-	-	151.45

Source: Facility Planning, Design & Construction Internal Records

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
Energy Management - Utilities Savings Data
Calendar Years 2010 - 2019

	Calendar Year				
	2010	**2011**	**2012**	**2013**	**2014**
Utilities Summary of All Schools (by Year):					
Thousand British Thermal Units (KBTU)	233,409,383	201,773,183	189,007,876	191,080,280	189,759,963
Square Footage	3,771,182	3,771,182	3,771,182	3,771,182	3,771,182
KBTU/Square Footage	61.89	53.50	50.12	50.67	50.32

Utilities Summary by School Level (in KBTU):	**2019**		
	Actual	**Historical**	**Savings**
Elementary Schools:			
Electric	45,645,774	52,015,975	6,370,201
Gas	17,060,493	20,530,906	3,470,413
Oil	-	1,681,392	1,681,392
Propane	104,825	218,830	114,005
Subtotal	62,811,092	74,447,103	11,636,011
Middle Schools:			
Electric	26,690,367	33,550,791	6,860,424
Gas	8,086,793	9,214,608	1,127,815
Oil	1,074,813	3,416,607	2,341,794
Propane	8,198	64,379	56,181
Subtotal	35,860,171	46,246,385	10,386,214
High Schools			
Electric	40,573,064	51,452,604	10,879,540
Gas	11,957,415	12,425,675	468,260
Oil	3,165,458	7,595,622	4,430,164
Propane	234,913	98,584	(136,329)
Subtotal	55,930,850	71,572,485	15,641,635
Total	154,602,113	192,265,973	37,663,860

Percentage of Savings	19.58%
Dollar Savings	$ 1,269,444

Source: Facility Planning, Design & Construction Internal Records

Table S-15

Calendar Year					
2015	2016	2017	2018	2019	
					Utilities Summary of All Schools (by Year):
187,518,601	182,780,846	184,526,886	184,152,617	154,602,113	Thousand British Thermal Units (KBTU)
3,784,663	3,840,542	3,840,542	3,840,542	3,870,344	Square Footage
49.55	47.59	48.05	47.95	39.95	KBTU/Square Footage

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
AVERAGE SAT SCORES
Fiscal Years 2011 - 2020

	2011	2012	2013	2014	2015
Average SAT Scores:					
Math	504	505	509	511	519
Writing	486	489	490	493	492
Critical Reading	510	514	514	519	522

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

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

Table S-16

2016	2017	2018	2019	2020*	Average SAT Scores:
513	521	541	546	549	Mathematics
486	542	560	564	567	Evidence-Based Reading and Writing
520	NLG	NLG	NLG	NLG	Critical Reading

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-17A**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2011 - 2020

Grade	Location	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
		Reading									
3	Division	85%	88%	76%	70%	76%	75%	74%	73%	70%	
	State	83%	88%	72%	69%	75%	76%	75%	72%	71%	
4	Division	90%	88%	74%	72%	82%	77%	78%	77%	76%	
	State	87%	88%	70%	70%	77%	77%	79%	76%	75%	
5	Division	91%	89%	79%	76%	83%	83%	83%	80%	81%	
	State	89%	89%	73%	73%	79%	81%	81%	80%	78%	
6	Division	89%	90%	79%	76%	78%	80%	83%	83%	78%	
	State	87%	89%	73%	73%	76%	77%	78%	80%	77%	
7	Division	91%	92%	82%	83%	86%	85%	85%	84%	82%	
	State	89%	88%	74%	76%	81%	82%	82%	81%	79%	
8	Division	92%	92%	77%	74%	81%	81%	79%	81%	78%	
	State	90%	89%	71%	70%	75%	75%	76%	77%	76%	
High School	Division	96%	97%	93%	92%	92%	90%	90%	89%	86%	
	State	94%	94%	89%	90%	89%	89%	87%	87%	86%	
		Writing									
5	Division	91%	90%	75%	74%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	87%	87%	71%	71%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
8	Division	90%	91%	74%	69%	76%	75%	74%	69%	64%	
	State	88%	88%	70%	70%	72%	71%	73%	73%	70%	
High School	Division	96%	95%	90%	85%	86%	86%	86%	85%	83%	
	State	93%	93%	87%	84%	83%	83%	84%	84%	82%	

NLG = No longer given

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

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

Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-17B**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2011 - 2020

