

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF THE CITY OF BRISTOL, VIRGINIA)

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD

SCHOOL BOARD MEMBERS

Breanne Forbes Hubbard, Vice Chair
Steve Fletcher

Randy Alvis, Chair

Vanessa Guffey
Frank Goodpasture, III

SCHOOL OFFICIALS

Dr. Keith Perrigan, Ed.D.
Tammy Jones, CPA
Stephanie Austin

Superintendent of Schools
Clerk of the School Board
Deputy Clerk of the School Board

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of the
Bristol City School Board
Bristol, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the City of Bristol, Virginia School Board (the School Board), a component unit of the City of Bristol, Virginia, as of and for the year ended June 30, 2023, 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.

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 remaining fund information of the School Board, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2023, the School Board restated beginning balances to reflect a correction to prior accounts receivable. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

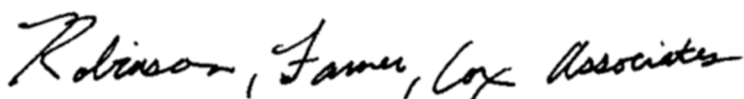
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements.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

Supplementary 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 accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2023, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Bristol, Virginia 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.



Blacksburg, Virginia
November 24, 2023

**CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

As management of the City of Bristol, Virginia School Board (the School Board), we offer readers of the School Board's financial statements this overview and analysis of the financial activities of the School Board for the fiscal year ended June 30, 2023.

Financial Highlights

- The School Board continues to utilize resources awarded by the federal government to assist in managing COVID related costs and learning loss. Each grant has specific requirements and grant periods. These funds continue to significantly increase the annual budget. It is anticipated that the budget will return to pre-pandemic levels with its fiscal year 2025 budget.
- The assets and deferred outflows of the School Board exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$10,530,689 (net position). Of this amount, (\$18,092,631) represents unrestricted net position. Unrestricted net position shows a negative balance due primarily to liabilities recorded in the statement of net position that will not be paid with immediate funds. Additionally, any unexpended funds which are not specifically restricted by state regulation must be returned to the primary government. Therefore, there is no buildup of fund balances to accommodate liabilities that will not be paid with current resources.
- The School Board's total net position increased by \$11,342,277. The increase is attributable to the influx of federal funding received in response to fighting the global coronavirus pandemic and the resulting new equipment and building improvements, the construction-in-progress of Virginia Intermediate School and the completion of a significant Energy Performance Contract.
- As of the close of the current fiscal year, the School Board's governmental funds reported combined ending fund balances of \$6,515,176 an increase of \$1,000,407 in comparison with the prior year. All fund balances are nonspendable, restricted, committed, or assigned for particular purposes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements, which are the government-wide financial statements, the fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (Continued)

The statement of net position presents information on all of the School Board's assets and liabilities, with the difference between the two as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The statement of activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The School Board does not have any business-type activities and reports only governmental activities. Governmental activities include the School Board's basic services including instruction, administration, attendance and health, transportation, operations and maintenance, and food services. City appropriations and state aid finance the majority of these activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board are governmental funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the short-term view of the Board's operations with info on impending inflows and outflows of spendable resources. These statements also highlight the balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains six individual governmental funds. Two funds are classified as non-major in the governmental fund presentation. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the operating fund, textbook fund, cafeteria, school construction assistance escrow, non-major funds of local capital projects and school activity funds.

Overview of the Financial Statements (Continued)

The Board adopts an annual appropriated budget for its operating and special revenue funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 15 - 18 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-74 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School Board, assets and deferred outflows of the School Board exceeded its liabilities and deferred inflows by \$10,530,689 at the close of the most recent fiscal year.

The largest portion of the School Board's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, buses, furniture, books, and equipment). The School Board uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The remaining balance consists of restricted net position which may be used for expenditures specified by the grantor and unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors.

The School Board's Net Position		
	2023	2022
Current and Other Assets	\$10,536,281	\$ 9,199,111
Capital Assets	26,758,091	19,860,177
Total Assets	37,294,372	29,059,288
Deferred Outflows of Resources	5,225,379	6,094,527
Long-Term Liabilities	22,118,439	21,426,010
Other Liabilities	4,798,796	3,707,329
Total Liabilities	26,917,235	25,133,339
Deferred Inflows of Resources	5,071,827	10,832,064
Net Position		
Net invested in Capital Assets	22,394,243	17,003,702
Restricted	6,229,077	4,113,193
Unrestricted	(18,092,631)	(21,928,483)
Total Net Position	\$10,530,689	\$ (811,588)

Government-Wide Financial Analysis (Continued)

At the end of the current fiscal year, the School Board is able to report positive balances in two categories of net position for the government as a whole.

The government's net position increased by \$11,342,277 during the current fiscal year. The key element of this increase is state and federal funding as seen below:

The School Board's Changes in Net Position		
	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 87,653	\$ 109,874
Operating Grants and Contributions	22,621,799	20,857,065
Capital Grants and Contributions	3,838,282	250,000
General Revenues		
Intergovernmental Revenue	18,422,565	17,070,158
Unrestricted Investment Earnings	81,850	13,766
Other	1,112,912	995,843
Total Revenues	<u>46,165,061</u>	<u>39,296,706</u>
Expenses		
Administration	832,759	888,856
Instructional Costs	21,560,969	26,403,093
Attendance and Health Services	892,978	724,287
Transportation	1,030,990	422,941
Food Services	2,104,905	1,732,167
Operations and Maintenance	7,209,096	1,879,658
Interest on Long-term Debt	1,191,087	930,973
Total Expenses	<u>34,822,784</u>	<u>32,981,975</u>
Increase in Net Position	11,342,277	6,314,731
Beginning Net Position, as restated	(811,588)	(7,126,319)
Ending Net Position, as restated	<u>\$ 10,530,689</u>	<u>\$ (811,588)</u>

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the School Board's governmental funds reported combined ending fund balances of \$6,515,176 an increase of \$1,000,407 in comparison with the prior year. The entire fund balance is not available for new spending because \$104,263 is considered nonspendable for inventories and prepaid items, \$3,154,632 is restricted for capital outlay use only, including the purchase of textbooks, \$1,988,235 is restricted for specific grant purposes, \$1,086,210 for use in food service and \$209,797 is committed for individual school activities. A net of (\$27,961) shows in the category of unassigned.

- The operating fund is the chief operating fund of the School Board. At the end of the current fiscal year, the unassigned fund balance of the operating fund was (\$27,961). Any unexpended funds which are not specifically restricted by state regulation must be returned to the primary government. Therefore, there is no buildup of fund balances. The \$1,988,235 restricted fund balance is to be utilized for specific grant purposes only and \$27,961 is allocated to account for prepaid expenditures.

The special revenue - school textbook fund is used to account for textbook revenue and purchases for all schools in the division. These funds are intended to be used solely for textbook related expenditures, or certain technology expenses; however, other uses may be allowed by the state. At the end of the current fiscal year, restricted fund balance was \$650,707. The fund balance decreased \$122,081 due to additional funds needed this year for technology replacement. Technology replacement is on a scheduled cycle but the amount of replacements required vary from year to year.

The special revenue - cafeteria fund is used to report the School Board's food services transactions. At the end of the current fiscal year, restricted fund balance of the cafeteria fund was \$1,086,210 while total fund balance reached \$1,162,512. State regulation encourages school food service funds to maintain fund balance equal to three months operating expenses. Restricted fund balance represents 47.38% of total cafeteria fund expenditures, while total fund balance represents 50.71% of that same amount. Approximately \$300,000 of the restricted fund balance is expected to be spent for specialized cafeteria equipment for the new school currently being built.

The special revenue - school construction assistance escrow fund is used to account for one-time construction funds provided by the Virginia General Assembly. As part of the new school agreement, the Board agreed to fund approximately \$500,000 of the debt service payment for the new school for three years. At the end of the current fiscal year, restricted fund balance was \$1,577,214. This is the first year the fund was established. No additional revenue is anticipated to be provided to this account other than interest earnings. Any earnings will be attributed to future debt payments and/or capital expenditures as approved by the School Board.

Financial Analysis of the Government's Funds (Continued)

The special revenue - local capital projects fund is used to account for funds the City has allowed to be carried over for future capital projects. These funds must be used solely for capital related expenditures. At the end of the current fiscal year, restricted fund balance was \$926,711, an increase of \$130,691. This increase is due primarily to the transfer of unexpended local funds to the capital projects fund as allowed up to \$200,000 per year.

The special revenue - school activity fund is used to account for revenues and expenditures related to school activity funds. Bristol Virginia Public Schools has six schools; one high, one middle and four elementary. At the end of the current fiscal year, committed fund balance was \$209,797, a decrease of \$55,096.

Operating Fund Budgetary Highlights

The following table provides a comparison of original budget, final budget and actual revenues and expenditures in the operating fund:

Operating Fund	Original	Final	Actual
Revenues			
Intergovernmental	\$ 44,279,303	47,427,890	40,462,771
Charges for Services	7,000	7,000	7,100
Other	563,172	750,539	682,594
Total Revenues	<u>44,849,475</u>	<u>48,185,429</u>	<u>41,152,465</u>
Expenditures			
Expenditures	<u>47,278,451</u>	<u>50,421,661</u>	<u>41,287,316</u>
Other Financing Sources (Uses)	<u>(249,509)</u>	<u>(249,124)</u>	<u>(362,258)</u>
Change in Fund Balance	<u>\$ (2,678,485)</u>	<u>\$ (2,485,356)</u>	<u>(497,109)</u>

The final amended budget of revenues and appropriations was more than the original budget by \$3,335,954. This variance is due primarily to an increase in the amount of grant carryover related costs, along with the offsetting grant revenue.

Actual revenues were less than final budget amounts by \$7,032,964 or 14.60%, while actual expenditures were \$9,134,345, or 18.12% less than final budget amounts. Highlights of comparison of final budget to actual figures for the fiscal year ended June 30, 2023, include the following:

- Actual intergovernmental revenues were less than budgeted amounts primarily due to federal and state grant and program revenues that were not utilized in the current fiscal year. These grant and program revenues will carry-over to be used in the next fiscal year. Many of the federal pandemic relief funds are multi-year grants and have been carried over.
- Actual expenditures were less than appropriations primarily due to federal and state grants and awards that were not expended during the current fiscal year. These grants and awards carry-over to be used in the next fiscal year. Many of the federal pandemic relief funds are multi-year grants and have been carried over.

During the year, actual expenditures and other financing uses were more than actual revenues, resulting in a net decrease in fund balance of \$497,109.

Capital Asset Administration

Capital Assets - The School Board's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$26,758,091 (net of accumulated depreciation). The investment in capital assets includes land, buildings and system improvements, vehicles, buses, furniture, books and equipment as well as the value for intangible right-to-use assets. The total increase in the School Board's investment in capital assets for the current fiscal year was 35.77%. This increase is attributed to the ongoing facilities improvements, completion of an energy performance contract and the building in progress of a new school, as well as the required recording of the value of intangible right-to-use assets (copiers). School Capital Assets financed with debt incurred by the City have been reported in the City's financial statements.

Major capital asset events during the current fiscal year included continued renovations to schools, including a completed energy performance contract and the continuing construction on a new school.

The School Board's Capital Assets		
	2023	2022
Land	\$ 267,711	\$ 267,711
Construction in Progress	3,256,094	1,512,615
Buildings and Improvements	39,745,054	34,582,737
Furniture, Books and Equipment	1,218,134	1,218,134
Technology	3,117,976	1,764,718
Vehicles and Buses	2,965,519	3,072,363
Intangible Right-To-Use Assets	281,021	216,820
Less Accumulated Depreciation/Amortization	(24,093,418)	(22,774,921)
Total	<u>\$ 26,758,091</u>	<u>\$ 19,860,177</u>

Additional information on the School Board's capital assets can be found in Note 8 on page 44 of this report.

Economic Factors and Next Year's Budget

In setting the budgets for FY 2024, the Board considered a number of issues with School Board wide impact, among them:

- Regional cost of living increases, projected student enrollment and other related economic factors were considered in preparing the School Board's budget for the 2024 fiscal year.
- Current and future budgets will be heavily focused on building of a new school and updating Van Pelt Elementary School and continued ADA compliance for our middle and high school.
- FY 2024 budget continues to contain significant COVID-19 funds. These funds are expected to be depleted by the close of FY 2024.
- Administration, teachers, and staff are focusing on increasing student performance in the aftermath of a global pandemic. The FY 2024 budget continues to utilize the remaining COVID-19 related funds to maintain behavior health specialists in each school and finalize outstanding capital projects which were delayed during FY 2023 due to supply and labor issues.
- Looking ahead during FY 2024 and beyond, the Board is constructing the first new school in Bristol Virginia in over 50 years. As consolidation is planned and implemented, focus will remain on quality staff and salaries and student learning.

Request for Information

This financial report is designed to provide a general overview of the School Board's finances for all those with an interest in the government's finance. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Bristol Virginia Public Schools, 280 Lee Street, Bristol, Virginia 24201 or via email at tmjones@bvps.org.

Basic Financial Statements

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Statement of Net Position
June 30, 2023

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,204,522
Accounts receivable	70,768
Due from other governmental units	4,346,302
Prepaid expenses	27,961
Inventories	76,302
Restricted assets:	
Cash and cash equivalents	2,810,426
Capital assets (net of accumulated depreciation/amortization):	
Land	267,711
Construction in progress	3,256,094
Buildings and improvements	20,167,287
Furniture, books, and equipment	168,068
Vehicles and buses	882,945
Technology	1,850,676
Intangible right-to-use lease assets:	
Equipment	165,310
Total assets	<u>\$ 37,294,372</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 4,459,587
OPEB related items	765,792
Total deferred outflows of resources	<u>\$ 5,225,379</u>
LIABILITIES	
Accounts payable	\$ 2,069,090
Wages payable	1,946,153
Accrued interest payable	20,967
Unearned revenue	5,862
Long-term liabilities:	
Due within one year	756,724
Due in more than one year	22,118,439
Total liabilities	<u>\$ 26,917,235</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 3,775,265
OPEB related items	1,296,562
Total deferred inflows of resources	<u>\$ 5,071,827</u>
NET POSITION	
Net investment in capital assets	\$ 22,394,243
Restricted	
Capital projects	3,154,632
Cafeteria services	1,086,210
Grants	1,988,235
Unrestricted	(18,092,631)
Total net position	<u>\$ 10,530,689</u>

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Statement of Activities
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating</u>		<u>Primary Governmental Activities</u>	
			<u>Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
PRIMARY GOVERNMENT:						
Governmental activities:						
Administration	\$ 832,759	\$ -	\$ -	\$ -	\$	(832,759)
Instruction	21,560,969	7,100	20,444,376	-		(1,109,493)
Attendance and Health Services	892,978	-	-	-		(892,978)
Transportation	1,030,990	-	-	-		(1,030,990)
Food Services	2,104,905	80,553	2,177,423	-		153,071
Operations and Maintenance	7,209,096	-	-	3,838,282		(3,370,814)
Interest on Long-Term Debt	1,191,087	-	-	-		(1,191,087)
Total governmental activities	\$ 34,822,784	\$ 87,653	\$ 22,621,799	\$ 3,838,282	\$	(8,275,050)
General revenues:						
State basic aid					\$	7,461,438
State sales tax						3,559,202
Unrestricted revenues from the use of money and property						81,850
Miscellaneous						1,112,912
Contributions from the City of Bristol, Virginia						7,401,925
Total general revenues					\$	19,617,327
Change in net position					\$	11,342,277
Net position - beginning, as restated						(811,588)
Net position - ending					\$	10,530,689

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Balance Sheet
Governmental Funds
June 30, 2023

	Nonmajor Fund						
	Operating Fund	School Textbook Fund	Cafeteria Fund	School Construction Assistance Escrow Fund	Local Capital Projects Fund	School Activity Funds	Total
ASSETS							
Cash and cash equivalents	\$ 2,963,871	\$ -	\$ -	\$ -	\$ -	\$ 240,651	\$ 3,204,522
Accounts receivable	68,735	-	2,033	-	-	-	70,768
Due from other funds	-	892,234	-	-	687,514	-	1,579,748
Due from other governmental units	4,096,302	-	-	-	250,000	-	4,346,302
Prepaid expenses	27,961	-	-	-	-	-	27,961
Inventories	-	-	76,302	-	-	-	76,302
Restricted assets:							
Cash and cash equivalents	-	-	1,233,212	1,577,214	-	-	2,810,426
Total assets	<u>\$ 7,156,869</u>	<u>\$ 892,234</u>	<u>\$ 1,311,547</u>	<u>\$ 1,577,214</u>	<u>\$ 937,514</u>	<u>\$ 240,651</u>	<u>\$ 12,116,029</u>
LIABILITIES							
Accounts payable	\$ 1,763,734	\$ 241,527	\$ 22,172	\$ -	10,803	\$ 30,854	\$ 2,069,090
Wages payable	1,940,112	-	6,041	-	-	-	1,946,153
Due to other funds	1,464,788	-	114,960	-	-	-	1,579,748
Unearned revenue	-	-	5,862	-	-	-	5,862
Total liabilities	<u>\$ 5,168,634</u>	<u>\$ 241,527</u>	<u>\$ 149,035</u>	<u>\$ -</u>	<u>\$ 10,803</u>	<u>\$ 30,854</u>	<u>\$ 5,600,853</u>
FUND BALANCES							
Nonspendable:							
Inventories	\$ -	\$ -	\$ 76,302	\$ -	\$ -	\$ -	\$ 76,302
Prepaid items	27,961	-	-	-	-	-	27,961
Restricted:							
Capital projects	-	650,707	-	1,577,214	926,711	-	3,154,632
Grants	1,988,235	-	-	-	-	-	1,988,235
Food service	-	-	1,086,210	-	-	-	1,086,210
Committed:							
School activities	-	-	-	-	-	209,797	209,797
Unassigned	(27,961)	-	-	-	-	-	(27,961)
Total fund balances	<u>\$ 1,988,235</u>	<u>\$ 650,707</u>	<u>\$ 1,162,512</u>	<u>\$ 1,577,214</u>	<u>\$ 926,711</u>	<u>\$ 209,797</u>	<u>\$ 6,515,176</u>
Total liabilities and fund balances	<u>\$ 7,156,869</u>	<u>\$ 892,234</u>	<u>\$ 1,311,547</u>	<u>\$ 1,577,214</u>	<u>\$ 937,514</u>	<u>\$ 240,651</u>	<u>\$ 12,116,029</u>

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	6,515,176
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	267,711
Construction in progress		3,256,094
Buildings and improvements		20,167,287
Furniture, books, and equipment		168,068
Vehicles and buses		882,945
Technology		1,850,676
Intangible right-to-use assets:		
Machinery and equipment		165,310
		26,758,091

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	4,459,587
OPEB related items		765,792
		5,225,379

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$	(460,209)
Net OPEB liabilities		(4,143,369)
Net pension liabilities		(14,704,077)
Accrued interest payable		(20,967)
Lease liabilities		(164,874)
Financed purchases		(3,402,634)
		(22,896,130)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$	(3,775,265)
OPEB related items		(1,296,562)
		(5,071,827)

Net position of governmental activities	\$	10,530,689
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The notes to the financial statements are an integral part of this statement.