Grade	Location	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
						History					
3	Division	87%	89%	89%	88%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	85%	87%	87%	86%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
4	Division	88%	93%	96%	95%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	87%	84%	81%	88%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
						History and Social Science (Alternative Assessment)					
5	Division	100%	93%	95%	95%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	80%	84%	82%	86%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
6	Division	95%	88%	83%	90%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	92%	86%	84%	89%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
7	Division	95%	96%	89%	96%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	91%	88%	84%	89%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
High School	Division	89%	92%	86%	92%	90%	90%	85%	74%	82%	
	State	87%	84%	77%	86%	78%	85%	80%	83%	78%	
						Virginia and U.S. History					
High School	Division	89%	93%	91%	90%	91%	90%	90%	88%	79%	
	State	83%	85%	86%	87%	87%	86%	86%	84%	68%	
						World History I					
High School	Division	88%	88%	92%	91%	89%	89%	90%	85%	81%	
	State	81%	84%	84%	85%	85%	84%	85%	82%	80%	
						World History II					
High School	Division	88%	91%	90%	92%	91%	90%	90%	87%	85%	
	State	82%	85%	85%	86%	87%	86%	87%	84%	82%	
						World Geography					
High School	Division	100%	99%	97%	99%	100%	99%	95%	99%	92%	
	State	85%	85%	86%	86%	86%	86%	83%	82%	80%	
						Virginia Studies					
Content Specific	Division	92%	91%	90%	87%	89%	87%	85%	84%	80%	
	State	89%	89%	87%	85%	87%	87%	87%	85%	81%	
						U.S. History 1865 to 1877					
Content Specific	Division	84%	82%	85%	79%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	81%	81%	83%	81%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
						U.S. History 1877 to present					
Content Specific	Division	88%	86%	88%	84%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	85%	84%	82%	81%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
						Civics and Economics					
Content Specific	Division	82%	84%	87%	83%	86%	87%	84%	83%	77%	
	State	84%	84%	85%	83%	86%	87%	87%	86%	82%	

NLG = No longer given

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

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Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-17C**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2011 - 2020

Grade	Location	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
						Mathematics					
3	Division	93%	69%	69%	68%	78%	77%	74%	75%	81%	
	State	91%	64%	65%	67%	74%	77%	75%	73%	82%	
4	Division	90%	75%	79%	84%	85%	83%	81%	79%	85%	
	State	89%	70%	74%	80%	84%	83%	81%	79%	83%	
5	Division	91%	72%	76%	78%	84%	81%	83%	79%	85%	
	State	89%	67%	69%	73%	79%	79%	79%	77%	81%	
6	Division	83%	82%	83%	86%	90%	90%	88%	84%	78%	
	State	73%	74%	77%	76%	83%	82%	82%	79%	78%	
7	Division	73%	54%	75%	75%	79%	81%	79%	78%	86%	
	State	77%	58%	61%	65%	72%	72%	71%	69%	78%	
8	Division	90%	83%	68%	72%	79%	77%	76%	70%	73%	
	State	82%	60%	61%	67%	74%	73%	74%	71%	77%	
						Mathematics (Alternate Assessment)					
High School	Division	100%	92%	67%	88%	100%	97%	96%	74%	94%	
	State	77%	68%	65%	69%	72%	69%	69%	86%	92%	
						Algebra I					
High School	Division	97%	83%	87%	84%	85%	84%	84%	81%	87%	
	State	94%	75%	76%	79%	82%	83%	82%	81%	86%	
						Geometry					
High School	Division	92%	77%	81%	82%	85%	82%	81%	81%	84%	
	State	87%	74%	76%	77%	80%	80%	78%	77%	83%	
						Algebra II					
High School	Division	92%	72%	86%	91%	95%	92%	89%	91%	90%	
	State	91%	69%	76%	82%	87%	89%	90%	89%	91%	

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

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Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-17D**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2011 - 2020

Grade	Location	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
						Science					
3	Division	90%	92%	85%	85%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
	State	90%	90%	84%	83%	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**	**NLG**
5	Division	86%	88%	79%	75%	82%	81%	79%	78%	77%	
	State	87%	88%	75%	73%	79%	81%	79%	79%	79%	
8	Division	96%	96%	83%	79%	83%	83%	82%	77%	79%	
	State	92%	92%	76%	74%	78%	79%	79%	78%	78%	
						Science (Alternate Assessment)					
High School	Division	94%	96%	71%	85%	84%	90%	81%	78%	90%	
	State	90%	83%	59%	74%	77%	84%	82%	83%	86%	
						Biology					
High School	Division	95%	95%	89%	88%	91%	90%	88%	86%	86%	
	State	90%	92%	83%	83%	84%	84%	82%	82%	83%	
						Chemistry					
High School	Division	95%	96%	90%	90%	91%	87%	87%	86%	86%	
	State	93%	93%	86%	87%	88%	88%	89%	89%	88%	
						Earth Science					
High School	Division	93%	96%	91%	88%	87%	87%	86%	83%	83%	
	State	89%	90%	83%	83%	83%	84%	82%	81%	81%	

NLG = No longer given

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

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

Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
SCHOOL ACCREDITATION AND ADEQUATE YEARLY PROGRESS (AYP)
OR FEDERAL ANNUAL MEASURABLE OBJECTIVES (FAMOs)
Fiscal Years 2011 - 2020

	2011	2012	2013	2014	2015
Division-wide Status:					
Schools Fully Accredited	100%	100%	100%	97%	100%
Schools that Made AYP/AMO	37%	37%	47%	50%	37%
Division AYP/AMO	Did not make AYP	Did not make AYP	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO
Schools that Made FAMO	-	-	47%	50%	37%
Division FAMO	-	-	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO

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

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

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

Source: Virginia Department of Education School State Policy Waivers

Table S-18

2016	2017	2018	2019	2020**	
					Division-wide Status:
100%	100%	100%	100%	**	Accredited
*	*	*	*	*	Schools that Made AYP/AMO
*	*	*	*	*	Division AYP/AMO
*	*	*	*	*	Schools that Made FAMO
*	*	*	*	*	Division FAMO

COMPLIANCE

Cherry Bekaert LLP
CPAs & Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stafford County School Board (the "School Board"), a component unit of Stafford County, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Tysons Corner, Virginia
March 30, 2021

Cherry Bekaert LLP
CPAs & Advisors

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

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

Report on Compliance for Each Major Federal Program

We have audited the Stafford County Public Schools' (the "School Board"), a component unit of Stafford County, Virginia, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2020. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Programs

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Cherry Bekaert LLP

Tysons Corner, Virginia
March 30, 2021

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Subrecipient	2020 Federal Expenditures
Department of Agriculture:				
Direct Payments:				
Child Nutrition Cluster:				
Food Distribution	10.555	10.555/2012	-	$ 802,853
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
National School Lunch Program	10.555	2014IN109941	-	3,375,090
National School Lunch Program COVID19	10.555	2014IN109941	-	230,914
Total National School Lunch Program			-	4,408,857
National School Breakfast Program	10.553	2014IN109941	-	1,249,104
National School Breakfast Program COVID19	10.553	2014IN109941	-	88,104
Total National School Breakfast Program				1,337,208
Summer Food Service Program for Children COVID19	10.559	2014IN109941	-	1,011,430
Total Child Nutrition Cluster			-	6,757,495
Child and Adult Care Food Program	10.558	2014IN109941	-	14,667
Child and Adult Care Food Program COVID19	10.558	2014IN109941	-	1,159
Total Child and Adult Care Food Program				15,826
Total Department of Agriculture			-	6,773,321
Department of Defense:				
Direct Payments:				
JROTC	12.000	N/A	-	335,356
Total Department of Defense			-	335,356
Department of Education:				
Direct Payments:				
Impact Aid	84.041	N/A	-	1,025,235
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A130107	-	5,279,110
Special Education - Preschool Grants	84.173	H173A130112	-	38,519
Total Special Education Cluster			-	5,317,629
Title I Grants to Local Educational Agencies	84.010	S010A130046	-	1,610,711
Title IV Part A-Student Support and Academic Enrichment	84.424	S424A190048	-	91,914
Title IV Part B-21 Twenty-First Century Community Learning Center	84.287	S287C130047	-	46,444
Education for Homeless Children and Youth	84.196	S196A160048	-	33,948
Career and Technical Education - Basic Grants to States	84.048	V048A130046	-	238,704
Improving Teacher Quality State Grants	84.367	S367A130044	-	360,093
English Language Acquisition Grant	84.365	S365A130046	-	215,668
Elementary and Secondary School Emergency Relief Fund COVID19	84.425D	S425D200008	-	353,657
Total Department of Education			-	9,294,003
Department of Health and Human Services:				
Direct Payments:				
Head Start Program	93.600	N/A	-	2,665,782
Head Start Program COVID19	93.600	N/A	-	6,656
Total Head Start Program				2,672,438
Pass Through Payments From Commonwealth of Virginia:				
Department of Social Services:				
Medicaid Cluster:				
Medical Assistance Program	93.778	93.778/2012	-	1,023,089
Total Medicaid Cluster			-	1,023,089
Total Department of Health and Human Services			-	3,695,527
Total Expenditures of Federal Awards			-	$ 20,098,207

See accompanying notes to the schedule of expenditures of federal awards.

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of SCPS under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of SCPS, it is not intended to and does not present the financial position, changes in net position, or cash flows of SCPS.

Note 2 - Summary of Significant Accounting Policies

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

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

3. The School Board has elected not to use the 10 percent de minimus indirect cost as allowed under the Uniform Guidance.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
School Operating Fund	$ 2,383,680	
School Grants Fund	10,952,896	
School Food and Nutrition Services Fund	6,761,631	**
Total federal expenditures per basic financial statements	$ 20,098,207	
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 20,098,207	

** Includes non-cash expenditures - value of donated commodities of $802,853

Stafford County Public Schools
Schedule of Findings and Questioned Costs
June 30, 2020

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

CFDA Number	Name of Federal Program and Cluster
84.027-CL	Special Education Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund
93.600	Head Start

10. Dollar threshold used to distinguish between type A and type B programs: **$750,000**
11. Auditee qualified as low-risk auditee? **No**

B. Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

None

C. Findings and Questioned Costs Relating to Federal Awards:

None

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia, Laws, Regulations, Contracts and Grants:

None

E. Status of Prior Year Findings:

Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

Finding 2019-001: Material Weakness in Internal Control over Financial Reporting – Donated Inventory

Status: Corrective action implemented

Findings and Questioned Costs Relating to Federal Awards:

Finding 2019-002: Significant Deficiency – Allowable Activities/Cost Principles for Head Start (CFDA 93.600)

Status: Corrective action implemented



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