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Nonmajor Fund						
	Operating Fund	School Textbook Fund	Cafeteria Fund	School Construction Assistance Escrow Fund	Local Capital Projects Fund	School Activity Funds	Total
REVENUES							
Revenue from the use of money and property	\$ 47,876	\$ 20,930	\$ 1,110	\$ -	\$ 11,934	\$ -	\$ 81,850
Charges for services	7,100	-	80,553	-	-	-	87,653
Miscellaneous	441,566	-	-	-	-	671,346	1,112,912
Recovered costs	193,152	-	-	-	-	-	193,152
Intergovernmental	40,462,771	-	2,177,423	1,577,214	-	-	44,217,408
Total revenues	\$ 41,152,465	\$ 20,930	\$ 2,259,086	\$ 1,577,214	\$ 11,934	\$ 671,346	\$ 45,692,975
EXPENDITURES							
Current:							
Administration	\$ 1,082,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,082,049
Instruction	26,758,624	420,055	-	-	-	698,522	27,877,201
Attendance and Health Services	909,212	-	-	-	-	-	909,212
Transportation	1,047,025	-	-	-	-	-	1,047,025
Food Services	-	-	2,292,298	-	-	-	2,292,298
Operations and Maintenance	2,783,037	-	-	-	-	-	2,783,037
Capital Projects	7,110,814	-	-	-	78,205	-	7,189,019
Debt service	1,596,555	-	-	-	-	-	1,596,555
Total expenditures	\$ 41,287,316	\$ 420,055	\$ 2,292,298	\$ -	\$ 78,205	\$ 698,522	\$ 44,776,396
Excess (deficiency) of revenues over (under) expenditures	\$ (134,851)	\$ (399,125)	\$ (33,212)	\$ 1,577,214	\$ (66,271)	\$ (27,176)	\$ 916,579
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 27,920	\$ 277,044	\$ -	\$ -	\$ 196,962	\$ -	\$ 501,926
Transfers out	(474,006)	-	-	-	-	(27,920)	(501,926)
Issuance of lease liabilities	83,828	-	-	-	-	-	83,828
Total other financing sources (uses)	\$ (362,258)	\$ 277,044	\$ -	\$ -	\$ 196,962	\$ (27,920)	\$ 83,828
Net change in fund balances	\$ (497,109)	\$ (122,081)	\$ (33,212)	\$ 1,577,214	\$ 130,691	\$ (55,096)	\$ 1,000,407
Fund balances - beginning, as restated	2,485,344	772,788	1,195,724	-	796,020	264,893	5,514,769
Fund balances - ending	\$ 1,988,235	\$ 650,707	\$ 1,162,512	\$ 1,577,214	\$ 926,711	\$ 209,797	\$ 6,515,176

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	1,000,407
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which the capital outlays exceeded depreciation/amortization in the current period.

Capital outlays	\$ 8,342,882	
Depreciation/amortization expenses	(1,444,968)	6,897,914

The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments:		
Leases	\$ 70,513	
Financed purchases	332,935	
Lease issuance	(83,828)	319,620

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

State non-employer contribution to the pension plan		665,238
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Changes in compensated absences	\$ 48,291	
Changes in net OPEB liabilities and related items	506,189	
Changes in accrued interest payable	2,020	
Changes in net pension liabilities and related items	1,902,598	2,459,098

Change in net position of governmental activities	\$	11,342,277
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The notes to the financial statements are an integral part of this statement.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies:

The financial statements of the City of Bristol, Virginia School Board (“the School Board”) have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government’s accounting policies are described below.

A. Financial Reporting Entity:

The School Board (government) is a component unit of the City of Bristol, Virginia (“the City”), which operates four elementary schools, one middle school, and one high school for students residing in the City. The School Board consists of five elected members. City Council approves the Board’s operational and capital budgets and must approve the issuance of bonded debt. City Council also provides fiscal guidance because it levies taxes for the School Board’s operations and issues debt for its school capital projects. Based on these facts, the City reports the School Board as a discretely presented component unit.

Related Organizations

School Board members are occasionally appointed to various committees as provided under state and local laws and ordinances. However, the committees are advisory in nature and the School Board is not financially accountable for these committees and, therefore, they are not included in the School Board financial statements.

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. *Governmental activities* are normally supported by intergovernmental revenues.

The statement of net position is designed to display financial position of the primary government and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense - the cost of “using up” capital assets - in the statement of activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (continued)

B. Government-wide and fund financial statements: (continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or when related to a grant reimbursed based on actual expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing resources.

The School Board reports the following major governmental funds:

The Operating Fund is the School Board's primary operating fund. It accounts for all revenues and other receipts that are not allocated by law or contractual agreement to another fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the Operating Fund.

The School Textbook Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The fund consists of unexpended revenue restricted by the Code of Virginia at June 30th of each year.

The Cafeteria Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for cafeteria operation. The fund consists of the student collections, grants, and miscellaneous revenue less operating and capital expenditures related to cafeteria.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

The School Board reports the following major capital projects funds:

The School Construction Assistance Escrow Fund was established by the School Board to house state grant funds that are restricted for construction or debt service related to new schools or renovations.

The School Board reports the following nonmajor funds:

The Local Capital Projects Fund was established by a resolution of the School Board and the City. The fund serves as a reserve fund to pay for major capital expenditures and to cover expected material costs. The School Board is allowed to retain unexpended local school funds up to \$200,000 annually.

The School Activity Fund reports the activities of the athletics, dues, and class activities within the bank accounts held at each school.

Amounts reported as *program revenues* include 1) charges to students or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

D. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School Board has one item that qualifies for reporting in this category. It is comprised of certain items related to Pension and OPEB. For more detailed information on these items, reference the related notes.

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

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance:

1. Cash and Cash Equivalents/Investments

The School Board considers all highly liquid investments (including certificates of deposit, repurchase agreements, treasury bills and restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (continued)

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

1. Cash and Cash Equivalents/Investments (Continued)

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

2. Inventories

Inventories are valued at the lower of cost (determined on a first-in, first-out basis) or market except for commodities received from the federal government which are valued at market. Inventories consist of food and supplies.

3. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, are defined by the School Board as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years.

As the School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and structural improvements	50
Non-structural improvements	15-26
Furniture, books, and equipment	5-15
Technology	5-10
Vehicles and buses	8

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

3. Capital assets (Continued)

Local governments in Virginia have a “tenancy in common” with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one fiscal year. The primary government reports this debt in its financial statements. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the outstanding financial obligation. As principal is repaid, capital assets equal to the amount of principal debt reduction are removed from the primary government’s financial statements and reported in the School Board’s financial statements. The School Board retains authority and responsibility over the operation and control of this property.

4. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The School Board’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the School Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

4. Fund balance (Continued)

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

5. Compensated Absences

The School Board has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if the leave is expected to be paid with currently available financial resources.

6. Pensions

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

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

8. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

9. Other Postemployment Benefits (OPEB)

Health Insurance

The Board allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible. This is discussed in detail in Note 10 of the financial statements.

VRS related OPEB Liabilities

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies: (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (continued)

9. Leases

The School Board leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The School Board recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$10,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during lease term (less and lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus and payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School Board uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the School Board uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The School Board monitors changes in circumstances that would require a remeasurement or modification of its leases. The School Board will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 2-Stewardship, Compliance, and Accountability:

Budgets and Budgetary Accounting

The following procedures are used by the School Board in establishing the budgetary data reflected in the financial statements:

The funds available to the School Board for the establishment, support and maintenance of schools consist of state funds appropriated for school purposes and apportioned to the School Board, federal funds appropriated for educational purposes and apportioned to the School Board, local funds appropriated to the School Board by the City, and other funds that may be set apart for public school purposes.

The School Board manages and controls the funds made available by the City. The school superintendent prepares, with the approval of the School Board, and submits to the City prior to April 1, the proposed operating budget for the next fiscal year. Before the School Board gives final approval to its budget for submission to the City Council, the School Board holds at least one public hearing to receive the view of the citizens.

City Council has adopted the policy of appropriating the school budget in total rather than by categories. Accordingly, the legal restrictions on expenditures for the School Board are at the fund level. The School Board is authorized to transfer budgeted amounts within each fund at its discretion. The School Board, with the concurrence of City Council, may from time to time amend the budget to provide for additional expenditures and the means of financing them.

The school budget is adopted on a basis consistent with generally accepted accounting principles. All funds' appropriations lapse on June 30. The School Board did not exceed City Council's appropriations.

Note 3-Deposits and Investments:

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

Investments: Statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP) and the Virginia Investment Pool (VIP). As of June 30, 2023, the School Board did not have any investments.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	<u>Operating Fund</u>
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 520,226
VPSA grant	182,778
SCAP Grant	647,068
School grants	296,511
<u>Federal Government:</u>	
School grants	2,699,719
Total	<u>\$ 4,346,302</u>

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Operating Fund	\$ 27,920	\$ (474,006)
School Textbook Fund	277,044	-
Local Capital Projects Fund	196,962	-
School Activity Funds	-	(27,920)
Total	<u>\$ 501,926</u>	<u>\$ (501,926)</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in one fund to other fund(s) to finance various programs accounted for in other funds in accordance with budgeting authorization.

	<u>Due From</u>	<u>Due To</u>
Primary Government:		
Operating Fund	\$ -	\$ 1,464,788
Cafeteria Fund	-	114,960
School Textbook Fund	892,234	-
Local Capital Projects Fund	687,514	-
School Activity Fund	-	-
Total	<u>\$ 1,579,748</u>	<u>\$ 1,579,748</u>

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity and are expected to be repaid in the next fiscal year.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-term Obligations:

The following is a summary of changes in long-term obligations:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 508,500	\$ 333,084	\$ (381,375)	\$ 460,209	\$ 345,157
Financed purchases	3,735,569	-	(332,935)	3,402,634	342,136
Lease liabilities	151,556	83,828	(70,510)	164,874	69,431
Net OPEB liability	4,530,362	1,050,066	(1,437,059)	4,143,369	-
Net pension liability	12,500,020	11,789,238	(9,585,181)	14,704,077	-
Total	<u>\$ 21,426,007</u>	<u>\$ 13,256,216</u>	<u>\$ (11,807,060)</u>	<u>\$ 22,875,163</u>	<u>\$ 756,724</u>

The School Board Operating Fund is normally used to liquidate the liabilities above.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 342,136	\$ 88,784	\$ 69,431	\$ 2,650
2025	351,592	79,329	57,323	1,304
2026	361,309	69,611	25,501	530
2027	371,296	59,624	11,404	110
2028	381,560	49,360	1,215	8
2029-2033	998,663	134,883	-	-
2034-2037	596,078	38,478	-	-
Totals	<u>\$3,402,634</u>	<u>\$ 520,069</u>	<u>\$ 164,874</u>	<u>\$ 4,602</u>

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-term Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Direct borrowings and Direct Placements:</u>						
<i>Financed purchases:</i>						
Energy improvements	2.83%	10/15/2014	2030	\$3,247,472	\$ 1,554,409	\$ 230,627
Energy improvements	2.55%	4/5/2022	2037	1,956,961	1,848,225	111,509
Total direct borrowings and direct placements					<u>\$ 3,402,634</u>	<u>\$ 342,136</u>
<u>Lease liabilities:</u>						
School copiers					<u>\$ 164,874</u>	<u>\$ 69,431</u>
<u>Other Obligations:</u>						
Compensated absences					\$ 460,209	\$ 345,157
Net pension liability					14,704,077	-
Net OPEB liabilities					4,143,369	-
Total other obligations					<u>\$ 19,307,655</u>	<u>\$ 345,157</u>
Total long-term obligations					<u>\$ 22,875,163</u>	<u>\$ 756,724</u>

Note 7-Pension Plan:

School Board (Nonprofessional)

Plan Description

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

Benefit Structures

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

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (Continued)

School Board (Nonprofessional) (Continued)

Benefit Structures (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefit	36
Inactive members:	
Vested inactive members	2
Non-vested inactive members	23
Inactive members active elsewhere in VRS	<u>1</u>
Total inactive members	26
Active members	<u>41</u>
Total covered employees	<u><u>103</u></u>

Contributions

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

The School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 7.65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board's nonprofessional employees were \$87,409 and \$83,119 for the years ended June 30, 2023 and June 30, 2022, respectively.

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The School Board's (nonprofessional) net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Actuarial Assumptions - General Employees (continued)

Mortality rates:

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

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set forward 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

* The above allocation provides a one-year expected return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contributions rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 3,142,771	\$ 2,830,038	\$ 312,733
Changes for the year:			
Service cost	\$ 95,178	\$ -	\$ 95,178
Interest	210,003	-	210,003
Differences between expected and actual experience	(97,269)	-	(97,269)
Change in assumptions	-	-	-
Contributions - employer	-	82,260	(82,260)
Contributions - employee	-	53,898	(53,898)
Net investment income	-	(788)	788
Benefit payments, including refunds of employee contributions	(253,576)	(253,576)	-
Administrative expenses	-	(1,790)	1,790
Other changes	-	64	(64)
Net changes	\$ (45,664)	\$ (119,932)	\$ 74,268
Balances at June 30, 2022	\$ 3,097,107	\$ 2,710,106	\$ 387,001

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

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

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

	<u>1% Decrease</u>		<u>Rate</u>		<u>1% Increase</u>
	<u>(5.75%)</u>		<u>(6.75%)</u>		<u>(7.75%)</u>
School Board (Nonprofessional)					
Net Pension Liability (Asset)	\$ 721,231	\$	387,001	\$	110,381

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

For the year ended June 30, 2023, the School Board (nonprofessional) recognized pension expense of \$55,436. At June 30, 2023, the School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>School Board</u>	
	<u>(Nonprofessional)</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 10,771	\$ 62,530
Change in assumptions	20,473	-
Net difference between projected and actual earnings on pension plan investments	-	82,840
Employer contributions subsequent to the measurement date	87,409	-
Total	<u>\$ 118,653</u>	<u>\$ 145,370</u>

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Nonprofessional) (continued)

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

\$87,409 reported as deferred outflows of resources related to pensions resulting from the School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. 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:

<u>Year Ended June 30</u>	<u>School Board (Nonprofessional)</u>
2024	\$ (34,890)
2025	(60,974)
2026	(55,821)
2027	37,559
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

School Board (Professional)

Plan Description

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

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Professional) (continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,412,813 and \$2,233,082 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$14,317,076 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.15038% as compared 0.15699% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$542,210. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 7-Pension Plan: (continued)

School Board (Professional) (continued)

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

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 987,219
Change in assumptions	1,349,812	-
Net difference between projected and actual earnings on pension plan investments	-	1,866,647
Changes in proportion and difference between employer contributions and proportionate share of contributions	578,309	776,029
Employer contributions subsequent to the measurement date	<u>2,412,813</u>	<u>-</u>
Total	<u>\$ 4,340,934</u>	<u>\$ 3,629,895</u>

\$2,412,813 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. 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:

<u>Year Ended June 30</u>	<u>School Board (Professional)</u>
2024	\$ (553,888)
2025	(614,640)
2026	(1,234,421)
2027	701,175
2028	-
Thereafter	-

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teacher Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 7-Pension Plan: (continued)

School Board (Professional) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability (Asset)	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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Note 7-Pension Plan: (continued)

School Board (Professional) (continued)

Net Pension Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>Discount Rate</u>	<u>(7.75%)</u>
		<u>(6.75%)</u>	
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 25,571,394	\$ 14,317,076	\$ 5,153,587

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Pension Plan: (continued)

School Board (Professional) (continued)

Aggregate Pension Information

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	\$ 118,653	\$ 145,370	\$ 387,001	\$ 55,436
School Board Professional	4,340,934	3,629,895	14,317,076	542,210
Totals	<u>\$ 4,459,587</u>	<u>\$ 3,775,265</u>	<u>\$ 14,704,077</u>	<u>\$ 597,646</u>

Note 8-Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 267,711	\$ -	\$ -	\$ 267,711
Construction in progress	1,512,615	7,580,747	(5,837,268)	3,256,094
Total capital assets not being depreciated	<u>\$ 1,780,326</u>	<u>\$ 7,580,747</u>	<u>\$ (5,837,268)</u>	<u>\$ 3,523,805</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 34,582,737	\$ 5,162,317	\$ -	\$ 39,745,054
Furniture, books, and equipment	1,218,134	-	-	1,218,134
Technology	1,764,718	1,353,258	-	3,117,976
Vehicles and buses	3,072,363	-	(106,844)	2,965,519
Total capital assets being depreciated	<u>\$ 40,637,952</u>	<u>\$ 6,515,575</u>	<u>\$ (106,844)</u>	<u>\$ 47,046,683</u>
Accumulated depreciation:				
Buildings and improvements	\$ (18,713,858)	\$ (863,909)	\$ -	\$ (19,577,767)
Furniture, books, and equipment	(999,646)	(50,420)	-	(1,050,066)
Technology	(994,459)	(272,841)	-	(1,267,300)
Vehicles and buses	(2,001,758)	(187,660)	106,844	(2,082,574)
Total accumulated depreciation	<u>\$ (22,709,721)</u>	<u>\$ (1,374,830)</u>	<u>\$ 106,844</u>	<u>\$ (23,977,707)</u>
Intangible right-to-use lease assets:				
Machinery and equipment	\$ 216,820	\$ 83,828	\$ (19,627)	\$ 281,021
Total intangible right-to-use lease assets being amortized	<u>\$ 216,820</u>	<u>\$ 83,828</u>	<u>\$ (19,627)</u>	<u>\$ 281,021</u>
Accumulated amortization				
Machinery and equipment	\$ (65,200)	\$ (70,138)	\$ 19,627	\$ (115,711)
Total accumulated amortization	<u>\$ (65,200)</u>	<u>\$ (70,138)</u>	<u>\$ 19,627</u>	<u>\$ (115,711)</u>
Net intangible right-to-use lease assets	<u>\$ -</u>	<u>\$ 13,690</u>	<u>\$ -</u>	<u>\$ 165,310</u>
Total capital assets being depreciated, net	<u>\$ 17,928,231</u>	<u>\$ 5,154,435</u>	<u>\$ -</u>	<u>\$ 23,234,286</u>
Governmental activities capital assets, net	<u>\$ 19,708,557</u>	<u>\$ 12,721,492</u>	<u>\$ (5,837,268)</u>	<u>\$ 26,758,091</u>

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Note 8-Capital Assets: (Continued)

Depreciation/amortization expense was charged to functions/programs of the School Board as follows:

Administration	\$ 572,821
Instruction	717,781
Attendance and Health Services	3,650
Pupil transportation	129,531
Food service	11,936
Operation and maintenance	<u>9,249</u>
Total depreciation/amortization expense-governmental activities	<u>\$ 1,444,968</u>

Note 9-Risk Management:

The School Board participates with other school boards and municipalities in a public entity risk pool for their coverage of workers' compensation, health, general liability, property, crime, auto insurance and excess liability with VACORP and the Local Choice. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The School Board pays the risk pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, and depletion of all available funds and/or excess insurance, the pool 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.

Note 10-Other Postemployment Benefits - Health Insurance:

Plan Description

The School Board participates in a cost-sharing defined benefit healthcare plan, The Plan. The Plan is administered by the City of Bristol, Virginia. The School Board reports their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include health insurance. The Plan will provide retiring employees the option to continue health insurance offered by the School Board. Employees are eligible for the program if they retire from the School Board with VRS. The benefits are as follows:

- Employee retiring with less than 25 years of service - retiree pays 100% of employee premium;
- Employee retiring with 25 or more but less than 30 years of service - retiree pays 100% of employee premium less \$100 monthly credit;
- Employee retiring with 30 or more but less than 35 years of service - retiree pays 100% of employee premium less \$200 monthly credit;
- Employee retiring with 35 or more years of service - retiree pays 100% of employee premium less \$300 monthly credit.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 10-Other Postemployment Benefits - Health Insurance (Continued)

Benefits Provided (Continued)

The benefit ceases as the retiree turns 65 or becomes eligible for Medicare. The retiree pays 100% of the spousal premium regardless of years of service.

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$96,400.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	3.69%
Healthcare trend rate	6.50% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%

Mortality rates was the RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from the Board will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current plan members.

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

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Note 10-Other Postemployment Benefits - Health Insurance (Continued)

Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate (Continued)

	Current	
1% Decrease	Discount Rate	1% Increase
(2.69%)	(3.69%)	(4.69%)
<u>\$ 1,496,400</u>	<u>\$ 1,393,100</u>	<u>\$ 1,297,700</u>

Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current healthcare cost trend rates:

	Healthcare Cost	
1% Decrease	Trend Rates	1% Increase
(5.50%)	(6.50%)	(7.50%)
<u>\$ 1,288,000</u>	<u>\$ 1,393,100</u>	<u>\$ 1,515,600</u>

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2022, the School Board reported a liability of \$1,393,100 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2022 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2021. At June 30, 2023 and 2022, the School Board's proportion was 39.85% and 38.61%, respectively.

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of \$(158,700).

At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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Note 10-Other Postemployment Benefits - Health Insurance (Continued)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 678,200
Changes in assumptions	115,900	185,800
Net difference between projected and actual earnings on OPEB Plan investments	-	-
Employer contributions after measurement date but prior to fiscal year end	96,400	-
Total	\$ <u>212,300</u>	\$ <u>864,000</u>

\$96,400 reported as deferred outflows of resources related to OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year ended June 30:

2024	\$ (279,900)
2025	(209,200)
2026	(177,200)
2027	(59,600)
2028	(22,200)
Thereafter	-

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each

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JUNE 30, 2023

Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire 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. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

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Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$182,528 and \$167,803 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$1,858,581 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was 0.14880% as compared to 0.15495% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$128,380. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

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Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 75,759
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,865
Change in assumptions	54,299	4,746
Change in proportionate share and differences between actual and expected contributions	68,837	123,043
Employer contributions subsequent to the measurement date	<u>182,528</u>	<u>-</u>
Total	<u>\$ 305,664</u>	<u>\$ 205,413</u>

\$182,528 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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

<u>Year Ended June 30</u>	
2024	\$ (25,826)
2025	(22,316)
2026	(12,579)
2027	1,414
2028	(5,205)
Thereafter	(17,765)

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Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
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Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Mortality Rates - Teachers (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee Net HIC OPEB Liability (Asset)	<u>\$ 1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 2,094,642	\$ 1,858,581	\$ 1,658,478

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>18</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	<u>18</u>
Active members	<u>41</u>
Total covered employees	<u><u>59</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2023 was .55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$7,744 and \$7,052 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted Safety General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set forward 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.30%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 74,171	\$ 7,306	\$ 66,865
Changes for the year:			
Service cost	\$ 872	\$ -	\$ 872
Interest	4,938	-	4,938
Benefit changes	-	-	-
Differences between expected and actual experience	2,418	-	2,418
Assumption changes	(14,674)	-	(14,674)
Contribution - employer	-	7,052	(7,052)
Net investment income	-	(42)	42
Benefit payments	(3,789)	(3,789)	-
Administrative expenses	-	(20)	20
Other changes	-	273	(273)
Net changes	\$ (10,235)	\$ 3,474	\$ (13,709)
Balances at June 30, 2022	\$ 63,936	\$ 10,780	\$ 53,156

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City of Bristol, Virginia School Board's			
Net HIC OPEB Liability	\$ 58,095	\$ 53,156	\$ 48,894

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

For the year ended June 30, 2023, the School Board recognized HIC Plan OPEB expense of \$2,622. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,904	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	186	11,552
Change in assumptions	689	-
Employer contributions subsequent to the measurement date	7,744	-
Total	\$ 10,523	\$ 11,552

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

\$7,744 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2024	\$	(2,323)
2025		(2,323)
2026		(2,433)
2027		(1,694)
2028		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Program from the School Board (nonprofessional) were \$7,603 and \$6,915 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Program from the School Board (professional) were \$81,459 and \$74,887 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the School Board (nonprofessional) reported a liability of \$70,921 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the School Board (professional) reported a liability of \$767,611 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2022, the School Board's (nonprofessional) proportion was 0.00590% as compared to 0.00580% at June 30, 2021.

At June 30, 2022, the School Board's (professional) proportion was 0.06380% as compared to 0.06640% at June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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

For the year ended June 30, 2023, the School Board (nonprofessional) recognized GLI OPEB expense of \$11,816. 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.

For the year ended June 30, 2023, the School Board (professional) recognized GLI OPEB expense of \$13,811. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	School Board (Nonprofessional)		School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,616	\$ 2,845	\$ 60,785	\$ 30,795
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,432	-	47,964
Change in assumptions	2,645	6,908	28,631	74,768
Changes in proportionate share	18,486	12	32,080	47,873
Employer contributions subsequent to the measurement date	7,603	-	81,459	-
Total	\$ 34,350	\$ 14,197	\$ 202,955	\$ 201,400

\$7,603 and \$81,459 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board (nonprofessional) and School Board (professional), respectively, contributions subsequent to the measurement will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	School Board (Nonprofessional)	School Board (Professional)
2024	\$ 8,063	\$ (22,302)
2025	3,746	(15,120)
2026	(1,384)	(37,022)
2027	2,377	6,343
2028	(252)	(11,803)
Thereafter	-	-

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

Mortality Rates - Teachers (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Mortality Improvement Scale:

Rates projected generationally Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

NET GLI OPEB Liability (Continued)

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	3,467,989
Net GLI OPEB Liability (Asset)	\$ <u>1,204,096</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%
--	--------

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	2.50%
		Expected arithmetic nominal return**	<u>7.83%</u>

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation, at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 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, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 103,199	\$ 70,921	\$ 44,837
School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,116,965	\$ 767,611	\$ 485,286

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13 - Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14-OPEB Summary:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Stand-Alone Health Insurance Plan (Note 10)	\$ 212,300	\$ 864,000	\$ 1,393,100	\$ (158,700)
VRS OPEB Plans:				
VRS Teacher Health Insurance Credit (Note 11)	305,664	205,413	1,858,581	128,380
VRS Health Insurance Credit (Note 12)	10,523	11,552	53,156	2,622
VRS Group Life - Nonprofessional (Note 13)	34,350	14,197	70,921	11,816
VRS Group Life - Professional (Note 13)	202,955	201,400	767,611	13,811
Totals	<u>\$ 765,792</u>	<u>\$ 1,296,562</u>	<u>\$ 4,143,369</u>	<u>\$ (2,071)</u>

Note 15-Commitments and Contingencies:

Construction Commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Phase 1A Energy Contract	\$ 3,649,754	\$ -	\$ 548,850	\$ -
Intermediate School Construction #1	25,606,838	11,476,258	242,598	-
Intermediate School Construction #2	98,203	33,242	4,892	-
Total	<u>\$ 29,354,795</u>	<u>\$ 11,509,500</u>	<u>\$ 796,340</u>	<u>\$ -</u>

The amount outstanding of the Intermediate School Construction #1 will be funded with debt proceeds issued by the City of Bristol, Virginia.

Contingencies:

Federal programs in which the School Board participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16-Litigation:

As of June 30, 2023, there were no matters of litigation involving the School Board which would materially affect the School Board's financial position should any court decisions on pending matters not be favorable.

Note 17-COVID-19 Pandemic:

ESF Funding:

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 18-Restatement of Beginning Balance:

The School Board restated beginning balances to account for additional accounts receivable for the School Capital Projects fund. The financial statements have been restated as follows:

Local Capital Projects Fund, as previously reported	\$ 546,020
Correct accounts receivable	250,000
Local Capital Projects Fund, as restated	<u>\$ 796,020</u>
Governmental activities, net position, as previously reported	\$ (1,061,588)
Correct accounts receivable	250,000
Governmental activities, net position, as restated	<u>\$ (811,588)</u>

Note 19-Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

CITY OF BRISTOL, VIRGINIA SCHOOL BOARD
(A COMPONENT UNIT OF CITY OF BRISTOL, VIRGINIA)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 19-Upcoming Pronouncements: (Continued)

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update-2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update-2023*, effective for fiscal years beginning after June 15, 2023.

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

Required Supplementary Information

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Operating Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 30,000	\$ 47,876	\$ 17,876
Charges for services	7,000	7,000	7,100	100
Miscellaneous	341,289	522,603	441,566	(81,037)
Recovered costs	216,883	197,936	193,152	(4,784)
Intergovernmental	44,279,303	47,427,890	40,462,771	(6,965,119)
Total revenues	\$ 44,849,475	\$ 48,185,429	\$ 41,152,465	\$ (7,032,964)
EXPENDITURES				
Current:				
Administration	\$ 1,079,929	\$ 1,126,729	\$ 1,082,049	\$ 44,680
Instructional Costs	30,781,696	34,460,907	26,758,624	7,702,283
Attendance and Health Services	825,498	948,217	909,212	39,005
Transportation	1,087,919	1,118,804	1,047,025	71,779
Operations and Maintenance	2,893,027	2,950,004	2,783,037	166,967
Capital Projects	8,343,268	8,282,797	7,110,814	1,171,983
Debt service	2,267,114	1,534,203	1,596,555	(62,352)
Total expenditures	\$ 47,278,451	\$ 50,421,661	\$ 41,287,316	\$ 9,134,345
Excess (deficiency) of revenues over (under) expenditures	\$ (2,428,976)	\$ (2,236,232)	\$ (134,851)	\$ 2,101,381
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 27,920	\$ 27,920	\$ 27,920	\$ -
Transfers out	(277,429)	(277,044)	(474,006)	(196,962)
Issuance of lease liabilities	-	-	83,828	83,828
Total other financing sources (uses)	\$ (249,509)	\$ (249,124)	\$ (362,258)	\$ (113,134)
Net change in fund balances	\$ (2,678,485)	\$ (2,485,356)	\$ (497,109)	\$ 1,988,247
Fund balances - beginning	2,678,485	2,485,356	2,485,344	(12)
Fund balances - ending	\$ -	\$ -	\$ 1,988,235	\$ 1,988,235

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - School Textbook Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 20,930	\$ 15,930
Total revenues	\$ 5,000	\$ 5,000	\$ 20,930	\$ 15,930
EXPENDITURES				
Current:				
Instructional Costs	\$ 589,000	\$ 589,000	\$ 420,055	\$ 168,945
Total expenditures	\$ 589,000	\$ 589,000	\$ 420,055	\$ 168,945
Excess (deficiency) of revenues over (under) expenditures	\$ (584,000)	\$ (584,000)	\$ (399,125)	\$ 184,875
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 277,429	\$ 277,429	\$ 277,044	\$ (385)
Total other financing sources (uses)	\$ 277,429	\$ 277,429	\$ 277,044	\$ (385)
Net change in fund balances	\$ (306,571)	\$ (306,571)	\$ (122,081)	\$ 184,490
Fund balances - beginning	306,571	306,571	772,788	466,217
Fund balances - ending	\$ -	\$ -	\$ 650,707	\$ 650,707

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - Cafeteria Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 1,800	\$ 1,800	\$ 1,110	\$ (690)
Charges for services	30,000	30,000	80,553	50,553
Intergovernmental	1,972,500	1,972,500	2,177,423	204,923
Total revenues	<u>\$ 2,004,300</u>	<u>\$ 2,004,300</u>	<u>\$ 2,259,086</u>	<u>\$ 254,786</u>
EXPENDITURES				
Current:				
Food services	\$ 2,201,858	\$ 2,201,858	\$ 2,292,298	\$ (90,440)
Total expenditures	<u>\$ 2,201,858</u>	<u>\$ 2,201,858</u>	<u>\$ 2,292,298</u>	<u>\$ (90,440)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (197,558)</u>	<u>\$ (197,558)</u>	<u>\$ (33,212)</u>	<u>\$ 164,346</u>
Net change in fund balances	\$ (197,558)	\$ (197,558)	\$ (33,212)	\$ 164,346
Fund balances - beginning	197,558	197,558	1,195,724	998,166
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162,512</u>	<u>\$ 1,162,512</u>

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan
School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 95,178	\$ 77,352	\$ 67,263	\$ 65,224	\$ 58,409	\$ 31,780	\$ 32,602	\$ 28,122	\$ 27,708
Interest	210,003	192,689	191,291	186,773	181,007	182,965	181,160	174,748	177,953
Differences between expected and actual experience	(97,269)	48,561	12,056	96,673	84,571	(28,124)	34,594	110,892	-
Changes of assumptions	-	92,307	-	66,151	-	14,988	-	-	-
Benefit payments, including refunds of employee contributions	(253,576)	(245,579)	(254,211)	(243,935)	(239,292)	(219,874)	(225,257)	(219,075)	(283,803)
Net change in total pension liability	(45,664)	165,330	16,399	170,886	84,695	(18,265)	23,099	94,687	(78,142)
Total pension liability - beginning	3,142,771	2,977,441	2,961,042	2,790,156	2,705,461	2,723,726	2,700,627	2,605,940	2,684,082
Total pension liability - ending (a)	3,097,107	3,142,771	2,977,441	2,961,042	2,790,156	2,705,461	2,723,726	2,700,627	2,605,940
Plan fiduciary net position									
Contributions - employer	\$ 82,260	\$ 76,690	\$ 65,071	\$ 62,570	\$ 86,028	\$ 40,529	\$ 35,356	\$ 35,509	\$ 32,976
Contributions - employee	53,898	50,417	44,966	42,088	40,796	19,781	18,070	18,376	17,626
Net investment income	(788)	620,120	45,899	155,235	171,079	264,280	37,131	107,616	344,926
Benefit payments	(253,576)	(245,579)	(254,211)	(243,935)	(239,292)	(219,874)	(225,257)	(219,075)	(283,803)
Administrator charges	(1,790)	(1,612)	(1,643)	(1,646)	(1,544)	(1,648)	(1,565)	(1,617)	(2,044)
Other	64	58	(78)	(97)	(150)	(231)	(17)	(23)	19
Net change in plan fiduciary net position	(119,932)	500,094	(99,996)	14,215	56,917	102,837	(136,282)	(59,214)	109,700
Plan fiduciary net position - beginning	2,830,038	2,329,944	2,429,940	2,415,725	2,358,808	2,255,971	2,392,253	2,451,467	2,341,767
Plan fiduciary net position - ending (b)	2,710,106	2,830,038	2,329,944	2,429,940	2,415,725	2,358,808	2,255,971	2,392,253	2,451,467
School Division's net pension liability - ending (a) - (b)	\$ 387,001	\$ 312,733	\$ 647,497	\$ 531,102	\$ 374,431	\$ 346,653	\$ 467,755	\$ 308,374	\$ 154,473
Plan fiduciary net position as a percentage of the total pension liability	87.50%	90.05%	78.25%	82.06%	86.58%	87.19%	82.83%	88.58%	94.07%
Covered payroll	\$ 1,280,637	\$ 1,191,594	\$ 1,060,397	\$ 985,389	\$ 936,956	\$ 427,785	\$ 378,275	\$ 374,688	\$ 352,512
School Division's net pension liability as a percentage of covered payroll	30.22%	26.24%	61.06%	53.90%	39.96%	81.03%	123.65%	82.30%	43.82%

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan - Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2022	0.15038%	\$ 14,317,076	\$ 13,867,989	103.24%	82.61%
2021	0.15699%	12,187,287	13,703,487	88.94%	85.46%
2020	0.15140%	22,031,221	13,192,007	167.00%	71.47%
2019	0.14900%	19,613,195	12,344,683	158.88%	73.51%
2018	0.15089%	17,745,000	12,091,612	146.75%	74.81%
2017	0.15727%	19,341,000	12,332,218	156.83%	72.92%
2016	0.16041%	22,480,000	12,230,845	183.80%	68.28%
2015	0.16291%	20,504,000	12,112,576	169.28%	70.68%
2014	0.17120%	20,689,000	12,519,915	165.25%	70.88%

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
School Board (Nonprofessional)					
2023	\$ 87,409	\$ 87,409	\$ -	\$ 1,408,054	6.21%
2022	83,119	83,119	-	1,280,637	6.49%
2021	77,577	77,577	-	1,191,594	6.51%
2020	65,202	65,202	-	1,060,397	6.15%
2019	62,570	62,570	-	985,389	6.35%
2018	86,122	86,122	-	936,956	9.19%
2017	40,529	40,529	-	427,785	9.47%
2016	36,314	36,314	-	378,275	9.60%
2015	35,970	35,970	-	374,688	9.60%
2014	33,066	33,066	-	352,512	9.38%
School Board (Professional)					
2023	\$ 2,412,813	\$ 2,412,813	\$ -	\$ 15,088,384	15.99%
2022	2,233,082	2,233,082	-	13,867,989	16.10%
2021	2,221,019	2,221,019	-	13,703,487	16.21%
2020	2,011,663	2,011,663	-	13,192,007	15.25%
2019	1,907,003	1,907,003	-	12,344,683	15.45%
2018	1,951,522	1,951,522	-	12,091,612	16.14%
2017	1,793,482	1,793,482	-	12,332,218	14.54%
2016	1,804,522	1,804,522	-	12,230,845	14.75%
2015	1,932,587	1,932,587	-	12,112,576	15.96%
2014	1,473,181	1,473,181	-	12,519,915	11.77%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of School Board's Proportionate Share of the Total OPEB Liability
Health Insurance
For the Measurement Dates of July 1, 2016 through July 1, 2022

Date (1)	Proportion of the Total OPEB Liability (TPL) (2)	Proportionate Share of the TOL (3)	Covered-employee Payroll (4)	Proportionate Share of the TOL as a Percentage of Covered-employee Payroll (3)/(4) (5)	OPEB Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability (6)
2022	66.24%	\$ 1,393,100	\$ 14,267,100	9.76%	0.00%
2021	62.90%	1,634,700	13,688,900	11.94%	0.00%
2020	38.97%	1,579,400	12,635,900	12.50%	0.00%
2019	45.52%	2,239,600	11,521,649	19.44%	0.00%
2018	45.97%	2,239,400	11,874,985	18.86%	0.00%
2017	45.12%	2,620,600	11,655,083	22.48%	0.00%
2016	45.46%	2,531,400	11,742,909	21.56%	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2016 valuation is not available. However, additional years will be included as they become available.

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Notes to Required Supplementary Information - Health Insurance OPEB
For the Year Ended June 30, 2023

School Board

Valuation Date: 7/1/2022

Measurement Date: 7/1/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.69% as of July 1, 2022
Inflation	2.50% per year as of July 1, 2022
Healthcare Trend Rate	6.50% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%.
Salary Increase Rates	2.50% per year as of July 1, 2022
Participation Percentage	20% of employees paying the full premium are expected to participate. 45% of employees with 25-29 years of service and 70% of employees with 30-34 years of service are expected to participate. 90% of employees eligible for a subsidy are expected to collect same. It is assumed 75% of male and 50% of female participants are married.
Retirement Age	Retirement rates are estimated using the same as those used by Virginia Retirement System (VRS) which can be obtained in the online VRS Annual Report.
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.1488%	\$ 1,858,581	\$ 13,867,989	13.40%	15.08%
2021	0.1550%	1,988,891	13,703,487	14.51%	13.15%
2020	0.1495%	1,950,122	13,192,007	14.78%	9.95%
2019	0.1472%	1,926,729	12,344,683	15.61%	8.97%
2018	0.1495%	1,898,000	12,091,612	15.70%	8.08%
2017	0.1563%	1,982,000	12,332,218	16.07%	7.04%

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
School Board (Professional)					
2023	\$ 182,528	\$ 182,528	\$ -	\$ 15,088,384	1.21%
2022	167,803	167,803	-	13,867,989	1.21%
2021	165,812	165,812	-	13,703,487	1.21%
2020	157,280	157,280	-	13,192,007	1.19%
2019	148,136	148,136	-	12,344,683	1.20%
2018	148,727	148,727	-	12,091,612	1.23%
2017	136,888	136,888	-	12,332,218	1.11%
2016	129,647	129,647	-	12,230,845	1.06%
2015	128,393	128,393	-	12,112,576	1.06%
2014	138,971	138,971	-	12,519,915	1.11%

City of Bristol, Virginia School Board
 (Component Unit of the City of Bristol, Virginia)
 Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 872	\$ 1,145	-
Interest	4,938	4,541	-
Differences between expected and actual experience	2,418	-	-
Changes of assumptions	(14,674)	1,221	-
Benefit payments	(3,789)	-	67,264
Net change in total HIC OPEB liability	\$ (10,235)	\$ 6,907	67,264
Total HIC OPEB Liability - beginning	74,171	67,264	-
Total HIC OPEB Liability - ending (a)	<u>\$ 63,936</u>	<u>\$ 74,171</u>	<u>67,264</u>
Plan fiduciary net position			
Contributions - employer	\$ 7,052	\$ 6,554	-
Contributions - employee	-	-	-
Net investment income	(42)	781	-
Benefit payments	(3,789)	-	-
Administrator charges	(20)	(29)	-
Other	273	-	-
Net change in plan fiduciary net position	\$ 3,474	\$ 7,306	-
Plan fiduciary net position - beginning	7,306	-	-
Plan fiduciary net position - ending (b)	<u>\$ 10,780</u>	<u>\$ 7,306</u>	<u>-</u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 53,156	\$ 66,865	67,264
Plan fiduciary net position as a percentage of the total HIC OPEB liability	16.86%	9.85%	0.00%
Covered payroll	\$ 1,280,637	\$ 1,191,594	-
School Board's net HIC OPEB liability as a percentage of covered payroll	N/A	N/A	N/A

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2021 through June 30, 2023

Date	Contributions in Relation to				Contributions as a % of
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
School Board					
2023	\$ 7,744	\$ 7,744	\$ -	\$ 1,408,054	0.55%
2022	7,044	7,044	-	1,280,637	0.55%
2021	6,554	6,554	-	1,191,594	0.55%

Schedule is intended to show information for 10 years but the School Board only joined the plan in 2021.

City of Bristol, Virginia School Board
 (Component Unit of the City of Bristol, Virginia)
 Notes to Required Supplementary Information - Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
School Board (Nonprofessional)					
2022	0.00590%	\$ 70,921	\$ 1,280,637	5.54%	67.21%
2021	0.00580%	67,179	1,191,594	5.64%	67.45%
2020	0.00510%	85,945	1,060,397	8.10%	52.64%
2019	0.00503%	81,851	985,389	8.31%	52.00%
2018	0.00493%	74,000	936,956	7.90%	51.22%
2017	0.00232%	35,000	427,785	8.18%	48.86%
School Board (Professional)					
2022	0.06380%	\$ 767,611	\$ 13,867,989	5.54%	67.21%
2021	0.06640%	772,727	13,703,487	5.64%	67.45%
2020	0.06370%	1,062,715	13,192,007	8.06%	52.64%
2019	0.06297%	1,024,689	12,344,683	8.30%	52.00%
2018	0.06359%	966,000	12,091,612	7.99%	51.22%
2017	0.06686%	1,006,000	12,332,218	8.16%	48.86%

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

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
School Board (Nonprofessional)					
2023	\$ 7,603	\$ 7,603	\$ -	\$ 1,408,054	0.54%
2022	6,915	6,915	-	1,280,637	0.54%
2021	6,435	6,435	-	1,191,594	0.54%
2020	5,514	5,514	-	1,060,397	0.52%
2019	5,125	5,125	-	985,389	0.52%
2018	4,872	4,872	-	936,956	0.52%
2017	2,224	2,224	-	427,785	0.52%
2016	1,816	1,816	-	378,275	0.48%
2015	1,799	1,799	-	374,688	0.48%
2014	1,692	1,692	-	352,512	0.48%
School Board (Professional)					
2023	\$ 81,459	\$ 81,459	\$ -	\$ 15,088,384	0.54%
2022	74,887	74,887	-	13,867,989	0.54%
2021	73,999	73,999	-	13,703,487	0.54%
2020	68,155	68,155	-	13,192,007	0.52%
2019	64,193	64,193	-	12,344,683	0.52%
2018	62,126	62,126	-	11,947,307	0.52%
2017	64,128	64,128	-	12,332,218	0.52%
2016	58,708	58,708	-	12,230,845	0.48%
2015	58,140	58,140	-	12,112,576	0.48%
2014	60,095	60,095	-	12,519,915	0.48%

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Notes to Required Supplementary Information
Group Life Insurance Program (GLI) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Other Supplementary Information

City of Bristol, Virginia School Board
 (Component Unit of the City of Bristol, Virginia)
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Major Capital Project Fund - School Construction Assistance Fund
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,577,214	\$ 1,577,214
Total revenues	\$ -	\$ -	\$ 1,577,214	\$ 1,577,214
Net change in fund balances	\$ -	\$ -	\$ 1,577,214	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 1,577,214	\$ -

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund - School Activity Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 671,346	\$ -
Total revenues	\$ -	\$ -	\$ 671,346	\$ -
EXPENDITURES				
Current:				
Instructional Costs	\$ -	\$ -	\$ 698,522	\$ -
Total expenditures	\$ -	\$ -	\$ 698,522	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (27,176)	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (27,920)	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ (27,920)	\$ -
Net change in fund balances	\$ -	\$ -	\$ (55,096)	\$ (55,096)
Fund balances - beginning	-	-	264,893	264,893
Fund balances - ending	\$ -	\$ -	\$ 209,797	\$ 209,797

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Local Capital Projects Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 11,934	\$ 6,934
Total revenues	\$ 5,000	\$ 5,000	\$ 11,934	\$ 6,934
EXPENDITURES				
Capital Projects	\$ 369,000	\$ 369,000	\$ 78,205	\$ 290,795
Total expenditures	\$ 369,000	\$ 369,000	\$ 78,205	\$ 290,795
Excess (deficiency) of revenues over (under) expenditures	\$ (364,000)	\$ (364,000)	\$ (66,271)	\$ 297,729
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 196,962	\$ (196,962)
Net change in fund balances	\$ (364,000)	\$ (364,000)	\$ 130,691	\$ 100,767
Fund balances - beginning, as restated	364,000	364,000	796,020	432,020
Fund balances - ending	\$ -	\$ -	\$ 926,711	\$ 532,787

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 5,000	\$ 30,000	\$ 47,876	\$ 17,876
Total revenue from use of money and property	\$ 5,000	\$ 30,000	\$ 47,876	\$ 17,876
Charges for services:				
Tuition	\$ 7,000	\$ 7,000	\$ 7,100	\$ 100
Total charges for services	\$ 7,000	\$ 7,000	\$ 7,100	\$ 100
Miscellaneous:				
Miscellaneous	\$ 341,289	\$ 522,603	\$ 441,566	\$ (81,037)
Total miscellaneous	\$ 341,289	\$ 522,603	\$ 441,566	\$ (81,037)
Recovered costs:				
Sale of equipment	\$ -	\$ 14,500	\$ 15,026	\$ 526
E-Rate savings	216,883	183,436	178,126	(5,310)
Total recovered costs	\$ 216,883	\$ 197,936	\$ 193,152	\$ (4,784)
Total revenue from local sources	\$ 570,172	\$ 757,539	\$ 689,694	\$ (67,845)
Intergovernmental:				
Revenues from local governments:				
Contribution from the City of Bristol, Virginia	\$ 7,343,478	\$ 7,343,478	\$ 7,401,925	\$ 58,447
Total revenues from local governments	\$ 7,343,478	\$ 7,343,478	\$ 7,401,925	\$ 58,447
Revenue from the Commonwealth:				
Categorical aid:				
Sales tax	\$ 3,380,678	\$ 3,778,428	\$ 3,559,202	\$ (219,226)
Basic school aid	7,892,262	7,461,438	7,461,438	-
Foster children	18,866	20,021	8,033	(11,988)
Remedial summer school	207,166	147,976	147,976	-
Gifted and talented	80,016	79,905	79,905	-
Remedial education	426,267	425,675	425,675	-
Special education	1,322,445	1,320,609	1,320,609	-
Vocational education	293,877	293,469	293,469	-
Social security	549,928	549,164	549,164	-
Retirement	1,281,710	1,279,930	1,279,930	-
Project Graduation	3,972	3,972	3,972	-
Early reading intervention	137,487	106,358	106,358	-
Homebound Instruction	8,501	13,322	13,322	-
Compensation Supplement	536,900	535,121	536,858	1,737
Group Life Payments	39,281	39,226	39,226	-
GED prep programs	8,233	8,203	8,203	-
Vocational education - equipment	8,173	6,888	6,888	-

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
SOL algebra readiness	\$ 47,381	\$ 49,925	\$ 49,925	\$ -
At risk payments	1,563,456	1,560,893	1,560,893	-
Primary class size payments	396,717	373,320	373,320	-
English as a second language	27,469	34,865	34,865	-
Hospitals, clinics, and detention homes	1,055,441	1,075,587	920,471	(155,116)
Virginia preschool initiative payments	481,634	483,968	483,955	(13)
Middle school teacher corps	5,000	5,000	-	(5,000)
Alternative education	159,116	159,116	159,116	-
Textbook funds	192,591	192,324	192,324	-
Lottery funds	589,888	584,772	586,924	2,152
Vocational occupation prep	8,681	10,232	1,197	(9,035)
Technology mini grant	464,000	287,879	292,149	4,270
Year round programs	-	-	389,537	389,537
School Construction Assistance Program (SCAP) grant	1,577,214	4,417,214	2,261,068	(2,156,146)
School security grants	-	173,251	171,464	(1,787)
Other state funds	663,870	975,733	875,653	(100,080)
Total categorical aid	\$ 23,428,220	\$ 26,453,784	\$ 24,193,089	\$ (2,260,695)
Total revenue from the Commonwealth	\$ 23,428,220	\$ 26,453,784	\$ 24,193,089	\$ (2,260,695)
Revenue from the federal government:				
Categorical aid:				
Title I, Part A - Improving basic programs	\$ 1,562,058	\$ 1,602,099	\$ 1,392,801	\$ (209,298)
Title I, Part D - Neglected and delinquent children	2,186	25,764	2,040	(23,724)
Vocational education	87,036	87,371	79,444	(7,927)
Title II, Part A - Improving teacher quality	224,104	242,868	195,922	(46,946)
Title VI-B, Special education	1,008,386	988,203	710,532	(277,671)
Title VI-B, Special education - preschool	28,856	27,806	22,105	(5,701)
21st century learning grant	580,180	620,345	587,128	(33,217)
Title III-english proficiency	7,955	6,847	3,231	(3,616)
COVID-19 grants	8,741,304	8,499,305	4,502,444	(3,996,861)
USDA Distance Learning and Telemedicine Grant	993,840	883,500	883,500	-
Student support and academic achievement	104,200	190,185	153,542	(36,643)
Other federal categorical aid	167,500	456,335	335,068	(121,267)
Total categorical aid	\$ 13,507,605	\$ 13,630,628	\$ 8,867,757	\$ (4,762,871)
Total revenue from the federal government	\$ 13,507,605	\$ 13,630,628	\$ 8,867,757	\$ (4,762,871)
Total Operating Fund	\$ 44,849,475	\$ 48,185,429	\$ 41,152,465	\$ (7,032,964)

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 5,000	\$ 5,000	\$ 20,930	\$ 15,930
Total revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 20,930	\$ 15,930
Total revenue from local sources	\$ 5,000	\$ 5,000	\$ 20,930	\$ 15,930
Total School Textbook Fund	\$ 5,000	\$ 5,000	\$ 20,930	\$ 15,930
Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,800	\$ 1,800	\$ 1,110	\$ (690)
Total revenue from use of money and property	\$ 1,800	\$ 1,800	\$ 1,110	\$ (690)
Charges for services:				
Cafeteria sales	\$ 30,000	\$ 30,000	\$ 80,553	\$ 50,553
Total charges for services	\$ 30,000	\$ 30,000	\$ 80,553	\$ 50,553
Total revenue from local sources	\$ 31,800	\$ 31,800	\$ 81,663	\$ 49,863
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 25,000	\$ 25,000	\$ 39,120	\$ 14,120
Total categorical aid	\$ 25,000	\$ 25,000	\$ 39,120	\$ 14,120
Total revenue from the Commonwealth	\$ 25,000	\$ 25,000	\$ 39,120	\$ 14,120
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,947,500	\$ 1,947,500	\$ 2,138,303	\$ 190,803
Total categorical aid	\$ 1,947,500	\$ 1,947,500	\$ 2,138,303	\$ 190,803
Total revenue from the federal government	\$ 1,947,500	\$ 1,947,500	\$ 2,138,303	\$ 190,803
Total Cafeteria Fund	\$ 2,004,300	\$ 2,004,300	\$ 2,259,086	\$ 254,786

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 671,346	\$ 671,346
Total miscellaneous	\$ -	\$ -	\$ 671,346	\$ 671,346
 Total School Activity Fund	 \$ -	 \$ -	 \$ 671,346	 \$ 671,346
 Capital Projects Funds:				
Local Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 5,000	\$ 5,000	\$ 11,934	\$ 6,934
Total revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 11,934	\$ 6,934
 Total revenue from local sources	 \$ 5,000	 \$ 5,000	 \$ 11,934	 \$ 6,934
 Total Local Capital Projects Fund	 \$ 5,000	 \$ 5,000	 \$ 11,934	 \$ 6,934
 School Construction Assistance Fund:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School Construction grant	\$ -	\$ -	\$ 1,577,214	\$ 1,577,214
Total categorical aid	\$ -	\$ -	\$ 1,577,214	\$ 1,577,214
 Total revenue from the Commonwealth	 \$ -	 \$ -	 \$ 1,577,214	 \$ 1,577,214
 Total School Construction Assistance Fund	 \$ -	 \$ -	 \$ 1,577,214	 \$ 1,577,214
 Total School Board	 \$ 46,863,775	 \$ 50,199,729	 \$ 45,692,975	 \$ (4,506,754)

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Operating Fund:				
Administration	\$ 1,079,929	\$ 1,126,729	\$ 1,082,049	\$ 44,680
Instructional Costs	30,781,696	34,460,907	26,758,624	7,702,283
Attendance and Health Services	825,498	948,217	909,212	39,005
Transportation	1,087,919	1,118,804	1,047,025	71,779
Operations and Maintenance	2,893,027	2,950,004	2,783,037	166,967
Capital Projects	8,343,268	8,282,797	7,110,814	1,171,983
Debt Service	2,267,114	1,534,203	1,596,555	(62,352)
Total Operating Fund	<u>\$ 47,278,451</u>	<u>\$ 50,421,661</u>	<u>\$ 41,287,316</u>	<u>\$ 9,134,345</u>
Special Revenue Funds:				
School Textbook Fund:				
Instructional Costs	\$ 589,000	\$ 589,000	\$ 420,055	\$ 168,945
Total School Textbook Fund	<u>\$ 589,000</u>	<u>\$ 589,000</u>	<u>\$ 420,055</u>	<u>\$ 168,945</u>
Cafeteria Fund:				
Food Services	\$ 2,201,858	\$ 2,201,858	\$ 2,292,298	\$ (90,440)
Total Cafeteria Fund	<u>\$ 2,201,858</u>	<u>\$ 2,201,858</u>	<u>\$ 2,292,298</u>	<u>\$ (90,440)</u>
School Activity Fund:				
Instructional Costs	\$ -	\$ -	\$ 698,522	\$ (698,522)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,522</u>	<u>\$ (698,522)</u>
Capital Projects Fund:				
Local Capital Projects Fund:				
Capital Projects	\$ 369,000	\$ 369,000	\$ 78,205	\$ 290,795
Total Local Capital Projects Fund	<u>\$ 369,000</u>	<u>\$ 369,000</u>	<u>\$ 78,205</u>	<u>\$ 290,795</u>
Total School Board	<u>\$ 50,438,309</u>	<u>\$ 53,581,519</u>	<u>\$ 44,776,396</u>	<u>\$ 8,805,123</u>

COMPLIANCE SECTION



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

**To the Honorable Members of the
Bristol City School Board
Bristol, 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 remaining fund information of the City of Bristol, Virginia School Board (the School Board), a component unit of the City of Bristol, Virginia, as of and for the year ended June 30, 2023, 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 November 24, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Robinson, Famer, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia
November 24, 2023



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the
Bristol City School Board
Bristol, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bristol, Virginia School Board's (the School Board) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Board's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Robinson, Famer, Cox Associates

Blacksburg, Virginia
November 24, 2023

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures
Department of Agriculture:				
Pass Through Payments from:				
<i>Child Nutrition Cluster:</i>				
Virginia Department of Agriculture and Consumer Services:				
Food Distribution (Note C)	10.555	Not available	\$ 136,459	
Virginia Department of Education:				
<i>Child Nutrition Cluster:</i>				
National School Lunch Program	10.555	APE40254, APE41108	1,204,896	\$ 1,341,355
Fresh Fruit and Vegetable Program	10.582	APE40252	\$ 85,275	
School Breakfast Program	10.553	APE40253	540,360	
Summer Food Service Program for Children	10.559	APE60302, APE60303	4,723	
<i>Total Child Nutrition Cluster</i>				\$ 1,971,713
Child and Adult Care Food Program	10.558	APE70027, APE70028		163,455
COVID-19 Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	DOE86556		3,135
Distance Learning and Telemedicine Loans and Grants	10.855	Not available		883,500
Total Department of Agriculture				\$ 3,021,803
Department of Health and Human Services:				
Pass Through Payments from:				
Virginia Department of Medical Assistance Services:				
COVID-19 Public Health Emergency Response	93.354	Not available		\$ 78,131
Medicaid Cluster:				
Medical Assistance Program	93.778	Not available		184,428
Total Department of Health and Human Services				\$ 262,559
Department of Education:				
Pass Through Payments from:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	APE42901		\$ 1,392,801
<i>Special Education Cluster (IDEA):</i>				
Special Education - Grants to States	84.027	APE43071	\$ 659,442	
COVID-19 - Special Education - Grants to States (IDEA, Part B)	84.027	APE02870	51,090	710,532
Special Education - Preschool Grants	84.173	APE62521	\$ 563	
COVID-19 - Special Education - Preschool Grants	84.173	APE40286	21,542	22,105
<i>Total Special Education Cluster (IDEA)</i>				732,637
Career and Technical Education - Basic Grants to States	84.048	APE60031		79,444
Supporting Effective Instruction State Grants	84.367	APE61480		195,922
Twenty-First Century Community Learning Centers	84.287	APE60565		587,128
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE50195	\$ 1,744,075	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	APE50175, APE50189, APE50193	2,341,919	4,085,994
Student Support and Academic Enrichment Program	84.424	APE60281		153,542
School Improvement Grants	84.377	APE43040		72,509

City of Bristol, Virginia School Board
(Component Unit of the City of Bristol, Virginia)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Education: (continued)			
Pass Through Payments from: (continued)			
Virginia Department of Education: (continued)			
English Language Acquisition State Grants	84.365	Not available	3,231
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	APE42948	2,040
			<u>7,305,248</u>
Total Department of Education			\$ 7,305,248
Department of Treasury:			
Pass Through Payments from:			
Virginia Department of Education:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	APE45277,APE60054	416,450
			<u>11,006,060</u>
Total Expenditures of Federal Awards			\$ 11,006,060

Notes to Schedule of Expenditures of Federal Awards

Note A -- Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Bristol, Virginia School Board under programs of the federal government for the year ended June 30, 2023. The information in the 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 the City of Bristol, Virginia School Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bristol, Virginia School Board.

Note B -- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

Note C -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D -- Indirect Cost Rate

The School Board has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note E -- Subrecipients

The School Board did not have any subrecipients during the fiscal year.

Note F -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:	
Operating Fund-Intergovernmental	\$ 40,462,771
Less: Contribution from the City of Bristol, Virginia	(7,401,925)
Less: Revenue from the Commonwealth	(24,193,089)
Cafeteria Fund-Intergovernmental	2,177,423
Less: Revenue from the Commonwealth	(39,120)
Total School Board	<u>\$ 11,006,060</u>

City of Bristol, Virginia School Board
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No
Identification of major programs:	

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
10.855	Distance Learning and Telemedicine Loans and Grants
84.010	Title I Grants to Local Educational Agencies
84.425	COVID-19 Education Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There were no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs related to federal awards.

City of Bristol, Virginia School Board
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

There were no findings in the prior year.